

FINRA®



# FINRA Diversity & Inclusion Report

## 2020 Year in Review

**Our diversity and  
inclusion efforts  
make us stronger  
and help ensure  
our success.**

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2020 was a challenging year for FINRA, our employees, our industry and our communities. FINRA’s ability to adapt and respond to the year’s primary challenges—the COVID-19 pandemic and racial justice concerns that spread across the country—was strengthened by the robust diversity and inclusion program we’ve had in place for more than a decade.

That foundation enabled FINRA to respond quickly to the challenges in 2020, including forming a Racial Justice Task Force, and providing ongoing resources and support to employees.

This report describes our diversity and inclusion programs and the progress FINRA has made in 2020. We recognize that we have work ahead of us, but we are steadfast in our belief that promoting greater diversity and inclusion in everything we do is a core part of our public service mission.



A handwritten signature in black ink that reads "Rainia Washington".

**Rainia Washington**  
Executive Vice President &  
Chief Human Resources Officer



A handwritten signature in black ink that reads "Audria Lee".

**Audria Lee**  
Senior Director, Inclusion,  
Recruitment and Workforce  
Compliance

## Fostering a Diverse and Inclusive Workforce

For more than 10 years, FINRA has been building a diversity and inclusion program that aligns with our corporate goals and values, and our mission to ensure principled industry conduct so that America's investors have access to fair financial markets and the opportunity to prosper.

With the support of FINRA's executive leadership team and the guidance of our Diversity Leadership Council (DLC)—established in 2009 to develop and implement FINRA's diversity and inclusion strategy—our core program centers on diversity awareness training and education, formal mentoring programs and a network of employee resource groups (ERG). FINRA's commitment to the core principles of the CEO Action for Diversity & Inclusion™, which FINRA President and CEO Robert Cook has supported since June 2018, underlie the programs we describe in this report. The CEO Action Pledge, the largest CEO-driven business commitment to advancing diversity and inclusion within the workplace, supports a commitment to three core principles: making our workplaces trusting places to have complex, and sometimes difficult, conversations about diversity and inclusion; implementing and expanding unconscious bias education; and sharing effective practices and lessons learned.



In addition to what we offer through our diversity and inclusion program, FINRA is focused on building a workforce that mirrors the diversity of our communities and supports FINRA’s mission of investor protection and market integrity. Today, FINRA has nearly 3,600 employees whose diversity—backgrounds, education, cultures, thinking styles and unique perspectives—is a driving force behind our ability to fulfill our mission.

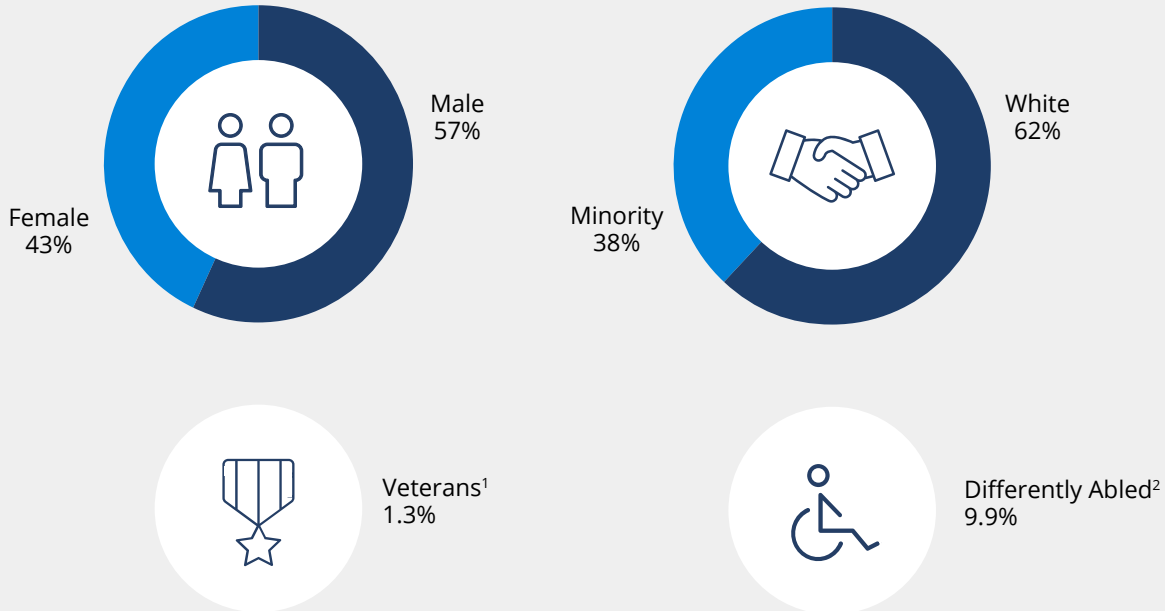
To meet the demands of an ever-changing broker-dealer industry, FINRA must continue to be innovative in our approach to regulating broker-dealers and monitoring the markets. In response, we have expanded our recruiting efforts to ensure we attract candidates with the diverse skill sets and perspectives that enable us to respond appropriately to the dynamic broker-dealer industry we oversee.

We are proud to be recognized for our hiring practices and the diverse and inclusive culture we strive to promote. In 2020, we were recognized as an employer of choice by several organizations—including Working Mother Media Magazine for our holistic approach to generational and religious diversity, as well as Diversity Best Practices for our response to COVID-19.



# Life at FINRA

## Employees



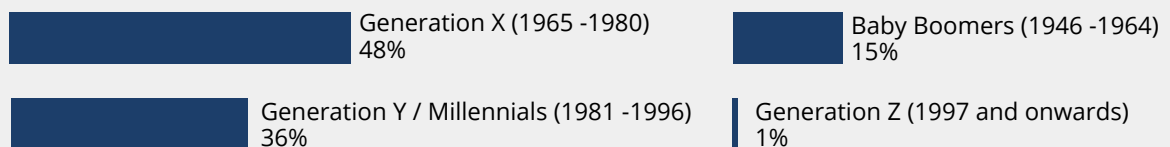
## Officers

**37%** Female  
**12%** Minority

## 2020 Intern Class

**66%** Female  
**50%** Minority

## Generations



1. Protected Veterans refers to the percentage of employees who have voluntarily indicated that they identify as a veteran as defined by the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (VEVRAA), as amended by the Jobs for Veterans Act of 2002. 2. Source: FINRA 2020 Employee Disability and Veteran Self-Identification Form. 3. Minority refers to the percentage of employees who selected a racial category other than "White (Not Hispanic or Latino)" in response to the EEO-1 Voluntary Self Identification Form to include American Indian or Alaska Native (Not Hispanic or Latino); Black or African American (Not Hispanic or Latino); Hispanic or Latino; Native Hawaiian or Other Pacific Islander (Not Hispanic or Latino); Two or More Races (Not Hispanic or Latino).

## Building an Inclusive Culture

Inclusivity is embedded in everything we do at FINRA—and in 2020, we continued to pursue opportunities to better align our worklife initiatives with the diverse skills, talent and unique individual experiences of our employees.

For several years, FINRA has offered a Flexible Work Arrangement Program that is a pillar of our inclusion strategy and designed to support the diverse ways our employees work. In 2019, FINRA trained all managers on workplace flexibility and provided a suite of workplace flexibility resources for employees and managers. In 2020, as the scope of the pandemic became clear, that training proved beneficial as FINRA staff shifted in March to a remote work environment.

Our ERGs—a cornerstone of our diverse and inclusive work environment—also play a significant role in fostering inclusion. The activities of FINRA’s 10 ERGs directly support our recruitment, retention and engagement programs, and encourage professional development for employees. In 2020, the ERGs helped supplement FINRA’s efforts to support employees by developing and offering programs to address the distress associated with the COVID-19 pandemic and the public deaths of Black Americans.

As the impact of the pandemic on employee mental health and stress became clear, FINRA collaborated with the ERGs to boost and steer discussions on navigating the challenges brought on by the year’s multiple crises. For example, FINRA’s Parents Network collaborated on a series for parents juggling remote work and school simultaneously titled, “Coping With COVID: Parenting and Family Challenges.” A group of five FINRA ERGs collaborated on another program, “Generations in Crisis: How Generations Perceive, Respond to and Learn from Crisis,” focused on increasing mutual understanding among generations.

In 2020, FINRA offered other programs specifically focused on racial justice and equity. In partnership with FINRA’s African American Network (FAAN) employee resource group, the DLC hosted an organization-wide event to commemorate Juneteenth—a historic milestone marking the end of slavery in the United States. Conducted shortly after the social injustice events last June, the event served to highlight the inequality and disparities people of color continue to face, and the breadth of work still necessary to advance racial justice in our communities.

In addition, FINRA offered two virtual sessions—Exploring Our Emotions, and Moving Forward With Intention and Purpose—in the summer of 2020 to share ways employees can explore their anger, frustration and hopelessness through a series of candid discussions. More than 400 employees attended at least one of the sessions.



In 2020, and in alignment with the CEO Pledge Commitment, FINRA expanded its diversity education programming—introducing the Diversity Education Series of six new interactive learning sessions on unconscious bias, privilege and courageous conversations, with more than 1,200 employees attending one or more session. In addition to this series, Black female colleagues from FINRA’s Member Supervision team participated in a live, organization-wide conversation titled, “Courageous Conversations: Black Women Share Their Stories of Exclusion and How to Create an Inclusive Environment,” focused on the challenges Black women face in the workplace and the importance of inclusion. Our ERGs provide a forum for employees to participate in activities that directly support FINRA’s recruitment and employee engagement efforts.

## Employee Resource Groups



### 10 ERGs

- FINRA African American Network (FAAN)
- FINRA Asian Professionals Association (FAPA)
- FINRA Disability and Wellness Network (DAWN)
- FINRA Interfaith Network (BRIDGES)
- FINRA Latino Affinity Network (FLAN)
- FINRA Military Community (MilCom)
- FINRA Multigenerational Employee Resource Group (MERGE)
- FINRA Parents Network (FPN)
- FINRA Pride Alliance (FPA)
- FINRA Women’s Network (FWN)



**46% of employees**

are members of at least one or more employee resource group



**100+ events**

held by employee resource groups



**\$38K+ donated**

to charities across the country

**FINRA launched its tenth ERG—Building Relationships Across Inclusive Diverse Groups for Everyone’s Success (BRIDGES)—in March 2020. The interfaith network is open to all employees, including those of all faiths and beliefs, as well as those who are not affiliated with a particular faith or religious tradition. BRIDGES’ mission is to provide guidance and recommendations that can reduce bias and promote understanding about the many different faiths represented at FINRA.**

“Inclusion to me isn’t an environment, but rather a mindset that allows people the freedom and hope that they will be unconditionally accepted for who they are as a person free from any biases or prejudices.”

*Irfan Gilani, BRIDGES Management Committee Member*

“Inclusivity in a team means not only acknowledging everyone’s unique differences, but also making a concerted effort to ensure that everyone feels accepted and valued for these differences, who they are and the contributions that they may bring.”

*Linnette Chew, FAAN Management Committee Member*

“Working on an inclusive team means that others really listen and consider your input regardless of who you are or how you look. It means giving everyone the same level of attention and respect no matter their name, title or background. It means being comfortable to speak your mind without being prejudged or having an innate feeling that what you have to say will not matter or have no impact. And ultimately, it means deeply caring about the success of the organization.”

*Erick Estrada, MERGE Management Committee Member*

“As a multicultural employee, I think of inclusion as a mindset of belonging and acceptance by ensuring that every person is treated with respect and is given an equal opportunity to thrive at work. FINRA’s focus on diversity and inclusion is crucial in building a sense of belonging because it creates a community that is accessible to everyone. It ensures that opportunities are available to everyone despite not fitting in to what would typically be seen as the model employee in this industry.”

*Ayelet Montero, MERGE Management Committee Member*

## Focusing on Racial Justice

In a year when racial injustice came into sharp focus, FINRA's public service mission has never proved more important. In June 2020, following a spate of violence against members of Black communities and social justice protests across the country, FINRA's Board of Governors reaffirmed its commitment to enhance FINRA's long-standing initiatives to pursue its mission of investor protection and market integrity with a diverse and inclusive workforce that represents all of society, and to expand our efforts to promote the financial literacy and capability of minority communities in collaboration with the FINRA Foundation.

Building on the foundation the DLC already had in place, we went to work immediately, creating FINRA's Racial Justice Task Force to provide an opportunity for FINRA to reflect on and take action toward achieving meaningful, sustained progress in the fight against racism and prejudice within our organization, industry and communities. FINRA's Racial Justice Task Force's action plan aligns with the goals our Board of Governors set to:

- + **further enhance FINRA's longstanding initiatives to pursue its mission with a diverse and inclusive workforce that represents all of society;**
- + **expand our efforts to promote the financial literacy and capability of minority communities; and**
- + **work collaboratively to promote greater diversity and inclusion across the industry, with the goal of better engaging traditionally underinvested communities and representing the needs of all investors.**



"I was raised in a planned city whose founder sought to promote and foster racial, social and economic diversity. My experience growing up in that community impacted me positively in countless ways and I am proud to bring that perspective to the important work we are doing on the Task Force here at FINRA."

*Elisabeth Craig, Senior Vice President and Deputy, CRED*

Last summer, as the nation reeled from multiple instances of racial injustice and protests against such injustice, FINRA's African American Network (FAAN) proactively provided a set of recommended actions to inform FINRA's response to the systemic issues of racial injustice. FAAN's model—Acknowledge, Act, Affirm—formed the foundation for FINRA's Racial Justice Task Force.

FINRA took early steps based on FAAN's initial recommendations, including:

### Doubling our match

of employee charitable donations **to 7 organizations** focused on racial justice and racial equality; and

### Increasing budgets

for our 10 ERGs **by 50 percent** to continue building strategic support programming.



**FAAN also raised over \$22,000 in support of the NAACP Legal Defense Fund.**

FINRA extended the double match—\$2 for every \$1 employees donated—to a number of organizations responding to the COVID-19 pandemic.

**\$273,000+**

COVID-19  
Organizations

**\$219,000+**

Racial Justice  
Organizations

**\$1 million+**

Overall donation to  
charitable organizations

## Expanding Financial Literacy and Capability

The unique circumstances of 2020—the COVID-19 outbreak and the ensuing economic and market fallout—threatened the financial wellbeing of many American households. Research shows that African American, Hispanic and Native American communities were disproportionately affected by the health crisis and economic downturn.

In keeping with our goals to expand our efforts to promote the financial literacy and capability of minority communities, FINRA created and filled a role at the FINRA Investor Education Foundation to build strategic partnerships and manage public engagement initiatives that benefit underserved financial consumers and include people from diverse cultures and socioeconomic backgrounds.

FINRA and the Foundation collaborated with research partners to examine the role race, gender, disability status and age played in Americans' response to a financial crisis like that posed by the COVID-19 pandemic. Through our Investor Education programs and the FINRA Foundation, we support innovative research and educational projects that help foster sustainable, inclusive financial capability building initiatives across our diverse communities, collaborating with nearly 50 nonprofit, academic and state and federal agency partners.

Our research builds on the FINRA Foundation's National Financial Capability Study (NFCS), which benchmarks indicators of financial capability and evaluates how these indicators vary with demographic, behavioral, attitudinal and financial literacy characteristics.

For example, in 2020, under a FINRA Foundation grant, researchers from Stony Brook University, the University of Tennessee, the Oxford Institute of Population Ageing, and the National Disability Institute used the NFCS and other data sets to provide the first nationally representative estimates of the extra costs of living with a disability in the U.S.

Separately, the FINRA Foundation partnered with National Opinion Research Center (NORC) at the University of Chicago to examine investor attitudes, risk tolerance and investing behaviors during the pandemic, with particular focus on the experiences of African American and Hispanic households, which were disproportionately affected by the economic downturn. Some important findings from the study showed that while African American and Hispanic/Latino respondents were more pessimistic about market recovery in general, they showed increased interest in investing during this period of market volatility. The survey used in the study also included a series of investing knowledge questions. African American and Hispanic/Latino investors scored significantly lower than white investors on the five-question quiz.

We understand that investors who lack investment knowledge may make suboptimal investment decisions. Studies like this can help FINRA, other regulators and financial educators tailor investment education so investors have access to educational resources to help them understand risks and manage market volatility.

“During these unprecedented times, by building strategic partnerships with organizations committed to elevating financial capabilities and knowledge, we realize the Foundation’s mission to empower underserved and diverse communities to make informed financial decisions that support their goals.”

**Ritta McLaughlin**

Director, Investor Education  
Community Outreach



# Promoting Greater Diversity and Inclusion Across the Industry

## Education and Partnerships

Each year, FINRA sponsors an Annual Diversity Summit to provide a forum for diversity practitioners from firms, financial regulators and other organizations to share ideas and effective practices to promote diversity and inclusion in the workplace. In 2020, we transitioned to a virtual, week-long program focused on inclusion. The summit covered a range of topics, including ways of nurturing relationships in the virtual age, demographic differences in the financial capability of U.S. adults in the wake of COVID-19, religious diversity and inclusion, and how social norms and public scrutiny impact racial diversity of corporate boards and other organizational groups. Through the summit and diversity and inclusion programming at FINRA's Annual Conference, we reach more than 500 external stakeholders each year.

FINRA is committed to increasing diverse representation and building a more inclusive environment in the financial services industry, and we are engaged with external partners focused on the same goals. For example, we are actively engaged with SIFMA's Diversity & Inclusion Advisory Council. SIFMA—the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets—assists its member firms in developing their diversity initiatives to increase inclusion in the workplace and in their efforts to market to diverse customers.

## Expanding Professional Opportunities

In 2018, we launched the Securities Industry Essentials® (SIE®) Exam—an introductory-level exam that enables prospective broker-dealer industry professionals to demonstrate to prospective employers a basic level of knowledge prior to a job application. Individuals taking the SIE do not need to be associated with a FINRA member firm, and a passing result on the SIE is valid for four years.

Since we introduced the SIE, we have emphasized outreach to historically Black colleges and universities (HBCUs) and other minority-serving and diversity-focused organizations to expand the pool of candidates. For example, we launched a pilot program to distribute SIE exam vouchers on a limited basis to HBCUs and other institutions for distribution to minority and socioeconomically disadvantaged students. We also partner with the Year Up program—which works to ensure equitable access to economic opportunity, education and justice for all young adults—on a similar program to distribute vouchers to young adults who participate in their programs. Looking at the broad effects

"In Credentialing, Registration, Education and Disclosure, we contribute to the overall FINRA mission by credentialing securities industry participants and providing information services that support firms and individuals as they comply with industry rules. Diversity and inclusion are core to this effort as we strive to safeguard our programs against influences that might disadvantage or discourage industry participants for reasons that are unrelated to their capabilities and competence. We believe that the industry best protects investors and market integrity when it is accessible to all who are interested in and capable of contributing to those goals, representing a wide scope of diverse thought and perspective.

We actively encourage broad participation in the industry through our Academic Outreach efforts and our Financial Industry Networking Directory platform. The first focuses on building awareness at colleges, universities and other academic institutions, and the latter provides a mechanism for individuals who pass the SIE to share their credentials with firms who are seeking new entrants."

## **Dave Scrams**

Vice President, Testing and Continuing Education





of the COVID-19 pandemic on accessibility to test centers, as well as the potential barriers some students face travelling to test centers that are not close to their school campus, we took steps to allow candidates to take the SIE and some other exams online.

In 2020, we also continued to sponsor or participate as an exhibitor at the HBCU Business Deans Roundtable, the HBCU Marketplace and the Association to Advance Collegiate Schools of Business (AACSB) Diversity Summit. In addition to the work we do, we partner with SIFMA on diversity-focused initiatives, including the launch of investment clubs at HBCUs. We continue to explore ways to partner with additional trade associations to support diversity and inclusion initiatives in the securities industry.

### **Ensuring Diverse Representation**

As the operator of the largest securities dispute resolution forum in the United States dedicated to resolving securities and business disputes between and among investors, brokerage firms and individual brokers, FINRA is committed to ensuring we reflect the investing public and the communities that we serve by providing a diverse roster of arbitrators and mediators to hear cases in our forum.

In 2015, we launched an aggressive campaign to help us increase the diversity of our roster by recruiting new arbitrators from diverse backgrounds, professions and geographic locations. Throughout 2020, we have continued outreach to diversity-based organizations around the country, including partnering with the LGBTQ Bar Association, Alpha Kappa Alpha Sorority, the Association of Junior Leagues International and the National Urban League to directly engage with their members about opportunities to serve as a FINRA arbitrator. FINRA also hosts networking receptions with diversity-based bar associations, including the Metropolitan Black Bar Association, Muslim Bar Association and the Thai American Bar Association.

Holding ourselves accountable to achieving this goal to increase diversity on our roster also means being transparent about our progress. Each year, we survey the arbitrators and mediators who serve in the forum and make the results public.

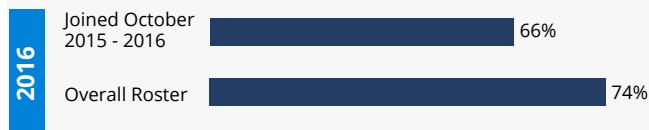
Since we began our recruitment efforts in 2015, we have made steady progress in the number of new female arbitrators and the number of new Black arbitrators. Overall, the number of women has increased by 6 percent and the number of Black arbitrators has increased by 4 percent.

We are encouraged by this progress and are committed to continuing to build a roster that reflects our communities.

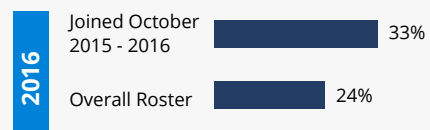
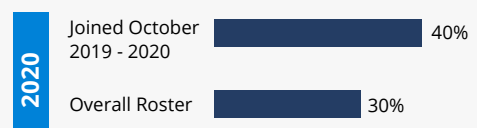
## Making Steady Progress on Arbitrator Recruitment

### Gender

#### Male



#### Female

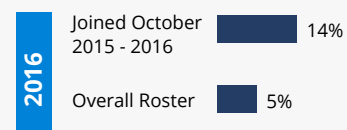
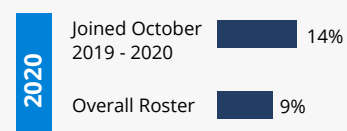


### Race

#### Caucasian



#### Black or African American



“Providing a diverse arbitrator roster that is reflective of the communities we serve enhances perceptions of fairness about the forum. Over the past five years, we have embarked on an aggressive recruitment campaign to diversify FINRA’s arbitrator roster. We typically attend in-person events across the country, however, the pandemic has forced us to shift our focus and in the past year we have leaned more heavily into targeted digital advertising to achieve our goals. Although we have been successful in moving the needle on arbitrator diversity, our ongoing effort to provide a diverse slate of arbitrator candidates continues.”

## **Nicole Haynes**

Associate Director, Neutral  
Management, Dispute  
Resolution Services



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