

## FINRA

### News Releases

[Speeches](#)

[Statistics](#)



## NEWS RELEASE

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### NASD and NYSE Member Regulation Combine to Form the Financial Industry Regulatory Authority - FINRA

**Washington, DC and New York, NY** — The Financial Industry Regulatory Authority (FINRA) today announced that it has commenced operations as the largest non-governmental regulatory organization for securities brokers and dealers doing business in the United States. FINRA was created through the consolidation of NASD and the member regulation, enforcement and arbitration operations of the New York Stock Exchange. The consolidation, which was announced on Nov. 28, 2006 and approved by the Securities and Exchange Commission on July 26, 2007, became effective today, July 30, 2007.

FINRA will conduct the regulatory oversight of more than 5,000 securities firms and 666,000 registered representatives. It will be responsible for rule writing, firm examination, enforcement and arbitration and mediation functions, along with all functions that were previously overseen solely by NASD, including market regulation under contract for NASDAQ, the American Stock Exchange, the International Securities Exchange and the Chicago Climate Exchange.

"The creation of FINRA is the most significant modernization of the self-regulatory regime in decades," said Mary L. Schapiro, Chief Executive Officer of FINRA. "With investor protection and market integrity as our overarching objectives, FINRA will be an investor-focused and more streamlined regulator that is better suited to the complexity and competitiveness of today's global capital markets. By eliminating overlapping regulation and establishing a uniform set of rules placing oversight responsibility in a single organization, we will enhance investor protection while increasing the competitiveness of our financial markets."

"On behalf of the entire organization," Schapiro continued, "I want to thank the teams from both NASD and NYSE Regulation, who have worked tirelessly over the past seven months to turn this vision into reality. As the FINRA team moves forward with its integration plans, safeguarding investors and the integrity of the markets will continue to be our top priorities."

NYSE Regulation CEO Richard G. Ketchum, who serves as Chairman of FINRA's Board of Governors, stated, "This combination of our member firm oversight functions makes sense. Together, we will create more effective and efficient supervision of an increasingly complex, global securities industry. With our common purpose of investor protection, FINRA will be greater than the sum of its parts. I am especially pleased with the quality and experience of FINRA's new Board of Governors, where there is a proper balance among public and industry, as well as firms of all sizes. The Board will represent the wide-ranging interests of investors everywhere."

Among those who will be leading FINRA are Senior Executive Vice President Stephen Luparello, who will oversee the new organization's Member Regulation, Enforcement and Market Regulation functions; Vice Chairman Doug Shulman, who will oversee the new organization's Strategy and Planning, Market Transparency Services, Testing and Continuing Education, Registration and Disclosure, Technology Operations and Member Relations; Senior Executive Vice President Elisse Walter, who will oversee Investment Company Regulation, Investor Education, Corporate Finance, Emerging Issues, Advertising Regulation and Member Education; and, Linda Fienberg, who will serve as President of Dispute Resolution and Chief Hearing Officer; Executive Vice President Susan Merrill will head the Office of Enforcement. Member Regulation will be comprised of two separate departments, with Executive Vice President Grace Vogel heading up the Department of Risk Oversight and Operational Regulation and Executive Vice President Robert Errico leading the Department of Sales Practice Regulation.

FINRA has approximately 3,000 employees and will operate from Washington, DC, New York and 15 District Offices around the country.

As an extension of FINRA's mission to protect investors and uphold the integrity of the markets, the FINRA Investor Education Foundation, formerly known as the NASD Investor Education Foundation, will

continue to fund innovative research and educational projects that give investors the tools they need to better understand the markets and the basic principles of saving and investing. As of June 2007, the FINRA Foundation had approved \$10.4 million in grants and an additional \$10.2 million in direct investor education programming. For details about grant programs and other FINRA Foundation initiatives, visit [www.finrafoundation.org](http://www.finrafoundation.org).

### **About the Financial Industry Regulatory Authority**

FINRA, the Financial Industry Regulatory Authority, is the largest non-governmental regulator for all securities firms doing business with the U.S. public. Created in 2007 through the consolidation of NASD and NYSE Member Regulation, FINRA is dedicated to investor protection and market integrity through effective and efficient regulation and complementary compliance and technology-based services. FINRA touches virtually every aspect of the securities business - from registering and educating industry participants to examining securities firms; writing rules; enforcing those rules and the federal securities laws; informing and educating the investing public; providing trade reporting and other industry utilities; and administering the largest dispute resolution forum for investors and registered firms.

For more information, please visit our Web site at [www.finra.org](http://www.finra.org).

*Sacks v. S.E.C., No. 07-74647 archived on February 24, 2011*