

December 6, 2010

Ms. Helene K. McGee  
Assistant Director  
Office of Compliance Inspections and Examinations  
U. S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: Dodd-Frank Wall Street Reform and Consumer Protection Act

Dear Ms. McGee:

This letter provides documents and information responsive to the requests made in your letters dated August 26, 2010 and September 16, 2010 in connection with the above-referenced matter. For each item in your August 26, 2010 letter, you requested year-end totals for the years ending 2005, 2006, 2007, 2008, 2009, and 2010 through August 31. In addition, in your September 16, 2010 letter, you requested year-end totals for 2005 through 2009 (as well as available information for 2010) regarding investor complaints received by FINRA and investor complaints received by FINRA member firms and reported to FINRA. This letter lists the documents or information requested and FINRA's response to each request, addressing the August 26, 2010 and September 16, 2010, respectively. It should be noted that FINRA has previously responded to these requests in letters dated September 23, 2010 and October 20, 2010. However, as you requested, FINRA is not requesting Confidential Treatment for this letter and its attachments under the Freedom of Information Act. Accordingly, this will facilitate the Commission's public use of the information provided in furtherance of one of the studies you are obliged to conduct under the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act.

### **SEC August 26, 2010 Request**

#### **General Exam Information**

***SEC Request No.1: The total number of cycle exams completed and the total number of resulting dispositions for these exams. Please include the total number of exams that resulted in No Further Action or Filed Without Action, Cautionary Action or Letter of Caution, Compliance Conference, Acceptance, Waiver and Consents or other formal action. For exams resulting in enforcement action, please also include the number of exams that resulted in a fine, suspension, bar, or expulsion. Please also include the total amount of fines assessed as well as any restitution payments required. Furthermore,***

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*please provide the total number of enforcement actions that contained a sales practice finding or violation.*

**FINRA Response:**

We are enclosing the following two documents in response to this request:

Document Title	Bates Number(s)
Member Regulation Cycle Matters	F000047
Pertinent Excerpts from the Annual Consolidated Supplement of FINRA	F000048-49

The document titled "Member Regulation Cycle Matters" contains, for each year requested, the number of completed cycle examinations and the number that resulted in No Further Action/Filed Without Action, Cautionary Action Letter/Letter of Caution, Compliance Conference, Formal Action, or Other, as contained in FINRA's STAR tracking system. The document also contains, by year, for examinations that resulted in enforcement actions, the number of fines, suspensions, bars and expulsions.<sup>1</sup> Please note that we categorized all examinations, dispositions, sanctions and fines by the year in which the matter was closed, rather than the year in which the matter was initiated. Formal actions noted include formal Complaints, Acceptance Waiver and Consents ("AWCs"), Minor Rule Violations ("MRVs"), Orders accepting offers of settlement, and Non-Summary Proceedings ("NSPs"). In addition, any examinations referred by FINRA's Risk Oversight & Operational Regulation ("ROOR") group to the Enforcement Department were counted separately from formal actions and are reflected in their own section in the chart. Further, joint and several fines, which are separately tracked in STAR for each respondent that is jointly and severally liable, were not double counted. Finally, legacy NYSE information was not included.

The document titled "Business Conduct and Protection of Members" is an excerpt from the Annual Consolidated Supplement of FINRA. It lists which rule or rules of the Association are designed to: (1) prevent fraudulent and manipulative acts and practices; (2) promote just and equitable principles of trade; and (3) provide safeguards against unreasonable profits or unreasonable rates of commissions or other charges. As discussed, the FINRA rule manual does not delineate "sales practice rules" from other FINRA rules. This makes it difficult to precisely categorize particular rules as "sales practice rules." Rather than attempt to imprecisely categorize rules as "sales practice rules," we thought it would be more useful to provide a list of rules that are organized

<sup>1</sup> These are the total number of fines, suspensions, bars and expulsions. Because one action might have more than one of any of these, there would not necessarily be a one-to-one match between these and the number of actions.

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based upon subject matter. If you could please review these rules and then tell us which rules you would like us to use to determine the total number of enforcement actions that contained a finding or violation of the rule or rules, it would allow us to better address your request.

The following are the total amount of fines billed as well as any restitution payments ordered, by year, for the examinations resulting in Enforcement actions.

	2005	2006	2007	2008	2009	2010 (8/31)
Fines(\$)	145,800,000	72,000,000	51,000,000	25,819,625	49,650,540	33,282,834
Restitution(\$)	37,665,560	299,883,677	22,873,596	3,646,715	8,347,493	3,422,298

Please note that these fine amounts are the amounts that FINRA's Finance Department billed each year, and they contain matters stemming from cause examinations as well as cycle examinations or any other origin. Please note that these figures would not be a one-to-one match with the amounts ordered as contained in FINRA's tracking system, for a number of reasons. For example, FINRA's Finance Department did not bill for the NYSE forum cases brought in 2007 and 2008. In addition, some fines are ordered payable upon re-entry into the securities business only, so that Finance would not bill these amounts unless or until the individual re-entered the securities industry. Further, FINRA's case tracking system does not track sanctions by year; rather sanctions will be identified with a matter when that matter is closed. So, for example, in multi-respondent matters, sanctions may be ordered against one or more respondents and that matter remains open in the case tracking system while the staff litigates against other respondents.

**SEC Request 2:** *The total number of cause exams completed and the total number of resulting dispositions for these exams. Please include the total number of exams that resulted in No Further Action or Filed Without Action, Cautionary Action or Letter of Caution, Compliance Conference, Acceptance, Waiver and Consents or other formal action. For exams resulting in enforcement action, please also include the number of exams that resulted in a fine, suspension, bar, or expulsion. Please also include the total amount of fines assessed as well as any restitution payments required. Furthermore, please provide the total number of enforcement actions that contained a sales practice finding or violation.*

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**FINRA Response:**

We are enclosing the following two documents in response to this request:

Document Title	Bates Number(s)
Member Regulation Cause Matters	F000050
Pertinent Excerpts from the Annual Consolidated Supplement of FINRA	F000048-49

The document titled "Member Regulation Cause Matters" contains, by each year requested, the number of completed cause examinations and the number that resulted in No Further Action/Filed Without Action, Cautionary Action Letter/Letter of Caution, Compliance Conference, Formal Action, or Other, as contained in FINRA's STAR tracking system. The document also contains, by year, for examinations that resulted in enforcement actions, the number of fines, suspensions, bars and expulsions. Please note that we categorized all examinations, dispositions, sanctions and fines by the year in which the matter was closed, rather than the year in which the matter was initiated. Formal actions noted include formal Complaints, AWCs, MRVs, Orders accepting offers of settlements, and NSPs. Please note that any ROOR examinations referred to Enforcement were counted separately from formal actions and are reflected in their own section in the chart. In addition, joint and several fines, which are separately tracked in STAR for each respondent that is jointly and severally liable, were not double counted. Further, legacy NYSE information was not included. Finally, information concerning the Preliminary Investigation group ("PI") is included here for 2008 and 2009, but not for 2010.<sup>2</sup>

The document titled "Business Conduct and Protection of Members" is an excerpt from the Annual Consolidated Supplement of FINRA and is also provided in response to Item 1 above. As noted above, if you could please review these rules and then tell us which rules you would like us to determine the total number of enforcement actions that contained a finding or violation of the rule or rules, it would allow us to better address your request.

In addition, the total amount of fines billed and restitution payments ordered by year, for the examinations resulting in Enforcement actions, is summarized under Item 1 above for cause, cycle and other matters.

<sup>2</sup> In late 2009, the PI group was moved out of the Central Review Group and into the Office of Fraud Detection and Market Intelligence.

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SEC Request 3: *The number of other matters (e.g. TMMS exams, surveillance matters, tips etc.) that resulted in an enforcement action.*

FINRA Response:

We are enclosing a document titled "Non-Member Regulation Matters (Other)", Bates numbered F000051, in response to this item. The document contains, by each year requested, the number of completed matters other than the cycle and cause matters, and the number that resulted in No Further Action/Filed Without Action, Cautionary Action Letter/Letter of Caution, Compliance Conference, Formal Action, or other, as contained in FINRA's STAR tracking system. The document also contains, by year, for examinations that resulted in enforcement actions, the number of fines, suspensions, bars and expulsions. Please note that we categorized all examinations, dispositions, sanctions and fines by the year in which the matter was closed, rather than the year in which the matter was initiated. Formal actions noted include formal Complaints, AWCs, MRVs, Orders accepting offers of settlement, and NSPs. Further, joint and several fines, which are separately tracked in STAR for each respondent that is jointly and severally liable, are not double counted. Finally, legacy NYSE information is not included, and PI matters for 2010 are included.

SEC Request 4: *The number of member firms on a 2-year cycle.*

FINRA Response:

Please refer to the attached document bearing Bates number F000052.

Please note that FINRA is providing the number of member firms that are on all four of the FINRA examination cycles (one-year, two-year, three-year and four-year cycles), for your reference. Please note that the three-year examination cycle was not in existence prior to 2010.

FINRA derived the cycle examination frequency information for 2008 through 2010 from the records FINRA uses each year in our annual firm risk-assessment and pre-scheduling process, which takes place from October through December of each year. Specifically, during this annual process, we use quantitative and qualitative risk assessment to determine the cycle frequency for each FINRA member firm. The attached cycle numbers for each member firm for the years 2008 through 2010 are from the records of these initial examination frequency determinations made at the beginning of each year.<sup>3</sup>

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<sup>3</sup> There are slightly different numbers of firms for the Sales Practice Cycle and the Financial Operations Cycle for 2010 on the chart labeled "Questions 4 & 5: Firms by Historical Cycle Exam Frequency" because the chart includes firms that are FINRA members as well as some firms that are not FINRA members, but that FINRA examines pursuant to RSA, such as the

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As you are aware, the number of FINRA member firms is subject to change throughout the year. In addition, the risk classification of FINRA member firms is subject to continuing reevaluation throughout each year. Circumstances may cause FINRA to change its initial assessment regarding the appropriate examination cycle for a particular firm and accelerate the cycle on which a particular firm is scheduled to be examined. When FINRA makes such changes to the cycle for a firm or firms, we immediately capture the changes in our STAR tracking system.

Because the pre-scheduling process for 2005 through 2007 followed a different procedure, the risk level of each firm was only captured on each examination record in the STAR tracking system for the 2005 and 2006 examinations. Therefore, for the enclosed 2005 and 2006 firm cycle information, we obtained the data from STAR, which contains data on all firms that FINRA actually conducted an examination of in those years. For 2007, however, we captured the information for all firms, regardless of whether they were examined that year or not.

Finally, we obtained the information on the attachment labeled "current" from our STAR system as of September 29, 2010. As described above, this will include any changes FINRA made during the year to firms' risk assessments that impacted the cycle determination that had been made at the beginning of 2010.

SEC Request 5: *The number of member firms on a 4-year cycle.*

FINRA Response:

Please refer to our response to SEC Request 4, above, and to the attached document bearing Bates number F000052.

**Information Regarding Examination Resources**

SEC Request 6: *The total number of exam hours expended for cycle exams.*

FINRA Response:

Please refer to the attached document bearing Bates number F000053.

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Amex firms for which FINRA conducts Financial Operational exams. In addition, this chart includes some firms that are FINRA members but that FINRA is not the DEA for. For example, there are some firms that CBOE is the DEA for, so that the CBOE conducts the Finop exams but FINRA conducts the sales practice exams for those firms.

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Please note that the examination hours information reflected here includes hours for all FINRA employees involved with the examination program who recorded time in STAR in connection with each examination, as opposed to hours for examiners only. For 2005 and 2006, only NASD Member Regulation Sales Practice employees' hours are included. For 2007, NASD Member Regulation Sales Practice employees' hours are included for the period from January 1, 2007 through June 30, 2007. For the period from July 1, 2007 through December 31, 2007, hours for both the FINRA Member Regulation Sales Practice and ROOR employees are included.

For 2008 and 2009, FINRA Member Regulation Sales Practice, ROOR, and FINRA Central Review Group employees' hours are included.

For 2010, FINRA Member Regulation Sales Practice and ROOR employees' hours are included. The FINRA Central Review Group was relocated to the Office of Fraud Detection and Market Intelligence in late 2009, therefore Central Review Group employees' hours were not included in the 2010 information.

SEC Request 7: *The total number of exam hours expended for cause exams.*

FINRA Response:

Please refer to our response to SEC Request 6, above, and to the attached document bearing Bates number F000053.

SEC Request 8: *The average time to complete cycle exams (in days/weeks).*

FINRA Response:

Please refer to the attached document bearing Bates number F000054.

In preparing our response to this request, we queried FINRA's STAR tracking system. Our query used STAR's Field Work Start ("FWS") date as the starting date for these cycle exams, and the Exam Report Issue date as the ending date. If no Exam Report was issued, then the Closed Date was used as the end date for these exams. In addition, we categorized the examinations according to the year in which the field work began, that is, calculations concerning examinations with FWS dates in 2008 that were completed in 2009 were included in the information for 2008. Please note that 2010 information provided is as/of August 31, 2010.

SEC Request 9: *The average time to complete cause exams (in days/weeks).*

FINRA Response:

Please refer to the attached document bearing Bates number F000054.

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We also queried STAR when preparing this response. Our query generally used as the start date for these cause examinations the date on which the matter was "promoted" to Matter Management status, that is, the date on which the matter formally became a cause examination. For some cause matters, FINRA must first do some initial research and review in order to determine whether there is sufficient evidence to warrant promoting the matter to Matter Management status and commencing a FINRA cause examination. Any FINRA employee days spent prior to the date on which a matter was promoted to Matter Management status were not included in this response. Please note that the 2010 information provided is as/of August 31, 2010.

In other instances, FINRA receives sufficient information to conclude that the situation warrants the opening of a cause examination immediately. These examinations begin in Matter Management status. Therefore, we used the Department Received date as the start date for the calculations related to these cause exams. The end date is generally the exam's Management Approved date. Where an exam had no Management Approved date, for example, where no violations were cited, we used the Closed Date as the end date.

Please note that this cause examination information includes branch office examinations but does not include any sweeps, Non-Summary Proceedings, or matters related to the Chicago Climate Exchange.

SEC Request 10: *The number of examination staff.*

FINRA Response:

Please refer to the attached document bearing Bates number F000055 which reflects the requested information.

SEC Request 11: *The number of enforcement staff.*

FINRA Response:

Please refer to the attached document bearing Bates number F000055.

SEC Request 12: *The percentage of the membership population examined.*

FINRA Response:

Please refer to the attached document bearing Bates number F000056 which reflects the requested information. As stated above, for 2010, the data is through August 31. Please note that we have used the number of cycle examinations in the calculation of these amounts, rather than the number of cause examinations. FINRA's Cause

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Examination category covers a wide range of types of inquiries. As such, including Cause examinations in this calculation would significantly increase the percentage covered.

SEC Request 13: *The ratio of members to examination staff.*

FINRA Response:

Please refer to the attached document bearing Bates number F000056 which reflects the requested information.

**Information Regarding Dual Registrants**

SEC Request 14: *The number of registered representatives that are dually registered as series 7 and 65.*

FINRA Response:

Please note that the following figures reflect the number of individuals registered in any Registered Representative capacity and as an Investment Adviser Representative, without regard to specific qualifying exams:

<u>Date</u>	<u>Dually Registered Across Firms</u>	<u>Dually Registered Within Same Firm</u>	<u>Total</u>
12/31/2005	29,174	150,955	180,129
12/31/2006	33,186	164,050	197,236
12/31/2007	35,297	182,114	217,411
12/31/2008	37,829	190,059	227,888
12/31/2009	42,165	189,683	231,848
08/31/2010	46,033	194,479	240,512

SEC Request 15: *The number of dually registered representatives (series 7 & 65) that are associated with firms that are dually registered as broker dealers and investment advisors.*

FINRA Response:

Please refer to our response to SEC Request 14, above.

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**SEC September 16, 2010 Request**

**SEC Requests 1-6:** Please provide year-end totals for every year ending 2005, 2006, 2007, 2008, 2009 through the present, for each of the following items:

- 1) *Total number of complaints received by FINRA.*
- 2) *Total number of sales practice complaints received by FINRA.*
- 3) *Total number of investor complaints reported by firms.*
- 4) *Total number of sales practice complaints from investors reported by firms.*
- 5) *Total number of complaints FINRA received directly from investors.*
- 6) *Total number of sales practice complaints FINRA received directly from investors.*

**FINRA Response:** FINRA is enclosing with this letter a document bearing Bates number F000057 which reflects the requested information. The document sets forth annual complaint statistics for 2005 through 2009, and for the first half of 2010.

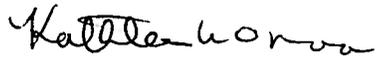
The first table provides the total number of complaints that FINRA has received directly from investors for each year. Also provided are subset numbers. The "Sales Practice Related" complaints are those that included any type of sales practice related problems (e.g. suitability, unauthorized transactions, misrepresentation, excessive commission, etc.); the "Operational Issues Only" complaints solely involved operational type problems (e.g. account transfers, statements, dividends, etc.); and the "Trading Issues Only" complaints solely involved trading type problems (e.g. best execution, short sales, trading halts, etc.). If a complaint involved a sales practice-related problem as well as an operational or trading problem, we counted it in the "Sales Practice Related" subset only.

The second table provides the total number of complaints received by member firms and reported pursuant to Rules 3070(c) and 351(d). Also provided are subset numbers for complaints by Sales Practice types and Operational types. Firms report a complaint with a problem code for the most egregious and predominant type of problem at issue in the complaint. The problem codes are designated as either a Sales Practice type or Operational type.

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If you have any questions or require additional information, please feel free to contact me at (240) 386-5309 or Helen Moore at (240) 386-5662.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Kathleen A. O'Mara".

Kathleen A. O'Mara  
Counsel  
Office of Oversight, Liaison & Counsel  
Regulatory Operations

Enclosures

### Member Regulation Cycle Matters

CYCLE						
	2005	2006	2007	2008	2009	2010 YTD
Number of Completed Exams	1,807	3,220	2,570	2,276	2,351	1,241
Number of No Further Action/Filed Without Action	389	650	982	1,349	1,279	664
Number of Cautionary Action/Letter of Caution	1,282	2,330	1,876	1491	1,632	923
Number of Compliance Conference	156	284	234	235	195	141
Number of Formal Action	172	398	306	136	130	84
Number of Other	6	27	52	47	62	36
ROOR Exams Referred to Enforcement				2	22	30

CYCLE						
	2005	2006	2007	2008	2009	2010 YTD
Number of Fines	191	404	307	163	129	81
Number of Suspensions	24	35	41	28	26	16
Number of Bars	5	20	16	4	8	8
Number of Expulsions	1	4	4		1	2

**BUSINESS CONDUCT AND PROTECTION OF MEMBERS**

13. What rule or rules of the Association are designed to prevent fraudulent and manipulative acts and practices?

FINRA Rules: Rules 2010, 2020, 2070, 2150, 2220, 2251, 2310, 2342, 2360, 3130, 3220, 3250, 5130, 5150, 5210, 5280, 6140, and the remainder of Rules found in the FINRA 2000, 2100, 2200, 2300, 3000, 4500 and 5000 Series, according to the particular violation involved.

NASD Rules: Rules 2210, 2230, 2310, 2330, 2430, 2440, 2750, 2830, 3010, 3110, 3370, and the remainder of Rules found in the NASD 2000 and 3000 Series, according to the particular violation involved.

NASD Interpretations: IM-2210-1 — IM-2210-8, IM-2310-1 — IM-2310-3, IM-2330, IM-2440-1, IM-2440-2, IM-2750, IM-3010-1, IM-3110

NYSE Rules: Rules 342, 353, 387, 401, 401A, 402, 405, 407, 407A, 408, 409, 440, 440A, 472, and the remainder of the NYSE Rules incorporated by reference, according to the particular violation involved.

NYSE Interpretations: Rules 342, 387, 401, 402, 405, 407, 408, 409, 440.20, 440A, 472

14. What rule or rules of the Association are designed to promote just and equitable principles of trade?

FINRA Rules: Rules 2010, 2020, 2070, 2140, 2150, 2251, 2261, 2266, 2342, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2370, 3130, 3220, 3240, 3250, 3310, 4110, 4120, 4140, 4521, 4560, 5110, 5130, 5150, 5190, 5210, 5220, 5240, 5280, 6140, and the remainder of Rules found in the FINRA 2000, 2100, 2200, 2300, 3000, 4500 and 5000 Series, according to the particular violation involved.

NASD Rules: The Rules found in the NASD 2000 and 3000 Series.

NASD Interpretations: IM-2110-2, IM-2110-3, IM-2110-6, IM-2210-1 — IM-2210-8, IM-2310-1 — IM-2310-3, IM-2320, IM-2330, IM-2420—1, IM-2420-2, IM-2440-1, IM-2440-2, IM-2522, IM-2730, IM-2740, IM-2750, IM-3010-1, IM-3110, IM-3150

NYSE Rules: Rules 343, 344, 345, 345A, 346, 351, 353, 354, 375, 382, 387, 401A, 402, 405, 407, 407A, 408, 409, 410, 416, 416A, 430, 431, 432, 434, 440, 440A, 472

NYSE Interpretations: Rules 343, 344, 345, 345A, 346, 351, 375, 382, 387, 402, 405, 407, 408, 409, 410, 430, 431, 440.20, 440A, 472

15. What rule or rules of the Association are designed to provide safeguards against unreasonable profits or unreasonable rates of commissions or other charges?

FINRA Rule: Rules 2010, 2140, 2269, 2310, 2342, 5160, 5210, 5220, 5240, 5280, 6140

NASD Rules: Rules 2230, 2310, 2320, 2430, 2440, 2730, 2740, 2830, 3370

NASD Interpretations: IM-2110-2, IM-2110-3, IM-2110-6, IM-2310-1 – IM-2310-3, IM-2320, IM-2440-1, IM-2440-2, IM-2730, IM-2740,

NYSE Rules: Rules 375, 382, 401, 405,

NYSE Interpretations: Rules 375, 382, 405

### Member Regulation Cause Matters

Cause						
	2005	2006	2007	2008	2009	2010 YTD
Number of Completed Exams	4,432	5,147	5,204	5,656	7,002	2,973
Number of No Further Action/Filed Without Action	2,676	2,700	2,812	3,644	5,026	1,886
Number of Cautionary Action/Letter of Caution	973	1,278	1,201	1,180	1,122	552
Number of Compliance Conference	34	39	53	91	106	63
Number of Formal Action	472	887	878	677	736	425
Number of Other	403	606	688	464	425	293
ROOR Exams Referred to Enforcement			0	0	2	0

Cause						
	2005	2006	2007	2008	2009	2010 YTD
Number of Fines	240	412	360	288	320	176
Number of Suspensions	157	376	357	296	305	211
Number of Bars	179	371	360	289	273	159
Number of Expulsions	0	0	2	2	3	1

### Non-Member Regulation Matters (Other)

Non Member Regulation						
	2005	2006	2007	2008	2009	2010 YTD
Number of Completed Matters	1,061	2,382	2,152	2,126	2,130	2,793
Number of No Further Action/Filed Without Action	268	370	439	346	495	1,594
Number of Cautionary Action/Letter of Caution	287	973	853	725	771	580
Number of Compliance Conference	0	1	8	0	0	0
Number of Formal Action	375	1,056	502	549	538	433
Number of Other	275	872	564	722	514	326
ROOR Exams Referred to Enforcement	N/A	N/A	N/A	N/A	N/A	N/A

Non Member Regulation						
	2005	2006	2007	2008	2009	2010 YTD
Number of Fines	358	582	444	463	420	327
Number of Suspensions	42	29	30	101	97	72
Number of Bars	17	29	48	85	98	88
Number of Expulsions	3	10	2	4	0	0

**Questions 4 & 5: Firms by Historical Cycle Exam Frequency**

<b>Sales Practice Cycle</b>					
<b>Year</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>Total</b>
<b>2005</b>	85	1,150		723	1,958
<b>2006</b>	82	960		865	1,907
<b>2007</b>	55	2,043		2,951	5,049
<b>2008</b>	91	840		4,122	5,053
<b>2009</b>	103	1,921		3,264	5,288
<b>2010</b>	200	1,189	893	2,515	4,797
<b>Current</b>	167	1,315	835	2,351	4,668

<b>Financial Operations Cycle</b>					
<b>Year</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>Total</b>
<b>2008</b>	207	807		4,039	5,053
<b>2009</b>	209	1,601		3,478	5,288
<b>2010</b>	326	1,199	909	2,391	4,825
<b>Current</b>	285	1,263	850	2,294	4,692

**Questions 6 & 7: Member Regulation Time Expended by Program**

<b>Program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010 YTD</b>
<b>Cause</b>	270,582	230,326	247,726	301,665	323,022	197,013
<b>Cycle</b>	528,401	564,554	647,580	836,524	823,606	570,286

**Questions 8 & 9: Average Number of Days to Complete by Program**

<b>Program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>12 months ending 8/31/10</b>
<b>Cycle</b>	136	119	103	125	145	174
<b>Cause</b>	183	169	159	175	198	231

**Questions 10 & 11: Number of Examination and Enforcement Staff**

	Year-End					August
	2005	2006	2007	2008	2009	2010
<b>Enforcement</b>	206.5	207.5	314.5	265.5	253	264
<b>Member Regulation Sales Practice, Risk Oversight and Shared Services</b>	833.5	853	1,097	1,067	1,045.5	1,059

**Questions 12 & 13: Percentage of Membership Population Examined and Ratio of Members to Examination Staff**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010 YTD</b>
<b>Percentage of Membership Examined</b>	35%	64%	51%	46%	50%	26%
<b>Ratio of Members to Examination Staff</b>	6.13	5.90	4.56	4.59	4.51	4.40
<b>Member Regulation Staff Number of Cycle</b>	833.5	853	1,097	1,067	1,045.5	1,059
<b>Examinations Completed</b>	1,807	3,220	2,570	2,276	2,351	1,231
<b>Number of Members</b>	5,111	5,029	5,005	4,895	4,720	4,657

<b>Investor Complaints Received By FINRA</b>				
	<b>Sales Practice Related</b>	<b>Operational Issues Only</b>	<b>Trading Issues Only</b>	<b>Total</b>
<b>2005</b>	3,006	1,911	645	5,562
<b>2006</b>	2,657	2,001	1,007	5,665
<b>2007</b>	2,765	1,162	602	4,529
<b>2008</b>	3,501	1,341	552	5,394
<b>2009</b>	3,501	1,167	328	4,996
<b>2010 through 6/30</b>	1,121	593	56	1,770

<b>Customer Complaints Received By Member Firms and Reported Pursuant to Rules 3070 and 351</b>			
	<b>Predominantly Sales Practice</b>	<b>Predominantly Operational</b>	<b>Total</b>
<b>2005</b>	44,206	59,787	103,993
<b>2006</b>	29,965	80,129	110,094
<b>2007</b>	21,553	66,417	87,970
<b>2008</b>	45,400	92,541	137,941
<b>2009</b>	27,466	57,954	85,420
<b>2010 through 6/30</b>	10,473	31,943	42,416