

# **FINRA 2026 Annual Budget Summary**

## 2026 Annual Budget Summary

Consistent with FINRA's commitment to transparency and engagement with member firms and other stakeholders, we publish an Annual Budget Summary describing how we plan to deploy our resources to meet our various regulatory responsibilities in the current year. The Annual Budget Summary complements FINRA's audited [Annual Financial Report](#), which details our finances and operations during the prior year, FINRA's [Financial Guiding Principles](#), which are set forth below, and FINRA's annual report on the use of fine monies.

FINRA's Board of Governors (Board), which consists of both member firm and public representatives, approves all major financial decisions for the organization, including its annual budget, and periodically reviews and reaffirms its Financial Guiding Principles.

The 2026 budget summarized below is based on a multi-year strategic framework designed to support our mission of protecting investors and promoting market integrity in a manner that facilitates vibrant capital markets. The budget was approved by FINRA's Board in December 2025, and it reflects financial projections for 2026 as of that time.

As described in the Annual Budget Summary, we project operating expenses in 2026 of \$1,224 million—a decrease of approximately 10 percent from our 2025 budget.<sup>1</sup> The decrease reflects a strategic realignment FINRA undertook in 2025 as part of our efforts to enhance the efficiency and effectiveness of our operations. Among other changes, this realignment included a voluntary buyout for staff; the consolidation of Enforcement, Member Supervision and Market Oversight functions into a new Regulatory Operations department; the consolidation of certain market services and utility functions into a new Market & Regulatory Services department; leveraging innovative technology throughout our regulatory program; and other organizational changes and enhancements.

FINRA has demonstrated strong fiscal discipline over time. Over the past 15 years (inclusive of 2026), FINRA's operating expenses have had a compounded annual growth rate of 2.5 percent, and FINRA's headcount growth (excluding technology) has been essentially flat.

Our 2026 budget also includes initiative spending of \$140 million. We continue to focus on investments, such as technology enhancements, to improve the efficiency, effectiveness and quality of our operations and programs. Other planned investments for 2026 include projects to create or enhance tools that support member firm compliance and to expand our cybersecurity and fraud prevention activities to help member firms better protect themselves and investors from harm.

1. Total operating expenses include the costs of providing contract services paid for by other regulators, and therefore the operating expenses for FINRA's own regulatory operations and other programs are lower than indicated here. The 2026 budget also includes Other Cash Flow Uses of \$94 million, which represents one-time, extraordinary costs that are not expected to continue into the future.

FINRA's 2026 operating revenues (net of rebates discussed below) are expected to be \$1,623 million. The projected increase in operating revenue is driven by a combination of higher average daily share volume driving increased Trading Activity Fees, higher member firm revenues driving increased Gross Income Assessment fee collections and the impact of targeted fee increases that were part of a [multi-year funding plan](#) approved by the Board in March 2024 and subsequently filed with the SEC. In addition, approximately \$110 million of operating revenues represent fees paid by other regulators for regulatory services that FINRA provides pursuant to contract.

In 2025, FINRA's fees as a percentage of member firm revenues were near the lowest they have been in at least the past 15 years. FINRA's revenue growth during that period has been roughly half the revenue growth of its member firms.

The 2026 budget continues to reflect the intentionally conservative methodology we have used in prior years to estimate revenues, which assumes there are no fine monies available to support capital initiatives, and that there are no investment gains or losses on our financial reserves. Fine monies are excluded because we do not establish fine targets based on revenue considerations or otherwise—stated differently, FINRA can meet its budget goals without imposing any fines. Under our Financial Guiding Principles, fines are accounted for separately and their use must be approved by the Board or its Finance Committee only for enumerated purposes. We have [published](#) separately our annual report describing the use of fine monies from 2025.

Based on this methodology and coupled with higher revenues and lower expenditures anticipated in 2026, we expect our reserves to increase by \$165 million. Our actual 2026 net income or loss—which will be reflected in our 2026 Annual Financial Report—will ultimately include fines, investment returns and other accounting adjustments, as well as the financial performance of consolidated subsidiaries, such as the FINRA Investor Education Foundation and FINRA CAT, LLC, that are not reflected in this Budget Summary.

FINRA's Board is actively monitoring its reserves and is taking action as appropriate to address potential surpluses (or reserve levels above our target). Responding to higher-than-anticipated fees received in 2025 and 2024, FINRA [rebated \\$100 million of 2025 fees](#) in March 2026, and [rebated \\$50 million of 2024 fees](#) in 2025.<sup>2</sup> FINRA's Board will continue to monitor actual financial performance and reserve levels during 2026 and is prepared to take additional steps later this year if conditions warrant, which could include issuing further fee rebates, reducing future fees in a manner that preserves FINRA's ability to support the demands of our mission, or investing in our operations to continue to meet the demands of the modern marketplace.

FINRA remains committed to properly funding our mission of protecting investors and promoting market integrity in a manner that facilitates a vibrant securities industry. We welcome comments or suggestions from our member firms and other stakeholders regarding our financial and transparency initiatives.

2. Rebates are consistent with the Financial Guiding Principles, FINRA's multi-year fee filing submitted to the SEC in 2024, and FINRA's status as a not-for-profit organization.

# Financial Guiding Principles

1. **Fund Our Mission** – As a not-for-profit organization, we target break-even cash flows that allow us to appropriately fund our mission of protecting investors and promoting market integrity while facilitating vibrant capital markets. Operating expenses are primarily funded through operating revenues. We rely on our financial reserves (discussed below) to support our mission and draw upon the principal as needed.
2. **Ensure Financial Transparency** – We publish an Annual Financial Report that is prepared and presented in accordance with GAAP and audited by an independent public accounting firm. We also publish a top-line annual budget that demonstrates our primary sources of income and our primary expenses for the coming year. Following each fiscal year, we provide an accounting of the approved uses of fine monies (discussed below) during that year.
3. **Manage Expenses Responsibly** – We carefully manage expenses while ensuring that we can carry out our regulatory responsibilities effectively.

**3.1 Compensation Oversight** – Our employees are our most important asset. We seek to offer compensation in line with the competitive market in order to attract, develop and retain high-performing individuals who can help us achieve our mission. The Board's Compensation and Human Capital Committee reviews and approves the salary structure and the annual incentive compensation pool for the organization, as well as the individual incentive compensation awards for the most senior executives. Each year, the Committee provides a report that is included in our Annual Financial Report. Although a variety of factors are considered when determining compensation levels for individual employees and the organization as a whole, no compensation determinations are based on fines or other sanctions imposed on the industry.

**3.2 Capital Initiatives Oversight** – Appropriate investments in capital initiatives to enhance our technology and regulatory capabilities are critical to our mission. These projects are non-recurring expenditures that improve the effectiveness and efficiency of our operations; they must undergo a senior management review and approval process, with projects above defined thresholds requiring special approval by the Board or its Finance, Operations and Technology Committee (Finance Committee). These projects fall into several categories:

- **Capital** – Expenditures for items such as building/leasehold improvements or hardware/software (such as servers, storage devices or network equipment).
- **Minor Enhancements** – Funding for minor enhancements to existing technology applications that provide moderate new functionality, features and improvements.
- **Mandatory Initiatives** – Funding to address regulatory expectations driven by the SEC or other legal, regulatory, audit or contractual requirements; initiatives required by technology obsolescence (such as software no longer supported by vendors); and required infrastructure support (such as cybersecurity improvements).
- **New Initiatives** – Investments in new systems or technology that will improve our regulatory capabilities or services. These initiatives are assessed for their contribution to our operational efficiency and effectiveness, including their ability to provide demonstrable improvements to the quality of FINRA's regulatory program, tangible benefits for member firm compliance, or a measurable and acceptable financial return.
- **Carryover Initiatives** – Projects in one of the former categories that carry over from a prior year are evaluated for continued funding.

4. **Maintain Reasonable Member Fee Levels** – We increase member fees only after evaluating other potential sources of funding (*including* drawing down on excess reserves) and determining that our expenses are appropriately calibrated to our regulatory responsibilities.
5. **Use Fines to Promote Compliance and Improve Markets** – When a member firm or registered representative engages in misconduct, restitution for harmed customers is our highest priority, although there are many cases in which it is not practical. We also assess whether a sanction should be imposed in order to discourage similar conduct by the firm, registered representative, or others. When we impose fines, the amounts are based on the facts and circumstances of the misconduct and the principles set forth in our Sanction Guidelines; fines are not based on revenue considerations, and we do not establish any minimum amount of fines that must be collected for purposes of our annual budget.

Fines collected are accounted for separately, and the use of these monies is subject to special governance procedures, restrictions on use and transparency requirements.

- Any use of fine monies, regardless of amount, must be separately approved by the Board or its Finance Committee. These monies are not considered in determining employee compensation and benefits.
  - The Board or Finance Committee may authorize the use of these funds for: (i) capital/initiatives or non-recurring strategic expenditures that promote more effective and efficient regulatory oversight by FINRA (including leveraging technology and data in a secure manner) or that enable improved compliance by member firms; (ii) activities to educate investors, promote compliance by member firms through education, compliance resources or similar projects, or ensure our employees are highly trained in the markets, products and businesses we regulate; (iii) capital/initiatives required by new legal, regulatory or audit requirements; or (iv) replenishing reserves (described below) in years where such reserves drop below levels reasonably appropriate to preserve FINRA’s long-term ability to fund its regulatory obligations.
  - On an annual basis, we make public a description of the Board or Finance Committee-approved uses of fine monies during the prior year.
6. **Sustain Appropriate Reserves** – We rely on our financial reserves, which originally derived from the sale of Nasdaq, to support our regulatory mission. We strive to maintain an appropriate level of reserves; currently, the Board believes that level is at least one year of expenditures. Reserves are invested at the direction of the Board’s Investment Committee, which provides a report that is included in our Annual Financial Report. The Board may draw upon the principal as needed, including to cover cash flow losses, defer fee increases, support FINRA’s regulatory operations, enhance member firm compliance or otherwise improve markets.

The FINRA Board will review these Principles every two years.

# FINRA 2026 Annual Budget Summary

Budget summaries reflect management's internal reporting framework and differ from U.S. generally accepted accounting principles (GAAP). Annual budgets are subject to change during the year as circumstances arise.

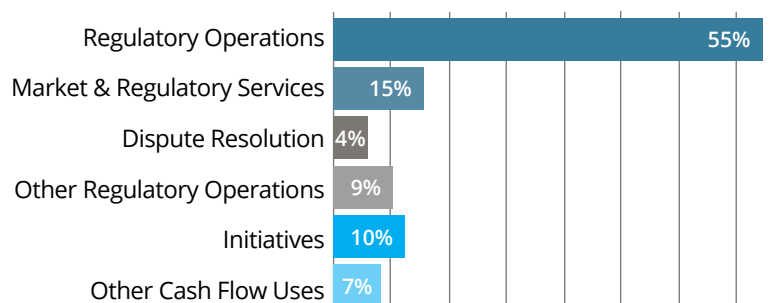
Financial Trends <i>(in millions)</i>	2024 Budget	2025 Budget	2026 Budget
Operating Expenses	\$1,326.3	\$1,372.2	\$1,224.1
Initiatives	\$150.0	\$140.0	\$140.0
Other Cash Flow Uses <sup>3</sup>	\$6.8	\$3.1	\$94.2
<b>Total Cash Flow Uses</b>	<b>\$1,483.1</b>	<b>\$1,515.3</b>	<b>\$1,458.3</b>
Operating Revenues	\$1,382.3	\$1,461.2	\$1,623.4
Potential Reserve Reliance/(Contribution) <sup>4</sup>	\$100.8	\$54.1	(\$165.2)
<b>Total Cash Flow Sources</b>	<b>\$1,483.1</b>	<b>\$1,515.3</b>	<b>\$1,458.3</b>

3. Other Cash Flow Uses are one-time, extraordinary costs that are not expected to continue into future years.

4. The Potential Reserve Reliance/(Contribution) excludes the impact of any Board-approved use of fine monies and investment gains/losses.

Cash Flow Uses <i>(in millions)</i>	2026
Regulatory Operations <sup>5</sup>	\$808.0
Market & Regulatory Services <sup>6</sup>	\$223.0
Dispute Resolution	\$59.4
Other Regulatory Programs <sup>7</sup>	\$133.6
<b>Total Operating Expenses<sup>8</sup></b>	<b>\$1,224.1</b>
Initiatives	\$140.0
Other Cash Flow Uses	\$94.2
<b>Total Cash Flow Uses</b>	<b>\$1,458.3</b>

2026 Cash Flow Uses by Key Function



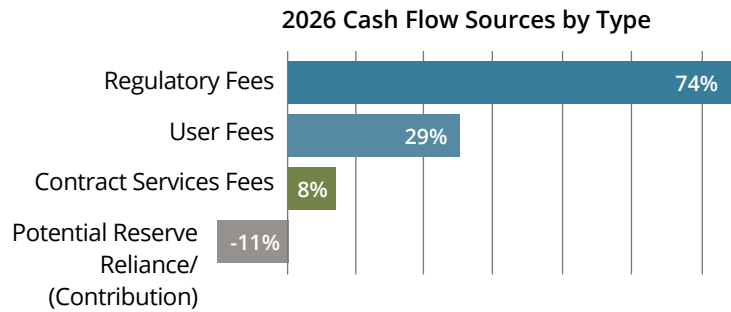
5. In 2025, the Member Supervision, Market Oversight and Enforcement functions were consolidated into the Regulatory Operations department as part of a strategic realignment to optimize FINRA's operations, enhance organizational efficiency and strengthen capabilities. Further changes to fully integrate and deliver the vision for the department are underway in 2026.

6. In 2025, the Transparency Services; Credentialing, Registration, Education and Disclosure; and Regulatory Services Management functions were consolidated into the Market & Regulatory Services department as part of a strategic realignment to optimize FINRA's operations, enhance organizational efficiency and strengthen capabilities.

7. Other Regulatory Programs include the Office of General Counsel, Advertising Regulation, Corporate Financing, the Office of Hearing Officers, Member Relations and Education, the Office of Investor Education and other regulatory and support functions. Descriptions for Key Functions can be found on page 9.

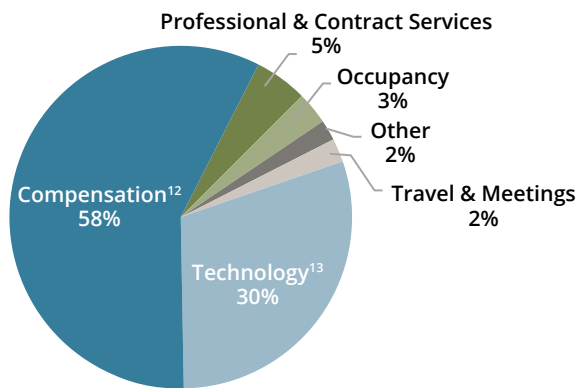
8. Operating Expenses reflect an allocation to each key function for compensation and benefits, professional and contract services, technology and occupancy, as well as costs attributed to other general and administrative services.

Cash Flow Sources <i>(in millions)</i>	2026
Regulatory Fees <sup>9</sup>	\$1,089.2
User Fees <sup>10</sup>	\$420.3
Contract Services Fees <sup>11</sup>	\$113.9
Total Operating Revenues	\$1,623.4
Potential Reserve Reliance/ (Contribution)	(\$165.2)
Total Cash Flow Sources	\$1,458.3

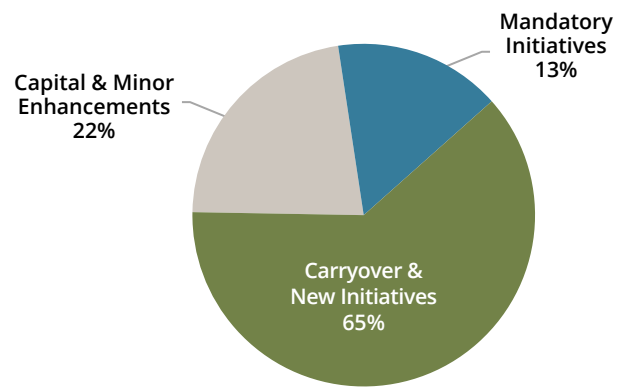


- 9. Regulatory Fees primarily include the Gross Income Assessment, Personnel Assessment and Trading Activity Fee.
- 10. User Fees primarily include Advertising Fees, Continuing Education Fees, Corporate Financing Fees, Dispute Resolution Fees, Qualification Fees, Registration Fees and Transparency Services Fees.
- 11. Contract Services Fees represent amounts charged for regulatory services provided primarily to markets operated by Nasdaq, NYSE, Cboe and other exchanges. These services include surveillance, investigations, examinations and disciplinary work. Contract Services Fees also include fees for the mortgage licensing system FINRA maintains on behalf of the Conference of State Bank Supervisors, and fees for implementing and maintaining the Blue Sheets system, eFOCUS and Form CRS on behalf of the SEC. Contract Services Fees cover the cost of the services being provided.

2026 Operating Expenses *(in millions)*



2026 Initiatives by Type<sup>14</sup> *(in millions)*



- 12. Compensation excludes Technology staff.
- 13. Technology includes costs for employee compensation; contractors; security; and hardware, cloud hosting and software support required to maintain and operate the applications and environments that enable FINRA's regulatory activities.
- 14. Refer to the Financial Guiding Principles for a description of the different categories of Capital Initiatives.

Historical Trends

**Operating Revenues<sup>15</sup>**

FINRA derives roughly two thirds of its revenues from regulatory fees that are assessed according to firms' gross revenue and trading volume, as well as firms' total number of registered representatives, while approximately 25 percent of FINRA's revenues is driven from user fees, including registration fees and qualification fees. Actual operating revenue continued to increase in 2025 due to the continuation of elevated industry revenues and trading activity and the impact of targeted fee increases announced in 2024. These trends are expected to continue in 2026, resulting in a projected increase in Operating Revenue in 2026 of less than 1 percent, net of rebates.

**Operating Expenses<sup>15</sup>**

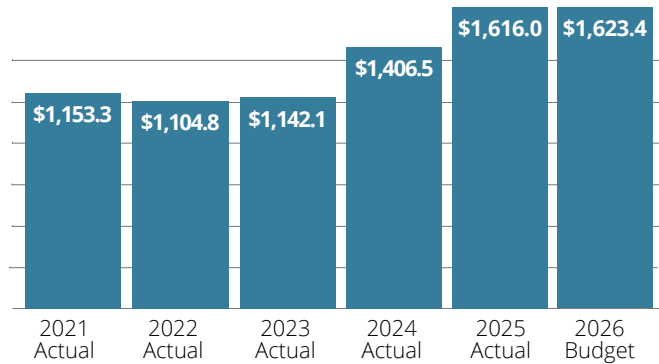
In 2025, we initiated an organization-wide, strategic realignment as part of our efforts to enhance the efficiency and effectiveness of our operations, streamline our processes, and leverage innovative technology. This included the implementation of a voluntary buyout program (VBO) to help manage long-term compensation costs, the consolidation of different functions into the new Regulatory Operations and Market & Regulatory Services departments, and other organizational changes and enhancements. Part of the cost to implement the VBO is included in Other Cash Flows (which includes other one-time expenses) noted on page 5. These and other actions resulted in an approximately 10 percent net reduction in our 2026 budgeted operating expenses relative to 2025 budgeted operating expenses.

**Initiatives<sup>15</sup>**

Initiative spending varies from year to year based on the need to enhance regulatory and related technology capabilities. We anticipate Initiative spending of \$140 million for 2026 to continue improving the efficiency, effectiveness and quality of our regulatory operations and other programs and to implement mandatory program enhancements.

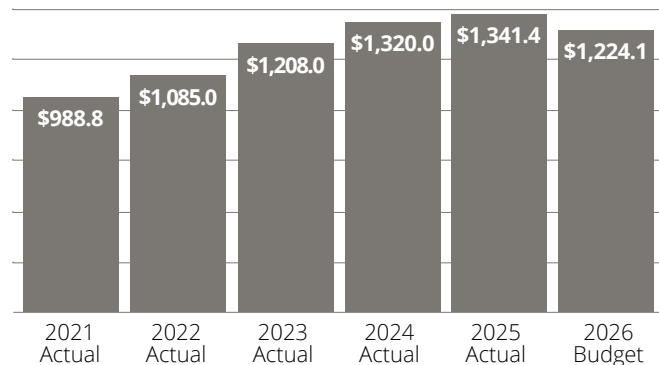
15. Historical results reflect internal management reporting and will differ from GAAP, which includes depreciation and other accounting adjustments.

**Operating Revenues (in millions)<sup>16</sup>**

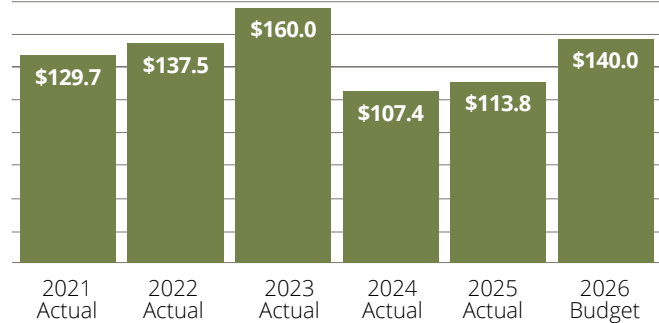


16. A rebate of \$50 million was distributed to members in 2025 and an additional rebate of \$100 million was distributed to members in March 2026. Operating revenues shown here are net of these rebates. FINRA's Board is prepared to take additional steps later this year if conditions warrant, as described above.

**Operating Expenses (in millions)**



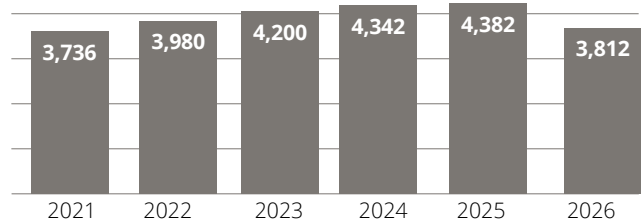
**Initiatives (in millions)**



### Workforce

FINRA strategically manages its workforce to fulfill its mission in light of evolving market and regulatory conditions. Staffing levels increased moderately between 2021 and 2025 to accommodate expanded regulatory responsibilities and market developments. In 2025, FINRA implemented a voluntary buyout program and strategic realignment to optimize its operations, enhance organizational efficiency, strengthen capabilities and leverage innovative technology throughout its regulatory program. These initiatives and other trends resulted in a reduction in overall staffing. FINRA remains focused on continuing to calibrate its workforce to the demands of its mission.

### Workforce<sup>17</sup>



17. Reflects budgeted headcount and does not include contractors.

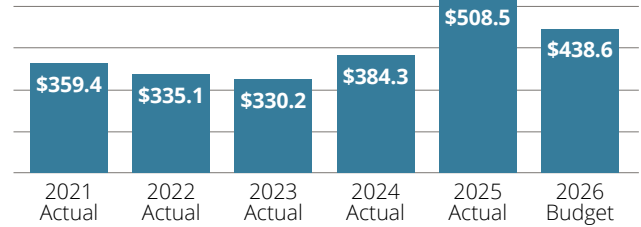
### Historical Operating Revenue Trends

The following provides a five-year look back at the four fees that represent FINRA's largest sources of operating revenue. In addition to the other drivers described below, the growth in each revenue stream reflects the impact of fee changes announced in 2024.

#### Trading Activity Fee

The Trading Activity Fee is a transaction-based fee that is assessed monthly on firm trading activity in covered securities across all markets. Fluctuations since 2020 are driven, in part, by changes in trading volumes. We anticipate elevated trading volumes following record highs reached in 2025, albeit at a more moderate pace.

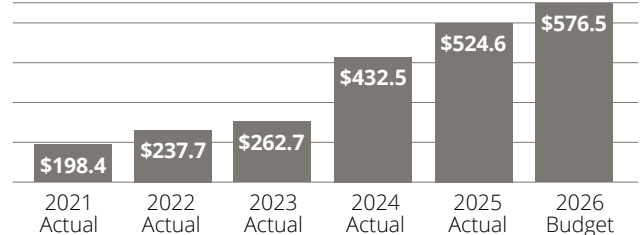
#### Trading Activity Fee (in millions)



#### Gross Income Assessment

The Gross Income Assessment is an annual fee that is assessed based on the firm's prior year's total gross revenue less commodities revenue and is based on a tiered rate structure. Increases since 2020 were driven, in part, by an increase in member firm revenues.

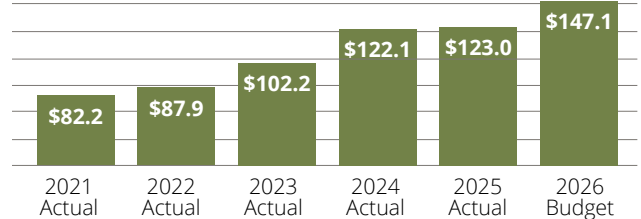
#### Gross Income Assessment (in millions)



#### Personnel Assessment

The Personnel Assessment is an annual fee that is assessed based on the firm's number of registered representatives as of December 31 of the previous year and is applied to a regressive tiered rate structure. The number of registered representatives has increased year-over-year from 2021 to 2025.

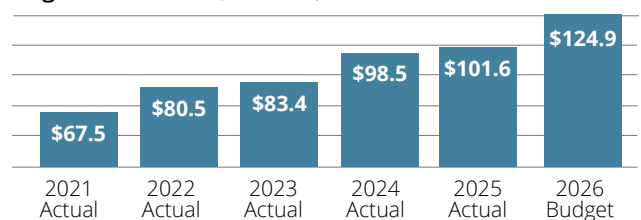
#### Personnel Assessment (in millions)



#### Registration Fees

Registration Fees include fees for various registration-related requirements for firms and registered securities representatives in the industry such as initial registration, fingerprinting, disclosures and terminations.

#### Registration Fees (in millions)



The 2026 budget is allocated according to the following key functions.<sup>18</sup>

## Regulatory Operations

55%

Regulatory Operations, which we are reorganizing, currently consists of three key units: Member Supervision, which, among other things, conducts examinations of member firms to ensure compliance with securities regulations, reviews new firm applications and monitors for potential risks; Market Oversight, which operates a surveillance program to monitor for compliance with relevant rules and to identify market manipulation or other misconduct in the securities markets; and Enforcement, which investigates potential securities violations and, when necessary, brings disciplinary actions against firms and individuals who break the rules.

## Market & Regulatory Services

15%

Market & Regulatory Services (MRS) strategically manages and coordinates a range of highly technology-dependent and operationally complex facilities and services for the benefit of FINRA's regulatory programs, other regulators, market participants and the investing public. MRS consists of three key units: Transparency Services; Credentialing, Registration, Education and Disclosure; and Regulatory Services Management.

## Dispute Resolution Services

4%

Dispute Resolution Services operates a dispute resolution forum for investors, brokerage firms and their registered employees, and administers arbitrations and mediations through a network of four regional offices, with 70 hearing locations, including one in each state and Puerto Rico.

## Initiatives

10%

Initiatives are non-recurring expenditures that improve the effectiveness and efficiency of our operations, the ongoing transformation of our regulatory programs, as well as other mandatory initiatives, and capital and minor enhancements.

## Other Regulatory Programs

9%

FINRA's other regulatory programs include the Office of General Counsel, Advertising Regulation, Corporate Financing, the Office of Hearing Officers, the Office of Member Relations and Education, the Office of Investor Education and other regulatory and support functions.

FINRA's **Office of General Counsel** assists FINRA in adopting and interpreting rules applicable to securities firms and brokers. FINRA solicits comment on its proposed rules from its members, investors and other interested parties, and, with limited exceptions, all FINRA rules must be approved by the SEC.

**Advertising Regulation** oversees compliance with rules intended to ensure that member communications to the public are fair, balanced and not misleading.

**Corporate Financing** assists FINRA member firms in complying with FINRA rules and federal securities laws by reviewing documents related to firms' capital-raising activities and arrangements.

The **Office of Hearing Officers** is an office of impartial adjudicators of disciplinary cases brought by FINRA's Enforcement Department against FINRA members.

The **Office of Member Relations and Education** is responsible for maintaining and enhancing open and effective dialogue with FINRA member firms, and organizes FINRA conferences and industry training programs.

The **Office of Investor Education** provides investors with financial tools and resources; and through the FINRA Investor Education Foundation®, FINRA supports important research and financial education initiatives.

## Other Cash Flow Uses

7%

Other Cash Flow Uses are one-time, extraordinary costs that are not expected to continue into future years.

The Annual Budget Summary does not include the FINRA Investor Education Foundation and FINRA CAT, LLC. FINRA's Annual Financial Report includes the consolidated results of FINRA, the Foundation and FINRA CAT, LLC.

### FINRA Investor Education Foundation

The **Foundation** empowers Americans with the knowledge, skills and tools to make sound financial decisions throughout life.

### FINRA CAT, LLC

FINRA CAT, LLC acts as the Plan Processor of the Consolidated Audit Trail (CAT) system, the central repository of trades, quotes and orders for all U.S. exchange-listed and over-the-counter equity securities and U.S. exchange-listed options contracts across all U.S. markets and trading venues.

18. The 2026 budget by key function represents an allocation of operating expenses for compensation and benefits, professional and contract services, technology, and occupancy, as well as costs attributed to other general and administrative services.

**Investor protection. Market integrity.**

1700 K Street NW  
Washington, DC  
20006

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