

Arbitration

FINRA Bolsters Diversity Efforts in Dispute Resolution Forum

BNA Snapshot

- FINRA releases diversity statistics on arbitrator roster
- Move indicates that FINRA is moving in “right direction,” forum participants say



By Antoinette Gartrell

The Financial Industry Regulatory Authority more than tripled the share of African Americans in the pool of new arbitrators handling investors disputes in 2016 compared to a year earlier, according to statistics made public by the self-regulatory organization for the first time.

Fourteen percent of those who joined the roster of arbitrators were African American in 2016 compared to 4 percent of new arbitrators a year earlier. Women accounted for 33 percent of those who joined the roster in 2016, up from 26 percent in 2015.

FINRA is releasing the demographic data as part of an effort to recruit arbitrators and mediators that more accurately reflect the diversity of the investors who come before its dispute-resolution forum.

“We want to be the gold standard in the arbitration area,” Richard Berry, FINRA’s arbitration chief told Bloomberg BNA Sept. 19.

FINRA started its minority recruitment efforts in December 2015 after a task force recommended that it increase “the depth and diversity” of the arbitration pool. The previous year, the Public Investors Arbitration Bar Association published a study showing that the vast majority of the then-roster of 5,375 arbitrators were white males whose average age was 69.

More Work Ahead

The new statistics mark “a step in the right direction,” Howard Meyers, director of New York Law School’s Securities Arbitration Clinic, told Bloomberg BNA. “However, ongoing outreach is needed on an ongoing basis,” Meyers said. Going forward, it would be helpful to revise FINRA arbitration rules to require at least one minority arbitrator to serve on every arbitration panel, he said.

New York lawyer Jacob H. Zamansky said that “while FINRA deserves credit for reaching out to minorities, the statistics do not reflect the overall population. There should be much more than 14 percent minorities on panels and more than 24 percent women,” he told Bloomberg BNA. “Investors want to feel like they have a fair shake at arbitration, and we need to encourage more women and minorities to be on the panels. Much more needs to be done so that the arbitrators look and sound like America,” Zamansky, who represents investors in the forum, said in a telephone conversation.

“We have a lot more to do,” Berry said. “This is a long-standing program and by no means do we think we’re done. Continuous progress and improvement is our goal.”

Outreach Event

In related action, FINRA said Sept. 19 that it plans to recruit additional minority arbitrators and mediators at the upcoming Congressional Black Caucus conference in Washington.

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The event is slated to take place at the Walter E. Convention Center from Sept. 21 through Sept. 24. Eligible candidates must have at least five years of professional work experience in any field and two years of college credits.

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