

Election Notice

FINRA Notice of Meeting and Proxy

September 26, 2007

Suggested Routing

- Executive Representatives
- Senior Management

Executive Summary

The Annual Meeting of member firms of the Financial Industry Regulatory Authority, Inc. (FINRA) will be October 26, 2007 at 10 a.m. in the FINRA Visitors Center, 1735 K Street, NW, in Washington, DC. The purpose of the meeting is to conduct the election of governors to the FINRA Board. Member firms can also raise other topics for discussion if they notify FINRA by October 19, 2007.¹

It is important that all member firms be represented by proxy or in person at the Annual Meeting. Firms are urged to vote in the election of Board governors using one of the methods described below. In order for a proxy to be considered valid, it must be signed by the executive representative of a member firm eligible to vote in the election.

Firms that are members of FINRA as of the close of business on September 24, 2007 (the record date for the Annual Meeting) will be eligible to vote in this election.

Board of Governors Election

There are seven vacancies to be filled at this meeting: three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors.² To be eligible to serve, Large Firm Governors must be registered with Large Firms, Small Firm Governors must be registered with Small Firms, and the Mid-Size Firm Governor must be registered with a Mid-Size Firm. As stated in Article I of FINRA's By-Laws, firm sizes are defined as follows:

- A Large Firm employs 500 or more registered persons;³
- A Mid-Size Firm employs at least 151 and no more than 499 registered persons;⁴ and
- A Small Firm employs at least one and no more than 150 registered persons.⁵

Subject to certain qualifications,⁶ the elected individuals will serve until the first Annual Meeting of members following the Transitional Period, or until their successors are duly elected or qualified, or until death, resignation, disqualification or removal.⁷ The Transitional Period will conclude on July 30, 2010.

Attachment A lists the FINRA nominees⁸ and those persons who, as stated in Article VII, Section 10 of the FINRA By-Laws (i) presented the requisite number of petitions in support of their nomination, and (ii) have been certified by the Corporate Secretary of FINRA as satisfying the classification of the governorship to be filled.

Attachment B includes the profiles of the FINRA nominees. **Attachment C** includes the profiles of the nominees by petition. **Attachment D** contains the names of the members appointed to FINRA's Transitional Board of Governors.

Voting Eligibility

Member firms, as of the record date, are eligible to vote for the industry nominees who are running for seats that are in the same size category as their own firm. Therefore, Small Firms may vote only for the candidates running for the Small Firm seats, Large Firms may vote only for the candidates running for the Large Firm seats, and Mid-Size Firms will likewise vote only for the Mid-Size Firm seat.

A proxy containing the nominees for your voting class is enclosed.

Voting Methods

Members will be able to submit a proxy by any lawful means, including using any of the following methods:

- Telephone;
- U.S. mail; or
- Internet.

Alternatively, members may attend the Annual Meeting and vote in person.

The enclosed proxy contains detailed instructions on the proxy submission procedures.

As mentioned above, it is important that all member firms be represented at the Annual Meeting. Following receipt of this *Notice* and proxy, executive representatives at firms may receive telephone reminders during the election period. This will ensure that sufficient proxies are received by FINRA to satisfy the Annual Meeting quorum requirements of Section 215(c) of Title 8 of the General Corporation Law of the State of Delaware, as well as to ensure broad participation in the election by FINRA firms that are eligible to vote. For purposes of the election of each category of governors, a quorum must be met in the applicable firm-size category.

Revocation of Proxies

If you have given a revocable proxy pursuant to a proxy card distributed by FINRA or otherwise in the manner described herein, you may nonetheless revoke your proxy by attending the Annual Meeting and voting in person. In addition, you may revoke any such proxy you give at any time before the Annual Meeting by delivering to FINRA's Corporate Secretary a written statement revoking it or by duly delivering another proxy at a later time. Your attendance at the Annual Meeting will not in and of itself constitute a revocation of your proxy.

Questions/Further Information

Questions regarding this *Election Notice* may be directed to:

Barbara Z. Sweeney

Senior Vice President and Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506
(202) 728-8062

or

T. Grant Callery

Executive Vice President and General Counsel
FINRA
1735 K Street, NW
Washington, DC 20006-1506
(202) 728-8285

Endnotes

- 1 As stated in Sections 1 and 3(b) of Article XXI of the FINRA By-Laws, a FINRA member firm may bring other business before the Annual Meeting by giving timely notice in writing to the Corporate Secretary. The firm must be a FINRA member at the time of the delivery of such notice, and the other business must be a proper matter for member action. To be timely, a member firm's notice must be delivered to the Corporate Secretary at FINRA's principal executive offices (1735 K Street, NW, Washington, DC 20006) within 25 days after the date of this *Election Notice*. The firm's notice must include a brief description of the other business, any material interest of the firm in such business and the reasons for conducting such business at the Annual Meeting.
- 2 As stated in to Article XXII, Section 2 of the FINRA By-Laws, during the Transitional Period, the FINRA Board shall consist of 23 members. *See FINRA Election Notice* (August 3, 2007), available at www.finra.org/notices/election/080307.
- 3 *See* Article I (y) of the FINRA By-Laws.
- 4 *See* Article I (cc) of the FINRA By-Laws.
- 5 *See* Article I (ww) of the FINRA By-Laws.
- 6 *See* Article XXII, Section 3 of the FINRA By-Laws.
- 7 *See* Article XXII, Section 3 of the FINRA By-Laws.
- 8 The FINRA nominees were nominated by the NASD Board of Governors and/or NYSE Group Board of Directors pursuant to Article XXII, Section 4 of the FINRA By-Laws prior to the consolidation of NASD and the member regulation functions of NYSE Regulation.

ATTACHMENT A

FINRA Board of Governors Nominees

Small Firm Nominees

FINRA Candidates

Robert A. Muh	CEO, Sutter Securities, Inc.
G. Donald Steel	President, Planned Investment Company, Inc.
Duncan F. Williams	President, Duncan-Williams, Inc.

Petition Candidates

Richard L. Goble	Founder and Principal Shareholder, North American Clearing, Inc.
Howard Spindel	Trump Securities, LLC Senior Managing Director, Integrated Management Solutions

Mid-Size Firm Nominees

FINRA Candidate

W. Dennis Ferguson	Executive Vice President and Director of Clearing, Sterne, Agee & Leach, Inc.
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Petition Candidate

Ronald Kovack	Chairman and CEO, Kovack Securities, Inc.
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Large Firm Nominees

FINRA Candidates

Richard F. Brueckner	CEO, Pershing LLC
Robert J. McCann	President, Merrill Lynch Global Private Client Group
Thomas A. Russo	Vice Chairman and Chief Legal Officer, Lehman Brothers Inc.

Petition Candidates

Adam Antoniadis	President, Advanced Equities Financial Corp./First Allied Securities, Inc.
Theodore E. Charles	Founder, President, Chairman and CEO, Investors Capital Corp.
Gordon D'Angelo	Co-Founder and Chairman, NEXT Financial Group, Inc.

ATTACHMENT B

Profiles of FINRA Nominees

Nominees for Small Firm Governor Seats

Robert A. Muh is a co-founder and CEO of Sutter Securities Inc., which was founded in 1992 and is located in San Francisco, California. Sutter Securities is a full-service investment banking company that assists clients in the areas of financial advisory services, mergers and acquisitions, fairness opinions, litigation support and securities trading. From 1988 until founding Sutter Securities, Mr. Muh was a private investor serving on numerous public and private boards of directors. From 1978 to 1987, he was with Bear, Stearns & Co., where he started the corporate finance department in Los Angeles, became a general partner, and then headed the firm's San Francisco region where he oversaw all trading, retail and corporate finance activities of over 200 people. Prior to joining Bear, Stearns, Mr. Muh was Chairman of Newburger, Loeb & Co. from 1971 to 1973 and a management consultant with McKinsey & Company from 1966 to 1969. He received a Bachelor of Science from Massachusetts Institute of Technology in 1959, a Master of Business Administration and a Master of Philosophy from Columbia University in 1965.

G. Donald Steel is the President of Planned Investment Company, Inc., a small Broker-Dealer and RIA firm based out of Indianapolis, Indiana. Mr. Steel has been a Producing Manager since 1980 and the firm's President since 1987. Planned Investment Company conducts fund and variable annuity direct business and listed business clearing through Mesirow Financial, Inc. Mr. Steel was a member of the NASD District 8 Committee from 1990 to 1991 and was Chairman of that committee in 1992. He is an Industry/Non-Public FINRA Arbitrator and is a member of the FINRA Membership Committee and the FINRA Small Firm Advisory Board. Mr. Steel previously served on the Net Capital Task Force in 2005 and on the Small Firm Business Continuity Task Force from 2006 to 2007. Mr. Steel served for 30 years in the U.S. Navy both as an active and reserve Naval Flight Officer. He retired in 2002 as a Captain. Mr. Steel has been the Board Chairman of three United Way Agencies, including The Salvation Army. He chaired the building of the USS Indianapolis (CA-35) National Memorial, and was a National Vice President of the Navy League of the U.S. He is a past President of the Kiwanis Club of Indianapolis. Mr. Steel graduated with a Bachelor's degree in Soviet Studies and General Engineering in 1975 from the U.S. Naval Academy. He received his Naval Flight Officer Wings in 1977, and attended the Naval Justice School.

Duncan F. Williams is the President of Duncan-Williams, Inc. of Memphis, Tennessee. Mr. Williams has been with the firm since 1993 and has served as President since 2000. Duncan-Williams, Inc. is a regional investment-banking firm. Since its founding in 1969 as a municipal bond dealer, the company has expanded in sales, finance and underwriting of all fixed income securities to the general public and financial institutions. Mr. Williams is a current member of the FINRA Small Firm Advisory Board, a member of the FINRA Small Firm Rules Impact Task Force and the FINRA Small Firm Emergency Partner Program Working Group. He served on the NASD District Nominating Committee from 2002 to 2004. From 1999 to 2002, he served on the NASD District Business Conduct Committee and was the committee's chairman in 2002. He is currently a Board Member of the Leadership Academy in Memphis, a member of The Memphis Economic Club, and an Advisory Board Member of SunTrust Bank. Mr. Williams graduated from the University of Alabama in 1990 and is a member of the President's Cabinet, Commerce Executive Society and the Board of Visitors at the University of Alabama.

Nominee for Mid-Sized Firm Governor Seat

W. Dennis Ferguson is Executive Vice President and Director of Clearing for Sterne, Agee & Leach, Inc. in Boca Raton, Florida. He is also President of Sterne Agee Capital Markets, which provides execution and fully disclosed clearing services. Mr. Ferguson is also Chairman of the FINRA National Adjudicatory Council (NAC). He started in the securities industry in 1970. Since 1982, he has worked in the clearing services arena and has served the industry through the Securities Industry and Financial Markets Association (SIFMA) as a member of the Clearing Firms Committee and the Membership Committee, both of which he has previously chaired. From 1995 to 1996, he was President of the Florida Securities Dealers Association. Mr. Ferguson previously has served NASD as Chairman of the District Committee for District 7 and as a member of the Membership, Financial Responsibility, and Uniform Practice Code Committees. Mr. Ferguson graduated from Florida Southern College and did graduate work at Florida Atlantic University.

Nominees for Large Size Firm Governor Seats

Richard F. Brueckner is Chairman and Chief Executive Officer of Pershing LLC, a wholly owned subsidiary of The Bank of New York Mellon Corporation (BNY). Pershing offers an extensive range of investment products and services that enable financial organizations and their investment professionals to compete successfully in the marketplace. Mr. Brueckner joined BNY in May 2003 when BNY acquired Pershing from Credit Suisse First Boston. He served as CEO of Pershing and as a member of the CSFB Executive Board after CSFB's acquisition of Donaldson, Lufkin and Jenrette (DLJ) and Pershing in November 2000. Mr. Brueckner joined DLJ in 1978 and held a variety of Senior management positions in administration, finance, marketing and operations at DLJ and Pershing. Prior to 1978, he was in the management group of the Investment Services Department of KPMG Peat Marwick. Mr. Brueckner served as Chairman of the Securities Industry Foundation for Economic Education and is a trustee of its successor organization, Foundation for Investor Education. He is an officer and a director of the Securities Industry and Financial Markets Association (SIFMA) and has served as the founding Chairman of the Clearing Firms Committee, Chairman of the Membership Committee and Chairman of the New York District. He has also served on various boards and committees of NASD and as Chairman of the National Adjudicatory Council. Mr. Brueckner holds a B.A. in Economics from Muhlenberg College, where he is Chairman of the Board of Trustees. He is also a CPA.

Robert J. McCann is President of Merrill Lynch's Global Private Client Group, which provides investment, insurance, banking and retirement services for individuals and businesses. He was appointed to this position in 2005. He joined Merrill in 1982 as an associate in the M.B.A. Sales & Trading program. From August 2003 until June 2005, he served as Vice Chairman of the firm's Wealth Management Group, overseeing Global Private Client, Merrill Lynch Investment Managers and Global Securities Research and Economics. Previously, Mr. McCann was head of Global Securities Research and Economics, responsible for all equity, fixed income and macro analysts and strategists worldwide. During this time, he led efforts to restructure and refocus the company's research activities. From September 2000 to October 2001, he served as Chief Operating Officer of the Global Markets and Investment Banking Group and was head of the Global Institutional Client Division prior to that. Additionally, Mr. McCann led the Global Equity Markets division from 1995 to 1998. Mr. McCann is a member of the Board of Trustees of Bethany College and the Board of Directors of the Securities Industry and Financial Markets Association (SIFMA). He serves on the Executive Committee of the Board of Directors of the American Ireland Fund and as a consultant to the Administration of the Patrimony of the Apostolic See (A.P.S.A). Mr. McCann is also Chairman of the Sponsors for Educational Opportunity (SEO) Executive Advisory Board. Mr. McCann received his Bachelor's degree from Bethany College and a M.B.A. from Texas Christian University.

Thomas A. Russo is Vice Chairman and Chief Legal Officer of Lehman Brothers and is a member of and serves as counsel to Lehman Brothers' Executive Committee. He is responsible for the Firm's Corporate Advisory Division, which includes Legal, Compliance, Corporate Audit, Government Relations and Transaction Management. Prior to joining Lehman Brothers in 1993, Mr. Russo was a partner and member of the Management Committee at the law firm of Cadwalader, Wickersham & Taft. Previously, Mr. Russo was the Director of the Commodity Futures Trading Commission's Division of Trading and Markets and worked as an attorney in the Division of Market Regulation at the Securities and Exchange Commission. He is Chairman of the Executive Committee of the Board of Trustees of the Institute of International Education, a member of the Executive Committee of the March of Dimes, and Vice Chairman of the Board of Trustees of The Institute for Financial Markets. He is also a member of the Federal Reserve Bank of New York's International Advisory Committee and a member of the Committee on Capital Markets Regulation. Mr. Russo has written articles on topics in the securities, derivatives, commodities and banking fields as well as text books on securities law and commodities law. On multiple occasions, Mr. Russo was listed in the National Law Journal as one of the "100 Most Influential Lawyers in America." Mr. Russo earned a B.A. (Phi Beta Kappa) from Fordham University, a J.D. from Cornell Law School and an M.B.A. from Cornell University's Johnson School of Management.

ATTACHMENT C

Profiles of Individuals Nominated by Petition

Nominees for Small Firm Governor Seats

Richard L. Goble is the founder and principal shareholder of North American Clearing Inc., a clearing firm started in 1995, which facilitates back-office clearing and securities executions for approximately 60 small- to medium-sized firms. In 1990, he founded an Introducing Broker-Dealer which quickly became a successful and innovative online trading and independent retail branch firm. More recently, he has founded J.W. Richards Insurance Services. Mr. Goble is also the founder of the Financial Industries Association, the largest securities trade organization representing small-to-medium-sized firms in the country. This organization, created to bring reasonableness and fairness to regulation in the securities industry, champions the rights of smaller broker-dealers through political activism and industry-wide collaboration. It currently has nominated, funded and elected 26 FINRA leaders.

Throughout his career Mr. Goble has exhibited successful leadership and experience skills, including being a former President of the Florida Securities Dealers Association and member of the Securities Industry Association Clearing Committee. He is regarded as a leading expert in security-related matters and has been called upon numerous times as an expert witness in legal matters and a reliable voice to many influential political figures. He also is an active and leading participant in several community charities. Mr. Goble attended The Wharton School in 1999 for the Director's Institute and in 2000 for the Mergers and Acquisitions Program. He is a 1985 graduate of Wright State University.

Howard Spindel is a Senior Managing Director of Integrated Management Solutions, a consulting firm to the financial services community since 1985. During 2005, Mr. Spindel co-founded Integrated Investment Solutions LLC, an affiliated hedge fund administrator. He currently serves as the Financial and Operations Principal, Registered Options Principal or General Securities Principal of 28 FINRA members all of which are defined as Small Firms. After graduating from Hunter College of the City University of New York, where he earned a Bachelor of Science degree in Accounting in 1968, Mr. Spindel began his career in the Technical Research and Review Department and on the audit staff of Oppenheim, Appel, Dixon & Co. In 1971, he became a Certified Public Accountant. In 1974, Mr. Spindel became associated with Coopers & Lybrand as an audit supervisor, and then in 1975 with the New York Stock Exchange (NYSE) as manager of the Capital and Operational Standards Section of its Regulation and Surveillance Group. In 1977, Mr. Spindel served as comptroller of Wm. D. Mayer & Co., a NYSE member firm specializing in options trading. In 1980, he became a financial and operations partner at S.B. Lewis & Company, a NYSE member firm specializing in arbitrage and mergers and acquisitions. In 1982, Mr. Spindel was an operations partner of Greenfield Partners, another NYSE member firm.

Mr. Spindel currently serves on the Board of Directors of the Financial Management Division of the Securities Industry and Financial Markets Association (SIFMA), on SIFMA's Capital Committee, on the District Committee of FINRA District 10 in New York City and on the Boards of Directors of two publicly-held companies. He has testified as an expert witness in securities industry matters at disciplinary proceedings, civil and criminal court cases, arbitrations, and the United States Congress. He has served as a featured speaker at various NASD and American Institute of Certified Public Accountants sponsored conferences, in each case dealing with issues involving the applicability of rules, procedures and controls to the business of broker-dealers especially small ones.

Nominee for Mid-Size Firm Governor Seat

Ronald Kovack is the Chairman and CEO of Kovack Securities, Inc. The Firm is an Independent Broker Dealer and RIA which he founded in 1997. Kovack Securities is a member of the NASDAQ Exchange. In the last ten years, the Company has grown from a start-up to a mid-sized independent broker/dealer. Mr. Kovack acts as the FINOP (Series 27) for the Firm. Their business mix is approximately 30% managed money, 25% insurance products, 30% equity and the balance mixed. Ron has been in the securities industry for over 40 years, including 19 years at Merrill Lynch and 10 years with Prudential Securities.

Ron holds the following degrees: BS University of Alabama, BA Western Illinois University, MS Barry University. He has been a CFP since 1978. He is a member of the NASD District 7 Committee, and has served as a NASD arbitration hearing panelist.

Nominees for Large Firm Governor Seats

Adam Antoniades joined Advanced Equities Financial Corp. (AEFC) in July of 2004 as President of the company. Prior to joining AEFC, he was President of First Allied Securities, Inc., a leading independent brokerage firm, for 8 years. Mr. Antoniades effected three strategic acquisitions, and spearheaded the move that led to the 2002 acquisition of First Allied by Wells Fargo. Subsequent to joining AEFC, the company acquired First Allied in February 2005. Mr. Antoniades has held various senior management positions at major financial institutions around the globe since August of 1983, including Berkeley Administration Inc. in Brussels, Belgium, and A. J. Bekhor and Company in the UK. Mr. Antoniades was educated in the United Kingdom.

Theodore E. Charles is the founder, President, Chairman of the Board, and Chief Executive Officer of Investors Capital Holdings, since its inception in 1995. Investors Capital Holdings is traded on the American Stock Exchange (AMEX:ICH). He is also the founder and CEO of Investors Capital Corporation since its inception in 1992. Mr. Charles served on the Board of Directors of Revere Federal Savings Bank and was head of the compensation committee from 1997 to 2001. Mr. Charles also served on the Advisory Board of The Danvers Bank from 2001 to 2003. Mr. Charles was the President of the Shareholders Advisory Board of Life USA Insurance Company.

Mr. Charles is a member of several professional associations, including the Securities Industry Financial Markets Association (SIFMA-merged from SIA last year), the Financial Services Institute (FSI) and the National Association of Independent Broker Dealers (NAIBD). Ted is a staunch philanthropist and his achievements in this area help improve the image of the industry. Mr. Charles has served on the boards of numerous nonprofit organizations and currently serves on the Board of Directors of Easter Seals of Massachusetts. Mr. Charles is a graduate of Ithaca College (B.A.).

Gordon D'Angelo is the co-founder of NEXT Financial Group and has served as Chairman since its inception in 1999. He designed the company structure of NEXT Financial Holdings in 2004, into which he incorporated NEXT Financial Marketing, a wholly owned subsidiary. He is a million dollar producer and OSJ to a 5-million dollar division, the top division at NEXT for 5 consecutive years. He has been in the industry for 22 years. Among his many accomplishments, Gordon has started several successful companies during his life. As a tax expert, he co-founded and acted as director of Jackson Hewitt Tax Service, the nation's second largest tax service. In addition, he has consulted for two of the top 15 franchises in the world according to Entrepreneur Magazine.

Gordon has experienced a phenomenal amount of success at NEXT Financial Group. He heads up the Budget Committee and under his leadership; the company has doubled its revenue every two years since its beginning. NEXT has won the Broker/Dealer of the Year Award for an unprecedented six consecutive years as awarded by Investment Advisor Magazine. Gordon is continuously striving to grow and improve NEXT. He is currently setting up two companies within NEXT Financial Holdings, including a second broker-dealer as well as an RIA Conglomerate to retain the representative's equity and increase shareholder value.

ATTACHMENT D

Appointed Members of FINRA's Transitional Board of Governors

Chairman

Richard G. Ketchum Chief Executive Officer, NYSE Regulation

Chief Executive Officer

Mary L. Schapiro Chief Executive Officer, FINRA

Public Governors

Charles A. Bowsher Former Comptroller General of the United States

Ellyn L. Brown Brown & Associates

James E. Burton Chief Executive Officer, World Gold Council

Sir Brian Corby Chairman (retired), Prudential Corporation plc

Harvey J. Goldschmid Dwight Professor of Law, Columbia University Law School

William H. Heyman Vice Chairman and Chief Investment Officer,
The Travelers Companies, Inc.

Dr. Shirley Ann Jackson President, Rensselaer Polytechnic Institute

Richard S. Pechter Former Chairman, DLJ Financial Services Group & DLJ Direct

Mark A. Sargent Dean & Professor of Law, Villanova University School of Law

Joel Seligman President, University of Rochester

Kurt P. Stocker Visiting Lecturer, Northwestern University

Investment Company Affiliate Governor

John J. Brennan Chairman and Chief Executive Officer, The Vanguard Group

Floor Member Governor

John F. X. Dolan Chief Executive Officer, Kellogg Specialist Group

Independent Dealer/Insurance Affiliate Governor

John S. Simmers Chief Executive Officer, ING Advisors Network