

Election Notice

Notice of Annual Meeting of FINRA Firms and Proxy

Executive Summary

The Financial Industry Regulatory Authority, Inc. (FINRA) will conduct its annual meeting of firms on Wednesday, August 3, 2011, at 10 a.m. Eastern Time in the FINRA Visitors Center, 1735 K Street, NW, in Washington, DC. The purpose of the meeting is to elect individuals to fill one Small Firm seat and one Large Firm seat on the FINRA Board of Governors (FINRA Board).

It is important that all eligible firms be represented by proxy or in person at the annual meeting. Firms are urged to vote using one of the methods described below. In order for a proxy to be considered valid, the executive representative of the firm eligible to vote in the election for that category of governorship must sign it.

Firms that are members of FINRA as of the close of business on Tuesday, June 28, 2011 (the annual meeting record date) will be eligible to vote.

Note: This *Notice* was mailed to the executive representative of small and large FINRA member firms, and sent electronically to the executive representative of every FINRA member firm. It is also posted on FINRA's website at www.finra.org/notices/election/062911.

Questions regarding this *Notice* may be directed to:

- ▶ Marcia E. Asquith, Senior Vice President and Corporate Secretary, at (202) 728-8949; or
- ▶ T. Grant Callery, Executive Vice President and General Counsel, at (202) 728-8285.

June 29, 2011

Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

Election of Governors

There are two seats on the FINRA Board to be filled at the upcoming annual meeting: one Small Firm Governor and one Large Firm Governor. To be eligible to serve, Large Firm Governors must be registered with large firms and Small Firm Governors must be registered with small firms. Pursuant to Article I of FINRA's By-Laws, firm sizes are defined as follows:

- ▶ a Small Firm employs at least one and no more than 150 registered persons;¹ and
- ▶ a Large Firm is defined as a firm that employs 500 or more registered persons.²

In order for the Board to maintain compliance with the compositional requirements of the FINRA By-Laws, the elected Board members have a continuing obligation to satisfy the firm-size classification throughout the entire term for which the governor is elected.

Term of Office

Governors are appointed or elected to three-year terms. Governors may not serve more than two consecutive terms.³ If a governor is elected or appointed to fill a vacancy of such a governor position for a term of less than one year, the governor may serve up to two consecutive terms following the expiration of the governor's initial term.

The By-Laws expressly provide that the term of office of a governor shall terminate immediately upon a determination by the Board, by a majority vote of the remaining governors, that the governor no longer satisfies the classification for which the governor was elected and the governor's continued service would violate the compositional requirements of the Board set forth in the FINRA By-Laws.

Candidates

Below are the FINRA Nominating Committee nominee for the Large Firm Governor seat 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 criteria for the Small Firm Governor seat:

Small Firm Governor Candidates

Nominees by Petition⁴

- ▶ Alan Davidson, President, Zeus Securities, Inc.
- ▶ E. John Moloney, Chairman and CEO, Moloney Securities Co., Inc.
- ▶ Ken Norensberg, Chief Operating Officer, Tritaurian Capital Incorporated

Large Firm Governor Candidate

FINRA Nominating Committee Nominee

- ▶ Sallie L. Krawcheck, President of Global Wealth & Investment Management, Bank of America

Nominees by Petition

- ▶ No individual submitted petitions to be added as candidates for the Large Firm Governor seat.

Attachment A includes the profiles of the Small Firm candidates and the profile of the Large Firm candidate is in Attachment B.

Voting Eligibility

Firms registered with FINRA as of the close of business on Tuesday, June 28, 2011, are eligible to vote for the nominees running for seats that are in the same size category as their own firm and will receive proxy cards listing only the relevant candidates running for the seats reserved for their firm size.

A proxy was mailed to the executive representative of each eligible small and large firm containing the candidates for its voting class along with a copy of this *Notice*.

Voting Methods

Firms 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, firms may attend the annual meeting and vote in person. The proxy mailed to each eligible firm contains detailed instructions on the proxy submission procedures.

As mentioned above, it is important that all eligible firms be represented at the annual meeting. Following receipt of this *Notice* and proxy, executive representatives of small and large firms may receive telephone reminders during the election period. This will ensure that FINRA receives sufficient proxies to satisfy the annual meeting quorum requirements, as well as to ensure broad participation in the election by all firms that are eligible to vote. For purposes of the election of each category of governors, a quorum must be met in each 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.

Voting Instructions

The named proxies shall vote as instructed by the FINRA firm. In the absence of a direction with respect to the election, any duly delivered proxy will not be counted in determining the outcome of the election, but will be counted in determining the presence of a quorum at the annual meeting. In their discretion, the named proxies will be authorized to vote upon all such other matters as may properly come before the annual meeting or any adjournment or postponement thereof.

Endnotes

1. See Article I (ww) of the FINRA By-Laws.
2. See Article I (y) of the FINRA By-Laws.
3. Seats on the Board were staggered into three classes at the 2010 annual meeting.
4. With respect to the Small Firm Governor seat, the Nominating Committee did not nominate a candidate for election in 2011. Instead, all candidates qualified by obtaining the requisite number of petitions.

Attachment A: Profiles of Small Firm Candidates

Alan L. Davidson has 47 years of securities experience. He is President and founder, Zeus Securities, Inc., Hauppauge, NY, a small business FINRA broker-dealer for 25 years. He is also founder and President of the Independent Broker-Dealer Association, Inc. with 250 investment firm members across the United States. A former elected member of the NASD District 10 Business Conduct Committee, Alan originated the District 10 News, a publication informing and alerting NASD members to potential compliance problems. He further testified before the Securities and Exchange Commission and the then-NASD's Rudman Commission for constructive reforms. The Rudman Commission and NASD adopted his suggestion to create an NASD Ombudsman. Alan was elected to the NASD (FINRA) Board of Governors in December 1998. In January 2009, he was elected to a FINRA National Adjudicatory Council (NAC) small firm seat. The NAC hears matters of appeal on disciplinary matters. He is a graduate of C.W. Post College, where he served as President of the Alumni Association. He presently resides in New York and Florida.

E. John Moloney began his career as a registered rep in 1973 with Stifel, Nicolaus & Co., Inc. After joining R. Rowland & Company in 1982, he became an Allied Member of the New York Stock Exchange. While at Rowland, he served on their Board of Directors. As their Senior Vice President for Product Marketing, he oversaw all product departments at the brokerage firm. In 1995 he formed Moloney Securities Co., Inc. and an insurance general agency bearing the same name. In March of 1999, he formed Moloney Securities Asset management, which is a Registered Investment Adviser. He serves on SIFMA's Small Firms Committee and was its past chairman. In addition, he served as past chairman on the District 4 District Committee for NASD/FINRA, and past chairman of the NASD's Advisory Council, and served two terms on the Small Firm Advisory Board. He also served on the Securities Industry/Regulatory Council of Continuing Education. Currently he serves on FINRA's Membership Committee. Mr. Moloney holds a BSBA from Regis University in Denver, Colorado and attended the Graduate School of Business at Washington University in St. Louis, Missouri.

Ken Norensberg is the Chief Operating Officer of Tritaurian Capital, Incorporated, an independent broker-dealer in New York City specializing in Private Placements. He has worked for the past 15 years with independent broker-dealers. Mr. Norensberg started his career as a Registered Representative and quickly rose through the ranks to become the Northeast Regional Manager. Subsequently, he was a Manager on Wall Street as well as VP of Business Development, specializing in the independent broker-dealer arena. Additionally, Mr. Norensberg is the Managing Director of Luxor Financial Group, Inc. (LFG), a New York-based Compliance and Business Development Firm specializing in regulatory filings with the various states and districts as well as Business Development platforms. Mr. Norensberg's unparalleled experience in virtually all aspects of owning and operating independent broker-dealers as well as his expertise in the regulatory environment makes him uniquely qualified for the Board of Governors. Mr. Norensberg graduated from the City University of New York, Brooklyn College with a Bachelor of Science degree in Management and Finance, and maintains the following FINRA and state licenses: Series 4, 7, 24, 63 and 79.

Attachment B: Profile of Large Firm Candidate

Sallie L. Krawcheck is president of Global Wealth & Investment Management for Bank of America. Global Wealth & Investment Management provides comprehensive wealth management to high net worth clients around the world. It also provides retirement and benefit plan services, philanthropic management and asset management to individuals and institutions. Prior to joining Bank of America, Ms. Krawcheck was chief executive officer and chairman for Citi Global Wealth Management, responsible for the Citi Private Bank, Citi Smith Barney and Citi Investment Research. During her time at Citi, she was also a member of the senior leadership committee and executive committee. Ms. Krawcheck joined Citi in October 2002 as chairman and chief executive officer of Smith Barney, where she oversaw the global management of the Smith Barney and Citi Investment Research businesses. In 2004, she was appointed chief financial officer and head of strategy for Citigroup Inc. Prior to joining Citi, Ms. Krawcheck was chairman and chief executive officer of Sanford C. Bernstein & Company. Among other honors, Ms. Krawcheck has been listed eight times as one of *Fortune's* "Most Powerful Women" in business, and *U.S. Banker* ranked her first on its list of "25 Women to Watch" in 2009 and fourth on its "25 Most Powerful Women in Banking" list in 2010. And she has been recognized as one of *TIME* magazine's "Global Business Influentials." Ms. Krawcheck attended the University of North Carolina at Chapel Hill on the Morehead Scholarship and graduated in 1987 with academic honors and a Bachelor of Arts. In 1992, she received an MBA from Columbia University. She is a member of the Bretton Woods Committee and on the board of directors at The University of North Carolina at Chapel Hill Foundations, Inc. and Carnegie Hall. She also is on the board of overseers of Columbia University Business School and the board of trustees for The Economic Club of New York.

