

Election Notice

NAC Election

FINRA Announces Nominees for Open Seats on the National Adjudicatory Council

Executive Summary

The purpose of this *Election Notice* is to announce FINRA's nominees for two open seats on the National Adjudicatory Council (NAC) to be filled by one Large Firm Member and one Small Firm Member.

FINRA's Nominating and Governance Committee nominated the following individuals: Jill W. Ostergaard for the Large Firm NAC seat and David M. Sobel for the Small Firm NAC seat.

Eligible individuals who were not nominated may petition to have their name included on a ballot for a contested election by following the procedure in this *Notice*.

Note: This Notice was distributed electronically to the executive representative of each FINRA member firm and it is posted on FINRA's website at www.finra.org/Notices/Election/080511. Executive representatives should circulate this Notice to their firms' branch managers.

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

- ▶ Marcia E. Asquith, Senior Vice President and Corporate Secretary, at (202) 728-8949; or
- ▶ Marc Menchel, Executive Vice President and Regulatory General Counsel, at (202) 728-8410.

Background

The NAC is appointed by the FINRA Board of Governors to review all disciplinary decisions issued by FINRA hearing panels and presides over disciplinary matters that have been appealed to or called for review by the NAC. The NAC also reviews statutory disqualification matters and considers appeals of membership proceedings and exemption requests.

August 5, 2011

Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

Composition of the NAC

The NAC comprises 14 members—seven industry members and seven non-industry members. The seven industry members of the NAC include two Small Firm, one Mid-Size Firm, two Large Firm and two At-Large Industry Members. Of the seven Non-Industry NAC Members, at least three are Public Members.

The Nominating and Governance Committee identifies candidates for all NAC seats, including the five industry member seats that are based on firm size.

Vacancies and Terms

The terms of one Large Firm Member and one Small Firm Member expire at the end of 2011 and will be filled with a like member. Each nominee would serve a three-year term beginning in January 2012.

Nominees and Nomination Process

FINRA's Nominating and Governance Committee has nominated the following individuals to fill the vacant Large Firm and Small Firm NAC Member seats:

Nominee for Large Firm NAC Member

- ▶ **Jill W. Ostergaard**—Managing Director and Chief Compliance Officer, Morgan Stanley & Co. Incorporated

Nominee for Small Firm NAC Member

- ▶ **David M. Sobel**—Executive Vice President, General Counsel and Chief Compliance Officer of Abel/Noser Corp.

Profiles of the FINRA nominees are included in Attachment A.

Pursuant to Article VI, Section 6.2 of the FINRA Regulation By-Laws, a person who has not been nominated may be included on a ballot for an election to fill the open NAC seats if:

- ▶ Within 45 days of the date of this *Election Notice*, such person presents to the Secretary of FINRA, in the case of petitions solely in support of such person, petitions in support of his or her nomination duly executed by three percent of the members entitled to vote (based on firm size classification) for such nominee's election or, in the case of petitions in support of more than one person, petitions in support of the nominations of such persons duly executed by ten percent of the members entitled to vote (based on firm size classification) for such nominees' election; and

- ▶ The Secretary certifies that the petitions are duly executed by the executive representatives of the requisite number of members entitled to vote for such nominee's/nominees' election, and the person(s) satisfies/satisfy the classification (Large Firm, Mid-Size Firm or Small Firm) of the NAC seat to be filled, based on such information provided by the person(s) as is reasonably necessary to make the certification.

Firms may only endorse a petition candidate for an open seat that corresponds to the firm's size classification. No firm may endorse more than one such candidate.

Individuals interested in petitioning to become candidates must complete a candidate profile form (Attachment B) and submit it to FINRA's Corporate Secretary. Upon receipt of a candidate profile form, the Corporate Secretary will forward the interested individual a list of firms eligible to endorse a candidate for that seat (based on firm size classification).

Individuals submitting petitions must provide information sufficient for the Corporate Secretary to determine that the petitions are duly executed by the executive representatives of the requisite number of large or small firms by **Monday, September 19, 2011**.

The number of FINRA large firms as of the close of business on August 4, 2011, was 174, and the number of FINRA small firms as of the close of business on August 4, 2011, was 4,164. The requisite number of large firm endorsements required to meet the above-referenced threshold is 6, and the requisite number of small firm endorsements required to meet the above-referenced threshold is 125 for petitions in support of the nomination of a single person. Please note that, if a petition slate includes individuals from different firm size categories, the signatures of 10 percent of each respective class size are required.

Voting Eligibility

In the case of a contested election, firms are eligible to cast one vote for an industry candidate who is running for a seat that is in the same size category as their own firm. Therefore, large firms may vote for a Large Firm NAC candidate and small firms may vote for a Small Firm NAC candidate.

The size classification of each FINRA member firm will be verified on the day the ballots are mailed. All eligible large and small firms will receive a ballot containing the candidates for the vacant Large Firm or Small Firm NAC seat.

Firm Contact Information

Firms are reminded to accurately maintain their executive representative's name and email address, as well as their firm's main postal address in FINRA's records. This will ensure that important mailings, such as election information, are properly directed. A firm's failure to keep this information accurate may jeopardize the firm's ability to participate in elections.¹

To update an executive representative's name, mailing address and email address, firms may access the FINRA Contact System, via the Firm Gateway, at <https://firms.finra.org/fcs>. For assistance with updating information, please contact the FINRA Office of the Corporate Secretary at (202) 728-8949.

Endnote

1. Pursuant to NASD Rule 1160, firms must update their contact information promptly, but in any event not later than 30 days following any change in such information, as well as review and, if necessary, update the information within 17 business days after the end of each calendar year. Additionally, firms must comply with any FINRA request for such information promptly, but in any event not later than 15 days following the request, or such longer period that may be agreed to by FINRA staff. See NASD Rule 1160 and FINRA [Regulatory Notice 07-42](#) (September 2007).

Attachment A – Profiles of FINRA’s Nominees to the NAC

Nominee for Large Firm NAC Member

Jill W. Ostergaard

Jill W. Ostergaard is a managing director and chief compliance officer for Morgan Stanley & Co. Incorporated, covering all of the firm’s institutional businesses in the United States, Canada and Latin America.

Ms. Ostergaard is a member of SIFMA’s Compliance and Regulatory Policy Committee (formerly Self-Regulatory and Supervisory Practices Committee) and served as co-chair from 2006 through 2008; she also was a member of the working group that drafted the *Whitepaper on the Role of Compliance*. Ms. Ostergaard is a member of FINRA’s Compliance Advisory Committee and previously served on the Electronic Communications Task Force. She has spoken on a variety of topics, including market structure, institutional trading, detecting and preventing fraud, supervisory control rules, new products, gifts and entertainment, best execution and trading desk supervision.

Prior to joining Morgan Stanley in 1998, Ms. Ostergaard was vice president and counsel providing legal coverage to the sales and trading desks for the Pershing Division of Donaldson, Lufkin & Jenrette Securities Corporation. She started her career as an attorney with the SEC’s Division of Market Regulation and studied the then-potential effects of decimalization on the U.S. securities markets for Commissioner Steven M.H. Wallman. Ms. Ostergaard graduated *cum laude* from Hope College and received her J.D. from Loyola University of Chicago.

Nominee for Small Firm NAC Member

David M. Sobel, Esq.

David M. Sobel, Esq. is currently executive vice president, general counsel and chief compliance officer of Abel/Noser Corp., a FINRA/NYSE member broker-dealer. He was previously a partner at The Goldstein Law Group, P.C., where he concentrated in the areas of broker-dealer compliance/regulation, securities litigation, including arbitration and mediation, and disciplinary/enforcement matters at the SEC, NYSE, AMEX and FINRA. Mr. Sobel was a floor member of the New York Stock Exchange from 1982 through 1991 as a floor broker for both H.A. Brandt & Co. and First Options of Chicago, and he was president of his own NYSE member firm, Ampro Securities, Inc. After leaving the NYSE floor, he was a senior equity trader/market maker for Trimark Securities.

Mr. Sobel has a Master of Science degree from Brooklyn College and a law degree from Pace Law School, where he was an editor of the *International Law Review* and recipient of the Dean’s Award. He has served as a FINRA arbitrator, on FINRA’s District 10 Committee and on FINRA’s Small Firm Advisory Board. He has also served on the Board of Directors of the National Society of Compliance Professionals and as chairman of the board of the NAIBD.

Mr. Sobel has been quoted in or interviewed by: *Compliance Reporter*, *WSJ.com*, *Complanet*, *Trader's Magazine*, *Wall Street Letter*, *BD Week*, *Op/Risk and Compliance Magazine*, *Institutional Investor News* and *Dow Jones Newswire*, and is a frequent speaker at securities conferences for SIFMA, NSCP, NRS, NAIBD, FMW and Strategy Institute. Recent conference topics include Managing Risk at Small BD; Internal Audits; Supervisory Responsibility, Financial Responsibility, Fraud Prevention in Portfolio Management, Social Networking, Foundations of Compliance, Best Practices and Forensic Compliance.

He is admitted to practice before the Supreme Courts of New York and Connecticut, the U.S. District Courts for the Southern and Eastern Districts of New York and the Second Circuit Court of Appeals. He is a member of the New York County Lawyers Association, the New York State Bar Association and the American Bar Association.

ATTACHMENT B - NAC Election Candidate Profile Form

An electronic version of this form also is available at www.finra.org/notices/election/080511.

Indicate the position for which you wish to be considered: Large Firm NAC Member OR Small Firm NAC Member

Current Registration

Name: _____ CRD #: _____

Firm Name: _____ Firm #: _____

Title/Primary Responsibility: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

Email: _____

Prior Registration *(List the most recent first. Feel free to include extra pages if necessary.)*

Firm: _____

Title/Primary Responsibility: _____

Firm: _____

Title/Primary Responsibility: _____

General Areas of Expertise <i>(please check all that apply)</i>	<input type="checkbox"/> Compliance/Legal <input type="checkbox"/> Corporate Finance <input type="checkbox"/> Financial/Operational <input type="checkbox"/> Institutional Sales <input type="checkbox"/> Investment Advisory <input type="checkbox"/> Retail Sales <input type="checkbox"/> Trading/Market Making <input type="checkbox"/> Other	Product Expertise <i>(please check all that apply)</i>	<input type="checkbox"/> Corporate Bonds <input type="checkbox"/> Direct Participation Programs <input type="checkbox"/> Equity Securities <input type="checkbox"/> Investment Company <input type="checkbox"/> Municipal/Government Securities <input type="checkbox"/> Options <input type="checkbox"/> Variable Contracts Securities <input type="checkbox"/> Other
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Memberships/Positions in Trade or Business Organizations

Past FINRA or NASD Experience and Dates of Service *(please check all that apply)*

Committee Member (identify committee): _____ Approx. Dates: _____

Arbitrator _____ Approx. Dates: _____

Mediator _____ Approx. Dates: _____

Expert Witness (arbitrations, disciplinary proceedings) _____ Approx. Dates: _____

Other: _____ Approx. Dates: _____

Educational Background

School: _____ Degree: _____

School: _____ Degree: _____

Return the completed form to Marcia Asquith via fax at (202) 728-8075 or email at CorporateSecretary@finra.org.