

Election Notice

Upcoming FINRA Board of Governors Election

Petitions for Candidacy Due: July 7, 2017

Executive Summary

The annual meeting of FINRA firms will take place on or about Tuesday, August 22, 2017, to elect one Small Firm Governor, and one Large Firm Governor to the FINRA Board of Governors (FINRA Board). A formal notice of the meeting, including the precise date, time and location, will be mailed to executive representatives on or about July 21, 2017.

Eligible individuals who have not been nominated for election to the FINRA Board by the Nominating Committee may be included on the ballot for the election of governors by following the petition procedures set forth in the By-Laws and as further described in this *Election Notice*.

Note: FINRA distributed this *Notice* electronically to the executive representative of each FINRA firm and it is posted online at www.finra.org/Notices/Election/05232017. Executive representatives should circulate this *Notice* to their firms' branch managers.

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

- ▶ Marcia E. Asquith, Executive Vice President and Corporate Secretary, at (202) 728-8949; or
- ▶ Jennifer Piorko Mitchell, Vice President and Deputy Corporate Secretary, at (202) 728-8415.

May 23, 2017

Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

Composition of the Board

The FINRA Board consists of 23 members,¹ including:

- ▶ the Chief Executive Officer of FINRA;
- ▶ twelve Public Governors;
- ▶ one Floor Member Governor;
- ▶ one Independent Dealer/Insurance Affiliate Governor;
- ▶ one Investment Company Affiliate Governor;
- ▶ three Small Firm Governors;
- ▶ one Mid-Size Firm Governor; and
- ▶ three Large Firm Governors.

Of the 23 Board members, Public Governors, the Floor Member Governor, the Independent Dealer/Insurance Affiliate Governor and the Investment Company Affiliate Governor (Appointed Governors) are appointed by the FINRA Board from candidates recommended by the Nominating Committee.

The Nominating Committee also may nominate individuals to run for election for the seven elected governor seats that comprise the three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors (Elected Governors). To be eligible to serve, Small Firm Governors must be registered with a small firm, the Mid-Size Firm Governor must be registered with a mid-size firm and Large Firm Governors must be registered with a large firm. Pursuant to Article I of FINRA's By-Laws, firm sizes are defined as follows:

- ▶ a small firm employs between one and 150 registered persons;²
- ▶ a mid-size firm employs between 151 and 499 registered persons;³ and
- ▶ a large firm employs at least 500 registered persons.⁴

FINRA Nominating Committee Nominee

Pursuant to Article VII, Section 9 of the FINRA By-Laws, the FINRA Nominating Committee has nominated the following individual:

Large Firm Governor: Stephen M. Cutler, JPMorgan Chase & Co.

A profile of the nominee is attached.

With respect to the Small Firm Governor seat, the Nominating Committee determined it would not nominate a candidate for election in 2017. Instead, any eligible candidates who obtain the requisite number of petitions will be included on the ballot.

Petition Process for Additional Candidates

Pursuant to Article VII, Section 10 of FINRA's By-Laws, a person who has not been nominated for election to the FINRA Board by the Nominating Committee may be included on the ballot for the election of governors if:

- a. within 45 days after the date of this *Election Notice*, such person presents to the Secretary of FINRA petitions in support of such nomination, duly executed by at least three percent of FINRA member firms entitled to vote for such nominee's election. If, however, a candidate's name appears on a petition in support of more than one nominee, the petition must be endorsed by 10 percent of FINRA member firms entitled to vote for such nominees' election; and
- b. the Secretary certifies that such petitions have been duly executed by the executive representatives of the requisite number of FINRA member firms entitled to vote for such person's election, and the person being nominated satisfies the classification of the governorship to be filled based on the information provided by the person as is reasonably necessary for the Secretary to make the certification.

As of close of business on Monday, May 22, 2017, the number of FINRA small firms was 3,455, and the number of large firms was 180.

Firms may only endorse one petitioner for the same firm size seat as their own. No firm may endorse more than one such nominee.

Petitioners must submit sufficient information to determine the person's status with respect to the category for which he or she is petitioning to be nominated. Petitioners must also provide information sufficient for the corporate secretary to determine that the petitions are duly executed by the executive representatives of the requisite number of applicable size firm members. In addition, to assist in the process of verifying petitions, FINRA requests that all petitions submitted be dated by their signatory. **Petitions must be submitted no later than Friday, July 7, 2017.**

The names of persons obtaining the requisite number of valid petitions will be included on the appropriate proxy mailed to eligible firms in advance of the annual meeting.

Term of Office

Governors are appointed or elected for three-year terms to replace those whose terms expire. The elected individuals will serve a three-year term concluding at FINRA's 2020 annual meeting, or until his or her successor is duly elected or qualified, or until death, resignation, disqualification or removal.⁵

Governors may not serve more than two consecutive terms. In addition, 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. Individuals seeking nomination for election as a Small Firm Governor or a Large Firm Governor have an obligation to satisfy the firm-size classification on the date the petition is circulated, the date the petition is certified by FINRA's corporate secretary and the date of the annual meeting. Individuals who fail to meet this requirement will be disqualified from election.

Voting Eligibility

Firms are eligible to vote for the nominees who are running for seats that are in the same size category as their own firm. Therefore, small firms and large firms may vote only for the candidates running for the seats reserved for their firm size. FINRA will verify the size of each firm on the day the proxies are mailed. Each firm eligible to vote will receive a proxy containing the nominees for their voting class.

Endnotes

1. See Article Eight, paragraph (b) of the Restated Certificate of Incorporation of FINRA; Article VII, Section 4 of the FINRA By-Laws.
2. See Article I (ww) of the FINRA By-Laws.
3. See Article I (cc) of the FINRA By-Laws.
4. See Article I (y) of the FINRA By-Laws.
5. See Article VII, Section 5 of the FINRA By-Laws. If a governor is elected or appointed to fill a vacancy 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. *Id.*

Profile of Large Firm Governor Nominee

STEPHEN M. CUTLER

Executive Vice President and Vice Chairman
JPMorgan Chase & Co.

Stephen M. Cutler is Executive Vice President and Vice Chairman of JPMorgan Chase & Co. Mr. Cutler joined the company in 2007 and served as its General Counsel for nearly nine years. Previously, he was a partner at Wilmer Cutler Pickering Hale and Dorr LLP in Washington, D.C., and co-chair of the firm's Securities Department. From 2001 to 2005, Mr. Cutler served as Director of the Securities and Exchange Commission's Division of Enforcement, where he oversaw the Commission's investigations of Enron and WorldCom, as well as those involving NYSE specialists, research analyst conflicts and mutual fund market timing and revenue sharing. Before joining the SEC as Deputy Director of Enforcement in 1999, Mr. Cutler was a partner at Wilmer Cutler & Pickering in Washington, D.C. Mr. Cutler is a 1985 graduate of Yale Law School, where he served as an editor of the Yale Law Journal, and a 1982 graduate (summa cum laude) of Yale University. He is on the boards of the Legal Action Center, the National Women's Law Center and the Metropolitan Museum of Art, and for the last two years, has served as a Visiting Lecturer and co-taught a course at Yale Law School.