

Election Notice

NAC Election

FINRA Announces Nomination Process to Fill an Upcoming Vacancy on the National Adjudicatory Council

Petitions for Candidacy Due: September 11, 2015

Executive Summary

The purpose of this *Election Notice* is to announce the nomination process to fill one Small Firm vacancy on the National Adjudicatory Council (NAC).

FINRA's Nominating and Governance Committee (Nominating Committee) determined it would not nominate any individuals for the Small Firm NAC seat.

Eligible individuals may petition to have their name included on a ballot for election by following the procedure below.

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/072815. 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
- ▶ Jennifer Piorko Mitchell, Deputy Corporate Secretary, at (202) 728-8949.

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, considers appeals of membership proceedings, exercises exemptive authority and acts in other proceedings as set forth in the Code of Procedure.

July 28, 2015

Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

Composition of the NAC

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

Vacancies and Terms

The term of one Small Firm NAC Member expires at the end of 2015 and will be filled with a like member.¹ The successful candidate will serve a three-year term beginning in January 2016.

Nominees and Nomination Process

Small Firm NAC Member Seat

The Nominating Committee determined it would not nominate a candidate for the Small Firm NAC seat in 2015. Instead, any eligible candidates who obtain the requisite number of petitions will be included on the ballot.

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 seat if:

- a. 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
- b. 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 A) 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 small firms by **Friday, September 11, 2015**.

The number of FINRA small firms as of the close of business on Monday, July 27, 2015, was 3,666. The requisite number of small firm endorsements required to meet the above-referenced threshold is 110 for petitions in support of the nomination of a single person.

Voting Eligibility

After the petition period concludes, a ballot listing the candidates who successfully petition to be included on the ballot will be mailed to the executive representative of each firm eligible to vote in this 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, 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 small firms will receive a ballot containing the candidates for the vacant Small Firm 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, will be properly directed. A firm's failure to keep this information accurate may jeopardize the firm's ability to participate in elections.

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 updating information, please contact the FINRA Office of the Corporate Secretary at (202) 728-8949.

Endnotes

1. The terms of three Non-Industry NAC Members and one at-large Industry NAC Member expire at the end of 2015. These seats will be filled by individuals nominated by the Nominating Committee and appointed by the FINRA Board.
2. Pursuant to FINRA Rule 4517, 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* FINRA Rule 4517 and *FINRA Regulatory Notice 07-42* (September 2007).

