

# Special Notice to Members

OCTOBER 2003

## SUGGESTED ROUTING

Executive Representatives  
Senior Management

## KEY TOPICS

NASD Board of Governors

INFORMATIONAL

## Board of Governors Nominees

Nominees for NASD Board of Governors

The Annual Meeting of members of NASD will be held on January 6, 2004. The formal notice of the meeting, including the precise date, time, and location of the Annual Meeting, will be mailed on or about December 2, 2003.

The individuals nominated by the NASD National Nominating Committee (NNC) for election to the NASD Board of Governors are identified in this *Special Notice*. Pursuant to Section 10 of Article VII of the NASD By-Laws, a person who has not been so nominated for election to the Board of Governors may be included on the ballot for the election of Governors if:

(a) within 45 days of the date of this *Special Notice* such person presents to the Secretary of NASD petitions in support of such nomination duly executed by at least 3 percent of the members of NASD. As of the date of this *Special Notice*, NASD has 5331 voting members; therefore, the applicable 3 percent threshold is 160 members. If, however, a candidate's name appears on a slate of nominees, the slate must be endorsed by 10 percent of NASD's voting members. The applicable 10 percent threshold is 533 members; and

(b) the Secretary certifies that such petitions have been duly executed by the Executive Representatives of the requisite number of members of NASD, 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.

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Pursuant to Article VII, Section 4, of the NASD By-Laws, the NASD Board must consist of no fewer than 17 and no more than 27 Governors. The number of Governors within this range is set by the Board. On July 1, 2003, the NASD Executive Committee approved a reduction in the size of the Board from 25 to 21 Governors, effective with the January 6, 2004 Annual Meeting, to eliminate the positions occupied by members who simultaneously serve on the Board of Directors of The Nasdaq Stock Market, Inc., and whose terms are expiring. In August of 2002, the Board took a similar action by reducing the size of the Board for 2003 by three Governors who also served on the NASDAQ Board and who were not eligible for re-election. Additionally, pursuant to its authority under Article VII, Section 5(d) of the NASD By-Laws, the Board determined in August of 2002 that the remaining NASD Board members who simultaneously served on the NASDAQ Board and who were eligible to serve an additional term on the NASD Board would, if re-elected, serve a term of one additional year on the NASD Board or until NASDAQ was able to operate other than as a facility of NASD, whichever were to occur first. Governors Baldwin, Romano, and Simmons were elected to the one-year term on the NASD Board at the December 5, 2002 Annual Meeting. Each of these Governors is now ineligible for re-election. A fourth NASD Board member who simultaneously serves on the NASDAQ Board and whose three-year term on the NASD Board is expiring, Governor Sodhani, is also ineligible for re-election. Accordingly, the size of the Board has been reduced to 21 Governors.

On January 6, 2004, members will elect four Governors, one of whom will occupy an Industry position on the Board, and three of whom will occupy Public positions on the Board.

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

Barbara Z. Sweeney  
Senior Vice President and Corporate Secretary  
NASD  
1735 K Street, NW  
Washington, DC 20006-1500  
(202) 728-8062

or

T. Grant Callery  
Executive Vice President and General Counsel  
NASD  
1735 K Street, NW  
Washington, DC 20006-1500  
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## NASD Board of Governors Nominees

The following four persons (see attached profiles) have been nominated by the NNC to serve on the Board of Governors of NASD for a term of three years or until their successors are duly elected or qualified. Terms of office run from January 6, 2004, to January 2007.

### Terms of Office 2004-2007

#### INDUSTRY

William C. Alsover, Jr.	Chairman, Centennial Securities Company, Inc. (Small Firm Representative)
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#### PUBLIC

Charles A. Bowsher <sup>1</sup>	Former Comptroller General of the U.S.
Joel Seligman	Dean, Washington University School of Law
Sharon P. Smith	Dean, College of Business Administration, Fordham University

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## NASD Profile of Board Nominee for Industry Governor

### Industry

**William C. Alsover, Jr.** is Chairman of Centennial Securities Company, Inc., a full service broker/dealer located in Grand Rapids, Michigan. Prior to joining Centennial, Mr. Alsover was with Fahnstock & Company. Mr. Alsover is currently Chairman of the Small Firm Advisory Board and serves on the Securities Advisory Committee, Office of Financial and Insurance Services for the State of Michigan. He has served on several industry committees, including the Securities Industry Association (SIA) Investor Education and Local Firms Committees, the New York Stock Exchange's Committee dealing with day trading and margin requirements. Mr. Alsover is the former Chairman of the SIA Local Firm Committee, and a former member of the NASD Chicago District 8 District Business Conduct Committee. He received his B.A. from Michigan State University.

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## NASD Profiles of Board Nominees for Public Governors

### Public

**Charles A. Bowsher** is the former Comptroller General of the United States and head of the General Accounting Office (GAO). Mr. Bowsher was appointed to his 15-year term in 1981 by President Reagan. Prior to this appointment, Mr. Bowsher was associated with Arthur Andersen & Co. for 25 years, and also served as Assistant Secretary of the Navy for Financial Management. He served as Chairman of the Public Oversight Board and currently serves on the corporate boards of American Express Bank, DeVry, Inc., the Washington Mutual Investors Fund, and S.I. International, Inc. He is a trustee of the Center for Naval Analysis, the Logistics Management Institute, the United States Navy Memorial Foundation, the Corcord Coalition, the Hitachi Foundation and serves on the advisory boards at several universities. He is the recipient of honorary doctorate degrees from five universities. Mr. Bowsher graduated from the University of Illinois and received an M.B.A. from the University of Chicago after serving two years in the U.S. Army.

**Joel Seligman** is the Dean and Ethan A.H. Shepley University Professor at the Washington University School of Law. Before beginning his tenure as Dean in 1999, Mr. Seligman served as the Dean of the University of Arizona College of Law. He has also previously served on the law faculty of the universities of Michigan, George Washington and Northeastern. Since beginning as Dean at Washington University School of Law in 1999, Mr. Seligman served as Reporter for the National Conference of Commissioners on Uniform State Law, was Chair of the Securities and Exchange Commission Advisory Committee on Market Information; and has served as a member of the American Institute of Certified Public Accountants Professional Ethics Executive Committee. He is the author or co-author of 20 books and over 35 articles on legal issues related to securities and corporations. He is the co-author of *Fundamentals of Securities Regulation* and the casebook, *Securities Regulation*, which he co-wrote with John Coffee. His book, *The Transformation of Wall Street: A History of the Securities and Exchange Commission and Modern Corporate Finance*, is widely regarded as the leading history of the Commission. He received his bachelor's degree magna cum laude from the University of California Los Angeles and his law degree cum laude from Harvard University School of Law.

**Sharon P. Smith** is the Dean of the Schools of Business and of the Business Faculty at Fordham University, where she is also a Professor of Management Systems. Ms. Smith joined Fordham University in 1990 after serving as a Visiting Senior Research Economist at Princeton University from 1988 to 1990. Prior to this, she worked at American Telephone & Telegraph Co. for six years as a District Manager in various capacities, such as Corporate Strategy and Development, Labor Relations, and Economic Analysis Section. Before joining AT&T, she was a Senior Economist at the Federal Reserve Bank of New York. Ms. Smith currently serves as a public member of the Security Traders Association (STA) Board, the STA Foundation Advisory Council, as well as a variety of other professional organizations and associations. She holds a Ph.D. in Economics from Rutgers University.

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## Governors with Terms Expiring in January 2004

### Industry

William C. Alsover, Jr.	Chairman, Centennial Securities Company, Inc. (Small Firm Representative)
Douglas L. Kelly <sup>2</sup>	A.G. Edwards & Sons, Inc. (Chair of the National Adjudicatory Council)
Richard C. Romano*	Chairman, Romano Brothers & Co.
Hardwick Simmons*	Retired Chairman and CEO The Nasdaq Stock Market, Inc.

### Non-Industry

H. Furlong Baldwin*	Chairman (retired), Mercantile Bankshares Corporation
Arvind Sodhani*	Vice President and Treasurer, Intel Corporation

### Public

Brian T. Borders	Borders Law Group
Charles A. Bowsher	Former Comptroller General of the U.S.
Sharon P. Smith	Dean, College of Business Administration, Fordham University

\* Not eligible for re-election

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## Governors with Terms Expiring in January 2005

### Industry

John W. Bachmann	Managing Partner, Edward D. Jones & Company
Richard F. Brueckner	Chief Executive Officer, Pershing, LLC (Representative of a Clearing Firm)
Raymond A. Mason	Chairman and CEO, Legg Mason Wood Walker, Inc. (Representative of a Regional Retail Firm)

### Non-Industry

Harry P. Kamen*	Retired Chairman and Chief Executive Officer Metropolitan Life Insurance Company (Representative of an Insurance Company)
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### Public

James E. Burton	Chief Executive Officer, World Gold Council
Sir Brian Corby	Chairman (retired), Prudential Assurance Company
John Rutherford, Jr.	President and CEO, Moody's Corporation

\* Not eligible for re-election

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## Governors with Terms Expiring in January 2006

### Industry

M. LaRae Bakerink\*

Chief Executive Officer  
Westfield Bakerink Brozak, LLC

David A. DeMuro

Managing Director, Director of Global Compliance  
and Regulation, Lehman Brothers, Inc.  
(Representative of a National Retail Firm)

### Non-Industry

John J. Brennan

Chairman and CEO, The Vanguard Group  
(Representative of an Issuer of Investment Company  
Shares)

Eugene M. Isenberg\*

Chairman and CEO, Nabors Industries, Inc.

### Public

Kenneth M. Duberstein\*

Chairman and CEO, The Duberstein Group, Inc.

\* Not eligible for re-election

## Endnotes

- 1 Elected in July 2003 to fill a vacancy on the Board.
- 2 The Chair of the National Adjudicatory Council serves a one-year term on the NASD Board.

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