

Election Notice

Nominee for Vacant FINRA Board of Governors Small Firm Seat

August 26, 2008

Suggested Routing

- Executive Representatives
- Senior Management

Executive Summary

FINRA will conduct a special meeting of member firms on Friday, November 21, 2008, to elect an individual to fill the vacant Small Firm Governor seat. A formal notice of the meeting, including the precise time and location, will be mailed on or about October 24, 2008.

In response to FINRA's communications soliciting candidates, 40 individuals applied or were recommended for consideration for the vacancy. The individual nominated by the NASD Group Committee¹ of the FINRA Board of Governors (FINRA Board) for election to the Small Firm seat is Mari J. Buechner. Eligible individuals who were not nominated may petition to have their name included on the ballot by following the procedures below.

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

- 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; and
- 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.

Only Small Firm member firms may endorse nominees for the vacant Small Firm Governor seat. No firm may endorse more than one such nominee. Persons 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 firm members by Friday, October 10, 2008.

The number of FINRA Small Firms as of close of business on August 25, 2008, was 4,596, and the requisite number of Small Firms required to meet the above-referenced threshold is 138.

Note: This Notice was distributed electronically to the executive representative of each FINRA member firm and it is posted on FINRA's Web site at www.finra.org/Notices/Election/082608. 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, FINRA, at (202) 728-8949; or
- T. Grant Callery, Executive Vice President and General Counsel, FINRA, at (202) 728-8285.

Composition of the Board

Pursuant to Article XXII, Section 2 of the FINRA By-Laws, during the Transitional Period,² the FINRA Board shall consist of 23 members, including:

- the Chief Executive Officer of FINRA;
- the Chief Executive Officer of NYSE Regulation, Inc.;³
- eleven 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, the three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors were elected as Governors at the first annual meeting of members following the Closing on October 26, 2007, and, subject to certain qualifications,⁴ will hold office until the first annual meeting of members following the Transitional Period, or until a successor is duly appointed and qualified, or until death, resignation, disqualification or removal. The Small Firm Governor seat is vacant as a result of the resignation of one of the Small Firm Governors elected last October.

Small Firm Governor Vacancy on the FINRA Board

Pursuant to Article XXII, Sec. 3, in the event of any vacancy among the Small Firm Governors during the Transitional Period, where a position is vacant for more than 12 months, nominations to fill the vacancy are made by the NASD Group Committee of the FINRA Board and voted upon by the FINRA member firms entitled to vote for that category of Governor.

As noted above, the NASD Group Committee's nominee is Mari J. Buechner. A person who has not been so nominated to fill the Small Firm Governor vacancy on the FINRA Board may be included on the ballot for the election if he or she obtains the requisite number of petitions in support of his or her nomination.

To be eligible to serve, Small Firm Governors must be registered with a Small Firm. A Small Firm is defined as a member that employs at least one and no more than 150 registered persons.⁵ In order for the Board to maintain compliance with the compositional requirements of the FINRA By-Laws, elected Board members have a continuing obligation to satisfy the firm-size classification throughout the entire term for which the Governor is elected.

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 the Small Firm seat also have an obligation to satisfy the firm-size classification on the date the petition is circulated, the date the petition is certified by the Corporate Secretary and date of the special meeting conducted to fill this vacancy. Individuals who fail to meet this requirement will be disqualified from election.

Term of Office

The elected individual will be elected to complete the term vacated by Governor Richard L. Goble and serve until the first annual meeting of members following the Transitional Period, or until his or her successor is duly elected or qualified, or until death, resignation, disqualification or removal.⁶

The Transitional Period will conclude on July 30, 2010.

Voting Eligibility

Member firms are eligible to vote for the industry nominees who are running for seats that are in the same size category as their own firm. Therefore, only Small Firm members are eligible to vote in this election.

The size of each FINRA member firm will be verified on the day proxies for the special meeting are mailed. Each eligible Small Firm will receive a proxy containing the nominees for the vacant Small Firm Governor seat.

Endnotes

- 1 The NASD Group Committee comprises the five Public Governors appointed by the legacy NASD Board of Governors (NASD Board), the Small Firm Governors nominated by the NASD Board and the Independent Dealer/Insurance Affiliate Governor appointed by the NASD Board.
- 2 Pursuant to Article I (zz) of the FINRA By-Laws, the Transitional Period means the period commencing on the date of the Closing and ending on the third anniversary of the date of the Closing; however, the initial member elected governors shall hold office, subject to certain qualifications, until the first annual meeting of members following the Transitional Period. *See* Article XXII, Section 3 of the FINRA By-Laws.
- 3 During the Transitional Period, the Chairman of the Board shall be the Chief Executive Officer of NYSE Regulation, Inc. as of Closing.
- 4 *See* Article XXII, Section 3 of the FINRA By-Laws.
- 5 *See* Article I (ww) of the FINRA By-Laws.
- 6 *See* Article XXII, Section 3 of the FINRA By-Laws.

Attachment A

Profile of FINRA Small Firm Governor Nominee

The NASD Group Committee of the FINRA Board of Governors has nominated Mari J. Buechner pursuant to Article XXII, Section 3 of the FINRA By-Laws to fill the Small Firm Governor vacancy on the FINRA Board.

Mari Buechner is the President and Chief Executive Officer of Coordinated Capital Securities, Inc. (CCS), a full-service broker-dealer and investment advisory firm located in Madison, WI. She is a skilled financial services industry executive with over 20 years of industry experience. CCS has 90 independent contractor registered representatives and seven home office personnel. Ms. Buechner has developed and implemented a supervisory system designed to accommodate a small independent contractor firm.

In 2008, Ms. Buechner was appointed as an at-large member of FINRA's Small Firm Advisory Board. She is a member of FINRA's Independent Dealer/Insurance Affiliate Committee and has been active in District 8 Committees as well. She is also a Board member of the Financial Services Institute.

Ms. Buechner graduated from the University of Wisconsin-Madison in 1987 with a Bachelor of Science Degree in Finance and Marketing.