

Election Notice

FINRA Small Firm Advisory Board Election

Executive Summary

The purpose of this *Notice* is to inform FINRA small firm members¹ of the upcoming Small Firm Advisory Board (SFAB) election. Two seats on the SFAB are up for election, the Midwest Region seat and the South Region seat.

The SFAB provides guidance to FINRA staff, particularly regarding the potential impact of proposed regulatory initiatives on FINRA's small firm members, and meets in Washington, DC, prior to each FINRA Board of Governors meeting. SFAB members are expected to attend SFAB meetings in person, and may be requested to attend certain Regional and District Committee meetings and other FINRA meetings and functions. Potential candidates should ensure that their other commitments will allow for their in-person attendance at all SFAB meetings.

Any eligible candidate wishing to have his/her name added to the ballot must submit the relevant information via the candidate profile form attached to this *Notice* to the Corporate Secretary of FINRA no later than Friday, November 7, 2008.

On or about Friday, November 21, 2008, FINRA will mail the official *Election Notice* and ballots to the Executive Representatives of small firm members in the Midwest and South Regions to elect the two regional members of the SFAB. Voting will conclude in December 2008 and new members will take office in January 2009.

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.

October 10, 2008

Suggested Routing

- Executive Representatives
- Senior Management

Composition of the FINRA Small Firm Advisory Board

The composition of the SFAB was revised in 2008 to comprise ten members consisting of:

- ▶ five regional members elected by small firms in the five FINRA regions (one from each region); and
- ▶ five at-large members appointed by FINRA.

Additionally, the FINRA Board's Small Firm Governors² serve as ex-officio members of the SFAB.

The five regional members represent the following geographic regions:

- ▶ **Midwest Region:** Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin (Districts 4 and 8)
- ▶ **New York Region:** New York (the counties of Nassau and Suffolk, and the five boroughs of New York City) (District 10)
- ▶ **North Region:** Connecticut, Delaware, the District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York (except for the counties of Nassau and Suffolk, and the five boroughs of New York City), Pennsylvania, Rhode Island, Vermont, Virginia and West Virginia (Districts 9 and 11)
- ▶ **South Region:** Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, the Canal Zone, Puerto Rico and the Virgin Islands (Districts 5, 6 and 7)
- ▶ **West Region:** Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming and the former U.S. Trust Territories (Districts 1, 2 and 3)

As mentioned above, two seats on the SFAB are up for election, the Midwest Region seat and the South Region seat.

Candidate Eligibility

Any senior member of a small firm whose primary place of business and whose firm has its main office (as indicated in FINRA records) in the Midwest or South regions is eligible to have his or her name placed on the SFAB ballot for that region. Senior members of firms include owners, FINOPs, chief executive officers, presidents, chief compliance officers, chief operating officers or individuals of comparable status. Eligible individuals must complete the attached SFAB candidate profile form³ and submit it, through their firm's Executive Representative, to FINRA's Corporate Secretary. There may be only one candidate per firm on each ballot.

SFAB candidate profiles for the upcoming election must be received by the Corporate Secretary of FINRA no later than Friday, November 7, 2008.

FINRA's Corporate Secretary will confirm the firm's status as a small firm and the candidate's eligibility, and include certified candidates on the relevant region's ballot. Individuals have a continuing obligation to satisfy the firm-size requirement on the date the candidacy is certified by the Corporate Secretary and the date the ballots are mailed. Individuals who fail to meet this requirement will be disqualified from election.

SFAB members must also continue to meet their qualifications for election at all times during their terms of office.

Voting Eligibility

FINRA small firms are eligible to vote for candidates running for the SFAB seat representing the region corresponding to the district to which they are assigned in the Central Registration Depository. Only those firms eligible to vote for the Midwest Region seat and the South Region seats will receive ballots.

The size of each firm and the location of each firm's main office will be verified on the day the ballots are mailed. Each firm will receive a ballot for the region in which it is eligible to vote. Firms may vote for only one candidate listed on the ballot.

Terms of SFAB Members

The successful candidate will be the individual who receives the most votes in his/her region. The successful candidates will be elected to serve a three-year term.

In order to maintain continuity on the SFAB, three-year terms are being phased in. The terms of the individuals elected during the previous election were staggered — and not all of the SFAB members were elected to serve full three-year terms.⁴ The SFAB members elected in this election will be elected to serve a full three-year term.

The term of an SFAB member shall terminate immediately upon a determination by the SFAB, by a majority vote of the remaining members, that the member no longer satisfies the eligibility criteria. Additionally, the FINRA Board may remove from the SFAB a member who is unable or fails to discharge the member's duties or violates SFAB policies.

Once an individual has completed a full three-year elected term on the SFAB, he or she is ineligible to run for reelection to the SFAB for another three years.⁵

Endnotes

- 1 A small firm is defined as a member that employs at least one and no more than 150 registered persons. See Article I (ww) of the FINRA By-Laws.
- 2 A small firm governor is defined as a member of the FINRA Board elected by small firm members. In order to be eligible to serve, a small firm governor must be registered with a member that is a small firm and must be an industry governor. See Article I (xx) of the FINRA By-Laws.
- 3 The SFAB candidate profile form is also available at www.finra.org/notices/election/101008.
- 4 In the previous election, the New York Region Representative was elected to a three-year term; the West and North Region Representatives were elected to two-year terms; and the Midwest and South Region Representatives were elected to one-year terms.
- 5 As previously indicated the individuals currently seated as the Midwest Region and South Region SFAB Representatives were elected to one-year terms in 2008 and, therefore, are eligible for re-election.

ATTACHMENT - Candidate Profile Form

Name: _____ CRD#: _____
(as you would like it to appear on official correspondence)

Current Registration

Firm Name _____ Firm #: _____

FINRA District No.: _____ Number of Registered Representatives at 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
(please check all that apply)

- Compliance/Legal
- Corporate Finance
- Financial/Operational
- Institutional Sales
- Investment Advisory
- Retail Sales
- Trading/Market Making
- Other

Product Expertise
(please check all that apply)

- Corporate Bonds
- Direct Participation Programs
- Equity Securities
- Investment Company
- Municipal/Government Securities
- Options
- Variable Contracts Securities
- Other

Memberships/Positions Held in Trade or Business Organizations
