

# Election Notice

## Notice of Annual Meeting of FINRA Firms and Proxy

### Executive Summary

FINRA will conduct its annual meeting of firms on Tuesday, August 6, 2013, at 10 a.m. Eastern Time in the FINRA Visitors Center, 1735 K Street, NW, in Washington, D.C. The purpose of the meeting is to elect individuals to fill one small firm seat and one large firm seat on the FINRA Board of Governors (FINRA Board).

It is important that all firms be represented by proxy or in person at the annual meeting. Firms are urged to vote using one of the methods described below. In order for a mailed proxy to be considered valid, the executive representative of the firm eligible to vote in the election for that category of governorship must sign it.

Firms that are members of FINRA as of the close of business on Wednesday, July 3, 2013 (the annual meeting record date) will be eligible to vote.

**Note: This *Notice* was mailed and sent electronically to the executive representative of each FINRA member firm. It is also posted on FINRA's website at [www.finra.org/notices/election/070513](http://www.finra.org/notices/election/070513).**

Questions regarding this *Notice* may be directed to:

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

**July 5, 2013**

### Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

## Election of Governors

There are two seats on the FINRA Board to be filled at the upcoming annual meeting: one Small Firm Governor and one Large Firm Governor. To be eligible to serve, Large Firm Governors must be registered with large firms and Small Firm Governors must be registered with small firms. Pursuant to Article I of FINRA's By-Laws, firm sizes are defined as follows:

- ▶ a small firm employs at least one and no more than 150 registered persons;<sup>1</sup>
- ▶ a large firm employs 500 or more registered persons.<sup>2</sup>

In order for the Board to maintain compliance with the compositional requirements of the FINRA By-Laws, the elected Board members have a continuing obligation to satisfy the firm-size classification throughout the entire term for which the governor is elected.

## Term of Office

Governors are appointed or elected to three-year terms. Governors may not serve more than two consecutive terms. 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.

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 and the governor's continued service would violate the compositional requirements of the Board set forth in the FINRA By-Laws.

## Candidates

Below is the list of the FINRA Nominating Committee nominee for the Large Firm Governor seat and the nominees by petition for the Small Firm Governor seats who, as provided in Article VII, Section 10 of the FINRA By-Laws, (i) presented the requisite number of petitions in support of their nomination, and (ii) have been certified by the Corporate Secretary of FINRA as satisfying the classification of the governorship to be filled:

### Large Firm Governor Candidates

#### FINRA Nominating Committee Nominee

- ▶ James D. Weddle, Managing Partner, Edward Jones

#### Nominees by Petition

- ▶ None

## Small Firm Governor Candidates

### Nominees by Petition<sup>3</sup>

- ▶ Jed Bandes, President, Mutual Trust Company of America Securities
- ▶ Robert Keenan, Chief Executive Officer, St. Bernard Financial Services, Inc.
- ▶ David Sobel, Executive Vice President, General Counsel and Chief Compliance Officer, Abel/Noser Corp.

Attachment A includes the profiles of the Small Firm Governor candidates; Attachment B, the Large Firm Governor candidate.

## Voting Eligibility

Firms registered with FINRA as of the close of business on Wednesday, July 3, 2013, are eligible to vote for the nominees running for seats that are in the same size category as their own firm and will receive a proxy card listing only the relevant candidates running for the seats reserved for their firm size.

A proxy was mailed to the executive representative of each eligible small and large firm containing the candidates for its voting class along with a copy of this *Notice*.

## Voting Methods

Firms will be able to submit a proxy by any lawful means, including using any of the following methods:

- ▶ telephone;
- ▶ U.S. mail; or
- ▶ Internet.

Alternatively, firms may attend the annual meeting and vote in person. The proxy mailed to each eligible firm contains detailed instructions on the proxy submission procedures.

As mentioned above, it is important that all firms be represented at the annual meeting. Following receipt of this *Notice* and proxy, executive representatives of firms may receive telephone reminders during the election period. This will ensure that FINRA receives sufficient proxies to satisfy the annual meeting quorum requirements, as well as to ensure broad participation in the election by all firms that are eligible to vote. For purposes of the election of each category of governors, a quorum must be met in each applicable firm-size category.

## Revocation of Proxies

If you have given a revocable proxy pursuant to a proxy card distributed by FINRA or otherwise in the manner described herein, you may nonetheless revoke your proxy by attending the annual meeting and voting in person. In addition, you may revoke any such proxy you give at any time before the annual meeting by delivering to FINRA's Corporate Secretary a written statement revoking it or by duly delivering another proxy at a later time. Your attendance at the annual meeting will not in and of itself constitute a revocation of your proxy.

## Voting Instructions

The named proxies shall vote as instructed by the FINRA firm. In the absence of a direction with respect to the election, any duly delivered proxy will not be counted in determining the outcome of the election, but will be counted in determining the presence of a quorum at the annual meeting. In their discretion, the named proxies will be authorized to vote upon all such other matters as may properly come before the annual meeting or any adjournment or postponement thereof.

## Endnotes

1. See Article I (ww) of the FINRA By-Laws.
2. See Article I (y) of the FINRA By-Laws.
3. With respect to the Small Firm Governor seat, the Nominating Committee did not nominate a candidate for election in 2013. Instead, all candidates qualified by obtaining the requisite number of petitions.

## Attachment A: Profiles of Small Firm Candidates

### Jed Bandes

Jed Bandes is an owner and producer and has served on the FINRA Board of Governors for the past three (3) years. While serving on the board his philosophy has been to protect and promote the interests of small B/D owners. As a producer and owner he consistently voted against anything that would interfere, impede, slow down or hurt the business of small B/D owners in any way, shape or form.

Jed has dealt with the unique challenges that confront small broker dealers and producers on a daily basis for over 30 years and knows every nuance of the industry. He has a series 24, 7, 28, 79, 53, 99, 4 and also a CFPTM, CHfC, CLU. Jed earned a degree in Finance from FSU.

### Robert Keenan

Robert Keenan is the Chief Executive Officer of St. Bernard Financial Services, Inc., a firm he founded in 1994 on a kitchen table with a used computer and borrowed software. He holds the Series 7, 24, 28, 53, 63, and 65 licenses. He also is the Chief Compliance Officer, the Financial Operations Principal, the Municipal Principal, the Sales Manager, head of IT, and a top ten producer of his firm.

He believes there are several items he can advocate to the Board:

1. An instruction book to guide small firms on meeting the rules, essentially a small firm Best Practices Manual. This would include a detailed review of how other firms are meeting the rules and ways to adopt that to a firm's policies and procedures. Templates on FINRA's website are not quite enough. FINRA should provide examples on how to write AML policies, retain emails, conduct branch inspections, etc. The OCC does that for banks, CFTC does that for Commodity Dealers. FINRA would be well served to do that for us.
2. The best way to make rule changes is to calmly explain to the non-industry Governors how the rules and rule changes affect firms, both small and large. More can be accomplished with reasonable dialogue than with shouting.
3. The need for Tiered Regulation—regulations tailored to loosen the rules that don't apply to small firms. One rule book for all firms is overkill and costs small firms time and money. He's not talking a new rule book per se, but a rule book for small firms that doesn't include rules that only apply to large firms. The PCAOB audit is #1 on the list.

Keenan's background includes over 35 years of senior management and sales positions. He started in the securities industry with IDS/American Express. He holds a Bachelor of Science in Business Administration from the University of Arkansas and a Master of Business Administration from the University of Central Arkansas. He has served a term on FINRA's District Committee and has been a Hearing Officer on several FINRA disciplinary hearings.

St. Bernard supervises 53 registered reps in 10 states. A breakdown of transactions of the firm would be 40 percent retail mutual fund and variable annuity sales, 25 percent retail fee-based asset management, 15 percent retail stock and bond sales, 12 percent institutional bond sales and 8 percent retail insurance sales.

He asks for your vote.

### **David M. Sobel**

David M. Sobel is Executive Vice President, General Counsel and Chief Compliance Officer of Abel/Noser Corp., a FINRA/NYSE member broker/dealer. He was previously a partner at The Goldstein Law Group, P.C. where he concentrated in the areas of broker-dealer compliance/regulation, securities litigation, including arbitration and mediation, and disciplinary/enforcement matters at the SEC, NYSE, AMEX and FINRA.

Mr. Sobel was a Floor Member of the New York Stock Exchange from 1982 through 1991 as a floor broker for both H.A. Brandt & Co. and First Options of Chicago, and President of his own NYSE member firm, Ampro Securities, Inc. After leaving the NYSE floor, he was a Senior Equity Trader / Market Maker for Trimark Securities.

Mr. Sobel has a Master of Science Degree from Brooklyn College and a Law Degree from Pace Law School where he was an Editor of the Intern'l Law Review and recipient of the Dean's Award. Since 1998 he has served as a FINRA arbitrator; a 2nd term member of FINRA's District 10 Committee; the Board of Directors of the National Society of Compliance Professionals (NSCP), 2013 Chairman of FINRA's Small Firm Advisory Board and Past Chairman of the Board of the National Association of Independent Broker Dealers (NAIBD).

Mr. Sobel has been quoted in and/or interviewed by: Compliance Reporter, WSJ.com, Complinet, Trader's Magazine, Wall Street Letter, BD Week, Op/Risk and Compliance Magazine, Institutional Investor News, Dow Jones Newswire and is a frequent speaker at securities conferences for FINRA, NSCP, NRS, NAIBD, FMW and Strategy Institute. Recent Conference topics include: Enterprise Risk Management; Internal Audits; Supervisory Responsibility, Financial Responsibility, Fraud Prevention in Portfolio Management, Social Media, Foundations of Compliance, Best Practices and Forensic Compliance.

He is admitted to practice before the Supreme Courts of New York and Connecticut, the U.S. District Courts for the Southern and Eastern Districts of New York and the Second Circuit Court of Appeals. He is a member of the NY County Lawyers Ass'n, the NY State Bar Ass'n and the American Bar Ass'n.

## Attachment B: Profile of Large Firm Governor Nominee

### James D. Weddle

James D. Weddle, managing partner of Edward Jones, was earning his MBA at Washington University when he was hired in 1976 as a part-time intern in the firm's Research department. After completing his MBA, Weddle left Research to become a financial advisor in Connersville, Indiana. He opened the firm's 200th branch. In 1984, Weddle was named a principal in the firm and was invited back to the St. Louis headquarters where he assumed a series of responsibilities, initially in new Financial Advisor Training, then for one of the firm's largest areas, Mutual Fund Sales and Marketing. Weddle then led the implementation of a new sales management structure for the firm, taking responsibility for developing the firm's growth across the entire East Coast and for coordinating the efforts for all of the U.S. While he led the East Coast, the firm expanded from 250 offices to over 1,000. Weddle assumed responsibility for managing all of the firm's branch offices in late 1997. His responsibilities included not only the facilities themselves, but also financial advisors' compensation and financial advisor leadership development. Weddle has been a member of the firm's Management Committee since 1987 and in January 2006, he succeeded Douglas E. Hill as Edward Jones' fifth managing partner. A native of Illinois and a graduate of DePauw University in Greencastle, Indiana, Weddle also graduated from the University of Pennsylvania Wharton School's Securities Industry Institute in 1988. He served as a trustee of the institute from 1989 until 1993, and served on the Continuing Education Committee of the Securities Industry Association from 1994 through 1996. Weddle is on the Executive Committee for Webster University Board of Trustees; on the Executive Committee of The United Way of Greater St. Louis; a past board member of the Securities Industry & Financial Markets Association (SIFMA); a member of the Board of Commissioners for the St. Louis Science Center; a member of Washington University's Olin School of Business National Council; and a member of the University of Missouri–St. Louis Chancellor's Council.