

Election Notice

Upcoming FINRA Board of Governors Election

Petitions for Candidacy Due: Monday, June 22, 2020

Executive Summary

The annual meeting of FINRA firms will take place on or about Friday, August 7, 2020, to elect one Large Firm Governor and one Small Firm Governor to the FINRA Board of Governors (FINRA Board). A formal notice of the meeting, including the precise date, time and location, will be mailed to executive representatives on or about Wednesday, July 8, 2020.

The purpose of this *Election Notice* is to announce the FINRA Nominating & Governance Committee (Nominating Committee) nominees to fill these vacancies, and to inform individuals not nominated by the Nominating Committee of the procedures for being included as an additional candidate on the ballot for these elections.

Questions regarding this *Election Notice* may be directed to Marcia E. Asquith, Executive Vice President and Corporate Secretary, or Jennifer Piorko Mitchell, Vice President and Deputy Corporate Secretary, at CorporateSecretary@finra.org or (202) 728-8949.

Note: FINRA distributed this *Notice* electronically to the executive representative of each FINRA firm and posted it online at www.finra.org/Notices/Election/05082020. Executive representatives should circulate this *Notice* to their firms' branch managers.

Composition of the Board

The FINRA Board consists of 24 members,¹ including:

- ▶ the Chief Executive Officer of FINRA;
- ▶ 13 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.

May 8, 2020

Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

Of the 24 Board members, the following seats are appointed by the FINRA Board from candidates recommended by the Nominating Committee: the Public Governors, Floor Member Governor, Independent Dealer/Insurance Affiliate Governor and Investment Company Affiliate Governor (Appointed Governors).

The Nominating Committee also may nominate individuals to run for election for the seven elected governor seats that comprise the three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors (Elected Governors). To be eligible to serve, Small Firm Governors must be registered with a small firm, the Mid-Size Firm Governor must be registered with a mid-size firm, and Large Firm Governors must be registered with a large firm. Firm sizes are defined as follows:

- ▶ a large firm employs at least 500 registered persons;²
- ▶ a mid-size firm employs between 151 and 499 registered persons;³ and
- ▶ a small firm employs between one and 150 registered persons.⁴

FINRA Nominating Committee Nominee

There are two seats on the FINRA Board for election at FINRA's 2020 annual meeting: one Large Firm Governor and one Small Firm Governor. The Nominating Committee has nominated James D. Nagengast, CEO of Securities America Financial Corporation Inc. and President of Securities America Inc., as its Large Firm Governor candidate.

Mr. Nagengast is a current FINRA governor and is completing his first term on the FINRA Board. His profile is attached.

With respect to the Small Firm Governor seat, the Nominating Committee determined it would not nominate a candidate for election in 2020. Instead, any eligible candidates who obtain the requisite number of petitions will be included on the ballot.

Petition Process for Additional Candidates

A person who has not been nominated by the Nominating Committee for election to the FINRA Board may be included on the ballot for the election of governors if:⁵

- a. within 45 days after the date of this *Election Notice* (Monday, June 22, 2020), such person presents to FINRA's Corporate Secretary petitions in support of his or her nomination, duly executed by at least 3 percent of FINRA member firms entitled to vote for such nominee's election. If, however, a candidate's name appears on a petition in support of more than one nominee, the petition must be endorsed by 10 percent of FINRA member firms entitled to vote for such nominees' election; and

- b. the Corporate 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.

As of the close of business on Thursday, May 7, 2020, the number of FINRA large firms was 166, and the number of small firms was 3,165. Therefore, the requisite number of petitions for a large firm petitioner is 5, and the requisite number of petitions for a small firm petitioner is 95.

Firms may only endorse one petitioner for the same firm size seat as their own. No firm may endorse more than one such petitioner.

Petitioners must submit sufficient information to determine the person's status with respect to the category for which he or she is petitioning to be nominated. Individuals seeking nomination for election as a Large Firm Governor or a Small Firm Governor have an obligation to satisfy the firm-size classification on the date the petition is circulated, the date the petitions are certified by FINRA's Corporate Secretary, and the date of the annual meeting. Individuals who fail to meet this requirement will be disqualified from election.

Petitioners must also provide information sufficient for the Corporate Secretary to determine that the petitions are duly executed by the executive representatives of the requisite number of applicable size firm members. In addition, to assist in the process of verifying petitions, FINRA requests that all petitions submitted be dated by their signatory.

Petitions must be submitted no later than **Monday, June 22, 2020**.

The names of persons obtaining the requisite number of valid petitions will be included on the appropriate proxy mailed to eligible firms in advance of the annual meeting.

Term of Office

Governors elected at FINRA's 2020 annual meeting will serve a three-year term concluding at FINRA's 2023 annual meeting, or until his or her successor is duly elected or qualified, or until death, resignation, disqualification or removal.⁶ In addition, a governor's term of office 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.⁷

Profile of Large Firm Governor Nominee

JAMES D. NAGENGAST

CEO, Securities America Financial Corporation Inc.

President, Securities America Inc.

Jim Nagengast joined Securities America in 1994 and became CEO in 2010. During his tenure, Mr. Nagengast served as Chief Financial Officer, Chief Operating Officer and President of the broker-dealer, directly leading most functional areas and departments throughout the firm. Securities America is an independent investment advisory and brokerage firm that services and supports over 2,500 financial advisors from its headquarters in Omaha, Nebraska.

Mr. Nagengast obtained his MBA in accounting and finance from Columbia University in 1992 and his AB in economics magna cum laude from Harvard University in 1987. He is a former member of the adjunct faculty at the University of Nebraska at Omaha and a former member of the Nebraska Society of CPAs.

Prior to joining Securities America, Mr. Nagengast worked as an analyst for Merrill Lynch Capital Markets in New York City and as a consultant for Marakon Associates in Greenwich, Connecticut.

Mr. Nagengast served on the Board of Directors of Heartland Family Services, one of metropolitan Omaha's largest charitable organizations, from 2001 to 2010, and was Chairman of the Board from 2007 to 2009. He chaired the Financial Services Institute (FSI) National Conference in 2012.

Endnotes

1. See Article VII, Section 4(a) of the FINRA By-Laws.
2. See Article I (y) of the FINRA By-Laws.
3. See Article I (cc) of the FINRA By-Laws.
4. See Article I (ww) of the FINRA By-Laws.
5. See Article VII, Section 10 of the FINRA By-Laws.
6. See Article VII, Section 5 of the FINRA By-Laws. Governors generally may not serve more than two consecutive terms. However, 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.
7. See Article VII, Section 6 of the FINRA By-Laws.