

Election Notice

Election Notice

Notice of Annual Meeting of FINRA Firms and Proxy

Executive Summary

FINRA will conduct its annual meeting of firms on Thursday, July 30, 2015, at 2 p.m. Eastern Time at 1735 K Street, NW, in Washington, D.C. The purpose of the meeting is to elect individuals to fill one small firm seat, one mid-size 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 Monday, June 29, 2015 (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/063015.

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, Deputy Corporate Secretary, at (202) 728-8949.

June 30, 2015

Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

Election of Governors

There are three seats on the FINRA Board to be filled at the upcoming annual meeting: one Small Firm Governor, one Mid-size Firm Governor and one Large Firm Governor. To be eligible to serve, Large Firm Governors must be registered with large firms, Mid-size Firm Governors must be registered with mid-size 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;¹
- ▶ a mid-size firm is defined as a firm that employs at least 151 and no more than 499 registered persons;² and
- ▶ a large firm employs 500 or more registered persons.³

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 and 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 candidates including the FINRA Nominating Committee nominees for the Large Firm Governor seat and the Mid-size Firm Governor seat, and the petition candidates for the Mid-size Firm Governor seat and 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

- ▶ John Thiel, Head of Merrill Lynch Wealth Management

Nominees by Petition

- ▶ None

Mid-size Firm Governor Candidates

FINRA Nominating Committee Nominee

- ▶ John Muschalek, Vice Chairman, First Southwest Company

Nominee by Petition

- ▶ Brian Kovack, Esq., President & Co-Founder, Kovack Securities, Inc.

Small Firm Governor Candidates

FINRA Nominating Committee Nominee⁴

- ▶ None

Nominees by Petition

- ▶ Stephen Kohn, President/CEO, Stephen A. Kohn & Associates, Ltd.
- ▶ Joe Romano, President, Romano Wealth Management

Attachment A includes the profiles of the Small Firm Governor candidates; Attachment B, the Mid-size Firm Governor candidates and Attachment C, the Large Firm Governor candidate.

Voting Eligibility

Firms registered with FINRA as of the close of business on Monday, June 29, 2015, 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 (cc) of the FINRA By-Laws.
3. See Article I (y) of the FINRA By-Laws.
4. With respect to the Small Firm Governor seat, the Nominating Committee did not nominate a candidate for election in 2015. Instead, all candidates qualified by obtaining the requisite number of petitions.

Attachment A: Profiles of Small Firm Candidates

- ▶ Stephen Kohn, President/CEO, Stephen A. Kohn & Associates, Ltd.
- ▶ Joe Romano, President, Romano Wealth Management

STEPHEN KOHN

Stephen Kohn has been employed in the financial services industry since 1984.

Most of Stephen's working life has been devoted to the Securities Industry. In his 30 year plus tenure, he has never been the subject of any customer complaints.

Stephen worked for the largest over-the-counter (OTC) brokerage from 1985 to 1987, specializing in municipal and government bond sales. He was promoted to Branch Manager in 1986, establishing a branch office in Phoenix, Arizona. He worked as a Registered Representative for E.F. Hutton from the third quarter 1987 through the first quarter 1988, then returning to his previous Broker-Dealer.

He was subsequently promoted to Manager of the Bond Department and elected to Vice President, Fixed Income Investments. In 1989, Stephen was elected to the Board of Directors of the public, parent company of the Brokerage.

In 1993, Stephen, with a partner, established an NASD member broker-dealer. He subsequently decided to move on to a sole proprietorship.

Founded in 1996, Stephen owns and operates a small, FINRA member firm, Stephen A, Kohn & Associates, Ltd. (SAKL) located in Lakewood, Colorado. SAKL is a small, independent broker-dealer, catering to the needs of independent representatives and their clients. As an owner and operator, he oversees all aspects of the broker-dealer's operations including, but not limited to compliance, trading, recruiting and day-to-day operations.

At various stages of his career in the financial services industry, there were fleeting moments of tenure with both large and small firms. Of all the firms at which Stephen has been employed, SAKL is one of two still in business.

Stephen has been twice elected to the National Adjudicatory Council (NAC) by the Small Firm membership, first in 2009 and again in 2014. He is currently serving on the NAC, one of two small firm members. The NAC is FINRA's appellate division, hearing appeals of enforcement decisions and other issues. He is also an Industry Arbitrator.

In 2010, on behalf of the small firm membership, he met with the full PCAOB Board and staff presenting the negative effects of sharply rising small firm auditing fees being charged to Broker-Dealers.

Stephen holds the following securities licenses: Series, 7, 24, 53, 63, 72, 73, 79 and 99.

Stephen graduated from C.W. Post College in 1964 with a Bachelor of Arts degree. He has served in the U.S. Coast Guard Reserve.

JOE ROMANO

Joe Romano is president of Romano Wealth Management, a dually registered RIA/BD which was founded by his father and has been located just outside Chicago since 1962. He graduated with Honors in Economics from Wesleyan University, Middletown, CT. In addition to administering the firm, Joe acts as an investment manager creating customized portfolios using individual stocks and bonds. Joe directly oversees client assets of \$250 million. The firm has 20 employees with 9 registered portfolio managers and has just over \$1 billion in total assets under management.

Joe began his career in 1995 in the operations department (his firm was self-clearing until November 2008), and then soon after earned his Series 4, 7, 24, and 55 licenses. Joe is also a Certified Financial Planner (CFP). He served for several years until 2007 as the firm's Chief Compliance Officer (CCO) and continues to head the firm's research department. His wide variety of licenses and posts within the firm has given him broad exposure to the industry and regulatory environment.

Outside the firm, Joe is also actively involved in securities industry affairs, and currently serves as the 2015 Chair of the FINRA Small Firm Advisory Board (SFAB). Immediately prior to his three years serving on that committee, he served a three-year term on the FINRA District 8 Committee. Prior to his FINRA work, Joe served as President of the Illinois Securities Industry Association. With strong support from the Securities Industry and Financial Markets Association (SIFMA), this consortium of executives from Chicagoland firms was able to retain a lobbyist and affect positive change with securities legislation in the state.

During Joe's tenure on the SFAB and other committees, he has written numerous comment letters, served on panel discussions, and interacted with prominent staff members from FINRA, the Securities and Exchange (SEC) office, and the Securities Investors Protection Corp. (SIPC) on a variety of topics affecting the industry and small firms. Joe is currently working with the Chairman's office of the Public Company Accounting Oversight Board (PCAOB) to address the impact of additional regulatory oversight on small broker dealers. In the process, Joe has developed strong working relationships with many of these key industry leaders as well as executives from other FINRA member firms throughout the country. Joe is a strong proponent of self-regulation and protection of the public, and believes that all issues must be dealt with creatively, constructively, and collaboratively.

Attachment B: Profiles of Mid-size Firm Governor Candidates

- ▶ Brian Kovack, Esq., President & Co-Founder, Kovack Securities, Inc.
- ▶ John Muschalek, Vice Chairman, First Southwest Company

BRIAN KOVACK

Brian Kovack is the Co-Founder and President of Kovack Securities, a national full-service independent broker-dealer based in Fort Lauderdale, Florida. In this role, Mr. Kovack oversees the firm's day-to-day operations and serves as a strategic partner to its 400 affiliated independent financial advisors across the country.

Having spent his entire career in the independent financial services industry, Mr. Kovack maintains strong connections with other mid-sized firm executives through his longstanding involvement with the Financial Services Institute (FSI) as well as through his service on several FINRA and NASD committees.

In 2006, Mr. Kovack was elected to serve as the Industry Representative on the NASD Board of Governors and the FINRA Interim Board of Governors. In addition, he recently completed a three-year term on the FINRA District 7 Committee, and served a one-year term on the FINRA Regulatory Advisory Committee in 2013.

From January 2008 until December 2010, Mr. Kovack served as a Board Director for the National Association of Broker Dealers (NABD), a national non-profit organization dedicated to advocating on behalf of the broker-dealer community.

Mr. Kovack received a Bachelor of Science in Finance from the University of Florida, where he played varsity football for Coach Steve Spurrier, earning two Letters and SEC Academic Honor Roll awards. He earned a Master of Accounting and Juris Doctorate (JD) degrees from Nova Southeastern University and has been a member of the Florida Bar and American Bar Association since 2000.

In 2004, Mr. Kovack graduated from the FINRA Institute at Wharton Program at the University of Pennsylvania, where he earned the Certified Regulatory and Compliance Professional (CRCP) designation. He has served as a FINRA Dispute Resolution arbitrator since 2003 and has been a Hearing Officer for FINRA disciplinary hearings. Mr. Kovack maintains the Series 7, 24, 27, 53, 63 and 65 licenses.

Outside of work, he volunteers his time as a Federal Aviation Administration (FAA) licensed commercial helicopter pilot for charitable and disaster relief including prior missions for the Hurricane Katrina disaster relief in New Orleans.

JOHN R. MUSCHALEK

John R. Muschalek is the vice chairman and head of First Southwest Company's Correspondent Clearing and Securities Lending divisions. He joined First Southwest Company in February 1992. He has also served as the firm's chief financial officer and Financial and Operations principal. Mr. Muschalek serves on the firm's board of directors, and Risk and Operations Management Committees. Before joining First Southwest Company, he served as the firm's auditor while working with the accounting firm KPMG Peat Marwick. Mr. Muschalek was re-elected to a 3-year term to the National Adjudicatory Council (NAC) in 2014 and is chairman of the Statutory Disqualification Committee, a subcommittee of the NAC. Previously, he served a partial term as a Mid-Size Firm NAC member in 2009 and 2010, completing the term vacated by another member. Mr. Muschalek has represented the firm on numerous industry committees and civic boards. He also serves as a member of the FINRA Financial Responsibility Committee (national committee), Uniform Practice Code Committee, and completed a term (2003 – 2005, Chairman 2005) on the FINRA District Committee (District 6). Other FINRA committees that Mr. Muschalek has served on include the FINRA Consultative Committee and the District 6 Nominating Committee. Mr. Muschalek has also served on the Securities Industry and Financial Markets Association (SIFMA) Operations Red Group Roundtable (national committee – 2006 Chairman) and the SIFMA Clearing Firms Committee (Chairman 2010, Vice Chair 2009). Mr. Muschalek currently serves as a Dallas YMCA Foundation Board Member and on the Texas A&M Mays School of Business Finance Advisory Board. He is a frequent speaker at local and national industry conferences. Additionally, Mr. Muschalek served five years on the board of directors and three years as the vice chairman of the Executive Committee of the Wilkinson Center, a Dallas-based charity. Mr. Muschalek maintains FINRA Series 7, 24, 27 and 63 licenses. He is a certified public accountant and member of the American Institute of CPAs and the Texas Society of CPAs. He earned a Bachelor of Science degree in business administration, majoring in accounting, from Texas A&M University.

Attachment C: Profile of Large Firm Governor Candidate

- ▶ John Thiel, Head of Merrill Lynch Wealth Management

JOHN THIEL

John Thiel is head of Merrill Lynch Wealth Management. In this role, he is responsible for the strategic management of more than 15,000 financial advisers and 6,000 client associates from Merrill Lynch's U.S. Wealth Management Group as well as more than 300 private wealth advisers in the Private Banking and Investment Group. Thiel is a member of the Global Wealth and Investment Management (GWIM) Executive Committee, the Risk Rating Executive Oversight Committee, the GWIM Product Approval Committee and is the executive sponsor for the GWIM Diversity and Inclusion Council. Thiel joined the Private Banking and Investment Group in 2000. He opened the private wealth management business in the Pacific West Region as the regional managing director headquartered in San Francisco. During his tenure in San Francisco, he led the firm's Leadership Advisory Council to Management as chairman from 2003-2005. He was named head of the Private Banking and Investment Group in 2006. Thiel began his career with Merrill Lynch in 1989 as a financial adviser in Tampa. In 1995, he was selected to become part of the Global Private Client Advisory Division leadership team, later serving as the director in both Oakbrook and Northbrook, Ill. Before joining Merrill Lynch, Thiel led a distinguished career in public accounting and the insurance industry. His background includes tax and estate planning experience along with financial operating expertise as a CPA with KPMG. Thiel also served as a senior instructor of the Dale Carnegie professional selling courses, helping countless students improve their skills in growing business. As an advocate for finding a cure for cancer, Thiel serves as chairman of the Manhattan Region Financial Services Cares Board of the American Cancer Society. Thiel received a Bachelor of Science in accounting from Florida State University. He became a Certified Public Accountant in 1985.