

Election Notice

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Notice of Annual Meeting of FINRA Firms and Proxy

Executive Summary

FINRA will conduct its annual meeting of firms on Monday, September 19, 2016, 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 an individual to fill one small firm seat on the FINRA Board of Governors (FINRA Board).

It is important that all small 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 small firm eligible to vote in the election must sign it.

Small firms that are members of FINRA as of the close of business on Tuesday, August 30, 2016 (the annual meeting record date), are 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/081916.

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.

August 19, 2016

Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

Election of Governors

[Election Notice 6/21/16](#) previously announced two vacancies on the FINRA Board to be filled at the upcoming annual meeting—one Small Firm Governor and one Large Firm Governor. The candidate nominated for the Large Firm Governor seat, Mary Mack of Wells Fargo Advisors, withdrew as a candidate after a change in job responsibilities. A special election will be held at a later date to fill this and a second large firm governor vacancy on the FINRA Board. Therefore, there is only one Small Firm Governor seat on the FINRA Board to be filled at the upcoming annual meeting.

To be eligible to serve as a Small Firm Governor, the individual must be registered with a small firm. Pursuant to Article I of FINRA's By-Laws, a small firm is defined as a firm that employs at least one and no more than 150 registered persons.¹ 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.

Term of Office

Governors are appointed or elected to three-year terms. Governors may not serve more than two consecutive terms.²

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

The FINRA Nominating Committee declined to nominate a Small Firm Governor for the upcoming election. Instead, any individual associated with a small firm and who, as provided in Article VII, Section 10 of the FINRA By-Laws, submitted the requisite number of petitions in support of their nomination will be included on the proxy.

Below is the list of the Small Firm Governor candidates who have been certified by the Corporate Secretary of FINRA as satisfying these requirements and are included on the Small Firm Governor proxy:

- ▶ **Mark Howells**, Chief Executive Officer, M.S. Howells & Co.
- ▶ **Robert Keenan**, Owner & Chief Executive Officer, St. Bernard Financial Services, Inc.
- ▶ **Stephen Kohn**, President/CEO, Stephen A. Kohn & Associates, Ltd.
- ▶ **Bob Muh**, Chief Executive Officer, Sutter Securities, Inc.

Attachment A includes profiles of the Small Firm Governor candidates.

Voting Eligibility

Small firms registered with FINRA as of the close of business on Tuesday, August 30, 2016, are eligible to vote for the nominees running for the Small Firm Governor seat and will receive a proxy card listing the Small Firm Governor candidates.

A proxy listing the Small Firm Governor candidates was mailed to the executive representative of each eligible small firm 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.

For purposes of the election a quorum must be met in the small firm-size category. Therefore, as mentioned above, it is important that all small firms be represented at the annual meeting. Following receipt of this *Notice* and proxy, executive representatives of small 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.

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.

New Appointed Governors

At the July 2016 FINRA Board of Governors meeting, the Nominating Committee nominated and the Board appointed two new public governors whose terms will begin as of the annual meeting.

- ▶ **Eileen Murray**, co-CEO of Bridgewater Associates
- ▶ **Hillary Sale**, Walters D. Coles Professor of Law at Washington University in St. Louis Law School

Attachment B includes profiles of the newly appointed governors.

In addition, the following four public governors were appointed to second terms that begin as of the annual meeting.

- ▶ **Rochelle B. Lazarus**, Ogilvy & Mather
- ▶ **Brigitte C. Madrian**, Aetna Professor of Public Policy and Corporate Management at the Harvard Kennedy School of Government
- ▶ **Leslie F. Seidman**, Former Chairman, Financial Accounting Standards Board
- ▶ **Luis M. Viceira**, George E. Bates Professor at the Harvard Business School and Senior Associate Dean for International Development

Endnotes

1. See Article I (ww) of the FINRA By-Laws.
2. 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.

Attachment A: Profiles of Small Firm Candidates

- ▶ **Mark Howells**, Chief Executive Officer, M.S. Howells & Co.
 - ▶ **Robert Keenan**, Owner & Chief Executive Officer, St. Bernard Financial Services, Inc.
 - ▶ **Stephen Kohn**, President/CEO, Stephen A. Kohn & Associates, Ltd.
 - ▶ **Bob Muh**, Chief Executive Officer, Sutter Securities, Inc.
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Mark Howells, Chief Executive Officer, M.S. Howells & Co

While working towards a degree in criminal justice, Mr. Howells began a decade-long career as a police officer. While working nights on the Phoenix Police Department he was introduced to the securities industry. In 1981, he began a day-shift in the back office of a NYSE member firm. There he learned the intricacies of the securities industry while working his way into sales, and then management before forming his own firm in 1987. In 2000, he sold his ownership in the firm, and started M.S. Howells & Co., a boutique broker-dealer that services hedge funds and Registered Investment Advisors. With over 30 years' experience in the securities industry, Mark has extensive knowledge of the high net worth client, market making, corporate finance, options, and the municipal and corporate bond market.

In 2008 Mr. Howells recognized a need within the industry for quality accounting and administrative services for hedge fund managers. With that, he established PartnersAdmin, LLC, to provide comprehensive back office support to hedge fund managers as well as private equity, real estate, and venture capital funds.

In addition, Mr. Howells spent 15 years as a member of the board of directors at Inventure Foods, Inc. (SNAK) and is responsible for taking them public. He holds a series 7, 24, 53, 79 and 63 securities license. Through his various successes in life he still has the desire to provide for the public through his businesses and philanthropy, where he supports various charities through his Foundation.

Robert Keenan, Owner & Chief Executive Officer, St. Bernard Financial Services, Inc.

Robert Keenan is the chief executive officer of St. Bernard Financial Services, Inc., a firm he founded in 1994. 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 Information Technology, and a top ten producer of his firm.

Mr. Keenan's background includes more than 38 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 as a hearing panelist for several FINRA disciplinary hearings, and is currently serving his first term on the FINRA Board of Governors.

Stephen Kohn, President/CEO, Stephen A. Kohn & Associates, Ltd.

Stephen Kohn has been employed in the financial services industry since 1984, to which he has devoted most of his working life. Founded in 1996, Mr. Kohn owns and operates a FINRA member firm, Stephen A, Kohn & Associates, Ltd. (SAKL) located in Lakewood, Colorado. SAKL is a small, full service, independent broker/dealer, catering to the needs of 28 independent representatives and their clients, with office locations in seven states, registered in thirty-five.

Mr. Kohn has been twice elected to the National Adjudicatory Council (NAC) by FINRA's small firms, first in 2009 and again in 2014. He currently serves on the NAC, as one of the two small firm members. The NAC is FINRA's appellate division, hearing appeals to enforcement decisions and other issues.

Mr. Kohn has been appointed to the NAC's Sanction Guideline Review Sub-Committee. This sub-committee has been convened to review the guidelines, ensure that sanctions in appeals that are upheld by the NAC are fair and appropriate and to recommend revisions to the Sanction Guidelines as needed. He is also an industry arbitrator.

Mr. Kohn holds the following securities licenses: Series, 7, 24, 53, 63, 72, 73, 79 and 99. He graduated from C.W. Post College of Long Island University in 1964 with a BA degree. He has also served in the U.S. Coast Guard.

Bob Muh, Chief Executive Officer, Sutter Securities, Inc.

Bob Muh has over four decades of experience in the financial services industry. He is presently Chief Executive Officer of Sutter Securities, a 22-person broker-dealer he co-founded in San Francisco in 1992. Sutter Securities is a full-service broker-dealer. Mr. Muh was also the firm's Chief Compliance Officer until 2015, when increased regulatory burdens required Sutter to hire a full-time compliance officer. After serving as an officer in the U.S. Army, Mr. Muh began his business career at the consulting firm of McKinsey & Company. He left McKinsey to become a major owner and President of Newburger, Loeb & Co., a NYSE member firm. Prior to founding Sutter Securities, he was a partner at Bear Stearns in both Los Angeles and San Francisco.

Mr. Muh has also been actively involved in security industry affairs throughout his career. He has served as Chair of FINRA's Small Firm Advisory Board and Chair of the District 1 Committee. He was a member of the National Arbitration and Mediation Committee and on FINRA's Membership Application Task Force. Bob has been a frequent speaker at FINRA's Small Firm conferences and FINRA's Annual Conference. He has written numerous comment letters to both FINRA and the SEC regarding new rule proposals.

In addition, he has served on more than 20 corporate and non-profit boards. He was a trustee of the Massachusetts Institute of Technology for over 25 years and now serves as a life-trustee emeritus. He is a trustee and treasurer of the Culinary Institute of America. Bob has worked with “independent” board members for over 30 years.

A graduate of MIT, Mr. Muh also has both an MBA and a M.Phil. from Columbia University where he was an Adjunct Assistant Professor at the Columbia Business School. He is currently an Adjunct Professor at the University of San Francisco Law School and an advisor to the Law School’s Investor Justice Project.

Attachment B: Profiles of New Public Governors

Eileen Murray, co-CEO of Bridgewater Associates

Eileen Murray joined Bridgewater in 2009. Before this, she spent most of her early career at Morgan Stanley where she served as Controller, Treasurer, and CAO for the Institutional Securities Group. In 2002, Murray worked at CSFB as Head of Global Technology, Operations, and Product Control and as a Management Committee member. Returning to Morgan Stanley in 2005, she served as an Executive and Management Committee member. Most recently, she was President of Duff Capital Advisors and CEO of Investment Risk Management. Murray is currently on the Board of Inwood House, Manhattan College, and the YMCA of Greater New York. She earned a B.S. in Accounting from Manhattan College.

Hillary Sale, Walters D. Coles Professor of Law at Washington University in St. Louis Law School

Professor Hillary A. Sale, an expert in securities and corporate governance, ranks among the nation's best scholars, teachers, and leaders in corporate and securities law. She is a frequent speaker to industry and academics on corporate governance, leadership and women's leadership, and was selected as one of the 25 Most Influential Women in Business for 2014 by the St. Louis Business Journal. She will be a visiting professor at Harvard Law School in the spring of 2017, where she will teach Women's Leadership and Corporate Boards and Governance. She is the co-author, with John C. Coffee and M. Todd Henderson, of a casebook on federal securities regulation, now in its 13th edition, and of a book on federal securities laws, rules, and forms. She has written extensively on various matters, including: redesigning the SEC, independent directors as securities monitors, derivative litigation, and corporate law and governance. Three of her articles were selected by Corporate Practice Commentator as among the annual "top ten" corporate and securities law articles. Professor Sale also regularly presents her scholarship at conferences and workshops throughout the country. At the law school, she is a recipient of the David M. Becker Professor of the Year Award and she also holds a courtesy appointment as a professor of management at the Olin School of Business. Among her professional affiliations, she is a member of the Executive Committee of DirectWomen and Chair of the DirectWomen Board Institute, an organization dedicated to educating women attorneys about public company boards. She also is a member of the American Law Institute and a member of the ABA Corporate Laws Committee. She previously was the F. Arnold Daum Chair in Corporate Finance and Law at the University of Iowa, where she received the President's Collegiate Teaching Award. Before becoming a law professor, she clerked for the Hon. Richard S. Arnold, Chief Judge, U.S. Court of Appeals for the Eighth Circuit, and practiced law with WilmerHale LLP (formerly Hale and Dorr LLP) in Boston, specializing in corporate and securities litigation and internal investigations. She also held several positions with government entities in Massachusetts.

Ms. Sale received her B.A. and M.A. in 1983 from Boston University and a J.D. in 1993 from Harvard University.