

Special Notice to Members

JUNE 1, 2004

INFORMATIONAL

SUGGESTED ROUTING

Legal and Compliance
Senior Management

NAC Nominees

NASD Announces Nominees for Regional Industry
Member Vacancies on the National Adjudicatory Council

KEY TOPICS

National Adjudicatory Council

Executive Summary

The purpose of this *Special Notice to Members* is to announce the nominees for the National Adjudicatory Council (NAC) from the Midwest and South Regions. The nominees, nominated for a three-year term beginning in January 2005, are listed in Exhibit I. These nominees will be proposed to NASD's National Nominating Committee unless an additional candidate comes forward within 14 calendar days from the date of this *Special Notice*.

We appreciate the interest shown by many members in expressing their desire to serve on the NAC and thank everyone for their continuing support of the self-regulatory process. The Midwest and South Regional Nominating Committees thoroughly reviewed the background of every candidate before selecting their nominees in an effort to secure appropriate and fair representation of both regions.

Contested Election Procedures

If an officer, director, or employee of an NASD member in the Midwest and South Regions has not been proposed for nomination by the Regional Nominating Committee and wants to seek the nomination, he or she should send a written notice to Barbara Z. Sweeney, NASD's Corporate Secretary, at the address below within 14 calendar days after the publishing date (June 1) of this *Special Notice*.

Barbara Z. Sweeney
NASD
Office of the Corporate Secretary
1735 K Street, NW
Washington, DC 20006-1500

04-41

The Contested Nomination Procedures can be found in Article VI of the NASD Regulation By-Laws. If no additional candidate comes forward within 14 calendar days, the Midwest and South Regional Nominating Committees shall certify their candidates to the National Nominating Committee.

Questions/Further Information

Questions concerning this *Special Notice* may be directed to Barbara Z. Sweeney, Senior Vice President and Corporate Secretary, at (202) 728-8062, or via e-mail at: barbara.sweeney@nasd.com.

National Adjudicatory Council Membership and Function

Membership

The NAC consists of 14 members—seven Industry members and seven Non-Industry members. Two Industry members are nominated by NASD's National Nominating Committee and are appointed by the Board of Directors of NASD Regulation, Inc., as at-large members. Five Industry members each represent one of 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: 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)

Two regions (Midwest and South) have vacancies for this election. NAC members for the other three regions (New York, North, and West) are indicated in Exhibit II, along with the year in which their terms expire.

Function

According to the NASD Regulation By-Laws, the NAC is authorized to act for the NASD Board of Governors in matters concerning:

- ♦ appeals or reviews of disciplinary proceedings, statutory disqualification proceedings, or membership proceedings;
- ♦ the review of offers of settlement; letters of acceptance, waiver, and consent; and minor rule violation plan letters;
- ♦ the exercise of exemptive authority; and
- ♦ other proceedings or actions authorized by the Rules of NASD.

The NAC also considers and makes recommendations to the Board on enforcement policy and rule changes relating to the business and sales practices of NASD members and associated persons.

EXHIBIT I

Nominees for NAC Industry Member Vacancies

Midwest (Districts 4 and 8)

Timothy P. Henahan
Baker & Co., Incorporated
Cleveland, OH

South (Districts 5, 6 and 7)

W. Dennis Ferguson
Sterne, Agee Capital Markets, Inc.
Boca Raton, FL

EXHIBIT II

NAC Members with Terms Expiring in January 2005

(Midwest Region)

Douglas L. Kelly
A.G. Edwards & Sons, Inc.
St. Louis, MO

(South Region)

Barbara L. Weaver
Howard Weil, Incorporated
New Orleans, LA

NAC Members with Terms Expiring in January 2006

(North Region)

A. Louis Denton
Philadelphia Corporation for Investment Services
Philadelphia, PA

NAC Members with Terms Expiring in January 2007

(New York)

Judith R. MacDonald
Rothschild, Inc.
New York, NY

(West Region)

Neal E. Nakagiri
Associated Securities Corporation
Los Angeles, CA

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