

# Special Notice to Members

SEPTEMBER 2002

## SUGGESTED ROUTING

Legal & Compliance  
Senior Management

## KEY TOPICS

National Adjudicatory Council

## INFORMATIONAL

### NAC Nominees

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

### Executive Summary

The purpose of this *Special Notice to Members* is to announce the nominee for the National Adjudicatory Council (NAC) for the North Region. The nominee, nominated for a three-year term beginning in January 2003, is listed in Exhibit I. This nominee will be proposed to the NASD National Nominating Committee in 14 calendar days, unless the election is contested.

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 Regional Nominating Committee thoroughly reviewed the background of every candidate before selecting its nominee in an effort to secure appropriate and fair representation of the region.

### Contested Election Procedures

If an officer, director, or employee of an NASD member in the North Region 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, Corporate Secretary, at the address below within 14 calendar days after the publishing date (September 19) of this *Special Notice*.

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

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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 Regional Nominating Committee shall certify its candidate to the National Nominating Committee.

### Questions/Further Information

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

#### West Region:

Hawaii, California, Nevada, Arizona, Colorado, New Mexico, Utah, Wyoming, Alaska, Idaho, Montana, Oregon, and Washington (*Districts 1, 2, and 3*)

#### South Region:

Alabama, Arkansas, Kentucky, Louisiana, Mississippi, Oklahoma, Tennessee, Texas, Florida, Georgia, North Carolina, South Carolina, Puerto Rico, Virginia, Canal Zone, and the Virgin Islands (*Districts 5, 6, and 7*)

#### Central Region:

Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Illinois, Indiana, Michigan, part of Western New York state, and Wisconsin (*Districts 4 and 8*)

#### North Region:

Delaware, Maryland, Pennsylvania, West Virginia, District of Columbia, New Jersey, Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, and New York (except for New York City, Long Island, and Western New York state) (*Districts 9 and 11*)

#### New York:

New York City and Long Island (*District 10*)

Only one region (North) has a vacancy for this election. NAC members for the other four regions (West, South, Central, and New York) are indicated in Exhibit II, along with the year in which their terms expire.<sup>1</sup>

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## 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 the Association.

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.

## Endnote

- 1 On September 20, 2001, the NASD Board of Governors approved an amendment to Article V, Section 5.4 of the NASD Regulation By-Laws changing the term of office of NAC members from two years, with the opportunity to serve consecutive terms, to a single three-year term. This By-Law amendment was approved by the SEC on October 17, 2001. To effect the change from two-year to three-year terms, NASD divided the NAC seats into three transitional classes, as nearly equal in number and as evenly divided between industry and non-industry seats as possible. The purpose of this division is to assure appropriate continuity and orderly turnover during the transitional period. The transitional period will end in January 2004, at which time all members of the NAC will be elected to a single three-year term.

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## Exhibit I

### Nominee for NAC Industry Member Vacancy

#### North Region (Districts 9 and 11)

A. Louis Denton

Philadelphia Corporation for Investment Services  
Philadelphia, PA

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## Exhibit II

### NAC Members with Terms Expiring in January 2004

#### Philip Oppenheimer (New York Region)

Oppenheimer & Close, Inc.  
New York, NY

#### William Svoboda (West Region)

Morgan Stanley  
Palo Alto, CA

### NAC Members with Terms Expiring in January 2005

#### Douglas Kelly (Central Region)

A.G. Edwards & Sons, Inc.  
St. Louis, MO

#### Barbara Weaver (South Region)

Legg Mason Wood Walker, Inc.  
New Orleans, LA

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