Election Notice

District Elections

Nomination and Election Process to Fill FINRA District Committee Vacancies

September 7, 2011

Suggested Routing

- Branch Managers
- Executive Representatives
- Senior Management

Executive Summary

This *Notice* notifies member firms of the upcoming nomination and election process to fill forthcoming vacancies on FINRA District Committees. The election process has been modified by recent By-Law changes to adjust the size of the District Committees, elect new members based on firm size, and replace the District Nominating Committees with direct nomination and election.

All eligible candidates will be placed on the ballot if they submit a candidate nomination and profile form to the FINRA Corporate Secretary by Friday, October 7, 2011. The candidate profile form is available online at *www.finra.org/Notices/DistrictElection/090711* and as an attachment to this *Notice*.

The seats open for election are included in Attachment A. A list of the current District Committee members is available at *www.finra.org/districtcommittees*.

Note: This *Notice* was distributed electronically to the executive representative of each FINRA member firm and is posted on FINRA's website. Executive representatives should circulate this *Notice* to their firm's branch managers.

Questions concerning this *Election Notice* may be directed to

- Marcia Asquith, Senior Vice President and Corporate Secretary, at (202) 728-8949 or via email to *CorporateSecretary@finra.org*.
- Chip Jones, Senior Vice President, Member Relations, at (240) 386-4797 or via email to *chip.jones@finra.org*.

Financial Industry Regulatory Authority

Background

The FINRA District Committees serve an important role in the self-regulatory process by, among other things:

- alerting FINRA to industry trends that could present regulatory concerns;
- consulting with FINRA on proposed policies and rule changes; and
- serving on disciplinary panels in accordance with FINRA rules.

Committee members must have the experience, ability and commitment to fulfill these responsibilities, including:

- understanding the issues facing the securities industry and possessing the ability to apply knowledge and expertise to these issues to develop solutions;
- educating firms in their district on the responsibilities of FINRA;
- attending regularly and participating in a collegial manner in District Committee meetings; and
- remaining objective and unbiased, regardless of the interest of their firm, in the performance of District Committee matters.

Committee members also must adhere to the following prohibitions and restrictions:

- being sensitive to conflicts, such as those that can arise from firm-related work and service on industry committees, or as an expert witness, hearing panelist or arbitrator, and refraining from participating in a particular matter when a conflict exists;
- refraining from using membership on the District Committee for commercial purposes, for qualifying as an expert or suggesting special access to FINRA; and
- keeping sensitive, non-public or proprietary information confidential.

Changes to District Committee Composition

On May 4, 2011, the SEC approved amendments to FINRA Regulation's By-Laws to, among other things, adjust the size and composition of District Committees to align more closely with the industry representation on the FINRA Board of Governors and replace District Nominating Committees with a process of direct nomination and election based on firm size.[1]

Vacancies

In this election, the District Committees for Districts 1, 2, 3, 4, 5, 6, 7, 8, 9 and 11 each have three seats to fill: one representing small firms, one representing mid-size firms and one representing large firms.[2]

District 10 has five seats to fill: two representing small firms, one representing mid-size firms, and two representing large firms. Firm size categories are:

- **Small firm—**a firm that employs at least one and no more than 150 registered persons.[3]
- **Mid-size firm—**a firm that employs at least 151 and no more than 499 registered persons;[4] and
- **Large firm—**a firm that employs 500 or more registered persons.[5]

Terms of District Committee Members

The term for District Committee members is three years. There is no limit on the number of terms that may be served by a member of a District Committee, except that a District Committee member may not serve two full terms consecutively. Terms of District Committee members will terminate if they do not remain eligible for the seat for which they were elected. Terms of the individuals elected during this election will begin on January 1, 2012.

Nomination Process and Eligibility

All candidates who submit their names and meet the qualifications set forth in Article VIII, Section 8.2 of the FINRA Regulation By-Laws (see below) will be included on their district's ballot. FINRA encourages current and former committee members to assist FINRA by soliciting candidates for committee service.

Individuals who seek a seat on the District Committee within their district must complete a candidate nomination and profile form and submit it to FINRA via email to *CorporateSecretary@finra.org* by October 7, 2011.

The candidate nomination and profile form is available online at *www.finra.org/notices/DistrictElection/090711* and as an attachment to this *Notice*.

Article VIII, Section 8.2 of the FINRA Regulation By-Laws requires for eligibility that District Committee members:

1. be associated with a FINRA member firm eligible to vote in the district for District Committee elections and registered in the capacity of a branch manager or principal or denoted as a corporate officer of the FINRA member;
2. work primarily from such FINRA member firm's principal office or a branch office that is located within the district where the member would serve on a District Committee; and
3. represent and be directly elected by the applicable classification of FINRA members based on the size of the firm with which he or she is associated: small, mid-size or large.

The names of all qualified individuals will be included on the ballot for the appropriate seat. Ballots will be mailed on or around October 19, 2011.

Additional information on District Committee election procedures may be found in *Article VIII of FINRA Regulation's By-Laws*.

Firm Contact Information

Firms are reminded to accurately maintain their executive representative's name and email address, as well as their firm's main postal address in the FINRA Contact System. This will ensure that important mailings, such as election information, are properly directed. A firm's failure to keep this information accurate may jeopardize the firm's ability to participate in elections.[6]

To update an executive representative name, mailing address and email address, firms may access the FINRA Contact System, via the Firm Gateway, at *https://firms.finra.org/fcs*. For assistance updating FCS, contact FINRA's Call Center at (301) 590-6500 or the Office of Corporate Secretary at (202) 728-8949.

Endnotes

1. *See* Securities Exchange Act Release No. 64363 (April 28, 2011), 76 FR 25397.
2. The By-Law change adjusts the composition of the District Committees over a three-year transition period to align more closely with the industry representation by firm size on the Board of Governors. All District Committees except District 10 (New York) are adjusted from nine to seven members and District 10 is adjusted from 12 to 14 members. All currently serving District Committee members will serve out their original terms. Vacancies since the last election will not be filled because they entail partial terms that were not elected based on firm size.
3. *See* Article I (jj) of the FINRA Regulation By-Laws.
4. *See* Article I (aa) of the FINRA Regulation By-Laws.
5. *See* Article I (y) of the FINRA Regulation By-Laws.
6. Under NASD Rule 1160, firms must 1) update their contact information promptly, but in any event not later than 30 days following any change in such information, as well as 2) review and, if necessary, update the information within 17 business days after the end of each calendar year. Additionally, firms must comply with any FINRA request for such information promptly, but in any event not later than 15 days following the request, or such longer period agreed to by FINRA staff. See NASD Rule 1160 and *Regulatory Notice 07-42* (September 2007).

Attachment A
District Committee Positions to Be Elected

District 1

Northern California (the counties of Monterey, San Benito, Fresno and Inyo, and the remainder of the state north or west of such counties), northern Nevada (the counties of Esmeralda and Nye), and the remainder of the state north or west of such counties) and Hawaii

District Committee for District 1

Committee members to be elected to terms expiring December 31, 2014: One small firm representative, one mid-size firm representative and one large firm representative.

District 2

Southern California (that part of the state south or east of the counties of Monterey, San Benito, Fresno and Inyo), southern Nevada (that part of the state south or east of the counties of Esmeralda and Nye) and the former U.S. Trust Territories

District Committee for District 2

Committee members to be elected to terms expiring December 31, 2014: One small firm representative, one mid-size firm representative and one large firm representative.

District 3

Arizona, Colorado, New Mexico, Utah and Wyoming
Alaska, Idaho, Montana, Oregon and Washington

District Committee for District 3

Committee members to be elected to terms expiring December 31, 2014: One small firm representative, one mid-size firm representative and one large firm representative.

District 4

Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota and South Dakota

District Committee for District 4

Committee members to be elected to terms expiring December 31, 2014: One small firm representative, one mid-size firm representative and one large firm representative.

District 5

Alabama, Arkansas, Louisiana, Mississippi, Oklahoma and Tennessee

District Committee for District 5

Committee members to be elected to terms expiring December 31, 2014: One small firm representative, one mid-size firm representative and one large firm representative.

District 6

Texas

District Committee for District 6

Committee members to be elected to terms expiring December 31, 2014: One small firm representative, one mid-size firm representative and one large firm representative.

District 7

Georgia, North Carolina and South Carolina
Florida, Puerto Rico, Panama and the Virgin Islands

District Committee for District 7

Committee members to be elected to terms expiring December 31, 2014: One small firm representative, one mid-size firm representative and one large firm representative.

District 8

Illinois, Indiana, Kentucky, Michigan, Ohio and Wisconsin

District Committee for District 8

Committee members to be elected to terms expiring December 31, 2014: One small firm representative, one mid-size firm representative and one large firm representative.

District 9

New Jersey and New York (except for the counties of Nassau and Suffolk, and the five boroughs of New York City), Delaware, the District of Columbia, Maryland, Pennsylvania, Virginia and West Virginia

District Committee for District 9

Committee members to be elected to terms expiring December 31, 2014: One small firm representative, one mid-size firm representative and one large firm representative.

District 10

New York (the counties of Nassau and Suffolk, and the five boroughs of New York City)

District Committee for District 10

Committee members to be elected to terms expiring December 31, 2014: Two small firm representatives, one mid-size firm representative and two large firm representatives.

District 11

Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont

District Committee for District 11

Committee members to be elected to terms expiring December 31, 2014: One small firm representative, one mid-size firm representative and one large firm representative.

Attachment B
Candidate Profile Form—District Committee Election

Please complete all sections and email this document to *CorporateSecretary@finra.org*. An electronic version of this form is also available at *www.finra.org/Notices/DistrictElection/090711.*

Name: ______________________________ Date: ______________

(As you would like it to appear on official correspondence)

Current Registration

Title/Primary Responsibility: ______________________________

Firm CRD#: ______________ Individual CRD#: ______________

FINRA District No.: ______________ Number of Registered Reps. at Firm: ______________

Address

Street Address: ______________________________ Suite/Floor: ______________

City: ______________________________ State: ______________

Email: ______________________________

Phone: ______________________________

District Committee Seat Sought

☐ Small Firm (150 or fewer registered representatives)

☐ Mid-Size Firm (151 to 499 registered representatives)

☐ Large Firm (500 or more registered representatives)

Eligibility (Check all that apply)

☐ Associated with FINRA member firm eligible to vote in the district for District Committee elections

☐ Work primarily from FINRA member firm's principal or branch office in the district of the District Committee sought

☐ Position

Registered as

☐ branch manager

☐ principal

OR

☐ Denoted as a corporate officer of the FINRA member firm.

To be displayed on the FINRA election Web page:

Provide a brief biography or summary of your qualifications to serve on the District Committee. You may want to consider including your employment experience, service on other industry-related boards and committees, etc. (No more than 250 words.)

Provide a statement of why you are running for seat on the District Committee and why firms should vote for you to represent them on the committee. (No more than 250 words)