

Election Notice

Notice of Annual Meeting of FINRA Firms and Proxy

Executive Summary

FINRA will conduct its annual meeting of firms on Monday, August 13, 2012, at 2 p.m. Eastern Time in the FINRA Visitors Center, 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 Friday, July 6, 2012 (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/070912.

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

July 9, 2012

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 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. Governors 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 the FINRA Nominating Committee nominees for the Large Firm Governor and Mid-Size Governor seats and those persons 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

- ▶ Seth H. Waugh, Chief Executive Officer, Deutsche Bank Americas

Nominees by Petition

- ▶ None

Mid-Size Firm Governor Candidates

FINRA Nominating Committee Nominee

- ▶ W. Dennis Ferguson, Executive Vice President and Director of Clearing, Sterne, Agee & Leach, Inc.

Nominees by Petition

- ▶ None

Small Firm Governor Candidates

Nominees by Petition⁴

- ▶ Kevin Carreno, General Counsel, International Assets Advisory, LLC
- ▶ Stephen A. Kohn, President and CEO, Stephen A. Kohn & Associates, Ltd.
- ▶ Dock David Treece, Vice President and Chief Compliance Officer, Treece Financial Services Corp.

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

Voting Eligibility

Firms registered with FINRA as of the close of business on Friday, July 6, 2012, 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, mid-size 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 2012. Instead, all candidates qualified by obtaining the requisite number of petitions.

ATTACHMENT A: Profiles of Small Firm Candidates

Kevin Carreno is currently part owner and a principal of International Assets Advisory, LLC (IAA) based in Orlando, FL. IAA is a small FINRA member firm involved in investment banking, institutional and retail business. Mr. Carreno has over 25 years as a lawyer in private practice, in-house counsel and in a variety of senior management positions including chief compliance officer, chief operating officer and chief executive officer with several brokerage firms. He has represented individuals and small firms in FINRA enforcement proceedings, new and continuing membership applications, examinations and investigations. Mr. Carreno has been appointed as an independent consultant in SEC, FINRA and various state enforcement matters. Mr. Carreno has served on the board of the Florida Securities Dealers Association and as a member of the State Legislation and Regulation Committee of the Securities Industry Association (n/k/a SIFMA). Mr. Carreno is a graduate of the United States Air Force Academy in Colorado Springs with an Engineering degree. He is also a graduate of the University of Denver College of Law with a Juris Doctor. He currently holds the Series 4, 7, 24 and 53 licenses and is a member of the Colorado and Florida Bars. Mr. Carreno was commissioned as a Second Lieutenant in the U.S. Air Force after graduation from the Academy. He served for five years on active duty and 18 years in the AF Reserve before retiring as a Lieutenant Colonel.

Stephen A. Kohn is the president and CEO of Stephen A. Kohn & Associates, Ltd., a Colorado-based, full service, independent FINRA member firm, founded in 1996. Stephen came into the financial services industry in 1984 as a municipal bond salesman and rose through the ranks to become a branch manager of the then largest OTC brokerage in the country. Stephen has been employed by a number of large and small firms, two of whom have survived the stringent regulatory climate that exists in the securities industry today.

He is president of the Independent Broker Dealer Association, www.ib-da.org, representing the interests of the small independent broker/dealer. Stephen is also one of two elected small firm members of the FINRA National Adjudicatory Council (NAC), which, among other responsibilities, hears matters of member appeals. He also serves as a FINRA industry arbitrator.

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.

Dock David Treece is a partner at Treece Financial Services Corp., where he serves as vice president and chief compliance officer. In addition, Treece also serves as a partner at Treece Investment Advisory Corp., a state-registered investment advisory firm. Prior to his current roles in both family-owned firms, Treece worked at a multinational mutual fund family and a separate retail firm. He has appeared on several television and radio programs and been published in numerous industry publications. Mr. Treece holds Series 7, 24, 27, 66 and 99 registrations. He graduated from the University of Miami in Coral Gables, Florida, with a B.A. in Finance.

ATTACHMENT B: Profile of Mid-Size Firm Governor Nominee

W. Dennis Ferguson is executive vice president, director of Clearing for Sterne, Agee & Leach, Inc. He is also registered with Sterne Agee Financial Services, Inc. located in Boca Raton, Florida. Starting in the securities industry in 1970, he has worked in the clearing services arena since 1982. He has served the financial industry as a member of the Securities and Financial Markets Association's (SIFMA) Clearing Firms Committee and the Membership Committee, both of which he has previously chaired. From 1995 to 1996, he was president of the Florida Securities Dealers Association. Mr. Ferguson has previously served FINRA, then NASD, as chairman of the District 7 Committee and as a member of the Membership, Financial Responsibility and Uniform Practice Code Committees. In 2008, he completed a four-year term on the FINRA National Adjudicatory Council, serving in the last two years of his tenure as its chairman. Mr. Ferguson graduated from Florida Southern College and did graduate work at Florida Atlantic University.

ATTACHMENT C: Profile of Large Firm Governor Nominee

Seth Waugh joined Deutsche Bank in April 2000 as regional head of Global Markets and Equities and vice chairman of the Americas Executive Committee. Seth was appointed CEO of Corporate and Investment Banking in the Americas in 2001 and the following year was named CEO of Deutsche Bank Americas and chairman of the Americas Executive Committee, a position he has held since May 2002. He was appointed member of the Group Executive Committee effective April 1, 2009. Seth is chairman of the Deutsche Bank Securities Inc. (DBSI) board of directors and serves as chairman of the board, CEO and president of several Deutsche Bank companies including Deutsche Bank Trust Company and Deutsche Bank Trust Corporation Americas. He has recently announced that he will be stepping down as CEO once the ideal replacement is identified and in place. He will remain at the bank in a senior advisory capacity going forward. Before joining Deutsche Bank, Seth was CEO of Quantitative Financial Strategies (QFS) in Greenwich, CT. Prior to his role at QFS, Seth spent 11 years at Merrill Lynch in a variety of capacities in the Fixed Income Division, most recently as senior vice president and co-head of Global Debt Markets. Earlier in his career, Seth managed the Corporate Bond and International Trading desks at Salomon Brothers. Seth's industry positions have included board seats with the Securities Industry and Financial Markets Association and The Clearing House. In addition, he is the Deutsche Bank Americas representative to the Financial Services Forum, an organization composed of 20 CEOs from the largest U.S. financial institutions. He is also a member of the Executive Committee of the Partnership for New York City. Seth is the chairman of the board of directors for Deutsche Bank Americas Foundation which administers the philanthropic activities of Deutsche Bank within the United States, Canada and Latin America. Seth's philanthropic endeavors also include positions on the boards of the YMCA of Greater New York, the Multiple Sclerosis Society of Greater New York, the Partnership for New York City, St. Vincent's Services of Brooklyn, the Local Initiatives Support Corporation, the Lawrenceville School in Lawrenceville, New Jersey, and he is a member of the Winthrop University Hospital Board of Regents in Syosset, New York. A graduate of Amherst College, Seth earned dual Bachelor of Arts degrees in Economics and English.