

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 Thursday, August 14, 2014, at 11 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 individuals to fill one small 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 Tuesday, July 8, 2014 (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/070914.

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.

July 9, 2014

Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

Election of Governors

There are two seats on the FINRA Board to be filled at the upcoming annual meeting: one Small Firm Governor and one Large Firm Governor. To be eligible to serve, Large Firm Governors must be registered with large 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 and
- ▶ a large firm employs 500 or more registered persons.²

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 candidates including the FINRA Nominating Committee nominee for the Large Firm Governor seat and the petition candidates for the Small Firm Governor seats 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

- ▶ Gregory J. Fleming, President, Morgan Stanley Wealth Management

Nominees by Petition

- ▶ None

Small Firm Governor Candidates

FINRA Nominating Committee Nominee³

- ▶ None

Nominees by Petition

- ▶ Mark Cresap, President and Owner, Cresap, Inc.
- ▶ Karen Fischer, Financial and Operations Supervisor and Chief Compliance Officer, BG Strategic Advisors, LLC
- ▶ Paige W. Pierce, President and CEO, RW Smith & Associates, Inc.
- ▶ Carrie Wisniewski, President, Bridge Capital Associates, Inc.

Attachment A includes the profiles of the Small Firm Governor candidates; Attachment B, the Large Firm Governor candidate.

Voting Eligibility

Firms registered with FINRA as of the close of business on Tuesday, July 8, 2014, 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 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 (y) of the FINRA By-Laws.
3. With respect to the Small Firm Governor seat, the Nominating Committee did not nominate a candidate for election in 2014. Instead, all candidates qualified by obtaining the requisite number of petitions.

Attachment A: Profiles of Small Firm Candidates

MARK CRESAP founded Cresap Inc. in 1990. Located in Radnor, PA, the firm is a retail broker/dealer and SEC registered investment advisor with 40 registered representatives serving over ten thousand clients in forty one states. In addition to being Owner and President, Mr. Cresap is the firm's Chief Compliance Officer, FINOP and Supervising Principal for Options and Municipals. He also manages client accounts. Prior to founding this firm, Mr. Cresap was President of PML Securities, the broker/dealer subsidiary of Provident Mutual Life Insurance of Philadelphia, where his responsibilities included supervision of over 1500 registered representatives. This position followed assignments at CIGNA Securities as Regional Director and W. H. Newbold's and Son, where Mr. Cresap began his career as an Account Executive after graduating from Williams College in 1974.

Outside of the firm, Mr. Cresap is active in working toward better regulation. He chaired the FINRA Small Firm Advisory Board, the District committee and Nominating Committee and served on the Membership Committee. Mr. Cresap was fortunate to be a panelist at the opening plenary session of the 2011 FINRA Annual Conference and has been on many panels at this yearly event. He spoke at the 2011 SEC/FINRA CCO Outreach BD National Seminar and at the 2014 Philadelphia Compliance Outreach Program. Mr. Cresap has also appeared in several FINRA webinars. Outside of the industry work, Mr. Cresap is President of a large non-profit corporation in Philadelphia.

Mr. Cresap's mission, if elected to the Board, is very straightforward. Regulation should be focused where there is the greatest potential for real customer harm and systemic risk. While small firms deserve a measure of regulation, the overwhelming majority of small firms are well-intentioned and pose such little risk to the public that it is irrelevant when compared to the industry as a whole. There simply must be a shift in the regulatory process so that the weight falls upon those individuals and entities that are reckless, dishonest or who seek to amass fortunes at the expense of stable markets. Battling unnecessary regulation on a rule by rule basis is surely worthwhile, but in a larger sense regulators must be convinced to redirect their resources away from well-meaning small firms and toward the high level violators. Reducing the costs and stresses imposed upon small firms is Mr. Cresap's mission.

KAREN FISCHER has been based in Boca Raton, Florida, since 1984 and has twenty-five years of industry experience. Karen holds the Series 7, 24, 27, 79 and 99 licenses. Currently, she is registered with six (6) small Broker Dealers. Ms. Fischer's additional credentials include being a graduate accountant from Long Island University in Brooklyn, New York, with a practice that has spanned almost forty years. She is a State of Florida Certified Mediator. Karen has significant hands-on industry experience. She is the Financial and Operations Principal and Compliance Officer for several small Broker Dealers, and consultant to others, with lines of business from Mergers and Acquisitions to Trading Houses, and most everything in-between. She is completely familiar with and assists firms through the arduous 1017 start up process, supervisory manual updates and AML procedure manuals and performs AML Independent testing for several small Broker Dealers. Clients and attorneys have often requested Karen to research compliance issues. She is a frequent commentator on Membership issues. Her positions require her to keep abreast of all rules and rule changes. Karen has discussed, with the proper contacts at FINRA, issues concerning those members that have reached out to her.

Ms. Fischer is an active participant in many District functions, including the District 7 focus group. Over her twenty-five year career, she has had extensive experience interacting directly and frequently with FINRA, the SEC and other Regulators including the FBI and the IRS. As an outside accountant and compliance consultant for several, small business broker dealers, Karen has acquired a wealth of practical knowledge of the different FINRA Districts across the Nation and the various State Regulators. This valuable and unique experience lends her to being a productive Member of the Board of Governors.

Ms. Fischer has been serving as a FINRA Industry Arbitrator for approximately eighteen (18) years. She has dedicated herself to and will be fulfilling her three year term on the National Adjudicatory Council as a small firm advocate, a position that you elected her to. Karen currently serves on the Board of Directors of the Independent Broker Dealer Association, an organization committed to FINRA Membership reform.

PAIGE W. PIERCE brings over 30 years of senior level investment industry experience in the North American capital markets to RW Smith. Paige has extensive trading and sales, compliance, operational, business and product development, as well as strategic partner development experience both domestically and internationally. In her current position she oversees the growth and strategy of the firm, works closely with industry regulatory agencies, and continues to focus on ensuring small firms and their customers have access to information flow, extended distribution networks, price transparency and the wholesale market.

Prior to rejoining RW Smith, Paige served as Chief Financial Officer of Agincourt, Ltd., a Bermuda-based FINRA member broker-dealer that designs structured securities products for the fixed income institutional market in the United States and abroad. At Agincourt she supported the firm's investment banking activities for both tax-exempt and taxable issuers and institutions, operational management and strategic planning.

Preceding Agincourt, Paige deepened her knowledge of and experience within the industry at Exchange National Bank, LaSalle National Bank and ABN-AMRO; Chief Financial Officer at Lee Asset Management Company; and Chief Financial and Operating Officer at Ross Sinclair & Associates.

Paige was a founding principal, owner and the Chief Financial and Operating Officer for RW Smith. She developed and managed the firm's operational, financial, compliance and systems department and was also responsible for managing the firm's successful move into the Midwest. There she played a key role in establishing the firm as a regional industry leader. Paige began her financial career in 1983 at PaineWebber, Inc.

Paige was elected to represent the Small Firm sector of the investment industry on FINRA's National Adjudicatory Council, which hears appeals of regulatory actions brought by FINRA against members and member firms within the investment industry, and membership application reviews.

Paige actively serves as a member of the SIFMA Small Firms Advisory Committee, Municipal Executive Committee, Municipal Broker's Broker Committee (Chair 2008-11), and the Emergency Markets & Calendar Committee. In 2008, she was elected to serve a 3-year term on the FINRA District 3 Committee (Chair 2010-11) and currently serves on the FINRA Fixed Income Committee. She serves as a FINRA hearing panelist and is a frequent speaker at industry events. She is currently on the YPO Advisory Board with Stanford University and has represented the Small Firm sector of the municipal bond market in Municipal and Credit Markets meetings with the Federal Reserve Chairman.

CARRIE WISNIEWSKI has over 29 years of securities industry experience and maintains several FINRA licenses including 4, 7, 24, 27, 28, 53, 63, 79 and 99. She has earned her MBA degree in Finance and holds numerous industry designations including Certified Fraud Examiner, Certified Financial Crimes Specialist, Certified Regulatory Compliance Professional™, Certified Securities Compliance Professional™ and Certified Financial Planner™.

Carrie has been a small business executive since leaving FINRA in 1994. At that time she founded B/D Compliance Associates, Inc. and began offering regulatory compliance consulting services to small broker/dealers. In 2007 she founded Bridge Capital Associates, Inc., an independent contractor model FINRA member specializing in investment banking and M&A transactions. In 2009 she formed SEC Compliance Associates, Inc. to focus on the compliance needs for Registered Investment Advisors, including but not limited to private equity groups and hedge funds. The same year she formed Headstrong Properties LLC, a commercial real estate holding company.

Carrie's career in the securities industry began in 1985 as a registered representative. A few years later she joined the compliance department of Merrill Lynch. She was then employed by the Atlanta District Office of FINRA as a Senior Compliance Examiner. Carrie has recently served on the FINRA District 7 Committee and was a board member of the National Association of Independent Broker/Dealers. She is currently a member of the National Society of Compliance Professionals, where she serves on the Small Broker/Dealer Sub-Committee.

Ms. Wisniewski has proven herself to be an executive with problem solving skills that result in win-win outcomes. Her experience as both a registered representative and as a regulator has empowered her with keen insight into the unique issues of running a for-profit broker/dealer within an intensely regulated industry. Carrie's primary goal as a member of the Board of Governors is to help restore the relationship between small member firms and FINRA to one of mutual respect, trust and integrity. She is also passionate about limiting regulations that create a disproportionate drain on the resources of small broker/dealers without any measurable increase in investor protection.

Attachment B: Profile of Large Firm Governor Nominee

GREGORY J. FLEMING is the president of Morgan Stanley Wealth Management and president of Morgan Stanley Investment Management. He also serves as a member of the Morgan Stanley Operating Committee. Mr. Fleming joined Morgan Stanley in February 2010 as president of Morgan Stanley Investment Management and assumed the additional role leading Wealth Management in January 2011. Prior to joining the firm, Mr. Fleming served as president and chief operating officer of Merrill Lynch from June 2007 to early 2009. Previously Mr. Fleming ran Merrill Lynch's Global Investment Banking business and joined Merrill Lynch as an investment banker in 1992. He also has been a principal at Booz Allen Hamilton. After leaving Merrill Lynch in January of 2009 after 17 years, Mr. Fleming was a senior research scholar and Distinguished Visiting Fellow of the Center for the Study of Corporate Law at Yale Law School. Mr. Fleming is a governor of the Financial Industry Regulatory Authority (FINRA), a director of Colgate University, a member of the Board of Advisors for the Yale Law School Center for the Study of Corporate Law, the Council on Foreign Relations, the Economic Club of New York, a Director on Turn 2 Foundation Board and a trustee for the Rippowam-Cisqua School in Bedford, NY. He is a Phi Beta Kappa, summa cum laude graduate in economics from Colgate University and received his J.D. from Yale Law School.