

Election Notice

NAC Election

FINRA Announces Nomination Process to Fill Upcoming Vacancies on the National Adjudicatory Council

Petitions for Candidacy Due: September 15, 2014

Executive Summary

The purpose of this *Election Notice* is to announce the nomination process to fill two vacancies on the National Adjudicatory Council (NAC) to be filled by one Large Firm NAC Member and one Small Firm NAC Member.

FINRA's Nominating and Governance Committee nominated Elaine H. Mandelbaum for the Large Firm NAC seat, and it declined to nominate any individuals for the Small Firm NAC seat.

Eligible individuals who were not nominated may petition to have their name included on a ballot for election by following the procedure below.

Note: This Notice was distributed electronically to the executive representative of each FINRA member firm and it is posted on FINRA's website at www.finra.org/notices/election/080114. Executive representatives should circulate this Notice to their firms' branch managers.

Questions regarding this *Election 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.

Background

The NAC is appointed by the FINRA Board of Governors to review all disciplinary decisions issued by FINRA hearing panels and presides over disciplinary matters that have been appealed to or called for review by the NAC. The NAC also reviews statutory disqualification matters, considers appeals of membership proceedings, exercises exemptive authority and acts in other proceedings as set forth in the Code of Procedure.

August 1, 2014

Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

Composition of the NAC

The NAC comprises fourteen members—seven industry members and seven non-industry members. The seven industry members of the NAC include two Small Firm, one Mid-Size Firm, two Large Firm and two at-large Industry Members. Of the seven Non-Industry NAC Members, at least three are Public Members.

The Nominating and Governance Committee identifies candidates for all NAC seats, including the five industry member seats that are based on firm size.

Vacancies and Terms

The terms of one Large Firm NAC Member and one Small Firm NAC Member expire at the end of 2014 and will be filled with like members.¹ The successful candidates will serve three-year terms beginning in January 2015.

Nominees and Nomination Process

Large Firm NAC Member Seat

FINRA's Nominating and Governance Committee has nominated Elaine H. Mandelbaum, Managing Director and General Counsel, Litigation and Regulatory Enforcement, Citigroup Institutional Clients Group, to fill the vacant Large Firm seat. A profile of the FINRA nominee is included in Attachment A.

Small Firm NAC Member Seat

With respect to the Small Firm NAC Member seat, the Nominating Committee determined it would not nominate a candidate for election in 2014. Instead, any eligible candidates who obtain the requisite number of petitions will be included on the ballot.

Pursuant to Article VI, Section 6.2 of the FINRA Regulation By-Laws, a person who has not been nominated may be included on a ballot for an election to fill the open NAC seats if:

- a. within 45 days of the date of this *Election Notice*, such person presents to the Secretary of FINRA, in the case of petitions solely in support of such person, petitions in support of his or her nomination duly executed by three percent of the members entitled to vote (based on firm size classification) for such nominee's election or, in the case of petitions in support of more than one person, petitions in support of the nominations of such persons duly executed by ten percent of the members entitled to vote (based on firm size classification) for such nominees' election; and

- b. the Secretary certifies that the petitions are duly executed by the executive representatives of the requisite number of members entitled to vote for such nominee's/nominees' election, and the person(s) satisfies/satisfy the classification (Large Firm or Mid-Size Firm) of the NAC seat to be filled, based on such information provided by the person(s) as is reasonably necessary to make the certification.

Firms may only endorse a petition candidate for an open seat that corresponds to the firm's size classification. No firm may endorse more than one such candidate.

Individuals interested in petitioning to become candidates must complete a candidate profile form (Attachment B) and submit it to FINRA's Corporate Secretary. Upon receipt of a candidate profile form, the Corporate Secretary will forward the interested individual a list of firms eligible to endorse a candidate for that seat (based on firm size classification).

Individuals submitting petitions must provide information sufficient for the Corporate Secretary to determine that the petitions are duly executed by the executive representatives of the requisite number of large or small firms by **Monday, September 15, 2014**.

The number of FINRA large firms as of the close of business on Thursday, July 31, 2014, was 174 and the number of FINRA small firms as of the close of business on Thursday, July 31, 2014, was 3,767. The requisite number of large firm endorsements required to meet the above-referenced threshold is six and the requisite number of small firm endorsements required to meet the above-referenced threshold is 114 for petitions in support of the nomination of a single person. Please note that, if a petition slate includes individuals from different firm size categories, the signatures of 10 percent of each respective class size are required.

Voting Eligibility

In the case of a contested election, firms are eligible to cast one vote for an industry candidate who is running for a seat that is in the same size category as their own firm. Therefore, large firms may vote for a Large Firm NAC candidate and small firms may vote for a Small Firm NAC candidate. The size classification of each FINRA member firm will be verified on the day the ballots are mailed. All eligible large and small firms will receive a ballot containing the candidates for the vacant Large Firm or Small Firm seats.

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 FINRA's records. This will ensure that important mailings, such as election information, will be properly directed. A firm's failure to keep this information accurate may jeopardize the firm's ability to participate in elections.²

To update an executive representative's 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 information, please contact the FINRA Office of the Corporate Secretary at (202) 728-8949.

Endnotes

1. The terms of three Non-Industry NAC Members expire at the end of 2014. These seats will be filled by individuals nominated by the Nominating and Governance Committee and appointed by the FINRA Board.
2. Pursuant to NASD Rule 1160, firms must update their contact information promptly, but in any event not later than 30 days following any change in such information, as well as 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 that may be agreed to by FINRA staff. See NASD Rule 1160 and *FINRA Regulatory Notice 07-42* (September 2007).

Attachment A: Nominee for Large Firm NAC Member

Elaine H. Mandelbaum is General Counsel of Litigation and Regulatory Enforcement for the Citigroup Institutional Clients Group. Her group is responsible for all litigation, internal investigations and regulatory inquiries and related investigations, sweeps and enforcement proceedings for Citi's institutional businesses, including investment banking, sales and trading, capital markets origination and private banking. Prior to starting at Citi in 1997, Ms. Mandelbaum was a litigation attorney at the New York office of Jones, Day, Reavis & Pogue, and previously at Paul, Weiss, Rifkind, Wharton & Garrison. She is a Vice President of the SIFMA Compliance & Legal Society Executive Committee, will be Chair of the 2015 SIFMA C&L Annual Seminar, and was Co-Chair of the 2013 and 2014 SIFMA C&L Annual Seminars. She is on the Board of Directors of the Legal Action Center and the American Friends of Hebrew University. She is a frequent speaker on topics relating to complex securities litigation, internal and regulatory investigations and the securities industry. Ms. Mandelbaum is an honors graduate of Yale College and of Harvard Law School.

