

Election Notice

Special Election to Fill FINRA Large Firm Governor Vacancy

Petitions for Candidacy Due: Monday, April 24, 2017

Executive Summary

FINRA will conduct a special meeting of large member firms on or about Friday, May 19, 2017, to elect one individual to fill a vacant Large Firm Governor seat on the FINRA Board of Governors (FINRA Board).¹ A formal notice of the meeting, including the precise date, time and location, will be mailed to executive representatives on or about Tuesday, May 2, 2017.

Eligible individuals who have not been nominated for election to the FINRA Board by the Nominating Committee may be included on the ballot for the election of governors by following the petition procedures set forth in the By-Laws and as further described in this *Election Notice*.

Note: FINRA distributed this *Notice* electronically to the executive representative of each FINRA firm and it is posted online at www.finra.org/Notices/Election/030917. Executive representatives should circulate this *Notice* to their firms' branch managers.

Questions regarding this *Election Notice* may be directed to:

- ▶ Marcia E. Asquith, Executive Vice President and Corporate Secretary, at (202) 728-8949; or
- ▶ Jennifer Piorko Mitchell, Vice President and Deputy Corporate Secretary, at (202) 728-8415.

March 9, 2017

Suggested Routing

- ▶ Executive Representatives
- ▶ Senior Management

Composition of the Board

The FINRA Board consists of 23 members,² including:

- ▶ the Chief Executive Officer of FINRA;
- ▶ twelve Public Governors;
- ▶ one Floor Member Governor;
- ▶ one Independent Dealer/Insurance Affiliate Governor;
- ▶ one Investment Company Affiliate Governor;
- ▶ three Small Firm Governors;
- ▶ one Mid-Size Firm Governor; and
- ▶ three Large Firm Governors.

Of the 23 Board members, Public Governors, the Floor Member Governor, the Independent Dealer/Insurance Affiliate Governor and the Investment Company Affiliate Governor (Appointed Governors) are appointed by the FINRA Board from candidates recommended by the Nominating Committee.

The Nominating Committee also may nominate individuals to run for election for the seven elected governor seats that comprise the three Small Firm Governors, one Mid-Size Firm Governor and three Large Firm Governors (Elected Governors).

To be eligible to serve, Small Firm Governors must be registered with small firms, the Mid-Size Firm Governor must be registered with a mid-size firm and Large Firm Governors must be registered with large firms. In order for the Board to maintain compliance with the compositional requirements of the FINRA Board set forth in the FINRA By-Laws, the seven Elected Governors have a continuing obligation to satisfy the firm-size classification throughout the entire term for which the governor is elected. Pursuant to Article I of FINRA's By-Laws, firm sizes are defined as follows:

- ▶ a small firm employs between one and 150 registered persons;³
- ▶ a mid-size firm employs between 151 and 499 registered persons;⁴ and
- ▶ a large firm employs at least 500 registered persons.⁵

FINRA Nominating Committee Nominee

FINRA's Nominating Committee has nominated Andrew S. Duff, Chairman & CEO of Piper Jaffray, to fill a large firm governor vacancy on the FINRA Board.⁶

Mr. Duff's biographical profile is attached.

Petition Process for Additional Candidates

Pursuant to Article VII, Section 10 of FINRA's By-Laws, a person who has not been nominated by the Nominating Committee may be included on the ballot for the election of governors if:

- a. within 45 days after the date of this *Election Notice*, such person presents to the Secretary of FINRA petitions in support of such nomination, duly executed by at least three percent of FINRA member firms entitled to vote for such nominee's election; and
- b. the Secretary certifies that such petitions have been duly executed by the executive representatives of the requisite number of FINRA member firms entitled to vote for such person's election, and the person being nominated satisfies the classification of the governorship to be filled based on the information provided by the person as is reasonably necessary for the Secretary to make the certification.

The number of FINRA Large Firms as of close of business on Wednesday, March 8, 2017, was 180, and the requisite number of Large Firms required to meet the above-referenced threshold is 6.

Only Large Firm members may endorse nominees for the vacant Large Firm Governor seats. No firm may endorse more than one such nominee.

Persons 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 firms. In addition, to assist in the process of verifying petitions, FINRA requests that all petitions submitted be dated by their signatory. **Petitions must be submitted no later than Monday, April 24, 2017.**

The names of persons obtaining the requisite number of valid petitions will be included on the proxy mailed to eligible large firms in advance of the special meeting.

Term of Office

The elected individual will serve a term concluding at FINRA's 2019 annual meeting, or until his or her successor is duly elected or qualified, or until death, resignation, disqualification or removal.⁷

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. Individuals seeking nomination for election as a Large Firm Governor have an obligation to satisfy the firm-size classification on the date the petition is circulated, the date the petition is certified by FINRA's corporate secretary and the date of the special meeting. Individuals who fail to meet this requirement will be disqualified from election.

Voting Eligibility

FINRA firms are eligible to vote for the nominees who are running for seats that are in the same size category as their own firm. Therefore, only large firms may vote for the candidates running in this election. A proxy will be mailed, along with notice of the special meeting, to the executive representative on record at each eligible FINRA large firm prior to the meeting.

Endnotes

1. This election will fill the large firm governor seat on the Board vacated by James D. Weddle upon the expiration of his term on September 19, 2016.
2. See Article Eight, paragraph (b) of the Restated Certificate of Incorporation of FINRA; Article VII, Section 4 of the FINRA By-Laws.
3. See Article I (ww) of the FINRA By-Laws.
4. See Article I (cc) of the FINRA By-Laws.
5. See Article I (y) of the FINRA By-Laws.
6. See Article VII, Section 9 of the FINRA By-Laws.
7. See Article XXII, Section 3 of the FINRA By-Laws.

Attachment A: Profile of FINRA Large Firm Governor Nominee

Andrew S. Duff Chairman & CEO, Piper Jaffray

Andrew S. Duff is chairman and chief executive officer of Piper Jaffray Companies, a position he has held since the completion of its spin-off from U.S. Bancorp on December 31, 2003. He has also served as chairman of Piper Jaffray & Co., its primary broker-dealer subsidiary since 2003, and as chief executive officer since 2000. Mr. Duff has been at Piper Jaffray since 1980, when he joined the institutional fixed income sales department. He was later promoted to manager of institutional sales and trading in 1994, and then served as president of the individual investor services and capital markets areas until 1996. During the time period that Piper Jaffray was owned by U.S. Bancorp (1996 through 2003), Mr. Duff served as president of Piper Jaffray and vice chair of U.S. Bancorp for the wealth management group.

Mr. Duff holds a bachelor's degree in economics from Tufts University in Medford, Massachusetts, and attended the Advanced Executive Program at the Kellogg School of Management at Northwestern University.

Mr. Duff currently serves on the board of directors of the Securities Industry and Financial Markets Association (SIFMA), the board of directors of the American Securities Association (ASA), the University of St. Thomas board of trustees and the University of St. Thomas Opus College of Business strategic board of governors. He is a longstanding member of the Walker Art Center board of trustees, a member of the board of directors of Arctic Cat Inc. and an advisor to the board of directors of Great Clips, Inc.