

Flaherty & Crumrine PREFERRED SECURITIES INCOME FUND INC
Form DEF 14A
March 21, 2014

SCHEDULE 14A
PROXY STATEMENT
PURSUANT TO SECTION 14(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by Registrant
Filed by Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential for Use of the Commission Only as permitted by Rule 14a-6(e)(2)
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to Rule 14a-11c or Rule 14a-12

Flaherty & Crumrine Preferred Securities Income Fund Incorporated
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

- No fee required
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

- (1) Title of each class of securities to which transaction applies:
(2) Aggregate number of securities to which transaction applies:
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11. (Set forth the amount on which the filing fee is calculated and state how it was determined):
(4) Proposed maximum aggregate value of transaction:
(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount previously paid:
(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:
(4) Date Filed:
-

**FLAHERTY & CRUMRINE PREFERRED INCOME FUND INCORPORATED (NYSE: PFD)
FLAHERTY & CRUMRINE PREFERRED INCOME OPPORTUNITY FUND INCORPORATED (NYSE: PFO)
FLAHERTY & CRUMRINE PREFERRED SECURITIES INCOME FUND INCORPORATED (NYSE: FFC)
FLAHERTY & CRUMRINE TOTAL RETURN FUND INCORPORATED (NYSE: FLC)
FLAHERTY & CRUMRINE DYNAMIC PREFERRED AND INCOME FUND INCORPORATED (NYSE: DFP)**

301 E. Colorado Boulevard, Suite 720
Pasadena, California 91101

NOTICE OF ANNUAL MEETINGS OF SHAREHOLDERS

To Be Held on April 17, 2014

To the Shareholders:

Notice is hereby given that the Annual Meetings of Shareholders of Flaherty & Crumrine Preferred Income Fund Incorporated, Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated, Flaherty & Crumrine Preferred Securities Income Fund Incorporated, Flaherty & Crumrine Total Return Fund Incorporated and Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated (each, a Fund and collectively, the Funds), each a Maryland corporation, will be held at the offices of Flaherty & Crumrine Incorporated, 301 E. Colorado Boulevard, Suite 720, Pasadena, California 91101 at 9:00 a.m. PT, on April 17, 2014, for the following purposes:

Each Fund:

1. To elect Directors of each Fund (Proposal 1).
2. To transact such other business as may properly come before the Annual Meetings or any adjournments or postponements thereof.

Your vote is important!

The Board of Directors of each Fund has fixed the close of business on January 17, 2014 as the record date for the determination of shareholders of each Fund entitled to notice of and to vote at the Annual Meetings and any adjournments or postponements thereof.

By Order of the Boards of Directors,

March 21, 2014

Chad C. Conwell
Secretary

Important Notice Regarding the Availability of Proxy Materials for the Annual Meetings to Be Held on April 17, 2014

The notice of Annual Meetings, joint proxy statement, proxy cards and each Fund's annual report, including audited financial statements for the fiscal year ended November 30, 2013, are available to you on the Funds' website www.preferredincome.com or upon request, without charge, by writing to BNY Mellon c/o Computershare, P.O. Box 30170, College Station, Texas 77842-3170, or by calling 1-866-351-7446. You are encouraged to review all of the information contained in the proxy materials before voting.

To obtain directions to attend the Annual Meetings and vote in person, please call 1-626-795-7300.

SEPARATE PROXY CARDS ARE ENCLOSED FOR EACH FUND IN WHICH YOU OWN SHARES. YOUR VOTE IS IMPORTANT REGARDLESS OF THE SIZE OF YOUR HOLDINGS IN THE FUND. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, WE ASK THAT YOU PLEASE VOTE PROMPTLY. INSTRUCTIONS FOR THE PROPER VOTING AND/OR EXECUTION OF PROXIES ARE SET FORTH ON THE INSIDE COVER. SHAREHOLDERS MAY SUBMIT VOTING INSTRUCTIONS BY SIGNING AND DATING THE PROXY CARD OR VOTING INSTRUCTION FORM AND RETURNING IT IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE.

**FLAHERTY & CRUMRINE PREFERRED INCOME FUND INCORPORATED (NYSE: PFD)
FLAHERTY & CRUMRINE PREFERRED INCOME OPPORTUNITY FUND INCORPORATED (NYSE: PFO)
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FLAHERTY & CRUMRINE TOTAL RETURN FUND INCORPORATED (NYSE: FLC)**

301 E. Colorado Boulevard, Suite 720
Pasadena, California 91101

NOTICE OF SPECIAL MEETINGS OF SHAREHOLDERS

To Be Held on April 17, 2014

To the Shareholders:

Notice is hereby given that the Special Meetings of Shareholders of Flaherty & Crumrine Preferred Income Fund Incorporated, Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated, Flaherty & Crumrine Preferred Securities Income Fund Incorporated and Flaherty & Crumrine Total Return Fund Incorporated (each, a Fund and collectively, the Funds), each a Maryland corporation, will be held at the offices of Flaherty & Crumrine Incorporated, 301 E. Colorado Boulevard, Suite 720, Pasadena, California 91101 at 9:30 a.m. PT, on April 17, 2014, for the following purposes:

Each Fund:

1. To approve a change to each Fund's fundamental investment policy regarding investments in commodities (Proposal 1).
2. To transact such other business as may properly come before the Special Meetings or any adjournments or postponements thereof.

Your vote is important!

The Board of Directors of each Fund has fixed the close of business on January 17, 2014 as the record date for the determination of shareholders of each Fund entitled to notice of and to vote at the Special Meetings and any adjournments or postponements thereof.

By Order of the Boards of Directors,

March 21, 2014

Chad C. Conwell
Secretary

Important Notice Regarding the Availability of Proxy Materials for the Special Meetings to Be Held on April 17, 2014

The notice of Special Meetings, joint proxy statement, proxy cards and each Fund's annual report, including audited financial statements for the fiscal year ended November 30, 2013, are available to you on the Funds' website www.preferredincome.com or upon request, without charge, by writing to BNY Mellon c/o Computershare, P.O. Box 30170, College Station, Texas 77842-3170, or by calling 1-866-351-7446. You are encouraged to review all of the information contained in the proxy materials before voting.

To obtain directions to attend the Special Meetings and vote in person, please call 1-626-795-7300.

SEPARATE PROXY CARDS ARE ENCLOSED FOR EACH FUND IN WHICH YOU OWN SHARES. YOUR VOTE IS IMPORTANT REGARDLESS OF THE SIZE OF YOUR HOLDINGS IN THE FUND. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, WE ASK THAT YOU PLEASE VOTE PROMPTLY. INSTRUCTIONS FOR THE PROPER VOTING AND/OR EXECUTION OF PROXIES ARE SET FORTH ON THE INSIDE COVER. SHAREHOLDERS MAY SUBMIT VOTING INSTRUCTIONS BY SIGNING AND DATING THE PROXY CARD OR VOTING INSTRUCTION FORM AND RETURNING IT IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE.

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FLAHERTY & CRUMRINE DYNAMIC PREFERRED AND INCOME FUND INCORPORATED (NYSE: DFP)**

301 E. Colorado Boulevard, Suite 720
Pasadena, California 91101

QUESTIONS AND ANSWERS

Important Information to Help You Understand and Vote on the Proposals at the Annual Meetings and Special Meetings.

While we strongly encourage you to read the full text of the enclosed combined joint proxy statement, we are also providing you with a brief overview of the proposals on which shareholders are requested to vote. Your vote is important.

QUESTIONS AND ANSWERS

What are the proposals being considered at the Annual Meetings of Shareholders (Annual Meetings) and Special Meetings of Shareholders for PFD, PFO, FFC and FLC (Special Meetings, together with the Annual Meetings, the Meetings)?

At the Annual Meetings, shareholders are being asked to vote on the following proposals:

- (1) To elect Directors of each Fund (Proposal 1).
- (2) To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

At the Special Meetings for PFD, PFO, FFC and FLC, shareholders are being asked to vote on the following proposals:

- (1) To approve a change to each Fund's fundamental investment policy regarding investments in commodities (Proposal 1).
- (2) To transact such other business as may properly come before the Special Meeting or any adjournments or postponements thereof.

How does the Board recommend I vote?

The Board has unanimously approved, and recommends that you vote **FOR** Proposal 1 at the Annual Meetings.

The Board has unanimously approved, and recommends that you vote **FOR** Proposal 1 at the Special Meetings for PFD, PFO, FFC and FLC.

Who is eligible to vote at the Meetings?

Shareholders of record as of the close of business on January 17, 2014 are eligible to vote at the relevant Meetings.

I only have a few shares. Why should I bother to vote?

Each vote makes a difference. Your vote is needed to help ensure that the proposals can be acted upon. Voting promptly is also important. If we do not receive enough votes, we may have to re-solicit shareholders, which can be costly, time consuming and may delay the Meetings. We encourage all shareholders to participate in the governance of their Fund and to avoid unnecessary communications with you as a shareholder.

What if I have additional questions?

If you are a shareholder of FFC, FLC or DFP, please call 1-877-855-3434 with any additional questions. If you are a shareholder of PFD or PFO, please call 1-626-795-7300.

ANNUAL MEETINGS OF SHAREHOLDERS

Who are the nominees for election to the Board of Directors?

The nominee(s) for election to the relevant Fund's Board of Directors are as follows:

Fund	Nominees For Election
PFD	David Gale Karen H. Hogan
PFO	Morgan Gust Karen H. Hogan
FFC	David Gale
FLC	David Gale
DFP	Donald F. Crumrine Robert F. Wulf

Biographical information for each nominee is included in the enclosed combined joint proxy statement under Proposal 1 of the Annual Meetings.

SPECIAL MEETINGS OF SHAREHOLDERS FOR PFD, PFO, FFC AND FLC

What is the purpose of the Special Meetings?

Each Fund's Board of Directors called the Special Meeting to present a proposal to shareholders for their approval with respect to each Fund's fundamental investment policy relating to investments in commodities. The Board has proposed a clarification to its existing policy in order to avoid confusion in light of recent changes to applicable law. The proposed revised fundamental investment policy makes clear that the Funds have the flexibility to use swaps on financial instruments in order to achieve their investment goals, consistent with each Fund's original intent.

You can find greater detail in the enclosed combined joint proxy statement under Proposal 1 of the Special Meetings.

Why is the Fund's Board of Directors recommending revising each Fund's fundamental investment policy with respect to commodities?

Each Fund has adopted certain investment policies that cannot be changed without shareholder approval. The Board has proposed that the existing fundamental investment policy with respect to the purchase and sale of commodities be revised in order to avoid confusion in light of recent changes to applicable law. The change to the fundamental policy is not expected to materially affect the manner in which each Fund's investment program is being conducted at this time.

What will happen if shareholders do not approve the change to a Fund's fundamental investment policy with respect to commodities?

If the revised fundamental investment policy with respect to commodities is not approved by shareholders of a Fund, the fundamental investment policy will remain as is and the manner in which the Fund's investment program is being conducted at this time will remain substantially the same. Since the change is a clarification, the Funds would be able to use swaps on financial instruments even if the required vote was not obtained.

INSTRUCTIONS FOR SIGNING PROXY CARDS

The following general rules for signing proxy cards may be of assistance to you and may minimize the time and expense to the Fund(s) involved in validating your vote if you fail to sign your proxy card(s) properly.

1. *Individual Accounts:* Sign your name exactly as it appears in the registration on the proxy card(s).
2. *Joint Accounts:* Either party may sign, but the name of the party signing should conform exactly to a name shown in the registration.
3. *All Other Accounts:* The capacity of the individual signing the proxy card should be indicated unless it is reflected in the form registration. For example:

Registration

Valid Signature

Corporate Accounts

(1)	ABC Corp.	ABC Corp.
(2)	ABC Corp.	John Doe, Treasurer
(3)	ABC Corp. c/o John Doe, Treasurer	John Doe
(4)	ABC Corp. Profit Sharing Plan	John Doe, Trustee

Trust Accounts

(1)	ABC Trust	Jane B. Doe, Trustee
(2)	Jane B. Doe, Trustee u/t/d 12/28/78	Jane B. Doe

Custodian or Estate Accounts

(1)	John B. Smith, Cust., f/b/o John B. Smith, Jr. UGMA	John B. Smith
(2)	John B. Smith, Executor, Estate of Jane Smith	John B. Smith, Executor

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301 E. Colorado Boulevard, Suite 720
Pasadena, California 91101

ANNUAL MEETINGS OF SHAREHOLDERS

SPECIAL MEETINGS OF SHAREHOLDERS

April 17, 2014

COMBINED JOINT PROXY STATEMENT

This document is a combined joint proxy statement (Joint Proxy Statement) for Flaherty & Crumrine Preferred Income Fund Incorporated (Preferred Income Fund or PFD), Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated (Preferred Income Opportunity Fund or PFO), Flaherty & Crumrine Preferred Securities Income Fund Incorporated (Preferred Securities Income Fund or FFC), Flaherty & Crumrine Total Return Fund Incorporated (Total Return Fund or FLC) and Flaherty & Crumrine Dynamic Preferred and Income Fund Incorporated (Dynamic Preferred Income Fund or DFP) (each, a Fund and collectively, the Funds). This Joint Proxy Statement is furnished in connection with the solicitation of proxies by each Fund s Board of Directors (each, a Board and collectively, the Boards) to be voted at the Annual Meetings of Shareholders for PFD, PFO, FFC, FLC and DFP (the Annual Meetings) and the Special Meetings of Shareholders for PFD, PFO, FFC and FLC (the Special Meetings, together with the Annual Meetings, the Meetings) to be held on April 17, 2014, at the offices of Flaherty & Crumrine Incorporated, 301 E. Colorado Boulevard, Suite 720, Pasadena, California 91101 and at any adjournments or postponements thereof. The Annual Meetings will be held at 9:00 a.m. PT and the Special Meetings will be held at 9:30 a.m. PST.

This Joint Proxy Statement and the accompanying Notice of Annual Meetings, Notice of Special Meetings and proxy card for each Fund in which you own shares were mailed on or about March 21, 2014 to shareholders of record as of the close of business on January 17, 2014. Proxy solicitations will be made, beginning on or about March 21, 2014, primarily by mail, but proxy solicitations may also be made by telephone, telefax or personal interviews conducted by officers of each Fund, Flaherty & Crumrine Incorporated (Flaherty & Crumrine), the investment adviser of each Fund, and BNY Mellon Investment Servicing (US) Inc. (BNY Mellon), the transfer agent and administrator of each Fund. With respect to FFC, FLC and DFP, proxy solicitations may also be made by Destra Capital Investments LLC, the servicing agent for FFC, FLC and DFP. No proxy solicitation firm will be used in connection with the Joint Combined Proxy Statement. The Funds will evenly split the expenses incurred in connection with the preparation of this Joint Proxy Statement. Each Fund will pay for its respective expenses incurred in connection with printing and mailing of the Joint Combined Proxy Statement and its enclosures to shareholders. Each Fund also will reimburse brokerage firms and others for their expenses in forwarding solicitation material to the beneficial owners of its shares.

THE ANNUAL REPORT OF EACH FUND, INCLUDING AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013, IS AVAILABLE UPON REQUEST, WITHOUT CHARGE, BY WRITING TO BNY MELLON C/O COMPUTERSHARE, P.O. BOX 30170, COLLEGE STATION, TEXAS 77842-3170, OR BY CALLING 1-866-351-7446. EACH FUND S ANNUAL REPORT IS ALSO AVAILABLE ON THE FUNDS WEBSITE - WWW.PREFERREDINCOME.COM - THE SECURITIES AND EXCHANGE COMMISSION S (SEC) WEBSITE (WWW.SEC.GOV) OR, FOR FFC, FLC AND DFP ONLY, BY CALLING DESTRA CAPITAL INVESTMENTS LLC AT 1-877-855-3434.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meetings to Be Held on April 17, 2014

The notices of Annual Meetings and Special Meetings, as applicable, Joint Proxy Statement, proxy cards and each Fund's annual report, including audited financial statements for the fiscal year ended November 30, 2013, are available to you on the Funds' website - www.preferredincome.com. You are encouraged to review all of the information contained in the proxy materials before voting. To obtain directions to attend the Annual Meetings and Special Meetings, and vote in person, please call 1-626-795-7300.

SEPARATE PROXY CARDS ARE ENCLOSED FOR EACH FUND IN WHICH YOU OWN SHARES. YOUR VOTE IS IMPORTANT REGARDLESS OF THE SIZE OF YOUR HOLDINGS IN THE FUND. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, WE ASK THAT YOU PLEASE VOTE PROMPTLY. INSTRUCTIONS FOR THE PROPER VOTING AND/OR EXECUTION OF PROXIES ARE SET FORTH ON THE INSIDE COVER. SHAREHOLDERS MAY SUBMIT VOTING INSTRUCTIONS BY SIGNING AND DATING THE PROXY CARD OR VOTING INSTRUCTION FORM AND RETURNING IT IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE.

SUMMARY OF PROPOSALS AND FUNDS AFFECTED

The following chart specifies the Funds whose shareholders will be entitled to vote at the relevant Meetings on each of the proposals being presented for shareholder consideration. The proposals are set forth in the Notice of Annual Meetings and Notice of Special Meetings, respectively, and are discussed in more detail below.

ANNUAL MEETING OF SHAREHOLDERS		
<u>Proposal</u>	<u>Affected Funds</u>	<u>Page Number</u>
Proposal 1 To elect Directors of each Fund	PFD PFO FFC FLC DFP	5
SPECIAL MEETING OF SHAREHOLDERS		
<u>Proposal</u>	<u>Affected Funds</u>	<u>Page Number</u>
Proposal 1 To approve a change to the fundamental investment policy regarding investments in commodities	PFD PFO FFC FLC	15

If the enclosed proxy cards are properly executed and returned in time to be voted at the relevant Meetings, the Shares (as defined below) represented thereby will be voted in accordance with the instructions marked thereon. Unless instructions to the contrary are marked thereon, a proxy will be voted FOR Proposal 1 at the Annual Meeting and FOR Proposal 1 at the Special Meeting, as applicable. Any shareholder who has given a proxy has the right to revoke it at any time prior to its exercise either by attending the relevant Meetings and voting his or her Shares in person or by submitting a letter of revocation or a later-dated proxy to the appropriate Fund delivered at the above address prior to the date of the Meetings.

Under the Bylaws of each Fund, the presence in person or by proxy of the holders of a majority of the outstanding shares of the Fund entitled to vote shall be necessary and sufficient to constitute a quorum for the transaction of business (a Quorum) at that Fund's Meeting(s). In the event that a Quorum is not present at the relevant Meeting, or in the event that a Quorum is present but sufficient votes to approve any of the proposals are not received, the Chairman of the Meeting may adjourn the meeting without assigning a specific date or from time to time to a date not more than 120 days after the original record date without notice other than announcement at the Meeting. At such adjourned meeting at which a Quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified. A shareholder vote may be taken on a proposal in the Joint Proxy Statement relating to the applicable Meeting prior to any such adjournment if sufficient votes have been received for approval of that proposal. Once a Quorum has been established at the relevant Meeting, shareholders may continue to transact business, notwithstanding the withdrawal of shareholders and the loss of a Quorum.

Each Fund has one class of capital stock outstanding: common stock, par value \$0.01 per share (the Common Stock or the Shares). Each Share is entitled to one vote at the relevant Meetings with respect to matters to be voted on, with pro rata voting rights for any fractional Shares. On the record date, January 17, 2014, the following number of Shares of each Fund were issued and outstanding:

Name of Fund	Shares Outstanding
Preferred Income Fund (PFD)	10,985,567
Preferred Income Opportunity Fund (PFO)	12,298,870
Preferred Securities Income Fund (FFC)	43,474,105
Total Return Fund (FLC)	9,897,817
Dynamic Preferred Income Fund (DFP)	19,156,782

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To the knowledge of each Fund and its Board, the following shareholder(s), or group as that term is defined in Section 13(d) of the Securities Exchange Act of 1934, as amended (the 1934 Act), is the beneficial owner or owner of record of more than 5% of the relevant Fund s outstanding Shares as of January 17, 2014*:

Name and Address of Beneficial/Record Owner	Title of Class	Amount and Nature of Ownership	Percent of Class
Cede & Co.**	Common Stock	PFD 10,606,357 (record)	96.5%
Depository Trust Company		PFO 11,845,881 (record)	96.3%
55 Water Street, 25 th Floor		FLC 9,888,806 (record)	99.9%
New York, NY 10041		FFC 43,393,928 (record)	99.8%
		DFP 19,152,577 (record)	99.9%
First Trust Portfolios L.P., First Trust Advisors L.P. The Charger Corporation 120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	Common Stock	FLC 1,054,472(beneficial)	10.67%
Guggenheim Capital, LLC, Guggenheim Partners, LLC, GI Holdco II, LLC, Guggenheim Partners Investment Management Holdings, LLC, Guggenheim Funds Services Holdings, LLC, Guggenheim Funds Services, LLC and Guggenheim Funds Distributors, LLC (collectively, the Filing Entities).	Common Stock	FLC 604,237 ² (beneficial)	5.89%

* As of January 17, 2014, the Directors and officers, as a group, owned less than 1% of the Shares of each Fund.
 ** A nominee partnership of The Depository Trust Company.
¹ Information obtained from a Schedule 13G/A filed by First Trust Portfolios L.P. (FTP), First Trust Advisors L.P (FTA) and The Charger Corporation (Charger) with the SEC reporting share ownership as of February 28, 2014. Based on that filing, FTP, FTA and Charger do not have sole or shared voting power, but do have the shared power to dispose or direct the disposition of 1,054,472 Shares.
² Information obtained from a Schedule 13G/A filed by the Filing Entities with the SEC reporting share ownership as of December 31, 2013. Based on that filing, the Filing Entities have the shared power to vote or direct the vote or dispose or direct the disposition of 604,237 Shares.

This Joint Proxy Statement is being used in order to reduce the preparation, printing, handling and postage expenses that would result from the use of a separate proxy statement for each Fund. At each of the relevant Meetings, Shareholders of each Fund will vote as a single class. Shareholders of each Fund will vote separately for each of PFD, PFO, FFC, FLC and DFP on each proposal on which shareholders of that Fund are entitled to vote at a Meeting. Separate proxy cards are enclosed for each Fund in which a shareholder owns Shares. Thus, if a proposal at the relevant Meeting is approved by shareholders of one or more Funds and not approved by shareholders of one or more other Funds, the proposal will be implemented for the Fund or Funds that approved the proposal and will not be implemented for any Fund that did not approve the proposal. It is therefore essential that shareholders complete, date and sign each enclosed proxy card. Shareholders of each Fund are entitled to vote on the proposal pertaining to that Fund.

**ANNUAL MEETINGS
(ALL FUNDS)**

PROPOSAL 1: ELECTION OF DIRECTORS

At the Annual Meetings, shareholders are being asked to consider the election of Directors of each Fund. The Board of each Fund is divided into three classes, each class having a term of three years. Each year the term of office of one class expires and the successor or successors elected to such class serve for a three-year term and until their successors are duly elected and qualified.

Nominees for the Boards of Directors

Each nominee named below is currently a Director of each Fund and has consented to continue to serve as a Director for the Fund(s) for which he or she is nominated if elected at the relevant Annual Meeting. If a designated nominee declines or otherwise becomes unavailable for election, however, the proxy confers discretionary power on the persons named therein to vote in favor of a substitute nominee or nominees. Each nominee has been nominated for a three-year term to expire at each Fund's 2017 Annual Meeting of Shareholders and until his or her successor is duly elected and qualified. Shareholders of each Fund's Common Stock are entitled to elect the nominees for election to the Board of the relevant Fund.

Fund	Nominees For Election
PFD	David Gale
	Karen H. Hogan
PFO	Morgan Gust
	Karen H. Hogan
FFC	David Gale
FLC	David Gale
DFP	Donald F. Crumrine
	Robert F. Wulf

Information About Each Director's or Nominee for Election as Director's Experience, Qualifications, Attributes or Skills

Directors or Nominees for Election as Directors of the Funds, together with information as to their positions with the Funds, principal occupations and other board memberships for the past five years, are shown below.

Name, Address and Age	Current Position(s) Held with Funds	Term of Office and Length of Time Served*	Principal Occupation During Past Five Years	Number of Funds in Fund Complex Overseen by Director**	Other Public Company Board Memberships During Past Five Years
<u>Non-Interested Directors/Nominees:</u>					
David Gale 301 E. Colorado Boulevard Suite 720 Pasadena, CA 91101 Age: 64	Director	Class I Director	President of Delta	5	Emmis
		PFD since 1997	Dividend Group, Inc.		Communications
		PFO since 1997	(investments)		
		FFC since inception			
		FLC since inception			
		Class II Director			
		DFP since inception			

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Name, Address and Age	Current Position(s) Held with Funds	Term of Office and Length of Time Served*	Principal Occupation During Past Five Years	Number of Funds in Fund Complex Overseen by Director**	Other Public Company Board Memberships During Past Five Years
Morgan Gust 301 E. Colorado Boulevard Suite 720 Pasadena, CA 91101 Age: 66	Director and Nominating and Governance Committee Chairman	Class II Director	Owner and operator of various entities engaged in agriculture and real estate	5	CoBiz Financial, Inc. (financial services)
		PFC since inception			
		FLC since inception			
		Class III Director			
		PFD since inception			
		PFO since inception			
		DFP since inception			
Karen H. Hogan 301 E. Colorado Boulevard Suite 720 Pasadena, CA 91101 Age: 52	Director	Class I Director	Board Co-Chair and Member, IKAR, a non-profit organization; Active Member and Volunteer to several non-profit organizations.	5	
		PFD since 2005			
		Class II Director			
		PFC since 2005			
		FLC since 2005			
		DFP since inception			
		Class III Director			
		PFO since 2005			
Robert F. Wulf 301 E. Colorado Boulevard Suite 720 Pasadena, CA 91101 Age: 76	Director and Audit Committee Chairman	Class I Director	Financial Consultant; Former Trustee, University of Oregon Foundation; Trustee, San Francisco Theological Seminary	5	
		DFP since inception			
		Class II Director			
		PFD since inception			
		PFO since inception			