

Flaherty & Crumrine/CLAYMORE PREFERRED SECURITIES INCOME FUND INC
Form DEFR14A
March 08, 2012

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/Claymore 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/CLAYMORE PREFERRED SECURITIES INCOME FUND INCORPORATED (NYSE: FFC)
FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND INCORPORATED (NYSE: FLC)**

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

QUESTIONS AND ANSWERS

What am I being asked to vote for in Proposal 2 for each Fund?

You are being asked to approve one or more changes to each Fund's current fundamental policy relating to concentration of investments, as summarized below.

Proposal 2-A (PFD, FFC and FLC only): With respect to Flaherty & Crumrine Preferred Income Fund (PFD), Flaherty & Crumrine/Claymore Preferred Securities Income Fund (FFC) and Flaherty & Crumrine/Claymore Total Return Fund (FLC), shareholders are being asked to approve a revision to each Fund's concentration policy to eliminate the requirement that it concentrate its investments in the banking industry and instead require each Fund to concentrate in the financials sector. This proposed revision would require the Fund, under normal market conditions, to invest at least 25% of its total assets in the financials sector, which for this purpose is comprised of the bank, thrifts & mortgage finance, diversified financial services, finance, consumer finance, capital markets, asset management & custody, investment banking & brokerage, insurance, insurance brokers and real estate investment trust (REIT) industries. From time to time, a Fund may have 25% or more of its total assets invested in any one of these industries. In 2009, shareholders of Flaherty & Crumrine Preferred Income Opportunity Fund (PFO) approved a similar investment policy to concentrate PFO's investments in the financial services sector.

Proposal 2-B (PFD, PFO, FFC and FLC): Each Fund's current fundamental investment policy regarding concentration requires it to concentrate its investments in the utilities industry so that, under normal market conditions, more than 25% of each Fund's total assets must be invested in securities issued by companies in the utilities industry. Shareholders of each Fund are being asked to approve a revision to the Fund's concentration policy to eliminate the requirement that the Fund concentrate its investments in the utilities industry. If Proposal 2-B is approved by a Fund's shareholders, that Fund may not invest more than 25% of its total assets in the utilities industry.

You can find greater detail on both proposals beginning on page 12 of this proxy statement.

Why are the Funds' Boards of Directors recommending changes to the Funds' industry concentration policies?

Each Fund, like all registered funds, is required by law to have a fundamental policy regarding concentration. If a fund has stated that it will be concentrated in an industry (or a sector comprised of a group of industries), it must maintain at least 25% of its assets invested in that industry (or a sector comprised of a group of industries). Similarly, if a fund has not stated that it will be concentrated in an industry, it may not invest more than 25% of its assets in that industry.

Given this legal requirement, the Funds' Boards of Directors have recommended the proposed concentration policy changes so that each Fund can more effectively invest its portfolio in the various types of industries that issue preferred securities. The only sector of the preferred securities market that is greater than 25% is the financials sector. This sector alone represents more than 80% of outstanding preferred securities. On the other hand, utility preferred securities represent less than 5% of all outstanding preferred securities. As such, the Boards of Directors recommend that PFD, FFC and FLC concentrate its investments in the financials sector (similar to what PFO has already implemented) and that all Funds no longer concentrate their investments in the utilities industry.

What if I have additional questions?

The Funds have engaged The Altman Group, Inc. to assist in the solicitation of proxies. The Altman Group has set up a toll-free number, (866) 751-6315, for you to call with any additional questions.

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FLAHERTY & CRUMRINE/CLAYMORE PREFERRED SECURITIES INCOME FUND INCORPORATED (NYSE: FFC)
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301 E. Colorado Boulevard, Suite 720
Pasadena, California 91101

NOTICE OF ANNUAL MEETINGS OF SHAREHOLDERS

To Be Held on April 19, 2012

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/Claymore Preferred Securities Income Fund Incorporated and Flaherty & Crumrine/Claymore 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 8:30 a.m. PT, on April 19, 2012, for the following purposes:

Each Fund:

1. To elect Directors of each Fund (Proposal 1).
2. To approve one or more changes to each Fund's fundamental investment policy regarding concentration of investments (Proposal 2).
3. To transact such other business as may properly come before the Annual Meetings or any adjournments thereof.

Your vote is important!

The Board of Directors of each Fund has fixed the close of business on January 20, 2012 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 6, 2012

CHAD C. CONWELL
Secretary

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on April 19, 2012.

The notice of Annual Meetings of Shareholders, joint proxy statement and proxy cards for the Funds are available to you on each Fund's website - www.preferredincome.com for PFD and PFO and www.fcclaymore.com for FFC and FLC. 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 or 1-866-751-6315.

SEPARATE PROXY CARDS ARE ENCLOSED FOR EACH FUND IN WHICH YOU OWN SHARES. SHAREHOLDERS WHO DO NOT EXPECT TO ATTEND THE ANNUAL MEETINGS ARE REQUESTED TO COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD(S). The proxy card(s) should be returned in the enclosed envelope, which needs no postage if mailed in the continental United States. Instructions for the proper execution of proxies are set forth on the inside cover.

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, Jr., Executor |

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FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND INCORPORATED (NYSE: FLC)**

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

ANNUAL MEETINGS OF SHAREHOLDERS

April 19, 2012

JOINT PROXY STATEMENT

This document is a 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/Claymore Preferred Securities Income Fund Incorporated ("Preferred Securities Income Fund" or "FFC") and Flaherty & Crumrine/Claymore Total Return Fund Incorporated ("Total Return Fund" or "FLC") (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") for use at the Annual Meeting of Shareholders of each Fund to be held on April 19, 2012, at 8:30 a.m. PT, at the offices of Flaherty & Crumrine Incorporated, 301 E. Colorado Boulevard, Suite 720, Pasadena, California 91101 and at any adjournments or postponements thereof (each, a "Meeting" and collectively, the "Meetings").

A Notice of Annual Meetings of Shareholders and proxy card for each Fund of which you are a shareholder accompany this Joint Proxy Statement. Proxy solicitations will be made, beginning on or about March 6, 2012, 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, Guggenheim Funds Distributors, Inc., the servicing agent of FFC and FLC, and BNY Mellon Investment Servicing (US) Inc. ("BNY Mellon"), the transfer agent and administrator of each Fund. In addition, the Funds have also retained The Altman Group, Inc. ("The Altman Group"), a proxy solicitation firm, to assist in the solicitation of proxies. Other costs of proxy solicitation and expenses incurred in connection with the preparation of this Joint Proxy Statement and its enclosures will be shared proportionally by the Funds. Each Fund also will reimburse brokerage firms and others for their expenses in forwarding solicitation material to the beneficial owners of its shares. This Joint Proxy Statement and form of proxy are first being sent to shareholders on or about March 6, 2012.

THE ANNUAL REPORT OF EACH FUND, INCLUDING AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2011, IS AVAILABLE UPON REQUEST, WITHOUT CHARGE, BY WRITING TO BNY MELLON SHAREOWNER SERVICES, P.O. BOX 358035, PITTSBURGH, PENNSYLVANIA 15252-8035, OR CALLING 1-866-351-7446. EACH FUND'S ANNUAL REPORT IS ALSO AVAILABLE ON THE FUNDS' WEBSITES - WWW.PREFERREDINCOME.COM FOR PFD AND PFO AND WWW.FCCLAYMORE.COM FOR FFC AND FLC - THE SECURITIES AND EXCHANGE COMMISSION'S ("SEC") WEBSITE (WWW.SEC.GOV) OR, FOR FFC AND FLC ONLY, BY CALLING GUGGENHEIM FUNDS DISTRIBUTORS, INC. AT 1-866-233-4001.

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