

Regulatory Notice

12-46

BD and IA Renewals for 2013

Broker-Dealer, Investment Adviser Firm, Agent and Investment Adviser Representative, and Branch Renewals for 2013

Payment Deadline: December 13, 2012

Executive Summary

The 2013 Renewal Program begins on November 12, 2012, when FINRA makes the online Preliminary Renewal Statements available to all firms on Web CRD/IARD.

Firms should note the following key dates in the renewal process:

November 1, 2012 Firms may begin submitting post-dated Form U5, BR Closing/Withdrawal, BDW and ADV-W filings via Web CRD/IARD.

Please Note: Post-dated filings submitted by 11 p.m., Eastern Time (ET), November 9, 2012, do not appear on the firm's Preliminary Renewal Statement. The only allowed date for post-dated termination filings is December 31, 2012.

November 12, 2012 Preliminary Renewal Statements are available on Web CRD/IARD.

December 13, 2012 Full payment of Preliminary Renewal Statements is due.

January 2, 2013 Final Renewal Statements are available on Web CRD/IARD.

February 1, 2013 Full payment of Final Renewal Statements is due.

FINRA advises FINRA-registered firms that failure to remit full payment of their Preliminary Renewal Statements to FINRA by December 13, 2012, may cause the firm to become ineligible to do business in the jurisdictions where it is registered, effective January 1, 2013. FINRA-registered firms will also be subject to a late fee if payment is not received by this deadline.

October 2012

Notice Type

- Renewals

Suggested Routing

- Compliance
- Legal
- Operations
- Registration
- Senior Management

Key Topics

- IARD™
- Registration
- Renewals
- Web CRD®

Referenced Rules & Notices

- NTM 02-48
- Regulatory Notice 12-32



Financial Industry Regulatory Authority

In addition to this *Notice*, firms should review the [renewal instructions](#), especially the Renewal Program Bulletin, the IARD Renewal Program Bulletin (if applicable) on the [Investment Adviser Registration Depository](#) (IARD) website, and any information mailed to ensure continued eligibility to do business as of January 1, 2013.

Please direct questions concerning this *Notice* to the FINRA Gateway Call Center at (301) 869-6699.

Background & Discussion

Preliminary Renewal Statements

Beginning November 12, 2012, Preliminary Renewal Statements are available for viewing and printing on Web CRD/IARD. The statements include the following fees:

- ▶ Web CRD system processing fees;
- ▶ FINRA branch office fees;
- ▶ FINRA branch renewal processing fees;
- ▶ NYSE MKT LLC (AMEX), BATS Y-Exchange, Inc. (BATS-YX), BATS Z-Exchange, Inc. (BATS-ZX), BOX Options Exchange, LLC (BOX), NASDAQ OMX BX, Inc. (BX), C2 Options Exchange, Incorporated (C2), Chicago Board Options Exchange (CBOE), Chicago Stock Exchange (CHX), EDGA Exchange, Inc. (EDGA), EDGX Exchange, Inc. (EDGX), International Securities Exchange (ISE), NASDAQ Stock Exchange (NQX), National Stock Exchange (NSX), New York Stock Exchange (NYSE), NYSE Arca, Inc. (ARCA), and NASDAQ OMX PHLX, Inc. (PHLX) maintenance fees;
- ▶ state agent renewal fees;
- ▶ state BD renewal fees;
- ▶ state BD branch fees;
- ▶ investment adviser firm and representative renewal fees, if applicable; and
- ▶ broker-dealer and/or investment adviser branch renewal fees.

FINRA must receive full payment of the Preliminary Renewal Statement fees no later than December 13, 2012.

If payment is not received by December 13, 2012, FINRA-registered firms will be assessed a Renewal Payment Late Fee. FINRA includes this late fee as part of the Final Renewal Statement and calculates the fee as follows: 10 percent of a member firm's cumulative final renewal assessment or \$100, whichever is greater, with a cap of \$5,000. Please see [Notice to Members \(NTM\) 02-48](#) for details. In addition, if FINRA fails to receive payment by the deadline, firms also risk becoming ineligible to do business in the jurisdictions where their registrations are not renewed.

Fees

FINRA assesses a fee of \$45 for each individual who renews his/her registration with any regulator through Web CRD. Firms can access a listing of agents assessed this fee by requesting the Renewals—Firm Renewal Roster.

In addition, any investment adviser (IA) fees assessed by the North American Securities Administrators Association (NASAA) for state-registered investment adviser firms and investment adviser representatives (RA) who renew through IARD will also be included on the Preliminary Renewal Statement.

Based on the number of active FINRA branches, FINRA assesses each firm a branch office annual registration renewal fee per branch. FINRA waives one branch office annual registration renewal fee per firm. In June 2012, the SEC approved FINRA fee changes, which included implementation of a tiered regressive rate structure to the branch office annual registration fee as detailed in [Regulatory Notice 12-32](#). These fee changes are applicable to this renewal assessment.

Based on the number of active FINRA branches, FINRA assesses each firm a FINRA branch system processing renewal fee of \$20 per branch. FINRA waives one branch system processing renewal fee per firm.

Please Note: FINRA does not assess the personnel assessment fees through the annual Renewal Program. FINRA will mail all FINRA-registered firms a separate invoice for these fees. Firms can obtain a listing of agents for whom the firms will be assessed the personnel assessment fee by requesting the Renewals—Firm Renewal Roster.

Web CRD/IARD assesses renewal fees for AMEX, ARCA, BATS-YX, BATS-ZX, BOX, BX, C2, CBOE, CHX, EDGA, EDGX, ISE, NOX, NSX, NYSE, PHLX and state registrations on the Preliminary Renewal Statement. The system displays any applicable fees for the number of individuals registered with each SRO and jurisdiction.

Web CRD/IARD assesses branch office renewal fees for those regulators that choose to renew branches registered with them in Web CRD/IARD.

Some participating jurisdictions may require steps beyond the payment to FINRA of renewal fees to complete the BD or IA renewal process. Firms should contact each jurisdiction directly for further information on state renewal requirements. A [Regulator Directory](#) is located on the NASAA website.

For detailed information regarding investment adviser renewals, you may also visit the [IARD website](#). A matrix of investment adviser [renewal fees](#) for states that participate in the IARD Renewal Program is also posted on the IARD website.

Renewal Payment

Firms have four payment methods available to pay renewal fees:

1. Web CRD/IARD E-Pay
2. Wire Transfer
3. Automatic Daily Account-to-Renewal Account Transfer
4. Check

Web CRD/IARD E-Pay

The Web CRD/IARD E-Pay application is accessible from both the Preliminary and Final Renewal Statements and the FINRA (www.finra.org/crd) or IARD (www.iard.com) websites. This application allows a firm to make an electronic payment from a designated bank account to the firm's Renewal Account with FINRA. Please note that in order for funds to post to your firm's Renewal Account by December 13, 2012, you must submit payment electronically no later than December 10, 2012.

Wire Payment

Firms may wire full payment of their Preliminary Renewal Statements by requesting their banks to initiate wire transfers to: **"BNY Mellon Financial, Philadelphia, PA."** Firms should provide their banks with the following information:

| | |
|-----------------------|---|
| Transfer funds to: | BNY Mellon Financial, Philadelphia, PA |
| ABA Number: | 031000037 |
| Beneficiary: | FINRA |
| FINRA Account Number: | 8-234-353 |
| Reference Number: | Firm CRD number and "Renewal" |

To ensure prompt processing of a renewal payment by wire transfer, remember to:

- ▶ Inform the bank to credit funds to the FINRA bank account.
- ▶ Provide the firm's CRD number and "Renewal" as reference only.
- ▶ Record the confirmation number of the wire transfer provided by the bank.

Automatic Daily Account-to-Renewal Account Transfer

FINRA will automatically transfer funds from a firm's Daily Account to its Renewal Account to facilitate payment of renewal fees beginning on December 13, 2012, and through December 21, 2012, if a firm has sufficient funds available in its Daily Account to cover the total renewal fees due. **Please Note:** If a firm does not want funds automatically transferred, the firm should send FINRA an electronic payment using Web CRD/IARD E-Pay or a wire transfer to deposit payment directly into its Renewal Account by the deadline. Separately, if a firm wishes to transfer funds between affiliated firms, the firm should submit a [Web CRD/IARD Account Transfer Form](#) available on the FINRA website.

Check

Please note that the separate renewal check payment address has been eliminated and all Web CRD/IARD check payments sent to FINRA are now only deposited into firms' Daily Accounts. If a firm mails a check to pay its renewal fee, payment will not be applied to the firm's Renewal Account until December 13, 2012, when FINRA begins the automatic Daily Account-to-Renewal Account transfer previously noted. For inclusion in the automatic transfer, a firm must have sufficient funds in its Daily Account to cover the total renewal fees due. If a firm would like its renewal payment to be applied before December 13, 2012, then the firm must pay using Web CRD/IARD E-Pay or with a wire transfer directly into the firm's Renewal Account.

The check must be drawn on the FINRA-registered firm's account and include the firm's CRD number and "Renewal" in the memo line. Firms paying by check should account for U.S. mail delivery and payment processing time. To ensure prompt processing of checks:

- ▶ Include a print-out of the first page of your Preliminary Renewal Statement with payment.
- ▶ Do not include any other forms or fee submissions.
- ▶ Make the check payable to FINRA and write your firm's CRD number and "Renewal" on the check memo line.

If your firm's accounting software (*e.g.*, Quicken, Quickbooks) stores vendor addresses, please update them for Web CRD/IARD check payments to the addresses shown below. Send payment in the blue, pre-addressed renewal payment envelope mailed to your firm in early November or write the address on an envelope exactly as noted in this *Notice*:

| U.S. Mail | Overnight or Express Delivery |
|---|--|
| FINRA P.O. Box 7777-9995 Philadelphia, PA 19175-0001 Note: This box will not accept courier or overnight deliveries. | FINRA Attention: 9995 500 Ross Street 154-0455 Pittsburgh, PA 15262 Telephone: (301) 869-6699 |

Renewal Reports

Beginning November 12, 2012, firms can request, print and/or download renewal reports via Web CRD/IARD. Three reports are available for reconciliation with the Preliminary Renewal Statement:

- ▶ **Firm Renewal Report**—This report lists individuals included in the Renewal Program and includes billing codes (if supplied by the firm).
- ▶ **Branches Renewal Report**—This report lists each branch registered with FINRA and/or with any other regulator that renews branches through Web CRD/IARD and for which the firm is being assessed a fee. Firms should use this report to reconcile their records for renewal purposes.
- ▶ **Approved AG Reg Without FINRA Approval Report**—This report contains all individuals who are not registered with FINRA, but are registered with one or more jurisdictions. Firms should request this report as soon as possible to determine if it needs to request any FINRA registrations or terminate jurisdiction registrations.

Post-Dated Form Filings

Firms can file termination forms with a termination date of December 31, 2012. If a Form U5, BDW, BR Closing/Withdrawal or ADV-W filing indicates a termination date of December 31, 2012, an agent (AG), investment adviser representative, broker-dealer and/or investment adviser (firm) and the branch may continue doing business in that jurisdiction until the end of the calendar year without being assessed renewal fees. **December 31, 2012, is the only date allowed for a post-dated form filing.**

Firms can begin filing post-dated Form U5, BR Closing/Withdrawal, BDW and ADV-W filings via Web CRD/IARD on November 1, 2012. Firms that submit post-dated termination filings by 11 p.m., ET, on November 9, 2012, **will not** be assessed renewal fees for the terminated registrations on their Preliminary Renewal Statements. Firms that submit post-dated termination filings on, or after, November 12, 2012, will not be assessed renewal fees for the terminated jurisdictions on their Final Renewal Statements in January 2013. Those firms should see a credit balance on their Final Renewal Statements if the firm has not requested additional registrations during that time period to offset the credit balance.

After submitting any termination filing, firms should query individual, branch and/or firm registrations to ensure that Form U5, BR Closing/Withdrawal, BDW and ADV-W filings process by the renewal filing deadline date of 6 p.m., ET, on December 21, 2012.

Firms should exercise care when submitting all post-dated filings. Web CRD/IARD processes these forms when they are submitted and FINRA cannot withdraw a post-dated termination filing. A firm that submits a post-dated termination filing in error will have to file a new Form U4, BD, Form BR or Form ADV when Web CRD/IARD resumes normal processing on January 2, 2013, and Web CRD/IARD will assess new registration fees.

Filing Form BDW

The CRD Phase II Program allows firms requesting broker-dealer termination (either full or partial) to file their Forms BDW via Web CRD. Firms that file either a full or partial Form BDW by 11 p.m., ET, November 9, 2012, avoid the assessment of the applicable renewal fees on their Preliminary Renewal Statements, provided that the regulator is a CRD Phase II participant. Currently, only five regulators participate in Web CRD renewals for agent fees, but **do not** participate in CRD Phase II:

- ▶ NYSE MKT LLC
- ▶ Chicago Stock Exchange
- ▶ National Stock Exchange
- ▶ NYSE Arca, Inc.
- ▶ NASDAQ OMX PHLX, Inc.

Firms requesting termination with any of those five regulators must submit a paper Form BDW directly to that regulator, as well as submit one electronically via Web CRD.

The deadline for electronic filing of a Form BDW for any firm that wants to terminate a registration before year-end is 6 p.m., ET, December 21, 2012. This same date applies to the filing of any Form BDW with regulators that are not Phase II participants.

Filing Forms ADV to Cancel Notice Filings or Forms ADV-W to Terminate Registrations

Firms that file either a Form ADV Amendment, unmarking a state (generating the status of “Removal Requested at End of Year”) or a Form ADV-W by 11 p.m., ET, November 9, 2012, avoid the assessment of applicable renewal fees on their Preliminary Renewal Statements. The deadline to file Form ADV Amendments or Form ADV-W for firms that want to cancel a notice filing or terminate a state registration before year-end is 6 p.m., ET, December 21, 2012.

Removing Open Registrations

Throughout the year, firms have access to the “Approved AG Reg Without FINRA Approval Report” via Web CRD. This report identifies agents with an approved jurisdiction registration but who do not have an approved FINRA registration. Firms should use this report to terminate obsolete jurisdiction registrations through the submission of a Form U5 or reinstate the FINRA positions through the filing of a Form U4 Amendment. Firms should request this report as soon as possible so they can identify individuals to terminate by November 9, 2012, to avoid renewal charges for those individuals on their Preliminary Renewal Statements. This report also advises the firm if there are no agents at the firm within this category.

Final Renewal Statements

On January 2, 2013, FINRA makes available all Final Renewal Statements on Web CRD/IARD. These statements reflect the status of broker-dealer, agent (AG), investment adviser firm and investment adviser representative (RA) registrations, exempt reporting, or notice filings as of December 31, 2012. Any adjustments in fees owed resulting from registration terminations, approvals, notice filings or transitions after the Preliminary Renewal Statement appear on the Final Renewal Statement in Web CRD/IARD.

- ▶ Web CRD/IARD reflects an amount owed if a firm has more individuals, branch offices or jurisdictions registered and/or notice filed on Web CRD/IARD at year-end than it did when the Preliminary Renewal Statement was generated.
- ▶ Web CRD/IARD issues a refund if a firm has fewer individuals, branch offices or jurisdictions registered or notice filed at year-end than it did on the Preliminary Renewal Statement. Note that FINRA transfers overpayments to the firms' Daily Accounts on January 2, 2013. Firms that have a credit balance in their Daily Accounts may submit a written and signed refund request by mail to: FINRA, Finance Department, 9509 Key West Avenue, Rockville, MD 20850; or by fax to: (240) 386-5344. The request should include a print-out of the firm's credit balance as reflected on Web CRD/IARD.

On or after January 2, 2013, FINRA-registered firms and joint BD/IA firms should access the Web CRD reports functionality for the **Firm Renewal Report**, which will list all individuals renewed with FINRA, AMEX, ARCA, BATS-YX, BATS-ZX, BOX, BX, C2, CBOE, CHX, EDGA, EDGX, ISE, NOX, NSX, NYSE, PHLX and each jurisdiction. Agents and RAs whose registrations are "approved" in any of these jurisdictions during November and December will be included in this roster. "Pending" and "deficient" registrations at year's end are not included in the Renewal Program. Firms will also be able to request the **Branches Renewal Report** that lists all branches for which they have been assessed renewal fees. Versions of these reports will also be available for download.

Firms have until **February 1, 2013**, to report any discrepancies on the renewal reports. This is also the **deadline for receipt of final payment**. Specific information and instructions concerning the Final Renewal Statement and renewal reports will be available in a January 2013 *Regulatory Notice*.