

# Information Notice

## FINRA Secures Relief for Member Firms for Certain Record Retention Requirements

Effective Date: February 19, 2008

### Executive Summary

Effective February 19, 2008, FINRA member firms can rely on Web CRD to satisfy their record retention requirements with respect to certain Forms U4, U5 and BR filed in Web CRD. Member firms are no longer required to maintain hard copies and/or electronic images of these forms, provided they adhere to the terms of the no-action relief granted by the staff of the SEC.

Questions concerning this *Notice* should be directed to Richard E. Pullano, Chief Counsel and Associate Vice President, Registration and Disclosure, at (240) 386-4821; or John D. Nachmann, Senior Counsel, Registration and Disclosure, at (240) 386-4816.

### Discussion

The Central Registration Depository (CRD<sup>®</sup> or Web CRD) is the secure Web-based registration and licensing system for the U.S. securities industry. FINRA owns and operates Web CRD and jointly administers it with the North American Securities Administrators Association. FINRA makes Web CRD available to all state securities regulators, other securities self-regulatory organizations and the Securities and Exchange Commission (SEC). The system was created, in large part, to centralize the registration process for broker-dealers and their personnel and to accommodate the “one-stop” filing process, rather than requiring applicants/registrants to file separately in multiple jurisdictions. In addition to processing these registration forms, Web CRD serves as an online data repository for the registration-related information that is filed. All broker-dealers registered

February 21, 2008

### Suggested Routing

- Compliance
- Legal
- Registered Representatives
- Registration
- Senior Management

### Key Topics

- CRD
- Form U4 (the Uniform Application for Securities Industry Registration and Transfer)
- Form U5 (the Uniform Termination Notice for Securities Industry Registration)
- Form BR (the Uniform Branch Registration Form).
- Record Retention

### Referenced Rules & Notices

- Securities Exchange Act Rule 17a-4

or applying for registration with the SEC are required to file uniform registration forms through Web CRD, including Forms U4 (the Uniform Application for Securities Industry Registration and Transfer), U5 (the Uniform Termination Notice for Securities Industry Registration) and BR (the Uniform Branch Registration Form).

Under the record retention requirements of Exchange Act Rule 17a-4, broker-dealers are required to maintain all uniform registration forms (either in hard copy or as images maintained on the firms' internal electronic systems) that they file on Web CRD. Due to the comprehensive nature of the information collected on the uniform registration forms and the volume of required filings, retaining such forms can be burdensome on broker-dealers. Since the uniform registration forms are maintained on Web CRD, which employs rigorous entitlement, security, audit and data integrity safeguards, FINRA, on behalf of its member firms, requested no-action relief from the record retention requirements of Rule 17a-4 for certain uniform registration forms filed through Web CRD.

On February 19, 2008, staff of the SEC's Division of Trading and Markets granted FINRA's request in a no-action letter. The letter provides assurances that the SEC will not recommend enforcement action under Rule 17a-4 against FINRA member firms that rely on Web CRD to satisfy their record retention requirements, under the terms and conditions described in the letter, with respect to the following uniform registration forms:

- ▶ Form U4 amendments that do not require the registered person's signature (initial Forms U4 and any amendments that provide disclosure information must be signed by the registered person on whose behalf the filing is made and are not covered by the no-action relief);
- ▶ Form U5 Filings (both initial Forms U5 and any amendments) that do not require the registered person's signature; and
- ▶ Form BR Filings (both initial Forms BR and any amendments).

The no-action relief is limited to the form filings identified above, which: (a) are submitted by a FINRA member firm under the entitlement/security/audit capabilities described in FINRA's September 28, 2007, letter; (b) are filed by a FINRA member firm under the firm's Web CRD account; and (c) contain an electronic signature of the "appropriate signatory" of the FINRA member firm.

Therefore, FINRA member firms may rely on Web CRD to satisfy their record retention requirements under Exchange Act Rule 17a-4 with respect to the uniform forms mentioned above, so long as the necessary requirements are met.

This *Notice* is for informational purposes only. Firms seeking to rely on the no-action relief should refer to FINRA's letter requesting the relief and the SEC staff's response, which are available at [www.finra.org/Notices/Information/022108](http://www.finra.org/Notices/Information/022108).