

December 18, 1998

Katherine A. England
Assistant Director
Division of Market Regulation
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549
Mail Stop 10-1

Re: **File No. SR-NASD-98-96; Amendments to Forms U-4 and U-5**

Dear Ms. England:

Pursuant to Rule 19b-4, enclosed herewith is the above-numbered rule filing. Also enclosed is a 3-1/2" disk containing the rule filing in Word 7.0 to facilitate production of the Federal Register release.

If you have any questions, please contact Mary Dunbar, Office of General Counsel, NASD Regulation, Inc., at (202) 728-8252; e-mail dunbarm@nasd.com. The fax number of the Office of General Counsel is (202) 728-8264.

Very truly yours,

Alden S. Adkins
Senior Vice President and General Counsel

Enclosure

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C.

Form 19b-4

Proposed Rule Change

by

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Pursuant to Rule 19b-4 under the
Securities Exchange Act of 1934

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 ("Act"), NASD Regulation, Inc. ("NASD Regulation") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend the Form U-4, the Uniform Application for Securities Industry Registration or Transfer, and the Form U-5, the Uniform Termination Notice for Securities Industry Termination (collectively "Proposed Forms"). The Proposed Forms are attached as Exhibit 4.

2. Procedures of the Self-Regulatory Organization

(a) The Board of Directors of NASD Regulation approved the Proposed Forms and authorized their filing with the Commission at the NASD Regulation Board meeting on October 7, 1998. The Nasdaq Stock Market Inc. has been provided an opportunity to consult with respect to the proposed rule change, pursuant to the Plan of Allocation and Delegation of Functions by the NASD to its Subsidiaries. The National Association of Securities Dealers, Inc. ("NASD") Board of Governors had an opportunity to review the proposed rule change at its meeting on October 8, 1998. No other action by the NASD is necessary for the filing of the proposed rule change. Article III, Section 2 of the NASD By-Laws permits the Board of Governors to adopt rules concerning applications for membership and registration without recourse to the membership for approval.

The NASD will announce the effective date of the amended Forms in a Notice To Members. The effective date of the Proposed Forms will be at least 30 days following publication of the Notice To Members.

(b) Questions regarding this rule filing may be directed to Mary M. Dunbar, NASD Regulation, Office of General Counsel, at (202) 728-8252.

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

On July 5, 1996, the SEC approved amendments to Forms U-4 and U-5 ("1996 Forms").¹ These amendments were developed by a task force of representatives from the NASD, the Commission, the North American Securities Administrators Association ("NASAA"), the securities industry, and other self-regulatory organizations ("SROs"). The 1996 Forms were to become effective with the implementation of a redesigned CRD system that used a network-based architecture and proprietary software developed by the NASD; members would submit the 1996 Forms and all other CRD filings electronically.² The 1996 Forms included both technical and formatting changes to accommodate the CRD redesign and substantive changes to the instructions and disclosure questions.

In 1997, following discussions with the Commission and NASAA, NASD Regulation determined to proceed with a Web-based approach to the CRD system rather than using a network-based architecture and proprietary software. This "Modernized CRD" system, which will permit members to submit all CRD filings electronically via NASD Regulation's World Wide Web site, is currently in development. In 1997, NASD Regulation and NASAA also determined that it was possible to implement the changes to the disclosure questions and some of the new instructions while the Modernized CRD was being developed. Therefore, NASD Regulation submitted Interim Forms U-4 and U-5 to the Commission in October 1997.³ The Interim Forms included all of the substantive changes to the disclosure questions and some of the changes to the instructions that were approved in 1996 and reformatted them in a manner that is compatible with

¹ Securities Exchange Act Release No. 37407 (July 5, 1996); 61 FR 36595 (July 11, 1996).

² Id.

the current CRD system. In January 1998, the Commission approved the Interim Forms for use until the Modernized CRD is completed.⁴

Because of the differences between the network-based and Web-based approaches to the CRD system, NASD Regulation is proposing additional formatting and technical changes to the 1996 Forms that are needed to fully implement the Modernized CRD system. NASD Regulation believes that the Proposed Forms will be simpler for member firms to complete than the 1996 Forms. In addition, the Proposed Forms will substantially reduce the complexity of the data structure of the Modernized CRD system, while still providing enhanced functionality for regulators and firms. NASAA approved all of the proposed changes described below at its October 4, 1998, membership meeting.⁵

NASD Regulation has reformatted several sections of the 1996 Forms to simplify data entry and minimize errors in completing the Forms. First, the Disclosure Reporting Pages ("DRPs") for the Proposed Forms have been simplified. The 1996 DRPs elicited more detailed information about reportable events than previously elicited on DRPs. Regulators had indicated that they needed this additional detail in order to make informed licensing and registration decisions and that the revised DRPs would reduce regulatory requests for additional information, which invariably prolonged the registration review and licensing process. However, the 1996 DRPs required that the additional detail be entered into numerous discrete fields. While this approach was intended to provide all CRD users with the additional benefits of maximum flexibility in making queries to and deriving customized reports from the system, it resulted in

³ Securities Exchange Act Release No. 39322 (Nov. 13, 1997); 62 FR 62391 (Nov. 21, 1997).

⁴ Securities Exchange Act Release No. 39562 (Jan. 20, 1998); 63 FR 3942 (Jan. 27, 1998).

⁵ At this meeting, NASAA also approved changes to certain disclosure questions on the Proposed Forms. The NASD has submitted the proposed disclosure question changes to its membership for comment. See Notice To Members 98-

unanticipated practical drawbacks. The most significant drawback was that the more complex data structure required to support the 1996 DRPs had a substantial and unavoidable adverse impact on system performance. Theoretically, the 1996 DRP data structure provided the ability to sort on and create reports using all of the discrete data fields; as a practical matter, however, the time required to process those queries and produce those reports was unacceptable. The demands placed on the system by the generation of routine reports, ad hoc reports containing numerous discrete data fields, and routine user queries would not allow for acceptable response times for users. Therefore, following discussions with NASAA, industry representatives, and other regulators, NASD Regulation reformatted the DRPs by reducing the number of discrete fields and adding text blocks to simplify the data structure and the data relationships. NASD Regulation believes that all of the information necessary for regulators to make informed registration and licensing decisions will be available through this revised format. In this regard, the reformatted DRPs request all of the information requested on the 1996 DRPs. In addition, this revised format will significantly enhance regulators' ability to use the modernized CRD for regulatory purposes and allow for more efficient processing of registration-related filings.

Second, the "other business activities" DRP on the 1996 Form U-4 is replaced with a separate attachment sheet, which also can be used to provide additional information about residential history or employment and personal history. The other business activity section of Question 20B on the 1996 Form U-4 is renumbered as Question 21. (All subsequent questions are likewise renumbered.) The instructions to Question 21 on the Proposed Form U-4 list the types of information that must be provided on the attachment sheet, and includes all of the information that would have been reported through the DRP.

101. NASD Regulation will make a separate filing with the Commission regarding the changes to the disclosure

Third, Sections 11 and 12 on the 1996 Form U-4 and Section 11 on the 1996 Form U-5 have been reformatted to ensure more accurate selection of registration categories. The Proposed Forms use matrices that link SROs and their related registration categories, which will reduce erroneous requests for registrations that are not available for a particular SRO. In addition, the instructions on the Proposed Forms clarify that CRD does not process Investment Adviser Representative and Agent of the Issuer registrations, although the paper Proposed Forms contain boxes for such registration. When a member views the electronic version of the Proposed Forms on the Modernized CRD system, the boxes for these registrations will be shaded and the member will not be allowed to select these options. The boxes for these registrations are included on the paper Proposed Forms solely for the convenience of states that wish to use the paper Proposed Forms for these registrations.

The General Instructions regarding the submission of documents on the 1996 Forms provide that documents are not required to be submitted, but that the applicant may submit them because documents may be requested as part of the review process. The Proposed Forms amend this instruction slightly to conform to the current practice of the states and SROs by stating that, although documents are not generally required to be filed with the Forms, it may be necessary to provide them to clarify or support responses on the Forms.

Finally, the Proposed Forms retain the definitions of "investigation" and "sales practice violations" that were adopted with the Interim Forms, with slight changes to punctuation. These definitions are more precise than the corresponding definitions used in the 1996 Forms and generally have worked well in practice. Other technical and conforming amendments are listed in Exhibit 2.

Exhibit 3 contains the DRP "pick lists" that will appear for users making electronic filings of the Proposed Forms. The pick lists will appear for certain discrete fields on the DRPs so that there will be more consistency in the data entered in those fields. The pick lists were developed by NASD Regulation, NASAA, the Commission, and others. Where applicable, all pick lists will permit a user to select "Other" when none of the other options apply. NASD Regulation expects that refinements to the pick lists will occur in the future, but will not file any such changes with the Commission because of the inclusion of the "Other" option.

NASD Regulation will announce the effective date of the Proposed Forms in a Notice To Members. The effective date will be at least 30 days following publication of the Notice To Members.

(b) Statutory Basis

NASD Regulation believes that the Proposed Forms are consistent with the provisions of Section 15A(b)(6) of the Act, which requires, among other things, that the Association's rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. NASD Regulation believes that the Proposed Forms are consistent with the NASD's authority to adopt appropriate qualification and registration requirements for persons associated with NASD members or applicants for NASD membership. Article V, Section 2 of the NASD By-Laws authorizes the Board to prescribe the form used by any person who wishes to make application for registration with the NASD. NASD Regulation believes that the Proposed Forms will make the filing of information with CRD easier and more efficient while continuing to provide complete information for use by regulators, SROs, and firms conducting pre-hire checks.

4. Self-Regulatory Organization's Statement on Burden on Competition

NASD Regulation does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Exhibits

1. Completed notice of proposed rule change for publication in the Federal Register.
2. List of Technical and Conforming Amendments to Proposed Forms.
3. DRP Pick Lists
4. Copies of Proposed Forms U-4 and U-5.

Pursuant to the requirements of the Securities Exchange Act of 1934, NASD Regulation has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

NASD REGULATION, INC.

BY: _____
Alden S. Adkins, Senior Vice President and General Counsel

Date: December 18, 1998

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-NASD-98-96)

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by NASD Regulation, Inc. Relating to Amendments to Forms U-4 and U-5

On December 18, 1998, NASD Regulation, Inc. ("NASD Regulation") filed with the Securities and Exchange Commission ("Commission") a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), and Rule 19b-4 thereunder. The proposed rule change is described in Items I, II, and III below, which Items have been prepared by NASD Regulation. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. SELF-REGULATORY ORGANIZATION'S STATEMENT OF THE TERMS OF SUBSTANCE OF THE PROPOSED RULE CHANGE

NASD Regulation is proposing to amend the Form U-4, the Uniform Application for Securities Industry Registration or Transfer, and the Form U-5, the Uniform Termination Notice for Securities Industry Termination (collectively "Proposed Forms").¹

II. SELF-REGULATORY ORGANIZATION'S STATEMENT OF THE PURPOSE OF, AND STATUTORY BASIS FOR, THE PROPOSED RULE CHANGE

In its filing with the Commission, NASD Regulation included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in

¹ Copies of the Proposed Forms were attached as Exhibit 4 to NASD Regulation's rule proposal and are available in the Commission's Public Reference Room and from NASD Regulation by calling 301-590-6142.

Item IV below. NASD Regulation has prepared summaries, set forth in Sections (A), (B), and (C) below, of the most significant aspects of such statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(1) Purpose

On July 5, 1996, the SEC approved amendments to Forms U-4 and U-5 ("1996 Forms").² These amendments were developed by a task force of representatives from the NASD, the Commission, the North American Securities Administrators Association ("NASAA"), the securities industry, and other self-regulatory organizations ("SROs"). The 1996 Forms were to become effective with the implementation of a redesigned CRD system that used a network-based architecture and proprietary software developed by the NASD; members would submit the 1996 Forms and all other CRD filings electronically.³ The 1996 Forms included both technical and formatting changes to accommodate the CRD redesign and substantive changes to the instructions and disclosure questions.

In 1997, following discussions with the Commission and NASAA, NASD Regulation determined to proceed with a Web-based approach to the CRD system rather than using a network-based architecture and proprietary software. This "Modernized CRD" system, which will permit members to submit all CRD filings electronically via NASD Regulation's World Wide Web site, is currently in development. In 1997, NASD Regulation and NASAA also determined that it was possible to implement the changes to the disclosure questions and some of the new instructions while the Modernized CRD was being developed. Therefore, NASD Regulation

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³ Id.

submitted Interim Forms U-4 and U-5 to the Commission in October 1997.⁴ The Interim Forms included all of the substantive changes to the disclosure questions and some of the changes to the instructions that were approved in 1996 and reformatted them in a manner that is compatible with the current CRD system. In January 1998, the Commission approved the Interim Forms for use until the Modernized CRD is completed.⁵

Because of the differences between the network-based and Web-based approaches to the CRD system, NASD Regulation is proposing additional formatting and technical changes to the 1996 Forms that are needed to fully implement the Modernized CRD system. NASD Regulation believes that the Proposed Forms will be simpler for member firms to complete than the 1996 Forms. In addition, the Proposed Forms will substantially reduce the complexity of the data structure of the Modernized CRD system, while still providing enhanced functionality for regulators and firms. NASAA approved all of the proposed changes described below at its October 4, 1998, membership meeting.⁶

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⁶ At this meeting, NASAA also approved changes to certain disclosure questions on the Proposed Forms. The NASD has submitted the proposed disclosure question changes to its membership for comment. See Notice To Members 98-101. NASD Regulation will make a separate filing with the Commission regarding the changes to the disclosure questions after the comment period on the Notice closes on January 15, 1999.

which invariably prolonged the registration review and licensing process. However, the 1996 DRPs required that the additional detail be entered into numerous discrete fields. While this approach was intended to provide all CRD users with the additional benefits of maximum flexibility in making queries to and deriving customized reports from the system, it resulted in unanticipated practical drawbacks. The most significant drawback was that the more complex data structure required to support the 1996 DRPs had a substantial and unavoidable adverse impact on system performance. Theoretically, the 1996 DRP data structure provided the ability to sort on and create reports using all of the discrete data fields; as a practical matter, however, the time required to process those queries and produce those reports was unacceptable. The demands placed on the system by the generation of routine reports, ad hoc reports containing numerous discrete data fields, and routine user queries would not allow for acceptable response times for users. Therefore, following discussions with NASAA, industry representatives, and other regulators, NASD Regulation reformatted the DRPs by reducing the number of discrete fields and adding text blocks to simplify the data structure and the data relationships. NASD Regulation believes that all of the information necessary for regulators to make informed registration and licensing decisions will be available through this revised format. In this regard, the reformatted DRPs request all of the information requested on the 1996 DRPs. In addition, this revised format will significantly enhance regulators' ability to use the modernized CRD for regulatory purposes and allow for more efficient processing of registration-related filings.

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are likewise renumbered.) The instructions to Question 21 on the Proposed Form U-4 list the types of information that must be provided on the attachment sheet, and includes all of the information that would have been reported through the DRP.

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NASD Regulation will announce the effective date of the Proposed Forms in a Notice To Members. The effective date will be at least 30 days following publication of the Notice To Members.

(2) Statutory Basis

NASD Regulation believes that the Proposed Forms are consistent with the provisions of Section 15A(b)(6) of the Act, which requires, among other things, that the Association's rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. NASD Regulation believes that the Proposed Forms are consistent with the NASD's authority to adopt appropriate qualification and registration requirements for persons associated with NASD members or applicants for NASD membership. Article V, Section 2 of the NASD By-Laws authorizes the Board to prescribe the form used by any person who wishes to make application for registration with the NASD. NASD Regulation believes that the Proposed Forms will make the filing of information with CRD easier and more efficient while continuing to provide complete

information for use by regulators, SROs, and firms conducting pre-hire checks.

(B) Self-Regulatory Organization's Statement on Burden on Competition

NASD Regulation does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. DATE OF EFFECTIVENESS OF THE PROPOSED RULE CHANGE AND TIMING FOR COMMISSION ACTION

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. SOLICITATION OF COMMENTS

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written

communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of NASD Regulation. All submissions should refer to the file number in the caption above and should be submitted by [insert date 21 days from the date of publication].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30-3(a)(12).

Jonathan G. Katz
Secretary

EXHIBIT 2

TECHNICAL AND CONFORMING CHANGES TO FORMS U-4 AND U-5

(Unless otherwise noted, all changes noted are to the 1996 Forms. Where actual text is included, additions are underlined, deletions are bracketed.)

Form U-4

General Instructions

In the 2nd paragraph, 1st sentence, renumber 22 to 25.

In the 2nd paragraph: delete “requiring a response” in first sentence as well as entire second sentence. Fields should be left blank rather than populated with “none” or “N/A” in the Modernized CRD system. Instructions as to which fields must be completed and which can be left blank when “none” or “N/A” would be applicable are provided in the Specific Instructions.

In the 4th paragraph, 1st sentence, renumber 22 to 23.

Explanation of Terms

Item 22 and its subparts are renumbered as Item 23 et seq.

The definition of "Investigation," which is the definition used on the Interim Form rather than the 1996 Form, is amended by adding a colon after "includes" and adding a period after "jurisdictions" and starting a new sentence.

The definition of "Sales Practice Violations," which is the definition used on the Interim Form rather than the 1996 Form, is amended by adding a colon after the first “of”.

Specific Instructions

After the heading “Specific Instructions/Completing the Form U-4”, insert the following phrase: "Items 1 - 13 must be completed by employer."

Item 1--modify instructions regarding Middle Name as follows:

Middle Name

If the applicant has [does not have] a middle name, you must enter the full middle name [specify “NONE”. Do not leave this field blank]. Do not include nicknames, abbreviations, or modifications to the applicant’s full middle name. If applicant does not have a middle name, leave this field blank. [This item is required for processing initial and amended Form U-4 filings.]

Item 2-- because the field accepts only numeric entries, modify instructions regarding Social Security Number as follows:

Applicant's SS #

Enter the applicant's social security number. [If the form is being filed on behalf of a foreigner who has not been issued a social security number, indicate "FOREIGNER" in this item. Entry is required in this field for processing of the initial and amended Form U-4 filings.]

Items 5 and 10B--delete the second to the last sentence regarding future dating of the employment date as it is not currently permitted in the Modernized CRD system.

Insert the following new item 8A between items 8 and 9:

Provide barcode as it appears on applicant's fingerprint card. This is not a required field. If applicant is not required to submit a fingerprint card with his initial Form U-4 due to one of the reasons listed in Item 8A, check the box next to this item. This box must be checked if any of the listed conditions apply.

Item 9--Change "Item 20A" to "Item 20".

Item 10B--in the fourth line, insert a comma after "affiliate" and before "listing".

Item 11--The title should be amended from "To Be Registered With The Following" to "To Be Registered With The Following SROs and Related Registration Category(ies)". Also, the following changes should be made within the text of the paragraph relating to this instruction:

In the first sentence, delete "and/or Jurisdiction" and replace with "/registration request".

In the third sentence, delete "in Item 12".

In the fourth sentence, delete "or Jurisdiction".

In the fifth sentence, delete "and/or states".

Add a final sentence after "...skip this item." to read:

"Use the "Other" box only to request registration category(ies) not listed on the Form U-4."

Item 12A--add clarifying language to advise that Investment Adviser Representative ("IAR") registrations are not currently processed through the CRD system, that the IAR boxes will be shaded on the Form to indicate those requests should not be sent to CRD, to contact the

appropriate jurisdiction for IAR registration requirements and application processing, and that IAR qualification examinations will not be scheduled through CRD.

Item 12B--modify to indicate that Agent of the Issuer registration requests are not currently processed through CRD.

Item 13--modify the last sentence to change "Option" to "Optional".

Insert "Items 14 through 25 must be completed by the applicant" after Item 13 and before the section titled "SIGNATORY AREA".

Item 14--modify instructions regarding Social Security Number to conform with Item 2.

Item 15--modify instructions regarding Middle Name to conform with Item 1.

Item 20--the second sentence should start with the word "include" rather than "exclude".

Items 20A, 20B, 21, 22A-N, 23, and 24 are renumbered 20, 21, 22, 23A-N, 24, and 25, respectively.

Item 21--Delete the last sentence beginning with "If "Yes"...." and replace with:

If "Yes", complete the items requested in the instructions contained in the question on the Form U-4.

Item 22, 24, 25: Modify instructions regarding Social Security Number to conform with Item 2.

Item 23: replace the "/" with a blank space.

Page 1

Item 1--delete "(Specify if none)" from the middle name box. As indicated in the Specific Instructions, this field is to be left blank if applicant has no middle name.

Insert new item 8A to provide fingerprint bar code and certification regarding fingerprint history.

Items 11 and 12 are reformatted to provide a matrix linking registration categories and SROs and to create an "Other" SRO/registration category to appear as a separate row at the end of all of the known registration categories.

Items 12A and 12B: electronic screens will indicate IAR registrations and Agent of the Issuer registrations are invalid choices for CRD processing as indicated in the Specific Instructions. These boxes are included on the printed form because some states will use the printed form, although it will not be processed by CRD.

Item 13--Delete S2, S8, S64, S90, S91. Add S9, S10, S14, S14A, S55, and S201.

Number the section below item 13 as 13A (i.e., the section that begins with “if you have taken an exam prior to registering through the CRD system...”).

Page 2

Item 15--delete “(Specify if none)” from the middle name box.

A new attachment sheet is provided to give additional space for reporting residential history, employment and personal history, and “other business” details. The Other Business DRP is eliminated.

Renumber Items 20A and 20B as 20 and 21.

Page 3

Renumber 21 and 22 to 22 and 23, respectively.

Temporary Registration Acknowledgment

In the first paragraph, first line, after “jurisdiction”, add “or self-regulatory organization (SRO)”. In the second line after “jurisdiction”, add “or SRO”. After each additional instance of “jurisdiction” or “jurisdictions” add “or SRO”, “or SROs”, “and/or SRO”, or “and/or SROs”.

Financial DRPs

The Financial DRP 1 (Bankruptcy and SIPC) was relabeled as follows:
BANKRUPTCY/SIPC/COMPROMISE WITH CREDITORS DISCLOSURE REPORTING
PAGE (U-4).

The Financial DRP 2 (Bonding Payout and Judgments /Liens) was divided into two separate DRPs -- one to report bond disclosures and the other to report judgments/liens -- and labeled as:
BOND DISCLOSURE REPORTING PAGE (U-4) and JUDGMENT/LIEN DISCLOSURE
REPORTING PAGE (U-4).

Form U-5

All instructions and formats conform to the Proposed Form U-4 to the extent practicable.

General instructions

The 5th paragraph is amended to delete the reference to Item 5 and add a reference to Item 8. This change was made as Item 5 (office of employment address) cannot be amended and Item 8 (residential address) can be amended.

Explanation of Terms

The terms relating to the disclosure questions were rearranged or reconfigured to correspond with the renumbering of the disclosure questions. This change allows the explained terms to appear in item number sequence. No change was made to the content.

Specific instructions

Item 11 is reformatted to correspond to the format of the Proposed Form U-4 Items 11 and 12. Items 11A & 11B are renumbered as 11A, 11C as 11B, and 11D as 11C.

Page 1

The third line of the heading was amended to include Item 8.

Item 9--change to the instructions regarding affiliated firms section as follows:

“If yes to item 9A and the termination requests checked under 11A, 11B and 11C for the primary firm are identical to the termination requests of all affiliates shown under this item, a single Form U-5 should be filed. If the termination requests of the affiliated firm(s) differ from those of the primary firm, an additional Form U-5 must be completed for each affiliate, listing the affiliate under Item 3 and checking its unique SRO and state registration terminations under Item 11.”

Page 3

The Questions are renumbered as follows:

- 14 is now 16 (criminal disclosure)
- 15 is now 17 (regulation action disclosure)
- 16 is now 14 (investigation disclosure)
- 17 is now 18 (customer complaint disclosure)
- 18 is now 15 (internal review disclosure)

EXHIBIT 3**DRP PICK LISTS**

(Note: the number in the left column references the item number of the DRP to which the pick list in the right column relates.)

Bankruptcy/SIPC/Compromise with Creditors DRP (Form U-4)

1. Action Type	Bankruptcy
	Compromise
	Declaration
	Liquidated
	Other
	Receivership
6. Disposition Type	Direct Payment Procedure
	Discharged
	Dismissed
	Dissolved
	Other
	Satisfied/Released
	SIPA Trustee Appointed

Bond (Form U-4)

3. Disposition Type	Denied
	Payout
	Revoked

Civil Judicial (Form U-4)

2. Civil Judicial Relief Sought	Cease and Desist
	Civil Penalty(ies)/Fine(s)
	Disgorgement
	Injunction
	Money Damages (Private/Civil Complaint)
	Other
	Restitution
	Restraining Order
11. Civil Judicial Resolution	Consent
	Dismissed
	Judgment Rendered
	Opinion
	Other
	Settled
	Withdrawn

Criminal (Form U-4 and U-5)

None	
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Customer Complaint (Form U-4 and U-5)

2. Customer(s) State of Residence	Alabama
	Alaska
	Arizona
	Arkansas
	California
	Colorado
	Connecticut
	Delaware
	District of Columbia
	Florida
	Georgia
	Hawaii
	Idaho
	Illinois
	Indiana
	Iowa
	Kansas
	Kentucky

	Louisiana
	Maine
	Maryland
	Massachusetts
	Michigan
	Minnesota
	Mississippi
	Missouri
	Montana
	Nebraska
	Nevada
	New Hampshire
	New Jersey
	New Mexico
	New York
	North Carolina
	North Dakota
	Not on List
	Ohio
	Oklahoma
	Oregon
	Pennsylvania
	Puerto Rico
	Rhode Island
	South Carolina
	South Dakota
	Tennessee
	Texas
	Utah
	Vermont
	Virginia
	Washington
	West Virginia
	Wisconsin
	Wyoming

16. Arbitration	Award to Applicant
Disposition	Award to Customer
	Decision for Applicant
	Decision for Customer
	Denied
	Dismissed
	Judgment (other than monetary)
	No Action
	Other
	Settled
	Withdrawn
23. Litigation	Decision for Applicant
Disposition	Decision for Customer
	Denied
	Dismissed
	Judgment (other than monetary)
	Monetary Judgment to Applicant
	Monetary Judgment to Customer
	No Action
	Other
	Settled
	Withdrawn

Judgment/Lien (Form U-4)

3. Judgment/Lien Type	Civil
	Default
	Tax
5. Judgment/Lien	Discharged
Resolution	Released
	Removed
	Satisfied

Regulatory Action (Form U-4 and U-5)

2. Regulatory Principal Sanction	Civil and Administrative Penalty(ies)/Fine(s)
	Bar
	Cease and Desist
	Censure
	Denial
	Disgorgement
	Expulsion
	Injunction
	Other
	Prohibition
	Reprimand
	Restitution
	Revocation
	Suspension
	Undertaking
10. Regulatory Action Resolution	Acceptance, Waiver & Consent(AWC)
	Consent
	Decision
	Decision & Order of Offer of Settlement
	Dismissed
	Order
	Other
	Settled
	Stipulation and Consent
	Vacated
	Withdrawn

Termination (Form U-4)

None	
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Product Types DRPs: Regulatory Action (Form U-4 and U-5), Civil Judicial (Form U-4), Customer Complaint (Form U-4 and U-5), Termination (Form U-4)

Product Types	Annuity(ies) - Fixed
	Annuity(ies) - Variable
6. Regulatory Action	CD(s)
4. Civil Judicial	Commodity Option(s)
6. Customer Complaint	Debt - Asset Backed
5. Termination	Debt - Corporate
	Debt - Government
	Debt - Municipal
	Derivative(s) - OTC
	Direct Investment(s) - DPP & LP Interest(s)
	Equity - OTC
	Equity Listed (Common & Preferred Stock)
	Futures - Commodity
	Futures - Financial
	Index Option(s)
	Insurance
	Investment Contract(s)
	Money Market Fund(s)
	Mutual Fund(s)
	No Product
	Options
	Other
	Penny Stock(s)
	Unit Investment Trust(s)