



NASD

Branch Office Registration

**2006 ARM National Conference
February 3, 2006**



Topics of Discussion

- Form BR
- Branch Office Definition
- Form U4 Frequently Asked Questions
- Form U5 Change
- View Branch Information
- Branch Reports

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Form BR

Form BR

The branch office registration form, Form BR, enables firms to register or notice file branch offices electronically with NASD, the New York Stock Exchange (NYSE), and states through the Web CRD[®] system

- Form BR replaced Schedule E of the Form BD, the current NYSE branch office application form, and certain jurisdiction branch office forms
- Forms U4 and U5 (10/2005) were revised to accommodate changes to Form BR. (Example: Each registered individual will now be assigned to a branch office via Form U4)

Form BR

Benefits:

- Created branch registration/notice filing efficiencies for firms with NASD, NYSE* and other regulators
- Centralized fee collection*, online work queues, and electronic notifications
- Created uniformity among regulators
- Eliminated current paper-based branch filings with jurisdictions

*Note: NYSE will continue to bill firms directly for branch-related fees

Participating Regulators

- Branch Registration Regulators:

SRO: NYSE

Jurisdictions: Connecticut, Florida, Maine, Nevada, Texas, Vermont
and West Virginia

- Branch Notice Filing Regulators:

SRO: NASD

Jurisdictions: Alabama, Alaska, Hawaii, Idaho, Indiana, Illinois, Kansas,
Michigan, New Mexico, Ohio, Rhode Island, South Dakota,
Tennessee and Wisconsin

Note: Other jurisdictions have access to Branch information

Individual Branch Interactions

- Initial Form BR:
 - All Supervisors/Persons-in-Charge and Associated Persons listed on Form BR are linked to the branch
- Amendment Form BR:
 - Updates Supervisors/Persons-in-Charge branch link if Supervisors/Persons-in-Charge are added or removed
- Closing/Withdrawal Form BR:
 - All Supervisors/Persons-in-Charge and Associated Persons are unlinked from the branch
 - Note: The system enforces that each individual is assigned to another branch prior to the submission of the closing form
- Form U4:
 - Individual is linked to the branch
- Form U5:
 - Individual is unlinked from the branch

Form BR Filing Requirements

Before Monday, May 1, 2006, firms are required to:

- Provide branch information required on Form BR that was not converted
- Link all Registered Representatives to at least one branch office or the main office

Individual Branch Link Methods

Registered Reps can be linked to branches by:

- Initial Form BR application
 - Section 5 - Associated Individuals only appears on the Initial Form BR
- Form U4
 - Amendments
 - Web EFT
- Individual Branch Link Electronic File Upload

Individual Branch Electronic File Upload

Individual Branch Link:

- The NASD Web site, www.nasd.com/crdbranchoffice, includes the following:
 - Instructions for creating file
 - Instructions for uploading the file
 - URL to use for uploading the file
- Users need the Web CRD Form U4 privilege to upload and process the file
- Electronic file requires the following information:
 - Individual CRD#
 - Firm CRD#
 - CRD Branch #
 - Employment Location Begin Date
 - Type of Office
 - Independent Contractor
- Files accepted through Friday, April 28, 2006
- Can only be used once per individual to associate the individual to a branch office or the main office location

Form BR Filing Statistics

The following NASD and NYSE branches have filed:

- Number of converted branches– 117,205
- Number of converted branches that have been updated – 42,659
- Number of individuals associated to a registered office – 726,250
- Number of individuals not associated to a registered office – 220,382

Data as of 01/16/2006

Form BR Filing

With the implementation of the Branch Office Registration Program, all NASD and NYSE registered individuals will be required to be associated with/linked to a minimum of one registered Office of Employment Address as reported in Section 1 (General Information) of the Form U4

- What is a registered Office of Employment Address for purposes of the Branch Office Registration Program?
 - A registered Office of Employment Address can be:
 - ♦ A branch office that is registered or notice filed on Web CRD (these offices will have a Branch CRD #); or
 - ♦ The firm's main office as reported on Form BD (denoted as BDMAIN in Web CRD) or the firm's main office as reported on Form ADV (denoted as IAMAIN in Web CRD)
 - ♦ NOTE: A firm may need to register its main office as a branch office if it meets the definition of branch office set forth in Rule 3010(g)(2), NYSE Rule 342.10, or the rule(s) adopted by other SROs or participating jurisdictions. See Q&A No. 9 under the Heading "Completing the Form BR"

FAQs – Form BR

Enter the name and/or CRD# of each *supervisor(s)/person(s)-in-charge*:

Create New Supervisor/ Person-In-Charge

Next

Save

Reset

Previous

- In the last question in Section 2 (Registration/Notice Filing/Type of Office) that asks the applicant to enter the name and/or CRD # of each supervisor(s)/person(s)-in-charge, must the supervisor(s) or person(s)-in-charge entered be physically located at the branch office being registered (or notice filed)?
 - Yes. The supervisor(s) entered for every OSJ branch office and NYSE regular branch office and the person(s)-in-charge entered for every non-OSJ branch office and NYSE small branch office must be located on-site at the branch office being registered (or notice filed). Do not enter the name(s) of off-site supervisors in response to this question on the Form BR.

FAQs – Form BR

Enter the name and/or CRD# of each *supervisor(s)/person(s)-in-charge*:

Create New Supervisor/ Person-In-Charge

Next

Save

Reset

Previous

- How should a firm complete the last question in Section 2 (Registration/Notice Filing/Type of Office) that asks the applicant to enter the name and/or CRD # of each supervisor(s)/person(s)-in-charge for a single-person branch office and a single-person, sole proprietorship broker-dealer?
 - A firm registering a single-person branch office should indicate the person in that branch office as the "person-in-charge" for the sole purpose of answering this question on the Form BR. Although "person-in-charge" is defined in the "Explanation of Terms" section of the Form BR as an on-site person with supervisory responsibilities, NASD and NYSE rules do not permit a registered person to supervise himself or herself, with the exception of single-person, sole proprietorship broker-dealers. Therefore, NASD and NYSE will consider the registered individual in a single-person branch office designated as a "person-in-charge" to be acting as a contact person for purposes of the Form BR.

NYSE Specific Issues

- For a regular branch office, does the Branch Office Manager (BOM) and the Registered Options Principal (ROP) need to be the same person?
 - NYSE Rule 722(d) states that no branch office of a member organization shall transact options business with the public unless the principal supervisor of such branch office accepting options transactions has been qualified as a Registered Options Principal; hence, the BOM and ROP need to be the same person.
- Does the question regarding NYSE Certificates need to be completed for amendment filings?
 - The current version of the Form BR requires this. However, for the next version of Form BR, this question will only be required for initial filings. Firms will not receive a certificate for amendment filings.

NYSE Specific Issues

- Can an NYSE branch office code be reused?
 - Yes, if it is for the exact same address or if the branch office has been closed for at least three years.
- If a branch office application or amendment is rejected by the NYSE, where will the firm be able to review the rejection comments?
 - Such comments would appear in the NYSE Filing Status queue. If there are comments, the NYSE Comment Column would indicate “Yes.” By clicking on “Yes,” the firm will be able to review the reason for the rejection.



Branch Office Definition

Branch Office Definition

NASD Rule 3010(g)(2)(A) and NYSE Rule 342.10:

(2)(A) A “branch office” is any location where one or more associated persons of a member regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any security, or that is held out as such, excluding:

- (i) Any location that is established solely for customer service and/or back office type functions where no sales activities are conducted and that is not held out to the public as a branch office;
- (ii) Any location that is the associated person’s primary residence; provided that:
 - (a) Only one associated person, or multiple associated persons who reside at that location and are members of the same immediate family, conduct business at the location;
 - (b) The location is not held out to the public as an office and the associated person does not meet with customers at the location;
 - (c) Neither customer funds nor securities are handled at that location;
 - (d) The associated person is assigned to a designated branch office, and such designated branch office is reflected on all business cards, stationery, advertisements and other communications to the public by such associated person;
 - (e) The associated person’s correspondence and communications with the public are subject to the firm’s supervision in accordance with Rule 3010 and NYSE Rule 342 and 472;
 - (f) Electronic communications (e.g., e-mail) are made through the member’s electronic system;

Branch Office Definition

- (g) All orders are entered through the designated branch office or an electronic system established by the member that is reviewable at the branch office;
- (h) Written supervisory procedures pertaining to supervision of sales activities conducted at the residence are maintained by the member; and
- (i) A list of the residence locations are maintained by the member;
- (iii) Any location, other than a primary residence, that is used for securities business for less than 30 business days in any one calendar year, provided the member complies with the provisions of paragraph ii (a) through (h) above;
- (iv) Any office of convenience, where associated persons occasionally and exclusively by appointment meet with customers, which is not held out to the public as an office; *
- (v) Any location that is used primarily to engage in non-securities activities and from which the associated person(s) effects no more than 25 securities transactions in any one calendar year; provided that any advertisement or sales literature identifying such location also sets forth the address and telephone number of the location from which the associated person(s) conducting business at the non-branch locations are directly supervised;
- (vi) The Floor of a registered national securities exchange where a member conducts a direct access business with public customers; or
- (vii) A temporary location established in response to the implementation of a business continuity plan.

*Where such office of convenience is located on bank premises, signage necessary to comply with applicable federal and state laws, rules and regulations and applicable rules and regulations of the NYSE, other self-regulatory organizations, and securities and banking regulators may be displayed and shall not be deemed "holding out" for purposes of this section.

Branch Office Definition

(B) Notwithstanding the exclusions provided in paragraph ii (a) through (h), any location that is responsible for supervising the activities of persons associated with the member at one or more non-branch locations of the member is considered to be a branch office.

(C) The term “business day” as used in Rule 3010(g)(2)(A) and NYSE Rule 342.10 shall not include any partial business day provided that the associated person spends at least four hours on such business day at his or her designated branch office during the hours that such office is normally open for business.

Branch Office Definition FAQs

Extract from NASD Rule 3010(g)(2)(A) and NYSE Rule 342.10:

(2)(A) A “branch office” is any location where one or more associated persons of a member regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any security, or that is held out as such, excluding:

- The Uniform Definition provides that a “branch office” is “any location where one or more associated persons of a member regularly conducts the business of effecting transactions in, or inducing or attempting to induce the purchase or sale of any security, or is held out as such.” What types of activities does this include?
 - The definition would include, among other things, locations where the following activities occur: (1) soliciting new accounts or orders; (2) opening new accounts; (3) accepting or entering orders; (4) conducting seminars for existing or prospective customers; and (5) making recommendations with respect to securities transactions. Members should keep in mind that certain activities, such as order execution, may also require a location to be registered as an office of supervisory jurisdiction (OSJ) under Rule 3010(g)(1).

FAQs - Branch Office Definition

- Are foreign offices subject to registration as branch offices?
 - Yes. Members must register any foreign office that satisfies the definition of “branch office.”
- Must a member register its main office as a branch office?
 - A member must register its main office as a branch office if the activities at such location satisfy the definition of “branch office.”
- If a member operates a call center to respond to customer questions and execute orders at the direction of the customer without providing any advice or recommendations, must such location be a registered branch office?
 - Yes. A call center where a member communicates with customers and enters customer orders would qualify as a branch office under NASD Rule 3010(g) and NYSE Rule 342.10. Members should keep in mind that certain activities, such as order execution, may also require a location to be registered as an OSJ under Rule 3010(g)(1).

Branch Office Definition FAQs

Extract from NASD Rule 3010(g)(2)(A) and NYSE Rule 342.10:

(2)(A) A “branch office” is any location where one or more associated persons of a member regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any security, or that is held out as such, excluding:

(ii) Any location that is the associated person’s primary residence; provided that:

(b) The location is not held out to the public as an office and the associated person does not meet with customers at the location;

- Can an associated person use an unregistered location telephone number (e.g., home telephone number) or mobile telephone number in telephone directories, business cards, stationery, advertisements and other communications with the public by such associated person?
 - Yes. An associated person can use the telephone number of an unregistered location (e.g., home telephone number) or a mobile telephone number in telephone directories, business cards, stationery, advertising or other communications with the public; provided the address of the unregistered location is not listed on any such communication and the telephone number and address of the registered location is listed on such communications.

Branch Office Definition FAQs

Extract from NASD Rule 3010(g)(2)(A) and NYSE Rule 342.10:

(2)(A) A “branch office” is any location where one or more associated persons of a member regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any security, or that is held out as such, excluding:

(ii) Any location that is the associated person’s primary residence; provided that:

(c) Neither customer funds nor securities are handled at that location;

- NASD Rule 3010(g)(2)(A)(ii)(c) and NYSE Rule 342.10(B)(iii) provides one condition that must be satisfied for a location to be exempt from registration as a branch office under the primary residence exemption is that “neither customer funds nor securities are handled at that location.”
- When is a registered representative deemed to be handling customer funds or securities for purposes of NASD Rule 3010(g)(2)(A)(ii)(c) and NYSE Rule 342.10(B)(iii)?
 - Subsection (c) of Rule 3010(g)(2)(A)(ii) and NYSE Rule 342.10(B)(iii) provides that customer funds or securities cannot be handled at the primary residence location if the member wants to rely on the primary residence exemption from registration. For purposes of subsection (c) NYSE Rule 342.10(B)(iii), a registered person will not be deemed to be handling customer funds or securities at such location if the funds are made payable to the member or the issuer, as the case may be; the funds are not deposited by the registered person; and the registered person promptly forwards such funds or securities received from the customer to the member or the issuer, as the case may be.

Branch Office Definition FAQs

Extract from NASD Rule 3010(g) and NYSE Rule 342.10:

(2)(A) A “branch office” is any location where one or more associated persons of a member regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any security, or that is held out as such, excluding:

(iii) Any location, other than a primary residence, that is used for securities business for less than 30 business days in any one calendar year, provided the member complies with the provisions of paragraph (A)(2)(ii) (a) through (h) above;

- If a member relies on the “30-business days in one calendar year” exemption and the location later exceeds the 30 business days in one calendar year, must the member register the location?
 - The member’s initial reliance on this exemption must be reasonably determined based on an understanding of the use of such location. Once the 30-business days in a calendar year limit has been reached, members will have a 30 calendar-day window to register such location as a branch office.
- If a member relies on the “30-business days in one calendar year” exemption, what types of records must a member maintain to demonstrate compliance with the “business day” limitation?
 - A member is expected to maintain records adequate to demonstrate compliance with the “business day” limitations, including at a minimum, logs identifying any such locations, “business days” spent at such locations, and the activities of the associated person conducted from such location.



Form U4

U4 & Branch FAQs



1. GENERAL INFORMATION								
First Name: Reggie		Middle Name:		Last Name:		Suffix:		
Firm CRD #: 1		Firm Name:		Rep Employment Date (MM/DD/YYYY): 07/20/2005				
Firm Billing Code:		Individual CRD #: 123		Individual SSN: 111-11-1111				
Do you have an independent contractor relationship with the above named firm?: <input type="radio"/> Yes <input type="radio"/> No								
Office of Employment Address:								
	CRD Branch #	NYSE Branch Code #	Firm Billing Code	Address	Private Residence	Type of Office	Start Date	End Date
EDIT				TEST ROCVILLE, MD 20850	No	Located At	07/20/2005	
EDIT	BD Main	55		123 CRD STREET ANYTOWN, MD 99999	No	Located At	07/20/2005	
<input type="button" value="Add Registered Office of Employment Address"/>								
<input type="button" value="Add Non-Registered Office of Employment Address"/>								

- Is a firm required to report the Office of Employment Address where each registered person is physically located?
 - Yes. As specified on the revised Form U4, the Office of Employment Address is the location where the registered person is physically located for purposes of conducting business. If the Office of Employment Address where the individual is physically located is a registered branch office or the main office location as reported on the Form BD or Form ADV, you will need to indicate that this is the address the individual is "located at." If the Office of Employment Address is a non-registered location, the firm will need to report the non-registered location as the address the individual is "located at" and will also need to report the branch office that supervises that non-registered location as the "supervised from" location.

U4 & Branch FAQs

1. GENERAL INFORMATION								
First Name: Reggie	Middle Name:	Last Name: Rep	Suffix:					
Firm CRD #: 1	Firm Name:	Employment Date (MM/DD/YYYY): 07/20/2005						
Firm Billing Code:	Individual CRD #: 123	Individual SSN: 111-11-1111						
Do you have an independent contractor relationship with the above named firm?: <input type="radio"/> Yes <input type="radio"/> No								
Office of Employment Address:								
	CRD Branch #	NYSE Branch Code #	Firm Billing Code	Address	Private Residence	Type of Office	Start Date	End Date
EDIT				TEST ROCVILLE, MD 20850	No	Located At	07/20/2005	
EDIT	BD Main	55		123 CRD STREET ANYTOWN, MD 99999	No	Located At	07/20/2005	
<input type="button" value="Add Registered Office of Employment Address"/>								
<input type="button" value="Add Non-Registered Office of Employment Address"/>								

- If a registered representative works at multiple locations, should the firm associate this individual with all of his/her office locations?
 - Yes. The Form U4 enables firms to list multiple Offices of Employment Addresses. If the individual is associated with multiple locations, the firm should list the address for each location on the Form U4.



Form U5 Change

General Information



Before

NOTICE TO THE INDIVIDUAL WHO IS THE SUBJECT OF THIS FILING			
Even if you are no longer registered you continue to be subject to the jurisdiction of regulators for at least two years after your registration is terminated and may have to provide information about your activities while associated with this firm. Therefore, you must forward any residential address changes for two years following your termination date or last Form U5 amendment to: CRD Address Changes, P.O. Box 9495, Gaithersburg, MD 20898-9495.			
1. GENERAL INFORMATION			
First Name:	Middle Name:	Last Name:	Suffix:
KONRAD	NAMADA	AFANDE	
Firm CRD #:	Firm Name:	CRD Branch #:	Firm NFA #:
55555	KLEIN SECURITIES		
Firm Billing Code:	Individual CRD #:	Individual SSN:	Individual NFA #:
	000	000	
Office of Employment Address Street 1:		Office of Employment Address Street 2:	
123 CRD Street			
City:	State:	Country:	Postal Code:
Rockville	Maryland	USA	20850
Private Residence Check Box: If the Office of Employment address is a private residence, check this box. <input type="checkbox"/>			

Current

1. GENERAL INFORMATION			
First Name:	Middle Name:	Last Name:	Suffix:
MR		TEST	
Firm CRD #:	Firm Name:	Firm NFA #:	
55555	SECURITIES CORPORATION		
Individual CRD #:	Individual SSN:	Individual NFA #:	Firm Billing Code:
000	000		
Office of Employment Address:			
No items were found.			
Next Previous			

The **Employment Address** fields in the General Information section are no longer editable on a Form U5. If an individual is terminating from a firm, submit a U4 Amendment (for a non-registered location address change) or a Form BR Amendment (for a registered branch address change) prior to submitting a Form U5.



View Branch Information

View Branch Information

- **Applicant Information**
- Registration Status
- Legal Status
- Answers to Questions
- Types of Business
- Direct Owners/Executive Officers
- Indirect Owners
- Other Business Names
- Other Business Description
- Organization Names
- Succession
- Introducing Arrangements
- Custody and Clearing Arrangements
- Financial and Control Arrangements
- Affiliates
- Form BR Branch Offices
- Schedule E Branch Offices
- Disclosures
- Filing History
- Document Listing
- Deficiencies
- Legacy Information
- Request Snapshot

- View Branch Information**
- Back To Previous Menu
- **Branch Office Composite**
- Branch Registration/ Notice Filing Status
- Branch Deficiencies
- Currently Associated Individuals
- Branch Address History
- Supervisor/ Person-In-Charge History
- Branch Office Filing History
- Return to Search Results

View Branch navigation panel items

Section to view Form BR Branch Office information

Historical branch information for Schedule E Branch Offices can be viewed historically

View Branch Information



Listed below is the branch information available in View Organization:

- Branch Office Composite: Composite view of information from Form BR
- Branch Registration/Notice Filing Status: List of branch statuses
- Branch Deficiencies: List of branch deficiencies
- Currently Associated Individuals: List of individuals currently associated with the branch
- Branch Address History: List of current and prior branch addresses
- Supervisor/Person-In-Charge History: List of all Supervisors/Persons-In-Charge ever assigned to the branch
- Branch Office Filing History: List of filings made for this branch

Branch Office Composite

View Branch Information

- Back To Previous Menu
- **Branch Office Composite**
- Branch Registration/ Notice Filing Status
- Branch Deficiencies
- Currently Associated Individuals
- Branch Address History
- Supervisor/ Person-In-Charge History
- Branch Office Filing History
- Return to Search Results

Branch Office Composite

Organization CRD #: 456789	Organization Name: SECURITIES FIRM, INC.	
Organization SEC #: 8-99999	Applicant Name: SECURITIES FIRM, INC.	
CRD Branch Number: 11111	Branch Office Address: 123CRD STREET, ANYTOWN, MD 99999, UNITED STATES	
NYSE Branch Code #:	Firm Billing Code: 471A	

Current Branch Operational Status	Active
Postdated Closing Date	
Branch Deficiency Status	
Branch Office Telephone Number	
Private Residence	No
NASD District	9-Woodbridge
NASD OSJ	No
NYSE Type of Office	

Supervisor/ Person- In-Charge Information

CRD#	Name	Effective Date	Type	Disclosure Counts				SD	Independent Contractor
				Criminal	Regulatory Action	Customer Complaint	Other		
5555559	REP, REGGIE R.	07/01/1996	Supervisor	0	0	0	0	No	No

Types of Activities

Financial Industry Activities conducted by the applicant at this branch.	
Other investment-related activities conducted by associated persons at this branch.	

Other Business Names

Other business names associated persons conduct business under at this branch.	
--	--

Websites

Website address used at this branch	
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Branch Office Arrangements

Name of bank, savings bank, savings association, credit union, or other federally insured depository institution branch office occupancies or shares space with at this branch.	
Branch operates pursuant to a written agreement or contract (other than an insurance agency agreement) with the main office.	
Branch has primary responsibility for decisions	No

Provides a snapshot look at the branch office from information entered on the Form BR



Branch Reports

Branch Reports

The following are new Branch Reports:

- Branch – Branch Roster
- Branch – Branch Snapshot
- Branch – Associated Individuals
- Branch – Individuals with Multiple Employment Addresses
- Branch – Supervising OSJ and Regular Branches

All reports except the Branch Snapshot are available in both formatted PDF and CSV downloadable versions

Note: The BD Snapshot no longer contains branch information since there is a new Branch Snapshot specific to branch information



Additional Branch Office Information

Reference Information

NASD Web site: www.nasd.com/crdbranchoffice

- Notice to Members 05-67:
www.nasd.com > Notices to Members > 2005 Notices to Members
- Notice to Members 05-66:
www.nasd.com > Notices to Members > 2005 Notices to Members
- Notice to Members 04-55:
www.nasd.com > Notices to Members > 2004 Notices to Members
- NASD Rule Filing, SR-NASD-2005-030:
www.nasd.com > Rules & Regulations > Rule Filings
- Federal Register Notice:
www.nasd.com/web/groups/rules_regs/documents/rule_filing/nasdw_014319.pdf

Reference Information

NYSE Web site: www.nyse.com

- NYSE Informational Memo 04-43
 - www.nyse.com > Regulation > Information Memos > August 9, 2004, 04-43

Jurisdiction (State) Web site: www.nasaa.org

SEC Web site: www.sec.gov

- Comments on NASD Rulemaking-Release No. 34-51746; File No. SR-NASD-2005-030: www.sec.gov/rules/sro/nasd/nasd2005030.shtml
- Branch Office Definition:
 - www.sec.gov/rules/sro/nasd/34-52403.pdf
 - www.sec.gov/rules/sro/nyse/34-52402.pdf



Questions