

**Frequently Asked Questions (FAQ)
Recently Approved Forms Changes & Web CRD Release 2009.2**

NOTE: This document was prepared in response to questions raised by Web CRD users in connection with Release 2009.2, which will be implemented May 18, 2009. The SEC approved changes to Uniform Registration Forms U4 and U5 on May 13, 2009.

Policy / System Impacts

1. What changes were made to the “Individual Forms” (U4, U5, U6) with Release 2009.2?

- The addition of new Regulatory Action disclosure questions to Form U4 that will enable FINRA and other regulators to identify more readily individuals subject to a particular type of statutory disqualification under the federal securities laws and the newly adopted FINRA By-Laws.
- Modifications to Form U5 that will enable firms to amend the Reason for Termination and Date of Termination.
- An increase in the Forms U4 and U5 monetary threshold for reporting settlements of customer disputes from \$10,000 to \$15,000.
- Amendments to the Form U4 and U5 Customer Complaint disclosure questions to require firms to report as customer complaints allegations of sales practice violations that are made against a registered person in an arbitration or litigation in which that person is not named as a party.
- Technical and conforming changes to clarify the information being elicited by regulators and to facilitate accurate reporting by firms.

2. How did the Forms changes streamline the form filing process?

- Changes to the Disclosure Reporting Pages (DRPs) clarify what firms are required to file and, therefore, help reduce the number of amended DRPs firms submit. This, in turn, should result in more efficient filing and a reduction in Disclosure Review fees assessed to firms.
- Modifications to Form U5:
 - Streamline the U5 filing process by enabling firms to certify that disclosure information previously reported on Form U4 is accurate and there is no new information to report since the firm filed the last Form U4.
 - Enable firms to correct filing errors more easily by allowing amendments to the Reason for Termination and Date of Termination.

3. How was the redlining function impacted with this release?

Redlining is not enabled when users amend Forms U4 or U5 for the first time in the new form version.

4. Why can't I enter text into the fields on the blank, PDF Forms U4 and U5?

To make the fields editable, you will need to access the blank forms using Adobe Reader 9.0.

Form U4/U5 Disclosure Summary Questions
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1. Is further action required for the new Customer Complaint and Regulatory Action questions?

Customer Dispute

The revisions to the Form U4 Questions 14I(4) and 14I(5) and Form U5 Questions 7E(4) and 7E(5) require reporting of sales practice violations alleged in customer-initiated arbitrations and litigation against an individual even if that individual is not a named party in the proceeding. Because these questions are to be applied prospectively, they were **pre-populated with 'no' responses** when Release 2009.2 was implemented. However, firms will need to update these questions for their registered persons, as appropriate, based on arbitrations and litigation filed on or after that date.

Regulatory Actions

Firms were required to answer the new 14C and 14E Regulatory Action questions on Form U4 by November 14, 2009. These questions are not prospective, and therefore were **not** pre-populated

2. Are firms required to obtain the registered person's signature before submitting Form U4 amendments responding to the new Regulatory Action questions?

The signature requirements associated with the filing of the uniform registration forms are found in FINRA Rule 1010 and on the respective forms. Currently, a registered person's signature is required on all initial Forms U4 and according to FINRA Rule 2263, a written acknowledgement; including an electronic communication (e.g., an email) or a manual signature will fulfill the registered person's signature requirement for Form U4 amendments involving disclosure information.

3. Were there any fees associated with the required Form U4 amendments needed in order to respond to the Regulatory Action questions?

Firms were **not** charged for submission of “no” answers. Consistent with current practice, a \$95 Disclosure Review fee was charged only for “yes” answers.

4. The Form U4 and U5 disclosure questions will increase the monetary threshold for reporting settlements of customer disputes from \$10,000 to \$15,000. After May 18, 2009, will customer complaints that were settled for \$10,000 or more, but less than \$15,000, remain reportable?

Yes. Individuals still will be required to report events if they were involved and/or named in consumer-initiated arbitrations or civil litigation that were settled for an amount of \$10,000 or more **prior to the effective date** of the forms changes.

5. Is the Disclosure Certification Checkbox on Form U5 mandatory?

No. The Disclosure Certification Checkbox is optional. Users must either select the Disclosure Certification Checkbox or answer each Disclosure Summary Question on the Form U5.

Versioning Disclosure Reporting Pages (DRPs)

1. What is the impact of versioning Disclosure Reporting Pages (DRPs) to users?

The main impact of the DRP versioning is that, after May 18, 2009, users will only be able to edit DRPs in the current DRP version. This means that if a user needs to amend a DRP that was created and filed using the prior DRP version (e.g., the 10/2005 version), the user will be required to update and submit the amended DRP in the latest DRP version (e.g., the 5/2009 version).

2. Are firms required to re-submit all DRPs in the new version?

No. Web CRD has been modified to display and process multiple DRP versions. A user will be required to use a new version of a DRP only if the user must update an existing DRP.

Date of Termination / Reason for Termination

- 1. After May 18, 2009 if a firm amends an individual's Date of Termination, will his/her "2-Year Term" date be affected?**

No. A Form U5 amendment filing changing a Date of Termination will not systematically change an individual's 2-Year Term Date. If appropriate, firms may need to request an examination waiver through the [FINRA Waiver System \(FWS\)](#) for an individual.

- 2. After May 18, 2009 will firms be required to provide individuals with a copy of an amended Form U5 if the "Reason for Termination" or "Date of Termination" was changed?**

Yes. Consistent with Article V, Sec. 3(b) of the FINRA By-Laws, firms must provide a copy of the amended Form U5 to the terminated individual(s).

Web EFT

- 1. After May 18, 2009 can firms file Forms U4 via Web EFT?**

No. Firms cannot file Form U4 filings via Web EFT until the firm has answered the new Regulatory Action Disclosure questions (14C and 14E) on Web CRD via a Form U4 filing or via the new "batch" filing solution. For more information pertaining to the batch filing solution, refer to question 4 in the Form U4/U5 Disclosure Summary Questions section of this document.

- 2. In order to process the Individual Information Report (IRR), will my firm need to make changes to our internal system(s) to account for the new Form revisions?**

Yes. Firms will need to make corresponding changes in order to systematically process the new DRPs. Entitled Web EFT users should refer to the Web EFT schema documentation. All schema documentations and schemas (xsd) are located on the FINRA Firm Secure Gateway (FSG). You must be signed up as a Web EFT Test Participant before you can access this site. Find [more information](#) regarding Web EFT.

Questions?

- 1. Who should I contact if I have questions that were not addressed in this document?**

Please contact the Gateway Call Center at (301) 869-6699 or [email](#).