



## Important Information for New Members

### List of Regulatory Reminders

Congratulations on your FINRA Membership. Below is information important to helping you operate in compliance with applicable rules and regulations.

You may click on any of the links below to go directly to the selected topic.

- [Entering and Updating Contact Information](#)
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- [FOCUS Reports and Net Capital Issues](#)
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Note that this list is not all-inclusive and is not intended as a substitute for [FINRA Rules](#).

### Entering and Updating Contact Information

The firm must access the FINRA Contact System *within seven business days of FINRA membership approval* to update its required contact information. This includes, but is not limited to, providing contact information for the individual(s) responsible for implementing the day-to-day operations and internal controls of the firm's Anti-Money Laundering Program. Access the [FINRA Contact System](#). The firm is also required to promptly update its required contact information in the event of any material change and, effective December 31, 2007, must review and update the contact information within 17 business days after the end of each calendar year to ensure the information's accuracy. (See [Regulatory Notice 07-42](#).)

### Ensuring System Access

- **Compliance Applications:** In order to utilize the FINRA reporting systems and other compliance applications, the firm must complete the required forms to obtain access. See a detailed description of the [process and necessary forms](#). Note that the firm must complete a [FINRA Entitlement Agreement](#) (FEA) in order to process any forms that require systems access.
- **Web Information Request (Web IR):** The firm must complete the FINRA Member Firm Web Information Request Account Administration Entitlement Form (AAEF) in order to complete the Web Information Request form prior to the firm's first routine examination. Access the [Web IR entitlement form](#).
- **Web CRD:** The firm must complete the appropriate FINRA Member Firm Web CRD AAEF in order to file or update Form BD, U4 and BR. Access the [Web CRD entitlement forms](#) to add or replace an account administrator and the [Web CRD entitlement modification form](#) to add or remove privileges or personal information for existing administrators.
- **Regulation Filing Applications:** The firm needs to complete the FINRA Member Firm Regulation Filing Applications AAEF in order to access the FOCUS system to file its monthly or quarterly reports. This AAEF also provides access to Advertising and the 17a-11 applications. Access the [Regulation Filing Applications entitlement form](#).

## Filing and/or Updating Forms BR, U4 and BD

Form BR is required to be filed electronically with Web CRD to register each branch office, including the principal office of the broker/dealer. Form U-4 must also be filed, or amended, to assign all registered persons to a registered branch office. Amendments to Form BR, Form U-4 and Form BD must be made within 30 days of learning of the facts or circumstances giving rise to the amendment. The forms must be accessed and updated via the Firm Gateway.

For questions, please contact the FINRA Gateway Call Center at (301) 869-6699.

## FOCUS Reports and Net Capital Issues

- **Financial Statements and Supports.** The firm will provide the District Office with a complete set of financial statements, including a general ledger, trial balance, balance sheet, income/expense statement, inventory position statement, net capital computation with supporting documentation for all allowable assets and a computation, as applicable, of a firm's aggregate indebtedness or Alternative Standard ratio requirement. The financial statements must be filed for each of the first three months of the firm's FINRA membership and must be received by FINRA within 17 business days of month-end.
- **Monthly and Quarterly Filing Requirement.** Notwithstanding the above requirement to file financial statements and supports for the first three months, the firm must file its monthly or quarterly FOCUS reports within 17 business days after the end of each month/quarter, whichever is applicable. These filings must be done through [Web-Based Focus](#). Questions concerning Web-Based Focus should be directed to (800) 321-6273.
- **Monthly Net Capital Preparation Requirement.** The firm must prepare and maintain monthly net capital computations, even though the firm may only be required to file FOCUS reports on a quarterly basis. The net capital computation and FOCUS Report must be prepared on an accrual basis. These net capital computations are to be retained by the firm in accordance with the maintenance requirements of [SEC Rule 17a-4](#).
- **"Ready Market" and "Blockage Tests."** The firm, when computing net capital, must comply with SEC Rule 15c3-1 and its related interpretations. Firms should be aware that the interpretations on "Ready Market" and "Blockage" may impact a firm's net capital computation. See [guidance and interpretations](#) of Net Capital and Financial and Operational rules.
- **Ratio Requirements.** For firms subject to the Aggregate Indebtedness Standard, for the first 12 months of FINRA membership, the firm must not permit its aggregate indebtedness to exceed 800 percent of net capital, and 1500 percent thereafter. Firms electing the Alternative Standard must comply with SEC Rule 15c3-1(a)(1)(ii).
- **Early Warning Notification.** SEC Rule 17a-11 requires the firm to provide same-day notice to the SEC and FINRA if its net capital declines below its minimum requirement or if the firm fails to make and keep current the books and records required under SEC Rule 17a-3. Notice must be provided within 24 hours if the firm's net capital falls below 120 percent of its requirement or if the firm's elected ratio exceeds Rule 17a-11 parameters. Notifications must be made utilizing the Electronic Notifications referenced below.
- **Capital Withdrawals.** A capital withdrawal of \$500,000 or more in any thirty-calendar-day period, which is also 30 percent of excess net capital, would require written notice to the SEC and FINRA two business days in advance of the withdrawal. A capital withdrawal of \$500,000 or more, in any thirty-calendar-day period, which is 20 percent of excess net capital, requires written notification within two business days after the withdrawal. Notifications must be made utilizing the Electronic Notifications referenced below.

- Annual Report and Change of Accountant.** Pursuant to SEC Rule 17a-5, the firm shall file annually, on a calendar or fiscal-year basis, a report which shall be audited by an independent public accountant. The report should be filed not more than 60 calendar days after the date of the firm's financial statements. The firm is also required to provide notice to the SEC and FINRA if the firm changes its accountant. Notifications must be made utilizing the Electronic Notifications referenced below.

### Required Electronic Notifications

NASD Rule 3170 requires firms to electronically file any regulatory notice or document that members will be required to file with FINRA (i.e., net capital deficiency, withdrawals of equity capital, replacement of accountant, electronic storage media, etc.). [Financial Notifications](#) templates may be accessed here. Notifications that must be made using this system are:

Rule 15c3-1(e)	Withdrawals of equity capital
Rule 15c3-3(i)	Special Reserve Bank Account
Rule 17a-4(f)(2)(i); Rule 17a-4(f)(3)(vii)	Electronic storage media The firm will provide at least 90 days notice to FINRA prior to employing electronic storage media, other than optical disk technology (including CD-ROM), pursuant to SEC Rule 17a-4
Rule 17a-5(f)(4)	Replacement of accountant
Rule 17a-11(b)	Net capital deficiency
Rule 17a-11(c)(1)	Aggregate indebtedness is in excess of 1,200 percent of net capital
Rule 17a-11(c)(2)	Net capital is less than 5 percent of aggregate debit items
Rule 17a-11(c)(3)	Net capital is less than 120 percent of required minimum dollar amount
Rule 17a-11(d)	Failure to make and keep current books and records
Rule 17a-11(e)	Material inadequacy in accounting systems, internal controls, or practices and procedures

**Important Note:** The notices required by SEC Rules 17a-4(f)(2)(i) and 17a-4(f)(3)(vii) (electronic storage media) and SEC Rule 17a-5(f)(4) (replacement of accountant) require PDF attachments. Accordingly, FINRA's Web site will advise firms that do not have the ability to create PDFs to contact FINRA staff for alternate filing instructions. See [Notice to Members 06-61](#) (SEC Approves Rule 3170 Requiring Members to Electronically File with or Otherwise Submit to NASD Specified Regulatory Notices or Other Documents).

**Limited Size and Resources Exception Filings.** Within 30 days of the date by which the firm first relies on the limited size and resources exception to NASD Rule 3012, and annually thereafter (by no later than the anniversary date of the previous year's notification), electronic notification to FINRA must be made via the [Rule 3012 Exception Notification System](#). If the firm no longer relies on the exception, it must also electronically notify FINRA within 30 days of when it ceased to rely on the exception.

## **Executed Clearing Agreements**

If in the course of the new membership application review process, the firm supplied a draft clearing agreement from its prospective clearing firm, the firm is required to provide an executed clearing agreement to its assigned examiner within 25 days of the decision on the application.

## **Advertising**

The firm must file, 10 days prior to use, a copy of all advertisements for a period of one year from its first filing with FINRA's Advertising Regulation Department. Find [more information](#) about the filing process and fees.

Member firms that refer to their FINRA membership on their Web site must provide a hyperlink to [FINRA's homepage](#).

## **Municipal Securities and Corporate Debt**

Every MSRB member must complete Form G-40 to appoint a primary contact (S53 or S51) for purposes of electronic communication between the firm and the MSRB. In addition, within 17 business days after the end of each calendar quarter, the firm is required to review and electronically update information on their primary contact or affirmatively indicate that no changes are necessary. Information on how to establish your G-40 account was included with the "Welcome Packet" sent to you by the MSRB.

All MSRB member firms are required to file Form RTRS in connection with MSRB Rule G-14 (real-time transaction reporting). Firms that deal only in municipal securities exempt from transaction reporting will be able to complete an abbreviated version of the form. The form is available to individuals who have registered with the MSRB as the primary contact person pursuant to Rule G-40.

The firm must ensure that it is registered as a TRACE participant before it commences any business in corporate bonds. [Registration information](#) is available.

## **Escrow Reminder**

Contingent offerings will be sold in accordance with the provisions of SEC Rule 15c2-4, whereby the firm promptly forwards to an independent bank escrow agent customers' checks made payable to such escrow agent, if applicable.