

September 13, 2004

Barbara Z. Sweeney  
NASD  
Office of the Corporate Secretary  
1735 K Street, NW  
Washington, DC 20006-1500

**RE: Comment on the Proposed Uniform Branch Office Registration Form**

Dear Ms. Sweeney:

Even though it is our desire to have an efficient and uniform way to register branch offices, it is our opinion that this may not be the best approach.

The proposal appears to address the function of filing the branch information on the CRD. There is not at this time, a definition of a “branch office” that is acceptable to all jurisdictions and SROs. The same confusing rules with a new format for filing will not streamline the process. If a Broker Dealer still has to comply with the individual state regulations and procedures, this Form BR only makes the process of branch filing more tedious and confusing.

This proposal states in the Endnote #3, that 4 jurisdictions require separate forms to satisfy state requirements when opening a branch. This point only addressed the tip of the iceberg. The fact is that there are more than 4 states that require extra notification, besides filing a branch on the CRD. The following states also have various rules that we are obligated to meet in order to be in compliance in their state rules. Illinois, Indiana, Louisiana, Maine, New Hampshire, New Mexico, Oregon, Rhode Island, South Dakota, Texas, West Virginia and Wisconsin should be added to the list that included Connecticut, Florida, Nevada and Vermont. This is total of sixteen states that require sixteen different filings. Addressing a uniform branch definition that would be approved by all of the states is a much bigger issue.

Once that hurdle is addressed and a definition is approved, a new Form BR to facilitate the issue of notifying every state in the same way would be a welcomed tool.

We do have issues with the proposed Form BR as it stands. We would like to touch a few bases that we have questions about or that we just plain object to.

- ◆ Section 1 General Information. We understand that a phone number and fax number is important for auditors to contact the branches. However, this is information that changes. This will make the upkeep of the information more work intensive.

- ◆ Section 2 Registration/Notice Filing /Type of Office. Under the Supervisor/Persons in Charge section, a clarification must be made about the disclosure section. Why wouldn't this section be populated by information that has already been submitted on the U-4? This requirement seems redundant and unnecessary.
- ◆ Section 7 Branch Closing. The information requested in this section is already satisfied when the U-5 is submitted at the time rep quits the firm and closes the branch. Again the information is redundant in this case.
- ◆ Section 8 Branch Withdrawal. Why would there be a need for a branch withdrawal during a "pending" period of an application? Since this appears to involve jurisdictions there is a concern. There should be no need for a branch withdrawal during a pending period because, as of date, the states do not have a branch approval pending period.
- ◆ Our final concern is with the cost implications. The proposal states, "member firms also will benefit from the centralized fee collection". If there is a potential fee for all branch filings, this could impact the Registered Rep as well as the Broker Dealer. There are already tremendous fees charged for various functions by the NASD's CRD. Giving all of the states the opportunity to also charge a fee through the "centralized fee collection" would indeed create an impact. Right now, a majority of our reps do not pay a branch fee. This proposal could potentially add an additional financial burden to both the rep and the Broker Dealer.

In closing, it is our intent to help you realize that we **do** want a cost effective, uniform way to deal with NASD and state branches.

As stated earlier, it seems that the cart is before the horse if this proposal is passed before the entire group of jurisdictions and SROs can agree on a "branch definition" and how it will be used by those jurisdictions.

We do appreciate that the CRD does make the registration process an easier task for the Broker Dealer. Please consider our reluctance to agree with this Form BR in its present state.

Sincerely,  
Pamela S. Fritz  
Chief Compliance Officer