

# Notice to Members

MARCH 2003

## SUGGESTED ROUTING

Legal & Compliance  
Operations  
Registered Representatives  
Registration  
Senior Management  
Training

## KEY TOPICS

Web EFT

## INFORMATIONAL

### Introducing Web EFT and Fee Schedule for Registration Batch Filing and Data Download via Web EFT

NASD Announces Implementation of Web EFT and Amends Section 9 of Schedule A to the NASD By-Laws Establishing an Annual Subscription Charge for NASD Members That Use Web EFT; **Implementation Date: March 24, 2003**

#### Executive Summary

NASD announces the implementation of Web EFT, a new, secure Web-based electronic file transfer application that members can use to submit "batch filings," such as multiple Form U-4 and Form U-5 filings, in a single transaction to the Central Registration Depository (CRD®) or Investment Advisor Registration Depository (IARD<sup>SM</sup>) system; or to download member firm data and processing results from these systems. NASD has amended Section 9 of Schedule A to the NASD By-Laws (Section 9) to establish an annual subscription charge for NASD members that elect to use Web EFT, to submit/download registration-related data.

The rule change to amend Section 9 was filed with the Securities and Exchange Commission (SEC) on February 11, 2003. Pursuant to Section 19(b)(3)(A) of the Securities Exchange Act of 1934 and SEC Rule 19b-4(f)(1) thereunder, the rule change became immediately effective upon filing.

Included with this *Notice* is Attachment A, the text of amended Section 9.

---

## Questions/Further Information

Questions concerning this *Notice* may be directed to NASD's Gateway Call Center at (301) 590-6500.

## Background and Discussion

Web EFT is a state-of-the-art electronic file transfer application that will replace the current Legacy Electronic File Transfer (Legacy EFT) system.<sup>1</sup> Web EFT will give firms increased functionality over the current Legacy EFT application. The Web EFT application and accompanying infrastructure will give members a more secure interface to NASD systems. Web EFT will allow members that elect to subscribe to the service to interface directly with the CRD and IARD systems in an automated manner and transfer registration data across the Internet. This functionality will give these firms the ability to upload "batched" registration-related data to NASD and receive reports containing the results of processed filings. In addition, firms that use the registration batch filing service will be able to submit additional filing types in the "batch" mode that currently are not available through the Legacy EFT system. The new application also will enable firms to download more reports than are currently available to firms through Legacy EFT, including download of their registration and accounting activities. Web-based form filing (on a single transaction basis) will remain available through CRD and IARD; therefore, member firms will not be required to use Web EFT.

Web EFT should be especially attractive to larger member firms that process high volumes of filings (e.g., office of employment address changes for numerous registered individuals when

there is a branch relocation), or that wish to download from Web CRD or IARD large amounts of data on their registered persons (e.g., to obtain a download of exam results for registered persons at the firm for a specified period) to populate their own internal systems.

Member firms that use the new Web EFT application will be charged an annual Subscription Fee (see below) based on whether they choose to subscribe to the data download or form filing functionalities, or both.

## Fee Schedule

|                   |   |
|-------------------|---|
| <b>\$1,800.00</b> | per year for data download  |
| <b>\$3,600.00</b> | per year for form filing  |
| <b>\$4,800.00</b> | per year for data download and form filing (discounted rate for both functions) |

The fees will be prorated based on when member firms begin using the Web EFT application. Member firms that elect to participate in Web EFT will have an opportunity to use a test environment before submitting filings and downloading information using "live" data in the production environment. Participating firms will be assessed the applicable Subscription Fee when the firm begins using the "live" or "production" environment. The Web EFT production environment is scheduled to be available Monday through Friday, from 7 a.m. to 11 p.m., Eastern Time, beginning Monday, March 31, 2003. (Availability is subject to change and updates will be communicated via the Broadcast Message in Web CRD.)

Information on how firms can sign up for Web EFT is available on NASD's Web Site at [http://www.nasdr.com/3400\\_eft.asp](http://www.nasdr.com/3400_eft.asp).

---

The Web Site link also includes a User Guide, information on how to get started, and details of the filing and data download functions available in Web EFT (as compared to Legacy EFT). Member firms should periodically check NASD's Web Site for updated information on Web EFT.

#### Endnote

- 1 Currently, the Legacy EFT application gives participating firms the ability to interface electronically with the CRD system to (1) submit "batch" filings and (2) download registration data and accounting reports on a regular basis. Legacy EFT, which is based on older technology that provides limited batch filing and data download capabilities, is available to NASD members that elect to submit form filings and download data via a dedicated (modem) line established by the firm. NASD plans to retire Legacy EFT in the third quarter of 2003, after providing participating firms sufficient time to test and convert to Web EFT.

© 2003. NASD. All rights reserved. *Notices to Members* attempt to present information to readers in a format that is easily understandable. However, please be aware that, in case of any misunderstanding, the rule language prevails.

---

## ATTACHMENT A

New language is underlined; deletions are in brackets.

### Schedule A To The NASD By-Laws

Assessments and fees pursuant to the provisions of Article VI of the By-Laws of NASD shall be determined on the following basis.

\* \* \* \* \*

#### **Section 9 - Subscription Charges for [Firm Access Query System (FAQS)] Registration Batch Filing/Data Download Via the Web CRD Electronic File Transfer (EFT) System**

Each firm electing to subscribe to the [Firm Access Query System (FAQS)] Web CRD Electronic File Transfer (EFT) System for registration batch filing and/or data download will be assessed [a user fee consisting of three components (1) a monthly data base access charge, (2) an hourly usage fee, and (3) a charge per 1,000 characters ("kilocharacter") of information sent or received.] an annual subscription fee based on the type of service that the firm uses. The fee schedule to be paid by each firm is as follows:

- (1) [Monthly Data Base Access Charge — \$70.00] Data Download — \$1,800.00
- (2) [Hourly Usage Charge — \$70.00 per hour; and] Form Filing — \$3,600.00
- (3) [Kilocharacter Transmission Charge — \$0.70] Data Download and Form Filing — \$4,800.00

[Each firm which subscribes to the service will provide its own terminal and modem.]

\* \* \* \* \*