

### ACTION REQUIRED

# Broker/Dealer, Investment Adviser, And Agent Renewals

Broker/Dealer,  
Investment Adviser,  
And Agent Renewals  
For 2002; Payment  
Deadline: **December 7,  
2001**

### SUGGESTED ROUTING

*The Suggested Routing function is meant to aid the reader of this document. Each NASD member firm should consider the appropriate distribution in the context of its own organizational structure.*

- Executive Representatives
- Legal & Compliance
- Operations
- Registered Representative
- Registration
- Senior Management

### KEY TOPICS

- Maintenance Fees
- Registration
- Renewals
- Web CRD
- Web IARD

### Executive Summary

The National Association of Securities Dealers, Inc. (NASD®) Broker/Dealer, Firm, and Agent and the Investment Adviser Firm Renewal Program for the year 2002 began November 5, 2001. This annual program simplifies the registration renewal process through the payment of one amount on the member firm's Preliminary Renewal Statement. This is the first year the NASD will collect Investment Adviser Renewal fees for Investment Adviser (IA) firms for state regulators.

Renewal Statement fees will include: NASD personnel assessments, NASD system processing fees, NASD branch offices, as well as New York Stock Exchange (NYSE), American Stock Exchange (Amex), Chicago Board Options Exchange (CBOE), International Securities Exchange (ISE), Pacific Exchange (PCX), and Philadelphia Stock Exchange (PHLX) maintenance fees. The statement will also include state agent, state broker/dealer, and if applicable, state IA firm Renewal fees.

Members should read this *Notice to Members*, any instructions posted to the NASD Regulation Web Site ([www.nasdr.com](http://www.nasdr.com)), the Investment Adviser Web Site (if applicable) ([www.iard.com](http://www.iard.com)), and any other mailed information to ensure continued eligibility to conduct business in the states effective January 1, 2002. Any Renewal processing changes subsequent to the publishing of this *Notice to Members* will be provided to you in a *Special Notice to Members*.

### Questions/Further Information

Questions concerning this *Notice* may be directed to the Gateway Call Center at (301) 869-6699.

### Preliminary Renewal Statements

As of November 5, 2001, Preliminary Renewal Statements are available for viewing and printing on Web CRD for all member firms. The statements will include fees for NASD personnel assessments, NASD system processing fees, NASD branch office fees, NYSE, Amex, CBOE, ISE, PCX, and PHLX maintenance fees, state agent Renewal fees, and state broker/dealer, and if applicable, IA firm Renewal fees. The NASD must receive full payment of the November Preliminary Renewal Statement amount ***no later than December 7, 2001.***

### Fees

The NASD *Personnel Assessment* fee for 2002 will be based on the number of registered personnel with an approved NASD license (that includes Approved Pending Prints, Inactive-Prints, Temporary Registration, and Inactive-Continuing Education registration statuses) on or before December 31, 2001. The personnel assessment is currently \$10 per person.

The NASD *System Processing* fee of \$30 will be assessed for each person who renews registration with ***any regulator*** through the NASD Renewal Program.

The NASD *Branch Office* assessment fee is \$75 per branch based on the number of active NASD branches as of December 31, 2001.

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Renewal fees for NYSE, Amex, CBOE, PCX, ISE, PHLX, and state affiliations are listed in the Preliminary Renewal Statement on Web CRD. NYSE, Amex, CBOE, PCX, ISE, PHLX, and state maintenance fees collected by the NASD for firms that are registered with those exchanges, as well as the NASD, are based on the number of NYSE, Amex, CBOE, PCX, ISE, PHLX, and state registered personnel employed by the member firm.

Currently, the state of California does not participate in the Broker/Dealer Renewal Program. Firms registered in that state must contact the state directly to ensure compliance with Renewal requirements. In addition, some participating states may require steps beyond the payment of Renewal fees to complete the Broker/Dealer or Investment Adviser Renewal process. Members should contact each jurisdiction directly for further information on state Renewal requirements.

For detailed information regarding Investment Adviser Renewals, you may visit the Investment Adviser Web Site ([www.iard.com](http://www.iard.com)). A matrix that includes a list of Investment Adviser Renewal Fees for states that participate in the 2002 IARD Investment Adviser Renewal Program is posted at [www.iard.com/pdf/reg\\_directory.pdf](http://www.iard.com/pdf/reg_directory.pdf).

**Please Note:** The NASD does not currently process the registration of Investment Adviser Representatives (IARs) and also will not process IAR Renewal Fees for 2002. All IAR Renewals for 2002 must be paid directly to, and will be processed by, the states.

### Renewal Payment

Payment of the Preliminary Renewal Statement should be either in the form of a check made payable to NASD Regulation, Inc., or by bank wire transfer. The check should be drawn on the member firm's account, with the firm's CRD Number included on the check, along with the word "Renewals" written on the front of the check. Submit all Renewal payments, along with the first page of the online Renewal Statement, directly to:

#### U.S. Mail

NASD Regulation, Inc.  
CRD-IARD  
P.O. Box 7777-W8705  
Philadelphia, PA 19175-8705

*(Note: This P.O. Box will not accept courier or overnight deliveries.)*

or

#### Express/Overnight Delivery

NASD Regulation, Inc.  
CRD-IARD  
W8705  
c/o Mellon Bank, Rm 3490  
701 Market Street  
Philadelphia, PA 19106  
Telephone No: (301) 869-6699

*Members should use the full address, including the "W8705" designation in either address to ensure prompt processing.*

**Please Note:** The addresses for Renewal payments are **different** from the addresses for funding your firm's CRD Daily Account.

To ensure prompt processing of your Renewal Payment by check:

- Include the first page of your Preliminary Renewal Statement with payment.
- Do **not** include any other forms or fee submissions.
- Write your firm CRD Number and the word "Renewals" on the check memo line.
- Be sure to send your payment either in the blue, pre-addressed envelope that was mailed to you or address the envelope exactly as noted above.

### Wire Payment Instructions

Firms may wire full payment of the Preliminary Renewal Statement by requesting their bank to initiate the wire transfer to *The Riggs National Bank in Washington, D.C.* You will need to provide your bank the following information:

|                                 |   |
|---------------------------------|---|
| Transfer funds to:              | <b>Riggs National Bank in Washington, D.C.</b>  |
| ABA Number:                     | <b>054-000030</b>                               |
| Beneficiary:                    | <b>NASD Regulation, Inc.</b>                    |
| NASD Regulation Account Number: | <b>086-761-52</b>                               |
| Reference Number:               | <b>Firm CRD Number and the word, "Renewals"</b> |

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To ensure prompt processing of your Renewal Payment by wire transfer:

- Remember to inform your bank the funds are to be credited to the NASD Regulation Bank Account.
- Provide your firm's CRD Number and the word "Renewals" as reference only.
- Record the confirmation number of the wire transfer given by your bank.

Members are advised that failure to return full payment to the NASD by the December 7, 2001 deadline could cause a member to become ineligible to do business in the jurisdictions effective January 1, 2002.

### Renewal Reports

Beginning November 5, 2001, the Renewal Reports are available to request, print, and/or download via Web CRD. There will be four reports available for reconciliation with the Preliminary Renewal Statement:

- The **Firm Renewal Roster** (Agent) will list all agents registered with your firm, sorted alphabetically by regulator.
- The **Firm Renewal Roster Download** (Agent) will list all agents registered with your firm, sorted alphabetically by regulator in downloadable format.
- The **Branches Renewal Roster** lists each branch registered with the NASD and lists branch offices for which the firm is being assessed a fee. Firms should use this roster to reconcile their records for Renewal purposes.

- The **Non-NASD Registered Individuals Roster** will contain all individuals who are not registered with the NASD but are registered with one or more jurisdictions. This roster will only be available if a firm has agents whose status falls within this category. Use this roster to determine if any NASD registrations need to be requested or jurisdictions terminated.

### Filing Form U-5

If Forms U-5 (either full or partial) were filed electronically via Web CRD for agents terminating one or more jurisdiction affiliations by 11:00 p.m., Eastern Time (ET), November 2, 2001, those agent Renewal fees were not included on the Preliminary Renewal Statement.

The deadline for electronic filing of Forms U-5 for firms that want to terminate an agent affiliation before year-end 2001 is 11:00 p.m., ET, on December 21, 2001. Firms may process both partial and full Forms U-5 with a post-dated termination date of December 31, 2001. (This is the only date that can be used for a post-dated Form U-5.) For more detailed information on post-dated Forms U-5, see the section titled "Post-Dated Form Filings."

### Filing Forms BDW

The CRD Phase II Program allows firms requesting broker/dealer termination (either full or partial) to electronically file their Forms BDW via Web CRD. Firms that filed either a full or partial Form BDW by 11:00 p.m., ET, November 2, 2001 avoided the assessment of Renewal Fees on the Preliminary Renewal Statement, provided that the regulator is a CRD Phase II participant. Currently, there are

four regulators that participate in Web CRD Renewals for agent fees but **do not** participate in CRD Phase II:

- American Stock Exchange
- New York Stock Exchange
- Pacific Exchange
- Philadelphia Stock Exchange

Firms requesting termination with any of the above-listed regulators must submit a paper Form BDW directly to the regulator, as well as submit one electronically to Web CRD.

The deadline for electronic filing of Forms BDW for firms that want to terminate an affiliation before year-end 2001 is 11:00 p.m., ET, on December 21, 2001. This same date applies to the filing of Forms BDW with regulators that are not Phase II participants. For information regarding the post-dating of Forms BDW with the termination date of December 31, 2001, see the section titled, "Post-Dated Form Filings."

### Filing Forms ADV To Cancel Notice Filings Or Forms ADV-W To Terminate Registrations

Firms that filed either a Form ADV Amendment, unmarking a state (generating the Status Detail of "Removal Requested at End of Year"), or a full or partial Form ADV-W by 11:00 p.m., ET, November 2, 2001 avoided the assessment of Renewal Fees on the Preliminary Renewal Statement.

The deadline for electronic filing of Form ADV Amendments or Forms ADV-W for firms that want to cancel a Notice Filing or terminate a state registration before year-end 2001 is 11:00 p.m., ET, on December 21, 2001.

For information regarding post-dating Forms ADV-W with the termination date of December 31, 2001 for state registrations, see the section below.

### Post-Dated Form Filings

Web CRD and IARD started accepting post-dated electronic filing of Forms U-5, BDW, Schedule E, and ADV-W on November 1, 2001. This program allows firms to file a termination form on, or after, November 1 with a termination date of December 31, 2001. These firms **will not** be assessed Renewal Fees on the Final Renewal Statement in January.

Between November 1 and December 21, 2001, firms may process Forms U-5, BDW, Schedule E, and ADV-W (both partial and full terminations) with a post-dated termination date of **December 31, 2001**. (This is the only date that can be used for a post-dated form filing.) If a Form U-5, BDW, Schedule E, or ADV-W indicates a termination date of December 31, 2001, an agent, broker/dealer, and/or IA firm may continue doing business in the jurisdiction until the end of the calendar year without being assessed Renewal Fees. Please ensure that Forms U-5, BDW, Schedule E, and ADV-W are filed by the Renewal deadline date of 11:00 p.m., ET, on December 21, 2001.

Members should exercise care when submitting post-dated Forms U-5, BDW, Schedule E, and ADV-W. The NASD will systematically process these forms as they are received but cannot withdraw a post-dated termination once submitted and processed. A member would have to electronically file a new Form

U-4, BD Amendment, or ADV when Web CRD and/or IARD resumes filing processing on January 2, 2002.

### Removing Open Registrations

Beginning November 5, 2001, member firms will be able to request via Web CRD the *Non-NASD Registered Individual Roster*. This roster identifies agents whose NASD registration is either terminated or purged due to the existence of a deficient condition (*i.e.*, exams or fingerprints) but maintain an approved registration with a state. Member firms should use this roster to terminate obsolete state registrations through the submission of Forms U-5 or reinstate the NASD licenses through the filing of a Form U-4 Amendment. This roster should aid in the reconciliation of personnel registrations prior to year's end. The *Non-NASD Registered Individuals Roster* will also advise a firm if there are no agents within this category.

### Final Renewal Statements

Beginning January 2, 2002 the NASD will make available Final Renewal Statements via Web CRD. These statements will reflect the final status of agent and firm registrations and/or Notice Filings as of December 31, 2001. Any adjustments in fees owed as a result of registration terminations, approvals, Notice Filings, or transitions subsequent to the Preliminary Renewal Statement will be made in this final reconciled statement on Web CRD. If a firm has more agents, branch offices, or jurisdictions registered and/or Notice Filed on Web CRD and IARD at year-end (than it did

when the Preliminary Renewal Statement was generated), additional fees will be assessed. If a firm has fewer agents, branch offices, or jurisdictions registered and/or Notice Filed at year-end (than it did when the Preliminary Renewal Statement was generated), a credit/refund will be issued.

NASD member firms should access the Web CRD Reports function for the *Firm Renewal Roster*, which will list all renewed personnel with the NASD, NYSE, Amex, CBOE, PCX, ISE, PHLX, and each jurisdiction. Agents whose registrations are "approved" in any of these jurisdictions during November and December will be included in this roster, while registrations that are "pending approval" or are "deficient" at year-end will not be included in the Renewal Process. A download version of this report is also available. Member firms will also be able to request the NASD *Renewal Branch Office Roster* that lists all NASD branches for which they have been assessed.

Two additional reports will also be available with the Final Renewal Statement—a Billing Code Summary Report and a Billing Code Detail Report. These reports will aid firms in their internal research and allocation of fees.

Firms will have until March 15, 2002 to report any discrepancies on the Renewal Reports. All jurisdictions should be contacted directly in writing. Specific information and instructions concerning the Final Renewal Statements and Renewal Reports will appear in the January 2002 issue of *Notices to Members*. Firms may also refer to the November *CRD/PD Bulletin*, which is devoted entirely to Renewals

and was mailed to all firms in October. It is also available for viewing on the CRD Page of the NASD Regulation Web Site ([www.nasdr.com](http://www.nasdr.com)).

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