

INFORMATIONAL

Continuing Education

Important Reminders
About Web CRD
Notification Of
Regulatory Element
Continuing Education
Requirements And
Inactive Registered
Persons

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.

- Continuing Education
- Legal & Compliance
- Registration Department
- Senior Management

KEY TOPICS

- Continuing Education
Regulatory Element
Notifications And Reports
- Inactive Registered Persons
- E-mail Notices Of Inactive
Registered Persons

Executive Summary

NASD Regulation, Inc. wishes to remind firms that:

1. The Web Central Registration Depository (CRDSM) system no longer mails printed notices ("yellow sheets") to firms about their registered persons' impending continuing education Regulatory Element requirements. Firms must access their **Firm Queues** on Web CRD¹ to view continuing education information on their registered persons.
2. When a registered person becomes inactive for failing to satisfy the Regulatory Element, **all** of his or her registrations are inactive and he or she may not engage in, or be compensated for, **any** activities that require a securities registration.
3. CRD will e-mail firms whenever a registered person at the firm becomes inactive for failing to satisfy his or her Regulatory Element computer-based training requirement. Firms must request this service from CRD.

Questions/Further Information

Questions concerning this Notice may be directed to John Linnehan, Director, Continuing Education, NASD Regulation, Inc., at (240) 386-4684. Questions about **Firm Queues** should be directed to the Gateway Call Center at (301) 869-6699, or Matt Swyndle, Continuing Education, NASD Regulation, Inc., (240) 386-4686.

1. Firm Continuing Education Queues And Reports

The table on the following page listing Continuing Education (CE) Firm Queues and supplemental CE Reports is reprinted from *NASD Notice to Members 00-35*, published June 2000. Firms should review the information in their CE Firm Queues as often as is necessary to stay informed of the CE status of their registered persons. The firm's Written Supervisory Procedures should specify who at the firm is responsible for viewing the queues, notifying registered persons, tracking their completion of the Regulatory Element, and ensuring that any inactive persons do not engage in, or be compensated for, any activities that require a securities registration.

Types Of CE Firm Queues	
Web CRD Continuing Education Firm Queue	Hard-Copy Continuing Education Reports Replaced By Firm Queues
Approaching CE Requirement Queue Lists individuals with CE Windows starting within 28 days.	Initial Notices and Notices for Significant Disciplinary Actions
Currently CE Required Queue Lists all individuals currently in their 120-day CE Window.	Monthly Requirement Summary Report
CE Satisfied Queue Lists individuals who have completed the Regulatory Element within a time period specified by the user.	Individual and Summary Completion Reports
CE Inactive Queue Lists approved individuals at the firm who are currently CE Inactive.	Individual and Summary Inactive Reports
Current Individual Deficiencies Queue²-CE Inactive Lists new hires of the firm who are CE Inactive and whose registrations are therefore not approved. (Note: Web CRD does not approve the registrations of persons who are inactive unless and until those persons satisfy the Regulatory Element. Persons in this situation have CRD registrations with a status of DEFICIENT-CE.)	Individual and Summary Inactive Reports
2-Year CE Termed Queue Lists all individuals who have had their registrations administratively terminated because they had been CE Inactive for 2 years.	CE Two Year Termination Notice and CE Two Year Termination Warning Notice

Supplemental CE Reports Available From Web CRD

Web CRD will also provide firms with various reports to complement the Continuing Education Queues. Reports marked with an asterisk (*) may be imported into a spreadsheet or database where the data may then be sorted by the user. To request any of these reports, please send an e-mail request to crdreports@nasd.com or call the Gateway Call Center at (301) 869-6699.

CE Download* – This report contains the CE base date for actively registered individuals with the firm who are subject to the Regulatory Element.

Approaching CE Queue Download* – This report allows firms to download the list of individuals in the firm’s Approaching CE Requirement Queue.

Approaching CE Queue Report – This report will provide the firm with a “printable” list of individuals in the firm’s Approaching CE Requirement Firm Queue.

Current Inactive CE Individuals Within A Firm – This report lists all individuals currently employed with the requesting firm who have a status of CE Inactive at the time the report is requested.

Previously Inactive CE Individuals Within A Firm – This report lists all individuals who were employed by the requesting firm *and* who had a status of CE Inactive during the timeframe specified.

Approaching CE Two Year Termed Report – This report lists individuals who *will* be administratively terminated within the next 10 days (if they remain CE Inactive)

for failure to satisfy the Regulatory Element requirement. These individuals have had a status of CE Inactive for two years from their most recent requirement window end date.

CE 2 Year Termed Report – This report lists individuals who were employed by the requesting firm *and were* administratively terminated during the timeframe specified in the request for the report. Individuals on this report will need to re-qualify for registration by a qualification examination and must submit an Initial U-4 to re-activate their registrations.

2. Inactive Registered Persons

All registrations of a person who does not satisfy the Regulatory Element requirement are deemed inactive and he or she may not engage in, or receive compensation for, **any** activities requiring registration. For example, if a person possessing both a principal/supervisor registration and a General Securities (Series 7) registration becomes inactive for failing to satisfy the Regulatory Element requirement, even if this registered person is not acting in the capacity of a principal or supervisor, he or she may not solicit or handle securities transactions.

3. E-Mail Notifications Of Inactive Registered Persons

Firms can request that Web CRD send an e-mail to the firm whenever a registered person at the firm becomes inactive for failing to satisfy the Regulatory Element requirement. To request this e-mail service, perform the following steps:

1. Logon to Web CRD and go to the *CRD Main* tab. This is the Site Map.
2. In the *Organization* column on the Site Map, click on *NFI Organization Search* under the *Organization Non-Filing Info* heading.
3. Click on *Firm Notification* on the Navigation Panel at the left of the screen, **OR** on the footer at the bottom of the screen. (**Important Note:** if you do not see *Firm Notification* on the Navigation Panel or at the bottom of the screen, it is probably because you do not have authorization for this function. Contact your firm's Web CRD Account Administrator to obtain authorization.)
4. Enter the e-mail address to which you would like the e-mail notifications sent, and the contact individual's name and phone number.

5. Check off that you wish to receive e-mail notification of inactive registered persons.
6. Click on Save.

Endnotes

- 1 Firm Queues are listed in the Individual Processing column of the Web CRD Site Map, the first page after the login screen.
- 2 CE Inactive Deficiencies are found in the Registrations Queue. To access, first click on the **Registrations Queue**, then **Current Individual Deficiencies**, and then select **CE Inactive** from the deficiencies list.

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