

ACTION REQUIRED

Broker/Dealer And Agent Renewals

Broker/Dealer And Agent
Renewals For 2001;
Payment Deadline:
December 8, 2000

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 Representatives
- Registration
- Senior Management

KEY TOPICS

- Maintenance Fees
- Registration
- Renewals
- Web CRD

Executive Summary

The National Association of Securities Dealers, Inc. (NASD®) 2001 Broker/Dealer and Agent Registration Renewal Program begins November 6, 2000. This annual program simplifies the registration renewal process through the payment of one amount on the member firm's Preliminary Renewal Statement that includes fees for NASD personnel assessments, NASD system processing fees, NASD branch offices, New York Stock Exchange (NYSE), American Stock Exchange (Amex®), Chicago Board Options Exchange (CBOE), Pacific Exchange (PCX), and Philadelphia Stock Exchange (PHLX) maintenance fees. The statement also includes state agent renewal fees and state broker/dealer renewal fees.

Members should read this *Notice*, any instructions posted to the NASD Regulation, Inc. (NASD RegulationSM) Web Site (www.nasdr.com), and any mailed information to ensure continued eligibility to do business in the states effective January 1, 2001. Any renewal processing changes subsequent to the publishing of this *Notice to Members* will be published in a *Special Notice to Members*.

Questions/Further Information

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

Preliminary Renewal Statements

Between November 6 and November 17, 2000, Preliminary Renewal Statements will be available on the Web CRDSM system

for all member firms. The statements will include fees for NASD personnel assessments; NASD system processing fees; NASD branch-office fees; NYSE, Amex, CBOE, PCX, and PHLX maintenance fees; state agent renewal fees; and state broker/dealer renewal fees. The NASD must receive full payment of the November Preliminary Renewal Statement amount **no later than December 8, 2000**.

The Preliminary Renewal Statements and rosters are available electronically for viewing and printing through the Web CRD system. There will be three rosters available with the Preliminary Renewal Statement:

- The **Firm Renewal Roster (Agent)** will list all agents registered with your firm and the information contained in it is sorted by regulator.
- 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. This roster should be used to determine if any NASD registrations need to be requested or jurisdictions terminated.

Fees

NASD personnel assessments for 2001 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, 2000. The personnel assessment is currently \$10 per person. A system processing fee will be assessed for each person who renews registration with any regulator through the NASD Broker/Dealer Renewal Program. The system processing fee is \$30. The NASD branch office assessment fee is \$75 per branch, based on the number of active branches as of December 31, 2000.

Agent renewal fees for NYSE, Amex, CBOE, PCX, PHLX, and state affiliations are listed in the Preliminary Renewal Statement on the Web CRD system. A matrix, which includes a list of broker/dealer renewal fees for states that participate in the NASD Broker/Dealer Renewal Program, is posted on the CRD Web Page of the NASDRSM Web Site (www.nasdr.com/3400.htm) under the "License Renewal Information" menu selection. NYSE, Amex, CBOE, PCX, and PHLX 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, and PHLX registered personnel employed by the member.

If a state does not participate in this year's Broker/Dealer Renewal Program, members 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 renewal process.

Members should contact jurisdictions directly for further information on jurisdiction renewal requirements.

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. Submit the check, along with the first page of the online statement, and mail to:

NASD Regulation, Inc. - Renewals
Department Number 0653
C/O Riggs National Bank
5700 River Tech Court
Riverdale, MD 20737-1250

To ensure prompt processing, the Preliminary Renewal Statement payment must include the first page of your statement with no other forms or fee submissions. Members are advised that failure to return full payment to the NASD by the December 8, 2000, deadline could cause a member to immediately become ineligible to do business in its registered jurisdictions effective January 1, 2001.

Filing Forms U-5

Members may avoid paying unnecessary renewal fees by electronically filing Forms U-5 via the Web CRD system for agents terminating in one or more jurisdiction affiliations. The NASD will again accept post-dated agent termination notices on the Forms U-5. Between November 1 and December 22, 2000, firms may process Forms U-5 (both partial and full terminations) with a post-dated termination date of **December 31, 2000** (this is the only date that can be used for a post-dated Form U-5). If the Form

U-5 indicates a termination date of December 31, 2000, an agent may continue doing business in a jurisdiction until the end of the calendar year without being assessed renewal fees for that jurisdiction. Please ensure that Forms U-5 are filed by the renewal deadline date of 8:00 p.m., Eastern Time (ET), on December 22, 2000.

Members should exercise care when submitting post-dated Forms U-5. The NASD will systematically process these forms as they are received but cannot withdraw a post-dated termination once processed. To withdraw a post-dated termination, a member would have to file, electronically, a new Form U-4 after December 31, 2000.

Filing Forms BDW

The CRD Phase II Program allows firms requesting BD termination (either full or partial) to electronically file their Forms BDW with the Web CRD system and avoid the assessment of renewal fees with regulators, provided that the regulator is a CRD Phase II participant. Currently, there are three regulators that are not participating in Phase II. They are:

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

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

The deadline for electronic filing of Forms BDW for firms that want to terminate an affiliation before year-end 2000 is 8:00 p.m., ET, on December 22, 2000. This same

date applies to the filing of Forms BDW with the regulators that are not participating in Phase II. Post-dated Forms BDW filed on the Web CRD system will be accepted and processed in the same manner as post-dated Forms U-5.

Removing Open Registrations

In addition to providing members with the Firm Renewal Roster and the Branches Renewal Roster, the NASD will also be making available to its members the Non-NASD Registered Individuals 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. 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 an amendment to Form U-4 indicating such in the appropriate section. This roster should aid in the reconciliation of personnel registrations prior to year's end. The Non-NASD Registered Individuals Roster will only be available on the Web CRD system if a firm has agents within this category.

Final Renewal Statements

Between January 2 and January 22, 2001, the NASD will make available Final Renewal Statements to its members. These statements will reflect the final status of firm and agent registrations as of December 31, 2000. Any adjustments in fees owed as a result of registration terminations or approvals subsequent to the Preliminary Renewal Statement will be made in this final reconciled statement on the Web CRD system. If a member has more agents and/or branch offices registered at year's end than it did on the Preliminary Renewal Statement, additional fees will be assessed. If a member has fewer agents and/or branch offices registered at year's end than it did in November, a credit/refund will be issued.

Members should access the Reports Tab for the Firm Renewal Roster, which will list all renewed personnel with the NASD, NYSE, Amex, CBOE, PCX, PHLX, and each jurisdiction. Persons 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's end will not be

included in the renewal process. Firms will also see an NASD Renewal Branch Office Roster that lists all branches for which they have been assessed.

Two 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 then will have until March 19, 2001, to report any discrepancies on the Renewal Rosters. All jurisdictions should be contacted directly in writing. Specific information and instructions concerning the Final Renewal Statements and Renewal Rosters will appear in the January 2001 issue of *Notices to Members*. Firms may also refer to the Renewal edition of the *CRD/PD Bulletin*, which will be published in November, for details concerning the renewal process.

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