

ACTION REQUIRED
Renewal fees for the
year 2000 for all
participating regulators
are due NO LATER than
December 10, 1999.

Broker/Dealer And Agent Renewals

Broker/Dealer And Agent
Renewals For 2000;
CRD Fee Changes

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

- Registration
- Renewals
- Web CRD

Executive Summary

The National Association of Securities Dealers, Inc. (NASD®) broker/dealer and agent registration renewal cycle for the year 2000 will begin November 1, 1999. This year, with the implementation of Web CRDSM, hard-copy Initial Renewal Statements and rosters will no longer be mailed to member firms. The Initial Renewal Statements and rosters will be available electronically for viewing and printing on the new Web CRD system.

In addition, the NASD Board of Governors approved changes to Schedule A of the NASD By-Laws that affect the Central Registration Depository fee structure and will be reflected in the Initial Renewal Statements. The changes, which were approved by the Securities and Exchange Commission (SEC), are:

- The \$20 Form U-4 and Form U-5 amendment fee is eliminated effective January 1, 2000.
- A \$30 annual processing fee, which covers the cost of NASD registration renewal and all amendment filings for the year, is established, effective January 1, 2000, and will be assessed in the November Initial Renewal Invoices. It replaces the \$15 renewal processing fee.

This annual renewal program simplifies the registration renewal process through the payment of one amount, reflected on the member firm's Initial Renewal Statement, that will include 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 Initial Renewal Statement also includes state agent renewal fees and state broker/dealer renewal fees. Members should read this *Notice* and any instructions posted to the NASD Regulation Web Site, www.nasdr.com, or mailed to ensure continued eligibility to do business in the states effective January 1, 2000. 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 concerning this *Notice* may be directed to the CRD/PD Gateway Call Center at (301) 869-6699.

Initial Renewal Statements

On November 1, 1999, Initial Renewal Statements will be available 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, PCX, and PHLX maintenance fees, state agent renewal fees, and state broker/dealer renewal fees. The NASD must receive full payment of the November statement no later than December 10, 1999.

NASD personnel assessments and system processing fees for 2000 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) on or before December 31, 1999. That personnel assessment is currently \$10 per person. The system processing fee, which covers the renewal of NASD registration and amendment activity for a registered

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person for the coming year, is \$30. The NASD branch office assessment fee is \$75 per branch based on the number of active branches as of December 31, 1999.

Agent renewal fees for NYSE, Amex, CBOE, PCX, PHLX, and state affiliations are listed in the statement on Web CRD. A matrix, which includes a list of broker/dealer renewal fees for states that participate in the broker/dealer renewal program, is posted to the CRD Internet Page on the NASDR Web Site 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. As of October 1, 1999, California is the only state not participating. Members should contact jurisdictions directly for further information on jurisdiction renewal requirements.

Payment of the Initial Renewal Statement should be either in the form of a check made payable to NASD Regulation, Inc. (NASD RegulationSM) 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.
Finance Department - Renewals
15201 Diamondback Drive
Rockville, MD 20850

To ensure prompt processing, the Initial 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 10, 1999, deadline could cause a member to become ineligible to do business in the jurisdictions effective January 1, 2000.

Filing Forms U-5

Members may avoid paying unnecessary renewal fees by electronically filing Forms U-5 via Web CRD for agents terminating in one or more jurisdiction affiliations. Due to the positive feedback received by the NASD by its member firms that have used post-dated Forms U-5 for renewals, the NASD will again accept post-dated agent termination notices on the Forms U-5. From November 1 to December 23, the NASD will electronically accept and process Forms U-5 (both partial and full terminations) with a post-dated termination date of December 31, 1999. Under this procedure, if the Form U-5 indicates a termination date of December 31, 1999, 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 electronically by the renewal deadline date of 8:00 p.m., Eastern Time (ET), on December 23, 1999. Also, in Web CRD, post-dated Forms U-5 can only contain a date of termination of December 31, 1999.

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, 1999.

Filing Forms BDW

The CRD Phase II program, now in its 10th year, allows firms requesting terminations (either full or jurisdiction only) to electronically file their Forms BDW with the CRD to avoid the assessment of renewal fees in those jurisdictions that are designated on the Form BDW, provided that the jurisdiction is a CRD Phase II participant. Currently, there are four regulators that are not participating in Phase II. They are:

- State of Michigan
- American Stock Exchange
- New York Stock Exchange
- Pacific Exchange

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

The deadline for electronic filing of Forms BDW for firms that want to terminate an affiliation before year-end 1999 is 8:00 p.m., ET, on December 23, 1999. This deadline also applies to the filing of Forms BDW with the jurisdictions that are not participating in Phase II. Post-dated Forms BDW filed with Web CRD will be accepted and processed in the same manner as post-dated Forms U-5.

Removing Open Registrations

This year, the rosters, posted on Web CRD, will include firm agents whose NASD registration is either terminated or expired (please note that the expired registrations will be reflected as "purged" on the report) due to the existence of a deficient condition, but who have an approved registration with a state. This roster should aid in the reconciliation of personnel registrations prior to year's end. Firms may terminate obsolete state registrations through the submission of Forms U-5 or reinstate the NASD licenses through the filing of Page 1s of Forms U-4. The Non-NASD Registered Individuals Roster will only be available on Web CRD if a firm has agents within this category.

Final Adjusted Statements

On January 24, 2000, 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,

1999. Any adjustments in fees owed as a result of registration terminations or approvals subsequent to the Initial Renewal Statement will be made in this final reconciled statement on Web CRD. If a member has more agents and/or branch offices registered at year's end than it did on the Initial 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 will also need to access the Reports tab for member renewal rosters that 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.

This year's renewal rosters, located on Web CRD, will also include two reports: 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 approximately two months in which to reconcile any discrepancies on the renewal rosters. All jurisdictions should be contacted directly in writing. Specific information and instructions concerning the final statements and rosters will appear in the January 2000 issue of *Notices to Members*. Firms may also refer to the renewal edition of the *CRD/PD Bulletin* for details concerning the renewal process.

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