

NASD NOTICE TO MEMBERS 97-70

Broker/Dealer And Agent Renewals For 1998

Suggested Routing

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Executive Summary

The 1997-98 National Association of Securities Dealers, Inc. (NASD®) broker/dealer and agent registration renewal cycle begins in early November. This program simplifies the registration renewal process through the payment of one invoiced amount that will include fees for NASD personnel assessments, NASD branch office fees, and American Stock Exchange (ASE), Chicago Board Options Exchange (CBOE), New York Stock Exchange (NYSE), Pacific Stock Exchange (PSE) and Philadelphia Stock Exchange (PHLX) maintenance fees. The invoice also includes state agent renewal fees and state broker/dealer renewal fees.

Members should read this *Notice* and the instructional materials to be sent with the November invoice package to ensure continued eligibility to do business in their respective states, effective January 1, 1998.

Questions concerning this *Notice* may be directed to your firm's assigned Quality and Service Team or NASD's Gateway, at (301) 590-6500.

Initial Renewal Invoices

In early November, initial renewal invoices will be mailed to all member firms. The invoices will include fees for NASD personnel assessments, NASD branch office fees, ASE, CBOE, NYSE, PSE and PHLX maintenance fees, state agent renewal fees, and state broker/dealer renewal fees. **The NASD must receive full payment of the November invoice no later than December 15, 1997.**

NASD personnel assessments for 1998 will be based on the number of registered personnel with an approved NASD license as of December 31, 1997. That personnel assessment is \$10 per person. NASD branch office assessments are \$75 per

branch, based on the number of active branches as of December 31, 1997.

Agent renewal fees for ASE, CBOE, NYSE, PSE, PHLX and state affiliations are listed in a matrix enclosed with each invoice. The matrix includes a list of broker/dealer renewal fees for states that participate in the broker/dealer renewal program. ASE, CBOE, NYSE, PSE 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 ASE-, CBOE-, NYSE-, PSE- 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 states directly for further information on state renewal requirements.

Payment of the initial invoice should be by 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 Central Registration Depository (CRDSM) number included on the check. **Submit the check, along with the top portion of the invoice, and mail in the return envelope provided with the invoice. All payments should be mailed to: NASD, Finance Department, 15201 Diamondback Drive, Rockville, MD 20850-3389.** To ensure prompt processing, the renewal invoice payment *should not* be included with other forms or fee submissions. Members should be advised that failure to return payment to the NASD by the December 15,

1997 deadline could result in an immediate ineligibility to do business in their states, effective January 1, 1998.

Filing Forms U-5

Members may avoid paying unnecessary renewal fees by filing Forms U-5 for agents terminating in one or more jurisdictions. Due to the positive feedback received by the NASD from its member firms that 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 15, the NASD will accept and process Forms U-5 (both partial and full terminations) with *post-dated dates of termination*. Under this procedure, if the Form U-5 indicates a termination date of December 31, 1997, 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 December 15, 1997. Also, post-dated Forms U-5 cannot be processed if the date of termination indicated is after December 31, 1997.**

Members should exercise care when submitting post-dated Forms U-5. The NASD will 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 a new Form U-4 *after* the termination date indicated on the Form U-5.

The NASD encourages members having access to the Firm Access Query System (FAQS) to utilize electronic filings for the submission of all Forms U-5 and page 1 of Form U-4. FAQS offers several advantages to firms in this regard, including the ability to **immediately** process terminations, ensure in-house control over

agent registrations, and reduce normal and express mailing costs as well as long-distance telephone charges. FAQS also allows members to quickly and efficiently handle the large filing volumes that typically occur at this time every year. Because of that, the NASD will provide an additional service to FAQS users by expanding the on-line user hours for November and December 1997. The system will be operational from 7 a.m. to 11 p.m., Eastern Time (ET), Monday through Friday and will also be available on Saturdays from 9 a.m. to 5 p.m., ET, during these months.

Filing Forms BDW

The CRD Phase II program, now in its eighth year, allows firms requesting terminations (either full or state only) to 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 five jurisdictions that are *not* participating in Phase II. They are:

Michigan
Puerto Rico
American Stock Exchange
New York Stock Exchange
Pacific Stock Exchange

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

The deadline for receipt of Forms BDW by the CRD for firms desiring to terminate an affiliation before year end 1997 is December 15, 1997. This same date applies to the filing of Forms BDW with the jurisdictions that are not participating in Phase II. Post-dated Forms BDW filed with the CRD *will be* accepted and processed in the same manner as post-dated Forms U-5.

Removing Open Registrations

The initial invoice package will include a roster of firm agents whose NASD registration is either terminated or purged due to the existence of a deficient condition for more than 180 days, but who have an approved registration with a state. This roster should aid in the reconciliation of personnel registrations prior to year end. Firms may terminate obsolete state registrations through the submission of Form U-5 or reinstate the NASD licenses through the filing of page 1 of Form U-4. *No roster will be included if a firm does not have agents within this category.*

Final Adjusted Invoices

Beginning January 15, 1998, the NASD will mail final adjusted invoices to its members. These invoices will reflect the final status of firm and agent registrations as of December 31, 1997. Any adjustments in fees owed as a result of registration terminations or approvals subsequent to the initial invoice mailing will be made in this final reconciled invoice. If a member has more agents and/or branch offices registered at year end than it did on the November invoice date, additional fees will be assessed. If a member has fewer agents and/or branch offices registered at year end than it did in November, a credit/refund will be issued.

Included with this adjusted invoice will be the member renewal rosters, which will list all renewed personnel with the NASD, ASE, CBOE, NYSE, PSE, PHLX, and each state. Persons whose registrations are approved in any of these jurisdictions during November and December will automatically 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. Firms will also receive an NASD branch office roster

that lists all branches for which they have been assessed.

Firms then will have a two-month period in which to reconcile any discrepancies on the rosters. *All jurisdictions should be contacted directly in writing.* Specific information and instructions concerning the final

adjusted invoice package will appear in the January 1998 issue of *Notice to Members*, as well as on the inside cover of the renewal roster. Firms may also refer to their Renewal Edition of "Membership on Your Side" for details concerning the renewal process.

This year's final invoice package will also include a breakdown of fees assessed by billing code for firms that use billing codes in the registration process. This breakdown will aid firms in their internal research and allocation of fees.

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