

BD and IA Renewals for 2008

Broker-Dealer, Investment Adviser Firm, Agent and Investment Adviser Representative, and Branch Renewals for 2008

Payment Deadline: December 10, 2007

Executive Summary

The 2008 registration renewal process begins on November 5, 2007 when online Preliminary Renewal Statements are made available to all firms on Web CRD/IARD.

Firms should note the following key dates in the 2008 renewal process:

- October 22, 2007** Firms may start submitting post-dated Forms U5 and BR Closing/Withdrawal filings via Web CRD.
- November 1, 2007** Firms may start submitting post-dated Forms BDW via Web CRD, as well as Forms ADV-W via IARD.
- Post-dated filings that are submitted by 11 p.m., Eastern Time (ET) November 2, 2007 will not appear on the firm's Preliminary Renewal Statement. December 31, 2007 is the only date that can be used for a post-dated termination filing.
- November 5, 2007** Preliminary Renewal Statements are available on Web CRD.
- December 10, 2007** Full payment of Preliminary Renewal Statements is due.
- January 2, 2008** Final Renewal Statements are available on Web CRD.

October 2007

Notice Type

- Renewals

Suggested Routing

- Compliance
- Legal
- Operations
- Registered Representatives
- Registration
- Senior Management

Key Topics

- CRD®
- Renewals
- Registration
- IARDSM

Referenced Rules & Notices

- NTM 02-48

Member firms are advised that failure to return full payment of their Preliminary Renewal Statement to FINRA by December 10, 2007 could cause the firm to become ineligible to do business in the jurisdictions where they are registered effective January 1, 2008.

In addition to this *Notice*, firms should review the instructions posted at www.finra.org/renewals, especially the 2008 Renewal Program Bulletin, the 2008 IARD Renewal Program Bulletin (if applicable) on the Investment Adviser Web site at www.iard.com/renewals.asp, and any mailed information to ensure continued eligibility to do business as of January 1, 2008.

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

Background & Discussion

Preliminary Renewal Statements

Beginning **November 5, 2007**, Preliminary Renewal Statements will be available for viewing and printing on Web CRD. The statements will include the following fees:

- ▶ Web CRD system processing fees;
- ▶ FINRA branch office fees;
- ▶ FINRA branch renewal processing fees;
- ▶ American Stock Exchange (AMEX), Boston Stock Exchange (BSE), Chicago Board Options Exchange (CBOE), International Securities Exchange (ISE), NASDAQ Stock Exchange (NQX), New York Stock Exchange (NYSE), NYSE Arca, Inc. (ARCA) and Philadelphia Stock Exchange (PHLX) maintenance fees;
- ▶ state agent renewal fees;
- ▶ state BD renewal fees;
- ▶ state BD branch fees
- ▶ investment adviser firm and representative renewal fees, if applicable; and
- ▶ broker-dealer and/or investment adviser branch renewal fees.

FINRA must **receive** full payment of the Preliminary Renewal Statement fees **no later than December 10, 2007**.

If payment is **not** received by the **December 10, 2007** payment due date, firms will be assessed a *Renewal Payment Late Fee*. This late fee will be included as part of the firm's Final Renewal Statement and will be calculated as follows: 10 percent of a member firm's cumulative final renewal assessment or \$100, whichever is greater, with a cap of \$5,000. Please see *NTM 02-48* for details. Firms also risk failing to renew if fees are not received in time.

Fees

A fee of \$30 will be assessed for each person who renews his/her registration with any regulator through Web CRD. Firms can access a listing of agents for whom their firm will be assessed by requesting the Renewals – Firm Renewal Roster.

For 2008, any investment adviser fees that are assessed for state-registered investment adviser firms and investment adviser representatives (RA) by the North American Securities Administrators Association (NASAA) that renew through the IARD Program will be also be included on the Preliminary Renewal Statement.

The FINRA branch office assessment fee of \$75 per branch, based on the number of active FINRA branches as of December 31, 2007, will be assessed. One branch office assessment fee will be waived per firm.

The FINRA branch renewal processing fee of \$20 per branch, based on the number of active FINRA branches as of December 31, 2007, will be assessed. One branch renewal processing fee will be waived per firm.

FINRA personnel assessment fees are not assessed through the FINRA Renewal Program. FINRA will mail all FINRA member firms a separate billing for this fee. Firms can access a listing of agents for whom the firm will be assessed the personnel assessment fee by requesting the Renewals – Firm Renewal Roster.

Renewal fees for AMEX, ARCA, BSE, CBOE, ISE, NOXX, NYSE, PHLX and state registrations are also assessed on the Preliminary Renewal Statement. These fees are based on the number of registered personnel employed in each SRO/jurisdiction by the member firm.

Branch office renewal fees will also be collected for those regulators who choose to renew branches registered with them via Web CRD/IARD.

Some participating jurisdictions may require steps beyond the payment of renewal fees to FINRA to complete the broker-dealer or investment adviser renewal process. Firms should contact each jurisdiction directly for further information on state renewal requirements. A Regulator Directory can be found at www.nasaa.org/QuickLinks/ContactYourRegulator.cfm.

For detailed information regarding 2008 investment adviser renewals, you may also visit the investment adviser Web site, www.iard.com. A matrix of investment adviser renewal fees for states that participate in the 2008 IARD Renewal Program is posted at www.iard.com/pdf/rep_fee_sch.pdf.

Renewal Payment

Firms have four payment methods available to pay 2008 renewal fees:

- **New for 2008:** Automatic Daily-to-Renewal Account Transfer
- Web CRD/IARD E-Pay
- Check
- Wire transfer

Automatic Daily-to-Renewal Account Transfer

To facilitate Renewal payment processing for all firms, FINRA will automatically transfer funds from a firm's Daily Account to its Renewal Account on December 10, 2007, the Preliminary Renewal Statement payment deadline. FINRA will transfer funds only if a firm has sufficient funds available in its Daily Account on December 10 to cover the amount. **Please Note:** If a firm does not want funds automatically transferred from its Daily Account to its Renewal Account, the firm should ensure that its payment is received in its Renewal Account by the December 10 deadline. Separately, if a firm wishes to transfer funds between affiliated firms, the firm should contact the Gateway Call Center at (301) 869-6699 for further instructions prior to the renewal deadline.

Web CRD/IARD E-Pay

The Web CRD/IARD E-Pay application is accessible from both the Preliminary and Final Renewal Statements and the FINRA (www.finra.org/crd) or IARD (www.iard.com) Web sites and allows firms to make an ACH payment from a designated bank account to their Web CRD/IARD Renewal Account. Please note that in order for funds to be posted to your firm's Renewal Account by December 10, 2007, payment must be submitted electronically no later than **8:30 p.m. ET on December 6, 2007**.

Check

The check should be drawn on the member firm's account, with the firm's CRD number included on the front of the check, along with "Renewal" in the memo line. Firms should mail their renewal payment, along with a print-out of the first page of their online renewal statement, directly to:

U.S. Mail or

FINRA
P.O. Box 7777-8705
Philadelphia, PA 19175-8705
(Note: This box will not accept courier or overnight deliveries.)

Express/Overnight Delivery

FINRA
8705
Mellon Bank Room 3490
701 Market Street
Philadelphia, PA 19106
Telephone: (301) 869-6699

Member firms should use **the blue, pre-addressed renewal payment envelope** that they are scheduled to receive in early November, or should use the **full address**, as noted above, to ensure prompt processing.

Please note: The addresses for renewal payments are different than the addresses for funding firms' CRD or IARD Daily Account.

To ensure prompt processing of your renewal payment check:

- ▶ Include a printout of the first page of your Preliminary Renewal Statement with payment.
- ▶ Do **not** include any other forms or fee submissions.
- ▶ Write your firm's CRD number and "Renewal" on the check memo line.
- ▶ Be sure to send your payment either in the pre-addressed renewal payment envelope that will be mailed to you or write the address on the envelope exactly as noted above.

Wire Payment

Firms may wire full payment of the Preliminary Renewal Statement by requesting their bank to initiate the wire transfer to: **"Mellon Financial, Philadelphia, PA."** Firms should provide their bank the following information:

Transfer funds to:	Mellon Financial, Philadelphia, PA
ABA Number:	031 000 037
Beneficiary:	FINRA
FINRA Account Number:	8-234-353
Reference Number:	Firm CRD number and "Renewal"

To ensure prompt processing of a renewal payment by wire transfer:

- ▶ Remember to inform the bank that the funds are to be credited to the **FINRA bank account**.
- ▶ Provide the firm's CRD number and "Renewal" as reference only.
- ▶ Record the confirmation number of the wire transfer provided by the bank.

Renewal Reports

Beginning November 5, 2007, the renewal reports will be available to request, print and/or download via Web CRD. Three reports/downloads are available for reconciliation with the Preliminary Renewal Statement:

- ▶ **Firm Renewal Report** – applicable to broker-dealer and investment adviser firms. This report lists individuals included in the 2008 Renewal Program processing and includes billing codes (if they have been supplied by the firm).
- ▶ **Branches Renewal Report** – applicable to broker-dealer and investment adviser firms. This report lists each branch registered with FINRA, and/or with any other regulator that renews branches registered with the regulator through Web CRD/IARD and for which the firm is being assessed a fee. Firms should use this report to reconcile their records for renewal purposes.
- ▶ **Approved AG Reg without FINRA Approval Report** – applicable to FINRA member firms. This report contains all individuals who are not registered with FINRA but are registered with one or more jurisdictions. The report should be used throughout the year, including during the annual Renewal Program, as an aid for firms to reconcile personnel registrations. Firms should request this report as soon as possible to determine if any FINRA registrations need to be requested or jurisdictions terminated prior to renewal processing for the Preliminary Renewal Statement available on November 5. Note that any post-dated termination filings submitted by 11 p.m. ET on November 2, 2007, will not appear on the firm's Preliminary Renewal Statement.

Post-Dated Form Filings

This functionality allows firms to file a termination form with a termination date of December 31, 2007. If a Form U5, BDW, BR Closing/Withdrawal or ADV-W indicates a termination date of December 31, 2007, an agent (AG), broker-dealer and/or investment adviser (firm) and investment adviser representative (RA) may continue doing business in the jurisdiction until the end of the calendar year without being assessed 2008 renewal fees. **December 31, 2007** is the only date that can be used for a post-dated form filing.

Firms can begin electronically filing post-dated Forms U5 and BR Closing/Withdrawal via Web CRD on October 22, 2007. Firms can begin electronically filing post-dated Forms BDW and ADV-W via Web CRD/IARD on November 1, 2007. Firms that submit post-dated termination filings by 11 p.m. ET, on November 2, 2007 **will not** be assessed renewal fees for the terminated registrations on their Preliminary Renewal Statement. Firms that submit post-dated termination filings on, or after, November 5, 2007, will not be assessed renewal fees for the terminated jurisdictions on the Final Renewal Statement in January 2008. Those firms should see a credit balance on their Final Renewal Statement if the firm has not requested additional registrations during that time period to offset the credit balance.

Firms should query individual, branch and/or firm registrations after a termination filing has been submitted to ensure that electronic Forms U5, BDW, BR Closing/Withdrawal and ADV-W are reflected on the system by the renewal filing deadline date of 6 p.m. ET on December 21, 2007.

Firms should exercise care when submitting post-dated Forms U5, BDW, BR Closing/Withdrawal and ADV-W. FINRA will systematically process these forms as they are submitted and **cannot** withdraw a post-dated termination once submitted and processed. A firm that files a post-dated termination in error will have to file a new Form U4, BD Amendment, Form BR or Form ADV when Web CRD/IARD resumes filing processing on January 2, 2008. New registration fees would be assessed as a result.

Filing Form 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 file either a full or partial Form BDW by 11 p.m. ET November 2, 2007 will avoid the assessment of the applicable renewal fees on their Preliminary Renewal Statement, provided that the regulator is a CRD Phase II participant. Currently, there are only five regulators that participate in Web CRD renewals for agent fees, but **do not** participate in the CRD Phase II Program:

- American Stock Exchange
- Chicago Stock Exchange
- National Stock Exchange
- NYSE Arca, Inc.
- 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 2007 is 6 p.m. ET December 21, 2007. This same date applies to the filing of Forms BDW with regulators that are not Phase II participants.

Filing Forms ADV to Cancel Notice Filings or Forms ADV-W to Terminate Registrations

Firms that file either a Form ADV Amendment, unmarking a state (generating the status of "Removal Requested at End of Year") or a full or partial Form ADV-W by 11 p.m. ET November 2, 2007 will avoid the assessment of the applicable renewal fees on their 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 2007 is 6 p.m. ET December 21, 2007.

Removing Open Registrations

Throughout the year, firms have access to the "Approved AG Reg Without FINRA Approval" Report via Web CRD. This report identifies agents whose FINRA registrations are either terminated or have been changed to a "purged" status due to the existence of a deficient condition (*i.e.*, exams or fingerprints) but still maintain an approved registration with a state. Member firms should use this report to terminate obsolete state registrations through the submission of Forms U5 or reinstate the FINRA licenses through the filing of a Form U4 Amendment. This report should aid firms in the reconciliation of personnel registrations prior to year's end and should be requested as soon as possible. Requesting this report will enable firms to identify individuals who can be terminated by November 2, 2007 to avoid being charged for those individuals on their Preliminary Renewal Statement. The Approved AG Reg Without FINRA Approval Report will also advise a firm if there are no agents at the firm within this category.

Final Renewal Statements

Beginning January 2, 2008, FINRA will make available Final Renewal Statements via Web CRD and IARD. These statements will reflect the final status of broker-dealer, registered representative (AG), investment adviser firm and investment adviser representative (RA) registrations and/or notice filings as of December 31, 2007. Any adjustments in fees owed as a result of registration terminations, approvals, notice filings or transitions subsequent to the processing/posting of the Preliminary Renewal Statement will be made in the Final Renewal Statement on Web CRD/IARD.

- 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 renewal 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. Please note that overpayments will be systemically transferred to firms' Daily Accounts as of January 2, 2008. Firms that have a credit (sufficient) balance in their Daily Account may request a refund by mailing or faxing a written request signed by the designated signatory to the Finance Department, 9509 Key West Avenue, Rockville, MD 20850, (301) 869-6699, fax number: (240) 386-5344. The request should include a printout of the firm's credit balance as reflected on Web CRD.

On or after January 2, 2008, FINRA member firms and joint BD/IA firms should access the Web CRD Reports functionality for the **Firm Renewal Report**, which will list all renewed personnel with FINRA, AMEX, ARCA, BSE, CBOE, ISE, NOX, NYSE, PHLX, and each jurisdiction. Agents and RAs whose registrations are "approved" in any of these jurisdictions during November and December will be included in this roster. Registrations that are "pending approval" or are "deficient" at year's end will not be included in the 2008 Renewal Program. Firms will also be able to request the **Branches Renewal Report** that lists all branches for which they have been assessed renewal fees. Versions of these reports will also be available for download.

Firms have until **February 4, 2008** to report any discrepancies on the renewal reports. This is also the **deadline for receipt of final payment**. Specific information and instructions concerning the Final Renewal Statement and renewal reports will be available in a January 2008 *Regulatory Notice*.

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