

Regulatory Notice

08-14

New Member Application

FINRA Implements New Electronic Form NMA Filing Requirement

Effective Date: February 29, 2008

Implementation Date: June 26, 2008

Executive Summary

Beginning June 26, 2008, all applicants for FINRA membership must use the revised online Form NMA and comply with NASD Rule 1013 (New Member Application and Interview) as amended. The rule change was filed for immediate effectiveness on February 29, 2008. The text of NASD Rule 1013 as amended is set forth in Attachment A.

Questions regarding this *Notice* may be directed to Matthew E. Vitek, Counsel, Sales Practice Policy, at (202) 728-8481; or Allison Reid, Associate Director, Next Generation Examinations Program, at (212) 858-4418.

Questions regarding technical requirements and the Form NMA may be directed to FINRA's Gateway Call Center at (301) 590-6500.

Background and Discussion

In an effort to streamline the membership application process and make it more efficient, FINRA recently required membership applicants to complete and submit electronically, via the Electronic Filing System (EFS), FINRA's standardized membership application form (Form NMA). Previously, NASD Rule 1013 required Form NMA and other required application materials to be filed with the Department of Member Regulation (Department) at the district office in the district in which the applicant intended to have its principal place of business. Although Form NMA was forwarded electronically to the district offices, applicants still had to submit certain required application materials—such as Form BD,

March 2008

Notice Type

- Rule Amendment

Suggested Routing

- Compliance
- Legal
- Senior Management

Key Topic(s)

- New Member Application

Referenced Rules & Notices

- NASD Rule Series 1010
- NASD Rule 1012
- NASD Rule 1013
- NASD Rule 1014



Financial Industry Regulatory Authority

fingerprint cards of associated persons, the new member assessment report, FINRA entitlement forms and the membership application fee—via first-class mail, overnight courier or hand delivery.¹

NASD Rule 1013 will now require that an application be filed directly with the Department. Additionally, FINRA will require applicants to send all hard-copy application materials to a central location within the Department. NASD Rule 1013 also eliminates the requirement that applicants submit the membership application fee by physical check. Instead, FINRA will require applicants to pay the fees electronically.

FINRA also amended the NASD Rule Series 1010 (Membership Proceedings) to reflect FINRA's change in corporate name and to otherwise delete references to "the Association." A copy of the rule text is contained in Attachment A.

Further outlined in this *Notice* are the details regarding the changes to the electronic application process and how to complete the revised Form NMA.

New Form NMA Structure

FINRA is changing Form NMA from a static electronic document to an interactive, user-friendly document that will provide a more tailored application experience. Additionally, FINRA is restructuring both the electronic Form NMA and the process pursuant to which application fees, forms and documents are filed. These changes represent FINRA's continuing emphasis on streamlining the capture of information from new member applicants and increasing clarity to applicants regarding the required information and documentation.

The revised Form NMA will consist of eight major sections:

- Section I. General Information
- Section II. Business Lines
- Section III. Personnel
- Section IV. Net Capital and Sources of Funding
- Section V. Contractual and Business Arrangements
- Section VI. Policies and Procedures
- Section VII. Facilities
- Section VIII. Recordkeeping

This restructuring classifies the information in the revised Form NMA into groups based on logical relationships, which creates a more user-friendly application while preserving FINRA's ability to analyze the application pursuant to the "Standards for Admission" in NASD Rule 1014. The restructuring, however, does not change the information applicants must submit pursuant to NASD Rule 1013 during the application process or the standards set forth in NASD Rule 1014 for granting an applicant's membership application. You may download a PDF of a blank, revised Form NMA at www.finra.org/BecomeAMember/SampleNMA.

Important Form NMA Features

The revised Form NMA will also capture the same types of information that are required under the currently available Form NMA; however, the increased level of detail required in the revised Form NMA will help the applicant file a more complete application with the initial submission and thus allow FINRA to conduct a more timely evaluation and make fewer information requests of the applicant during the course of the review.

The revised Form NMA is also designed to retrieve certain information from Forms BD and U4 filed by the applicant, including business lines, ownership, and associated persons. Therefore, it is important that this information be complete and accurate at the time the revised Form NMA is filed and updated as appropriate during the course of the application review process.

Participant Guide

To help prospective applicants become familiar with the revised Form NMA, FINRA has updated the New Membership Application Form NMA Participant Guide (Guide). This Guide provides important information on the filing process, detailed instructions on using and navigating the Form, as well as guidance on technical issues. The Guide does not, however, provide advice regarding the sufficiency of information submitted in the application, including whether the filing is substantially complete. The updated Guide is available at www.finra.org/BecomeAMember/NMAParticipantGuide.

Application Process Changes

FINRA is also altering the application process to require applicants to first fund a general application account, then submit required hard-copy forms, and then complete and submit Form NMA. These application process changes also will be implemented on June 26, 2008, the date applicants must begin using the revised Form NMA. These changes—which are briefly described below and in the sequence to be followed by the applicant—are covered in detail in the Guide.

1. **Funding the Applicant's CRD Account.** Applicants will be required to fund, via electronic funds transfer, the general account from which the application, examination, state and other registration fees will be drawn. Initial payment of the application fee and funding for the Applicant's CRD account will no longer be made by hard-copy checks.
2. **Submit Hard-Copy Forms.** Applicants will need to complete and submit to CRD at the same time the following forms: Notarized Form BD, the appropriate Entitlement Forms, Member Firm Email Notification Contact Form, and the New Member Assessment Report. Information on each of these forms is available on FINRA's Web site:
 - Form BD: www.finra.org/CRD/FormBD
 - FINRA Entitlement Forms
 - i Entitlement Agreement: www.finra.org/EntitlementAgree
 - ii Entitlement Forms for New Member Application, Web CRD and Regulation Filing: www.finra.org/EntitlementForms
 - Email Notification Contact Form: www.finra.org/BecomeAMember/EmailNotification
 - New Member Assessment Report: www.finra.org/BecomeAMember/Assessment

Applicants are required to submit the hard-copy forms together to the following address:

FINRA
Attn: Registration and Disclosure Department
9509 Key West Avenue
Rockville, MD 20850

Applicants will be required to complete and submit these forms before being granted entitlements to access and begin completion of Form NMA. Also, fingerprint cards will continue to be required in hard-copy form and should be submitted directly to CRD. More information is available at http://www.finra.org/CRD/E-Fingerprint_Vendors.

3. **Access Forms via the Firm Gateway.** The FINRA Firm Gateway provides consolidated access to many FINRA applications, including CRD and Form NMA. Upon notification that system entitlements have been granted (*i.e.*, following FINRA processing the applicant's hard-copy forms mentioned in 2. above), FINRA will provide applicants access to the Firm Gateway and they will be able to electronically submit: (i) Forms U4 for proposed associated persons; (ii) Forms BR for each proposed location; (iii) amended Form BD, as appropriate; and (iv) Form NMA. **Note that only the revised Form NMA, not the current Form NMA, is accessible via the Firm Gateway.**
4. **Confirmation Page.** Once the applicant completes and successfully submits the electronic Form NMA and all required attachments, the EFS will generate a confirmation page, which must be retained for future reference.

Applicants must begin using the revised Form NMA on June 26, 2008, as the current Form NMA will not be accessible to new filers after that date. However, new member applications submitted prior to that date should use the current Form NMA.

Endnote

- 1 See NASD Rule 1012(a)(2), which requires an applicant to file application documents and information by first class mail, overnight courier or hand delivery where FINRA has not otherwise prescribed an electronic or alternative filing process.

ATTACHMENT A

New language is underlined; deletions are in brackets.

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1010. Membership Proceedings

1011. Definitions

Unless otherwise provided, terms used in the Rule 1010 Series shall have the meaning as defined in Rule 0120.

(a) “Applicant”

The term “Applicant” means a person that applies for membership in [the NASD] FINRA under Rule 1013 or a member that files an application for approval of a change in ownership, control, or business operations under Rule 1017.

(b) “Associated Person”

The term “Associated Person” means: (1) a natural person registered under NASD Rules; or (2) a sole proprietor, or any partner, officer, director, branch manager of the Applicant, or any person occupying a similar status or performing similar functions; (3) any company, government or political subdivision or agency or instrumentality of a government controlled by or controlling the Applicant; (4) any employee of the Applicant, except any person whose functions are solely clerical or ministerial; (5) any person directly or indirectly controlling the Applicant whether or not such person is registered or exempt from registration under [NASD] the FINRA By-Laws or NASD Rules; (6) any person engaged in investment banking or securities business controlled directly or indirectly by the Applicant whether such person is registered or exempt from registration under [NASD] the FINRA By-Laws or NASD Rules; or (7) any person who will be or is anticipated to be a person described in (1) through (6) above.

(c) “Department”

The term “Department” means the Department of Member Regulation of [NASD Regulation] FINRA.

(d) “Director”

The term “Director” means a member of the [NASD] FINRA Regulation Board.

(e) “district”

The term “district” means a district established by the [NASD] FINRA Regulation Board.

(f) “district office”

The term “district office” means an office of [NASD Regulation] FINRA located in a district.

(g) “FINRA Board”

The term “FINRA Board” means the Board of Governors of FINRA.

(h) FINRA Regulation Board”

The term “FINRA Regulation Board” means the Board of Directors of FINRA Regulation.

([g]i) “Governor”

The term “Governor” means a member of the [NASD] FINRA Board.

([h]j) “Interested[NASD] FINRA Staff”

The term “Interested[NASD] FINRA Staff” means an employee who directly participates in a decision under Rule 1014 or 1017, an employee who directly supervises an employee with respect to such decision, an employee who conducted an investigation or examination of a member that files an application under Rule 1017, the District Director for the relevant district, and the head of the Department.

([i]k) “Material change in business operations”

No Change.

[(j) “NASD Board”]

[The term “NASD Board” means the Board of Governors of the NASD.]

[(k) “NASD Regulation Board”]

[The term “NASD Regulation Board” means the Board of Directors of NASD Regulation.]

(l) No Change.

(m) “sales practice event”

The term “sales practice event” means any customer complaint, arbitration, or civil litigation that has been reported to the Central Registration Depository, currently is required to be reported to the Central Registration Depository, or otherwise has been reported to [the Association] FINRA.

(n) No Change.

IM-1011-1. Safe Harbor for Business Expansions

This interpretive material concerns the types of business expansions that will not require a member to submit a Rule 1017 application to obtain [NASD's] FINRA's approval of the expansion. This safe harbor applies to: (1) firms that do not have a membership agreement, and (2) firms that have a membership agreement that does not contain a restriction on the factors listed below.

The safe harbor is not available to a member that has a membership agreement that contains a specific restriction as to one or more of the factors listed below. In that case, the agreement takes precedence because [NASD] FINRA has determined that a particular restriction should apply as to one or more of the factors, and [NASD] FINRA has issued a decision with a rationale for that restriction. Similarly, the safe harbor also does not apply if the member has a membership agreement that permits expansion beyond the limits set forth below (e.g., an Applicant requests and obtains approval for ten registered representatives in the first six months with an additional ten registered representatives in the next year); in such case, [NASD] FINRA has specifically considered the firm's expansion plans and approved them.

The safe harbor is not available to any member that has disciplinary history. For purposes of this Interpretation, "disciplinary history" means a finding of a violation by the member or a principal of the member in the past five years by the Securities and Exchange Commission, a self-regulatory organization, or a foreign financial regulatory authority of one or more of the following provisions (or a comparable foreign provision) or rules or regulations thereunder: violations of the types enumerated in Section 15(b)(4)(E) of the Securities Exchange Act of 1934; Section 15(c) of the Securities Exchange Act of 1934; Section 17(a) of the Securities Act of 1933; SEC Rules 10b-5 and 15g-1 through 15g-9; NASD Rules 2110 (only if the finding of a violation is for unauthorized trading, churning, conversion, material misrepresentations or omissions to a customer, front-running, trading ahead of research reports or excessive markups), 2120, 2310, 2330, 2440, 3010 (failure to supervise only), 3310, and 3330; and MSRB Rules G-19, G-30, and G-37(b) & (c).

For those firms to which the safe harbor is available, the following types of expansions are presumed not to be a material change in business operations and therefore do not require a Rule 1017 application. For any expansion beyond these limits, a member should contact its district office prior to implementing the change to determine whether the proposed expansion requires an application under Rule 1017. Expansions in each area are measured on a rolling 12-month basis; members are required to keep records of increases in personnel, offices, and markets to determine whether they are within the safe harbor.

“Associated Persons involved in sales” includes all Associated Persons, whether or not registered, who are involved in sales activities with public customers, including sales assistants and cold callers, but excludes clerical, back office, and trading personnel who are not involved in sales activities.

Number of Associated Persons Involved in Sales	Safe Harbor — Increase Permitted Within One Year Period Without Rule 1017 Application
1–10	10 persons
11 or more	10 persons or a 30 percent increase, whichever is greater
Number of Offices (registered or unregistered)	
1–5	3 offices
6 or more	3 offices or a 30 percent increase, whichever is greater
Number of Markets Made	
1–10	10 markets
11 or more	10 markets or a 30 percent increase, whichever is greater

1012. General Provisions**(a) Filing by Applicant or Service by [NASD] FINRA**

(1) No change.

(2) Except where [NASD] FINRA has otherwise prescribed an electronic or alternative filing process, an Applicant may file an application or any document or information requested under the Rule 1010 Series by first-class mail, overnight courier, or hand delivery. If the Department and the Applicant agree, the Applicant also may file a requested document or information by facsimile.

(3) [NASD] FINRA shall serve a notice or decision issued under the Rule 1010 Series by first-class mail on the Applicant or its counsel, unless a Rule specifies a different method of service.

(4) For purposes of the Rule 1010 Series, service by [NASD] FINRA or filing by an Applicant shall be deemed complete as follows:

(A) through (E) No change.

(b) Lapse of Application

(1) No change.

(A) through (C) No change.

(2) If an Applicant wishes to continue to seek membership or approval of a change in ownership, control, or business operations, then the Applicant shall be required to submit a new application and fee under Rule 1013 or 1017, respectively. [NASD] FINRA shall not refund any fee for a lapsed application.

(c) Ex Parte Communications

(1) The prohibitions against ex parte communications shall become effective when [NASD] FINRA staff has knowledge that an Applicant intends to file a written request for review by the National Adjudicatory Council under Rule 1015.

(2) Unless on notice and opportunity for an Applicant and Interested [NASD] FINRA Staff to participate, or to the extent required for the disposition of ex parte matters as authorized by NASD Rules:

(A) an Applicant, a counsel or representative of an Applicant, or an Interested [NASD] FINRA Staff shall not make or knowingly cause to be made an ex parte communication relevant to the merits of a membership proceeding under the Rule 1010 Series to a Governor, a member of the National Adjudicatory Council or a Subcommittee thereof, or a[n NASD] FINRA employee who is participating or advising in a decision of such a person with respect to that proceeding; and

(B) a Governor, a member of the National Adjudicatory Council or a Subcommittee thereof, or a[n NASD] FINRA employee who is participating or advising in the decision of such a person with respect to a membership proceeding shall not make or knowingly cause to be made to an Applicant, a counsel or representative of the Applicant, or an Interested [NASD] FINRA Staff an ex parte communication relevant to the merits of that proceeding.

(3) A Governor, a member of the National Adjudicatory Council or a Subcommittee thereof, or a[n NASD] FINRA employee participating or advising in the decision of such a person, who receives, makes, or knowingly causes to be made a communication prohibited by this paragraph shall place in the record of the membership proceeding:

(A) though (C) No change.

(d) Recusal or Disqualification

A Governor or a member of the National Adjudicatory Council or a Subcommittee thereof shall not participate in a matter governed by the Rule 1010 Series as to which that person has a conflict of interest or bias, or if circumstances otherwise exist where his or her fairness might reasonably be questioned. In such a case, the person shall recuse himself or shall be disqualified as follows:

(1) The Chair of the [NASD] FINRA Board shall have authority to direct the disqualification of a Governor, and a majority of the Governors of the [NASD] FINRA Board excluding the Chair shall have authority to direct the disqualification of the Chair of the [NASD] FINRA Board.

(2) No change.

(e) No change.

1013. New Member Application and Interview

(a) Filing of Application

(1) How to File

An Applicant for [NASD] FINRA membership shall file its application in the manner prescribed by [NASD] FINRA with the Department of Member Regulation (“the Department”) [at the district office in the district in which the Applicant intends to have its principal place of business as defined in Rule 1011(l).] An Applicant shall submit an application that includes:

(A) through (B) No change.

(C) an original [NASD] FINRA-approved fingerprint card for each Associated Person who will be subject to SEC Rule 17f-2;

(D) No change.

(E) [a check for] payment of the appropriate fee;

(F) a detailed business plan that adequately and comprehensively describes all material aspects of the business that will be, or are reasonably anticipated to be, performed at and after the initiation of business operations, including future business expansion plans, if any, and includes:

(i) through (iii) No change.

(iv) the intended location of the Applicant’s principal place of business and all other offices, if any, whether or not such offices would be required to be registered under [the] NASD Rules[of the Association], and the names of the persons who will be in charge of each office;

(v) through (xii) No change.

(G) through (R) No Change.

(S) a[n NASD] FINRA Entitlement Program Agreement and Terms of Use and a[n NASD] FINRA Member Firm Account Administrator Entitlement Form.

(2) Uniform Registration Forms

Upon approval of the Applicant's [NASD] FINRA Member Firm Account Administrator Entitlement Form, the Applicant shall submit its Forms U4 for each Associated Person who is required to be registered under NASD Rules, any amendments to its Forms BD or U4, and any Form U5 electronically via Web CRD.

(3) Rejection of Application That Is Not Substantially Complete

If the Department determines within 30 days after the filing of an application that the application is not substantially complete, the Department may reject the application and deem it not to have been filed. In such case, within the 30 day period, the Department shall serve a written notice on the Applicant of the Department's determination and the reasons therefore. [NASD] FINRA shall refund the application fee, less \$350, which shall be retained by [NASD] FINRA as a processing fee. If the Applicant determines to continue to seek membership, the Applicant shall submit a new application and fee under this Rule.

(4) No change.

(b) Membership Interview**(1) Requirement for Interview**

Before the Department serves its decision on an application for new membership in [the Association] FINRA, the Department shall conduct a membership interview with a representative or representatives of the Applicant.

(2) through (4) No change.

(5) Updated Financial Documents

On or before the date of the membership interview, the Applicant shall file an updated trial balance, balance sheet, supporting schedules, and computation of net capital. The Applicant shall prepare such documents as of a date that is within 45 days before the date of the membership interview, unless the Applicant and the Department agree on a longer period. The Applicant shall promptly notify the Department in writing of any material adverse change in its financial condition that occurs before a decision constituting final action of [the Association] FINRA is served on the Applicant.

(6) through (7) No change.

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1014. Department Decision**(a) Standards for Admission**

After considering the application, the membership interview, other information and documents provided by the Applicant, other information and documents obtained by the Department, and the public interest and the protection of investors, the Department shall determine whether the Applicant meets each of the following standards:

(1) through (9) No change.

(10) The Applicant has a supervisory system, including written supervisory procedures, internal operating procedures (including operational and internal controls), and compliance procedures designed to prevent and detect, to the extent practicable, violations of the federal securities laws, the rules and regulations thereunder, and NASD Rules. In evaluating the adequacy of a supervisory system, the Department shall consider the overall nature and scope of the Applicant's intended business operations and shall consider whether:

(A) through (B) No change.

(C) the Applicant has identified the functions to be performed by each Associated Person and has adopted procedures to assure the registration with [NASD] FINRA and applicable states of all persons whose functions are subject to such registration requirements;

(D) through (J) No change.

(11) through (12) No change.

(13) [NASD] FINRA does not possess any information indicating that the Applicant may circumvent, evade, or otherwise avoid compliance with the federal securities laws, the rules and regulations thereunder, or NASD Rules.

(14) No change.

(b) No change.

(c) Decision

(1) through (2) No change.

(3) Failure to Serve Decision

If the Department fails to serve a decision within 180 days after the filing of an application or such later date as the Department and the Applicant have agreed in writing, the Applicant may file a written request with the [NASD] FINRA Board requesting that the [NASD] FINRA Board direct the Department to serve a decision. Within seven days after the filing of such a request, the [NASD] FINRA Board shall direct the Department to serve its written decision immediately or to show good cause for an extension of time. If the Department shows good cause for an extension of time, the [NASD] FINRA Board may extend the 180 day time limit by not more than 90 days.

(d) No change.

(e) Service and Effectiveness of Decision

The Department shall serve its decision and the membership agreement on the Applicant in accordance with Rule 1012. The decision shall become effective upon service and shall remain in effect during the pendency of any review until a decision constituting final action of [NASD] FINRA is issued under Rule 1015 or 1016, unless otherwise directed by the National Adjudicatory Council, [the NASD] FINRA Board, or the Commission.

(f) Effectiveness of Restriction

A restriction imposed under this Rule shall remain in effect and bind the Applicant and all successors to the ownership or control of the Applicant unless:

(1) removed or modified by a decision constituting final action of [the Association] FINRA issued under Rule 1015, 1016, or 1017;

(2) stayed by the National Adjudicatory Council, the [NASD] FINRA Board, or the Commission.

(g) Final Action

Unless the Applicant files a written request for a review under Rule 1015, the Department's decision shall constitute final action by [NASD] FINRA.

1015. Review by National Adjudicatory Council

(a) through (b) No change.

(c) Membership Application Docket

The Department shall promptly record in [the Association's] FINRA's membership application docket each request for review filed with the National Adjudicatory Council under this Rule and each material subsequent event, filing, and change in the status of a membership proceeding.

(d) through (g) No Change.

(h) Abandonment of Request for Review

If an Applicant fails to specify the grounds for its request for review under Rule 1015(a)(1), appear at a hearing for which it has notice, or file information or briefs as directed, the National Adjudicatory Council or the Review Subcommittee may dismiss the request for review as abandoned, and the decision of the Department shall become the final action of [the Association] FINRA. Upon a showing of good cause, the National Adjudicatory Council or the Review Subcommittee may withdraw a dismissal entered pursuant to this paragraph.

(i) No change.

(j) Decision

(1) through (2) No change.

(3) Issuance of Decision After Expiration of Call for Review Periods

The National Adjudicatory Council shall provide its proposed written decision to the [NASD] FINRA Board. The [NASD] FINRA Board may call the membership proceeding for review pursuant to Rule 1016. If the [NASD] FINRA Board does not call the membership proceeding for review, the proposed written decision of the National Adjudicatory Council shall become final. The National Adjudicatory Council shall serve the Applicant with a written notice specifying the date on which the call for review period expired and stating that the final written decision will be served within 15 days after such date. The National Adjudicatory Council shall serve its final written decision within 15 days after the date on which the call for review period expired. The decision shall constitute the final action of [the Association] FINRA for purposes of SEC Rule 19d-3, unless the National Adjudicatory Council remands the membership proceeding.

(4) Failure to Issue Decision

If the National Adjudicatory Council fails to serve its final written decision within the time prescribed in subparagraph (3), the Applicant may file a written request with the [NASD] FINRA Board requesting that the [NASD] FINRA Board direct the National Adjudicatory Council to serve its decision immediately or to show good cause for an extension of time. Within seven days after the filing of such a request, the [NASD] FINRA Board shall direct the National Adjudicatory Council to serve its written decision immediately or to show good cause for an extension of time. If the National Adjudicatory Council shows good cause for an extension of time, the [NASD] FINRA Board may extend the 15 day time limit by not more than 15 days.

1016. Discretionary Review by [NASD] FINRA Board

(a) Call For Review By Governor

A Governor may call a membership proceeding for review by the [NASD] FINRA Board if the call for review is made within the period prescribed in paragraph (b).

(b) 15 Day Period; Waiver

A Governor shall make his or her call for review at the next meeting of the [NASD] FINRA Board that is at least 15 days after the date on which the [NASD] FINRA Board receives the proposed written decision of the National Adjudicatory Council. By unanimous vote of the [NASD] FINRA Board, the [NASD] FINRA Board may shorten the period to less than 15 days. By an affirmative vote of the majority of the [NASD] FINRA Board then in office, the [NASD] FINRA Board may, during the 15 day period, vote to extend the period to more than 15 days.

(c) Review At Next Meeting

If a Governor calls a membership proceeding for review within the time prescribed in paragraph (b), the [NASD] FINRA Board shall review the membership proceeding not later than the next meeting of the [NASD] FINRA Board. The [NASD] FINRA Board may order the Applicant and the Department to file briefs in connection with review proceedings pursuant to this paragraph.

(d) Decision of [NASD] FINRA Board, Including Remand

After review, the [NASD] FINRA Board may affirm, modify, or reverse the proposed written decision of the National Adjudicatory Council. Alternatively, the [NASD] FINRA Board may remand the membership proceeding with instructions. The [NASD] FINRA Board shall prepare a written decision that includes all of the elements described in Rule 1015(j)(2).

(e) Issuance of Decision

The [NASD] FINRA Board shall serve its written decision on the Applicant within 15 days after the meeting at which it conducted its review. The decision shall constitute the final action of [the Association] FINRA for purposes of SEC Rule 19d-3, unless the [NASD] FINRA Board remands the membership proceeding.

1017. Application for Approval of Change in Ownership, Control, or Business Operations

(a) through (f) No Change.

(g) Department Decision

(1) through (2) No change.

(3) If the Department fails to serve a decision within 180 days after filing of an application or such later date as the Department and the Applicant have agreed in writing, the Applicant may file a written request with the [NASD] FINRA Board requesting that the [NASD] FINRA Board direct the Department to issue a decision. Within seven days after the filing of such a request, the [NASD] FINRA Board shall direct the Department to issue a written decision immediately or to show good cause for an extension of time. If the Department shows good cause for an extension of time, the [NASD] FINRA Board may extend the time limit for issuing a decision by not more than 30 days.

(4) No change.

(h) Service and Effectiveness of Decision

The Department shall serve its decision on the Applicant in accordance with Rule 1012. The decision shall become effective upon service and shall remain in effect during the pendency of any review until a decision constituting final action of [NASD] FINRA is issued under Rule 1015 or 1016, unless otherwise directed by the National Adjudicatory Council, the [NASD] FINRA Board, or the Commission.

(i) Request for Review; Final Action

An Applicant may file a written request for review of the Department's decision with the National Adjudicatory Council pursuant to Rule 1015. The procedures set forth in Rule 1015 shall apply to such review, and the National Adjudicatory Council's decision shall be subject to discretionary review by the [NASD] FINRA Board pursuant to Rule 1016. If the Applicant does not file a request for a review, the Department's decision shall constitute final action by [NASD] FINRA.

(j) through (k) No Change.

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1019. Application to Commission for Review

A person aggrieved by final action of [the Association] FINRA under the Rule 1010 Series may apply for review by the Commission pursuant to Section 19(d)(2) of the Act. The filing of an application for review shall not stay the effectiveness of a decision constituting final action of [the Association] FINRA, unless the Commission otherwise orders.

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