

## Reg T Extension of Time Requests

### FINRA Revises the Effective Date to Collect and Process Certain CRD Numbers in Connection with Regulation T and SEC Rule 15c3-3 Extensions of Time Requests

Effective Date: April 1, 2009

#### Executive Summary

This *Notice* announces a revised effective date for submission of certain Central Registration Depository (CRD) numbers, specifically, registered representative and correspondent firm branch CRD numbers, in connection with Regulation T extension of time requests filed on behalf of correspondent firms. In addition, FINRA is also revising the effective date for member firms to collect and process contra broker-dealer CRD numbers in connection with extensions of time requests filed pursuant to SEC Rule 15c3-3(d)(2).<sup>1</sup> As a result, FINRA will allow firms to provide alternate information with respect to these fields beginning November 17, 2008, when the new Reg T System becomes effective (see *Regulatory Notice 08-32*). Effective April 1, 2009, firms must provide all applicable CRD numbers in extension of time requests.

Questions concerning this *Notice* should be directed to:

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October 2008

#### Notice Type

- Guidance

#### Suggested Routing

- Compliance
- Institutional
- Legal
- Operations
- Registered Representatives
- Senior Management
- Systems

#### Key Topics

- Extension Processing

#### Referenced Rules & Notices

- NASD Rule 3160
- Regulation T §§ 220.4 and 220.8
- SEC Rule 15c3-3
- NTM 06-62
- Regulatory Notice 08-32

## Background & Discussion

On June 23, 2008, FINRA issued *Regulatory Notice 08-32*, which described the integration of the legacy NYSE Regulation and NASD extension of time processing systems into a single system. Effective November 17, 2008, member firms must file all requests for extension of time through the new system—known as the Reg T System—which is accessible through FINRA's Firm Gateway.

The *Notice* also described the data fields that member firms must populate when submitting extensions of time requests with FINRA. Effective November 17, 2008, member firms must populate all data fields discussed in *Notice 08-32* in extension of time requests. FINRA is, however, extending the deadline to April 1, 2009, for member firms to provide certain CRD numbers and is allowing firms to provide alternate information with respect to selected fields as discussed below. Effective April 1, 2009, member firms must provide all CRD numbers noted below in extension requests.

### Expanded Data Elements

The following data elements described in *Notice 08-32* are affected by this change:

- ▶ **Registered Representative's CRD Number:** This field is required for all Regulation T and SEC Rule 15c3-3(m) customer extension requests. Effective November 17, 2008, for self-directed accounts with no registered representative assigned to the account, a firm must enter "999999999999" (12 characters) into this field. Effective November 17, 2008, a clearing firm filing an extension of time on behalf of its own customer must populate this field with the registered representative's CRD number associated with the account. However, if an extension of time is filed by a clearing firm on behalf of a correspondent firm, then the clearing firm may populate this field with either: (1) the correspondent firm's registered representative's CRD number associated with the account; or (2) the registered representative number that it currently uses.<sup>2</sup> Effective April 1, 2009, the clearing firm *must* provide the correspondent firm's registered representative's CRD number associated with the account.
- ▶ **Correspondent Branch CRD Number:** Firms must provide the CRD number of the correspondent firm's branch office where the registered representative assigned to the account is located. This field is required for all Regulation T and SEC Rule 15c3-3(m) customer extension requests if the Correspondent Firm Flag is "Y" for yes when the request is being made on behalf of a correspondent firm. Effective November 17, 2008, a clearing firm filing an extension of time request on behalf of a correspondent firm may populate this field with either: (1) the correspondent firm's branch CRD number; or (2) the correspondent firm's branch code.<sup>3</sup> Effective April 1, 2009, the clearing firm *must* provide the correspondent firm's branch CRD number.

- **Contra Broker-Dealer CRD Number:** Firms must indicate the CRD number of the broker-dealer failing to deliver the securities if the extension of time is being requested pursuant to SEC Rule 15c3-3(d)(2). Effective November 17, 2008, a clearing firm filing an extension of time can populate this field with either: (1) the contra broker-dealer's CRD number; or (2) the contra-broker-dealer's clearing number (DTCC number). Effective April 1, 2009, the clearing firm *must* provide the contra broker-dealer's CRD number.

FINRA reminds member firms that they must populate all data fields described in *Notice 08-32* in extension of time requests effective November 17, 2008, *including the correspondent firm CRD number*.<sup>4</sup> FINRA also reminds member firms that it will deny extensions if the firms fail to provide the required data. It is important that firms ensure they obtain the appropriate information that will be required when submitting extension of time requests.

Firms that use a service bureau to submit extension requests on their behalf must ensure that this *Regulatory Notice* is promptly communicated to their service bureaus so that the programming changes affecting registered representative, correspondent firm branch and contra broker-dealer CRD numbers are effective by the new deadline, April 1, 2009.

### Testing

FINRA will make the Reg T Customer Test Environment (CTE) available for firms to test their programming changes beginning October 20, 2008, at <https://regfilingtest.finra.org>. For firms that will transmit files via FTP, FINRA will accept test data files transmitted through its testing environment during the same time period. Additional testing for the programming for the fields that will become mandatory on April 1, 2009, will be available beginning late February or early March 2009. Please refer to the Message Center, <https://regfiling.finra.org>, for further information about testing. For firms that are not familiar with the Reg T system and FTP submission process, a fact sheet outlining the process is available at [http://www.finra.org/web/groups/reg\\_systems/documents/regulatory\\_systems/p038475.pdf](http://www.finra.org/web/groups/reg_systems/documents/regulatory_systems/p038475.pdf). Users will need a FINRA user ID and password to access CTE. Firms that encounter technical problems, or need to request a FINRA user ID and password, should contact the FINRA Help Desk at (800) 321-6273.

### Training

As noted in *Notice 08-32*, training for the online application will be available via an online tutorial beginning on November 1, 2008. Firms can access the tutorial at [www.finra.org/compliancetools](http://www.finra.org/compliancetools).

### Frequently Asked Questions

If you have additional questions, please see the Frequently Asked Questions (FAQ) at [www.finra.org/regt](http://www.finra.org/regt).

## Endnotes

- 1 See SEC Rule 15c3-3(d)(2) which requires a broker-dealer to take prompt steps to obtain physical possession or control of securities failed to be received for more than 30 calendar days through a buy-in procedure or otherwise.
- 2 Firms generally assign an internal number to each of their registered representatives. These numbers are unique to each firm, and are often used in various reporting and statements that may be disseminated by the firm. Firms supply these numbers when requesting customer extensions in FINRA's current extension processing systems.
- 3 Firms generally assign an internal number to each of their branch offices. These numbers are unique to each firm, and are often used in various reporting and statements that may be disseminated by the firm. Some firms supply these numbers when requesting customer extensions in FINRA's current extension processing systems.
- 4 As described in *Regulatory Notice 08-32*, this field is required for all Regulation T and SEC Rule 15c3-3(m) customer extension requests if the Correspondent Firm Flag is "Y."