

Regulatory Notice

13-37

BD and IA Renewals for 2014

Broker-Dealer, Investment Adviser Firm, Agent and Investment Adviser Representative, and Branch Renewals for 2014

Payment Deadline: December 13, 2013

Executive Summary

The 2014 Renewal Program begins on November 11, 2013, when FINRA makes the online Preliminary Renewal Statements available to all firms on Web CRD/IARD.

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

November 1, 2013 Firms may begin submitting post-dated Form U5, BR Closing/Withdrawal, BDW and ADV-W filings via Web CRD/IARD.

Please Note: Post-dated filings submitted by 11 p.m., Eastern Time (ET), November 8, 2013, do not appear on the firm's Preliminary Renewal Statement. The only allowed date for post-dated termination filings is December 31, 2013.

November 11, 2013 Preliminary Renewal Statements are available on Web CRD/IARD.

December 13, 2013 Full payment of Preliminary Renewal Statements is due.

January 2, 2014 Final Renewal Statements are available on Web CRD/IARD.

January 10, 2014 Full payment of Final Renewal Statements is due.

FINRA advises FINRA-registered firms that failure to remit full payment of their Preliminary Renewal Statements to FINRA by December 13, 2013, may cause the firm to become ineligible to do business in the jurisdictions where it is registered, effective January 1, 2014. FINRA-registered firms will also be subject to a late fee if payment is not received by this deadline.

November 2013

Notice Type

- Renewals

Suggested Routing

- Compliance
- Legal
- Operations
- Registration
- Senior Management

Key Topics

- IARD™
- Registration
- Renewals
- Web CRD®

Referenced Rules & Notices

- NTM 02-48

In addition to this *Notice*, firms should review the [renewal instructions](#), especially the *Renewal Program Bulletin*, the *IARD Renewal Program Bulletin* (if applicable) on the [Investment Adviser Registration Depository](#) (IARD) website, and any information mailed to ensure continued eligibility to do business as of January 1, 2014.

Please direct questions concerning this *Notice* to the FINRA Gateway Call Center at (301) 869-6699.

Background & Discussion

Preliminary Renewal Statements

Beginning November 11, 2013, Preliminary Renewal Statements are available for viewing and printing on Web CRD/IARD. The statements include the following fees:

- ▶ Web CRD system processing fees;
- ▶ FINRA branch office and branch processing fees;
- ▶ NYSE MKT LLC (AMEX), BATS Y-Exchange, Inc. (BATS-YX), BATS Z-Exchange, Inc. (BATS-ZX), BOX Options Exchange, LLC (BOX), NASDAQ OMX BX, Inc. (BX), C2 Options Exchange, Incorporated (C2), Chicago Board Options Exchange (CBOE), Chicago Stock Exchange (CHX), EDGA Exchange, Inc. (EDGA), EDGX Exchange, Inc. (EDGX), International Securities Exchange (ISE), ISE GEMINI (GEMINI), NASDAQ Stock Exchange (NOX), National Stock Exchange (NSX), New York Stock Exchange (NYSE), NYSE Arca, Inc. (ARCA), and NASDAQ OMX PHLX, Inc. (PHLX) maintenance fees, if applicable;
- ▶ state broker-dealer firm, branch, and agent renewal fees, if applicable;
- ▶ state investment adviser firm, branch and representative renewal fees, if applicable.

FINRA must receive full payment of the Preliminary Renewal Statement fees no later than December 13, 2013.

If payment is not received by December 13, 2013, FINRA-registered firms will be assessed a Renewal Payment Late Fee. FINRA includes this late fee as part of the Final Renewal Statement and calculates the fee as follows: 10 percent of a firm's cumulative final renewal assessment or \$100, whichever is greater, with a cap of \$5,000. Please see [Notice to Members \(NTM\) 02-48](#) for details. In addition, if FINRA fails to receive payment by the deadline, firms also risk becoming ineligible to do business in the jurisdictions where their registrations are not renewed.

Fees

FINRA assesses a fee of \$45 for each individual who renews his/her registration with any regulator through Web CRD. Firms can access a listing of agents assessed this fee by requesting the Renewals—Firm Renewal Roster.

In addition, any IARD system fees as determined by the SEC and/or the North American Securities Administrators Association (NASAA) for investment adviser firms and investment adviser representatives (RA) who renew through IARD will also be included on the Preliminary Renewal Statement.

Based on the number of active FINRA branches, FINRA assesses each firm a branch office annual registration renewal fee per branch. FINRA waives one branch office annual registration renewal fee per firm. Additionally, FINRA assesses each firm a FINRA branch system processing renewal fee of \$20 per branch. FINRA waives one branch system processing renewal fee per firm.

Please Note: FINRA does not assess the personnel assessment fees through the annual Renewal Program. FINRA will mail all FINRA-registered firms a separate invoice for these fees. Firms can obtain a listing of agents for whom the firms will be assessed the personnel assessment fee by requesting the Renewals—Firm Renewal Roster.

Web CRD/IARD assesses renewal fees for AMEX, ARCA, BATS-YX, BATS-ZX, BOX, BX, C2, CBOE, CHX, EDGA, EDGX, GEMINI, ISE, NQX, NSX, NYSE, PHLX and state registrations on the Preliminary Renewal Statement. The system displays any applicable fees for the number of individuals registered with each SRO and jurisdiction.

Web CRD/IARD assesses branch office renewal fees for those regulators that choose to renew branches registered through Web CRD/IARD.

Some participating jurisdictions may require steps beyond the payment to FINRA of renewal fees to complete the BD or IA renewal process. Firms should contact each jurisdiction directly for further information on state renewal requirements. A [Regulator Directory](#) is located on the NASAA website.

For detailed information regarding investment adviser renewals, you may also visit the [IARD website](#). A matrix of investment adviser [renewal fees](#) for states that participate in the IARD Renewal Program is also posted on the IARD website.

Renewal Payment

Firms are encouraged to check their Renewal Statements to confirm payment has been received by FINRA and that the firm's Renewal Statement balance is paid in full. Firms have four payment methods available to pay renewal fees:

1. FINRA's E-Bill System (replaced Web CRD/IARD E-Pay System)
2. Wire Transfer
3. Automatic FINRA Flex-Funding Account-to-Renewal Account Transfer
4. Check

Electronic Payment via E-Bill

E-Bill allows a firm to authorize electronic payment directly from its designated bank account to its Renewal Account. Payments submitted by 8 p.m., Eastern Time (ET), should post within two business days to the firm's Renewal Account. FINRA does not charge for using E-Bill; however, firms should verify if their banks charge additional fees. Firms must enroll to use E-Bill. For your convenience, a hyperlink to E-Bill is on your firm's renewal statement.

Wire Payment

Firms may wire full payment of their Preliminary Renewal Statements. Firms should provide their banks with the following information:

Transfer funds to:	BNY Mellon Financial, Philadelphia, PA
ABA Number:	031000037
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 to credit funds 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.

Automatic Flex-Funding Account-to-Renewal Account Transfer

Beginning on December 11, 2013, and through December 26, 2013, if a firm has sufficient funds available in its Flex-Funding Account to cover the total renewal fees due, then FINRA will automatically transfer funds from a firm's Flex-Funding Account to its Renewal

Account. **Please Note:** If your firm does not want funds automatically transferred then ensure FINRA receives payment in your firm's Renewal Account using E-Bill or by wire transfer. Separately, if your firm needs to transfer funds between affiliated firms, you should submit a [Web CRD/IARD Funds Transfer Request form](#). This automatic Flex-Funding Account-to-Renewal Account transfer process will also be applied daily beginning Jan. 13, 2014, until any outstanding renewal assessment is satisfied.

Check

All Web CRD/IARD check payments sent to FINRA are deposited into firms' Flex-Funding Accounts. If you mail a check to pay your firm's renewal fees, it will not be applied to your Renewal Account until December 11, 2013, when FINRA begins the automatic Flex-Funding Account-to-Renewal Account transfer noted above. For inclusion in the automatic transfer, please ensure that you have sufficient funds in your Flex-Funding Account to cover the total renewal fees due. If you would like your renewal payment to be applied before December 11, 2013, then you must pay using E-Bill or with a wire transfer directly to your Renewal Account.

The check must be drawn on the FINRA-registered firm's account and include the firm's CRD number and "Renewal" in the memo line. Firms paying by check should account for U.S. mail delivery and payment processing time. To ensure prompt processing of checks:

- ▶ Include a print-out of the first page of your Preliminary Renewal Statement with payment.
- ▶ Do not include any other forms or fee submissions.
- ▶ Make the check payable to FINRA and write your firm's CRD number and "Renewal" on the check memo line.

Send payment in the blue, pre-addressed renewal payment envelope mailed to your firm in early November or write the address on an envelope exactly as noted in this *Notice*:

U.S. Mail	Overnight or Express Delivery
FINRA P.O. Box 7777-W9995 Philadelphia, PA 19175-9995 <i>(Note: This box will not accept courier or overnight deliveries.)</i>	FINRA Attention: 9995 500 Ross Street 154-0455 Pittsburgh, PA 15262 Telephone: (301) 869-6699

If your firm's accounting software (e.g., Quicken, Quickbooks) stores vendor addresses, please ensure it reflects the addresses shown above.

Renewal Reports

Beginning November 11, 2013, firms can request, print and/or download renewal reports via Web CRD/IARD. Three reports are available for reconciliation with the Preliminary Renewal Statement:

- ▶ **Firm Renewal Report**—This report lists individuals included in the Renewal Program and includes billing codes (if the firm has provided them).
- ▶ **Branches Renewal Report**—This report lists each branch registered with FINRA and/or with any other regulator that renews branches through Web CRD/IARD and for which the firm is being assessed a fee.
- ▶ **Approved AG Reg Without FINRA Approval Report**—This report contains all individuals who are not registered with FINRA, but are registered with one or more jurisdictions. Firms should request this report as soon as possible to determine if they need to request any FINRA registrations or terminate jurisdiction registrations.

Post-Dated Form Filings

Firms can file termination forms with a termination date of December 31, 2013. If a Form U5, BDW, BR Closing/Withdrawal or ADV-W filing indicates a termination date of December 31, 2013, an agent (AG), investment adviser representative, broker-dealer and/or investment adviser (firm) and the branch may continue doing business in that jurisdiction until the end of the calendar year without being assessed renewal fees. **December 31, 2013, is the only date allowed for a post-dated form filing.**

Firms can begin filing post-dated Form U5, BR Closing/Withdrawal, BDW and ADV-W filings via Web CRD/IARD on November 1, 2013. Firms that submit post-dated termination filings by 11 p.m., ET, on November 8, 2013, will not be assessed renewal fees for the terminated registrations on their Preliminary Renewal Statements. Firms that submit post-dated termination filings on, or after, November 11, 2013, **will not** be assessed renewal fees for the terminated jurisdictions on their Final Renewal Statements in January 2014. Those firms should see a credit balance on their Final Renewal Statements if the firm has not requested additional registrations during that time period to offset the credit balance.

After submitting any termination filing, firms should query individual, branch and/or firm registrations to ensure that Form U5, BR Closing/Withdrawal, BDW and ADV-W filings process by the renewal filing deadline date of 6 p.m., ET, on December 26, 2013.

Firms should exercise care when submitting all post-dated filings. Web CRD/IARD processes these forms when they are submitted and FINRA cannot withdraw a post-dated termination filing. A firm that submits a post-dated termination filing in error will have to file a new Form U4, BD, Form BR or Form ADV when Web CRD/IARD resumes normal processing on January 2, 2014, and Web CRD/IARD will assess new registration fees.

Filing Form BDW

The deadline for electronic filing of a Form BDW for any firm that wants to terminate a registration before year-end is 6 p.m., ET, December 26, 2013.

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 Form ADV-W by 11 p.m., ET, November 8, 2013, avoid the assessment of applicable renewal fees on their Preliminary Renewal Statements. The deadline to file Form ADV Amendments or Form ADV-W for firms that want to cancel a notice filing or terminate a state registration before year-end is 6 p.m., ET, December 26, 2013.

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 with an approved jurisdiction registration but who do not have an approved FINRA registration. Firms should use this report to terminate obsolete jurisdiction registrations through the submission of a Form U5 or reinstate the FINRA positions through the filing of a Form U4 Amendment. Firms should request this report as soon as possible so they can identify individuals to terminate by November 8, 2013, to avoid renewal charges for those individuals on their Preliminary Renewal Statements. This report also advises the firm if there are no agents at the firm within this category.

Final Renewal Statements

On January 2, 2014, FINRA makes available all Final Renewal Statements on Web CRD/IARD. These statements reflect the status of broker-dealer, agent (AG), investment adviser firm and investment adviser representative (RA) registrations, exempt reporting, or notice filings as of December 31, 2013. Any adjustments in fees owed resulting from registration terminations, approvals, notice filings or transitions after the Preliminary Renewal Statement appear on the Final Renewal Statement in Web CRD/IARD.

- ▶ Web CRD/IARD reflects an amount owed if a firm has more individuals, branch offices or jurisdictions registered and/or notice filed on Web CRD/IARD at year-end than it did when the Preliminary Renewal Statement was generated.

- ▶ Web CRD/IARD issues a refund if a firm has fewer individuals, branch offices or jurisdictions registered or notice filed at year-end than it did on the Preliminary Renewal Statement. Note that FINRA transfers overpayments to firms' FINRA Flex-Funding Accounts on January 2, 2014. Firms that have a credit balance in their FINRA Flex-Funding Accounts may submit a [refund request](#) to FINRA.

On or after January 2, 2014, firms should access the Web CRD reports functionality for the **Firm Renewal Report**, which will list all individuals renewed with FINRA, AMEX, ARCA, BATS-YX, BATS-ZX, BOX, BX, C2, CBOE, CHX, EDGA, EDGX, GEMINI, ISE, NOX, NSX, 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. "Pending" and "deficient" registrations at year's end are not included in the 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 **January 10, 2014**, 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 2014 *Regulatory Notice*.