

Branch Office Registration

SEC Approves Amendments to Uniform Branch Office Registration Form (Form BR)

Implementation Date: April 7, 2014

Executive Summary

The Securities and Exchange Commission (SEC) approved amendments to Form BR,¹ which firms use to register their branch offices with FINRA, the New York Stock Exchange (NYSE), and participating states via the Central Registration Depository (CRD[®]) system. Form BR enables a firm to register a branch office (either by notice filing or approval) as required by the relevant jurisdiction or self-regulatory organization (SRO), amend a registration, close or terminate a registration, or withdraw a filing in the appropriate participating jurisdiction and SRO.

In concert with a committee of industry representatives, the North American Securities Administrators Association (NASAA) and participating states (the Form BR Working Group), FINRA undertook a review of Form BR. As a result of this review, Form BR has been amended to:

- ▶ eliminate Section 6 (NYSE Branch Information), which currently is applicable only to NYSE-registered firms;
- ▶ add questions relating to space sharing arrangements and the location of books and records that are currently only in Section 6 and make them applicable to all firms;
- ▶ modify existing questions and instructions to provide more detailed selections for describing the types of activities conducted at the branch office;
- ▶ add an optional question to identify a branch office as an “Office of Municipal Supervisory Jurisdiction” (OMSJ), as defined under the rules of the Municipal Securities Rulemaking Board (MSRB); and
- ▶ make other technical changes to adopt uniform terminology and clarify questions and instructions (revised Form BR).

March 2014

Notice Type

- ▶ Consolidated Rulebook

Suggested Routing

- ▶ Branch Office
- ▶ Compliance
- ▶ Continuing Education
- ▶ Legal
- ▶ Office of Supervisory Jurisdiction
- ▶ Operations
- ▶ Registered Representatives
- ▶ Senior Management
- ▶ Training

Key Topics

- ▶ Branch Office Registration
- ▶ Central Registration Depository (CRD[®])
- ▶ Form BR (Uniform Branch Office Registration Form)
- ▶ NYSE Branch Office Registration
- ▶ Office of Supervisory Jurisdiction

Referenced Rules & Notices

- ▶ NASD Rule 3010

This *Notice* gives an overview of the revised Form BR and provides guidance to firms on implementation timelines. The revised [Form BR](#) becomes effective April 7, 2014. However, as described below, firms will not be required to immediately file a revised Form BR for existing branch offices on that date. FINRA has also updated the [CRD Frequently Asked Questions](#) (FAQ).

Questions regarding this *Notice* should be directed to:

- ▶ Stefanie M. Watkins, Assistant Chief Counsel, Registration and Disclosure, at (240) 386-4824 or by [email](#); or
- ▶ Kosha Dalal, Associate Vice President and Associate General Counsel, Office of General Counsel, at (202) 728-6903 or by [email](#).

Background & Discussion

Branch Office Registration and Reporting

Form BR was developed jointly in 2005 by a working group consisting of representatives of FINRA (then the National Association of Securities Dealers, Inc. (NASD)), the NYSE, NASAA and the states to establish a uniform electronic process via the CRD system for registering branch offices with various jurisdictions. Form BR replaced Schedule E of the SEC's Form BD (Uniform Application for Broker-Dealer Registration), the NYSE Branch Office Application Form and state branch office forms, and enabled firms to register branch offices electronically with FINRA, the NYSE and participating states via a single filing through the CRD system. Form BR enables firms to file, for notice or approval, Form BR as required by the applicable jurisdiction or SRO.

Based on the experience gained with Form BR to date by regulators and firms, and in light of amendments to the relevant rules² (as part of the rulebook consolidation process³ following the consolidation of NASD and NYSE Regulation to form FINRA), FINRA and the Form BR Working Group proposed amendments to Form BR to develop greater efficiencies for both firms and regulators. Specifically, the revised Form BR will make the branch office registration process more efficient by eliminating duplicative provisions, eliciting relevant information items from all filers, and clarifying existing questions so that regulators and firms can better understand the activities of each registered branch office.

Implementation of Revised Form BR

The implementation date for the revised Form BR is April 7, 2014.

▶ New Branch Offices

Firms registering or notice filing new branch offices will be required to use the revised Form BR on or after the implementation date.

▶ Existing Branch Offices

Firms with existing registered branch offices will not be required to file the revised Form BR for such existing offices immediately upon the implementation date. Instead, firms will be required to provide the new information elicited on the revised Form BR for each existing registered branch office whenever an amendment is otherwise required, in the ordinary course, to update existing information items that have become inaccurate or incomplete.⁴ Firms that are Web EFT participants may continue to file Form BR in a batch format.

▶ Future Review of Implementation Timeline

FINRA intends to evaluate the number of registered branch offices of FINRA firms for which a revised Form BR has not been filed (and, therefore, for which FINRA and other regulators do not have the new information being elicited on the form) one year after implementation of the revised Form BR. Based on that evaluation, FINRA may consider imposing a future deadline for providing the new information elicited in the revised Form BR if a significant number of registered branch offices have not filed the information through an amendment in the ordinary course.

Organization of Revised Form BR

The revised Form BR consists of eight sections with the following section titles: (1) General Information; (2) Registration/Notice Filing/Type of Office/Activities; (3) Other Business Activities/ Names/Websites; (4) Branch Office Arrangements; (5) Associated Individuals; (6) Branch Office Closing; (7) Branch Office Withdrawal (Pending Application); and (8) Signature.⁵

The revised Form BR sections include numbered and lettered sub-questions to make the form easier to follow and complete.

Pre-Population of Certain Fields

As of the implementation date of the revised Form BR, FINRA will, to the extent possible, pre-populate responses to certain questions on the revised Form BR for each existing registered branch office based in large part on questions eliciting the same or similar information on the existing Form BR. Specifically, some information elicited on the existing Form BR will continue to be elicited on the revised Form BR; however, the questions have been modified or relocated to different sections of the revised Form BR. For example, both existing Form BR and the revised Form BR elicit information regarding investment-related activities⁶ an associated individual conducts at the branch office in addition to the activities the firm conducts at the branch office (the Other Business Activities questions).⁷ However, the existing Form BR currently elicits this information in a free-text format, while the revised Form BR elicits the information through discrete data fields. Firms should review carefully any pre-populated information for each registered branch office when filing an amendment on the revised Form BR to ensure that the information is complete and accurate prior to submitting the filing.

Summary of Amendments to Form BR

The following highlights key revisions provided for in the revised Form BR:

- ▶ Elimination of Existing Section 6 (NYSE Branch Information)

The revised Form BR eliminates Section 6 (NYSE Branch Information) of the existing Form BR, which was required only for firms seeking to register branch offices with the NYSE; this section enabled the NYSE to administer a pre-approval process that was in place at the time Form BR was implemented. Following the NASD/NYSE regulatory consolidation, the NYSE amended NYSE Rule 342 to change its branch office registration requirement from a pre-approval process to a notice-filing requirement in an effort to eliminate disparate regulatory standards.⁸ As a result, requiring a separate section specific to NYSE-registered firms is no longer necessary. The revised Form BR also removes references to the NYSE-specific terms “regular branch” and “small branch.”

- ▶ Section 2: Relocation and Expansion of “Types of Activities” Question

The revised Form BR relocates the “Types of Activities” question from Section 3 (Other Business/Names/Websites) of existing Form BR to Section 2 (Registration/Notice Filing/Type of Office/Activities) of the revised Form BR.⁹ The revised Form BR also expands the list of activity types that firms may select for each registered branch office to (1) include Retail and Institutional (as types of Sales Activity), Public Finance, and Other; (2) add “Trading” to the existing Market Making activity; (3) add “Public Finance” as an option for firms to identify office locations that require a principal to be registered as a Series 53 (Municipal Securities Principal); and (4) combine Investment Banking and Underwriting, which currently are separately listed on Form BR.

- ▶ Section 2: Revisions to the Supervisor/Person-in-Charge Detail—Option to Identify Type of Activity

The revised Form BR enables firms (at their option) to identify the “type of activity” associated with each on-site supervisor or person-in-charge listed in Section 2 (Registration/Notice Filing/Type of Office/Activities). Firms will now be able to link each supervisor or person-in-charge¹⁰ that is listed for a registered branch office to identified lines of business to better reflect their supervisory responsibilities. The Specific Instructions to revised Form BR clarify how firms may complete the Supervisor and Person-In-Charge details.

- ▶ Section 2: Option to Identify whether a Branch Is Designated as an OMSJ for MSRB Purposes

The MSRB regulates brokers, dealers and municipal securities dealers that engage in municipal securities activities. Under MSRB rules, certain of these entities are required to identify whether a branch office is designated as an OMSJ, as defined under MSRB rules. To assist those entities that use Form BR in complying with that MSRB requirement, the

revised Form BR adds an optional question to Section 2 (Registration/Notice Filing/Type of Office/Activities) to provide firms that also are registered with the MSRB a more efficient means to track their OMSJs.

► Section 4: Space Sharing Arrangements Question

Section 4 of the revised Form BR (Branch Office Arrangements) asks firms for information regarding space sharing arrangements within a registered branch office. Specifically, the question asks firms to disclose if the registered branch office occupies, shares space with, or jointly markets with any other investment-related entity. If the answer is “yes,” the firm must provide the name of the entity and identify the type of investment-related business in which the entity is engaged. The existing Form BR elicited some of this information (through questions in Section 4 and Section 6). As noted above, to the extent possible, FINRA will pre-populate data fields for registered branch offices where firms previously provided information responsive to these questions. In addition, the CRD system automatically will complete the CRD number field (if applicable) when the name of the investment-related entity is entered on the revised Form BR and vice versa. As a result, firms will not be required to seek out the CRD number, if applicable, for each investment-related entity with which a registered branch office occupies space. Firms should review carefully any pre-populated information when filing an amendment on the revised Form BR to ensure that such information is complete and accurate prior to submitting the filing.

The term “jointly markets,” as used in Section 4, does not require disclosure of the manufacturer of each insurance product that each branch office is authorized to offer, but instead the question seeks disclosure regarding other investment-related businesses that operate or jointly market business services out of the same physical space as the registered branch office. The question is meant to capture, for example, instances where a registered representative at a registered branch office also operates an insurance business out of that same physical location, a registered branch office location jointly occupies the same physical space with an investment adviser, or the registered branch office jointly markets the location with other investment-related entities as offering services.

► Section 4: Location of Books and Records Question

Section 4 of the revised Form BR (Branch Office Arrangements) asks firms whether books and records pertaining to the registered branch office are maintained at any location other than that branch office, the main office or, if applicable, an office of supervisory jurisdiction (OSJ). If the answer is “yes,” the firm must provide the address of such location and the name and telephone number of a contact person.

► Technical and Clarifying Changes

The revised Form BR makes technical and clarifying changes to the existing Form BR. Examples include adoption of uniform terminology for terms such as “CRD number” and “branch office.” In addition, the term “individual” (rather than “person”) is used when referring to associated individuals.¹¹ In addition, the instructions for the revised Form BR have been amended to clarify that checking the “Private Residence Check Box” when providing the address of a branch office does not act to prevent public disclosure of the branch address. FINRA will continue to disclose the full address of registered branch offices through BrokerCheck, even if the registered branch is a private residence, consistent with existing policy. The term “associated individual” has been added to the Explanation of Terms and the terms “person-in-charge” and “supervisor” have been clarified.

Endnotes

1. See Securities Exchange Act Release No. 71626 (February 27, 2014), 79 FR 12547 (March 5, 2014) (Order Approving File No. SR-FINRA-2013-051).
2. The SEC approved FINRA’s proposed rule change to adopt rules regarding supervision in the consolidated FINRA rulebook. See Securities Exchange Act Release No. 71179 (December 23, 2013); 78 FR 79542 (December 30, 2013) (Order Granting Approval of a Proposed Rule Change to Adopt Rules Regarding Supervision in the Consolidated FINRA Rulebook, as Modified by Amendment No. 1) (File No. SR-FINRA-2013-025). The consolidated supervision rules become effective on December 1, 2014. See [Regulatory Notice 14-10](#).
3. The current FINRA rulebook consists of: (1) FINRA Rules; (2) NASD Rules; and (3) rules incorporated from NYSE (Incorporated NYSE Rules) (together, the NASD Rules and Incorporated NYSE Rules are referred to as the “Transitional Rulebook”). While the NASD Rules generally apply to all FINRA members, the Incorporated NYSE Rules apply only to those member firms of FINRA that are also members of the NYSE. The FINRA Rules apply to all FINRA member firms, unless such rules have a more limited application by their terms. For more information about the rulebook consolidation process, see *Information Notice 03/12/03* (Rulebook Consolidation Process).
4. Firms have a continuing obligation to promptly update Form BR whenever the information becomes inaccurate or incomplete. Amendments require updating only the appropriate section of Form BR. FINRA and most participating jurisdictions require that an amendment be filed not later than 30 days after the firm learns of facts and circumstances giving rise to the amendment.

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5. The existing Form BR consisted of the following nine sections: (1) General Information; (2) Registration/Notice Filing/Type of Office; (3) Types of Activities/Other Business Names/Websites; (4) Branch Office Arrangements; (5) Associated Individuals; (6) NYSE Branch Information; (7) Branch Closing; (8) Branch Withdrawal (Pending Application); and (9) Signature.
6. The term “investment-related” is defined in Section 1 (Explanation of Terms) of the revised Form BR to mean “pertains to securities, commodities, banking, insurance, or real-estate (including, but not limited to, acting as or being associated with a Broker-Dealer, issuer, investment company, Investment Adviser, futures sponsor, bank or savings association).” The term has not been amended in the revised Form BR.
7. See Section 3 of existing Form BR and Section 3, Question A(1) of Revised Form BR.
8. See Securities Exchange Act Release No. 56143 (July 26, 2007), 72 FR 42453 (August 2, 2007) (Notice of Filing and Immediate Effectiveness of File No. SR-NYSE-2007-59).
9. See Section 3 of existing Form BR and Section 2, Question D of Revised Form BR.
10. The terms “person-in-charge” and “supervisor” in Section 1 (Explanation of Terms) of Revised Form BR have been revised to clarify that a “person-in-charge” is a registered person who is physically located at, and manages activities of the individuals working at, a non-OSJ branch office, while the “supervisor” is a registered principal who is physically located at the OSJ branch office.
11. The use of the word “individual” is intended to make the terminology in the revised Form BR consistent with terminology currently used in Section 5 of the existing Form BR, which elicits information with respect to all registered individuals who are associated with the branch office.