

# Notice to Members

OCTOBER 2003

## SUGGESTED ROUTING

Executive Representatives  
Legal & Compliance  
Operations  
Registered Representative  
Registration  
Senior Management

## KEY TOPICS

IARD<sup>SM</sup>  
Maintenance Fees  
Registration  
Renewals  
Web CRD<sup>®</sup>

## ACTION REQUIRED

### Broker/Dealer and Investment Adviser Renewals

Broker/Dealer, Registered Representative, Investment Adviser Firm, and Investment Adviser Representative Renewals for 2004; Payment Deadline: December 5, 2003

### Executive Summary

The 2004 NASD Broker/Dealer and Investment Adviser Renewal Program will begin November 3, 2003, when online Preliminary Renewal Statements are made available to all firms on Web CRD/IARD. This annual program simplifies the registration renewal process for more than 24,000 Broker/Dealer (BD) and Investment Adviser (IA) firms and approximately 700,000 registered representatives and investment adviser representatives with the payment of one amount to NASD by the published deadline. On **October 27, 2003**, firms may start submitting post-dated Forms U5, BDW, and Schedule E via Web CRD. Post-dated filings that are submitted by October 31, 2003, will not appear on the firm's Preliminary Renewal Statement. Joint (Broker/Dealer-Investment Adviser) firms may begin submitting post-dated ADV-Ws via IARD on **November 3, 2003**.

Renewal Statements will include the following fees: NASD Web CRD/IARD System Processing Fees and NASD Branch Office Fees, as well as New York Stock Exchange (NYSE), American Stock Exchange (Amex), Chicago Board Options Exchange (CBOE), International Securities Exchange (ISE), Pacific Exchange (PCX), and Philadelphia Stock Exchange (PHLX) Maintenance Fees. The statement will also include state Broker/Dealer, registered representatives, and, if applicable, state Investment Adviser firm and representative Renewal Fees.

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Members should read this *Notice to Members*; any instructions posted to NASD's Web Site at [www.nasdr.com/3400.asp](http://www.nasdr.com/3400.asp), especially the Registration and Disclosure Fall *Bulletin*, which will be a special Renewal Program edition; the Investment Adviser Web Site, if applicable, at [www.iard.com/renewals.asp](http://www.iard.com/renewals.asp); and any mailed information to ensure continued eligibility to do business as of January 1, 2004. Members should also visit the Renewal Program Web Pages at [www.nasdr.com/3400\\_renewals\\_intro.asp](http://www.nasdr.com/3400_renewals_intro.asp) to review Renewal information.

### Questions/Further Information

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

### Preliminary Renewal Statements

Beginning November 3, 2003, Preliminary Renewal Statements will be available for viewing and printing in Web CRD/IARD for all entitled users. The statements will include the following fees: Web CRD/IARD System Processing Fees; NASD Branch Office Fees; NYSE, Amex, CBOE, ISE, PCX, and PHLX Maintenance Fees; state Agent Renewal Fees; state Broker/Dealer, and, if applicable, Investment Adviser Firm and Representative Renewal Fees. NASD must receive **full** payment of the November Preliminary Renewal Statement amount **no later than December 5, 2003**.

If payment is **not** received by the December 5, 2003, Payment Due Date, the firm will be assessed a **Renewal Payment Late Fee**. This Renewal Payment Late Fee will be included as part of the firm's Final Renewal Statement and will be calculated as follows: 10% of a member 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* at [www.nasdr.com/pdf-text/0248ntm.pdf](http://www.nasdr.com/pdf-text/0248ntm.pdf) for more details.

### Fees

A fee of \$30 will be assessed for each person who renews his/her registration with **any regulator** through Web CRD. Please see *NTM 02-41* at [www.nasdr.com/pdf-text/0241ntm.pdf](http://www.nasdr.com/pdf-text/0241ntm.pdf) for more details. Firms can access a listing of agents for whom they were assessed a fee in their Preliminary Renewal Statement by requesting the Renewals-Firm Renewal Roster. The report will be available when the Renewal Statements are available.

An NASD **Branch Office Assessment Fee** of \$75 per branch will be assessed based on the number of active NASD branches at the time the Preliminary Renewal Statement is generated.

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The **IARD Firm System Fee** of \$100 will be assessed for every state-registered Investment Adviser firm who renews through the IARD Program.

The **RA Renewal System Processing Fee** of \$45 will be assessed for every Investment Adviser Representative who renews through the IARD Program.

This year, as last year, NASD Personnel Assessment Fees will **not** be assessed through the NASD Renewal Program. NASD will mail all NASD member firms a separate billing for this during the first quarter of 2004.

Renewal Fees for NYSE, Amex, CBOE, PCX, ISE, PHLX, and state registrations are also assessed in the Preliminary Renewal Statement. NYSE, Amex, CBOE, PCX, ISE, and PHLX Maintenance Fees and state Renewal Fees collected by NASD for firms that are registered with those exchanges and jurisdictions, as well as NASD Renewal Fees, are based on the number of NASD, NYSE, Amex, CBOE, PCX, ISE, and PHLX and state-registered personnel employed by the member firm.

Some participating jurisdictions may require steps beyond the payment of Renewal Fees to NASD to complete the Broker/Dealer or Investment Adviser renewal process. Firms should contact each jurisdiction directly for further information on its renewal requirements (see the SRO/State Directory at [www.nasdr.com/3450.htm](http://www.nasdr.com/3450.htm)).

For detailed information regarding Investment Adviser Renewals, you may also visit the Investment Adviser Web Site, [www.iard.com](http://www.iard.com). A matrix that includes a list of Investment Adviser Renewal Fees for jurisdictions that participate in the 2004 IARD Renewal Program is posted at [www.iard.com/pdf/reg\\_directory.pdf](http://www.iard.com/pdf/reg_directory.pdf).

## Renewal Payment

Firms have four (4) payment methods available to pay 2004 Renewal Fees:

- ▶ Web CRD/IARD E-Pay,
- ▶ Wire transfer,
- ▶ Check, or
- ▶ Transfer of the entire amount from the firm's Daily to Renewal Account. (Note: The entire amount of the payment must be available.)

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## Web E-Pay Instructions

The E-Payment application is accessible from either the NASD ([www.nasdr.com/3400.asp](http://www.nasdr.com/3400.asp)) or IARD ([www.iard.com](http://www.iard.com)) Web Sites and from both the Preliminary and Final Renewal Statements and allows firms to make an ACH payment from a designated bank account to their Web CRD/IARD Renewal Account. In order for funds to be posted to the firm's Renewal Account by December 5, 2003, payment must be submitted electronically, **no later than 8:30 p.m., Eastern Time (ET), on December 3, 2003.**

## Check Instructions

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 the word "Renewals" in the memo line.

Firms should mail their Renewal Payment, along with the first page of their online Renewal Statement, directly to:

### U.S. Mail

NASD, CRD-IARD

P.O. Box 7777-W8705

Philadelphia, PA 19175-8705

(Note: This P.O. Box will not accept courier or overnight deliveries)

**or**

### Express/Overnight Delivery

NASD, CRD-IARD

W8705

c/o Mellon Bank, Rm 3490

701 Market Street

Philadelphia, PA 19106

Telephone No: (301) 869-6699

Member firms should use the blue, pre-addressed Renewal Payment envelope that they should receive the first week of November; or, if using their own payment envelope, firms should use the full address, as noted above, including the "W8705" number.

**Please note: The addresses for Renewal Payments are different from the addresses for funding your firm's CRD or IARD Daily Account.**

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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 the word "Renewals" on the check memo line.
- ▶ Be sure to send your payment either in the blue pre-addressed Renewal Payment envelope that will be mailed to you or write the address on the envelope exactly as noted above.

### Wire Payment Instructions

Firms may wire full payment of the Preliminary Renewal Statement by requesting their bank to initiate the wire transfer to: The Riggs National Bank in Washington, DC Firms should provide their bank the following information:

Transfer funds to:	<b>Riggs National Bank in Washington, D.C.</b>
ABA Number:	<b>054-000030</b>
Beneficiary:	<b>NASD</b>
NASD Regulation Account Number:	<b>086-761-52</b>
Reference Number:	<b>Firm CRD Number and the word "Renewals"</b>

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 **NASD Bank Account**,
- ▶ Provide the Firm's CRD Number and the word, "Renewals" as reference only, and
- ▶ Record the Confirmation Number of the wire transfer provided by the bank.

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## Transfer of Funds Instructions

Firms may also call the Gateway Call Center at (301) 869-6699 and request that a transfer of the **full** Renewal balance be transferred from the firm's Daily to Renewal Account. The firm must have the available funds in its Daily Account in order for the transfer to be processed.

Members are advised that failure to return full payment of their Preliminary Renewal Statement to NASD by the December 5, 2003, deadline could cause a member to become ineligible to do business in the jurisdictions effective January 1, 2004.

## Renewal Reports

Beginning November 3, 2003, the Renewal Reports are available to request, print, and/or download via Web CRD. There will be three reports available for reconciliation with the Preliminary Renewal Statement. All three reports will also be available as downloads:

**Firm Renewal Report** – applicable to Broker/Dealer and Investment Adviser firms. This report lists individuals included in the 2004 Renewal Program processing and includes Billing Codes (if they have been supplied by the firm).

**Branches Renewal Report** – applicable to NASD members. This report lists each branch registered with NASD 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 NASD Approval Report** – applicable to NASD members. This report contains all individuals who are not registered with NASD 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 in October to determine if any NASD registrations need to be requested or jurisdictions terminated prior to Renewal processing for the Preliminary Renewal Statement on November 1. Note: any post-dated U5, BDW, and/or Schedule E terminations submitted by 11:00 p.m., ET, on October 31, 2003, will not appear on the firm's Preliminary Renewal Statement.

## Filing Forms U5

Firms may begin submitting post-dated U5 filings on October 27, 2003. If Forms U5 (either Full or Partial) are filed electronically via Web CRD by 11:00 p.m., ET, October 31, 2003, for Agents/Investment Adviser Representatives (RAs) terminating in one or more jurisdiction, those Renewal Fees will **not** be included on the firm's Preliminary Renewal Statement.

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The deadline for electronic filing of Forms U5 for firms that want to terminate an agent affiliation before year-end 2003 is 6:00 p.m., ET, on December 20, 2003. Firms may file both Partial and Full Forms U5 with a post-dated **termination date of December 31, 2003**. (This is the only date that can be used for a post-dated Form U5.) The deadline for submission of all EFT (electronic file transfer) filings is also December 20, 2003 (2:00 p.m., ET). For more detailed information on post-dated Forms U5, see the section titled "Post-Dated Form Filings" below.

It is important for firms to be aware that once a post-dated Form U5 is filed for an individual, the firm will not be able to submit either a U4 or U5 Amendment to update disclosure until on or after January 2, 2004.

### Post-Dated Form Filings

Firms can begin electronically filing post-dated Forms U5, BDW, and Schedule E via Web CRD on **October 27, 2003**. This functionality allows firms to file a termination form on or after October 27, with a termination date of December 31, 2003. Firms that submit post-dated U5, BDW, and/or Schedule E termination filings by 11:00 p.m., ET, on October 31, 2003, *will not* be assessed Renewal Fees for the terminated jurisdictions on their Preliminary Renewal Statement in November. Joint (Broker/Dealer-Investment Adviser) firms may begin to submit post-dated ADV-Ws on **November 3, 2003**.

Firms that submit post-dated termination filings on or after **November 3, 2003**, will not be assessed Renewal Fees for the terminated jurisdictions on the Final Renewal Statement in January. If a credit is due the firm, it will be transferred to the firm's Daily Account in conjunction with Renewal processing and will be posted there on January 2, 2004. In the case of an overpayment, the firm's Final Renewal Statement will read "Amount Paid in Full," and the deposit will be posted under the Transfer Detail of the firm's Daily Account.

Firms may submit Forms U5, BDW, Schedule E, and ADV-W (both partial and full terminations) until **December 20, 2003**, with a post-dated termination date of **December 31, 2003**. (This is the only date that can be used for a post-dated form filing.) If a Form U5, BDW, Schedule E, or ADV-W indicates a termination date of December 31, 2003, a registered representative, Broker/Dealer, Investment Adviser (firm), or Investment Adviser representative (RA) may continue doing business in the jurisdiction until the end of the calendar year without being assessed 2004 Renewal Fees. Firms are encouraged to access the individual's or firm's form filing history after a termination filing is submitted to ensure that electronic Forms U5, BDW, Schedule E, and ADV-W have been successfully filed.

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Members should exercise care when submitting post-dated Forms U5, BDW, Schedule E, and ADV-W. CRD and IARD will systematically process these forms as they are submitted and NASD **cannot** withdraw a post-dated termination once submitted and processed. If a post-dated, **full** Form U5, BDW, or ADV-W has been submitted but the firm decides it does not want to terminate registration, then a new Form U4, Form BD, or Form ADV must be submitted on or after January 2, 2004, to re-register the representative or firm with jurisdictions. All applicable registration fees will be assessed. If a post-dated **partial** Form U5, BDW, or ADV-W has been submitted but the firm decides it does not want to terminate registration(s), then a Form U4 Amendment, Form BD Amendment, or ADV Amendment, as appropriate, must be submitted on or after January 2, 2004, to re-request registration with those jurisdictions. All applicable registration fees will be assessed.

### 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 11:00 p.m., ET, October 31, 2003, 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 four regulators that participate in Web CRD Renewals for agent fees, but they **do not** participate in CRD Phase II for BD terminations:

- ◆ American Stock Exchange
- ◆ New York Stock Exchange
- ◆ Pacific Exchange
- ◆ 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 2003 is 6:00 p.m., ET, December 20, 2003. This same date applies to the filing of Forms BDW with regulators that are not Phase II participants. For information regarding the post-dating of Forms BDW with the termination date of December 31, 2003, see the section titled "Post-Dated Form Filings."



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

Joint (Broker/Dealer-Investment Adviser) firms that file a Form ADV Amendment, unmarking a state (generating the status of "Removal Requested at End of Year"), by 11:00 p.m., ET, October 31, 2003, will avoid the assessment of the applicable Renewal Fees on their Preliminary Renewal Statement. **Post-dated Forms ADV-W cannot be submitted until November 3, 2003.**

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 2003 is 6:00 p.m., ET, December 20, 2003. For information regarding post-dating Form ADV-W with the termination date of December 31, 2003, for state registrations see the "Post-Dated Form Filings" section.

## Removing Open Registrations

Throughout the year, firms have access to the "Approved AG Reg Without NASD Approval" Report via Web CRD. This report identifies agents whose NASD 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 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 reapply for NASD 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 prior to October 27, 2003. Requesting this report will enable firms to identify individuals who can be terminated by October 31, 2003, to avoid being charged for those individuals on their Preliminary Renewal Statement. Firms may continue to terminate individuals until the December 20, 2003, 6:00 p.m., ET, deadline.

## Final Renewal Statements

Beginning January 2, 2004, NASD 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, 2003. 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.

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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. As of January 2, 2004, overpayments will be transferred to firms' Daily Accounts. Firms that have a credit (sufficient) balance in their Daily Account may request a refund by contacting the Gateway Call Center at (301) 869-6699 or faxing a written request signed by the designated signatory to the User Support Unit at (240) 386-4849.

After January 2, 2004, NASD member firms should access Web CRD Reports to request the **Firm Renewal Report**, which will list all renewed personnel with the NASD, NYSE, Amex, CBOE, PCX, ISE, 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 report. Registrations that are "pending approval" or are "deficient" at year's end will not be included in the Renewal Program. Member firms will also be able to request the **Branches Renewal Report** that lists all NASD branches for which they have been assessed. Download versions of these reports will also be available.

Firms have until **February 6, 2004**, to report any discrepancies on the Renewal Reports. All discrepancies should be reported, in writing, to NASD. This is also the deadline for **receipt of final payment**. Specific information and instructions concerning the Final Renewal Statements and Renewal Reports will appear in the January 2004 *Notices to Members*. Firms may also refer to the Fall Registration and Disclosure *Bulletin*, which is devoted entirely to the 2004 NASD Renewal Program. Firms will be able to access the information at any time by viewing the CRD Information Pages of the NASD Web Site at [www.nasdr.com/3400\\_publications.asp](http://www.nasdr.com/3400_publications.asp).

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