

***From The Desk Of Barbara Sweeney, Director, CRD/Public Disclosure***

I am looking forward to seeing you at our upcoming CRD Conferences, "Transitioning Through Change." As you know, there have been many changes this year: implementation of the Interim Forms, modification of the Public Disclosure system, and debut of PDP/I, to name but a few. The 1998 Conferences will focus on those changes and will provide you with the information and tips you need to cope effectively with the myriad of changes you deal with daily.

If you have not already done so, be sure to mail your registration information today to reserve your place in Los Angeles, Chicago, or Washington, DC, because space is limited.

Our 1998 CRD Conferences promise to be stimulating, thought-provoking, and informative. You will definitely want to be part of this exciting event.



**Barbara Z. Sweeney**  
**Director, CRD/Public Disclosure Department**



## “Transitioning Through Change”: 1998 CRD Conference Reserve Your Seat Now For Los Angeles, Chicago, Or Washington, DC

“Transitioning Through Change”, the theme of the 1998 CRD Conferences, is a “must attend” event for every registration department professional. This one and one-half day program, conveniently offered in three locations across the country, is packed with up-to-date information all registration and licensing personnel need to know and understand about the Interim Forms, Central Registration Depository (CRD) Modernization, interpretive guidance, and much, much more!

Reserve these important dates on your calendar: August 24-25 in Los Angeles; September 1-2 in Chicago; and, September 24-25 in Washington, DC. Take advantage of this opportunity to learn how to increase the efficiency of your firm’s form filings, eliminate costly mistakes, and understand which events are disclosable and which are not.

Recognizing that 1998 is a year of change, the CRD Conferences have been designed to provide attendees with hands-on training in two critical areas: disclosure and form processing.

The Disclosure workshop will concentrate on the Interim Forms and their relationship to the modified Public Disclosure Program. Attendees will learn how to fill out a DRP (Disclosure Reporting Page), hear the latest in interpretive guidance, and understand the subtleties of the expanded customer complaint question. This workshop will be offered twice during each conference to accommodate all attendees who wish to attend.

The “day-in-the-life of” How a Form is Processed workshop will walk attendees through how a form filing is processed by the CRD/Public Disclosure Department. This session will cover all aspects of form processing, highlighting pitfalls that can be avoided, areas of discussion include: fingerprint cards, SRR/SD, CRD accounting, BD amendments. This workshop will also be offered twice during each conference.

In addition to the workshops, attendees will have the opportunity to participate in three general sessions: an overview of CRD Modernization, a demonstration of Modernization prototypes, and an intensive review of the modified Public Disclosure Program.

Check your mailbox for the 1998 CRD Conference registration brochure. Conference registration is limited and is available on a first-come, first-served basis. The registration fee of \$350 per attendee includes continent breakfast, lunch, a reception, refreshments, and conference materials.

**Registration materials for “Transitioning Through Change,” the 1998 CRD Conference, may be viewed and printed from the NASDR Web Site [www.nasdr.com](http://www.nasdr.com) under the Conferences & Events Web Page or CRD Web Page. Additionally, to request registration materials contact Lisbeth Fried, NASD Conference Services, (202) 728-8383.**





## Broadcast Fax Capability Moving Ahead

In the last edition of the *CRD/PD Bulletin*, the CRD/Public Disclosure Department expressed its eagerness to develop more effective mechanisms for communicating with you, including implementation of broadcast fax capability, allowing us to communicate with you, literally, at the touch of a button. Many thanks to those of you who faxed back your interest in receiving timely updates via fax. Because member firms responded positively to the concept of broadcast fax capability, we are moving ahead to implement that new technology.

If you are interested in having your firm's fax number(s) included in our broadcast fax database, and have not already done so, please take a few moments to complete the enclosed response form and fax it back to us.

### ***BROADCAST FAX DATABASE RESPONSE FORM***

***YES!*** My firm is interested in being included in the CRD/Public Disclosure Department broadcast fax database.

***FIRM:*** \_\_\_\_\_

***CONTACT:*** \_\_\_\_\_

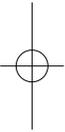
***FAX NUMBER:*** \_\_\_\_\_

***COMMENTS:*** \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

*Fax the completed response form to:*

*CRD/Public Disclosure Department  
Attn: M. Legatski  
(301) 590-6863 Fax*





"I truly enjoy working with the member firms. I encourage the registration and licensing professionals to call me with questions regarding receipt of packages, forms processing, fingerprint cards and stat sheets, and to address any materials which require expedited action to my attention."

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**Bill Swanstrom** Call Center Manager  
301.590.6104 *swanstrb@nasd.com*

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Mr. Swanstrom joined the NASD in 1995 as Gateway Manager. After graduating from Towson University, he was employed by the National Rifle Association.

"The Call Center (301.869.6699) is a melding of the old Gateway with the old Service Desk and now includes the Department's research function as well. The 51 staff members assigned to the Call Center are the front-line responders for member firms' registration problems, questions, and issues. In 1997, we handled 840,000 calls.

"Our Call Center staff receive intensive training. Existing staff have been cross-trained, and three new hires have just completed four weeks of combined classroom, hands-on, and 'buddying' training. Calls are monitored so that we can be confident that member firms are receiving correct and consistent information.

"The research function is a welcome addition to the Call Center. These 12 individuals tackle those problems or issues which do not fall into Disclosure Review or Organization Processing. Research staff can correct processing errors on-line, provide 'snaps' and, through MediaSource, provide requested forms. Our service goal here is to close or provide the member firm with a status update on all TRAC cases within 48 business hours.

"Our primary goal is to provide quick and accurate responses to member firm, regulator, and investor inquiries. We know we will have achieved our goal when we are proactive, efficient, and consistent in answering their questions.

"Since the majority of the calls handled by the Call Center are registration-related, firms can expedite processing by using the Firm Access Query System (FAQS) to verify registration information on its registered representatives. Firms with Internet access can also speed access to NASD forms, publications, and interpretive guidance by frequenting the NASDR Web Site at *www.nasdr.com*."

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**Jeff Weinstein** Manager, CRD Accounting and State Desk  
301.212.8171 *weinstej@nasd.com*

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Mr. Weinstein joined the NASD in 1994 in its Public Disclosure Program. Since that time, he has served as Team Leader for Quality and Service Team 1 and Service Desk Administrator where he developed and implemented the TRAC system. Mr. Weinstein is a graduate of Binghamton University, State University of New York, and is currently pursuing graduate studies at American University in Washington, DC.

"CRD Accounting functions as the liaison between the CRD/Public Disclosure Department and the NASD Finance Department. This three-person function is charged with making all appropriate adjustments to member firms' and regulatory organizations' accounts, handling all refund requests and providing additional account detail reports as requested.

"Most CRD accounting-related questions can be resolved by the Call Center staff with a single telephone call. Occasionally, however, a member firm's question requires the Call Center to open a TRAC case. The research unit looks into the question and then contacts CRD Accounting.

"We recommend that firms review their CRD monthly account activity reports upon receipt. These reports are the equivalent of a monthly checking account statement and include, if you will, a listing of all credits and debits to the firms' account for the preceding month. Any discrepancies between the CRD monthly account activity





## Priority Form Processing

The CRD/Public Disclosure Department recognizes that TATs (Temporary Agent Transfers) and Transfers are the most time sensitive form filings for both member firms and their associated persons. With this in mind, the Department has established the specific processing criteria for TAT and Transfer Filings described below.

### TAT Filings

- ✦ All mail, both regular and courier, is opened and then sorted by form type. Forms U-4 are reviewed to see if the TAT Box at the bottom of Page 1 has been marked. If the TAT box is not marked, the filing is considered a regular Transfer. Tip: Always remember to check the TAT box on Page 1 of the Form U-4 to designate a TAT filing.
- ✦ TAT Triage staff immediately calls the member firm to advise of any deficiencies.
- ✦ TAT Triage staff checks the TAT effective date and days left to determine if in-house processing is needed to prevent the TAT from terming.

- ✦ Average turnaround time for a TAT filing is approximately two days.

### Clean Transfer Filings

- ✦ All mail, both regular and courier, is opened and then sorted by form type. Forms U-4 are reviewed to see if the Form has a CRD Number or information in Number 12 on Page 1 “Firm(s) Applicant is Transferring from:”.
- ✦ Average turnaround time for a Clean Transfer (i.e., no disclosure) filing is approximately three days.
- ✦ Priority form processing is based on a team effort involving a member firm and the CRD/Public Disclosure Department. It is the firm’s responsibility to complete the Form with all required information. It is then the Department’s responsibility to perform the necessary steps to assure that the Form is processed with its appropriate level of priority.

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## Priority Form Processing

Priority Processing Order	Form Type	Additional Information
1	TAT Filings	Form U-4 Transfers that must be processed in the 21-day time frame
2	Clean Transfers	No disclosure
3	Form U-4 (Disclosure)	All Form U-4 with new or amended disclosure
	DRU: A certification question has been marked. Form is stamped “DRU Certification.”	
	DRU: One or more “yes” answers have been marked with the certification question not marked. Form is stamped “DRU.”	
4	Form U-5	All Forms U-5 without disclosure
5	Initials	
6	Amendments	Forms U-4



4. *I was arrested but not charged. Is this reportable?*

No, the arrest is not reportable. However, you are required to provide documentation that no formal charges were filed. A letter from the arresting agency or court is sufficient.

5. *I have been employed by several firms in the past, and the NASD did not request information at that time. Why is the NASD requesting information on the charge now?*

Changes in NASD guidelines went into effect in February 1997. If you have changed firms since February 1997, additional information may be requested when staff needs further clarification to determine reportability.

6. *I was charged with a felony but not convicted. Is the charge reportable? Which question applies?*

Yes, all felony charges are reportable through question 22B.

7. *What do the Zs and the Xs on the rap sheet mean?*

The **Z** means that the offense is not reportable and no documentation is required.

The **X** means that the offense may be reportable, and additional documentation will be required.

8. *I have documents but I cannot determine if the charge is reportable. Can the NASD review the documents and advise me?*

The documents should be forwarded to your firm's legal counsel to determine reportability. (Remember this only applies if the individual is registered or is seeking registration.)

9. *Do I need documentation if the charge is over 10 years old?*

No. However, the charge remains reportable if applicable to questions 22A1, 22A3, or 22B.

10. *This charge was a misdemeanor not specified in question 22A1. Is it reportable?*

No. The charge is not reportable. However, you must provide official documentation that the charge is a misdemeanor offense (i.e., Criminal Complaint, Indictment or the Information; Judgment/Sentence Order & Final Dispositions; or the applicable state statute).

11. *Does our firm keep this fingerprint card and FBI report. Or, should we send it back to the NASD?*

Your firm must maintain the Fingerprint Card and rap sheet in the individual's file pursuant to Securities and Exchange Commission (SEC) Rules 17a-3 and 17a-4.

12. *Where do we go to get the documents?*

If the individual went to court, you would go to the court where the case was handled. If he/she did not go to court, you would go to the arresting agency listed on the rap sheet.

13. *This charge was not securities related. Why do I have to report it?*

Refer to questions 22A and 22B. These questions are not only limited to securities-related issues. They pertain to all felonies as well as misdemeanors specified in question 22A1.

14. *Our firm is not a member of the NASD. Does it still have to submit the requested documents?*

No. Because your firm is not an NASD member, nothing is required. The letter was sent in error.





There are a number of instances in which the CRD/ Public Disclosure Department must research your question in order to verify that the information you received is correct. Following are several examples of when research is required:

- ❖ Documentation cannot be provided because the relevant records have been destroyed.
- ❖ Receipt of a “no-action” letter when you believe that an event is reportable.
- ❖ Firm did not receive a rap sheet or a fingerprint card.
- ❖ The name on the fingerprint card does not match the name on the FBI report, and the individual denies that the fingerprint card is hers/his.
- ❖ The FBI report was mailed to the firm in error.
- ❖ The firm is unable to obtain documentation within the required 30-day period and wants an extension.
- ❖ The registered representative says that the arrest record is not hers/his.
- ❖ The firm is doing a pre-hire on an individual, ar his/her record shows a charge. The individual maintains that he/she has never been arrested.
- ❖ This person has a rap sheet, but a check under prints does not indicate rap.

In each of these cases, you should call the CRD Gateway Call Center at 301.869.6699. A Customer Satisfaction Specialist will take the information you provide and will begin researching your case.

## SEC Approves Year 2000 Rule Amendment

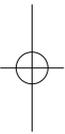
The SEC recently amended its Rule 17a-5 to require all broker/dealers to file two reports, using new Form BD-Y2K, concerning Year 2000. Additional information regarding this Rule is available via the *Federal Register*—63 FR 37667 (July 13, 1998)—and on the SEC Web Site ([www.sec.gov](http://www.sec.gov)).

The new report relates to each member’s readiness and activities to prepare its businesses to address Year 2000 challenges and risks. The amendment requires all NASD members with FOCUS capital requirements on or after December 31, 1997 of \$5,000 or greater to file two reports with the SEC and the firm’s designated examining authority (DEA). The first report is due to the SEC and DEA on or before August 31, 1998. The second report is due April 30, 1999. The results of these reports will be made public.

Each of the two reports has two parts. Part I must be completed by each NASD member with a \$5,000 or greater net capital requirement. A member must also complete Part II (in addition to Part I) if it has a \$100,000 or greater net capital requirement.

The NASD mailed to members Forms BD-Y2K with detailed filing instructions.

Call the NASD Year 2000 Program Office at 888.227.1333 if you have any questions.





# New Procedures In Place For Requesting Snapshots, Blue Sheets, And Roster Reports

*Revised Process That Affects Members Firms And Non-Registered Individuals*

## Member Firms

The CRD/Public Disclosure Department is implementing several new procedures affecting requests for pre-hire snapshots and blue sheets. Member firms' requests for roster reports are also affected under the new procedures, as are snapshot requests from non-registered representatives. The new procedures, which become effective September 15, 1998, are outlined below.

Request	New Procedure	Cost
<b>Pre-Hire Snapshot</b>	<ul style="list-style-type: none"> <li>✦ Call the Gateway Call Center at 301.869.6699.</li> <li>✦ Fax request on company letterhead with the registered representative's signature and Social Security Number or Page 4 of the Form U-4. Fax number is 301.590.6091.</li> <li>✦ Payment for the service will be charged to the firm's CRD account. The fax must include authorization signed by a principal.</li> <li>✦ Credit card payments must include the credit card number, expiration date, name as it appears on the credit card, and a signature in the fax.</li> <li>✦ Checks may be mailed to: MediaSource (Snapshot) 1390 Piccard Drive Rockville, MD 20850</li> <li>✦ Snapshots of 15 or fewer pages will be faxed to member firms. Snapshots of greater than 15 pages will be sent by regular mail within three to five business days of the request.</li> </ul>	<ul style="list-style-type: none"> <li>✦ \$8.00 per individual snapshot.</li> <li>✦ Overnight services are available at an additional \$25 per address or provision of the firm's overnight mail account number.</li> </ul>
<b>Blue Sheets</b>	<ul style="list-style-type: none"> <li>✦ Call the Gateway Call Center at 301.869.6699.</li> <li>✦ Fax the request on company letterhead. The fax number is 301.590.6091.</li> <li>✦ Payment will be charged to the firm's CRD account. The fax must include authorization signed by a principal.</li> <li>✦ Credit card payments must include the credit card number, expiration date, name as it appears on the credit card, and a signature in the fax.</li> <li>✦ Checks may be mailed to: MediaSource (Blue Sheet) 1390 Piccard Drive Rockville, MD 20850</li> <li>✦ Blue sheets cannot be faxed.</li> </ul>	<ul style="list-style-type: none"> <li>✦ \$8 per individual blue sheet.</li> </ul>

