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CRD/PD Bulletin



A PUBLICATION OF THE NASD REGULATION CRD/PUBLIC DISCLOSURE DEPARTMENT

VOLUME 7/NO.3

From The Desk Of . . .

Countdown To Web CRD: 20 Days To Go!

The countdown continues! As such, I am pleased to provide you with one more issue of *CRD/PD Bulletin* before Web CRD goes “live” on August 16. I hope you find this last round of articles useful as you finalize your work processes to transition to our new Web-based system.

Let me begin this issue by thanking each of the representatives from our user community—firms, states, the Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and NASD Regulation, Inc. (NASDRSM) Districts—for their assistance in participating in the CRD/Public Disclosure Department’s (CRD/PD) Community Acceptance Test last month. During this testing period, these representatives ran test scripts and provided feedback to us on system performance of Web CRD. We are using this information as we make final preparations for deployment of Web CRD. Thank you for providing NASD Regulation[®] with your time and thoughtful commentary. Come August 16, future system users will benefit from your participation in the Community Acceptance Test.

Next, I would like to remind you that our Production Preparedness Period is currently underway and runs through July 29. You may actually practice filing in Web CRD each Tuesday, Wednesday, and Thursday during this period between the hours of 7 a.m. and 11 p.m., Eastern Time (ET). Additionally this period of time should be used to entitle your system users for the August 16 deployment. We ask that you complete your user entitlements and encourage you to use the system. We are confident that once you begin to use and explore the new system, you will be very comfortable with it.

I would also like to remind you that our System Transition Period is just around the corner. It’s the time period before the implementation of Web CRD when Legacy CRD is shut down and Web CRD is not yet available. (*Please turn to page 25 for a detailed schedule.*) I hope you will encourage everyone in your firm that could be affected by the System Transition Period to become familiar with this time period and plan accordingly. Please be

Continued on next page

JULY 1999



IN THIS ISSUE:

What to Expect From Release 1.0 of Web CRD: With Web CRD only a few weeks away, we’d like to remind you that Web CRD will support all existing functions of the Legacy system and deliver enhanced regulatory and registration capabilities. Web CRD is an improved tool to help you streamline the registration and filing process. Take a look at what you can expect with Release 1.0.

Am I Ready for Web CRD? Review our convenient checklist to be sure you are ready to transition to Web CRD. If you can answer “yes” to each of these questions, you are ready to go. If you answer “no” to any of the questions, make note and take the appropriate steps to prepare for the new system.

Prepare for the System Transition Period! The latest information on the two-week period immediately before the roll-out of Web CRD, during which neither Web CRD nor Legacy CRD will be available to process filings; what steps you can take now to minimize its impact on your day-to-day operations.

Keeping Your Personal Computer Secure: Come August 16, you’ll want to be sure that unauthorized users in your firm do not obtain access to Web CRD because if they do, they will be able to change your data. Read about the ways you can protect your personal computer and unauthorized users from gaining access to Web CRD.



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assured that we will be working seven days a week during the System Transition Period to minimize the time that both systems will be down and any disruption to your routine business activities.

To ensure a smooth transition to the new system, CRD/PD has re-engineered its work processes to accommodate Web CRD. The CRD/PD staff is now fully trained in these new work processes on Web CRD and will be ready to hit the ground running on August 16 when Web CRD goes "live."

For up-to-the minute information, updates, and communications on Web CRD over the next few weeks, I invite you to visit and stay in touch with our new Web CRD Internet Page on the NASD Regulation Web Site: www.nasdr.com. You are also welcome to call the Gateway Call Center Web CRD Line at 301.212.8181 if you have questions that you would like to discuss with one of our staff members.

As the countdown to Web CRD draws to a close, CRD/PD would like to assure you that it remains committed to securing a smooth transition to our new electronic registration filing system for all system users. Thank you for your time and commitment over the last several months to becoming familiar with and preparing your own work processes for Web CRD. We sincerely appreciate your feedback, encouragement, and support along the way.

I share your enthusiasm for Web CRD. I am confident that Web CRD will deliver enhanced regulatory and registration capabilities to its system users.

Please join each of us in NASDR's CRD/Public Disclosure Department as we prepare for the launch of our new state-of-the-art system on August 16.

Sincerely,

Barbara Z. Steeney

Director

CRD/Public Disclosure Department



Web CRD Accounting To Blend Legacy CRD Functionality With NASD Corporate Accounting

The new Web CRD Accounting system will blend traditional CRD accounting functionality with the NASD’s corporate accounting system (a PeopleSoft-based system).

In Web CRD Accounting, accounting data will no longer be displayed in real time. As a result, a firm’s daily balance will remain static for the entire business day, regardless of transaction activity. The new system will only require that the firm have a favorable Initial Daily Balance (IDB), *e.g.*, a credit balance greater than \$0.00, for continuous processing throughout the current business day. Account balance information will be updated during an automated nightly reconciliation process between Web CRD and NASD Accounting. If transactions have been submitted to CRD, a new IDB will be displayed at the beginning of the next business day.

As a result of this alternative approach, CRD is introducing a new concept to daily accounting of CRD charges and payments:

- ✦ Web CRD will monitor your firm’s **account status**, rather than your firm’s account balance daily.
- ✦ Your IDB will trigger an **account status** of either **Sufficient** or **Deficient**.
- ✦ Your **account status** remains the same throughout a business day, just like your IDB.

If your account status is Sufficient: All transactions submitted to CRD will be processed for that business day, even if the total amount is more than the actual available funds in the account. Therefore, if an account has a favorable IDB (*e.g.*, a credit balance greater than \$0.00), all transactions will be processed for that business day. These transactions will then be posted to your account during the automated nightly reconciliation process.

If your account status is Deficient: The account has an IDB of \$0.00 or any debit balance, no transactions will be processed for that day. These transactions will be held in a Funds Deficient Transactions Queue until the firm’s opening balance is a credit balance greater than \$0.00 (Sufficient).

Like the Legacy CRD system, Web CRD will provide firms with two distinct financial accounts: the Daily and Renewal Account. **Please note that upon implementation of Web CRD, Preliminary, Final, and Past Due Renewal Statements will no longer be mailed to firms. Firms will need to go to their Renewal Account on Web CRD to view and print statements.**

Another important distinction between Legacy CRD accounting and Web CRD accounting is that firm payments are shown as a **credit**, or negative amount, to your firm’s account in CRD Accounting. NASDR, state, other SRO, and other fees are shown as a **debit**.

Consequently, a **credit** balance (shown as a negative amount in Web CRD) is a favorable balance for your firm. For example, a balance of \$-1,000.00 (a credit balance) represents funds (\$1,000.00) available for registration transactions. (Account Status is “Sufficient.”)

An outstanding **debit** balance (shown as a positive amount in Web CRD) means your firm has no funds available for registration transactions and owes NASDR the amount of the debit balance. (Account Status is “Deficient.”)

You must have an outstanding credit balance (*e.g.*, a negative amount as shown in Web CRD) for registration transactions to be processed. If your firm has a **debit balance, filed registration transactions will not be processed until your firm pays the necessary funds to its account.**



You can use the Navigation Panel under Daily Organization Information to obtain detailed account information. You can also view transaction queues or perform various searches:

- ❖ Processed and Funds Deficient Transactions are CRD transaction queues. Items in these queues reflect transactions generated by Web CRD from processing filings and have **NOT** yet been posted to a firm's financial account.
- ❖ Information under Daily Account Information allows users to perform detailed financial queries. Items in these queues **HAVE BEEN** posted to a firm's financial account.

The Web CRD Accounting system will also automate firm payments by linking a firm's checking account number to its CRD account. By reading the bar code ("MICR" ID) located at the bottom of a check, the new accounting system will be able to associate a firm's CRD number to its checking account. This will provide our members with more timely and accurate recording of their payments.

Affiliated firms that send payments for a subsidiary firm will need to send payments directly to the:

**NASD Finance Department
NASD Regulation, Inc.
15201 Diamondback Drive
Rockville, Maryland, 20850-3389
ATTN: Finance Department-Cash Receipts**

The payment should include a letter indicating the account into which funds should be deposited (i.e., ABC Securities, Inc., CRD#1234, is sending payment for ABC Securities of America, Inc., CRD#5678). If you send the payment to the lock box in Washington, D.C., funds will automatically be deposited to the primary firm account. Firms will then need to contact the Gateway Call Center at 301.869.6699 to request a transfer of funds.

Lastly, Monthly Account Detail Reports will no longer be mailed to firms. Instead, they will be made available in the Reports application within Web CRD, with all other scheduled and requested CRD Reports. This statement will be available by the beginning of each month for viewing and printing.

From Legacy CRD To Web CRD: Data To Be Converted For Individuals

Below is the data that will be converted for individuals from Legacy CRD to the new Web CRD system. It also describes where you will find other pieces of data that are relevant to registration filings for individuals.

Data To Be Converted To Web CRD

- ❖ Base Information (Name, CRD#, SS#, Date of Birth)
- ❖ Employment History (past 10 years—both securities and non-securities)
- ❖ Registration Statuses (for all broker/dealer employments within the last 10 years)
- ❖ Exam Information

- ❖ Fingerprint History
- ❖ Personal Identification Information
- ❖ Residential History (past five years)
- ❖ Disclosure (composites, active individuals since November 1996—reportable events only)
- ❖ Continuing Education Information (Base Dates, Anniversary Dates, Statuses)

Regulator Archive/Z Record

- ❖ Disclosure (composites, non-reportable information for active individuals since November 1996)



Legacy Archive (May be viewed through Web CRD application)

- ❖ Form Filing History (Form U-4 and Form U-5 summary information)
- ❖ Form filing question responses (Form U-4 and Form U-5)
- ❖ Disclosure (all Legacy information, all current or previously active individuals with disclosure)
- ❖ Legacy Registrations

External Database

- ❖ Disclosure-only (never registered) individuals

Other Databases

- ❖ Regulatory Notes to be utilized by regulators
- ❖ Document Imaging
- ❖ Department of Justice (DOJ) Reports

Not Converted (May be viewed through Legacy for a period of time to be determined)

- ❖ Mail queues
- ❖ Virginia Investment Adviser individuals

From Legacy CRD To Web CRD: Data To Be Converted For Firms

Below is the data that will be converted for firms from Legacy CRD to the new Web CRD system. It also describes where you will find other pieces of data that are relevant to registration filing for your firm.

Data To Be Converted To Web CRD

- ❖ Base information (Name, CRD#, SEC#, IRS#, District Assignment)
- ❖ Registration Statuses
- ❖ Current addresses (main, mailing)
- ❖ Types of business
- ❖ Branch information (Supervisor's Name, Supervisor's CRD#, OSJ, Address)

- ❖ Disclosure (composites, Form U-6 source only for firms active since November 1996)
- ❖ Name Change history
- ❖ Mass Transfer history

Legacy Archive (May be viewed through Web CRD application)

- ❖ Form Filing History (summary information)
- ❖ Disclosure (all Legacy information for all firms with disclosure)

External Database

- ❖ Disclosure-only (never registered) firms

Other Databases

- ❖ Regulatory Notes
- ❖ Regulator Archive/Z Record

Data To Be Refiled By Firms

- ❖ Disclosure (Schedule DRP)
- ❖ Direct/Indirect Owners (Schedules A/B)
- ❖ Control/Financial Information
- ❖ Industry Arrangements
- ❖ Affiliated Firms

Not Converted (May be viewed through Legacy for a period of time to be determined)

- ❖ Mail queues
- ❖ Work queues
- ❖ Accounting transaction data
- ❖ Virginia Investment Adviser organizations



Your Continuing Education Guide To Web CRD

Web CRD will significantly impact your firm's in-house Continuing Education (CE) tracking procedures. Beginning August 16, you will no longer receive paper Continuing Education Advisory Messages, or "yellow sheets," as they are commonly called. **CE Notice Queues** will replace CE Advisory Messages as Web CRD provides firms with direct access to Continuing Education information. The **CE Notice Queues** are the tools you need to use to track your firm's Continuing Education Regulatory Element compliance.

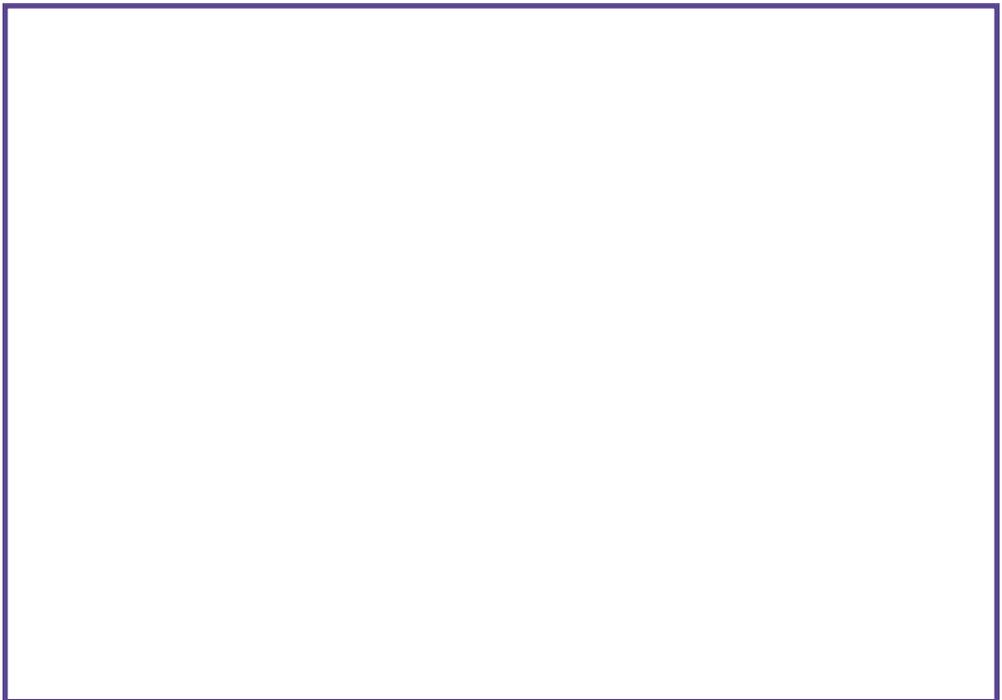
The following guide describes the Web CRD **CE Notice Queues** system as it applies to Continuing Education management. We encourage you and your Continuing Education staff to review the Web CRD Tutorial and Navigation Guides on the NASDR Web Site at www.nasdr.com/3400_web.htm before Web CRD goes "live" on August 16.

CE Notice Queues

The Web CRD CE Notices Queues are:

- ❖ Approaching CE Requirement
- ❖ CE Required
- ❖ CE Inactive
- ❖ Recently CE Satisfied
- ❖ Currently 2-Year Termed

Each queue has sort and filter functionalities. For example, a firm can select the **Approaching CE Requirement Queue**, request the information to be displayed by Requirement Start Date in ascending order, and show a list of individuals with the earliest requirements. The viewer can also see information on an individual in a queue by clicking on the individual's CRD number. This feature allows firms to review an individual's CE requirement, CE history, and all other individual registration information, without closing out of the Notice Queues. (See Figure 1 below).





Important Note: The names of new hires may unexpectedly appear in any CE Notice Queue. It is therefore a good practice to investigate all the CE statuses of all new hires. You do this by selecting Individual Processing and Individual Search. Once on that screen, enter the new hire's CRD number and click on the **Search** button to gain access to composite information on the individual. Next, select **Continuing Education** from the navigation bar at the left of the screen to see the individual's CE status.

Approaching CE Requirement Queue

The **Approaching CE Requirement Queue** replaces paper Initial Notices as well as the Alerts that an individual is about to re-enter the Regulatory Element because of a significant disciplinary action. Individuals will be added to this Notice Queue 60 days before their requirement windows open, giving firms time to alert individuals well in advance of their requirements. The information may be sorted by CE requirement begin date in ascending or descending order.

CE Required Queue

The **CE Required Queue** lists all individuals who are in open CE requirement windows and replaces the Monthly Requirement Summary Report. The information in this queue may be viewed in a variety of ways: by billing code; by number of days left in the requirement window; by session begin date, etc. However, it may be a good practice to sort this information by Requirement End Date in descending order to identify any individuals who may soon become CE Inactive.

Recently CE Satisfied Queue

The **Recently CE Satisfied Queue** shows individuals who have completed their CE requirements within the last 30 days. This Notice Queue replaces the hard

copies of the Individual and the Summary Completion Reports. The information in the Recently CE Satisfied Queue may be sorted by the date individuals satisfied their requirements.

CE Inactive Queue

The **CE Inactive Queue** also replaces hard copies of both the Individual and the Summary Inactive Reports. This queue lists all individuals who do not satisfy the Regulatory Element within their 120-day windows. The individuals listed in this queue should not perform or be paid for activities that require a securities registration until their CE requirement has been satisfied. If an individual remains CE Inactive for two years, his/her registration will be administratively terminated.

Currently CE 2-Year Termed Queue

Individuals listed in the **Currently CE 2-Year Termed Queue** have had their registrations administratively terminated due to non-compliance with the Regulatory Element. Any individual listed in this queue will have to re-qualify by a series qualification examination. To ensure individuals are not CE 2-year termed due to an oversight by the firm, check the Currently CE Inactive Queue by requirement start date in ascending order, so those individuals who have been CE Inactive the longest will be listed first.

Queue Totals Queue

The last Notice queue is **Queue Totals**. This queue provides a count of how many individuals are listed in each of the other **CE Notice Queues**. **Hint:** It is a good idea to monitor the Queue Totals daily to quickly identify any changes that may have updated the queues.



CE Notice Queues On Web CRD And The Hard Copy CE Advisory Messages They Replace

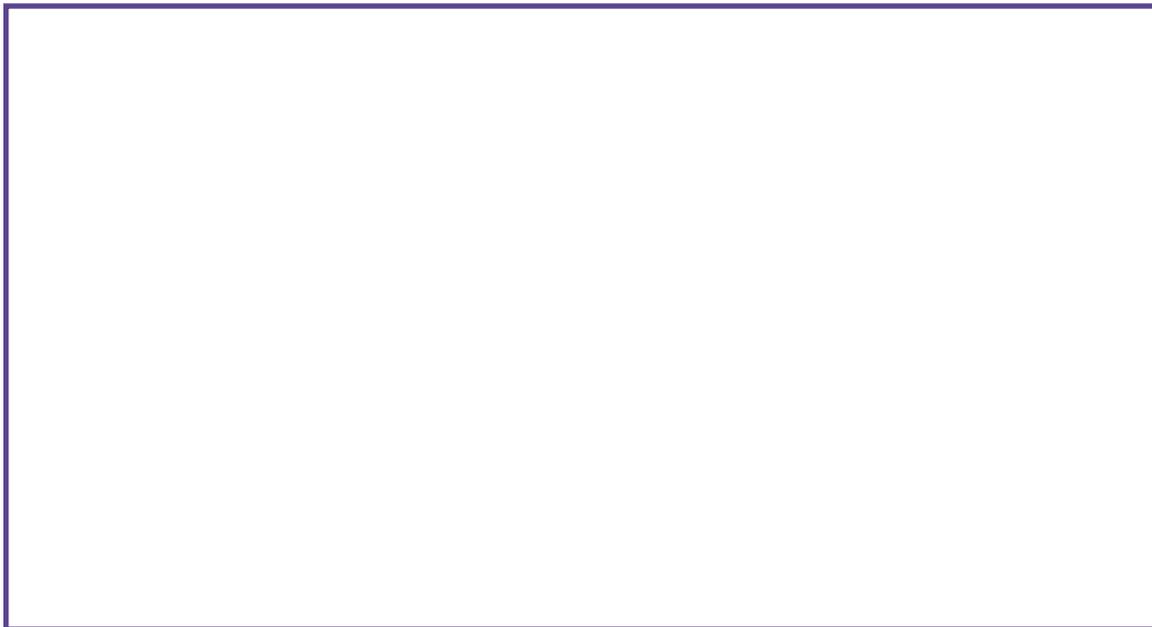
Web CRD CE Notice Queue	Replaces:
<p>Approaching CE Requirement <i>Lists individuals with CE windows starting within 60 days. Please note this queue will include approaching CE requirements for Significant Disciplinary Actions.</i></p>	<p><i>Individual Initial Notices and Notices for Significant Disciplinary Actions</i></p>
<p>CE Required <i>Lists all individuals currently in CE windows.</i></p>	<p><i>Monthly Requirement Summary Report</i></p>
<p>Recently Satisfied <i>Lists individuals who have completed CE within last 30 days.</i></p>	<p><i>Individual and Summary Completion Reports</i></p>
<p>Currently CE Inactive <i>Lists all inactive individuals with the firm.</i></p>	<p><i>Individual and Summary Inactive Reports</i></p>
<p>Currently CE 2-Year Termed <i>Lists all individuals who have been CE Inactive for 2 years.</i> Note: <i>Firms will no longer be sent a special hard-copy, 60-day warning notice for individuals who are about to be Administratively Terminated for being CE Inactive for 2 years. Make sure to monitor the Inactive Queue closely.</i></p>	<p><i>CE Two-Year Termination Notice and CE Two-Year Termination Warning Notice</i></p>

Viewing Individual Continuing Education Screens

As shown on the previous page in Figure 1, a firm can navigate to an individual's CE information from the **Notice Queues**. From an individual's Composite Information Screen, select the Continuing Education bar at the left of the screen to navigate to the **Current CE Regulatory Element Status** screen.

The Current Regulatory Element Status screen shows:

- ✦ All the firms with which an individual is registered.
- ✦ The current status (required, satisfied, CE inactive, etc.).
- ✦ The session to which the individual is subject.
- ✦ The current requirement window.
- ✦ The next requirement window (*See Figure 2 on the next page*).



Click on CE History on the navigation bar to access the **CE Prior Registration History** screen.

The CE History shows:

- ❖ The previous requirement window.
- ❖ The completion date for the previous screen.

The CE History archives show:

- ❖ Periods of CE inactive status.
- ❖ Significant disciplinary history which trigger Directed Sequences (*See Figure 3 below*).



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1999 NASD Regulation Fall Securities Conference

October 20 - October 22
Sheraton Seattle
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Filing Tips For New Electronic Registration Forms

The new electronic Forms U-4, U-5, U-6, BD, and BDW will debut when Web CRD goes “live” on August 16. The new forms, which will replace the existing paper forms, will be easier to use because they have been redesigned to simplify the registration process, reduce errors, and give you the means to provide us with more complete disclosure information the first time you submit the forms to us.

The new forms incorporate Disclosure Reporting Pages (DRPs) customized to elicit information relevant to a particular type of disclosure event. While there are additional custom and distinct DRPs on the new Form U-4, Form U-5, and Form BD, you don’t need to complete them all. You simply complete the DRPs that are applicable to the disclosure event(s) and ignore the DRPs that do not apply.

The new forms, available for review on the NASDR Web Site, have recently been approved/adopted by the SEC. A paper copy of each form will be mailed to your firm within the week. In the meantime, here are some tips to help you file the new forms when you begin using Web CRD:

On Form U-4:

- ❖ Be sure you provide the street address of the office where the individual is physically located, not the address of the main office of your firm (unless that is the location of the registered representative’s office), under “Employment Address.” You may not use a post office box number for this address.
- ❖ Be sure your firm retains a signed paper of Form U-4 and all Page 3 amendments. This is a record-keeping requirement.
- ❖ When providing an individual’s 10-year employment history, please be sure to include the *current* firm as well as previous firms in the employment history section. If you don’t include the individual’s current firm on Page 2, it won’t be reflected in the individual’s employment history on Web CRD.

- ❖ If an individual has a reportable event in Web CRD at the time of conversion, NASDR will **not** populate “yes” answers on Page 3. The first time your firm submits an amendment filing for an individual, you must go in and populate all answers to Page 3 as the page will be blank. If you do not complete Page 3, you will not pass the “completeness check.” If you have previously submitted details and the details haven’t changed, you do not need to update your DRPs; you only need to answer the questions on Page 3. Review Page 3 carefully to see if there are any updates based on the changes to the questions. DRPs should only be completed if you are reporting new or additional disclosure. **If you are filing the Page 3 to provide the current “yes” answer(s) to the question(s), and you have nothing new to report, do not complete a DRP.**
- ❖ If you are requesting relicensing, be sure to sign the temporary registration acknowledgment on Page 5, both electronically and in paper; otherwise, the filing will be treated as an Initial filing, not a Relicense.

On Form U-5:

- ❖ When providing a contact name for a disclosure event, please be sure to use the name of a person who is knowledgeable about the information provided in the Form U-5 filing, not an administrative or data-entry assistant. This will ensure that a regulator can reach a knowledgeable person within your firm to obtain additional information if necessary.
- ❖ When filing a partial Form U-5, you no longer need to answer the disclosure questions. Disclosure questions are only applicable to a full Form U-5 filing. They are no longer required to be answered when submitting partial Form U-5 filings because all updates to an individual’s disclosure information are reported through the Form U-4.



On Form BD:

- ❖ NASDR will continue to accept initial Form BD applications in paper form. After the initial Form BD application is submitted, however, all amendments must be filed electronically on Web CRD.
- ❖ For Form BD affiliate DRPs, you must identify the applicant or control affiliate of the firm that had a disclosure event in Item 11 of the disclosure questions. If you had to answer a

question to Item 11 “yes,” because the event related to a Control Affiliate, when completing the DRP, the firm always has to complete Part I. Part II, reporting the details of the event, only needs to be completed if the Control Affiliate is not a registered entity or if the details have not yet been reported to CRD by the Control Affiliate.

How May I Obtain Blank Copies Of The New Uniform Forms?

- 1 A complete set will be mailed to your firm within the week for referencing and photocopying.
- 2 Print the approved/adopted forms from the CRD or Web CRD Internet Pages of the NASDR Web Site, www.nasdr.com.
- 3 Order additional hard-copy forms from NASD MediaSourceSM. For large quantity pricing information, please contact MediaSource at 301.590.6142. The associated costs are:

Form:	Cost & Processing Fee:	Total Cost & Quantity*
Form U-4	\$19.00 plus \$4.95 processing fee	\$23.95 per pack of 25
Form U-5	\$ 5.50 plus \$4.95 processing fee	\$10.45 per pack of 10
Form BD	\$ 10.00 plus \$4.95 processing fee	\$14.95 per pack of 10
Form BDW	\$ 5.00 (no processing fee)	\$ 5.00 per pack of 10

***Please note that the forms must be purchased in shrink-wrapped quantities only.**

- 4 Forms BD and BDW will also be available on the SEC Web Site (www.sec.gov) or paper copies may be obtained from the SEC’s Publications Office.



What To Expect From Release 1.0 Of Web CRD

With Web CRD only a few weeks away, CRD/PD would like to remind you that Web CRD will support existing functions of the Legacy system and deliver enhanced regulatory and registration capabilities. Web CRD is an improved registration and regulatory tool to help you streamline your processes and simplify your filings. Here's what you can expect with Release 1.0:

- ✦ We will provide expanded hours of operations:
 - *The Gateway Call Center will be open from 8 a.m. to 8 p.m., ET.*
 - *Web CRD will be available Monday through Friday from 7 a.m. to 11 p.m., ET, unless notified otherwise through a broadcast message.*
- ✦ You will be able to access information more easily:
 - *You will have full access to registered representatives' information.*
 - *Each screen of Web CRD will contain screen-specific "help".*
 - *You can easily navigate throughout the application.*
 - *A Web-based tutorial is available for all users. This can be found on the NASDR Web Site at www.nasdr.com.*
- ✦ You will have full form filing capability online.

- ✦ You will obtain faster approvals:
 - *An individual with no disclosure or no new or updated disclosure can receive an immediate approval (from any regulator or jurisdiction that has chosen the "automatic" approval method and not set the individual to a "manual" review method).*
 - *You will receive immediate notification of new disclosure on an individual through the firm queues.*
 - *If a disclosure amendment is necessary, notification will be sent through the firm queues.*

- *You can process more than one form filing for an agent on a given day.*
- ✦ We have instituted new status and registration methods to expedite the approval process.
 - **Approved pending prints:** *A status will be created when a firm submits a Form U-4 for an agent with a fingerprint barcode. The firm has 30 days from the day the Form U-4 is submitted to send a fingerprint card to the NASD. (The individual will become Inactive Prints if a fingerprint card is not received by the NASD before the 31st day.)*
 - **Relicensing:** *(Replaces Temporary Agent Transfer [TAT]) Allows an individual with new or updated disclosure to receive a temporary license in jurisdictions. This temporary license becomes a full license after 30 days if the jurisdiction does not withdraw the temporary license (on or before the 30th day). Individuals with no new or updated disclosure will more than likely be approved automatically.*
- ✦ You will be able to track an agent's status history (deficient, purged, pending, approved, termed, rejected, etc.).
- ✦ You will be able to create and terminate an association between a back office individual and his or her fingerprint card (non-registered filing).
- ✦ Your filing burden should decrease:
 - *Web CRD's completeness checks should eliminate the need to refile to address data deficiencies.*
 - *Because all previously filed data can be viewed at the time of the filing, it should be readily apparent what additional information needs to be submitted for registration.*

We hope that you will quickly reap these benefits of Web CRD once you begin using the system on August 16.



Navigation Tips For Web CRD

To more easily find your way around Web CRD, remember some of the following navigation tips. We believe you might find them useful as you begin using our new electronic registration filing system.

How To Print Web CRD Screens, i.e., The Completeness Check Results Screen

- ❖ Click on the screen with your cursor.
- ❖ Select the **File Menu** and then the **Print** option from your Internet browser.

How To Submit A Filing

- ❖ When you complete your filing, select the “Submit to CRD” tab. By selecting the “Submit to CRD” tab, a completeness check will automatically run. If the completeness check is successful, a “Submit the Filing” button will be displayed. **It is very important to select this button to actually submit the filing to Web CRD.**
- ❖ Once this button has been selected and the completeness check is successful, a message will be displayed that the filing has been Successfully Submitted. At this time an “OK” button will be displayed. You may select this “OK” button to return to the form filing application you are in or to navigate anywhere in the system.

How To Use The Keyboard To Answer The Disclosure Questions Using The Internet Explorer Browser

- ❖ Click onto the Page 3 disclosure question section.
- ❖ Tab to the first “yes-no” disclosure question.
- ❖ Press the right arrow to mark “no.” Press the left arrow to mark “yes.”
- ❖ Once the question is marked, tab to the next

question and use the arrow keys to select the appropriate answer.

- ❖ All “no’s”—If your Page 3 displays all no’s, continue to press Tab and the right arrow key until all of the disclosure questions are answered

How To Operate The Radio Buttons On The Disclosure Questions Using Netscape Navigator

- ❖ Click onto the Page 3 disclosure question section.
- ❖ Select the first “yes-no” disclosure question using your mouse.
- ❖ Press the Tab key to move on to the next answer.
- ❖ To select a “yes” or “no” answer, press the space bar.
- ❖ Once the answer is selected, press the Tab key to move on to the next question.
- ❖ All “no’s”—If your Page 3 displays all no’s, press the Tab key twice and the space bar once through all disclosure questions.

How To Take Advantage Of Hyperlinks—Identified In Blue With An Underline—Which Are Provided To Allow Viewing Of Additional Information

- ❖ Hyperlinks have two navigation functions: some hyperlinks navigate directly to the information; other hyperlinks provide more detailed information.
- ❖ After selecting a hyperlink, the user has two options: close the second window of the browser by choosing “File Close” or select the first browser to see where you were before you selected the hyperlink.
- ❖ You can have more than one browser open at



a time. However, you should only do so when using the hyperlink feature.

How To Print A Form Filing

A form filing may be printed from three areas in Web CRD: Print Preview, Filing History, and View Historical Filing.

- ❖ You can access **Print Preview** when the filing is in an in-process state. Click on the “Print Preview” tab and specify which part of the filing you want to print (one page, DRPs, or all pages). Use your browser to print or right-click on your mouse.
- ❖ You can access **Filing History** through Individual Query from your navigation panel. Click on Filing History. Then select Form Filing History, which will provide the history of filings submitted through Web CRD. You may also select Legacy Filing History, which will give a list of all filings submitted through Legacy CRD. Select the pages you would like to print and select the print button from your browser. Click on the actual screen with the filing.
- ❖ **Historical filings** can be accessed within the

View History tab within Form Filing. Access the filing you wish to print and select which part of the filing you want to print (single page, DRPs, or all pages). Use your browser to print or right-click on your mouse.

Remember To Save Your Data!

If you forget to press the “Save” button on a screen in which you have just completed entering data, click onto the “Back” button in the upper-left corner of your current screen. You will return to your previous screen. Press the “Save” button and you will not lose the data that you had previously entered.

Be Sure You Are Running The Recommended Version Of Your Internet Browser

To do so, click on the “Recommended Software/Hardware” icon in the left column on the Web CRD Main Screen to see the recommended software/hardware configuration. Compare what is recommended for Web CRD with your system setup.

If you have any questions or comments, you can send us an e-mail by clicking on the **Send Comments to CRD** icon in the left column on the Web CRD main screen.

Changes To Qualification Programs And Procedures

Several of the NASD’s qualification programs and procedures will change with the implementation of Web CRD next month. Here is a brief description of those changes that become effective on August 16.

Series 8 Will Be Replaced By Series 9 And Series 10

Since it became effective in 1980, the General Securities Sales Supervisor Examination (Series 8) has been administered in two parts with 100 questions each, and graded on the basis of two group scores. A candidate

must receive at least a 70 percent score in Options (*the Options Group*) and at least 70 percent in Part 2 plus Municipal Securities (*the General Group*) to receive a passing grade on the Series 8.

Effective with the implementation of Web CRD, the Series 8 will be converted into two separate examinations: Series 9 will become the Options Group; Series 10 will become the General Group. A candidate will be required to pass both exams to qualify as a General Securities Sales Supervisor or Branch Office Manager.

Series 9 And 10 When Web CRD Is Implemented

Exam	Topic	Number of Questions	Testing Time	Exam Fee
Series 9	Regulation of Options	55	1 1/2 Hrs.	\$50
Series 10	Municipal Securities Regulation Sales Supervision Account Supervision Compliance, Record Keeping, and Financial Responsibility Regulations Affecting the Operation of Securities Markets	145	4 Hrs.	\$60

Each passed exam will remain valid for a period of two years. If the two exams are not completed and passed within two years, they will be invalidated and the registration and qualification process will have to be repeated.

Requesting The Series 8, Series 9, And Series 10

To register a candidate on Web CRD as a General Securities Sales Supervisor, the position(s) SU and/or BM must be requested. Valid windows for both the Series 9 and Series 10 will be opened. The grade for each test will be posted on Web CRD and upon passing both, the candidate's SU and/or BM position(s) will be approved. A candidate who fails either examination will be able to reschedule only the failed exam by requesting either the Series 9 or Series 10.

120-Day Exam Windows

Since the automation of the NASD examination programs in 1979, enrollment windows have been valid for 90 days for all examinations with the exception of the Series 6 that had a 120-day window. Effective with the implementation of Web CRD, **all exam windows will be valid for 120 days.** If you have a current exam scheduling, it will remain a 90-day window. Only exams

scheduled beginning on August 16th will have the new 120-day windows. Note that this change will not affect the waiting period between failed attempts.

No "Exam-Only" Requests

On an initial examination request, Web CRD will capture the position code for the registration category being opened. A member will not be able to schedule an examination only. For example, to register a new candidate as a General Securities Representative, the request for the GS position on your form filing will trigger the Series 7 window to open. When requesting a re-exam in the Web CRD environment, an exam series number will be required.

Use Of Registration, Not Exam History, To Determine Qualifications

Currently, CRD reviews a candidate's examination history as well as the registration positions held in order to determine whether deficiencies exist. In Web CRD, the process will be streamlined to review the candidate's approved registration positions only. This process will eliminate any confusion when an exam series is replaced with a new one for the same registration category.



Security Measures For Web CRD

With access to Web CRD available through the Internet, CRD/PD is striving to provide the highest level of security possible and has put many security measures in place.

Web CRD passwords are as sensitive as the PIN number on a bank card. It is critical that each system user safeguard his/her user name and password as carefully as he/she would his/her bank card PIN number. For this reason, each Account Administrator should follow these procedures to access Web CRD:

The First Time You Access Web CRD:

Account Administrator Responsibilities

- ❖ Log on to Web CRD with the initial password you have received from CRD/PD. All previous passwords are no longer valid.
- ❖ Immediately change your password to a unique one that you create.
- ❖ **Make sure your firm has a *back-up* Account Administrator within your Registration and Licensing Department.** This person must be readily accessible to assist all registration and licensing staff in case you are located off-site or are out of the office for the day. Communicate the names of your organization's Account Administrators to your staff.

Account Administrator Responsibilities To Your System Users

- ❖ Access the Admin Tools application and select the "Change Other Accounts" option to retrieve each user's account (user ID) for your organization.
- ❖ Enable each user account by clicking the Account Disabled box on the User Account Screen to remove the check mark.

- ❖ Re-set each user's password with a unique alphanumerical combination that you create and enter in the New Account Password field and then again in the Verify Account Password field. **Keep in mind that passwords are case-sensitive.**
- ❖ Mark the appropriate privileges for each user.
- ❖ Click on the "Save Account Options" button.
- ❖ Communicate the user account and unique initial password to each system user.
- ❖ Instruct each user to change his/her initial password to one that is unique.

Setting Up Additional Account Administrators

Because of the sophisticated security of Web CRD, an organization's Account Administrator **cannot** access the accounts of other Account Administrators at the organization. An Account Administrator requests new Account Administrators online; however, one Account Administrator will **not** be able to see another Account Administrator's name in the drop-down list under the organization's "Change Other Accounts" option.

The CRD/PD Entitlement Group is the Account Administrator for all external Account Administrators, and therefore, enables the new Account Administrator's account, provides the initial password, and sets privileges. When creating additional Account Administrators, the following process will take place:

- ❖ The organization requests additional Account Administrator(s) online using the "Request User Account" option, under the Admin Tools navigation menu. The **fax and phone numbers** of the **new** Account Administrator should be provided in the text box.

- ❖ The CRD/PD Entitlement Group will contact the new Account Administrator via telephone with his/her entitlement information (user name and initial password) and will complete the Account Administrator Entitlement Form during the phone call so that privileges can be set.
- ❖ The completed Entitlement form will be faxed to the new Account Administrator for verification.
- ❖ If the new Account Administrator is unavailable, CRD/PD will leave a voice mail to contact the CRD/PD Entitlement Group.

Please note: The turnaround time for processing new requests is approximately two business days.

Changing Your Password On Web CRD

- ❖ All users (Account Administrators and other users at the organization) can change their passwords at any time by clicking on “Change Your Password” on the Navigation Panel in the Admin Tool application.
- ❖ The “Change Your Password” screen will instruct you to enter
 - ➔ *Old Password*
 - ➔ *New Password*
 - ➔ *Confirm New Password*
- ❖ Select the “Save” button.
- ❖ You will receive this message if your password has been accepted by the system: **“Your password was successfully changed.”**

Note: Web CRD will **NOT** accept your password change if:

- ❖ The password does not match in the New Password and Confirm New Password fields.
- ❖ You reuse any passwords from the last six password changes.
- ❖ Your password is not at least six characters long.

Important: Passwords are case-sensitive. You must enter your initial password exactly as it was provided to you by your Account Administrator (make sure that

your caps lock key is not on!). If you enter the wrong password (including not using the correct case) five times, your account will be locked out and only your organization’s Account Administrator can unlock your account. (Account Administrators must call the Gateway Call Center at 301.212.8181 if they lock out their own accounts.)

Please remember to **close your browser and allow five minutes** for any password or entitlement changes to take effect in Web CRD. You will be denied access to the system or be unable to access certain applications if you do not wait the full five minutes.

Keeping Your Personal Computer Secure

Come August 16, you will want to be sure that unauthorized users in your firm do not obtain access to Web CRD. If an unauthorized user gains access to Web CRD through an entitled user’s account, that person will be able to change data in Web CRD. Keeping your Web CRD logon and password secure is critical!

Here are some ways you can protect unauthorized users from gaining access to Web CRD:

- ❖ Once you receive your user name and initial password from CRD/PD, change your password immediately.
- ❖ Create a strong password. Passwords must be a minimum of six characters and a maximum of 14 characters. Use a combination of both alphabetical and numerical characters when you create your password. Try not to create passwords using personal information, such as maiden names, birth dates, your children’s names, etc., or common names found in a dictionary. Never use your user account name as your password. You don’t want someone to be able to easily guess your password. Please remember that passwords are case-sensitive.
- ❖ Change your password at least every 60 days (which is required and prompted by Web CRD) but more often if you suspect someone knows



your password or if it is your firm's policy. If you do not change your password at the 60-day mark, you will be prompted to do so by Web CRD 14 days prior to account expiration. If you do not change your password, you will be unable to log onto Web CRD. However, a screen will appear to easily navigate you through the process to change your password.

- ❖ **Do not** share your password with anyone else.
- ❖ Do not keep your password written next to your computer.
- ❖ If you leave your desk, exit Web CRD by closing down your browser.
- ❖ It is highly recommended that you password-protect your screen saver and be sure that it is programmed to appear not less than 15 minutes of your last computer action or within the time frame prescribed by your firm's policy.

- ❖ If an entitled user forgets his/her password, the individual should contact his/her organization's Account Administrator to have his/her password reset or his/her account unlocked. If the Account Administrator forgets his/her password or experiences an account lockout, the Account Administrator must call the Gateway Call Center for assistance at 301.869.6699.
- ❖ Web CRD users should only be entitled to the specific Web CRD functions that they need to perform their job responsibilities.
- ❖ Do **NOT** share your logon information. Each user has his/her own user name and password. Sharing logon information could result in a system lock-out for both individuals.
- ❖ If you believe someone knows your password, change it immediately.

Relicensing Application: How It Will Work

The new Relicensing application will replace the Temporary Agent Transfer (TAT) in Web CRD. Relicensing will allow for the automatic registration and licensing of individuals with no disclosure and individuals with previously reported or new disclosure with SROs or jurisdictions with whom they have held a registration within the past 30 days.

Under Relicensing, if there is new or updated disclosure, the individual is eligible to relicense once he/she completes a new Page 3 and DRP(s), and the NASD approves the individual's registration. The individual will then receive approved SRO registration and temporary jurisdiction (states, DC, and Puerto Rico) license(s) for up to 30 days.

There Will Be Three Jurisdiction Relicensing Methods:

- ❖ **Temporary:** A temporary license will be granted if there are no outstanding deficiencies. This temporary license will become a regular license within 30 days if the jurisdiction does not withdraw the temporary license.
- ❖ **Automatic:** If there are no outstanding deficiencies and no new or updated disclosure, a license request will be granted automatically, provided the jurisdiction has not reset the review method for the individual.
- ❖ **Manual:** A jurisdiction must review the license request manually. The individual will not be granted a license (temporary or regular) until the jurisdiction review takes place. The request will remain pending until such review takes place. [Note: The regulator (SRO or jurisdiction) must affirmatively set the review method to manual.]



How Will Relicensing Methods Be Set?

At the start-up of Web CRD, all individuals will be defaulted to the automatic review method. At any point in time, for any reason, a regulator may reset the review method at an individual level, or firm level, as it sees fit. The Web CRD system will automatically reset the individual's review method to temporary for jurisdictions when new or updated disclosure information is submitted.

Initially, Web CRD will populate the Page 3 questions with all "no" answers if there is no existing reportable disclosure in the Legacy CRD system. If there is existing disclosure, the system will leave the Page 3 questions blank. If an individual wishes to relicense and there is existing disclosure, before he/she can relicense, he/she must complete a new Page 3.

"New" or "updated" disclosure is defined as follows:

- ❖ A change in the answer to a question on Page 3: Either a "yes" to a "no", or a "no" to a "yes".
(Note: This does not include initial completion of Page 3 for individuals with existing disclosure.)
- ❖ A new or updated DRP submission.
- ❖ Both of the above: A Page 3 with a change in answer and a DRP.

How Do I Relicense An Individual?

- ❖ From the CRD Home Page choose the **Forms** tab.
- ❖ Select **Form U-4**.
- ❖ Select **Initiate**.
- ❖ Select **Relicense** as the form filing type.
- ❖ Update the Page 1 information, *e.g.*, new employer, hire date, requested registrations.
- ❖ Check the data that has been pre-populated on the other screens to ensure accuracy and no deficiencies.
- ❖ Select **Relicensing Signature**; then enter date and name of applicant (Form U-4 Page 5 information).
- ❖ **Submit** to CRD.

How Do I Check The Status Of An Individual?

- ❖ From the CRD Home Page, select **Individual**.
- ❖ Then select **Firm Queue**.
- ❖ Select **Registrations**.
- ❖ Select the **Approved Individual Registration Notice Queue** to view registration status (Approved or Temporary Approved). Also check the Current Individual Deficiencies Notice Queue and the Pending Individual Registration Notice Queue. *(Note: The queues should be checked daily to determine the registration status of an individual.)*

Other Relicensing Guidelines

- ❖ An individual may only relicense in a jurisdiction if he/she maintained a license in that jurisdiction within the preceding 30 days
- ❖ Page 5 of Form U-4 must be completed, signed, and dated.
- ❖ Each member firm must check its queues daily to monitor the registration status of its registered representatives.
- ❖ If the jurisdiction withdraws the Temporary License, the individual must cease doing business. The individual can resume doing business only after the jurisdiction has granted an approval.

Fees Assessed For Page 3 Certification Questions

- ❖ Please be aware that the disclosure review fee (\$95) will be assessed when the certification box on Page 3 is checked. These fees will be assessed even if the certification box was checked in error. This applies to the certification questions on both Forms U-4 and U-5.



Am I Ready For Web CRD?

Countdown To Web CRD: 20 Days To Go!

Review this convenient checklist to be sure you are ready to transition to our new electronic registration filing system, Web CRD. If you can answer “yes” to each of these questions, you are ready to go. If you answer “no” to any of the questions, make note and take the appropriate steps to prepare for the new system.

❖ Do you have Internet access?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
❖ Do you have a Pentium-class PC and Microsoft Internet Explorer 4.01 SP2 or Netscape 4.05?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
❖ Have you reviewed the information available on the CRD and Web CRD Internet Pages at <i>www.nasdr.com</i> , including the Web CRD Tutorial and the Web CRD Navigation Guides?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
❖ Have you returned the User Account Acknowledgment Form (UAAF) to the CRD/PD Entitlement Group?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
❖ Have you also returned the Account Administrator Entitlement Form? <i>You must do this to have user accounts set up, to receive your Web CRD entitlement information, and have your Account Administrator privileges set.</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
❖ Account Administrators: Have you enabled each account, set initial passwords, and marked privileges?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
❖ Have you communicated user account and password information to each user?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
❖ Have you selected a back-up Account Administrator and notified your staff?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
❖ Have you decided how you will integrate Web CRD into your work processes?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
❖ Have you practiced on Web CRD during the Production Preparedness Period this month?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
❖ Have you planned for the System Transition Period which runs from July 30 through August 15? Remember that the NASD will not accept paper filings after July 29, 1999.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
❖ Are you ready to refile your Form BD?	<input type="checkbox"/> Yes	<input type="checkbox"/> No



Prepare For The System Transition Period

The Period Immediately Preceding The Deployment Of Web CRD

Web CRD System Transition Period Reminder: July 30 - August 15, 1999

Last Date For Receipt Of Forms Is July 29, 1999

As NASD Regulation transitions from the current Legacy CRD system to Web CRD, there will be a two-week period beginning July 30 and ending August 15 when neither system will be available to process form filings and other registration-related transactions. (The Legacy system will be available for query-only access.) This “System Transition Period” is necessary principally to allow NASD Regulation to perform the final conversions of data from the current Legacy CRD system to Web CRD.

The System Transition Period also will permit NASD Regulation to receive, capture, and review the final form filings submitted on the Interim Forms, which will be replaced by the new Forms U-4, U-5, BD, and BDW (8/1999). (The SEC, on June 25, 1999, approved proposed revisions to the Forms U-4, U-5; and, on July 2, 1999, it adopted a revised Form BD. On April 30, 1999, the SEC adopted revised Form BDW.) The forms have an implementation date of August 1, 1999, and are now available on the NASD Regulation Web Site.

Member firms should read this carefully to fully understand the implications of the System Transition Period and, thereby, avoid problems with associated person registration, transfer, regulatory reporting, and examination scheduling. The System Transition Period will affect both member firms and their registered representatives in many ways. Most significantly, NASD Regulation will not accept new registration requests submitted on hard-copy Interim Forms after July 29. Member firms that are Firm Access Query System (FAQS) subscribers and Electronic File Transfer (EFT) filers will be able to submit electronically (through the existing interface) the following filings through July 30:

- ❖ Forms U-4: Pages 1 and 2 only—FAQS subscribers and EFT filers.
- ❖ Forms U-5—FAQS subscribers and EFT filers.
- ❖ Form BD: Schedule E only—FAQS subscribers only.

Member firms that are not FAQS subscribers or EFT filers must hold all new registration requests after July 29 (including requests for registration in additional states) for electronic submission to Web CRD on the revised forms once the system is deployed on August 16.

In addition, as discussed in detail below, the System Transition Period will necessarily change the way member firms transact business with the CRD/PD Department in the following ways:

Registration Activities Affected by the System Transition Period

❖ **Form U-4 Filings or Requests for Additional Registrations and Jurisdictions**

NASD Regulation will not accept paper Interim Forms U-4 after July 29, 1999. FAQS subscribers and EFT filers can file Pages 1 and 2 of Form U-4 through July 30, 1999. After July 29, member firms that are not FAQS subscribers must hold all Form U-4 filings until August 16 for electronic filing via Web CRD.

❖ **Transition Temporary Agent Transfers (Transition TAT)**

- *Member firms can request the transfer of a registered representative's license during the System Transition Period if the person (1) has no reportable disclosure information,*

and (2) has left his or her previous member firm employer no more than seven days prior to the request.

- ➔ To effect a Transition TAT, member firms must fax a "Transition TAT Request Form" to CRD/PD. CRD/PD will then contact the member firm to confirm the Transition TAT. To finalize the agent transfer, the member firm must submit electronically a new, non-deficient Form U-4 to Web CRD within 21 days of the Transition TAT request and, at that time, fax to CRD/PD a "Notification of Form U-4 Filing Transition TAT Form." These two transitional forms will be available on the Web CRD Internet Pages before the transition period begins.

Note: All jurisdictions and all SROs that currently participate in CRD will be participating in the Transition TAT Program. Please visit our Web Site for a complete list.

❖ Form U-5 Filings Reporting Full Termination

- ➔ Member firms should submit paper Forms U-5 during the System Transition Period (i.e., after August 1, 1999) to report a **full termination** (i.e., termination of all registrations and licenses).
- ➔ Hard-copy Form U-5 filings reporting full terminations must be on the new Form U-5 recently approved by the SEC with a 8/1999 revision date. Interim Form U-5 (the version with an 11/97 revision date) will not be accepted after July 29, 1999 (see "Interim Forms Become Obsolete" below).
- ➔ After Web CRD is deployed, NASD Regulation staff will data enter paper Forms U-5 received during the System Transition Period.
- ➔ During the System Transition Period, NASD Regulation will return any hard-copy Forms

U-5 if the Form is reporting a partial termination or if it is the old version (i.e., 11/97 version) of the Form.

Note: If a member firm's 30-day deadline for submitting a Form U-5 reporting a full termination falls on July 29, 30, or 31, the member firm should ensure that NASD Regulation receives the hard-copy Interim Form U-5 no later than July 29.

❖ Form U-5 Filings Reporting a Partial Termination

NASD Regulation will not accept Form U-5 filings requesting a partial termination during the System Transition Period. Member firms must withhold partial termination requests until electronic filing begins on August 16.

❖ Form Amendments

- ➔ Member firms cannot file amendments to Forms U-4, U-5, or BD during the System Transition Period. Beginning on August 16, NASD Regulation will accept amendments to the Forms U-4, U-5, and BD submitted electronically through Web CRD.
- Note: Please visit our Web Site, www.nasdr.com, for information regarding the Form BD refile.**

❖ Form BDW Filings

NASD Regulation will accept paper Form BDW filings reporting full terminations during the System Transition Period. Broker/dealers must use the Form BDW adopted by the SEC on May 3, 1999, which becomes effective on August 1, 1999. The new Form BDW is available on the SEC (www.sec.gov) and NASD Regulation (www.nasdr.com) Web Sites.



✦ Taking an Examination

- *The System Transition Period will not affect NASD-authorized exam centers. Individuals can take examinations scheduled prior to, but administered during, the System Transition Period. However, registered representatives cannot request additional examinations during the System Transition Period. If an examination window is open prior to the System Transition Period, the candidate can schedule and take an examination.*
- *Passing an examination does not equate to being licensed or registered. With the exception of Transition TATs, jurisdictions and SROs cannot grant a registration or license through CRD from August 3 through August 15. Therefore, even if a person successfully completes an examination during the transition period, the license or registration applied for cannot be made effective until August 16 at the earliest.*

✦ Satisfaction of Continuing Education Requirements

- *Registered representatives can satisfy their Continuing Education requirement during the System Transition Period.*
- *The System Transition Period will not affect the delivery of Continuing Education sessions at NASD-authorized exam centers. If a Continuing Education window is open, a registered representative can schedule and sit for the session during the System Transition Period.*
- *Registered representatives will not be made CE Inactive during the System Transition Period because they have not satisfied their Continuing Education requirement. NASD Regulation is granting a 30-day extension to those registered representatives whose window for fulfilling their Continuing Educa-*

tion requirement expires during the System Transition Period.

- *Registered representatives whose Continuing Education window opens during the System Transition Period will not be able to schedule or sit for a Continuing Education session until the deployment of Web CRD.*

Other Important Things To Remember About The System Transition Period

✦ Payments to Funds into CRD Accounts

- *The NASD Finance Department must receive all wired or mailed funds by July 29, 1999, to have those payments show as a credit to a firm's account when Web CRD is deployed on August 16. Member firms should anticipate the funds needed to process their filings at the startup of Web CRD on August 16.*
- *NASD Finance will continue to process funds received after July 29, but a firm's CRD account will not reflect these payments until August 16, 1999, at the earliest. Funds credited on August 16, 1999, are not available to pay for transactions until the following day.*

✦ Mass Transfers

For a number of operational and regulatory reasons, NASD Regulation may not be able to process mass transfer requests shortly before and immediately after the System Transition Period. For further information regarding mass transfer requests during this period of transition, please contact CRD/PD's Organization Processing Unit at 301.590.6859.

✦ Pending Registrations

Jurisdictions have until August 2 to approve pending registration requests filed before the beginning of the System Transition Period (July 29 for the receipt of paper forms and July 30 for certain EFT and FAQs filings). For these

final approvals, NASD Regulation will continue to mail blue sheets to notify member firms of approved registrations and Legacy CRD will still be available to run queries. Jurisdictions cannot approve registrations still pending, through CRD, from August 2 through August 15.

❖ **Interim Forms Become Obsolete**

The Interim Forms (i.e., the 11/97 version of Forms U-4 and U-5 and the 2/98 version of Form BD) will be replaced by the revised forms (8/1999). Any paper filing made on an Interim Form after July 29 will not be accepted; member firms that are FAQs subscribers or EFT filers may submit electronically on the Interim Forms through July 30. The limited paper filings permitted during the System Transition Period (i.e., Forms U-5 reporting full termination, full BDWs, and initial Form BD applications) and all

electronic Web CRD filings must be submitted on the new forms (version 8/1999).

❖ **TATs Initiated, But Not Completed, Before July 29, 1999**

The filing of a non-deficient Form U-4 is a TAT requirement for a registered representative to obtain a permanent license in a jurisdiction. A conditional registration granted through TAT, prior to the System Transition Period, will terminate as of August 1, 1999, if NASD Regulation does not receive the required non-deficient Form U-4 on or before July 29, 1999.

For the latest information and updates on the System Transition Period and Web CRD deployment, member firms and registered representatives should check the Web CRD Internet Pages on the Web Site at www.nasdr.com.

System Transition Period Timeline July 30 - August 15, 1999*

July 28**	Last forms mailed by firms overnight to the NASD.
July 29***	Final paper forms and deposits received by the NASD (all forms received after July 29 will be returned). Transition TAT Program begins (July 29-August 13).
July 30	Data capture of last forms performed by CRD/PD. Last Electronic Filing Transfer (EFT) and FAQs filings received.
July 31 - Aug. 1	Final disclosure reviews performed by CRD/PD.
Aug. 2	Final acceptance/approvals by states and SROs. Passing exam grades for this day will not affect registration approvals until August 16.
Aug. 3 - 15	Legacy CRD and Web CRD shut down for automated and manual data conversions. All existing Legacy CRD users have Query-only access. NASD-authorized testing centers open for business but exam results will not affect registration approvals until August 16. Last daily blue sheet reports and monthly account detail reports mailed.
Aug. 16	Web CRD LIVE! Start electronically filing new forms.

* Includes weekends to reduce overall outage

** Assumes overnight delivery

*** Except for Forms BDW and Forms U-5 reporting full termination that must be filed on the new forms (on paper) during the System Transition Period

If you have questions about the System Transition Period, please call the Gateway Call Center at 301.869.6699.



Queue Reference Guide

When Web CRD goes “live” on August 16, you will begin using individual and firm queues to access registration information online. These queues will deliver up-to-the-minute, organized registration information to your firm.

The following queue reference guide describes each of the queues in Web CRD and the type of information you will receive in each. You may wish to keep this handy while you’re transitioning and becoming familiar with the new Web CRD system.

Individual Jurisdiction Queues

Acceptance Queues

Manual Approval Queue: Contains individuals with registrations that the jurisdiction must manually approve or reject. The function serves the same function as Legacy CRD’s Clean and Disc-Clean Acceptance queues.

Temporary Registration Queue: Contains individuals who have a 30-day temporary relicensing registration. The jurisdiction may manually approve or reject these registrations. The jurisdiction may also elect to let the 30 days expire, allowing the CRD system to automatically approve the registration.

U-5 Manual Queue: Contains Form U-5 registration termination requests that the regulator has blocked from occurring automatically.

Waivable Deficiencies Queue: Contains individuals with registration deficiencies that the jurisdiction can clear. These deficiencies are Exam, NASD-AR (Assistant Representative Order Processing), and Dual. This queue serves the same function as Legacy CRD’s Deficient and Retrieve Acceptance queues.

Notice Queues

Automatic Approval Notice Queue: Contains all individuals who have been automatically approved with the jurisdiction.

Disclosure Notice Queue: Contains all individuals who have received a Form U-4, U-5, or U-6 disclosure. This notice queue serves the same function as Legacy CRD’s mail subsets—SRR and U-5. It is possible for registrations with disclosure to show up in both this queue as well as in an acceptance queue.

Mass Transfer Notice Queue: Contains all individuals whom CRD has processed as part of a Mass Transfer.

SRO Termination Notice Queue: Contains all individuals whom an SRO has terminated without a Form U-5 filing.

SRO Inactive Notice Queue: Contains all individuals who have received a registration status of Inactive-Prints, Inactive-Continuing Education, or Suspended with an SRO.

Individual SRO Queues

Acceptance Queues

Manual Approval Queue: Contains individuals with registrations that the SRO must manually approve or reject. The function serves the same function as Legacy CRD’s Clean and Disc-Clean Acceptance queues.

Temporary Registration Queue: Contains individuals who have a 30-day temporary relicensing registration. The jurisdiction may manually approve or withdraw these registrations. The jurisdiction may also elect to let the 30 days expire, allowing the CRD system to automatically approve the registration.

Waivable Deficiencies Queue: Contains individuals with registration deficiencies that the SRO can clear. These deficiencies are Exam, Dual, Training, and Pre-Training Period. This queue serves the same function as Legacy CRD’s Deficient and Retrieve Acceptance queues.



Notice Queues

Automatic Approval Notice Queue: Contains all individuals who have been automatically approved with the SRO.

Disclosure Notice Queue: Contains all individuals who have received a Form U-4, U-5, or U-6 disclosure. This notice queue serves the same function as Legacy CRD's mail subsets—SRR and U-5. It is possible for registrations with disclosure to show up in both this queue as well as in an acceptance queue.

Mass Transfer Notice Queue: Contains all individuals whom CRD has processed as part of a Mass Transfer.

SRO Termination Notice Queue: Contains all individuals whom an SRO has terminated without a Form U-5 filing.

Termination for Cause Notice Queue: Contains all individuals for whom a Form U-5 has been filed for that contained disclosure, or a termination reason of Discharged, Permitted to Resign, or Other.

U-5 Notice Queue: Contains all individuals who have filed a Form U-5 termination with the SRO. This notice queue serves the same function as Legacy CRD's mail subsets—U-5.

SRO Inactive Notice Queue: Contains all individuals who have received a registration status of Inactive-Prints, Inactive-Continuing Education, or Suspended with an SRO.

Jurisdiction/SRO Firm Queues

Alert: This queue will contain notices about broker/dealers who have outstanding deficiencies.

Amend (Form BD): This queue will contain notices of broker/dealer Form BD filings pertaining to pending and approved forms.

Branch (BR): This queue will contain notices of branch office changes within the jurisdiction.

Broker Dealer Withdrawal (BDW): This queue will contain notices of broker/dealer withdrawal requests submitted.

Mass Transfer: This queue will contain notices of firms to be involved in a Mass Transfer. The user can change the status of any of the participating firms as well as approve/disapprove of the transfer.

Name Change: This queue will contain notices of pending broker/dealer name changes.

No Status: This queue will contain notices of broker/dealer filings pertaining to firms with a "no status" registration status.

Registration Disclosure: This queue will contain notices of disciplinary actions taken by other jurisdictions, the SEC, the NASD, the exchanges, the FBI, etc.

Status Change: This queue will contain notices of registration changes. A specific regulator will see all changes that deactivate the broker/dealer (termination, withdrawal, denial, etc.) and only those changes that activate the broker/dealer for the home jurisdiction of the broker/dealer, the SEC, the NASD, and for the exchanges.

SEC Firm Queues

Alert: This queue will contain notices about broker/dealers who have outstanding deficiencies.

Amend (Form BD): This queue will contain notices of broker/dealer Form BD filings pertaining to pending and approved firms.

Branch (BR): This queue will contain notices of branch office changes within the jurisdiction.



Broker Dealer Withdrawal (BDW): This queue will contain notices of broker/dealer withdrawal requests submitted.

Individual Firm Queues

Individual Registration Queues

Pending Individual Registrations Notice Queue: This queue will contain registrations with a Pending status.

Approved Individual Registrations Notice Queue: This queue will contain registrations with the following statuses: Approved, Restricted Approval, and Temporary Approval.

Current Deficiencies Notice Queue: This queue will contain registrations with a Deficient status.

Denied Individual Registrations Notice Queue: This queue will contain registrations with a Rejected or Denied status.

Purged Individual Registrations Notice Queue: This queue will contain registrations with a Purged status.

Individual Disclosure Queues

Disclosure Notice Queue: This queue will contain individuals that have had recent disclosures submitted to CRD through a Form U-4, U-5, or U-6 filing.

Outstanding Disclosure Letter Notice Queue: This queue will contain individuals that have disclosure letters (deficiency or inquiry) that require a response.

Fingerprint Notice Queues

Inactive Registration due to Missing Fingerprint Cards: This queue will contain individuals whose registration status has changed from Approved Pending Prints to Inactive Prints.

Notice of Undelivered Fingerprint Cards: This queue contains notices for individuals who have outstanding fingerprint cards.

Fingerprint Status Received from FBI: Notices from the FBI regarding an individual's fingerprint card status.

Exam Notice Queues

Scheduled Exams Notice Queue: This queue will contain individuals that have had exams scheduled for them.

Completed Exams Notice Queue: This queue will contain exams that have been completed.

Exam/Position Requests Not Processed Notice Queue: This queue will contain individuals who have requested an exam or position that could not be processed by the CRD system.

Exams that Need to be Rescheduled Notice Queue: This queue will contain exams that need to be rescheduled.

Continuing Education Queues

Approaching CE Requirement Notice Queue: This queue will contain individuals who must meet Continuing Education requirements in the near future (60 days).

CE Required Notice Queue: This queue will contain individuals who are currently required to comply with the CE requirement.

CE Inactive Notice Queue: This queue will contain individuals recently made inactive due to failure to comply with Continuing Education requirements.

Recently CE Satisfied Notice Queue: This queue will contain individuals who have satisfied their Continuing Education requirements.

Currently 2-Year CE Termed Notice Queue: This queue will contain individuals who have become 2-Year CE Termed.

Termination Queues

U-5 Notice Queue: This queue will contain all Forms U-5 submitted by the firm. The individuals in this queue have a registration status of Termed or Termination Requested.

Termination Notice Queue: This queue will contain individuals whose registration(s) have been termed without a Form U-5 filing.

U-5 Late Fees Notice Queue: This queue will contain individuals who have been assessed a late Form U-5 fee. This queue contains both track-late fees and late fees.

U-5 Required Notice Queue: This queue will contain a list of individuals for whom your firm is required to submit a Form U-5 to terminate their association with your firm.

Temporary Registration Cancellation Notice Queue: This queue will contain individuals who have had temporary registrations revoked.

Automatic Termination Blocked Notice Queue: This queue will contain individuals whom a jurisdiction has blocked from terminating automatically. These registrations will have a status of Termination Requested.

Mass Transfer: This queue will contain notices of firms to be involved in a Mass Transfer. The user can change the status of any of the participating firms as well as approve/disapprove of the transfer.

Name Change: This queue will contain notices of pending broker/dealer name changes.

Holding: This queue will contain notices of all broker/dealer filings pertaining to firms with a "holding" registration status.

Registration Disclosure: This queue will contain notices of disciplinary actions taken by other jurisdictions, the SEC, the NASD, the exchanges, the FBI, etc.

Status Change: This queue will contain notices of registration changes. A specific regulator will see all changes that deactivate the broker/dealer (termination, withdrawal, denial, etc.) and only those changes that activate the broker/dealer for the home jurisdiction of the broker/dealer, the SEC, the NASD, and for the exchanges.

Firm Notice Queues

Current Deficiencies: List of the firm's current Form BD and BDW deficiencies by filing date. Link is available to obtain deficiency information.

Withdrawal of Termination: List of the firm's withdrawal or termination notices by effective date. The screen includes regulator, reason, and the effective date.

SFG Retirement: List of retiring firms from the simultaneous filing group, by date of retirement.

Queue Totals: A total item count for each of the queues listed above.

NASD Queues

Non Disclosure Queue

Waivable Deficiencies Acceptance: Contains individuals with registration deficiencies that the NASD can clear. These deficiencies are Exam.

Foreign Deficiencies Acceptance: Contains individuals that have a foreign deficiency. If an individual asks to be registered in one of the following positions: IE (Limited Registered Representative), CD (Canada-Limited General Securities Registered Representative), CN (Canada-Limited General Securities Registered Representative), and JP (Japanese-Limited General Securities Registered Representative), foreign deficiency is set and they cannot become approved in the position until they qualify by



exam for the position and the NASD receives notice from the foreign SRO that they are in good standing with that SRO.

Temporary Registration Withdrawal Notices: This queue is used to view recent temporary registration withdrawals by jurisdictions.

Exams Previously Taken Queue: This queue contains exam information filed on a Form U-4. The individual will list an exam that was taken prior to registering with CRD. A staff member will then research from the queue whether the exam was taken and passed, and if so, posts the information to CRD.

Disclosure Queues

Disclosure Review Queue: This queue will contain individuals that are undergoing review by the Disclosure Review staff. This includes review of disclosures submitted on Forms U-4 or U-5, and new registration requests.

U-6 Review Queue: This queue will contain Forms U-6 that are undergoing review by the Disclosure Review staff.

DOJ Arrest Record Review Queue: This queue allows the Disclosure Review staff the opportunity to review DOJ arrest records.

Manual Acceptance Queue: This queue contains individuals with pending NASD registrations that have undergone a Disclosure Review.

Statutory Disqualification Review Queue: This queue contains disclosures marked for statutory disqualification review during Disclosure Review.

Statutory Disqualification Queue: This queue contains individuals that have been determined to be Statutorily Disqualified and are currently undergoing the MC-400 process.

Outstanding Disclosure Letter Queue: This queue holds the list of currently outstanding disclosure letters.

Refiling Form BD On Web CRD

Certain broker/dealer information currently contained in the Legacy CRD system will not be converted to Web CRD. Therefore, beginning with the implementation of Web CRD, all broker/dealers will be required to refile the following Form BD information:

- ✦ Disclosure (Schedule DRPs)
- ✦ Direct/Indirect Owners (Schedules A and B)
- ✦ Control/Financial Information
- ✦ Industry Arrangements
- ✦ Affiliated Firms

A broker/dealer will be required to refile this information when it files its first electronic Form BD amendment in Web CRD, but not later than December 15, 1999. If this missing information is not filed at the time of the first amendment, the filing will fail the completeness check

built into Web CRD to ensure that all mandatory fields for the Form BD are completed. The firm would be unable to file the amendment and refile its new Form BD until these fields are completed.

In adopting Form BD, the SEC recognized that the refiling requirement may pose difficulties for a firm that would be required to file an amendment to its Form BD during the System Transition Period or immediately after the deployment of Web CRD because such amendments must be filed “promptly” under SEC rules. Whether a filing has been made “promptly” traditionally has been determined on a facts-and-circumstances basis; under no circumstances, however, has an amendment been considered to have been “prompt” if filed later than 30 days from the event. After considering the unique issues raised by the deployment of the new system and the refiling requirement, the staff of the

Division of Market Regulation has adopted a no-action position for broker/dealers that will be required to file a Form BD amendment during the System Transition Period or immediately after the deployment of Web CRD. Under the terms of the no-action position, the staff will not recommend enforcement action to the SEC if a firm does not make a required Form BD amendment filing within 30 days of a disclosable event between July 30 and August 31, 1999. The no-action position is summarized below; however, all broker/dealers should read the full description of the no-action position which is discussed in the SEC's Release 34-41594 (July 2, 1999).

Firms can take certain steps now to prepare for their Form BD refiling obligation later. Broker/dealers may opt to begin collecting and entering their refile information into the BD Refile templates that have been posted to

the Web CRD Internet Page of the NASDR Web Site, www.nasdr.com. This will enable them to save, and subsequently "cut and paste," their data into Web CRD beginning August 16, 1999. The Form BD Refile templates on the Web Site are in three formats: Microsoft Word, WordPerfect, and a standard graphics (PDF) format. Web CRD is equipped to accept inserts from all three versions. Therefore, broker/dealers are now able to begin the collection of refiling information rather than waiting to begin the process on August 16, 1999.

For more information regarding Form BD and the electronic refiling, which is discussed in SEC Release 34-41594, File No. S7-16-99 (July 2, 1999), see the SEC Web Site, www.sec.gov.

KEY BD REFILE DATES

Time Frame	Staff No-Action Position	Filing Deadline
July 30, 1999-August 15, 1999	60 days from disclosure event	No later than October 15, 1999
August 16, 1999-August 30, 1999	60 days from disclosure event	No later than October 15, 1999
August 31, 1999-December 15, 1999	30 days from disclosure event	No later than December 15, 1999

SCHEDULE E AMENDMENTS

Time Frame	Filing Format	Deadline
Pre BD Refile	Hard copy to CRD	No later than December 15, 1999
Post BD Refile	MUST be submitted electronically	On or before December 16, 1999