

Regulatory Circular RG99-134

Date: June 3, 1999

To: Members and Member Firms

From: Membership Department and Regulatory Services Division

Re: Web CRD and Proposed Form BD Re-filing Requirement

The NASD Regulation, Inc.'s ("NASDR") Central Registration Depository ("CRD") is undergoing a major upgrade to its system. The new system is designed to allow for registration and termination filings to be made electronically through the Internet at <http://crd.nasdr.com/crdmain>. This new system will become operationally effective on August 16, 1999 and will be known as Web CRD.

Key Issues

- NASDR has developed a new system for electronic filings of various registration and termination forms via Web CRD on the Internet. The conversion of the old CRD data to the new Web CRD system will take place between July 31 and August 15, 1999. Certain information from the historical BD form database will be unable to be converted.
- The Securities and Exchange Commission ("SEC") has issued a rule proposal that will require all broker-dealers to re-file Form BD containing the relevant non-convertible data into the NASDR's Web CRD system by no later than December 15, 1999.
- Form BD disclosable events occurring between August 1, 1999 and December 15, 1999, must be filed along with the non-convertible data within 30 days from the date of the disclosable event or by December 15, 1999 whichever occurs first. Exceptions to the 30 day filing requirement will be granted until September 14, 1999 for those Form BD disclosable events that occur between August 1 and 15, 1999.
- All broker-dealers must fill out paperwork provided by the NASDR and declare an account administrator in order to be enabled access to the Web CRD system; such access is necessary to perform the mandated BD re-file described above.
- The required paperwork is to be mailed to all members by the CBOE Membership Department.

Discussion

Between July 31, 1999 and August 15, 1999, the current CRD system will be shut down and will not process any registration or termination forms as the NASDR transfers the current CRD system records over to Web CRD. Initial filings of Form BD seeking registration or Forms BDW seeking withdrawal from registration with all jurisdictions received by the NASDR during this period will be held until August 16, 1999 and then input into Web CRD. Amendments to Form BD or Forms BDW seeking withdrawal from registration with only some jurisdictions received during this period will be returned with instructions to resubmit the form electronically after August 16, 1999.

Due to technical issues identified by the NASDR, certain broker-dealer information currently contained on the existing CRD system will be unable to be converted to Web CRD. As a result of this issue, the SEC has recently submitted a rule proposal (see Release No. 34-41351) which will require all broker-dealers to re-file the following Form BD information by no later than December 15, 1999:

- Item 11 Disclosure (Schedule DRP)
- Direct/Indirect Owners (Schedules A and B)
- Control/Financial Information
- Industry Arrangements
- Affiliated Firms

In the event that a disclosable event occurs between August 1, 1999 and December 15, 1999 that would require a Form BD amendment, the proposed SEC release requires that such information along with the above noted filing information be submitted to Web CRD within 30 days from the date of when the disclosable event occurred. Exceptions to the 30 day filing requirement will be granted until September 14, 1999 for those Form BD disclosable events that occur between August 1 and 15, 1999. **In any event, all re-filings must be made no later than December 15, 1999.** In addition, a new Form BD will take effect on August 1, 1999; therefore, beginning on this date, any BD forms submitted utilizing the old BD form will be returned. All initial Form BDs will still have to be filed in paper format using the new form BD. Individuals members and member organizations should review the SEC Release for complete details surrounding the proposed BD re-filing requirement.

In order to access Web CRD once the new system becomes operational, each broker-dealer must designate an account administrator. This person will be responsible for: 1) identifying persons either within your organization or outside your organization who will act on behalf of your organization to make appropriate filings through Web CRD, and 2) designating the entitlement privileges for each of those persons. To facilitate the user entitlement process, all broker-dealers will be required to execute a User Accounts Acknowledgment Form (UAAF). These forms are in the process of being mailed by the CBOE to all broker-

dealers who are members of the CBOE. Please be aware that the UAAF for non-NASD members is different from the UAAF for NASD members. Members and member organizations who are also members of the NASD should already have received and submitted a UAAF to NASDR. If not, such members or member organizations should contact NASDR's Gateway Call Center at (301) 212-8181. It is necessary to establish an account with access to Web CRD only once. It is critical that the UAAF be returned to the NASDR in a timely fashion but by no later than June 25, 1999. Additional copies of the UAAF may be obtained from the Membership Department.

Please be advised that failure to comply with the request to properly establish a Web CRD account or to file the required information in the prescribed time frame may subject you to disciplinary action. Any questions relating to the filing procedures with Web CRD may be directed to the NASDR at (301) 212-8181 or to the following individuals at the CBOE:

Rae Tapia Pancake, Membership Department, (312) 786-7460
Lawrence J. Bresnahan, Regulatory Services Division, (312) 786-7713
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