

Regulatory Circular RG99-223

Date: December 3, 1999

To: Members and Member Firms

From: Membership Department and Regulatory Services Division

Re: Form BD Re-filing Requirement

This is an addendum to Regulatory Circular RG99-134. On August 16, 1999, the NASD Regulation, Inc. ("NASDR") upgraded its Central Registration Depository ("CRD") to an Internet web-based system now known as Web CRD. This new system is designed to allow for registration and termination filings to be made electronically through the Internet at <http://crd.nasdr.com/crdmain>.

Key Issues

- NASDR 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 took place between July 31 and August 15, 1999. Certain information from the historical BD form database ("Legacy CRD") was unable to be converted to the new system.
- The Securities and Exchange Commission ("SEC") issued a rule (Release No. 34-41594; File No. S7-16-99) which became effective on July 31, 1999 that requires 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.
- All broker-dealers must have previously filled out paperwork provided by the NASDR and declared 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 to establish an account administrator was previously mailed to all members by the CBOE Membership Department in June 1999.
- **Failure to amend the relevant sections of Form BD by December 15, 1999 may result in the withdrawal of the broker/dealer license by the SEC.**

Discussion

Due to technical issues identified by the NASDR, certain broker-dealer information contained on the previous Legacy CRD system was unable to be converted to Web CRD. As a result of this issue, the SEC approved a rule which

required all broker-dealers to re-file the following Form BD information electronically to Web CRD **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 addition, a new Form BD took 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 Form BD re-filing requirement.

In order to access Web CRD, each broker-dealer must designate an account administrator. This person is 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 are required to execute a User Accounts Acknowledgment Form (UAAF). These forms were 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. 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 by December 15, 1999 may subject you to disciplinary action by the Exchange and the revocation of your broker/dealer license by the SEC. 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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