



CRD/IARD

Steering Forum

September 12, 2016
NASAA Annual Conference
Providence, RI

This information provided herein is for your convenience only, is illustrative, and is not intended as legal advice.



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CRD/IARD Releases & Enhancements

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Release 2015.10

- New completeness checks were added to prevent the entry of Social Security Numbers in Form U4 Other Business and U4/U5 Judgment Lien/Bankruptcy DRP's.
- When viewing Web CRD/IARD Reports users are now required to agree to a new Terms & Conditions pop-up message regarding the use of personal information.



Release 2015.12

- Users no longer receive the session timeout warning when they are actively working in multiple browser tabs or windows.
- The previous 15-day waiting period to view new Form U5 disclosure on BrokerCheck and IAPD is now 3 business days.



Release 2016.01

- The IAPD site was redesigned in collaboration with the SEC and includes the following changes:
 - New user-friendly layout.
 - The site is now mobile responsive.
 - Users will be able to initiate a new search from any page on the site.
 - Future collaborative projects are anticipated.



Release 2016.04

- The ability to create CRD numbers for foreign individuals that do not have a SSN has been expanded to include when adding Disclosure Reporting Page (DRP) Advisory Affiliates to Form ADV.



Release 2016.06

- **The Web CRD/IARD Accounting functionality was retired and transferred to FINRA's E-Bill application.**



Release 2016.09

Deployed September 10, 2016

- The Web CRD, IARD, PFRD & FPRD systems are now available on Sundays from 10 a.m. to 6 p.m.
- The organization “Update Current Registration” page was enhanced to:
 - Add calendar controls.
 - Display a confirmation message at the top of the page when the registration status or effective date is changed and saved.



Uniform Industry Forms

- NASAA CRD/IARD Steering & Forms and Process Committees are drafting possible U4/U5 amendments for future adoption.
- Ongoing collaboration with FINRA.
- Recommendations for changes are being evaluated by the regulatory and industry communities.



NASAA Exam Changes

Series 63

- Two new topic areas were added to the examination, highlighting the importance of advertising and correspondence, including social media, and cybersecurity and data protection.
- The number of items on the Series 63 remained unchanged, as did the passing score.



NASAA Exam Changes

Series 65

- New specifications emphasize the characteristics of different types of investments, including pooled investment vehicles.
- The section on alternative investments was also updated.
- New areas were added to highlight the importance of advertising and correspondence, including social media; cybersecurity and data protection; custody obligations; and antimoney laundering.
- The number of items on the Series 65 remained unchanged, as did the passing score.



NASAA Exam Changes

Series 66

- Certain content areas on the Series 66 were renamed, combined, and/or reorganized to increase clarity.
- In other content areas, additional examples were added to clarify certain topics, such as valuation methods of fixed income securities and equity securities.
- Content regarding alternative investments was expanded to include additional investment types, given changing market conditions, and new areas regarding other assets were included.
- The number of items on the Series 66 remained unchanged. The passing score for the Series 66 has been modified to better reflect the weighting of the examination and the number of questions on each topic. The new passing score on the Series 66 is 73 correct out of 100.

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NASAA Exam Changes

Please review the NASAA website for more information.

<http://www.nasaa.org/industry-resources/exams/exam-change-announcement/>

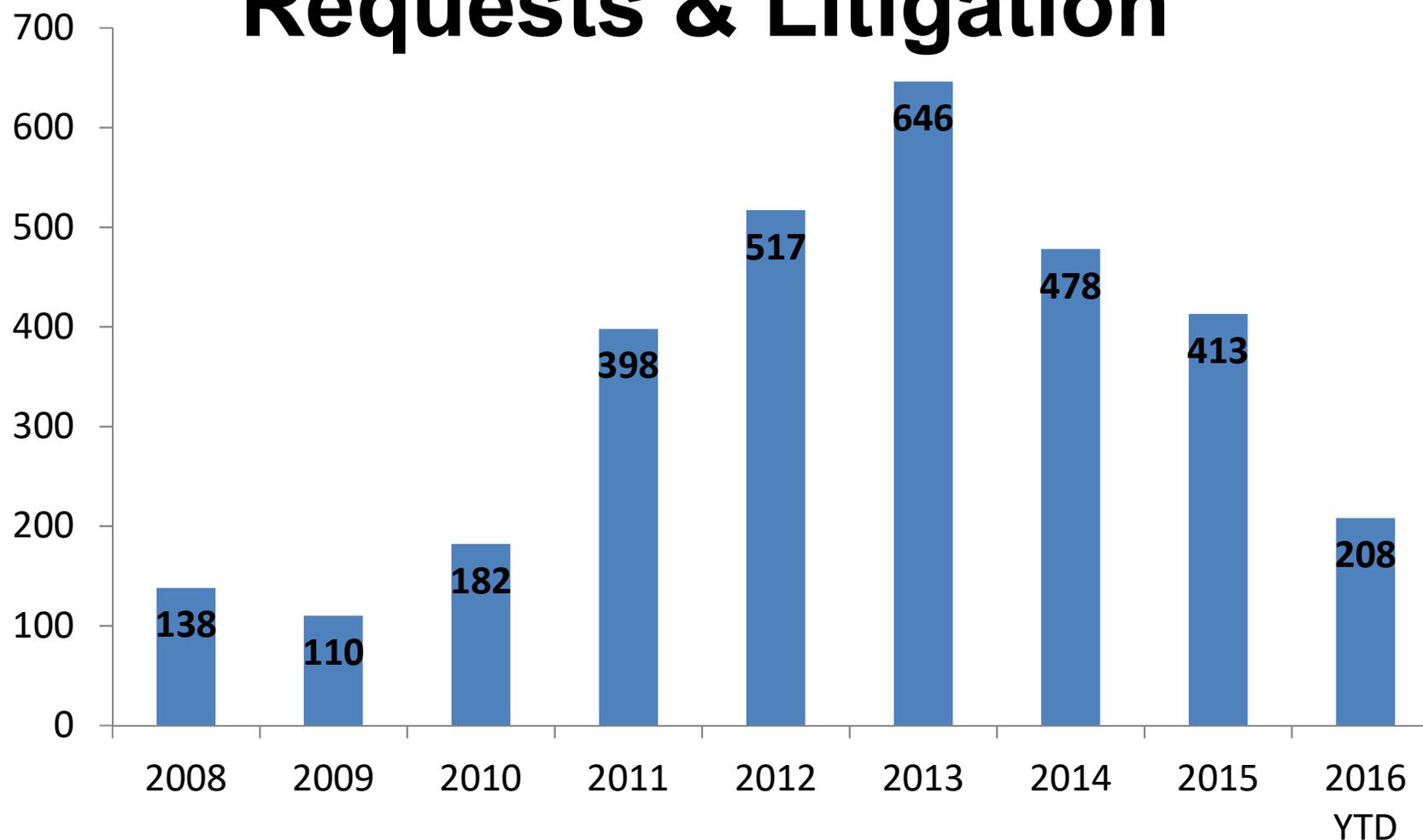


Expungement Update

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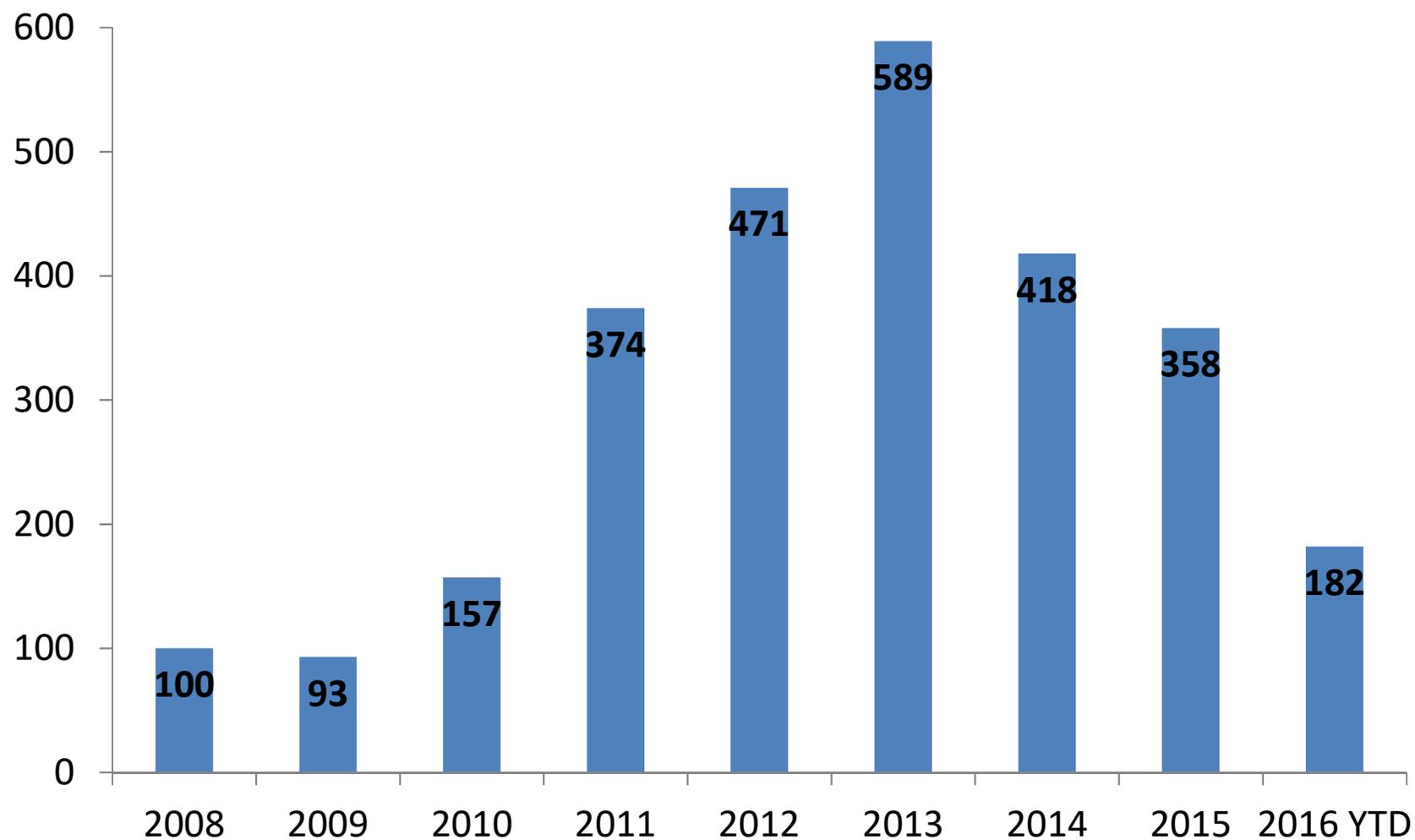


Combined Rule 2080 Waiver Requests & Litigation



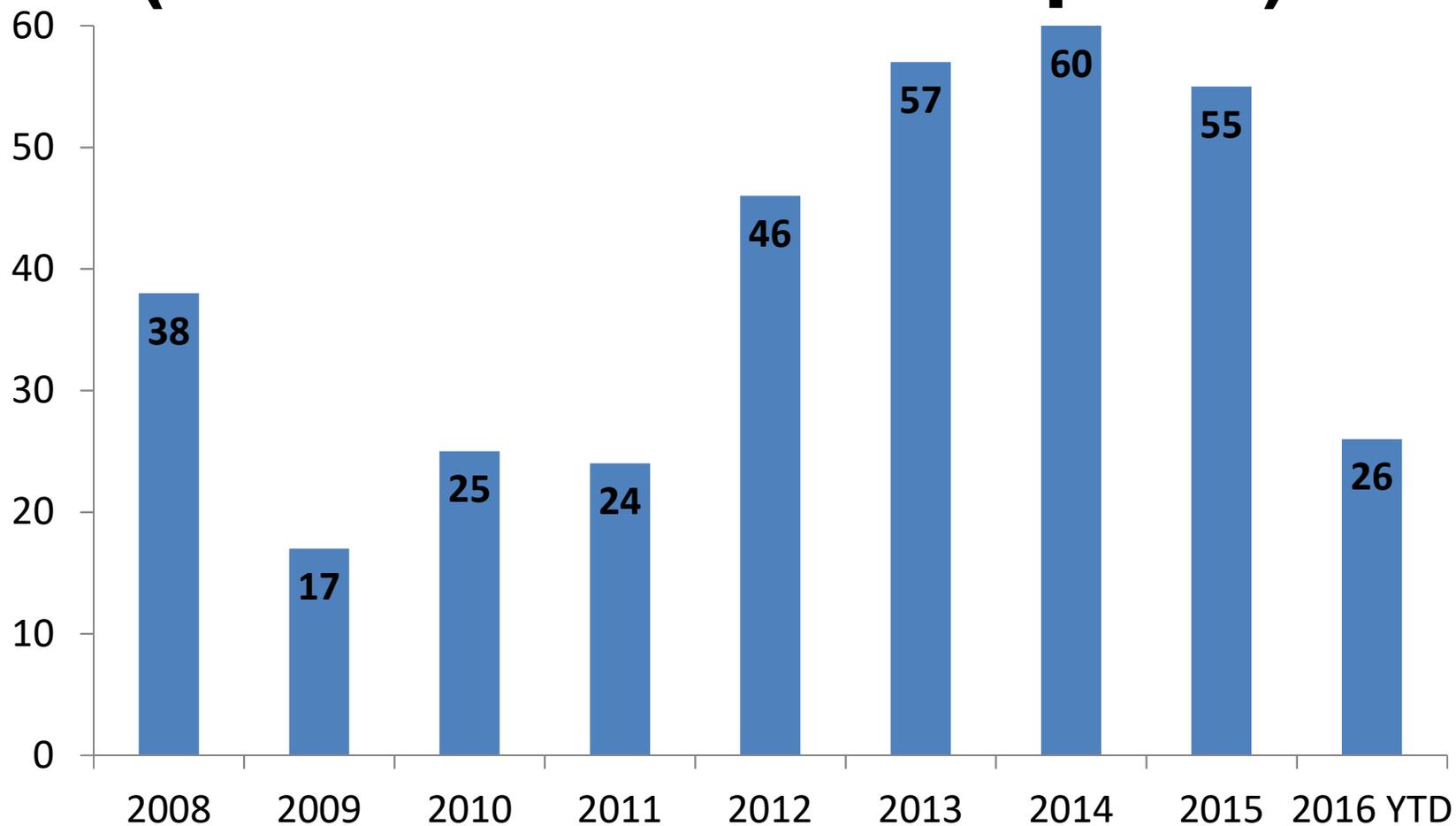


Rule 2080 Waiver Requests





Rule 2080-Related Litigation (No Prior Waiver Request)





Expungements: Looking Ahead

- States will continue to request additional information when reviewing 2080 waiver requests, if additional information is warranted.
- Ongoing dialogue with FINRA and FINRA Dispute Resolution.



Current Expungement Concerns

- Regulatory determination misplaced in the arbitration context.
- Original intent for narrow application as an extraordinary remedy.
- Expanded to become routine in unwarranted circumstances.
- Complications of litigation to “Oppose” an expungement recommendation.



Liens /Judgments

- Rule 3110(e)
- States taking actions:
 - Take action against registrant even if registrant's sole violation.
 - Generally a fine, although suspension and other penalties possible depending on the scope of the violations.
 - Action against firms possible, too.



Web CRD and IARD Renewal Program

2017

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2017 Renewals

- October activities:
 - Firms should review their registered persons to ensure:
 - (1) all disclosure information has been properly reported,
 - (2) jurisdiction and SRO registrations are valid, and
 - (3) all open branch offices have individuals assigned to them.
 - October 24, 2016 - Firms may begin to submit post-dated Forms U5 and BR Closing/Withdrawal, which must be dated 12/31/16.
- November activities:
 - November 1, 2016 - Firms may begin to submit post-dated Forms BDW and ADV-W, which must be dated 12/31/16.
 - November 14, 2016 – PRELIMINARY statements and reports available.



2017 Renewals

- December 16, 2016:
 - **DEADLINE** for receipt of Preliminary Renewal Statement payments.
 - **Automatic Transfers:** Firms with sufficient monies in their Flex-Funding Accounts will have funds transferred to their Renewal Accounts to cover total renewal fees owed. Transfers will be conducted every day until Web CRD/IARD shuts down for year-end processing.
- December 27, 2016 (Tuesday):
 - **LAST DAY to submit form filings prior to year-end.** Web CRD and IARD are available from 5 a.m. until 6 p.m., Eastern Time (ET).



2017 Renewals

- December 28, 2016 (Wednesday):
 - Web CRD and IARD are unavailable due to Final Renewal Statement and renewals processing.
- December 29-30, 2016 (Thursday-Friday):
 - Web CRD and IARD are available for QUERY-only and the creation of "Pending" filings.
- January 1-2, 2017 (Sunday-Monday):
 - CRD/IARD unavailable due to holiday schedule and year-end processing.



2017 Renewals

- January 3, 2017 (Tuesday):
 - Web CRD and IARD are available with complete functionality as of 5 a.m., ET, including submitting form filings and approving registrations.
 - Final Renewal Statements and reports are available for viewing and printing.
- January 20, 2017 (Friday):
 - Deadline for receipt of final payments.



2016 State Legislative Updates: LA

- **Louisiana** – Legislation *passed* in 2014 to require:
 - IARs of federally-covered advisers to meet state examination/certification requirements by 8/31/16 in order to maintain registration.
 - The statute provides that Louisiana will accept the following testing and certifications to meet this requirement –
 - Evidence of passage of a post-2000 Series 65.
 - Evidence of passage of a Series 66 in combination with a Series 7.
 - Evidence of an allowable professional designation.



2016 State Legislative Updates: LA (cont.)

- **Louisiana** –
 - Passed a rule with an effective date of 9/1/2016 which would allow the addition of the following testing criteria to meet the registration requirement:
 - Evidence of passage of a pre-2000 Series 65 if the representative also has passed the Series 7.
 - The Commissioner entered an Order on May 19, 2016 which granted an extension of up to one (1) year through August 31, 2017, to comply with the examination or certification testing requirement.



2016 State Legislative Updates

- **Wyoming**
 - Legislation passed which creates a state registration requirement for investment advisers and their associated persons beginning 7/01/2017.



Questions

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