



## Perspective

Industry Focused News

Vista360's Perspective mailings are intended to provide advisers and funds with snapshots of current industry topics and news we believe to be noteworthy. This issue of Vista360's Perspective focuses on Approved Amendments to FINRA Forms U4 and U5.

To read past issues of the Perspective including Vista360's most recent quarterly Hot Industry Topics List, please visit our web site at <http://www.vista360llc.com/vista360-news.htm>.

### ***Approved Amendments to FINRA Forms U4 and U5***

The SEC recently approved amendments to FINRA Forms U4 and U5. These are the forms submitted through the Central Registration Depository ("CRD") system by investment advisers and broker-dealers to manage their representatives registrations with regulatory organizations and state jurisdictions.

The most significant changes to these forms are within the Disclosure Reporting Pages ("DRPs") and include the addition of disclosure questions regarding regulatory actions.

Changes to the forms include:

- Three new questions regarding willful violations within question 14C on Form U4 (6, 7 and 8);
- Three new questions concerning findings of self-regulatory organizations within question 14E on Form U4 (5, 6 and 7);
- New questions requiring firms to report any allegations of sales practice violations made against a registered person in an arbitration or litigation in which the registered person is not a named party (Form U4 questions 14I (4 and 5) and Form U5 questions 7E (4 and 5));
- An increase in the monetary threshold for reporting settlements of customer complaints, arbitrations or litigation from \$10,000 to \$15,000 included within Form U4 question 14I and Form U5 question 7E; and
- The ability for users to amend the date of and reason for an individual's termination within Form U5. Firms should take care to include only credible and verifiable statements of fact within their reason for termination responses.

### ***Pending Forms Created Prior to May 15, 2009***

Any pending U4 or U5 forms not submitted to CRD by May 15, 2009 are considered invalid and have been converted by the system into read-only format files. You will need to re-create those filings using the new forms now available on CRD.

### ***U4 Amendments Required By November 14, 2009***

All registered representatives are required to answer the new DRP disclosure questions on Form U4 the next time they file a Form U4 amendment, but no later than the deadline of November 14, 2009. This deadline was established to ensure firms have sufficient time to reply to the new disclosure questions and file amended U4 forms.

As of November 14, 2009, the “no” answers submitted will be considered final. During the period May 18, 2009 through November 14, 2009, firms will be able to amend any “no” answers to “yes”, as necessary within CRD. There is no fee involved with filing “no” answers within CRD for the new disclosure questions; however, the current practice of a \$95 Disclosure Review fee will be charged for any “yes” responses.

### ***Other Helpful Information***

The new [forms](#) are available as pdf files on FINRA’s website and on the CRD system.

Firms may request a free [Unanswered Disclosure Questions Report](#) from FINRA, which shows the names and CRD numbers for individuals at their firm who have not yet responded to the new disclosure questions (14C and 14E), by submitting a request to [crdreports@finra.org](mailto:crdreports@finra.org).

Firms looking to file “no” responses to the new disclosure questions for several users at once can upload an Excel file, which they can populate with each registered individual’s CRD number to complete multiple individual filings. [The Regulatory Action Summary Questions Update](#) on FINRA’s website provides helpful information on how to use the Excel file upload.

You may also find FINRA’s [Frequently Asked Questions](#) document useful.

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