

CRD AGREEMENT

THIS AGREEMENT is made and entered into as of the second day of January, 1993, by and between the National Association of Securities Dealers, Inc. ("NASD"), 1735 K Street, N.W., Washington, D.C. 20006, and the North American Securities Administrators Association, Inc. ("NASAA"), One Massachusetts Avenue, N.W., Washington, D.C. 20001.

WITNESSETH:

WHEREAS, state securities regulators have the regulatory authority under the laws of the United States and the state governments to license Broker-dealers, Agents and other securities professionals who operate within or from their jurisdictions; and

WHEREAS, NASAA and NASD (the "parties") entered into an agreement to create the Central Registration Depository (the "CRD"), which began operations in 1981, for the purpose of converting multiple paper-based Licensing and regulatory processes onto a single national computer system that facilitates state, self-regulatory organization and federal regulation of securities professionals (the "1980 Agreement"); and

WHEREAS, the parties wish to restate and replace that 1980 Agreement, as amended from time to time, with a new agreement to reflect the new relationship between the parties and the redevelopment of the CRD as specified in this agreement together with all Exhibits to be agreed upon by the parties and attached hereto and incorporated herein (the "CRD Agreement"); and

WHEREAS, through the development of the CRD, the parties have established a facility for the timely collection of Licensing fees required to be paid to state governments for the Licensing of Broker-dealers, Agents and other securities professionals and established a process to account for and distribute state Licensing fees to each participating government agency; and

WHEREAS, the parties acknowledge that, by virtue of the process established by the CRD for the sharing of Licensing information and the collection of Licensing fees to be paid to the state governments and the proper accounting for and distribution of those fees, state governments are third party beneficiaries of this CRD Agreement; and

WHEREAS, the parties are committed to the establishment of uniform procedures, definitions, and interpretations through cooperative efforts to promote observance of federal and

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subsequent to the execution of this CRD Agreement. NASAA shall ensure that each CRD State has available to it one CAC, CRD Workstation, CRD Printer, or equivalent equipment that meets the requirements of Section 3.14. In addition, the NASD will provide ongoing network access to all authorized CACs (i.e., NASD-supplied CACs and Substitute CACs, as hereinafter defined), pursuant to the standards specified in the Exhibits, without cost to NASAA or any CRD State.

3.10 (a) All original CRD Uniform Forms filed with the CRD shall be deemed to have been filed with each CRD State in which the applicant seeks to be licensed and with the NASD and shall be the joint property of NASD and those CRD States (and, in the case of Forms BD and BDW, the Securities and Exchange Commission).

(b) NASD shall maintain the original of any paper form filed for a minimum of three (3) years from the date of filing. Prior to the destruction or disposal of any such forms, NASD shall give a thirty (30) business day notice of its intention to NASAA and NASAA shall respond in writing within the thirty (30) business days as to its intention to accept or refuse delivery of such forms. Upon expiration of the thirty (30) business day period, if NASAA refuses delivery of such forms or fails to respond to the NASD notice, NASD may destroy or otherwise dispose of them.

(c) NASD shall maintain copies of all such forms for at least ten (10) years on microfilm (or such other accessible medium as NASD may reasonably choose). Not less than thirty (30) business days prior to the destruction or disposal of any such microfilm, NASD shall offer the microfilm to NASAA and NASAA shall respond in writing within the thirty (30) business days as to its intention to accept or refuse delivery of such forms. Upon expiration of the thirty (30) business day period, if NASAA refuses delivery of the microfilm or if NASAA fails to respond to the NASD notice, NASD may destroy or otherwise dispose of it.

## CRD AGREEMENT AMENDMENT

THIS AMENDMENT is made and entered into as of the 13<sup>th</sup> day of December, 1996, by and between the National Association of Securities Dealers, Inc. ("NASD"), 1735 K Street, N.W., Washington, D.C. 20006, and the North American Securities Administrators Association, Inc. ("NASAA"), One Massachusetts Avenue, N.W., Washington, D.C. 20001.

In consideration of the mutual promises of the parties, and the mutual agreements, covenants, and conditions hereinafter contained, it is hereby agreed as follows:

1. The CRD Agreement entered into as of the second day of January, 1993, which terminated June 30, 1994, is hereby reinstated as of June 30, 1994, in all respects.

2. The Initial Exhibits described at Section 2.12 of the Agreement, and attached to this Amendment, are hereby accepted by the parties.

3. The Agreement is further amended as follows:

a. The text of Section 2.04 is amended by the addition of the following sentence:

Initial CAC specifications and material changes to CAC specifications shall be approved by the Steering Committee.

b. The following two sentences are added to Section 2.11:

In the event of any conflict among the Exhibits between any two statements, the more specific statement shall prevail. Any disagreement in identifying the more specific statement shall be resolved by the Steering Committee.

c. The text of Section 2.16 is amended to replace the word "Kansas" with the words "Washington, D.C."

d. The text of Section 3.05(b) is deleted in its entirety and replaced by the following:

The Steering Committee shall comprise persons appointed by NASAA and by NASD. Each party may name designees of the appointed persons. Each party shall designate one Steering Committee member as the party's delegate, who will, in voting matters, cast that party's vote.

e. The text of Section 3.10 (a) is deleted in its entirety and replaced by the following:

The data on CRD Uniform Forms filed with the CRD shall be deemed to have been filed with each CRD State in which the applicant seeks to be licensed and with the NASD and shall be the joint property of the applicant, NASD, and those CRD States (and, in the case of Forms BD and BDW, the Securities and Exchange Commission). The compilation constituting the CRD database as a whole shall be the property of NASD.

- f. The first sentence of Section 3.10(b) is deleted in its entirety and replaced by the following:

With the exception of paper forms sent to NASD for processing through the NASD's Internal Processing or Emergency Services Units, NASD shall maintain the original of any form not required to be filed electronically for a minimum of three (3) years from the date of filing.

- g. The second sentence of Section 3.14 is deleted in its entirety. The last sentence of the Section is deleted in its entirety and replaced by the following:

The Steering Committee shall approve all applications for substitute CACs and CAC attachments. NASD shall have sole authority for giving operational approval, which will not be withheld unreasonably.

- h. A new section 3.17 is added as follows:

NASD shall provide to NASAA access to CRD documentation related to this Agreement, provided reasonable advance notice has been given.

4. In the event of a conflict between any term of the CRD Agreement and any term in this Amendment, the term in this Amendment shall prevail.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized representatives.

NATIONAL ASSOCIATION OF  
SECURITIES DEALERS, INC.

NORTH AMERICAN SECURITIES  
ADMINISTRATORS ASSOCIATION, INC.

BY: *Frank J Formica*  
(signature)  
 NAME: Frank J Formica  
(print or type)  
 TITLE: Vice-President  
(print or type)  
 DATE: 12/18/96

BY: *M. Griffin*  
(signature)  
 NAME: MARK GRIFFIN  
(print or type)  
 TITLE: President & Chair  
(print or type)  
 DATE: 12/13/96

NASD OGC
NAME: <u>Rosen</u>
DATE: <u>12/10/96</u>