

Wisconsin Branch Office Books and Record Review

All of the records required to be kept by branch office locations has changed effective May 2, 2003 due to the National Markets Improvement Act, ("NSMIA"), which required states to comply with the records required by the Securities and Exchange Commission. All of the records have changed and some are brand new. Those areas that are new have been highlighted for your convenience. The old rules that correspond are listed in brackets.

17a-3(a)(1) – Ledgers/Blotters - {4.03(3)(b) & 4.03(3)(c)}

Each broker-dealer branch office must maintain a log or daily record of all:

- purchases and sales
- receipts and deliveries of securities, including certificate numbers
- receipts and disbursements of cash and all other debits and credits.

Each record should include the account for which the transaction was made, the name and amount of the securities, the purchase or sale price, the trade date, and the name of the person who either purchased, received, sold or delivered.

17a-3(a)(6) – Order Ticket/Order Memorandum – {4.03(1)(f)}

Each broker-dealer branch office shall maintain an order memorandum/ticket for every order or instruction given or received for the purchase or sale of securities, whether executed or not. The memorandum/ticket should include:

- the terms and conditions of the order and any modification or cancellation
- the account for which it was entered
- the time the order was received from the customer
- the time of entry
- the execution price
- the identity of the agent responsible for the account
- the identity of the person who excepted or entered the order on behalf of the customer if not the agent responsible for the account, or
- if the customer entered the order electronically, a notation to that effect
- to the extent feasible, the time of execution or cancellation
- a notation if it was a discretionary trade

If the security is purchased by subscription directly from the issuer, a copy of the subscription agreement initiating the purchase must be kept.

17a-3(a)(7) – Order Ticket/Order Memorandum – {4.03(1)(g)}

Each broker-dealer branch office shall maintain an order memorandum/ticket for every purchase or sale for the account of the broker-dealer to show:

- the price
- to the extent feasible, the time of execution

If the purchase or sale is with a customer other than another broker-dealer, the memorandum shall also show:

- the time of receipt
- the terms and conditions of the order and any modification thereof
- the account for which it was entered
- the identity of the agent if any who was responsible for the account
- the identity of any other person who entered or accepted the order, or if the order was entered electronically a notation to that effect

17a-3(a)(12)(i) - Registered Representative Employment Application

Each broker-dealer branch office shall maintain an application for employment completed by every licensed agent, which has been approved in writing by the authorized representative of the broker-dealer. The application must contain all of the information required by Form U-4.

17a-3(a)(12)(ii) – Registered Representative Information

A record listing every licensed agent, which shows:

- the office or offices where the agent regularly conducts business
- their CRD number
- every internal identification number or code assigned to that agent

17a-3(a)(17)(i)(A) – Customer Account Form – {4.03(1)(k)}

For each account with a natural person the broker-dealer branch office must keep a new account form, which contains at least the following:

- customer name
- tax identification number
- address
- telephone number
- date of birth
- employment status (including occupation and whether the customer is an agent or employee of the broker-dealer)
- annual income

- net worth (excluding value of primary residence)
- the account's investment objectives

In the case of a joint account, it must include personal information for each joint owner who is a natural person. The financial information for the individual owners may be combined.

The new account form shall also indicate whether it has been signed by the agent responsible for the account and approved or accepted by a principal of the broker-dealer.

(For all accounts in existence on May 2, 2003, all broker-dealers must obtain this information within 3 years of this date.)

17a-3(a)(17)(i)(B)(1) – **Customer Account Form Delivery – {4.05(5)}**

The broker-dealer branch office must keep a record showing that it has furnished a completed copy of the customer new account form or alternate document, which contains the same information required above, to each customer within 30 days of opening the account and thereafter, every 36 months.

- The broker-dealer has 3 years to comply for those with accounts open at the time this section becomes effective.
- The broker-dealer may elect to send this notification with the next statement mailed to the customer after the opening of the account.
- The broker-dealer may choose to exclude personal information such as tax identification number and dates of birth.
- The information provided to the customer shall include an explanation of terms regarding investment objectives.
- The new account form or alternative document should also be accompanied by a prominent statement directing the customer or owner to mark any corrections and return the document to the broker-dealer, as well as notify the broker-dealer of any future changes to information contained in the account record.

17a-3(a)(17)(i)(B)(2) – **Customer Account Form Name & Address Changes**

Every time the name or address of the customer is changed on the new account form, the broker-dealer shall furnish a notification of that change to the customer's old address or to each joint owner and the agent responsible for the account within 30 days of receiving the notice of the change.

17a-3(a)(17)(i)(B)(3) – Customer Account Form Investment Objective Changes

Every time the investment objectives change, the broker-dealer shall provide a copy of the updated new account form or alternate document, to the customer as well as the agent responsible for the account within 30 days of the notice of change

17a-3(a)(17)(i)(C) – Customer Account Form Missing Information

The broker-dealer shall be excused from obtaining information required by 17a-3(a)(17)(i)(A) if the customer neglects, refuses or is unable to provide it.

17a-3(a)(17)(i)(D) – New Account Form Activity Status

The record requirement of 17a-3(a)(17)(i)(A) and the furnishing requirement of 17a-3(a)(17)(i)(B)(1) shall only apply to accounts for which the broker-dealer has within 36 months made a suitability determination. This does not supercede any other rules pertaining to information collection from customers required by a self-regulatory organization.

17a-3(a)(17)(ii) – Discretion Documentation – {4.03(1)(m)}

If an account is discretionary the broker-dealer branch office must maintain copies of all signed documents allowing such activity.

17a-3(a)(17)(iii) – Customer Receipt Acknowledgement Record

A record indicating that each customer received a copy of each written agreement entered into.

17a-3(a)(18)(i) – Complaint File – {4.03(1)(j)}

A complaint record for each agent to contain:

- Complainant's name
- Address
- Account number
- Date the complaint was received
- Name of any other agent identified in the complaint

- Description of the nature of the complaint
- Disposition of the complaint

In lieu of the above record, a copy of the original complaint along with the disposition may be kept in a separate file by agent named in the complaint.

17a-3(a)(19)(i) – **Agent Compensation Records**

Commission records for each agent to include all monetary and non-monetary compensation. The broker-dealer does not have to keep a physical copy of the record as long as it can be produced at the request of a securities regulator.

- (i) All compensation agreements between the broker-dealer and the agent, including commission schedules, and method by which compensation is determined.

17a-3(a)(20) – **Advertising File – {4.03(1)(p)}**

A file containing all advertisements and sale literature.

17a-3(a)(21) – **Records Designee**

Each office shall have one person who can explain the records the firm maintains. This person will be listed by name or title.

17a-3(a)(22) – **Supervisory Outline**

A record listing each principal responsible for establishing and ensuring compliance with broker-dealer policies and procedures.

17a-4(b)(4) – **Correspondence – {4.03(1)(i)}**

Originals of all incoming correspondence, copies of all outgoing correspondence relating to broker-dealer business.

17a-4(e)(7) – **Manuals – {4.05(2)}**

A copy of the compliance, supervisory, procedures manuals, including any updates.

17a-4(k) – Record Retention – {4.03(3)}

All of the above records shall be maintained at the office to which they relate for the most recent two year period.

If an office is a private residence where an agent regularly conducts business and is not held out as a public office, the records do not need to be maintained there. The broker-dealer must maintain the records at another location within the same state.