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Broker-Dealer Registration

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Checklist for Broker-Dealer Applicants

The following questions may help you in the completion of your broker-dealer registration filing. Be sure to also read the filing procedures included in this packet. *Note: This checklist is for your convenience only. You do not need to send it back to the Missouri Securities Division.*

_____ Did you submit the \$200 broker-dealer registration fee and a \$50 broker-dealer agent registration fee for each individual to FINRA?

_____ Did you electronically submit a complete Form BD, including all Schedules, to the WebCRD system?

_____ Did you check the “MO” affiliation box on Form BD?

_____ If the broker-dealer engages the services of a clearing firm, is that firm registered as a broker-dealer in Missouri? Did you include the clearing firm’s name and CRD number on Schedule D, Page 1, Section IV, of Form BD?

_____ Did you include in your submission to the Missouri Securities Division the Missouri Broker-Dealer Affidavit?

_____ Did you include in your submission to the Missouri Securities Division the appropriate financial statements?

_____ If applicable, did you register with the Missouri Corporations Division?

_____ Did you include in your submission to the Missouri Securities Division responses to any additional questionnaires that may have been sent to you based on types of business specified on Form BD?

Note: Broker-dealers must maintain the registration of at least one agent at all times or be subject to the cancellation of their Missouri registration.

INITIAL BROKER-DEALER FILING PROCEDURES

Broker-dealers applying for registration in Missouri shall submit the following:

To the CRD System:

1. The initial registration fee of \$200.
2. A completed Form BD.
 - a. Question 2 should reflect a check in the “MO” jurisdiction box.
 - b. If the applicant provides an affirmative response to Question 8 indicating that it has an arrangement with a clearing firm, full details of that arrangement should be provided on Schedule D, Page 1, Section IV. Applicant should include the full name and CRD number for the clearing firm whose services it will use. The clearing firm must be registered in Missouri.
3. Form U-4 for each broker-dealer agent.
 - a. The “MO” jurisdiction box should be marked.
 - b. Individuals must have passed the appropriate examinations: the Series 7 and the Series 63 or 66.
4. Filing fee of \$50 for each broker-dealer agent.

Note: Broker-dealers are required to maintain the registration of at least one broker-dealer agent. Failure to do so may result in the cancellation of the firm’s Missouri registration.

To the Missouri Securities Division:

1. Missouri Broker-Dealer Affidavit (copy available at www.sos.mo.gov).
 - a. The affidavit must be originally signed by a principal and notarized.
2. You may be required to register with the Missouri Corporations Division, or be eligible for an exemption or exclusion from the registration requirements as listed in the Missouri Corporation laws.
 - a. You may contact the Missouri Corporations Division to request copies of their registration forms by calling (573) 751-4153. Some forms are available on the Missouri Secretary of State’s website at www.sos.mo.gov.
3. Financial Statements.
 - a. If applicant has been in business more than one year, it must submit either a copy of its most recent audited financial statement or its most recent Form X-17A-5 FOCUS Report. The audited financial statement must include a balance sheet, a profit and loss statement, a statement of change in financial condition, and a net capital computation.
 - b. If applicant has been in business less than one year, it may submit a verified balance sheet, signed by an officer of the firm, and a net capital computation. Both financial statements must have been completed and dated no more than thirty days prior to submission.
4. Additional questionnaires and affidavits as requested by the Securities Division.

Note: Broker-dealers registered with the Securities and Exchange Commission (SEC) shall maintain net capital requirements in accordance with Rule 15c3-1 under the SEC Act of 1934.

ADDITIONAL ITEMS OF INTEREST

- **Renewal:** Broker-dealer and broker-dealer agent registrations expire on December 31 of each year unless renewed. *See* Section 409.4-406(d), RSMo. It is the responsibility of the broker-dealer and/or agent(s) to renew registrations each year.
- Missouri regulations require that broker-dealers maintain the registration of at least one agent or be subject to cancellation. *See* 15 CSR 30-51.010(2).
- Section 409.4-412(d)(1), RSMo., provides that the Commissioner of Securities may, by order, deny, suspend or revoke any registration if he finds that the order is in the public interest and that the applicant or registrant has filed an application for registration, which as of its effective date was incomplete in any material respect or contained any statement which was, in light of the circumstances under which it was made, false or misleading with respect to any material fact.
- Section 409.4-412(c), RSMo., provides that any person who willfully violates Section 409.4-412(d)(1), knowing the statement made to be false or misleading in any material respect, shall upon conviction be fined not more than five thousand dollars (\$5,000) for a single violation.
- 15 CSR 30-51.160(1)(D) provides that any application, the filing of which is not considered complete within a period of one year following the original filing thereof, shall be presumed subject to the entry of an order of cancellation pursuant to Section 409.4-408(e), RSMo.
- A broker-dealer is exempt from the registration requirements if it is an out-of-state firm with no place of business in Missouri *and* has fewer than three clients in Missouri.
- Questions regarding examinations and the location of testing sites should be directed to FINRA at (240) 386-4848.
- Applicants for agent registration submitting a Form U-4 on the CRD system are not approved to conduct securities business in Missouri until that application receives an “APPROVED” status in the CRD system. It is the responsibility of the applicant to notify the Missouri Securities Division if the application receives a “DEFICIENT” status upon filing.

If you have any questions regarding these requirements, you may contact the Registration Section at:

Missouri Securities Division
ATTN: Registration Section
600 W. Main St., Room 229
P.O. Box 1276
Jefferson City, MO 65102
(573) 751-2061

POST-EFFECTIVE REQUIREMENTS FOR BROKER-DEALERS

The following outline discusses the most frequently asked questions about Missouri's post-effective registration requirements.

NET CAPITAL REQUIREMENTS

A broker-dealer registered or required to be registered under the Missouri Securities Act of 2003 shall maintain net capital requirements in accordance with rule 15c3-1 under the Securities Exchange Act of 1934. *See* 15 CSR 30-51.050(1).

Broker-Dealer Notice of Net Capital Deficiency. Broker-dealers registered with the Securities and Exchange Commission and subject to rule 15c3-1 of the Securities Exchange Act of 1934 whose net capital at any time is less than the minimum required by any net capital rule to which a person is subject shall give notice and file such reports with the commissioner as are required to be given and filed with the Securities and Exchange Commission under Regulation 17a-11 of the Securities Exchange Act of 1934. *See* 15 CSR 30-51.060(1).

A broker-dealer not in compliance with the aggregate indebtedness, net capital, or cash reserve requirements shall cease soliciting new business and shall immediately notify the Commissioner of Securities in writing. *See* 15 CSR 30-51.050(3).

AMENDMENTS

Every broker-dealer and broker-dealer agent must file written notification of any material change in documents filed with the Commissioner within 30 days of such change. Amendments to electronically-filed forms should be submitted to the CRD System. *See* 15 CSR 30-51.160(3).

TERMINATION

The following forms must be filed to terminate registration in Missouri:

1. Broker-Dealers: Form BDW.
2. Broker-Dealer Agents: Form U-5 (must be filed within thirty days of termination – *see* 15 CSR 51.160(3)(B)).

EXPIRATION

1. Every registration of a broker-dealer or broker-dealer agent expires on December 31 of each year, unless renewed or unless sooner revoked, cancelled, or withdrawn. *See* 15 CSR 30-51.160(2)(A).

2. Upon expiration of registration, any subsequent application for registration shall be considered and treated as an application for initial registration. *See* 15 CSR 30-51.160(2)(B).
3. It is the duty of each broker-dealer and broker-dealer agent to renew any registration if intending to conduct business in Missouri the following year.

CANCELLATION

If a registrant is no longer in existence or has ceased to do business as a broker-dealer or broker-dealer agent, the Commissioner may by order cancel the registration. *See* Section 409.4-408(e), RSMo.

ADDITIONAL ITEMS OF INTEREST

- Grounds for revocation of registration may be found in Sections 409.4-412, RSMo. and at 15 CSR 30-51.170.
- Section 409.4-412, RSMo., provides that the Commissioner may by order deny, suspend or revoke any registration or bar or censure any registrant or any officer, director, partner or person occupying a similar status or performing similar functions for a registrant, from employment with a registered broker-dealer or investment adviser, or restrict or limit a registrant as to any function or activity of the business for which registration is required in this state, if he finds that the order is in the public interest and that the applicant or registrant has filed an application for registration, which, as of its effective date was incomplete in any material respect or contained any statement which was, in light of the circumstances under which it was made, false or misleading with respect to any material fact.

If you have questions regarding these requirements, you may contact the Registration Section at:

Missouri Securities Division
ATTN: Registration Section
600 W. Main St., Room 229
P.O. Box 1276
Jefferson City, MO 65102
(573) 751-2061

BROKER-DEALER
RENEWAL FILING PROCEDURES

Submit the following via the WebCRD system:

- The broker-dealer's renewal fee of \$100 and any renewal fees for broker-dealer agents (\$50 per agent) should be sent to the address provided to you by FINRA. If payment is made by check, the check should be payable to "FINRA." Write the broker-dealer's CRD Number and the word "Renewals" on the face of the check. This is important to ensure that your funds are properly credited to your Renewal Account.

Note: Broker-dealers are required to maintain the registration of at least one broker-dealer agent. Failure to do so may result in the cancellation of the firm's Missouri registration.

ADDITIONAL ITEMS OF INTEREST

- Section 409.4-412(d), RSMo., provides that the Commissioner of Securities may, by order, deny, suspend or revoke any registration if he finds that the order is in the public interest and that the applicant or registrant has filed an application for registration, which as of its effective date was incomplete in any material respect or contained any statement which was, in light of the circumstances under which it was made, false or misleading with respect to any material fact.
- Section 409.4-412(c), RSMo., provides that any person who willfully violates Section 409.404, knowing the statement made to be false or misleading in any material respect, shall upon conviction be fined not more than five thousand dollars (\$5,000) for a single violation.
- A broker-dealer is exempt from registering under the Missouri Securities Act of 2003 if it is any out-of-state firm with no place of business in Missouri and has fewer than three clients in Missouri. *See* Section 409.4-401(b)(1)(G), RSMo.

Questions relating to broker-dealer or broker-dealer agent renewal should be directed to the Registration Section of the Missouri Securities Division.

FREQUENTLY ASKED QUESTIONS

Q: What is your address?

A: Missouri Securities Division
600 W. Main St., Room 229
P.O. Box 1276
Jefferson City, MO 65102

Q: What is your phone number?

A: (573) 751-2061

Q: What is your fax number?

A: (573) 526-3124

Q: What exams does Missouri require for broker dealer agents?

A: Series 7 AND Series 63 OR 66
See 15 CSR 30-51.030(2)(A)

Q: Can I request a waiver of the exam requirements?

A: Yes. You will need to send a letter to the Commissioner requesting a waiver of the exam requirements. Indicate in your letter your education background, employment history, and details of your years in the securities industry. Waivers are granted at the discretion of the Commissioner.
See 15 CSR 30-51.030(3)

Q: Does Missouri sponsor an applicant for the exams?

A: The Series 63, 65, and 66 exams do not require sponsorship as they are State Exams. Missouri no longer sponsors applicants for the Series 7.

Q: Where can I get more information on exam testing?

A: Visit www.finra.org/EducationPrograms.

Q: What are the registration fees for firms and individuals?

A: \$200 – Initial fee for Broker Dealer firms
\$100 – Renewal Fee for Broker Dealer firms
\$50 – Initial fee for Broker-Dealer Agents
\$50 – Renewal fee for Broker-Dealer Agents
See 15 CSR 30-050.030(4) and (5)

Q: Is a broker-dealer firm required to have an agent registered in Missouri?

A: Yes, a broker-dealer must have at least one registered agent at all times.
See 15 CSR 30-51.010(2)

Q: Does Missouri allow dual registration?

A: Yes, a letter must be submitted on a company letterhead signed by a principal of each firm and stating the following three items:

1. Acknowledgment the proposed dual agency;
2. Affirmation that there will be no conflict of interest; and
3. Assurance that the dual agency will be disclosed to all prospective customers.

See 15 CSR 30-50.010(3)

Q: Does Missouri have a de minimus exemption?

A: Yes. Broker-dealers who have no place of business in Missouri and during the preceding 12 months have had no more than three clients who are residents of the state do not need to register under the Missouri Securities Act of 2003.

Section 409.4-401(b)(1)(G), RSMo.

Q: Does Missouri require broker dealers to submit their annual audited financial statements?

A: Audited financial statements are *only* required at the time of initial registration during the application process.

See 15 CSR 30-51.040

Q: When does a broker dealer firm's registration expire?

A: Every registration expires on December 31 of each year, unless renewed or unless sooner revoked, canceled, or withdrawn.

See 15 CSR 30-51.160(2)(A)

Q: What do I do if I want to withdraw my registration?

A: Broker-dealers must file a Form BDW through WebCRD and broker-dealer agents must file a Form U-5 through WebCRD.

Q: Does Missouri require fingerprints?

A: No.

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