

National Association of Securities Dealers Conduct Rules 3010 and 3110

RULING: National Association of Securities Dealers Conduct Rules 3010 (Supervision) and 3110 (Books and Records)

NASD 3010: The NASD requires that member firms establish and maintain a system to "supervise" the activities of each registered representative, including transactions and correspondence with the public. In addition, NASD 3110 requires that member firms implement a retention program ("Books and Records") for all correspondence involving registered representatives. Our Redmap solutions assist in effectively minimizing this compliance risk.


Rule	Solution	Practical Application
<p>Rule 3010. Supervision (1) Review of Transactions and Correspondence [Written Approval]</p> <p>Supervision of Registered Representatives. Each member shall establish procedures for the review and endorsement by a registered principal in writing, on an internal record, of all transactions and for the review by a registered principal of [all] incoming and outgoing written and electronic correspondence of its registered representatives with the public relating to the investment banking or securities business of such member [pertaining to the solicitation or execution of any securities transactions]. Such procedures should be in writing and be designed to provide reasonable supervision of each registered representative.</p>	<p>Manage Archiving, Storage, Retrieval and Version Control</p>	<p>Audit trails are maintained for individual system users who have access to any CaptureMail system information through ManageSuite. This audit is completed for all indexed information in the system, and includes specific activity tracking and reporting for: Appending, Copying, Deleting, Editing, Emailing, Exporting, Forwarding, Indexing, Log-in, Moving and Searching. Audit information may be easily retrieved on an individual by activity classification. Audit searches may then be narrowed to within a specific date range, and also may be filtered by particular document description.</p>
<p>Evidence that these supervisory procedures have been implemented and carried out must be maintained and made available to the Association upon request.</p>	<p>Manage Audit Tracking and Reporting</p>	<p>Audit reports may be immediately produced on any individual for any number of selected activities and date ranges, or for all operations listed previously. ManageSuite audit reports may exported to a designated system, and/or sent to removable or fixed media. Audit reports may be produced in both HTML and text formats.</p>
<p>(2) Review of correspondence. Each member shall develop written procedures that are appropriate to its business, size, structure, and customers for the review of incoming and outgoing written and electronic correspondence with the public relating to its investment banking or securities business. Where</p>	<p>Manage Archiving, Access and Version Control</p>	<p>ManageSuite provides that all documents, graphic images, audio files and email message information (including attachments) are indexed to any defined association (user, client, code, etc) in the system, or through association with integrated databases. Indexing parameters may also be configured to identify and search by specific document types. ManageSuite solutions and may be specifically configured to meet an</p>



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<p>such procedures for the review of correspondence do not require pre-use review of all correspondence, they must include provision for the education and training of associated persons as to the firm's procedures for governing correspondence; documentation of such education and training; and surveillance and follow-up to ensure that such procedures are implemented and adhered to.</p>		<p>organization's procedural guidelines for the review of archived information. To ensure further security, document revision/version control is maintained, while all information is time-stamped as indexed. The data may be stored on at any designated on or off-line location. Data may also be stored on separate media. The system retains meta-tag identification of the indexed information. Once queried for information stored elsewhere, the system will immediately prompt loading of the specific CD/DVD and/or drive where the actual information resides. Indexed documents/attachments may be immediately</p>
<p>3) Retention of correspondence. Each member shall retain correspondence of registered representatives relating to its investment banking or securities business in accordance with Rule 3110 ("Books and Records"). The names of the persons who prepared outgoing correspondence and who reviewed the correspondence shall be ascertainable from the retained records and the retained records shall be readily available to the Association, upon request.</p>	<p>Manage Immediate Retrieval</p>	<p>Find it Fast: Indexed information may be retrieved immediately via user-configurable parameters at the ManageSuite administration level. These definable fields may be based upon any number of parameters (user/user ID, specific codes etc.), with field associated with integrated databases. Using unique intelligent content summary engine, the content of emails and their attachments may be immediately located based on plain English query. Through a secure password and the Internet/Intranet, this information can be stored and retrieved anywhere in the world, anytime of the day. Manage Suite's Circulate feature allows for the copying of selected indexed information to CD/DVD, embedding a viewer directly to the media. With this embedded viewer, Manage search and view functionality is achieved via inquirer's CD/DVD drive alone (without the need to load any additional application) .</p>
<p>Rule 3110. Books and Records (a) Requirements Each member shall make [keep] and preserve books, accounts, records, memoranda, and correspondence in conformity with all applicable laws, rules, regulations, and statements of policy promulgated thereunder and with the Rules of this Association and as prescribed by Rule 17a-3. The record keeping format, medium, and retention period shall comply with Rule 17a-4 under the Securities Exchange Act of 1934.</p>	<p>Manage Archiving and Storage</p>	<p>ManageSuite provides that all documents in any standard format, i.e.; graphic images, faxes, audio files, email message information (including attachments) MS Office etc., are securely archived in original format in on and off-site storage locations and/or standard CD/DVD media. ManageSuite archiving is configurable to specifically conform with an organization's document retention policies, plans and procedures.</p>
<p>(h) Order Audit Trail System Recordkeeping Requirements</p>	<p>Manage Immediate Retrieval</p>	<p>ManageSuite provides that all documents in any format including emails and attachments, are securely indexed to any</p>

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<p>(1) Each member that is a Reporting Member, as that term is defined in Rule 6951(n), shall record and maintain, with respect to each order, as that term is defined in Rule 6951(j), for such security that is received or executed at its trading department:</p> <p>(A) an identification of each registered person who receives the order directly from a customer;</p> <p>(B) an identification of each registered person who executes the order; and</p> <p>(C) when an order is originated by the member and transmitted manually to another department, an identification of the department that originated the order.</p>		<p>administrator-defined association. Index operation may be configured to conform with specific procedural guidelines for access and review of information. For example, users may be required to index activities on a "transaction basis," identifying any number of pre-defined associations (user, client, executor department etc).</p> <p>Audit tracking is completed for all indexed information in the system, and includes specific activity tracking and reporting for: Appending, Copying, Deleting, Editing, Emailing, Exporting, Forwarding, Indexing, Log-in, Moving and Searching. Audit information may then be easily retrieved on an individual by activity classification.</p>
<p>(2) Each Reporting Member shall maintain and preserve records of the information required to be recorded under paragraph (h)(1) of this Rule for the period of time and accessibility specified in SEC Rule 17a-4(b).</p> <p>(3) The records required to be maintained and preserved under paragraph (h)(1) +A5of this Rule may be immediately produced or reproduced on micrographic media@ as defined in SEC Rule 17a-4(f)(1)(i) or by means of electronic storage media@ as defined in SEC Rule 17a-4(f)(1)(ii) that meet the conditions set forth in SEC Rule 17a-4(f) and be maintained and preserved for the required time in that form.</p>	<p>Manage Archiving and Storage</p>	<p>ManageSuite solutions provide that all documents in any standard format, i.e.; graphic images, faxes, audio files, email message information (including attachments) MS Office etc., are securely archived in original format in on and off-site storage locations and/or standard CD/DVD media.</p> <p>ManageSuite archiving is configurable to conform with an organization's specific document retention policies, plans and procedures. Archiving may be achieved for an organization's past and present store of document and email transaction information enterprise-wide.</p> <div style="text-align: right;">  </div>

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