

We believe that the Proposed Rule is overly broad, poorly defined, and imposes requirements that are unnecessary to achieve FINRA's stated objectives. More specifically, we believe that the covered functions described in the Proposed Rule are too broad and poorly defined. In addition we believe that the covered functions listed in the Proposed Rule do not clearly address functions shared by fully disclosed introducing broker-dealer firms and their chosen clearing partner(s). Finally, we believe that the implementation period of six- to nine- months is too short and unworkable

Testing Component is Unnecessary – FINRA can achieve the end result of tracking individuals who supervise, manage, and have discretion to commit the capital of firms via registration and continuing education. FINRA has indicated that the examination contemplated for Operations Professional is not intended to be a competency exam. As a result, the exam requirement does not appear to serve an essential function and, therefore, should not be required. Alternatively, if it is determined that an exam is desirable, there should be a grandfathering provision for individuals who have worked in operations areas prior to the implementation of the testing requirement similar to the grandfathering provisions for CCOs laid out in Regulatory Notice 09-70.

• Covered Functions Too Broad and Unclear – The covered functions appear to sweep in too many individuals at a firm and are not tailored to meet the objective of the rule proposal. Additionally, some of the covered functions should be clearly defined in an effort to avoid ambiguity in application of the Proposed Rule. Specifically, we believe there would be greater clarity in the Proposed Rules if FINRA were to define each of the items listed in the covered functions in more detail and with greater specificity. For example, we are unclear where to start and stop when applying the covered function of “[c]apturing of business requirements for sales and trading systems and any other systems related to the covered functions, and validation that these systems meet such business requirements.” Who is this covered function targeted to capture? We are not clear if this applies to individuals who enter suitability information into systems (“[c]apturing of business requirements for sales”) or if it applies more generally to all data entry positions. Further, we are also unclear on the application of the covered function of, “[w]ith respect to the covered functions, defining and approving business security requirements and policies for information technology (including, but not limited to, systems and data).” We would like clarification on: if this applies to individuals who communicate information to technology individuals on the scope and requirements of a system, if it applies to the individuals who develop the information technology systems, or if there is another interpretation that FINRA has in mind.

• Define “Approving or Authorizing Work” – With respect to a “covered person,” we believe the Proposed Rule would be improved by clearly defining what it means to “approve or authorize work in furtherance of the covered functions.” We believe this language could be subject to a variety of interpretations and, therefore, would benefit from a clear definition contained within the Proposed Rule.

• Shared Functions – Many independent broker-dealers (IBDs) operate as fully disclosed introducing broker-dealer firms. These firms often share responsibility for operational business functions with their clearing firm(s). For example, from the list of fifteen covered functions, we believe that the following items may be “shared functions”: margin; prime brokerage; collection, maintenance, reinvestment

(i.e., sweeps), and disbursement of funds; bank, custody, depository and firm account management and reconciliation. In these situations, we believe it will prove even more difficult for IBD firms to determine which operations personnel have to register and take the operations examination.

• **Implementation Period Too Short** – We believe that six- to nine- months is not enough time to comply with the requirements of the Proposed Rule. Firms will have to go through the following exercise in order to meet the deadline: 1) identify who is impacted by this rule proposal; 2) provide notice to the individuals impacted; 3) study and prepare for the examination (including a exam preparation class if they feel necessary); 4) sit for the test; 5) re-test if necessary; and 6) possibly re-test again.

Thank you,

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