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VIA ELECTRONIC MAIL

July 7, 2010

Marcia E. Asquith
Senior Vice President and Corporate Secretary
1735 K Street, NW
Washington DC 20006-1500

RE: Regulatory Notice 10-25 – FINRA’s Proposed Rule Governing Registration, Qualification Examination, and Continuing Education Requirements for Operations Professionals

Dear Ms. Asquith,

MWA Financial Services, Inc. is a wholly owned broker/dealer by an insurance company. Our business mix is simple, consisting of a proprietary variable annuity, non-proprietary variable annuities, mutual funds, and general securities products through a fully disclosed brokerage arrangement. We appreciate the opportunity to comment on the above proposed rule.

Purportedly, the proposed examination will be designed to ensure that individuals, who have back office responsibilities, have a broad understanding of basic broker-dealer business activities and other operations functions. This design, along with the regulations, supposedly will somehow, ensure that these covered individuals will understand and achieve investor protection and ensure market integrity. It is our contention that anyone working in such a position already possesses a broad understanding of the basic broker/dealer business and integrity to achieve investor protection and ensure market integrity.

We believe the testing is unnecessary. **NASD Rules 3010(a) and 3010(a)(6)** require that firms have a system in place that will identify individuals who supervise, manage, and have discretion to commit the capital of firms. Rule 3010(a)(6) does not state the person must be registered, just that, *“Reasonable efforts to determine that all supervisory personnel are qualified by virtue of experience or training to carry out their assigned responsibilities.”* FINRA has indicated that the examination contemplated for Operations Professionals is not intended to be a competency exam; however, FINRA believes that obtaining the proposed registration would reasonably assure that such covered individuals understand their professional responsibilities, including key regulatory and control themes, as well as the importance of identifying and escalating red flags that may harm a firm, its customers, the integrity of the marketplace, or the public. Passing a test cannot provide reasonable assurance of such understanding. Most securities exams and the study materials offered to pass those exams are just that, a means to pass the exam. The understanding of the regulatory responsibilities comes with training by those who supervise and experience on the job. As a result, the exam requirement does not appear to serve an essential function and 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.

We also feel the proposal covers too broad an area and will make it difficult to determine who would and who would not have to take the examination. It appears to sweep in too many individuals at a firm and is 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 needs to be greater clarity in the Proposed Rules, and each of the items listed in the covered functions needs to be specifically defined. For example, we are unclear where to start and stop when applying the covered function of "capturing 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 ("capturing 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 "with 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 may be applied.

Further, if indeed this Proposed Rule becomes effective, we believe that six to nine months is not enough time to comply with the requirements. In order to meet the deadline, firms will have to:

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; re-test if necessary; and possibly re-test again.

We believe that eighteen months would be a more adequate timeframe for the "covered persons" to obtain the proposed registration.

However, we strongly urge FINRA to re-evaluate the reasoning for the Proposed Rule. Has this sector of unregistered persons been a cause for concern? Shouldn't FINRA rely on and enforce the rules already in place? Will creating yet another registration truly provide better investor protection or produce integrity in back office personnel? We believe that simply passing a securities exam will not enhance the regulatory structure surrounding a firm's back-office operations.

We appreciate your consideration of our comments. I may be contacted at 309-558-3103.

Sincerely,



Pamela S. Fritz
Chief Compliance Officer