

## Operations Professional Qualification Examination

### Operations Professional Qualification Examination, Examination Fee and Initial Rollout Period

#### Executive Summary

This *Notice* provides member firms with information on the Operations Professional qualification examination, related examination fee and special procedures on the initial rollout of the examination. Candidates for the Operations Professional qualification examination will be able to schedule and take the examination beginning on October 17, 2011. The content outline for the examination is available on FINRA's [website](#).

Questions regarding this *Notice* should be directed to:

- ▶ Joe McDonald, Senior Director, Testing and Continuing Education Department, at (240) 386-5065; or
- ▶ Erika L. Lazar, Counsel, Office of General Counsel, at (202) 728-8013.

#### Background & Discussion

On June 16, 2011, the SEC approved FINRA Rule 1230(b)(6), which establishes a registration category<sup>1</sup> and qualification examination requirement for certain operations personnel (Operations Professionals).<sup>2</sup> The rule requires registration of certain individuals (covered persons) who are engaged in, responsible for or supervising certain member firm operations functions (covered functions) to enhance the regulatory structure surrounding these areas. See [Regulatory Notice 11-33](#) for detailed information on the Operations Professional registration category, including who must register, the qualification examination requirement, exceptions to the qualification examination requirement, implementation and registration procedures and continuing education requirements for Operations Professionals.

#### September 2011

##### Notice Type

- ▶ Guidance

##### Suggested Routing

- ▶ Compliance
- ▶ Legal
- ▶ Operations
- ▶ Registration
- ▶ Senior Management

##### Key Topics

- ▶ Operations Professionals
- ▶ Qualification Examinations
- ▶ Registration

##### Referenced Rules & Notices

- ▶ FINRA Rule 1230
- ▶ FINRA Rule 1250
- ▶ NASD Rule 1031
- ▶ NASD Rule 1070
- ▶ NASD Rule 1120
- ▶ Regulatory Notice 11-33

Subject to specified exceptions, FINRA Rule 1230(b)(6)(C) requires any person who must register as an Operations Professional to pass a new Operations Professional qualification examination (Series 99) before the registration may become effective.<sup>3</sup> The Series 99 examination program has been developed to provide reasonable assurance that covered persons 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, a customer, the integrity of the marketplace or the public.<sup>4</sup> The Series 99 examination will test applicants on general securities industry knowledge and its associated regulations and rules. The examination fee for the Series 99 examination is \$125.<sup>5</sup>

As detailed in [Regulatory Notice 11-33](#), FINRA Rule 1230(b)(6)(D)(i) sets forth an exception to the Series 99 qualification examination requirement for persons who currently hold certain registrations (each an eligible registration) or have held one during the two years immediately prior to registering as an Operations Professional. The exception also applies to persons who do not hold an eligible registration, but prefer an alternative to taking the Series 99 examination. Such persons may register in an eligible registration category (subject to passing the corresponding qualification examination or obtaining a waiver) and use the registration to qualify for Operations Professional registration.<sup>6</sup>

### Exam Content

The Series 99 examination consists of 100 multiple-choice questions.<sup>7</sup> Candidates will be allowed 150 minutes (two and one-half hours) to complete the examination. Candidates will receive an informational breakdown of their performance on each section of the examination, along with their overall score and pass/fail status at the completion of the testing session.

FINRA has published a [content outline](#) for the Series 99 examination. The content outline provides a comprehensive guide to the areas covered on the examination and is intended to familiarize candidates with the range of subjects covered by the examination. Firms may wish to use the content outline to structure or prepare training material, develop lecture notes and seminar programs, and as a training aide for the candidates. The content outline describes the following three major content areas comprising the examination: (1) Basic Knowledge Associated with the Securities Industry; (2) Basic Knowledge Associated with Broker-Dealer Operations; and (3) Professional Conduct and Ethical Considerations. The allocation of test questions for each major content area is listed in the table below.

#### Number of Questions by Major Content Area

Section	Major Content Area	Number of Questions
1	Basic Knowledge Associated with the Securities Industry	32
2	Basic Knowledge Associated with Broker-Dealer Operations	48
3	Professional Conduct and Ethical Considerations	20
	<b>Total</b>	<b>100</b>

FINRA will update, as needed, the content outline and questions used in the examination to reflect the most current interpretations of the relevant rules and regulations, changes in practices and/or the introduction of new products. Questions on new rules will be added to the pool of questions for this examination within a reasonable time period of the effective dates of those rules. Questions on rescinded rules will be deleted promptly from the pool of questions. Candidates will be asked rules-based questions pertaining only to rules that are effective at the time they take the exam.

The Series 99 examination is administered as a closed-book exam. The proctor will provide erasable note boards, dry erase markers and a basic electronic calculator to candidates. These items must be returned to the proctor at the end of the session.

The Series 99 examination will be administered at test centers operated by Pearson VUE and Prometric professional testing center networks. Appointments to take the examination may be scheduled through either network:

- ▶ **Pearson Professional Centers:** contact Pearson VUE Registration Center at (866) 396-6273 (toll free) or (952) 681-3873 (toll number) or go to [www.pearsonvue.com/finra](http://www.pearsonvue.com/finra).
- ▶ **Prometric Testing Centers:** contact Prometric's National Call Center at (800) 578-6273 (toll free) or go to [www.prometric.com/finra](http://www.prometric.com/finra) for Web-based scheduling.

### Initial 60-Day Rollout Period for the Series 99 Examination

Candidates will be able to schedule and take the Series 99 examination beginning on October 17, 2011. During the initial 60-day rollout period (October 17 through December 16, 2011), FINRA will assess the effectiveness of the new examination, in part, by evaluating how candidates perform. FINRA will not immediately release the results for any examination taken during this initial 60-day rollout period. Instead, FINRA will notify candidates who take the examination during this initial rollout period and their firms of test results (including an informational breakdown of their performance on each section of the examination, along with their overall score and pass/fail status) on or shortly after December 16, 2011, at which time the test results will be posted to the Central Registration Depository (CRD®).<sup>8</sup> Candidates who fail the Series 99 examination during the initial 60-day rollout period will be provided an opportunity to retake the examination at no additional cost once the test results are posted.

## Endnotes

1. The Web CRD registration position code for the Operations Professional registration category is "OS."
2. See Securities Exchange Act Release No. 64687 (June 16, 2011), 76 FR 36586 (June 22, 2011) (Order Approving Proposed Rule Change; File No. SR-FINRA-2011-013). In addition, effective October 17, 2011, NASD Rule 1120 (Continuing Education Requirements) has been adopted as FINRA Rule 1250 (Continuing Education Requirements) in the Consolidated FINRA Rulebook with certain changes, including a requirement that Operations Professionals be subject to both Regulatory Element and Firm Element Programs.
3. FINRA notes that NASD Rule 1070 (Qualification Examinations and Waiver of Requirements), as well as other applicable provisions regarding registration and qualification set forth in FINRA's rulebook, such as NASD Rule 1031(c) regarding requirements for examination on lapse of registration, applies to the Operations Professional qualification examination and registration category.
4. See Securities Exchange Act Release No. 65222 (August 30, 2011), 76 FR 55443 (September 7, 2011) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt the Selection Specifications and Study Outline for the Operations Professional ("Series 99") Examination Program; File No. SR-FINRA-2011-041).
5. See Securities Exchange Act Release No. 65221 (August 30, 2011), 76 FR 55441 (September 7, 2011) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fee for the Operations Professional Examination; File No. SR-FINRA-2011-042).
6. FINRA Rule 1230(b)(6)(D)(ii) provides that the staff may accept as an alternative to the Operations Professional qualification examination requirement any domestic or foreign qualification if it determines that acceptance of the alternative qualification is consistent with the purposes of the rule, the protection of investors and the public interest.
7. To ensure that new exam questions meet acceptable testing standards prior to use, each examination includes 10 additional, unidentified "pre-test" questions that do not contribute towards the candidate's score. The 10 pre-test questions are randomly distributed throughout the examination.
8. As noted above, candidates who take the examination after December 16, 2011, (*i.e.*, subsequent to the initial 60-day rollout period) will receive an informational breakdown of their performance on each section of the examination, along with their overall score and pass/fail status, at the completion of the testing session.