



SECURITIES, INC.
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VIA E-MAIL to pubcom@finra.org

July 12, 2010

Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

Re: Comment Letter on Regulatory Notice 10-25; Proposed Registration Category, Qualification Examination and Continuing Education Requirements for Operations Professionals

Dear Ms. Asquith:

NFP Securities, Inc. ("NFPSI") appreciates this opportunity to comment on the proposed regulations of the Financial Industry Regulatory Authority ("FINRA") in Regulatory Notice 10-25 to establish a registration category, qualification examination and continuing education requirements for certain operations personnel ("Proposed Rules"). As detailed further below, NFPSI believes that the Proposed Rules are overly broad, do not clearly define key concepts and terms and impose requirements that are unnecessary to achieve FINRA's stated objectives. In addition we believe that the covered functions listed in the Proposed Rules do not clearly address functions shared by fully disclosed introducing broker-dealer firms, like NFPSI, and their chosen clearing partner(s). Finally, we believe that the implementation period of six- to nine- months is too short and administratively unfeasible.

First, we believe that the testing component of the Proposed Rules is unnecessary. We believe 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. Since FINRA has indicated that the examination contemplated for Operations Professional is not intended to be a competency exam, 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 Chief Compliance Officers laid out in Regulatory Notice 09-70.

Second, we believe the covered functions are not tailored to meet the objective of the Proposed Rules and would capture too many unnecessary individuals. Additionally some of the covered functions should be clearly defined in an effort to avoid ambiguity in application of the Proposed Rules. 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



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greater specificity. For example, we are unclear to whom 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” applies. It is unclear whether this covered function 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 as to whether this language applies to individuals who communicate information to technology personnel on the scope and requirements of a system, if it applies to personnel who develop our information technology systems, or if there is another interpretation of this covered function.

Third, we believe the Proposed Rules should clearly define what it means to “approve or authorize work in furtherance of the covered functions” with respect to a “covered person.” We believe this language could be subject to a variety of interpretations and, therefore, would benefit from a clear definition contained within the Proposed Rules.

As an independent broker-dealer that operates as a fully disclosed introducing broker-dealer, NFPSI shares responsibility for operational business functions with our clearing firm(s). For example, from the list of fifteen covered functions, the following items are “shared functions”: margin; collection, maintenance, reinvestment (*i.e.*, sweeps), and disbursement of funds; bank, custody, depository and firm account management and reconciliation. As an introducing broker-dealer, NFPSI believes it will prove even more difficult to determine which operations personnel have to register and take the operations examination.

Finally, we believe that six- to nine- months is not enough time to comply with the requirements of the Proposed Rules. NFPSI will have to go through the following exercise in order to meet the deadline: 1) identify who is impacted by these Proposed Rules; 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. We believe that at least eighteen months would be needed to accomplish these objectives.

Sincerely,

NFP Securities, Inc.

David Horn

Vice President and Counsel