

Rockfleet Financial Services, Inc. 515 Madison Avenue, 27th Floor New York, NY 10022 (212) 888-1301 (main) (212) 572-9813 (facsimile) Catherine M. Corrigan catherine.corrigan@rockfleetfinancial.com

July 29, 2010

Ms. Marcia E. Asquith
Financial Industry Regulatory Authority
Senior Vice President and Corporate Secretary
1735 K Street, NW
Washington, DC 20006-1500
Via Email: pubcom@finra.org

Re: Regulatory Notice 10-25 – Registration and Qualification Requirements for Certain Operations Personnel

Dear Ms. Asquith:

1. Introduction

Rockfleet Financial Services, Inc. ("Rockfleet") agrees that individuals performing operational and related support functions play an integral role in the business of member firms and fundamentally supports the Financial Industry Regulatory Authority ("FINRA") proposal to require a qualification examination and continuing education requirements for appropriate operations and support personnel. Rockfleet appreciates the opportunity to provide its view. Although Rockfleet generally supports the concept behind the proposal, we believe it could be implemented with less disruption to the current environment while ultimately meeting FINRA's regulatory objectives. In particular, it is Rockfleet's opinion that:

- Clarification is required as to what "books and records" in proposed FINRA Rule 1230(b)(6)(B)(xv);
- As the proposed rule specifically applies to senior management, supervisors, management or other persons responsible for approving or authorizing work described in the "covered functions," it should therefore be a principal-level qualification exam with corresponding continuing education requirements;
- Existing qualification examinations Series 27 and Series 28 already test for the "covered functions," thereby rendering a new qualification examination unnecessary;
- The transition period will be shorter and the implementation date will be sooner if the existing qualification examinations are utilized; and,
- Product and market knowledge is essential for operations professionals, and should not be limited to just product specialists or representatives selling products to customers.

2. <u>Clarification of Posting of "Books and Records"</u>

The last covered function in proposed FINRA Rule 1230(b)(6)(B)(xv), "[p]osting entries to the books and records of a member in connection with the covered functions," could be clarified. A reference to SEC Rule 17a-3 and MSRB Rule G-8 would be helpful in providing clarification, if indeed that is what is intended by the phrase "books and records."

3. Principal-Level Qualification Examination and Continuing Education Requirement

The proposed rule, as written, specifically applies to senior management, supervisors, management or other persons responsible for approving or authorizing work described in the "covered functions." As these are supervisory obligations, the proposed rule should require a principal-level qualification examination and corresponding continuing education requirements. Instead, contrary to its customary practice, FINRA does not appear to be creating a principal-level exam, based upon the proposed name – "Operations Professional."

4. <u>Existing Financial Operations Principal Qualification Exam (Series 27) Tests "Covered Functions" Adequately</u>

"The Series 27 is designed to test a candidate's knowledge and understanding of financial responsibility rules and recordkeeping requirements." The Series 27 qualification examination, in fact, covers topics in addition to "books and records" and adequately addresses "covered functions" of the proposed Rule:

- Keeping and Preservation of Records and Broker-Dealer Financial Reporting Requirements;
- Net Capital Requirements;
- Customer Protection:
- Municipal Securities Rulemaking Board Regulations;
- Federal Reserve Board Regulations;
- Uniform Practice Rules; and,
- Other Relevant Regulations and Interpretations.

5. New Qualification Examination Requirement is Not Necessary

If a) the proposed rule applies to senior management, supervisors, management or other persons responsible for approving or authorizing work described in "covered functions"; and, b) these "covered functions" are covered by the Series 27 qualification examination, then there is no need to create a new qualification examination.

¹ Source: FINRA.

6. <u>Transition Period and Implementation Date</u>

The Proposal contemplates a transition period of between six to nine months after the rules become effective. If there is a new qualification examination, test preparation courses likely will be unavailable, or if available, will not be well refined. Utilizing the existing Series 27 qualification examination mitigates this issue.

7. <u>Essential Product and Market Knowledge for an Operations</u> Professional

We fundamentally disagree with the statement, "The Operations Professional would not be expected to know the same level of detail about the products and markets as a product specialist or a representative selling products to customers." If this qualification examination is to apply to individuals responsible for supervising the "covered functions" included in the proposed rule, it is imperative that they know the products and markets. If the individuals responsible for supervising the "covered functions" - (i) Development and approval of pricing models used for valuations; (ii) Trade confirmation, account statements, settlement, margin; (iii) Stock loan/securities lending; (iv) Prime brokerage (services to other broker-dealers and financial institutions); (v) Client on-boarding (customer account data and document maintenance); (vi) 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; (vii) 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); (viii) Defining information entitlement policy in connection with the covered functions; (ix) Financial Controller (including general ledger); (x) Collection, maintenance, re-investment (i.e., sweeps) and disbursement of funds; (xi) Bank, custody, depository and firm account management and reconciliation; (xii) Segregation, possession and control, fail control, buy ins; (xiii) Receipt and delivery of securities and funds, account transfers; (xiv) Financial regulatory reporting; and (xv) Posting entries to the books and records of a member in connection with the covered functions – don't need to know about the firm's products and markets, then who is ultimately responsible for ensuring these important areas are functioning properly?

8. <u>Utilization of Resources</u>

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In summary, there is an existing qualification examination that adequately meets FINRA's ultimate regulatory objectives. To allocate resources to the creation of a new qualification examination would be unnecessary and an inefficient use of FINRA member firms' fees.

Respectfully,

Catherine M. Corrigan President & CEO