

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) the selection specifications and content outline for the Operations Professional (“Series 99”) examination program.²

The Series 99 examination program is proposed in connection with FINRA Rule 1230(b)(6), a new representative registration category and qualification examination requirement for certain operations personnel. FINRA is not proposing any textual changes to its By-Laws, Schedules to the By-Laws or rules.

A description of the Series 99 examination is included in the attached content outline. Additional information on the examination is included in the Series 99 selection specifications, which FINRA has submitted under separate cover with a request for confidential treatment to the Commission’s Secretary pursuant to Rule 24b-2 under the Act.³

(b) Not applicable.

(c) Not applicable.

¹ 15 U.S.C. 78s(b)(1).

² Based upon instruction from the Commission staff, FINRA is submitting SR-FINRA-2011-041 for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder, and is not filing the question bank for Commission review. See Letter from Belinda Blaine, Associate Director, Division of Market Regulation, SEC, to Alden S. Adkins, Senior Vice President and General Counsel, NASD Regulation, dated July 24, 2000. The question bank is available for Commission review.

³ 17 CFR 240.24b-2.

2. Procedures of the Self-Regulatory Organization

At its meeting on April 14, 2010, the FINRA Board of Governors authorized the filing of the proposed rule change with the SEC. No other action by FINRA is necessary for the filing of the proposed rule change.

FINRA has filed the proposed rule change for immediate effectiveness.

The implementation date of the proposed rule change and corresponding FINRA Rule 1230(b)(6) will be October 17, 2011.⁴

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

On June 16, 2011, the Commission approved FINRA Rule 1230(b)(6), which establishes a registration category and qualification examination requirement for certain operations personnel – Operations Professionals.⁵ FINRA is expanding its registration provisions to require registration of certain individuals (“covered persons”) who are engaged in, responsible for or supervising certain member operations functions (“covered functions”) to enhance the regulatory structure surrounding these areas.⁶ FINRA Rule 1230(b)(6) is intended, among other things, to increase covered persons’ awareness and

⁴ See Regulatory Notice 11-33 (July 2011).

⁵ See Securities Exchange Act Release No. 64687 (June 16, 2011), 76 FR 36586 (June 22, 2011) (Order Approving File No. SR-FINRA-2011-013). In addition to adopting FINRA Rule 1230(b)(6), the rule change adopted NASD Rule 1120 (Continuing Education Requirements) as new FINRA Rule 1250 (Continuing Education Requirements) with certain changes, including expanding the scope of “covered registered persons” subject to the Firm Element to include persons registered as Operations Professionals. See Regulatory Notice 11-33 (July 2011).

⁶ See Regulatory Notice 11-33 (July 2011) for information regarding the implementation period for Operations Professionals subject to FINRA Rule 1230(b)(6).

knowledge that they are operating in a regulated environment designed to protect investors' interests and the integrity of the operations of a broker-dealer.

Pursuant to Section 15A(g)(3)(B) of the Act,⁷ FINRA is authorized to prescribe standards of training, experience, and competence for persons associated with FINRA members. 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, its customers, the integrity of the marketplace or the public. The examination will test applicants on general securities industry knowledge and its associated regulations and rules.⁸

The Series 99 examination consists of 100 multiple-choice questions.⁹ Candidates will be allowed 150 minutes to complete the examination. Candidates will receive an informational breakdown of their performance on each section of the

⁷ 15 U.S.C. 78q-3(g)(3)(B).

⁸ FINRA Rule 1230(b)(6)(D) sets forth an exception to the Operations Professional 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 Operations Professional examination. Such persons may register in an eligible registration category (subject to passing the corresponding qualification examination or obtaining a waiver) and use such registration to qualify for Operations Professional registration.

⁹ 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.

examination, along with their overall score and pass/fail status at the completion of the testing session.¹⁰

A content outline has been prepared to assist member firms in preparing candidates for the Series 99 examination and is available at www.finra.org/brokerqualifications/registeredrep. The content outline describes the following three topical sections comprising the examination: (1) Basic Knowledge Associated with the Securities Industry (32 questions); (2) Basic Knowledge Associated with Broker-Dealer Operations (48 questions); and (3) Professional Conduct and Ethical Considerations (20 questions).

The selection specifications for the Series 99 examination, which FINRA has submitted under separate cover with a request for confidential treatment to the Commission's Secretary pursuant to Rule 24b-2 under the Act,¹¹ describe additional confidential information regarding the examination.

¹⁰ Candidates for the Series 99 examination will be able to schedule and take the examination starting on October 17, 2011. Because this is a new examination for a new registration category, FINRA will be assessing the effectiveness of the examination by, in part, evaluating the candidates' performance during the first 60 days of the administration of the examination. Therefore, candidates who take the examination within the first 60 days (between October 17, 2011 and December 16, 2011) will not receive their test results on the day that they take the examination. Instead, such candidates' firms will be notified of test results (*i.e.*, the candidate's score and whether the candidate has passed or failed the examination) on or shortly after December 16, 2011. The test results will be posted to the Central Registration Depository system ("CRD[®] system") at that time. Candidates who fail the examination during the initial 60-day rollout will be provided an opportunity to retake the examination at no additional cost.

¹¹ 17 CFR 240.24b-2.

As noted in Item 2 of this filing, FINRA has filed the proposed rule change for immediate effectiveness. The implementation date of the proposed rule change and corresponding FINRA Rule 1230(b)(6) will be October 17, 2011.

(b) Statutory Basis

FINRA believes that the proposed Series 99 examination program is consistent with Section 15A(b)(6) of the Act,¹² which requires, among other things, that FINRA rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest and Section 15A(g)(3) of the Act,¹³ which authorizes FINRA to prescribe standards of training, experience, and competence for persons associated with FINRA members. FINRA believes the proposed rule change to expand FINRA's registration and qualification requirements to Operations Professionals will help ensure that investor protection mechanisms are in place in all areas of a member's business that could harm the member, a customer, the integrity of the marketplace or the public.

4. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

¹² 15 U.S.C. 78o-3(b)(6).

¹³ 15 U.S.C. 78o-3(g)(3).

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act¹⁴ and paragraph (f)(6) of Rule 19b-4 thereunder,¹⁵ in that the proposed rule change does not significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and does not become operative for 30 days after filing or such shorter time as the Commission may designate.

In accordance with Rule 19b-4(f)(6),¹⁶ FINRA submitted written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing, or such shorter time as the Commission may designate, as specified in Rule 19b-4(f)(6)(iii) under the Act.¹⁷

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Exhibits

Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(6).

¹⁶ 17 CFR 240.19b-4(f)(6).

¹⁷ 17 CFR 240.19b-4(f)(6)(iii).

Exhibit 3a. Content Outline for the Series 99 Examination.

Exhibit 3b. Selection Specifications for the Series 99 Examination. FINRA has requested confidential treatment for the Series 99 selection specifications, and thus the specifications are omitted from this filing. The Series 99 selection specifications have been filed separately with the Commission pursuant to Rule 24b-2 under the Act.¹⁸

Exhibit 3c. Letter from Belinda Blaine, Associate Director, Division of Market Regulation, SEC, to Alden S. Adkins, Senior Vice President and General Counsel, NASD Regulation, dated July 24, 2000.

¹⁸ 17 CFR 240.24b-2.