



George K. Baum & Company

INVESTMENT BANKERS SINCE 1928

March 21, 2014

Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 2006-1506

Re: Concept Proposal to Develop Comprehensive Automated Risk Data System (CARDS)

Dear Ms. Asquith:

On behalf of George K. Baum & Company (“GKB” or the “Firm”), we are pleased to submit this letter in response to the request for comments in FINRA Regulatory Notice 13-42 (the “Notice”). Please also note that our Firm is a member of both the Bond Dealers of America (“BDA”) and the Securities Industry and Financial Markets Association (“SIFMA”), and we support their comments on the issue as well.

Stated Examination Cost Benefits Not Realistically Attainable

To support its case for CARDS, FINRA postulates that with CARDS firms would not have to divert critical staff from primary responsibilities and devote significant efforts to comply with examination and special requests for individual data. We question whether that claim is accurate or can be substantiated. In our experience, any such assumption ignores the cost of developing and maintaining requisite databases for submission, not to mention the likely attendant expansion of inquiries from FINRA regarding the data submitted. The CARDS concept proposal also appears to be predicated, essentially, on an unsupported assumption that having detailed transaction data and account information on every retail investor in America will somehow reduce the cost, expense and time required to conduct examinations. We do not believe that this assumption is or can be supported by historical experience when the use of technology is expanded so greatly. Rather, we believe that instead of driving down costs and time spent with and by FINRA examiners, the proposed CARDS system will significantly increase the time, resources, and cost of complying with FINRA inquiries and examinations.

CARDS Would Create Essentially a ‘Big Brother’ Supervisory System

The thought that FINRA or any other supervisory agency (SEC, Comptroller of the Currency, etc.) would gather detailed transactional data and account information for every U.S. investor is, at best, a frightening intrusion of privacy and poses much larger questions about data security and the legality of collecting and storing personal financial information which need to be answered before proceeding. We believe that FINRA already has sufficient resources and means, under existing law, regulations and examination procedures, to obtain sufficient information of and from its member firms to determine appropriate risk areas to examine. While the Notice states that FINRA does not intend to supplant firms’ compliance and supervisory programs, under the CARDS proposal FINRA would essentially become a secondary supervisory system.

Higher Costs for Smaller Firms and Increased Costs for Investors

We believe that the costs associated with the CARDS proposal will fall more heavily on smaller firms because they do not have the support systems, personnel, expertise or financial resources to bear the increased costs of the proposed system. Each back office transaction processing system processes data in a different way that is unique to that system. Each system will need to reformat and manipulate that data into a format that is compatible with the yet undefined CARDS specifications. This will be a tremendous

Ms. Marcia E. Asquith

March 21, 2014

Page 2 of 2

undertaking for our Service Bureau and will likely require major rewrites of existing systems. It will most likely require us to also develop systems on our own to add additional required data that is not inherently stored in our back office transaction processing system. The cost associated with this will be passed on to firms by the Service Bureaus. This cost, plus the firm's in-house development costs, has the potential to be staggering. This proposal should also be viewed in the context of other costly initiatives which the industry and regulators are currently contemplating such as moving to T+1 settlement.

Firms will incur a major cost for the development CARDS that will not be offset by any additional revenue. Indeed, if implemented as currently proposed, CARDS will, as most all new extensive and costly regulations do, continue to force consolidation in a market which has already lost 582 broker dealers over the past 5 years, and will likely cause increased costs for retail investor customers.

Conclusion

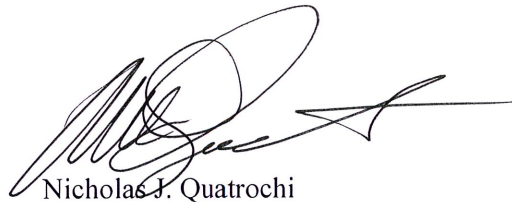
While we understand and appreciate the need for a robust examination and surveillance program to ensure investors are protected, we believe that the CARDS proposal is overly intrusive, ripe for data breaches, and will be massively expensive and difficult to implement, particularly for smaller firms. Further, the CARDS proposal promises unsubstantiated and unrealistic purported cost savings and efficiencies relative to the attendant exponential increase in costs it would impose on all firms, and on smaller firms in particular.

Thank you in advance for your attention to our concerns and comments.

Sincerely,



Dana L. Bjornson
EVP – CFO & CCO



Nicholas J. Quatrochi
EVP – Operations & IT