March 21, 2014

Via email to pubcom@finra.org

Marcia E. Asquith
Office of the Corporate Secretary
Financial Industry Regulatory Authority
1735 K Street, N.W.
Washington, D.C. 20006-1506

Re: FINRA Regulatory Notice 13-42: Concept Proposal to Develop the Comprehensive Automated Risk Data System ("CARDS")

Dear Ms. Asquith:

Fidelity Investments[1] ("Fidelity") appreciates the opportunity to comment on the Financial Industry Regulatory Authority's ("FINRA") Regulatory Notice 13-42 (the "Concept Proposal" or the "Proposal").[2,3] The Concept Proposal seeks comment, at a preliminary stage, on the development of a rule-based program that would allow FINRA to collect, on a standardized, automated and regular basis, customer account information, account activity and security identification information that a firm maintains as part of its books and records. FINRA intends to analyze the information provided through CARDS for potential red flags sales practice misconduct or potential business conduct issues as well as to benchmark individual firms against industry norms. Over time, FINRA believes that CARDS will reduce FINRA requests for data from member firms and the amount of time FINRA spends on site to complete a regulatory examination.

Fidelity submits this letter on behalf of National Financial Services LLC ("NFS"), an SEC registered clearing firm and FINRA member, and its affiliate, Fidelity Brokerage Services LLC ("FBS"), an SEC registered introducing retail broker-dealer and FINRA member. Fidelity is well situated to provide comments on the Proposal because NFS is one of two clearing firms that has, and continues to, provide certain information, pursuant to a voluntary FINRA request in 2013 and 2014, to allow FINRA to test the feasibility of an automated data acquisition program (referenced in the Proposal as the "clearing firm proof of concept"). Moreover, Fidelity's

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[1] Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing and many other, financial products and services to more than 20 million individuals and institutions, as well as through 5,000 financial intermediary firms. Fidelity generally agrees with the views expressed by the Securities Industry and Financial Markets Association ("SIFMA") and the Financial Industry Forum ("FIF") in their comment letters to FINRA. We submit this letter to supplement the SIFMA and FIF letters on specific issues.

[2] *See* FINRA Regulatory Notice 13-42; *Comprehensive Automated Risk Data System* (December 2013). *Available at*: http://www.finra.org/web/groups/industry/@ip/@reg/@notice/documents/notices/p413652.pdf

[3] *See FINRA Update Regarding Regulatory Notice 13-42* (March 4, 2013). *Available at*: http://www.finra.org/Industry/Regulation/Notices/2013/P451243

comments reflect the views of both a clearing firm and an introducing broker-dealer that will be affected by the Proposal.

Fidelity appreciates the deliberative approach FINRA has taken with respect to CARDS. We believe that a Concept Proposal is a helpful way to gather public comment prior to the rulemaking process. Going forward, we encourage FINRA to continue to consult with different types of impacted member firms (*i.e.* small, medium and large sized firms, as well as both clearing firms and introducing firms) in the development of CARDS.

With respect to FINRA's stated goals for CARDS in the Proposal, we support FINRA's use of technology to protect retail investors from sales practice abuses more efficiently and effectively and to ensure market integrity. We also support FINRA's efforts to consolidate and streamline the data submission process for FINRA examinations. However, we question whether CARDS, as currently described, will be able to accomplish these goals. We are concerned that the Proposal does not contain enough detail for member firms to evaluate the complexity and costs of CARDS implementation. We continue to have significant concerns regarding the security of customer data submitted to FINRA under CARDS. Moreover, we have concerns regarding the proposed structure of CARDS and its implementation. Our comments on the Concept Proposal are summarized as follows:

- FINRA should provide greater clarity on the purpose, use, scope and frequency of CARDS data to allow member firms to fully comment on the Proposal and suggest reasonable alternatives;

- Although FINRA has recently indicated that it will no longer require information that would identify to FINRA the individual account owner, FINRA should continue to address concerns regarding the security of customer financial data transmitted to FINRA;

- FINRA should provide introducing broker-dealers flexibility in how they transmit CARDS data to FINRA and explicitly state that CARDS will not alter existing legal and regulatory responsibilities as allocated between clearing firms and introducing firms; and

- FINRA should submit CARDS, and any new broker-dealer records required to be retained under CARDS, through the self-regulatory organization ("SRO") rulemaking process and conduct a thorough economic impact assessment of CARDS.

Each of these comments is discussed in more detail below.

Purpose, use, scope and frequency of CARDS data

The Proposal's data specifications include certain broad categories of customer information to be submitted to FINRA, including account information, account activity

information and security identification information. FINRA notes that it believes it would use the information to help identify such sales practice abuses as churning, excessive commissions, pump and dump schemes, markups and mutual fund switching.[4] FINRA also notes that access to more comprehensive customer account data would allow it to better analyze customer dealing information on an individual firm basis, compare one firm's customer dealing activities against its peers', and understand industry wide patterns and trends.[5]

Based on these two FINRA statements, it is not clear to us how FINRA intends to use CARDS data. Will FINRA use CARDS as an account level surveillance system over broker-dealers? Is CARDS intended to help FINRA examiners identify trends and patterns across firms to better inform their exam process? Or, does FINRA intend to use CARDS data in both ways? This question is important because without fully understanding what FINRA wants to build, member firms are limited in their ability to provide relevant feedback on the Proposal and to propose reasonable alternatives. For example, if FINRA intends to use CARDS to improve FINRA's exam process by observing trends in the market over a period of time, FINRA likely will not need member firms to submit CARDS data on a nightly basis as currently proposed. In contrast, if FINRA intends to use CARDS as an account level surveillance system overlaid on broker-dealers, the submission of comprehensive customer account level information on a nightly basis may be more important to the proper functioning of CARDS.

We believe that if FINRA proceeds with CARDS, it should use CARDS to improve its exam process by observing trends in the market over a period of time, rather than as an account level surveillance system over broker-dealers. The securities laws and extensive FINRA rules are centered on an obligation for firms to supervise their own operations. We believe that if FINRA uses CARDS as an account level surveillance system, it risks disrupting individual firm supervisory efforts, and diverting compliance officer attention, to the detriment of the firm and its customers.

In short, because it is not yet clear what FINRA is proposing to develop and build, it is difficult to comment fully on the Proposal and propose reasonable alternatives at this juncture. Going forward, we urge FINRA to provide the industry greater clarity on how it intends to use CARDS so that the industry may better work with FINRA on the proper development of this program.

Security of customer information transmitted

FINRA has proposed CARDS during a time of numerous information security breaches at several well-known organizations. Moreover, in light of the Snowden and Manning revelations, it is clear that information security is not just an issue for the private sector, but also

[4]Proposal at page 2.
[5]Proposal at page 4.

for the federal government and SROs as well. Although FINRA collects some customer data today from broker-dealers, we are deeply concerned that the vast amount of brokerage customer financial information sought to be collected under the Proposal will make FINRA a heightened target of information security attacks and/or breaches.

FINRA has recently modified the Proposal to "not require the submission of information that would identify to FINRA the individual account owner, particularly, account name, account address or tax identification number."[6] We fully support FINRA's decision to eliminate personally identifiable information from the Proposal. However, even with this limitation, CARDS will still be, as its name suggests, a comprehensive repository of financial information *for over one hundred million brokerage accounts*.[7] We believe that FINRA should consider carefully which data elements specific to individual brokerage customers are necessary to meet the goals of CARDS, because even without personally identifiable information, there are significant risks if CARDS becomes a virtual blueprint of the financial lives of many Americans.

CARDS presents an opportunity for FINRA to re-examine its existing data security policies to ensure that broker-dealer customer financial information submitted to FINRA is well protected. We believe that any data submitted to FINRA, regardless of whether it is personally identifiable, should be subject to strict physical, electronic and procedural controls. These controls should be regularly reviewed to respond to changing requirements and advancements in technology. Access to customer information should be restricted to those FINRA personnel who require it to do their job ("need to know only") and such personnel should be subject to heightened background checks. Brokerage customer data should be retained in a secure format at FINRA and only for the minimum time period necessary. That is, we believe that the longer that customer financial data is held at FINRA, the greater the risk of inadvertent disclosure.

Moreover, today, many broker-dealers use third-party vendor platforms, or otherwise share customer information with third party vendors, who provide services to customer accounts at the broker-dealer's direction. Broker-dealers routinely require these third-party vendors to demonstrate the precautions taken to maintain the safety of the customer information the broker-dealer has entrusted in the third-party vendor. For example, broker-dealers may require, among other items, that a vendor allow the broker-dealer to undertake a detailed examination of the vendor's security protocol, inspect the vendor's processes, allow access to control logs, and demonstrate appropriate firewalls. Broker-dealers may also require the third-party vendor to provide an independent assessment of an operation's internal controls and security protocols via a SSAE 16 Report. We believe that FINRA should consider these current service industry

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[6] *See infra* at Footnote 3.

[7] As of the end of 2009, FINRA member broker-dealers had over 109 million retail and institutional accounts. Source: *SEC Staff Study on Investment Advisers and Broker-Dealers, As Required by Section 913 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.* (January 2011) at page iii. *Available at*: https://www.sec.gov/news/studies/2011/913studyfinal.pdf

information security standards as it develops security protocols for CARDS data and apply the same standards it imposes on its members, to itself.[8]

FINRA should also clearly articulate its data breach response plan. Depending on the information ultimately requested under CARDS, introducing broker-dealers and/or clearing firms may have independent contractual notice obligations for a data security breach occurring at FINRA. These responsibilities, as well as potentially significant liabilities stemming from a breach, add to our concerns regarding the privacy and information security of data transmitted to FINRA pursuant to CARDS.

Data transmission and Existing legal responsibilities

Under the Proposal, although clearing firms would not be responsible for ensuring the accuracy or completeness of information provided to them by introducing firms for submission to FINRA,[9] clearing firms would be required to receive and transmit this information from their platform. We believe this proposed process is inconsistent with existing regulatory reporting regimes that allow other entities, such as third parties, to handle reporting on a member's behalf. For example, FINRA's Order Audit Trail System ("OATS") requires certain member firms that receive or originate an order to report to FINRA specific data elements related to the handling or execution of those orders. Under OATS, the member can report this order information directly to FINRA or, in the alternative, the member can enter into a written arrangement with a third-party pursuant to which the third-party agrees to report this order information to FINRA on the member's behalf. We believe that FINRA should take a similar approach to CARDS and permit introducing firms to either enter into a written arrangement with a third-party, which could include a clearing firm, to report CARDS information to FINRA or, in the alternative, submit CARDS data directly to FINRA. We believe that these alternative approaches will allow introducing broker-dealers' flexibility in how they choose to discharge their CARDS responsibilities.

The proposed structure of CARDS also has the potential unintended consequence to alter long standing divisions of allocated responsibilities between introducing broker-dealers and clearing firms. FINRA Rule 4311 (and its predecessors NYSE 382 and NASD 3230) mandates the allocation of certain, specific responsibilities between a clearing firm and introducing broker-dealer be set forth in a Fully Disclosed Clearing Agreement ("FDCA"). In the FDCA, under brokerage industry standards, all customer-facing or "front office" responsibilities are allocated exclusively to the introducing broker-dealer. These responsibilities include, but are not limited to, account opening, due diligence, suitability and supervision of accounts, account activity, and

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[8] *See* FINRA *2014 Regulatory and Examination Priorities Letter* which identifies member firm cybersecurity as a priority for FINRA in 2014 given the ongoing cybersecurity issues reported across the financial services industry. A*vailable at*: http://www.finra.org/web/groups/industry/@ip/@reg/@guide/documents/industry/p419710.pdf

[9] Proposal at page 5.

registered representatives. Because the relevant front office duties are formally allocated to the introducing broker-dealer and confirmed in a written agreement, which is approved by FINRA, the clearing firm is "relieved" of those duties.[10] Clearing firms adhere to this allocation of responsibilities very strictly to ensure that the clearing firm does not become responsible or liable for the malfeasance and/or omissions of an introducing broker-dealer.

By inserting the clearing firm in the middle of this process, to relay CARDS data from the introducing broker-dealer to FINRA, we are concerned that this existing, clearly established division of responsibility between clearing firms and introducing broker-dealers will be diminished. As a conduit for introducing broker-dealer information sent to FINRA, we are concerned that a clearing firm may be held liable for review of this data, which is contrary to established divisions of responsibility between clearing firms and introducing broker-dealers. We believe that FINRA should clearly articulate in any future rulemaking on CARDS, that simply because a clearing firm provides introducing broker-dealer customer data to FINRA, the clearing firm is not responsible for the review or, as the Proposal states, the accuracy of such data. Similarly, FINRA should clearly state that a clearing firm is not required to retain information that it obtains from introducing broker-dealers, to submit to FINRA. We believe that these actions are necessary in order to maintain the traditional, and limited, specialized role of clearing firms.[11]

SRO rulemaking process and Economic assessment

Seemingly operational changes required by market venues and SROs can often have a significant effect on a broker-dealer's business. The implementation of these operational changes often requires a very significant investment of technology dollars and human capital. Moreover, these changes are often subject to short implementation time periods that do not present an opportunity for a discussion of issues and concerns and can potentially expose the markets and investors to unnecessary risk.

We believe that significant regulatory proposals that may appear as operational changes, such as initial and subsequent versions of CARDS as well as any new books and records required to be retained pursuant to CARDS, should be submitted through the rigors of the established process outlined in Section 19(b) of the Securities Exchange Act of 1934 for SRO rulemaking.[12] We believe that this formal rulemaking process will allow the industry to openly discuss CARDS

[10] NYSE Information Memo 82-18 (March 5, 1982).

[11] We further believe that FINRA should permit clearing firms to enter into a separate contract or letter of understanding with introducing broker-dealers related to, among other items, CARDS roles, responsibilities, and service level agreements. Such an allocation of responsibilities would be consistent with FINRA Rule 4311.

[12] Section 19(b) provides that "each self-regulatory organization shall file with the Commission…copies of any proposed rule change" and that "no proposed rule change shall take effect unless approved by the Commission" unless an exception applies. We do not believe that any exception outlined in Section 19(b) would apply to CARDS or new books and records required to be retained pursuant to CARDS.

and CARDS requested data elements with FINRA and/or offer reasonable alternatives for data elements that are difficult for firms to obtain. The transparency of the SRO rulemaking process will allow customers of broker-dealers to understand what information concerning their brokerage accounts will be transmitted to FINRA and allow them to comment on the use of, and safeguards for, this information. Moreover, from an SEC perspective, given the likely overlap of the SEC's Consolidated Audit Trail ("CAT") with CARDS, the SRO rulemaking process will allow SEC staff to observe potential synergies between the two regulatory efforts. To minimize the dual collection of sensitive customer data and recognize efficiencies in human and financial resources to design, develop, implement and support these two regulatory platforms, we believe that the SEC, FINRA, and other SROs developing CAT should coordinate on the implementation of the two platforms or, at the very least, that FINRA should delay the implementation of CARDS until CAT is fully functional.

As part of the rulemaking process, we believe that FINRA should conduct a robust economic assessment of the costs of CARDS to broker-dealers individually and to the brokerage industry as a whole. In 2013, FINRA issued a *Framework Regarding FINRA's Approach to Economic Impact Assessment for Proposed Rulemaking*[13] to help ensure that FINRA rules were better designed to protect the investing public and maintain market integrity while minimizing unnecessary burdens. We view CARDS as a significant new rule proposal that requires such an economic impact assessment. As part of this review, we believe that FINRA should address, among other questions, the objective of CARDS and the anticipated impacts associated with CARDS, including the costs and benefits and distributional impacts in particular as to efficiency, competition and capital formation. To assist FINRA in this assessment, we offer the following general comments which we would be pleased to discuss in greater detail.

The anticipated costs of CARDS

Today, broker-dealers already provide FINRA a considerable amount of customer information through different regulatory reporting obligations. FINRA notes in the Proposal that it is "committed to a thorough analysis of existing as well as any future reporting requirements, such as those that may be required by CAT, to eliminate duplication of reporting requirements as CARDS is implemented." We agree that before CARDS is implemented, FINRA should undertake a thorough analysis of existing data available to FINRA and tailor CARDS data requests to only those data elements not already available. The net effect of CARDS should be to supplement information already available to FINRA, not layer on new, overlapping reporting requirements. Similarly, we encourage FINRA to examine whether particular data elements it requires under CARDS might be better sourced from non-broker-dealer entities. For example, we believe that it will be more efficient for FINRA to develop its own security master files by

[13] *See Framework Regarding FINRA's Approach to Economic Impact Assessment for Proposed Rulemaking* (September 2013). *Available at*: http://www.finra.org/web/groups/industry/documents/industry/p346389.pdf

obtaining data from data vendors and proprietary systems (e.g. TRACE) rather than FINRA obtaining a data feed of this information from each CARDS contributor.

CARDS is expected to impose new and far reaching obligations on broker-dealers that will require a significant amount of technology and human resources to implement. CARDS will require clearing firms and introducing broker-dealers to produce and deliver to FINRA, on an automated basis, millions of records drawn from multiple distinct processing areas. The implementation costs of building new systems to capture this data will depend on the new data elements that FINRA ultimately requests as well as the format in which FINRA ultimately requests this data. However, as a baseline, we expect the costs to implement a full scale CARDS program to be significant for the reasons described below.

From a clearing firm perspective, many of the data elements that FINRA seeks in the Concept Proposal and clearing firm proof of concept may not be maintained on clearing firm platforms. Clearing firms have a limited and specialized role as a "back-office" provider of clearing and settlement services to introducing broker-dealers and clearing firm platforms are designed around the essential information needed to process, clear and settle securities transactions. If clearing firms are required to obtain significant amounts of new data on customers from introducing broker-dealers, clearing firms will spend significant time and resources to build structures necessary to acquire this customer data and maintain it on the clearing firm platform in a way that permits this data to be transmitted to FINRA.

Moreover, in addition to building systems to accommodate new fields of data to transmit to FINRA, clearing firms will also need to revisit, and likely revise, existing reporting services provided to introducing broker-dealers. These existing reports will need to be examined to conform to CARDS formats and to help ensure there are no gaps in the data. This work will entail, among other items, reviewing existing reports, identifying gaps, designing and developing systems changes, testing systems changes and communicating and implementing those changes.

From an introducing firm perspective, FINRA may request certain data elements for CARDS that are not currently required under existing SEC and FINRA books and records rules. It will be difficult, costly and in some cases conflict with existing regulatory requirements for introducing firms to obtain this information from all their customers. For example, if FINRA mandates a particular data element for CARDS which is not currently required, future rulemaking should evaluate whether the introducing broker-dealer will be required to acquire this new information for all of its customers. The significant manual and technology effort to obtain new data on existing customers, especially for large firms with millions of customers, should be evaluated against FINRA's need to obtain this data versus the use of reasonable alternatives.[14]

[14]For example, a FINRA request for an introducing broker-dealer to provide the home and cell phone numbers of all of its customers would be difficult and costly for firms to acquire and maintain versus the current industry standard of day time and evening telephone numbers.

Similarly, CARDS data requests should conform to existing regulatory requirements. For example, a CARDS requirement to submit suitability information for *all* customer accounts should take into consideration that introducing firms currently are only required to obtain this information in the discrete situation of making a securities recommendation to a customer. Thus, many introducing firms may not have suitability information on file for all customers.

If an introducing broker-dealer will be required to obtain additional data on their customers, introducing broker-dealers will need to change existing infrastructures, documentation and processes to include these new data elements. Introducing broker-dealers will also have the cost to modify front-, middle- and back-end systems to capture and retain these new data elements. Technology costs for these changes include, among other items, design requirements, coding changes, QA testing, installation, and training of personnel.

Even if clearing firms and introducing broker-dealers currently maintain some of the customer data outlined in the Proposal and clearing firm proof of concept, this data will presumably need to be delivered to FINRA in a specific format to be determined by FINRA. Assuming the FINRA mandated data format does not conform to this data's "native" format, then clearing firms and/or introducing broker-dealers will need resources to transform this data from its existing format to the new format required by FINRA. More problematically, certain data elements, such as suitability information, are not stored in a standardized format across firms. If FINRA requires introducing broker-dealers to provide customer suitability information in a non-free form designated format to CARDS, introducing firms will expend significant resources to re-work existing systems, and/or solicit new information, just recently modified by new FINRA suitability rules, to transmit this data to their clearing firm, in the format required by FINRA.

FINRA's stated anticipated benefits of CARDS

In the Concept Proposal, FINRA presents several anticipated benefits of CARDS, including a reduction in "the need for manual, partial, overlapping and one-time regulatory report generation for the information required to be reported to CARDS."[15] We do not anticipate that CARDS will reduce the number of resources needed to respond to FINRA inquiries. We believe that the resources necessary to manage the CARDS data transmission process and FINRA inquiries resulting from that process, will be similar to the number of routine and ad hoc data requests clearing firms and introducing broker-dealers receive today from FINRA.

From an introducing firm perspective, it is not clear under the Proposal if introducing broker-dealers will have visibility into ad hoc requests from FINRA to clearing firms concerning introducing broker-dealer customer data. We believe that introducing broker-dealers should have visibility into all requests FINRA makes to clearing firms concerning introducing broker-

[15]Proposal at page 7.

dealer customer data. Moreover, to help minimize the effect of FINRA requests for information on member firms, FINRA should conduct such inquiries in an orderly way; for example, batching requests and/or submitting such requests at certain time periods.

We also believe that the required time cycle for introducing broker-dealers to submit CARDS data to their clearing broker-dealer for transmission to FINRA will impact the number of resources at introducing firms required to respond to CARDS inquiries from FINRA. That is, the more frequently CARDS data must be submitted to FINRA, the more likely additional resources will be needed to support this process. From a clearing firm perspective, our lengthy experience with OATS, and other regulatory reporting platforms, suggests that the ongoing support, upkeep, repair, and inquiry load created by a net new regulatory reporting system will comprise a far greater burden than the long term reduction in ad hoc requests.

Moreover, based on the proposed structure of CARDS, we believe that data obtained under the Proposal may prompt FINRA to raise additional questions, prompting further broker-dealer resources to address these questions. As proposed, CARDS will provide information related to customer positions and transactions conducted only on a clearing firm platform. Many customer assets, such as assets held directly with mutual fund and hedge fund issuers, are not held on, or transacted through, a clearing firm platform. This means that despite the significant effort and complexity of CARDS, FINRA will not obtain a complete view of a FINRA member firm's activity. We believe that upon review of this partial view into customer data, FINRA examiners are likely to raise additional questions, requiring additional firm resources to address such questions.

Unintended consequences

We note that the Concept Proposal has been released at a time when several significant regulatory required systems changes impacting broker-dealers recently have been implemented,[16] are currently in the design stage,[17] or are being considered.[18] Not only is the implementation of new regulatory reporting requirements a drain on broker-dealer resources, but the need to ensure continual, timely, and accurate reporting to these platforms requires firms to continue to expend resources to maintain these systems. The use of firm resources to develop and maintain new regulatory systems means that such resources cannot be used for the development and support of new customer-driven or firm-driven changes to brokerage products and services.

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[16] *See*, Security and Exchange Commission's *Large Trader Reporting Final Rule*, Exchange Act Release No. 34-64976 (July 27, 2011) and FINRA's MPP/ORF migration (FINRA Regulatory Notice 11-53).

[17] *See*, Security and Exchange Commission's *Consolidated Audit Trail Final Rule*. Exchange Act Release No. 34–67457 (May 26, 2010).

[18] For example, DTCC's consideration of moving the securities settlement cycle from the current T+3 to T+2 and eventually T+1 would have a significant impact on clearing firms.

Ultimately, this allocation of resources harms the competitiveness of the brokerage industry and the ability of firms to maintain their business model in light of the significant regulatory costs of doing business. We believe that the regulatory costs of doing business as a broker-dealer versus other types of financial professionals has been a factor in the steady decline in the number of registered broker-dealers in recent years.[19] The costs and effort associated with the implementation of CARDS may prompt some firms to change their business model from a broker-dealer and registered investment adviser model to simply an investment adviser model. Moreover, given that firms will likely pass on some of the costs of CARDS compliance to their customers, the increased costs of doing business with a broker-dealer may alter established business practices. For example, an increase in custody fees may drive registered investment advisers to custody their securities at alternative permissible venues, rather than at FINRA registered broker-dealers. For these reasons, we urge FINRA to develop an approach to CARDS that is designed to protect the investing public and maintain market integrity while also minimizing burdens to FINRA member firms.

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[19] As of 2004 year end, the number of registered broker-dealers was 6,339. As of 2011 year end, the number of registered broker-dealers had declined to 4,709. Source: Security and Exchange Commission's *Financial Responsibility Rules for Broker Dealers Final Rule*, 78 FR 163 (August 21, 2013) at 51870 *Available at*: http://www.gpo.gov/fdsys/pkg/FR-2013-08-21/pdf/2013-18734.pdf. As of February 2014, there were 4,138 FINRA member firms. Source: FINRA Statistics and Data. *Available at*: http://www.finra.org/Newsroom/Statistics/

Fidelity thanks FINRA for considering our comments. We would be pleased to provide any further information and respond to any questions that you may have.

Sincerely,

Norman L. Ashkenas
Chief Compliance Officer
Fidelity Brokerage Services, LLC

Richard J. O'Brien
Chief Compliance Officer
National Financial Services, LLC

cc:

Mr. Richard Ketchum, Chairman and Chief Executive Officer, FINRA
Mr. Robert Colby, General Counsel, FINRA
Mr. Steve Joachim, Executive Vice President, Transparency Services, FINRA

Mr. James R. Burns, Deputy Director, Division of Trading and Markets, Securities and Exchange Commission
Mr. David S. Shillman, Associate Director, Division of Trading and Markets, Securities and Exchange Commission