MAPLEWOOD
INVESTMENT ADVISORS

March 19, 2014

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

Re: FINRA Regulatory Notice 13-42

Dear Ms. Asquith:

Regulatory Notice 13-42 contains an outline of goals advanced by FINRA with respect to furthering its mission of investor protection, the notice is very broad and comprehensive, and represents a massive undertaking for clearing and self-clearing firms and introducing broker-dealers. As a small firm, we are opposed to the development of a Comprehensive Automated Risk Data System (CARDS) and have identified several potential areas of concern below:

1. The CARDS proposal presents significant challenges due to its magnitude, timing and lack of coordination with other massive regulatory data efforts. We need clarification on the specific records and fields in scope, as this would require our clearing firm to create solutions for desired data points not currently on their platform. We are not clear on how data that does not conform to a uniform standard will be handled (e.g. Suitability/KYC). Broker-dealers organize investor portfolios and data differently. The process of standardizing this data would have an immediate financial impact and compliance burden associated with collecting and proper reporting to FINRA. The costs associated with standardizing the data would be passed along to broker-dealer firms and could severely impact smaller independent firms in particular.

2. FINRA states in the proposal it anticipates CARDS will reduce the number of information requests firms receive. However, the sheer amount of data FINRA will have access to, and FINRA's analysis of that data, is highly likely to result in numerous additional information requests. This will also likely involve many "false positives" that firms will have to spend time and resources responding to, particularly when firms were not given the opportunity to examine the data before it was provided to FINRA. FINRA should also investigate the resource drain on itself.

3. Although FINRA has recently indicated it will not seek Personally Identifiable Information through CARDS, the exclusion does not alleviate data security and privacy concerns. The information being requested by FINRA is extremely sensitive to aggregate and share on a frequent and regular basis. The system will contain account numbers, which can be matched to Personally Identifiable Information at the firm level. Extraordinary caution and care is required in both technical and "human" designs to help avoid data breaches. Who will own the liability in the event of a data breach? Clients are concerned about what the government watches now in their day-to-day lives and they have raised those concerns in comment letters to FINRA. The recent massive data breach experienced by Target and Neiman Marcus, is a clear example no system is safe from hackers.

4. CARDS would not capture data regarding direct business. This data does not flow through clearing firms' brokerage platforms, and therefore will not be collected in CARDS. As a result, this could impede FINRA's stated goal of analyzing data for business patterns and trends.

Thank you for this opportunity to comment.

Sincerely,

Laurie M. Moore

Laurie M. Moore
Vice President
Chief Compliance Officer

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