

January 3, 2014

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

Dear Ms. Asquith:

Thank you for the opportunity to submit comment on the recent Concept Proposal to Develop the Comprehensive Automated Risk Data System as described in FINRA Notice 13-42.

On behalf of our entire organization and our clients, I applaud FINRA's continuing efforts to more effectively gather and utilize data in order to detect and prevent sales practice violations and other behavior detrimental to both the investing public and our industry's reputation. With respect to the Concept Proposal, I have several concerns that I believe warrant further discussion and consideration prior to any implementation of the System.

- 1) Given the ongoing revelations about NSA surveillance and the associated public outcry about real or suspected violations of individuals' privacy rights by government agencies, is this an appropriate time for our industry to bring to the investing public a broad new data collection system whereby much or all of every investor's account, transaction, and holding information will be systematically provided to a central regulatory database? Has there been any discussion around the public communications strategy that will be required of FINRA, and, especially, member firms, when our customers are made aware of this new program?
- 2) Before implementation, it's critical that members and investors understand exactly what information will be systematically gathered. The Notice makes mention of the importance of ensuring the security of the data, but does this suppose that investors will be comfortable with FINRA having the data in the first place? Will any identifying information about individual customers be gathered? If not, this fact will need to be a key component of the industry's communication to the public prior to implementation.
- 3) Has there been public demand for additional surveillance of their securities accounts and transactions in order to be protected against Member wrongdoing? Has, or will, FINRA engage with public focus groups or otherwise obtain public feedback on this proposal, aside from the FINRA Notice and Request for Comment?
- 4) With respect to costs, the Notice speculates that the costs of this program will likely be borne by both clearing and introducing firms, depending on the specifics of the firms and the eventual implementation of the system itself. Having spent most of my career closely involved with clearing-introducing relationships, I feel quite comfortable in suggesting that the costs, no matter where initially incurred, will eventually be borne by the introducing firms, and, eventually, the investing public. Clearing firm economics do not typically allow for any material absorption of costs on behalf of introducing firms, and introducing firms are rarely in a position to absorb material ongoing costs without either reducing service quality or increasing costs to investors. As part of the public discourse on this proposal, a thorough discussion of the costs and benefits, not just to the Members, but to the investing public, is necessary.

Thank you, again, for the opportunity to comment on this important issue.

Sincerely,

Paul Meehl