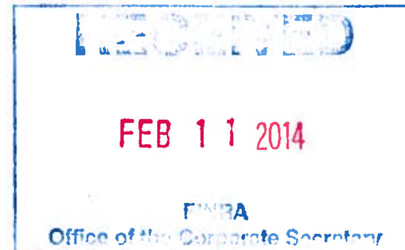
AMERICAN
Investors Company

(925) 866-2882 • Fax (925) 866-8989
2682 Bishop Drive, Suite 123
P.O. Box 1307
San Ramon, CA 94583
www.americaninvestorsco.com

February 7, 2014



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

Re: Comments on Regulatory Notice 13-42

Dear Ms. Asquith:

While Regulatory Notice 13-42 contains an outline of laudable goals advanced by FINRA with respect to furthering its mission of investor protection, the concept release is so broad and comprehensive, and represents such a massive undertaking, that it is highly questionable whether something of this scale could ever come to fruition, particularly when measured from a cost/benefit standpoint.

First and foremost, perhaps, is the overriding issue raised by the "Data Specifications" portion of the concept proposal. If we've learned nothing else in the last year, we've most assuredly learned that data collected by governmental agencies, and I consider FINRA to be a quasi-governmental agency, can be easily accessed and used for a variety of illicit and unethical purposes. One need look no further than the recent IRS scandal, under Doug Shulman's leadership (a former FINRA top executive), or the incredibly embarrassing NSA scandal. Additionally, with the recent, massive data breach experienced by Target Stores, it's equally clear that no system, particularly highly centralized systems with lots of vital information, is safe from outside hackers.

With the amount of vital customer data being requested by FINRA, neither FINRA nor anyone else can provide adequate assurance that FINRA's ultimate information repository won't be compromised from the inside (like the IRS) or breached from the outside (like Target).

I fully suspect that if you surveyed a meaningful sample of customers and asked them how they felt about transmitting highly sensitive biographical and financial information to a central repository for the purpose of enhancing FINRA's mission of customer protection, you would get a decidedly chilly reception and a firm declination for this form of protection. This doesn't even begin to address the issue of whether providing FINRA this information constitutes an illegal breach of their privacy. Would customers be

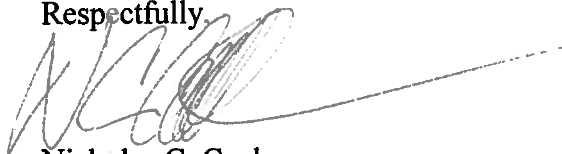
notified of the impending transmission of vital information and would they be given a chance to opt out?

Is FINRA going to indemnify us if, and when, there's a data breach, illicit use of information or a lawsuit filed against us for a violation of constitutional rights and a customer's right to privacy?

Secondly, your proposal envisions a standardized, automated data collection system. To my way of thinking, there is nothing standard (even between two firms, much less 5,000 of them) about the format and the manner in which data is currently collected from customers. Moreover, introducing firms rarely do business solely through their clearing firm. Additional business is often done on an application-way basis, including such product categories as mutual funds, insurance-based products, alternative investment programs, etc. In our firm, there is very little similarity in the method and format of the customer data collected between clearing and non-clearing firm business. Also, we have no front-end data collecting system for non-clearing firm business that would interface with FINRA's contemplated data collection engine. Nor do we have the expertise or resources to build one. Is FINRA willing to provide smaller member firms with the resources necessary to meet FINRA's internal objectives?

While the proposed CARD system aspires to lofty goals, I think attention to the real details of whether or not this idea could actually come to fruition, and at what real cost, has been completely overlooked. As far as I'm concerned, this undertaking has the makings of turning into a full-blown "house of CARDS."

Respectfully,



Nicholas C. Cochran
Vice President