

19 February 2014

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

RE: Regulatory Notice 13-42

Dear Ms. Asquith:

It seems that from both the public sector and members there is a negative response and a genuine concern for individual and client privacy. I am concerned about these issues and a number of others.

Based on the recent attacks on both the IRS and Target, protecting client information is a big concern. Our clearing firm RBC Correspondent Services is a large clearing firm with substantial firewall protections. But there are smaller clearing firms that are not so well protected. If those firms are currently hacked, only a small portion of investing public is affected. With the integration of the "CARDS" system, hacking the small clearing firm could lead to invading the "CARDS" system to get information on millions of investors. You are only as strong as your weakest link. I have worked with a number of computer system specialists who promise the world, but you end up with an ObamaCare Website. I seriously doubt that your people can do any better.

If this system is initiated, I do not believe FINRA can "duck" the liability of an investor holding FINRA responsible if that investor were to lose money. I would anticipate that the courts will not be as willing to protect FINRA from litigation by the public as it has been in protecting FINRA from litigation by members for damages and liability. Once that cat is out of the bag, there is no putting it back. Does FINRA really want to end up in countless arbitration cases brought by individual investors?

You are proposing to implement a system that you intend to publicize as a method which FINRA will use to better protect the investor. If you do not invest in competent staff to sift through the data mountain you are proposing to create, you are not executing on the promise and commitment you will have made to the investors to protect them against loss. Is FINRA ready to add staff of 10,000 to 30,000 competent reviewers to be able to review every trade made? As we members carry the burden of paying for FINRA, we should be given a decisive voice in a massive expansion of task and expense as envisioned by this proposal. My fellow brokers and I vote a resounding NO!

Very truly yours,

Paul B. Knese