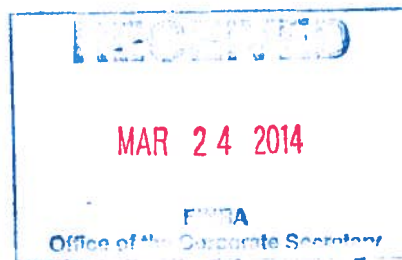


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Edward Jones



March 21, 2014

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

Re: Regulatory Notice 13-42 – Comprehensive Automated Risk Data System

Dear Ms. Asquith:

Edward D. Jones and Co., L.P. ("Edward Jones") appreciates the opportunity to provide comments in response to Regulatory Notice 13-42 regarding FINRA's proposed development of a Comprehensive Automated Risk Data System (CARDS).

Edward Jones is a full-service broker dealer headquartered in St. Louis, Missouri with more than twelve thousand financial advisors in the United States. Our firm is focused on serving the needs of the serious, long-term individual investor by providing personalized service and promoting an investment philosophy that emphasizes quality and diversification of investments.

Today we serve more than 4.3 million households comprised of nearly 7 million clients. In order to serve this significant number of clients the firm relies on an integrated network of systems and technology to open and maintain accounts, process trades and supervise activity. We recognize the daily challenges of collecting, processing and analyzing vast amounts of data and the opportunities and risks of transforming this work by embracing new technologies.

I. Overview

We support FINRA's efforts to enhance electronic supervision through the use of data analytics, but believe given the potentially sweeping changes contemplated by the CARDS proposal it would be helpful for FINRA to more clearly articulate the benefits and objectives of CARDS. We encourage FINRA to provide a framework for current data collection practices, use of this data, and guidance as to the process and rationale for considering additional or different data sets in the future. This guidance should also address FINRA's approach to rulemaking as supervision and oversight becomes more informed and driven by data analytics.

Our comments are intended to raise issues to assist FINRA's thoughtful consideration of this concept rather than conveying the firm's position on the CARDS proposal. We will endeavor to provide more formal comments as to the firm's position on this proposal once FINRA provides greater clarity as to the costs and benefits of CARDS to FINRA, financial services firms and investors.

II. General Comments

A. *Standardization of Data*

While we commend FINRA's interest in modernizing systems to enhance oversight of the securities markets and participants, it is unclear in the CARDS proposal whether or how FINRA intends to standardize data collected by member firms to ensure comparability. Brokerage firms currently use a wide variety of data formats, account types and data elements based on different business models, types of clients served and reliance in some instances on legacy systems or third party service providers. Significantly, it is our understanding that not all firms collect, aggregate or store data in the same format. If the CARDS system intends or will ultimately require changes to how firms collect, aggregate or transmit the required data, it will take a commensurate time period to implement, accompanied by significant technology, testing and implementation costs.

It is furthermore unclear what those uniform data requirements would be. For example, will CARDS require firms to adopt a uniform approach to the collection of account data elements? If the answer is yes, many firms will likely need to redesign existing account systems to standardize data fields, such as risk tolerance, liquidity needs and investment time horizon that are defined in a variety of different ways today. Should FINRA move to standardize data in this fashion we would urge careful consideration as requiring firms to accept uniform data elements may impact the quality of supervision given different business models and clients served.

Moreover, to the extent uniform definition of data elements are identified, firms will likely be required to go through the painstaking process of updating all existing client accounts to include those elements. These changes would necessarily require the updating of training programs and modification of critical supervisory systems. Accordingly, should FINRA move forward with CARDS, we recommend the initial phase be focused on data points that may not be subject to varying definitions and interpretations (i.e. age, net worth, annual income).

While we agree with FINRA's assertion that rule changes periodically necessitate additional books and records requirements, given recent changes to FINRA's suitability rule, a cycle to reconsider books and records requirements longer than 12-18 months is feasible and advisable. In conjunction with the design and implementation of CARDS, FINRA should give renewed consideration to how this system will impact books and records requirements. For example, a review of record retention and WORM storage requirements is likely merited under this big data approach to supervision.

It is difficult to speculate on the costs associated and time required to develop and implement an automated data feed to FINRA without a better understanding of the required data fields, account types and formats that will be required. We anticipate creating a secure mechanism for transmitting data will also involve considerable Information Systems and Operations resources as some of the information discussed is stored in different formats and databases today.

B. Coordination with Other Data Submission Systems

Prior to moving forward with the CARDS proposal, FINRA should conduct a comprehensive review of all existing data submission systems, including Blue Sheets, TRACE, OATS and INSITE, to fully-evaluate which systems should be maintained and which are redundant. Additionally, FINRA should give careful consideration to the interaction and potential overlap between the consolidated audit trail ("CAT") and CARDS. Given the significant amount of data and cost associated with the design and implementation of these systems, we hope that FINRA will work closely with the SEC to leverage costs, minimize duplication and identify opportunities to more efficiently submit this information.

Recently, the SEC announced the finalization of the design and testing of a new transaction analytics system, the National Examination Analytics Tool ("NEAT"). We would hope as FINRA evaluates the merits and timing of this proposal that consideration is given to the significant and cumulative impact on Information Systems and Operations resources of these new tools, regulatory initiatives such as CAT and potential future rulemaking, such as fiduciary standard of care and money market reform.

Should FINRA decide to move forward with the CARDS proposal, it would be beneficial for FINRA to identify what systems will be eliminated upfront and to validate that the benefits obtained exceed the costs incurred to provide, maintain and utilize this vast amount of data. The provision of this information will enable firms to better understand the potential benefits of CARDS and provide more robust feedback as to the costs in setting up this new infrastructure and validating the accuracy of submissions and reconciliation of information provided.

C. Supervision Considerations

We commend FINRA's efforts to enhance oversight of sales practice trends or patterns. However, further clarity is needed as to whether CARDS represents a fundamental shift to data-driven oversight rather than rule-based supervision. Additional FINRA guidance as to supervisory expectations and the objectives of CARDS will help inform firm's design and implementation of supervisory programs and systems.

FINRA will need to engage in extensive testing of the CARDS system to minimize the generation of erroneous or false positive findings. If FINRA's reviews become overly granular the firm and FINRA will spend significant time and resources exchanging, discussing and supplementing information submitted through the CARDS system in order to confirm the suitability of client transactions. Should FINRA decide to move forward with this proposal, we recommend that FINRA initially focus on collecting information at the enterprise level prior to attempting to analyze data at the branch, representative or client level.

D. Data Security

Given recent high-profile data breaches, there is understandable apprehension and concern among the investing public about the need for robust security measures to

protect personal information. While we are mindful that FINRA maintains an enormous amount of highly sensitive investor information today and appreciate FINRA's recent decision to forgo requesting personally identifiable information, we request FINRA consider all reasonable safeguards and alternatives prior to requesting this enormous amount of investor data. FINRA should also clearly articulate how this data will advance the organization's mission of investor protection and market integrity to reassure investors that their personal information will be appropriately used and safeguarded.

We recommend FINRA explore the use of layered security, through different security technologies, and third-party audits to promote system integrity, resiliency and security. FINRA will also need to give consideration to what other state and federal agencies or other stakeholders will be provided access to this information and how to securely respond to these requests.

III. Conclusion

Edward Jones appreciates the opportunity to provide comment on the CARDS proposal. We support FINRA's efforts to modernize industry oversight, but believe further consideration must be given to ensure this proposal advances investor protection and market integrity in a cost-efficient and effective manner. This proposal has the potential to significantly change not only the data collected, but FINRA's approach to oversight and supervision. Given the need for greater clarification, we request that FINRA consider providing a second comment period as this concept moves forward to enable firms to more fully-evaluate this proposal. Please contact the undersigned if you have questions regarding this comment letter.

Sincerely,



Jesse Hill

Government and Regulatory Relations
Edward Jones