



# ALPINE SECURITIES

*Stock Brokerage & Investment Company*

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March 21, 2014

Marcia E. Asquith  
Office of the Corporate Secretary  
FINRA  
1735 K Street  
Washington D.C. 20006-1506

RE: Comment on CARDS-Regulatory Notice 13-42

Dear Ms. Asquith,

Alpine Securities Corporation (Alpine) believes FINRA's proposed CARDS program would impose a disproportionate burden on broker-dealers who are involved with facilitating trades in small companies, perceived as having greater risk. Although Alpine realizes the importance of effective regulation of this market segment, we nonetheless provide a valuable service, based on procedures which undertake, beyond those for larger, well-established companies, to compensate for any greater risks with these types of companies.

While Alpine lauds FINRA's efforts to protect investors and ensure member compliance with securities rules and regulations, we cannot agree with FINRA's current proposal. Any benefit that CARDS may provide would be far outweighed by the substantial concerns outlined below.

First, complying with CARDS would create a disproportionately large burden on Alpine and other small and intermediate member firms, as compared to other participants in this segment of the securities industry. Second, CARDS, through its increased compliance costs, will further strain the capital raising capabilities of small businesses and start-up companies throughout the United States, and these companies are already compelled to accept expensive and burdensome financing in the effort to simply survive. Finally, and perhaps most significantly, in terms of protecting the public, CARDS raises grave concerns about an individual's right to privacy in the United States and the security of the data that FINRA proposes to collect.

**I. CARDS Will Increase Alpine's Compliance Costs, and Will Unduly Harm Small and Intermediate FINRA Members.**

CARDS will further increase Alpine's substantial compliance costs and create a greater burden on small and intermediate firms. Alpine, to ensure compliance with the CARDS proposal, would have to standardize complex data and create a new computer system to facilitate compliance with CARDS. The computer system would need to house and facilitate a networking infrastructure capable of delivering daily or weekly transmission of private, confidential customer information. Building the new system would require a large initial outlay of capital, the costs of which would necessarily be passed on to the customer. Alpine would need to develop new system to collect data, purchase larger storage capacity to store the vast amount of data collected, and presumably store the data for an unspecified period of time. Additionally, Alpine would need to create a new system of encryption to ensure the security and privacy of the information that is delivered to FINRA and stored at Alpine. Furthermore, Alpine would be required to hire additional personnel to ensure the system functions properly and to facilitate the daily or weekly delivery of data. In addition, Alpine will likely need to incur significant hardware and software costs pursuant to the implantation of the CARDS proposal.

FINRA contends that CARDS will reduce the overall burden, for Alpine and other similarly-situated firms, in responding to regulatory inquiries. Alpine, after considering the proposal, cannot agree with this approach, on a costs versus benefits basis. While CARDS may reduce the burden of initial examination requests, the vast increase in the amount of data being collected by FINRA on a weekly, or even daily basis, would create a substantial increase in compliance costs for Alpine.

CARDS will unduly burden Alpine and other small and intermediate FINRA clearing firms which do not have sufficient numbers of compliance personal to undertake the additional procedures or the ability to support what seems to be an ever increasing work-force of government and SRO compliance personnel necessary to ensure regulatory compliance. The increased compliance costs created by CARDS will reduce Alpine's ability to stay competitive and provide its customers with affordable access to the securities market.

**II. CARDS Will Harm Entrepreneurs and Small-Businesses that Need Access to Capital Markets.**

FINRA's CARDS proposal comes at a time when Alpine, and other firms, are under immense pressure to implement the requirements of other regulatory initiatives, rules, and regulations. These include the expansion of regulations under Dodd-Frank and other large scale increases in reporting and compliance requirements. Small firms such as Alpine simply have no choice except to pass these compliance costs on to the customers, who are purchasers, hold, and trade in these types of securities. As the expense required to transfer securities increases, small business and those who are using the small-cap securities market will find it more difficult and

expensive to gather the capital necessary to support their business operations, and such costs are already disproportionately large for participants in these markets. Investors will require greater returns from their capital investments to achieve or maintain the profitability of their investments. In essence, the new expenses created by CARDS will flow down to the businesses and entrepreneurs who need access to unfettered capital the most and who can least afford the added expense.

**III. The Implementation of CARDS Raises Dire Concerns regarding the Individual Right to Privacy in the United States and Creates Security Concerns for the Collection and Retention of Such a Vast Amount of Private Information.**

Probably the most alarming aspect of FINRA's CARDS proposal are its individual privacy and security concerns. The uniform collection, review, and retention of private information are abrupt changes that move the United States towards an Orwellian style of data collection by the government and its agencies. The individual right to private action and decisions, without the snooping eye of government agencies, is already under constant assault in today's modern world. This proposal would impose further reductions on the fundamental rights of privacy in the United States securities markets. Individuals would no longer be able to ensure that their history of personal investment decisions was kept secret and confidential, as is essential in a society, such as ours, in which privacy concerns have already been compromised.

Furthermore, data collected and stored under the auspices of CARDS would be a veritable gold mine for computer hackers, whether domestic or international, and internal or external. The list of possible harms that could result from a breach are immense and the consequences potentially catastrophic. . Blanket guarantees that the information collected by government agencies will be private and confidential has proven to be blatantly false. Experience has proven that any information collected is easily accessible by the National Security Agency and other federal agencies. In light of recent institutional data breaches and revelations regarding government privacy violations, Alpine requests that FINRA seriously reconsider its policy and analyze the potential affects of its glaring privacy and security problems.

**IV. Conclusion.**

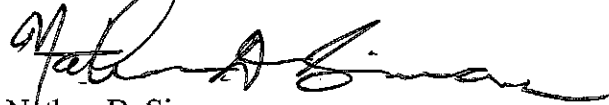
Alpine opposes CARDS and any attempt at the standardized collection of investor's information in the form of data. Alpine believes that the current processes in place are more than sufficient to ensure regulatory and legal compliance in the securities industry. If FINRA disregards the concerns of this letter and goes forward with its proposal, Alpine requests that FINRA asses the potential impact on small and intermediate clearing firms. Alpine is confident that this assessment will result in FINRA creating a different standard for those firms that will bear costs disproportionate to their size. Thank you for reading and considering this comment

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letter. We look forward to a continuing dialogue and working together to find an appropriate resolution to this proposal.

Sincerely,

ALPINE SECURITIES CORPORATION

A handwritten signature in black ink, appearing to read "Nathan D. Simmons", written over the printed name.

Nathan D. Simmons  
General Counsel