



110 East Iron Ave.
Salina, KS 67401
(785) 825-5050
Fax (785) 823-9207

Robert Hamman, President

March 20, 2014

Marcia E. Asquith
Senior Vice President and Corporate Secretary
1735 K Street, NW
Washington DC 20006-1500

re: Regulatory Notice 13-42 Comprehensive Automated Risk Data System (CARDS)

Dear Ms. Asquith and FINRA:

There are several issues of concern regarding the "C.A.R.D.S." proposal:

1. The proposal is a "straw man," in that there is not enough detail given for commenter's to give specific detailed objections to the proposal.
2. A member firm in our district was asked for data to be transmitted to them electronically. It turned out to be a large file and FINRA did not have the ability to receive it. This is only a sample of the "unintended consequences" that this proposal will create. At the insistence of a FINRA National Committee member, FINRA did correct the problem, but that should have happened from an internal source, not an external source!
3. FINRA The transfer of large amounts of data to FINRA is a hacker's dream. Based on several commercial and government systems it has been proven that they can "hack" about any system, so it not a matter of "if" the data will be hacked, but "when." Although all personal data may not be present, account numbers and other data could prove to be valuable to hackers.
4. The new "risk based" system has only just begun. That system should be given time to show its effectiveness before considering implementing an additional system with significant costs and risks associated with it.
5. Statist ally, probably 98% of the brokers are treating their customers correctly and 2% are rogue brokers. The expense and extra efforts and hours required of the vast majority to catch a very small minority would be unfortunate if played out again with C.A.R.D.S. Give "risk based" examinations a chance to see if that system will achieve the goal of detecting rogue brokers before instituting a broad program like C.A.R.D.S.

6. As a District Committee member, the limited amount of fellow members I have spoken with do not think the C.A.R.D.S. proposal is beneficial enough to be instituted.
7. If a reporting system is needed, why not use reporting systems already in place now? Why would it not make more sense to add the essential data fields to those data submission rather than create an entirely new system?

In our last exam, FINRA made a large issue out of wishing to see the numbers and reviewing all "switches" between mutual funds. In getting to specifics, they told us that they wanted all exchanges within the same fund families. I cannot imagine what all this data would provide for an examination as there is no remuneration, commission or income provided the firm or rep. I think what they really wanted was the "switches" whereby one fund family was liquidated and another fund family was purchased, thus potentially created income for the rep and the firm. I think this is only a small example of what kind of "mis-communication" that will occur under the C.A.R.D.S. program.

Our clearing firm had difficulty in agreement on what constituted a "closed account" with a regulator when asked to providing such data. Each had its own definition of a "closed account." Again, these are only a "drop in the bucket" of issues that would make the C.A.R.D.S. proposal difficult to implement without great difficulty, expense and tremendous amount of man hours (\$\$). It is feared that FINRA requirements for data may make all firms, including small firms such as ours, repaper clients to obtain the data THEY want and will not accept anything less. After all, there are about 4,800 member firms gather data in different formats and storing it according to their individual business model. What a shame it would be to expend that much time of customers, reps and firms to meet regulatory demands and with no or very little end result.

While our firm supports a reasonable effort to protect investors, it appears that this broad, sweeping proposal outlined in RN 13-42 goes too far in pursuance of these goals. The C.A.R.D.S. proposal is a poor one that our firm objects to for the reasons stated herein. The data security risks, data standardization challenge and the cost of C.A.R.D.S. outweigh the projected benefits. Please let it rest in peace!

Sincerely,

Robert L. Hamman
President of First Asset Financial Inc.