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5900 O Street / Lincoln, NE 68510-2234  
Bus: 402-467-1122

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

Thursday, March 20, 2014

**RE: Comments on Regulatory Notice 13-42 – CARDS**

Ameritas Investment Corp., (AIC) a broker-dealer and registered investment advisor, requests that FINRA pursue other means of addressing its oversight needs in lieu of implementing the CARDS proposal discussed in Regulatory Notice 13-42.

Allowing FINRA to collect, on a standardized, automated and regular basis, account information, as well as account activity and security identification information of AIC clients, raises three significant areas of concern:

1. Data Security: Perhaps most concerning of all is the collection and centralized warehousing of vast quantities of data that would result from CARDS. The database created by CARDS will be a ripe target for hackers, as it will contain investors' trading history as well as their entire financial picture, all in one central location. In the wrong hands, this information provides an exceptionally dangerous tool to inside traders as well as those seeking to manipulate the market through other means. Although FINRA has recently indicated that it will not seek Personally Identifiable Information (PII) through CARDS, the exclusion of PII does not alleviate data security and privacy concerns, as account numbers can be matched to PII at the firm level.
2. Data Standardization: In order to implement CARDS, FINRA would seemingly require data standards that specify formatting for data suitability as well as other data elements. Our current data format is unlikely to match the new standards, forcing us as well as other industry firms to spend a significant amount of time and money converting data, without providing any direct benefit to investors. More importantly, standardizing suitability data has the detrimental and unintended consequence of forcing firms to conduct a quantitative analysis as opposed to a qualitative analysis in determining customer suitability. This would not be in the best interest of investors.
3. Cost-Benefit: The total cost to implement and maintain CARDS appears to be very high. Ultimately, these costs will likely be passed along by clearing firms and broker-dealers to investors. The additional costs to investors vastly overshadow the tangible impact that CARDS might provide. FINRA should conduct a cost-benefit analysis covering potential alternative approaches that may alter some features of CARDS while still allowing FINRA the ability to

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conduct analysis and improve examination efficiency. Another issue to investigate is whether, through clearing firms' lack of direct business data, CARDS will have a complete and accurate dataset to perform its data analysis. If CARDS is to be implemented, it must be more efficient, as well as more effective. Further, FINRA's assertion that CARDS will reduce the number of information requests firms receive from FINRA fails to fully consider the consequences of FINRA having access to, and an analysis of, such an immense amount of data. This is likely to result in numerous additional information requests, along with many "false positives" that firms will have to spend time and resources responding to. Moreover, FINRA is currently developing another large scale data and technology initiative through the Consolidated Audit Trail (CAT). FINRA should identify and eliminate redundancies between CARDS and CAT instead of requiring firms to create duplicative systems and processes by which FINRA collects the same data.

Finally, the current CARDS proposal does not provide enough specific information about what types of data FINRA is seeking to collect, and how specifically FINRA will use the data it collects. Firms are, therefore, unable to provide informed and meaningful responses to the specific items outlined by FINRA in its Request for Comments.

The CARDS concept proposal, although innovative and ambitious, is simply impractical. The legitimate issues and concerns raised above significantly outweigh the expected benefits of the CARDS proposal. As such, we respectfully submit these comments and hope that the industry's voice is heard, and that FINRA will pursue more efficient and effective means of addressing regulatory oversight.

Sincerely,



Salene Hitchcock-Gear  
President & Chief Executive Officer  
Ameritas Investment Corp.