The Comprehensive Automated Risk Data System ("CARDS"), if implemented, will collect personal and trade activity data on millions of retail accounts. On March 16, 2012, the SEC issued a memorandum on its rulemaking. Specifically it set forth the following guidance regarding the economic analysis that should be considered for rulemaking:

"(1) identifying the need for the rulemaking and explaining how the proposed rule will meet that need; (2) articulating the appropriate economic baseline against which to measure the proposed rule's likely economic impact (in terms of potential benefits and costs, including effects on efficiency, competition, and capital formation in the market(s) the rule would affect); (3) identifying and evaluating reasonable alternatives to the proposed regulatory approach and (4) assessing the potential economic impact of the proposed rule and reasonable alternatives by seeking and considering the best available evidence of the likely quantitative and qualitative costs and benefits of each."

Although FINRA's Regulatory Notice discussed the Economic Impact of CARDS in general terms, I hope FINRA will publish the details of its economic analysis in response to the SEC's guidelines prior to phasing in CARDS.

If it is decided that CARDS is to be implemented, FINRA has acknowledged that "*the vast majority of the information that CARDS would collect is already stored in an automated format at clearing firms and self-clearing firms and service bureaus*"[1]. In light of this, why not request CARDS data on an exception basis rather than for all accounts. FINRA could require this information for all accounts of persons under "heightened supervision" or other valid criteria.

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[1] Regulatory Notice 13-42 page 3