

I appreciate that FINRA has taken previous comments and presented an amended version of the original proposal.

I am still waiting to hear the exact details about what all of this data will provide to FINRA to make them a more effective regulator. I've heard generalizations about how helpful this will be, and there will be technical systems in place with the appropriately trained staff, but there are still too many questions for me to be convinced that this is a necessary regulation. What percentage of this massive amount of data will actually be reviewed? What system is being built to sort through it and what type of reports will it generate? The use of the term "investor protection" is used quite often but I'm not convinced that gathering this data on an ongoing basis will offer any additional protection to the investor. My understanding is quite a bit of market data is currently being gathered by FINRA and I've never seen reports on the benefits this has provided and whether it's been successful.

Market regulation is supposed to be monitoring market activity and they contact firms when they see market activity that looks questionable. A lot of this activity is easily explained so I'm not convinced that gathering all of this data will not succeed in causing a lot of false positives for what may be considered inappropriate activity.

I believe FINRA has addressed some of the issues with the exam program and I would welcome enhancements to that process. I would much rather spend a few weeks gathering data every few years for an audit versus the intrusion to my business and the additional costs to provide what is being proposed under CARDS. I think there is a risk of taking pieces of information and making assumptions that will only cause more challenges for firms.

I have seen a shift over the years with firms' relationship with FINRA. Small firms are being put out of business on a regular basis given the amount of regulation and the costs associated with keeping the firm running. I don't think FINRA understands that each daily, monthly, quarterly and annual filing requirement puts additional burdens on a firm. I also question the value of some of these filings and whether FINRA has found them to be as useful as originally proposed. Unfortunately I never see any regulations being eliminated if it is found they are not providing the intended benefit.

Again I am still waiting to hear what the benefits and costs will be under CARDS and until that information is provided in detail, I urge you to postpone this proposal.

Best Regards,

Sandy Pappalardo x106
Chief Operating Officer
Chief Compliance Officer
sandy@puplava.com