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FINRA Limits Data Collection Plan, Citing Investor Privacy.

Bowing to industry concern, regulator won't collect account names, addresses, tax IDs

Nodding to public criticism, Finra announced it would limit the type of data that it plans to collect as part of its proposed Comprehensive Automated Risk Data System.

The program, which is designed to help the Financial Industry Regulatory Authority Inc. monitor firms by automatically collecting data on account activity, will not require firms to submit sensitive client information including the account name, address or tax identification number, according to a notice posted to the regulator's website Tuesday.

"Finra has concluded that the CARDS proposal will not require the submission of information that would identify to Finra the individual account owner," the notice said.

Finra would still collect trading information and other data, including building out customer profiles based on investment objectives and date of birth, according to the proposal. The goal was to identify potential trouble spots such as churning or unsuitable investments.

The original proposal, which was released for comment on Dec. 23, drew more than 40 comments from investors and people in the industry, many of whom voiced concerns over what kind of information would be collected and how it would be secured.

The Financial Services Institute Inc., which represents more than 100 independent financial services firms, lauded the change.

"While we still have concerns with data security, costs and other unintended consequences of the proposal, we applaud Finra's response to industry concerns," FSI president and chief executive Dale Brown said in a statement. "We will continue to work with them as this proposal is considered."

The comment period for the proposed design of the CARDS system was previously extended to March 21.

By Mason Braswell

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