

May 12, 2008

Nancy M. Morris  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090



RE: File Number S7-06-08 - Regulation S-P

Dear Ms. Morris:

Thank you for the opportunity to comment on the Securities and Exchange Commission's (SEC) proposed amendment to Regulation S-P.

As both a small firm and an independent contractor firm, the Proposed Amendment is of particular interest to us. Maintaining the privacy and security of client data is an issue of great significance, however, we believe this important policy objective must be balanced against other crucial concerns, including account portability, investor choice, and compliance with burdensome requirements while having the limited resources of small firms.

### **Safeguarding Information**

CCS has concerns about the Proposed Amendment's detailed standards for safekeeping and security breach incidents. The proposed changes will be particularly arduous to small firms who would be required to meet substantial detailed standards of protection. Most small firms lack the resources and the staff to address the required components of the proposal and, furthermore, we believe that the cost figures contained in the proposal for small firms are greatly understated. We ask that the Commission consider an exception from the prescriptive requirements of the proposal and allow firms of limited size and resources, including those firms who do not carry customer accounts, to continue to rely on the security policies and procedures they have in place today.

### **Responding to Security Breaches and Disposal Requirements**

We support the notification requirements the proposal provides in the event of a breach in security, however, we believe that the threshold for triggering notification is too low. To prevent unreasonable cost to firms and unnecessary alarmist notifications to clients, we recommend that the notification requirement be changed to trigger notification when misuse of "sensitive personal information" is "likely" to result in "significant risk or financial loss".

## Investor Choice

We support the proposed amendment's exception which would allow departing registered reps to share limited customer information with the rep's new firm, provided certain conditions are met. However, allowing firms *the option* to use the exception gives firms the power to simply deny a departing rep even the most basic contact information about their clients. This is contrary to the stated purpose of the amendment which is to facilitate an orderly framework for account portability and investor choice. Allowing firms to choose whether or not to use the exception will result in inconsistent industry practices and compromise the investor's ability to choose with whom they want to do business. We recommend that Regulation S-P be amended to require all broker-dealers and investment adviser firms to allow departing registered representatives and financial advisors to share limited customer information with the registered rep's or advisor's new firm, provided the specific conditions provided in the proposal are met.

We also have the following additional concerns regarding the proposed exception:

- The exception does not address the need for financial advisors to obtain customer information to respond to regulatory inquiries or to defend themselves against customer complaints made while at their old firms.
- The exception establishes the date of "separation from employment" as the deadline for the departing financial advisor to provide his broker-dealer a written record of the information that will be disclosed to the new firm under the exception. This language must be changed to "separation from affiliation" so that it accurately reflects the independent contractor status of financial advisors associated with independent broker-dealer firms.
- The exception only applies to information use and sharing when representatives are transferring between broker-dealers and SEC-registered investment advisers, but not to or from state-registered advisers.

CCS appreciates the opportunity to comment on this important issue.

Sincerely,

Mari Buechner  
President & CEO