

A. General

A1. Has a legal entity been established to conduct the activities related to the CAT?
09/25/2019

As of August 29, 2019, the Participants conduct activities related to the CAT through Consolidated Audit Trail, LLC, a Delaware limited liability company that is jointly owned by the Participants on an equal basis. The limited liability company agreement of Consolidated Audit Trail, LLC serves as the current CAT NMS Plan.

Prior to August 29, 2019, the Participants conducted the activities related to the CAT through a different Delaware limited liability company, CAT NMS, LLC, which the Participants jointly owned on an equal basis. Prior to August 29, 2019, the limited liability company agreement of CAT NMS, LLC served as the CAT NMS Plan.

A2. How is the Consolidated Audit Trail, LLC managed?
08/29/2019

The CAT NMS Plan provides that the Consolidated Audit Trail, LLC will be managed by its Operating Committee. Each Participant appoints one member of the Operating Committee and each Participant appointee has one vote. The CAT NMS Plan sets forth certain provisions relating to the Operating Committee, including identification of those actions requiring a Majority Vote, a Supermajority Vote or a unanimous vote, and the management of conflicts of interest.

A3. Does the industry have a role in the management of the CAT?
03/21/2018

The CAT NMS Plan requires the establishment of an Advisory Committee charged with advising the Participants on the implementation, operation and administration of the CAT. Under the Plan, the Advisory Committee has the right to attend Operating Committee and Subcommittee meetings (unless they are held in Executive Session) and submit its views prior to a decision by the Operating Committee. The composition of the Advisory Committee includes: (a) broker-dealers of varying sizes and types of business, including a clearing firm; (b) an individual who maintains a securities account; (c) an academic; and (d) institutional investors.

A4. Does the Consolidated Audit Trail, LLC have any officers?
09/17/2019

The CAT NMS Plan requires the Consolidated Audit Trail, LLC to appoint a Chief Information Security Officer (CISO) and Chief Compliance Officer (CCO), each of which is an employee of the Plan Processor, reporting directly to the Operating Committee and with fiduciary duties to the Consolidated Audit Trail, LLC. The CISO is David Yacono, and the CCO is Duer Meehan.

A5. When will Participants begin reporting data to the CAT?

05/02/2019

The Participants began reporting Participant Data on November 15, 2018.

A6. When will large Industry Members begin reporting data to the CAT?

05/02/2019

The CAT NMS Plan requires Industry Members (other than Small Industry Members) to begin reporting Industry Member Data to the CAT by November 15, 2018. However, the CAT System has not been ready to accept data from Industry Members. Although the SEC has not granted an extension to this date, the Participants are working toward an April 2020 CAT reporting date for Large Industry Members and Small Industry Members currently reporting to OATS.

A7. When will Small Industry Members begin reporting data to the CAT?

05/02/2019

The CAT NMS Plan requires Small Industry Members to begin reporting Industry Member Data to the CAT by November 15, 2019. However, the CAT System has not been ready to accept data from Industry Members. Although the SEC has not granted an extension to this date, the Participants are working toward an April 2020 CAT reporting date for Small Industry Members currently reporting to OATS and a December 2021 reporting date for Small Industry Members that are not currently reporting to OATS.

A8. What is the role of the Plan Processor?

08/29/2019

The CAT NMS Plan describes the responsibilities of the Plan Processor for the CAT. Consolidated Audit Trail, LLC has entered into an agreement with FINRA CAT LLC obligating FINRA CAT LLC, as the Plan Processor, to perform the functions and duties contemplated by the Plan, including the management and operation of the

CAT.

A9. Who is the Plan Processor for the CAT?

04/11/2019

FINRA CAT LLC, a subsidiary of FINRA, is the Plan Processor for the CAT.

A10. How is the cost of the CAT being funded?

03/21/2018

Currently, the Participants are funding the CAT-related costs themselves. The CAT NMS Plan, however, contemplates a funding model in which both Participants and Industry Members contribute to the funding of the CAT. Although the Participants have filed fee filings with the SEC to impose CAT Fees on Participants and Industry Members, the Participants have withdrawn these fee filings at this time. The Participants anticipate filing revised fee filings in the near future.

A11. How does the CAT funding model set forth in the CAT NMS Plan work?

03/21/2018

The CAT NMS Plan contemplates a bifurcated funding model, where costs associated with building and operating the CAT would be borne by (1) Participants and Industry Members that are Execution Venues through fixed tier fees based on market share; and (2) Industry Members (other than Execution Venue ATSS) through fixed tier fees based on message traffic.

A12. Will CAT Reporters have access to their own submitted data?

03/21/2018

The Plan Processor will provide CAT Reporters access to their submitted data for error correction purposes only.

A13. Will SIP and OPRA data be included in the CAT?

03/21/2018

Yes, the CAT is required to collect SIP and OPRA data. Specifically, the CAT NMS Plan requires that the CAT collect (from a Securities Information Processor ("SIP") or pursuant to an NMS Plan) and retain on a current and continuing basis, in a format compatible with the Participant Data and Industry Member Data, all data, including

the following: (1) information, including the size and quote condition, on quotes, including the National Best Bid and National Best Offer for each NMS Security; (2) Last Sale Reports and transaction reports reported pursuant to an effective transaction reporting plan filed with the SEC pursuant to, and meeting the requirements of, Rules 601 and 608; (3) trading halts, Limit Up/Limit Down price bands and Limit Up/Limit Down indicators; and (4) summary data or reports described in the specifications for each of the SIPs and disseminated by the respective SIP.

A14. Will CAT tie the audit trail data to clearing data?

03/21/2018

No, clearing data is not within the scope of SEC Rule 613 or the CAT NMS Plan.

A15. How will the SEC and Participants access the CAT Data for regulatory purposes?

03/21/2018

The CAT NMS Plan requires the Plan Processor to provide the SEC and Participants access to the CAT for regulatory and oversight purposes and to create a method of accessing CAT Data that includes the ability to run complex searches and generate reports. The CAT NMS Plan requires regulator access by two different methods: (a) an online targeted query tool with predefined selection criteria to choose from; and (b) extractions of data via a query tool or language allowing querying of all available attributes and data sources. Appendix D of the CAT NMS Plan sets forth additional requirements concerning regulator access.

A16. What are the requirements for accessing historical CAT Data?

03/21/2018

The CAT NMS Plan requires that the Plan Processor keep CAT Data online in an easily accessible format for six years.

A17. How many regulatory users are expected to access CAT Data?

03/21/2018

The CAT NMS Plan requires the CAT to support a minimum of 3,000 regulatory users and at least 600 such users accessing the CAT concurrently without an unacceptable decline in performance.

A18. Will the CAT provide the regulators with access to uncorrected data for

surveillance?

03/21/2018

The CAT NMS Plan requires the Plan Processor to store and retain Raw Data submitted by CAT Reporters. Such Raw Data will be available to the SEC and Participants for regulatory purposes.

A19. Will any existing SEC or SRO reporting systems be eliminated once the CAT is operational?

03/21/2018

The CAT NMS Plan requires the Participants to submit rule filings to eliminate or modify any rules or systems that would be redundant of the CAT. In May 2017, certain Participants filed with the SEC rule filings to eliminate or modify certain redundant rules and systems, including rule filings related to FINRA's Order Audit Trail System ("OATS") and the Electronic Blue Sheets ("EBS"). In light of the delay in the commencement of CAT reporting, these rule filings were withdrawn. Nevertheless, the Participants intend to revisit the retirement of systems filings as the reporting commencement date approaches.

A20. Will there be third-party auditing requirements to make sure the CAT is working properly?

03/21/2018

The CAT NMS Plan requires the appointment of an appropriately qualified Independent Auditor of national recognition, subject to the approval of the Operating Committee by Supermajority Vote. Among other things, the Independent Auditor, in collaboration with the CCO, is required to create and implement an annual audit plan (subject to the approval of the Operating Committee) which shall at a minimum include a review of all Plan Processor policies, procedures and control structures.

Additionally, data centers housing CAT Systems (whether public or private) must, at a minimum, be AICPA SOC 2 certified by a qualified third-party auditor that is not an affiliate of any of the Participants or the Plan Processor. The frequency of the audit must be at least once per year.

A21. Will the CAT be ready to accept Industry Member Data in November 2018? If not, when will Industry Members be required to begin reporting to the CAT?

05/02/2019

While SEC Rule 613(a)(3) and Section 6.7(a) of the CAT NMS Plan require that Participants begin reporting to the CAT by November 15, 2017, Industry Members (other than Small Industry Members) begin reporting to the CAT by November 15, 2018, and Small Industry Members begin reporting to the CAT by November 15, 2019, the CAT System currently is not ready to accept data from Industry Members. Although the SEC has not granted an extension to these dates the Operating Committee anticipates that Large Industry Members and Small Industry Members currently reporting to OATS will begin reporting to the CAT in April 2020 and Small Industry Members that are not currently reporting to OATS will begin reporting in December 2021.

A22. Can Small Industry Members that are not OATS Reporting Members (“Small Industry Non-OATS Reporters”) voluntarily report to the CAT prior to December 2021?

06/18/2019

Yes, Small Industry Non-OATS Reporters may voluntarily choose to begin reporting prior to December 2021, the date on which Small Industry Non-OATS Reporters are required to begin reporting to the CAT. However, if a Small Industry Non-OATS Reporter begins reporting at such earlier date, (1) it must report all CAT Data required to be reported by Industry Members in accordance with the CAT Compliance Rules, the CAT NMS Plan and the Industry Member Technical Specifications, as if it were required to report such CAT Data; and (2) it may not cease to report to the CAT once it begins reporting to the CAT.

A23. What are the record retention requirements for Industry Member CAT Reporters?

11/15/2018

According to each of the Participant’s CAT compliance rules, information required to be reported to the CAT must be maintained in accordance with SEC Rule 17a-4(b). This rule states that these records must be preserved for at least three years, the first two years in an accessible place. Records are not required to be retained in an electronic format; they may be retained in a paper format. However, with respect to Business Clock synchronization logs, such logs must include synchronization results for a period of not less than five years ending on the then current date, or for the entire period for which the Industry Member has been required to comply with this

requirement if less than five years.

A24. Is CAT a real-time system?

11/15/2018

No. Although data is permitted to be transmitted to CAT at any time, including during or after market hours, subject to certain deadlines, it is not required to be submitted in real-time.

A25. Are primary market transactions subject to CAT reporting?

11/15/2018

No, primary market transactions, including IPO or secondary distributions are not subject to CAT reporting. The Participants analyzed whether to include primary market transactions in the CAT, and concluded doing so was premature and that such an analysis would benefit from actual experience with the CAT. See Discussion of the Potential Expansion of the Consolidated Audit Trail Pursuant to Section 6.11 of the CAT NMS Plan (May 15, 2017) (available at Expansion Report).

A26. Does an Industry Member have to report to the CAT orders received or originated, but not executed prior to the date an Industry Member is required to begin reporting data to the CAT?

01/14/2020

Orders received or originated prior to the date on which an Industry Member is required to begin reporting to the CAT and any subsequent events related to such orders, including those occurring on or after the required reporting date, are not required to be reported to the CAT. However, Industry Members may submit to the CAT events related to orders received or originated prior to the required reporting date and they will not be rejected.

If an Industry member chooses to optionally report subsequent events related to such orders, the orderKeyDate field must be populated with a date prior to the date on which the Industry Member is required to begin reporting to CAT, and the Industry Member will receive a warning that the Order Key references a date prior to CAT go-live. If the Industry Member populates the orderKeyDate field with a date on or after the date on which the Industry Member is required to begin reporting to CAT, the Industry Member will receive an error that the Order Key is not found.

If the sending firm chooses not to report the activity, but the receiving firm reports

an MEOA to CAT, both parties will receive a linkage error as the CAT Plan Processor would have no way to distinguish that the original order was received by the receiving firm prior to CAT go-live. In this case, both parties that received an error should contact the FINRA CAT Help Desk. Industry Members should note that this issue will only impact CAT Reportable Events for orders received prior to the start of CAT reporting (April 20, 2020 for equities and May 18, 2020 for simple electronic options), which are routed on or after the date when interfirm linkage processing becomes effective (July 27, 2020 in Industry Test Environment and August 10, 2020 in the Production Environment).

A27. When does Industry Member testing begin?

05/02/2019

Industry Member testing for Phase 2a of CAT reporting is scheduled to begin in December 2019.

A28. The CAT Registration form requires that a Registered Principal be named. Must that Registered Principal have a Series 24 license?

04/29/2019

If an Industry Member CAT Reporter employs a Series 24 Registered Principal, then that Registered Principal must be named on the CAT Registration Form. However, if an Industry Member CAT Reporter does not employ a Series 24 Registered Principal and instead employs one or more Limited Principals (e.g., Series 26), then the Industry Member CAT Reporter should name a Limited Principal on the CAT Registration form.

A29. What broker-dealers are considered Small Industry Members?

02/11/2020

The CAT NMS Plan defines “Small Industry Members” as “an Industry Member that qualifies as a small broker-dealer as defined in SEC Rule 613.” SEC Rule 613, in turn, defines “small broker-dealers” by referring to “those members that qualify as small broker-dealers as defined in §240.0-10(c) of this chapter.” Rule 0-10(c) under the Exchange Act states that the term small business or small organization shall,

[w]hen used with reference to a broker or dealer, mean a broker-dealer that:

- 1. Had total capital (net worth plus subordinated liabilities) of less than \$500,000 on the date in the prior fiscal year as of which its audited financial

- statements were prepared pursuant to § 240.17a-5(d) or, if not required to file such statements, a broker or dealer that had total capital (net worth plus subordinated liabilities) of less than \$500,000 on the last business day of the preceding fiscal year (or in the time that it has been in business, if shorter); and
- 2. Is not affiliated with any person (other than a natural person) that is not a small business or small organization as defined in this section.

Rule 0-10(i) under the Exchange Act further states that

[f]or purposes of paragraph (c) of this section, a broker or dealer is affiliated with another person if:

- 1. Such broker or dealer controls, is controlled by, or is under common control with such other person; a person shall be deemed to control another person if that person has the right to vote 25 percent or more of the voting securities of such other person or is entitled to receive 25 percent or more of the net profits of such other person or is otherwise able to direct or cause the direction of the management or policies of such other person; or
- 2. Such broker or dealer introduces transactions in securities, other than registered investment company securities or interests or participations in insurance company separate accounts, to such other person, or introduces accounts of customers or other brokers or dealers, other than accounts that hold only registered investment company securities or interests or participations in insurance company separate accounts, to such other person that carries such accounts on a fully disclosed basis.

Thus, under the terms of Rule 0-10, an Industry Member that introduces securities transactions to other broker-dealers on a fully-disclosed basis would not meet the definition of a “Small Industry Member.” The Participants, however, have requested that the Commission exempt broker-dealers that do not qualify as Small Industry Members solely because they satisfy Rule 0-10(i)(2) under the Exchange Act and, as a result, are deemed affiliated with an entity that is not a small business or small organization (“Introducing Industry Member”) from the requirements in the CAT NMS Plan applicable to Industry Members other than Small Industry Members. Instead, if the SEC grants the exemptive request, such Introducing Industry Members would comply with the requirements in the CAT NMS Plan applicable to Small Industry Members.

A30. If a firm meets the definition of a Small Industry Member at the time its audited financial statements are prepared, but its total capital subsequently

exceeds \$500,000 prior to the Small Industry Member deadline of December 2021, must it immediately start reporting to CAT as a Large Industry Member?

02/11/2020

No. A firm is a Small Industry Member for purposes of reporting to CAT if its total capital is less than \$500,000 on the date on which its audited financial statements were prepared. If the firm's total capital subsequently exceeds \$500,000 prior to the Small Industry Member implementation deadline of December 2021, the firm is not required to begin reporting as a Large Industry Member; rather, the firm must still comply with the Small Industry Member reporting deadline. Please see FAQ A29 for additional information on what broker-dealers are considered "Small Industry Members" for purposes of reporting to the CAT.

B. Reporting Requirements

B1. Are market maker quotes required to be reported to the CAT?

03/21/2018

Yes, market maker quotes are required to be reported to the CAT. Under the CAT NMS Plan, an Options Market Maker's quotes in Listed Options will be reported to the CAT by the relevant Options Exchange in lieu of reporting by the Options Market Maker. Options Market Makers will not need to separately report these quotes, although they will be required to report to the Options Exchange the time at which a quote in a Listed Option is sent to the Options Exchange (and, if applicable, the time of any subsequent quote modification and/or cancellation where such modification or cancellation is originated by the Options Market Maker). The Options Exchanges are required to report such time information to the CAT in lieu of reporting of such time information by the Options Market Markers to the CAT. Equity market makers, however, are required to report their quotes to the CAT themselves.

B2. What are the timestamp requirements for reporting information to the CAT?

03/21/2018

The CAT NMS Plan requires CAT Reporters to report CAT Data to the CAT in milliseconds. To the extent that a CAT Reporter's order handling or execution systems utilize timestamps in increments finer than milliseconds, then such CAT Reporter is required to utilize such finer increments when reporting CAT Data to the CAT.

B3. Are indications of interest ("IOIs") or requests for quotes ("RFQs") reportable to

the CAT?

02/13/2018

No, neither IOIs nor RFQs are reportable to CAT, as neither falls within the definition of an "order" as set forth in the CAT NMS Plan. For CAT purposes, an IOI is a non-firm expression of trading interest that contains one or more of the following elements: security name, side, size, capacity and/or price. The CAT treatment of IOIs is consistent with FINRA's treatment of IOIs under the OATS reporting requirements. (See OATS Compliance FAQ C76 available at <http://www.finra.org/industry/faq-oats-compliance-faq>)

B4. Are CAT Reporters required to record and report information related to any securities other than NMS Securities and OTC Equity Securities to the CAT?

02/13/2018

No. CAT Reporters are not required to record and report information related to non-Eligible Securities to the CAT. CAT Reporters only are required to report information related to Reportable Events in Eligible Securities - that is, NMS Securities and OTC Equity Securities. (See Section 1.1 of the CAT NMS Plan (definition of Eligible Security) available at SEC Approved CAT NMS Plan (11/15/2016))

B5. Are all Industry Members required to report NBBO information to the CAT?

02/13/2018

No, only CAT Reporters that are ATSS are required to submit NBBO information to the CAT. Specifically, ATSS would be required to report certain NBBO information upon the receipt and execution of an order. The CAT reporting requirement for ATSS NBBO information is consistent with FINRA's OATS reporting requirements for ATSS NBBO information. (See FINRA Rule 4554)

B6. Are CAT Reporters required to report to the CAT quotes received via subscriptions to receive market data from market data vendors (such as exchanges or market data aggregators)?

03/13/2018

No. CAT Reporters are not required to report to the CAT quotes received via subscriptions to receive market data from market data vendors. Under Sections 6.3(d)(iii) and 6.4(d)(i) of the CAT NMS Plan, CAT Reporters are required to report certain data to the CAT "for the receipt of an order that has been routed." Although such quotes may fall within the definition of an "order" under the CAT NMS Plan

(and SEC Rule 613(j)(8)) as “bids” and “offers,” such quotes have not been routed to the CAT Reporter, and therefore, not subject to the reporting requirement.

B7. If a Reportable Event is priced in a non-U.S. dollar currency, how will such prices be reported to the CAT?

04/04/2018

If a Reportable Event is priced in a non-U.S. dollar currency, CAT Reporters are required to convert such prices into U.S. dollars based on the conversion rate applicable at the time that the Reportable Event occurred and report such prices to the CAT in U.S. dollars. The treatment of prices in non-U.S. dollar currencies is consistent with FINRA’s treatment of such prices under OATS reporting requirements (See Compliance FAQ C71 available at: <http://www.finra.org/industry/faq-oats-compliance-faq>).

B8. How should an Industry Member report timestamps to the CAT if its order handling and order execution systems use different timestamp increments?

04/04/2018

Section 6.8 of the CAT NMS Plan requires that “[e]ach Participant shall, through its Compliance Rule: (i) require that, to the extent that its Industry Members utilize timestamps in increments finer than the minimum required in this Agreement in their order handling or execution systems, such Industry Members shall utilize such finer increment when reporting CAT Data to the Central Repository.” This requirement is reflected in each Participant’s CAT compliance rule series. Therefore, to the extent that any Industry Member’s order handling or execution systems utilize timestamps in increments finer than milliseconds for a given Reportable Event, such Industry Member shall record and report that Reportable Event to the CAT with timestamps in such finer increment. To the extent that an Industry Member has order handling or execution systems that utilize timestamps with varying increments, the Industry Member shall use the timestamps associated with each relevant system and Reportable Event when reporting CAT Data to the Central Repository, provided that in all instances such timestamps meet the minimum requirement of 1 millisecond for non-Manual Order Events.

B9. Are Industry Members required to report to the CAT all messages related to the transmission of an order?

04/18/2018

No. Industry Members only are required to report the “details for each order and each Reportable Event, as applicable,” as set forth in Section 6.3(d) of the CAT NMS Plan, as applied to Industry Members by Section 6.4(d)(i) of the CAT NMS Plan. The definitions of “orders” and “Reportable Events” are set forth in Section 1.1 of the CAT NMS Plan. If a message does not meet the definition of an order or a Reportable Event, then details related to that message do not have to be reported to the CAT. For additional information on reporting to the CAT, please see Section F (Reporting) of the General Frequently Asked Questions (FAQs) About the CAT.

B10. How should Industry Members report transactions involving fractional shares to the CAT?

09/11/2018

CAT will accept reports involving fractional shares; please refer to the Industry Member Technical Specifications for additional details.

B11. What types of products will be in scope for purposes of Industry Members reporting details of Orders and Reportable Events to the CAT?

06/18/2019

Industry Members will be required to report to the CAT details for each Order and Reportable Event involving an Eligible Security. Under the CAT NMS Plan, “Eligible Security” includes: (1) all NMS Securities, meaning “any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options”; and (2) all OTC Equity Securities, meaning “any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association’s equity trade reporting facilities.” While the CAT NMS Plan does not define “prompt last sale reporting rules,” the Operating Committee has determined that transactions in restricted securities (as defined by SEC Rule 144(a)(3)) are not reportable to CAT because they are not subject to prompt last sale reporting rules. However, transactions in direct participation programs (DPPs) must be reported to CAT in Phase 2c of Industry Member reporting. FINRA CAT LLC, the Plan Processor for the CAT, will publish daily lists of Eligible Securities.

B12. Are Industry Members required to report the equity leg of a complex order in

Phase 2a of the revised implementation schedule?

01/14/2020

The reporting obligation for the equity legs of complex orders beginning in Phase 2a is as follows. If a complex order includes an equity leg and the terms and conditions of the order are contingent upon the related option trade, the equity leg must be reported using the special handling code of "OPT" starting in Phase 2a. This reporting obligation applies regardless of whether the complex order is split or not split into components.

Specifically, for a complex order that is routed or received as a complex order and not split into its constituent equity and option legs, the Industry Member must report the equity leg to the CAT in Phase 2a with the "OPT" handling code. For a complex order that is routed or received as a complex order and then split into its constituent equity and option legs and routed, the Industry Member must report the equity leg to the CAT in Phase 2a with the "OPT" handling code.

In Phases 2a and 2c, if the complex order contains a net price, Industry Members must report the receipt and route of the equity leg as an unpriced market order with a handlingInstructions value of "OPT." In Phases 2a and 2c, CAT will interpret the combination of a market order with a handlingInstructions value of "OPT" as an order with a net price. In Phase 2d, a net price will be required. Refer to Scenario 2.15.4 for additional information.

Industry Members will be required to report any simple option leg of a complex order in Phase 2b if the complex order has been split and is being worked as individual legs. Industry Members will be required to report complex orders that include both equity and option components to the CAT in Phase 2d. These reporting obligations apply to both FINRA and non-FINRA members that are Industry Members.

B13. Are all broker-dealers that receive or originate orders in equity securities and listed options subject to the CAT reporting requirements?

11/15/2018

Any broker-dealer that is a member of a national securities exchange or FINRA and receives, originates and/or handles orders in NMS Securities, which includes NMS stocks and Listed Options, and/or OTC Equity Securities must report to CAT. There are no exemptions for any such broker-dealer for any reason.

B14. A registered investment advisor (RIA) operates within a US registered broker-

dealer BD1 (i.e., BD1 and RIA are part of the same legal entity). The RIA originates and routes orders for execution away from BD1. What are the RIA's CAT reporting obligations?

11/15/2018

Because the RIA is part of the same legal entity as the US registered broker-dealer, orders received or originated by the RIA are subject to all applicable CAT reporting rules and the US registered broker-dealer must report to CAT all orders that the RIA receives or originates. If the RIA were a separate legal entity that was not a member of a US registered broker-dealer, the RIA would not have an obligation to report orders originated and routed by the RIA to the CAT.

B15. Does the CAT NMS Plan supersede Rule 17a-3?

11/15/2018

No. The CAT NMS Plan is independent from SEC Rule 17a-3 and does not replace or otherwise alter Rule 17a-3 or any other SEC rules.

B16. Are US registered broker-dealers that operate in a foreign country required to comply with the CAT NMS Plan, including the clock synchronization requirements?

11/15/2018

Yes. Any broker-dealer that is a member of a national securities exchange or FINRA and receives and/or handles orders in NMS Securities, which includes NMS stocks and Listed Options, and/or OTC Equity Securities – regardless of whether they operate in a foreign country — must report to CAT and satisfy clock synchronization requirements.

B17. Is CAT data required to be maintained in a format that could be resubmitted to CAT?

11/15/2018

No. The CAT NMS Plan does not require CAT Reporters to maintain data submitted to CAT in the CAT format. CAT Reporters are required to retain the data in a format that it could be retrieved and provided to an SRO or the SEC upon request. CAT Reporters are not required to store the data in an electronic system; it could be stored in a manual format.

B18. What are the reporting requirements for orders received or initiated by a market maker?

11/15/2018

Market makers are subject to the same reporting requirements as any other Industry Member depending on the type of order received and how it was handled. There are no carve outs or exemptions for orders received or originated by a market maker.

B19. Is a Cancel Report required for an unexecuted IOC (Immediate or Cancel) or FOK (Fill or Kill)?

11/15/2018

No. An IOC order, by definition, is subject to an immediate partial or full execution. Otherwise, it is automatically partially or fully cancelled. An FOK order, by definition, is subject to either an immediate execution or immediate cancellation. Therefore, it is not necessary to submit to CAT a Cancel Event for an unexecuted order with instructions to be handled as IOC or FOK.

B20. What are the CAT reporting obligations when providing sponsored access or direct market access to non-BD clients?

11/15/2018

As a general matter, a broker-dealer is considered to be the executing broker in any transaction where its client (either a customer or broker-dealer client) is only able to effect the trade by virtue of the firm's membership with the applicable market center. Thus, if a client would not be able to effect trades without the firm's SRO membership, the firm providing the sponsored or direct market access is considered to have received an order from its client and routed it to the market center to which it provides access for the client. Accordingly, such orders must be reported to CAT by the firm providing such access.

B21. How should Exchange for Physicals ("EFP") transactions be reported to CAT?

06/18/2019

Like a negotiated transaction, both the buyer and seller of the reportable security in an EFP transaction would have an obligation to report New Order Events and Trade Events at the time the transaction occurs. The New Order Event should contain the handling Instruction of E.W to identify it as an EFP.

B22. What are the CAT reporting obligations when one Industry Member provides sponsored access to another Industry Member?

11/15/2018

With respect to the Industry Members' reporting obligations, when two broker-dealers have entered into a sponsored access agreement whereby one broker-dealer sponsors the other broker-dealer into a specific market center (such as a national securities exchange) by providing use of the sponsoring broker-dealer's SRO-assigned identifier, both broker-dealers have separate and distinct CAT reporting obligations. For example, if BD A sponsors access into a national securities exchange for BD B, the CAT reporting obligation for each broker-dealer would be as follows:

Sponsored Broker-Dealer BD B (under the SRO-assigned identifier of BDBB)

New Order Event

Order Route Event indicating order was routed to BDA

Sponsoring Broker-Dealer BD A (under the SRO-assigned identifier of BDAA)

Order Accepted Event indicating the order was received from BDBB

Order Route Report indicating order was routed to a national securities exchange

The CAT reporting obligations outlined above are the same regardless of the type of connection used by the sponsored broker-dealer to access the applicable market center. For example, the CAT reporting obligations for each broker-dealer would be the same whether the sponsored broker-dealer used a direct market connection provided by the sponsoring broker-dealer, a third party service provider connection provided by the sponsoring member, or its own proprietary connection to the subject market center.

B23. A broker-dealer accepts orders in Exchange Traded Managed Fund Shares ("ETMF"), or "NextShares", as defined under Nasdaq Rule 5745. When reporting orders in ETMFs to CAT should prices be reported in the "proxy price" format or using the Net Asset Value ("NAV") established at the end of the day?

11/15/2018

Industry Members must use the "proxy price" format established by Nasdaq, and not the final trade price, when reporting orders for ETMFs to CAT.

B24. Are the ALO (Add Liquidity Only), OPO (Opt Out of Locked Market) and STP (Self Trade Prevention) handling instructions required to be reported for orders not

received by an ATS?

11/15/2018

A. No. These codes apply to ATSS and are not required to be reported by non-ATSS. However, CAT will not prevent the reporting of such codes by a non-ATS.

B25. What are the CAT reporting requirements for a proprietary trading firm?

11/15/2018

Proprietary trading firms are subject to the CAT NMS Plan and SEC Rule 613. As such, proprietary trading firms that originate orders and route them out to other market centers have an obligation to report the origination of the order as a New Order Event (MENO) and the Route of the order as a Route Event (MEOR). Additionally, such firms are required to report any other related events in accordance with the CAT Reporting Technical Specifications for Industry Members.

B26. Does a CRD Number qualify as an SRO assigned identifier that can be used as an IMID in cases where a non FINRA member does not have an SRO assigned identifier?

11/15/2018

A. No. All CAT Reporters are required to obtain an SRO assigned identifier for the purposes of reporting IMIDs to CAT.

B27. What are the hours for reporting to CAT?

06/18/2019

CAT will accept files 24 hours a day, 7 days a week. Reports for events that occur during a particular Trading Day must be reported by 8:00 a.m., ET the following Trading Day or they are marked late by CAT.

B28. Are event times required to be reported in Eastern Time?

11/15/2018

Yes. All timestamps must be reported to CAT in Eastern Time. For additional information, refer to the CAT Reporting Technical Specifications for Industry Members.

B29. How should an order be identified when the broker (as opposed to the trader) has price and time discretion?

11/15/2018

An order submitted by a customer who gives the broker discretion as to the price and time of execution is denoted as a "Not Held" order. For CAT, the definition of a "trader" in the context of a "Not Held" order is extended to the broker.

B30. Are Cancel Reports required for expired "DAY" orders?

06/18/2019

No. "DAY" orders that remain unexecuted at the close of a market day are assumed to be canceled and no Cancel Event is required.

B31. Are order adjustments resulting from corporate actions such as dividends and distributions required to be reported to CAT?

11/15/2018

Adjustments to orders as the result of a corporate action are not required to be reported to CAT; however, if an order is canceled as a result of a corporate action, you must report the cancellation to CAT via a Cancel Event.

B32. How should the share quantity for an order event that involves a fractional number of shares be reported? For example, an order for 100-1/2 shares is received and worked by routing away 100 shares and executing the remaining 1/2 share as principal.

11/15/2018

CAT allows for the reporting of fractional shares in decimal format. In this example, the share quantity for the New Order Event should be 100.5, the Order Route Event should be 100, and the share quantity on the Trade Event for the fractional principal execution should be 0.5.

B33. How should a fractional number of shares as leavesQty be reported?

11/15/2018

If the Leaves Quantity totals a fractional number of shares, it may be reported in decimal format. For example, a Leaves Quantity of 500-1/2 shares should be reported as "500.5".

B34. An order is received after the market close and then cancelled prior to market open the next day. What is required to be reported to CAT?

11/15/2018

A New Order or Order Accept Event and an Order Canceled Event are required to be reported.

B35. Are proprietary orders in OTC equity securities originated in the normal course of market making activity required to be reported to CAT?

11/15/2018

Yes. All proprietary orders originated in the normal course of market making are reportable to CAT.

B36. How should prices (including fractions) be recorded in CAT?

11/15/2018

All prices must be in decimal format. The price fields are 18 numeric characters (including 8 decimal places). A price is not required to contain all 18 characters. In any price, no more than 9 characters can appear without a decimal and no more than 8 characters can appear after the decimal. For example, the following prices are valid: "125", "000000125", "000000125.00000000". Any price that contains more than 18 characters, 9 characters before a decimal, or 8 characters after a decimal will be rejected.

B37. How should short sale Buy-Ins be reported to CAT?

02/27/2019

Buy-Ins must occur in a clearing firm account and cannot occur directly in a customer account. Therefore, the Buy-In must be reported by the clearing firm as a proprietary order of the clearing firm with the FDID of the clearing firm's proprietary account in which the Buy-In occurred. The new order should be reported with a handlingInstruction of "BIN" to indicate the order represents a Buy-In.

B38. Does the requirement that broker-dealers report on actionable indications of interest pursuant to Rule 606, under the Securities Exchange Act of 1934, change what is reportable to CAT?

06/18/2019

No. The changes to Rule 606 do not modify what is reportable to CAT. Under the CAT, broker-dealers must determine whether trading interest falls within the definition of "order" for CAT purposes. As noted in CAT FAQB3, for CAT purposes, an

IOI is a non-firm expression of trading interest that contains one or more of the following elements: security name, side, size, capacity and/or price. If trading interest is firm, that trading interest is reportable under CAT (regardless of how it is labeled).

B39. Are transfers of positions between proprietary accounts within the same legal entity reportable to CAT?

07/17/2019

No. Journals and other non-trading, internal position transfers between proprietary accounts within the same legal entity generally are not reportable, as they do not involve the receipt or origination of an order or a bid or offer under Rule 613(j)(8), or other Reportable Event. However, position transfers are subject to applicable SRO rules, and if an exchange rule requires a position transfer to be transacted on an exchange, orders originated to effect a transfer and related Reportable Events would be reportable to CAT. In addition, while position transfers within the same entity generally are not reportable to CAT, the origination and internal routing of an order by one part of an Industry Member to a different desk or department for subsequent handling and any related Reportable Events are reportable to CAT.

B40. CAT FAQs B3 and B38 state that IOIs, RFQs and other forms of non-firm expressions of trading interest are not reportable to CAT. What factors should a firm consider when determining whether trading interest, regardless of the label attached to it, is reportable to CAT?

07/31/2019

Under CAT, Industry Members must determine whether trading interest falls within the definition of an “order” for CAT purposes. Specifically, CAT Reporters must consider the definition of an order under Exchange Act Rule 613(j), and any related SEC guidance. As stated in FAQs B3 and B38, non-firm expressions of trading interest that contain one or more of the following elements: security name, side, size, capacity and/or price, are not reportable to CAT. Thus, a key consideration in determining whether trading interest is reportable to CAT is whether it is firm. For example, certain trading interest, sometimes referred to as “conditional orders,” available on some alternative trading systems (ATSs) must have their terms and conditions “firmed up” or otherwise confirmed by the sender before they can be executed against a potential contra-side. Such trading interest would not be reportable to CAT by either the sender or the receiving ATS until it was firmed up/confirmed by the sender. The conditional order becomes reportable once it is

firmed up/confirmed and the time of receipt/origination for the sender would be the time the order was firmed up/confirmed by the sender and the time of receipt for the ATS would be the time the ATS receives the firmed up/confirmed order from the sender.

B41. How should an Industry Member report to the CAT orders filled by the Industry Member from its inventory, rather than through the generation of a proprietary order to execute against the order?

07/31/2019

If an Industry Member receives an order and executes the order from the Industry Member's inventory in one of its proprietary accounts, in whole or in part, rather than through the generation of a proprietary order, the Industry Member will not be required to record and electronically report to the Central Repository the origination of a proprietary order pursuant to Section 6.3(d)(i) as applied to Industry Members by Section 6.4(d)(i). Instead, when the Industry Member reports the execution of the order pursuant to Section 6.3(d)(i)(v) as applied to Industry Members by Section 6.4(d)(i), the Industry Member will record and electronically report to the Central Repository: (1) the Firm Designated ID of the proprietary account; and (2) the account type of the proprietary account. If, however, the Industry Member generates a proprietary order to execute against the order, then the Industry Member would be required to report to the CAT a new order report for the proprietary order.

B42. Are Industry Members required to report the receipt of a cancellation or modification instruction to the CAT if the Industry Member rejects the customer instruction because the order has already been executed?

08/13/2019

If the Industry Member receives a customer instruction, the Industry Member must report the receipt of the customer instruction to the CAT. The details that must be reported for the customer instruction are set forth in Section 6.3(d)(iv) of the CAT NMS Plan, as applied to Industry Members by Section 6.4(d)(i) of the CAT NMS Plan.

B43. Are verbal and manual quotes subject to the reporting requirements of Phases 2a, 2b or 2c?

10/29/2019

No. CAT Reporters are not required to report verbal or manual quotes on an

exchange floor or in the over-the-counter market during Phases 2a, 2b or 2c. The CAT reporting requirements for verbal and manual quotes for later phases remains under discussion. For these purposes, verbal quotes and manual quotes are defined as bids or offers in Eligible Securities provided verbally or that are provided or received other than via a CAT Reporter's order handling and execution system (e.g., quotations provided via email or instant messaging). See CAT FAQ C-7

B44. In what phase are bids or offers in CAT reportable securities that are provided by an Industry Member or received from another Industry Member off a national securities exchange reportable to CAT?

01/07/2020

The answer is divided into two sections: one section for verbal or manual bids or offers and one section for electronic bids or offers.

- **1. Verbal and Manual Bids and Offers:** As stated in FAQ B43, verbal or manual quotes on an exchange floor or in the over-the-counter market are not reportable during Phases 2a, 2b or 2c. For these purposes, verbal quotes and manual quotes are defined as bids or offers in Eligible Securities provided verbally or that are provided or received other than via a CAT Reporter's order handling and execution system (e.g., quotations provided via email or instant messaging). See also CAT FAQ C7. The CAT reporting requirements for verbal and manual quotes for later phases remains under discussion by the SROs.
- **2. Electronic Bids and Offers:** Electronic quotes which are provided by or received in a CAT Reporter's order/quote handling or execution systems in CAT reportable securities and are provided by an Industry Member to other market participants off a national securities exchanges are reportable in Phase 2c for equities and in Phase 2d for options under these three conditions:
 - a) An equity bid or offer is displayed publicly or has been communicated (1) for listed securities to the Alternative Display Facility (ADF) operated by FINRA; or (2) for unlisted equity securities to an "inter-dealer quotation system" as defined in FINRA Rule 6420(c);

There are a few important notes about quotes in OTC Equity Securities:

- i. OTC Equity Securities quotes which are received by an Industry Member CAT Reporter operating an inter-dealer quotation system are reportable in Phase 2a by the operator of the inter-dealer quotation system.
- ii. OTC Equity Securities quotes sent by an Industry Member to an

inter-dealer quotation system operated by an Industry Member CAT Reporter are reportable by the Industry Member sending them in Phase 2c.

- iii. OTC Equity Securities quotes sent by an Industry Member to a quotation venue not operated by an Industry Member CAT Reporter or SRO are reportable in Phase 2a by the Industry Member. Note that as of this writing, the Participants are not aware of the operation of any such quotation venue.
- b) Or, an equity bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for execution or routing; i.e., no further action is required by the market participant providing the quote before a trade or route can occur.
- c) Or, a listed option bid or offer which is accessible electronically by customers or other market participants and is immediately actionable for routing to another broker-dealer or to an exchange or exchange floor for execution/representation; i.e., no further action is required by the market participant providing the quote before routing to another broker-dealer or an exchange or exchange floor can occur.

Note that as stated in FAQ B6, CAT Reporters are not required to report to the CAT quotes received via subscriptions to receive market data from market data vendors.

B45. Are electronic responses to a Request for Quote (RFQ) or other forms of solicitation responses reportable to CAT in Phase 2c (equities) and Phase 2d (options)?

02/11/2020

As stated in FAQ B44, any equity bid or offer that is accessible electronically by customers or other market participants and is immediately actionable (i.e., no further manual or electronic action is required by the responder providing the quote in order to execute or cause a trade to be executed) is reportable in Phase 2c; and any listed option bid or offer which is accessible electronically by customers or other market participants and is immediately actionable (i.e., no further action is required by the responder providing the quote in order to execute or cause a trade to be executed) is reportable in Phase 2d. Accordingly, any response to an RFQ or other form of solicitation response provided in a standard electronic format (i.e. FIX) that meets this definition would be reportable in Phase 2c for equities and Phase 2d for

options.

Responses communicated in standard electronic format are reportable by both the CAT Reporter issuing the RFQ or solicitation (solicitor) and the CAT Reporter responding to the RFQ or solicitation (responder). Specifically, the solicitor must report the receipt of all responses, even those that were not ultimately selected. The exact format of the reporting of responses to RFQs (both solicitor and responder) is still under discussion by the SROs and will be set forth in the Phase 2c and Phase 2d CAT Reporting Technical Specifications for Industry Members.

It is important to note that regardless of the form (electronic or manual) of any RFQ or solicitation response, all orders received or originated as the result of such RFQ or solicitation process must be reported and must be identified as being part of an RFQ or solicitation process subject to the phasing requirements as set forth in the CAT Reporting Technical Specifications for Industry Members. For equities, both manual and electronic orders must be reported in Phase 2a. For options, simple, electronic orders must be reported in Phase 2b and all other orders, including manual, complex and paired orders, are reportable in Phase 2d.

Example 1:

A CAT Reporter issues an RFQ through a 3rd party vendor RFQ platform not operated by a broker-dealer. In response to the RFQ, multiple CAT Reporters respond by sending FIX messages directly to the requesting CAT Reporter. Upon selection of a response (either by the trader or automatically by the firm's trading system), the FIX order from the winning bidder is executed (manually or electronically) OR is routed (manually or electronically) to another broker-dealer or exchange for execution without any further action required by the winning bidder.

The electronically provided responses are reportable by all bidders, even those that were not selected, in Phase 2c for equities and Phase 2d for options. Further, the CAT Reporter that issued the RFQ would report the receipt of all responses and a new order from the winning bidder, as well as any subsequent actions taken to process the order in Phase 2a for equities, Phase 2b for simple, electronic orders and Phase 2d for all other options orders.

Example 2:

A CAT Reporter issues an RFQ and receives several quotes in response through a 3rd party vendor RFQ platform not operated by a broker-dealer. Upon selection of a

response, the CAT Reporter either:

- initiates and routes an order electronically to the winning bidder,
- the RFQ platform automatically sends a routed order to the winning bidder, or
- the winning bidder has standing instructions to create a new order acceptance once it receives a message from the RFQ platform that it has won.

Because the RFQ responses were sent through an RFQ platform and not via standard electronic format directly to the solicitor/CAT Reporter, none of the responses are reportable in 2c.

However, the origination of the new order by the solicitor/CAT Reporter, the route of that new order to the winning bidder, and the acceptance of that order by the winning bidder are all reportable events in the phase that order would otherwise become reportable. The solicitor/CAT Reporter would report the new order and route events; the winning bidder would report the order acceptance, as well as any subsequent actions taken to process the order.

Example 3

A CAT Reporter issues an RFQ through a 3rd party vendor RFQ platform not operated by a broker-dealer. In response to the RFQ, multiple CAT Reporters respond by sending FIX messages directly to the requesting CAT Reporter's OMS. Upon selection of a response, the solicitor CAT Reporter either:

- initiates and routes an order electronically to the winning bidder,
- the RFQ platform automatically sends a routed order to the winning bidder, or
- the winning bidder has standing instructions to create a new order acceptance once it receives a message from the RFQ platform that it has won.

Although the RFQ responses were sent via standard electronic format directly to the solicitor/CAT Reporter's OMS/EMS, the responses are not reportable in Phase 2c because the CAT Reporters sending the responses would be required to take additional action by accepting a separate order from the requestor before any execution can occur, and would therefore not be considered immediately actionable.

However, the origination of the new order by the solicitor/CAT Reporter, the route of that new order to the winning bidder, and the acceptance of that order by the winning bidder are all reportable events in the phase that order would otherwise become reportable. The solicitor/CAT Reporter would report the new order and

route events; the winning bidder would report the order acceptance, as well as any subsequent actions taken to process the order.

Example 4

An Asset Manager (non-CAT Reporter) issues and receives several quotes in response through a 3rd party vendor RFQ platform that is not part of any CAT Reporter's OMS/EMS. Upon selection of a response, the Asset Manager either:

- sends a new order request electronically to the winning bidder,
- the RFQ platform automatically sends the new order request to the winning bidder, or
- the winning bidder has standing instructions to create a new order for this Asset Manager once it receives a message from the RFQ platform that it has won.

Because the RFQ responses were sent through an RFQ platform and not via standard electronic format directly to or from a CAT Reporter's OMS/EMS, none of the responses are reportable in Phase 2c.

However, the receipt of the order from the Asset Manager, as well as any subsequent actions taken by the winning bidder to process the order are reportable events in the phase that order would otherwise become reportable.

B46. The newOrderFDID field in the Post-Trade Allocation Event (MEPA) and Amended Allocation Event (MEAA) is described as "The FDID of the related New Order event, if available in the booking system." What does "if available in the booking system" mean?

01/28/2020

For Phase 2c, “if available in the booking system” means that the FDID is either directly available in the booking system, or can be made available through a simple reference data lookup, or can be readily accessed by the booking system through an existing system integration. For example, if the FDID is directly stored or can be directly queried by the booking system, the newOrderFDID field should be populated. In contrast, if, in order to supply the FDID, a new system integration would be required or if new data element(s) were required in the booking record, then the newOrderFDID field would not be required to be populated. It should also be noted that requirements for populating this field may be expanded in future phases of CAT.

B47. Order Internal Route Modified events are not required to be reported to CAT until Phase 2c. In Phase 2a, what orderID should be populated on events subsequent to the internal route modification (e.g., MEOR, MEOT)?

03/12/2020

In Phases 2a or 2b, events subsequent to an internal route modification may be populated with any orderID that allows the event to be linked to the order lifecycle. For example, an order that was internally routed from a sales desk to a trading desk is subsequently modified at both the sales and trading desks, and ultimately executed at the trading desk. The sales desk and trading desk maintain different orderIDs. In this example, in Phase 2a the orderID on the related Trade event may link to either the MEIR reported by the trading desk or the MEOM reported by the sales desk. In Phase 2c, the Trade event must link to the MEIM reported by the trading desk.

C. Definitions

C1. How has the Operating Committee defined “Trading Day”?

10/30/2018

The Operating Committee has determined that “Trading Day” shall have the following meaning for all Eligible Securities. For Participant CAT Reporters the Trading Day is defined as beginning after midnight on one trade date and ending at midnight the next trade date. For Industry Member CAT Reporters, Trading Day is defined as beginning immediately after 4:15:00 p.m. and no fractions of a second Eastern Time on one trade date and ending at exactly 4:15:00 p.m. and no fractions of a second Eastern Time on the next trade date.

C2. What is the definition of "foreign broker-dealer" for purposes of populating the

destination type field for Industry Member reporting?

09/11/2019

For purposes of reporting to the CAT, the Participants have adopted the definition of "foreign broker-dealer" as set forth in SEC Rule 15a-6(b)(3). In particular, SEC Rule 15a-6(b)(3) states: "The term foreign broker or dealer shall mean any non-U.S. resident person (including any U.S. person engaged in business as a broker or dealer entirely outside the United States, except as otherwise permitted by this rule) that is not an office or branch of, or a natural person associated with, a registered broker or dealer, whose securities activities, if conducted in the United States, would be described by the definition of 'broker' or 'dealer' in sections 3(a)(4) or 3(a)(5) of the [Securities Exchange Act of 1934]."

C3. What is the definition of institution for purposes of the Account Type Code value of "A" Institution?

11/15/2018

For purposes of CAT Account Type Code, "institution" has the same meaning as the term "institutional account," as defined in FINRA Rule 4512(c).

C4. The affiliateFlag requires the designation of an affiliate. How should CAT Reporters determine who is an "affiliate" for these purposes

06/18/2019

For purposes of the affiliateFlag, an "affiliate" of the firm would include a person or entity that (i) directly or indirectly controls the firm, (ii) is controlled by the firm, or (iii) is under common control with the firm. Employees of the firm would not be considered "affiliates" for purposes of CAT.

C5. When should the value "O" (Market Making) be used for accountHolder Type?

06/18/2019

For CAT reporting purposes, the accountHolderType value of market maker (value "O") is used to identify orders originated by registered market makers or firms displaying quotes in an IDQS in their market making account. The value of "O" is not limited to activity only on the exchange where a market maker is registered. It should be used for any order originated by a market maker in its market making account for a security in which it is registered, regardless of where the order is ultimately routed or executed.

It is not intended to identify all forms of market making under various rules, such as short sales rules, Volker, etc. Further, it is not intended to identify all trading in any proprietary account that may be used for market making activity, including hedging activity in securities for which a firm is not a registered market maker or block positioning in securities for which the firm is not a registered market maker.

Because options market making is currently defined and identified through use of the OCC clearing range, a separate CAT reporting guideline for the use of the accountHolderType of "O" for options orders has been mandated.

Specifically:

For CAT reporting purposes only, the accountHolderType value "O" (Market Making) should be used as follows:

Equities: The value "O" should be used for any order originated in an Industry Member's market making account in a security for which the Industry Member is registered as a market maker, designated market maker, lead market maker or similar capacity on a national securities exchange or in which the Industry Member displays quotations on an IDQS in an unlisted stock.

Options: The value "O" should be used for any order originated in an account of the Industry Member that clears in the OCC clearing range of "M".

C6. What is the definition of a "cabinet" order for purposes of the "orderType" field for Exchange-listed options in the CAT Reporting Technical Specifications for Industry Members?

10/14/2019

The “orderType” field when used in reference to Exchange-listed options in the CAT Reporting Technical Specifications for Industry Members provides that the type of order being submitted may be, for example, a market, limit or cabinet order. For purposes of the “orderType” field, a “cabinet” order designation would be applicable for an order that is represented on/routed to a given Options Exchange as a cabinet order under the rules of that Options Exchange. See, for example, Cboe Options Rule 5.85(h) for cabinet orders represented on/routed to the Cboe Options Exchange.

C7. Are orders received or routed via instant message (IM) or email considered “manual” or “electronic” for purposes of reporting to the CAT?

07/17/2019

Orders received or routed outside of an electronic order handling or execution system, such as via telephone, IM or email, are considered to be manual for purposes of reporting to the CAT. For purposes of reporting to CAT, electronic receipt of an order refers to the initial receipt of an order by an Industry Member directly into an electronic system for further routing and execution. Electronic routing of an order refers to the routing of an order directly from a firm’s electronic system to the routing destination.

Please note that the above general definition of electronic order is broader than the Phase 2b options electronic order definition that states that an order must be received in a standard format (e.g., FIX) directly into an order handling or execution system. The general definition includes all electronically received orders, such as an order entered online by a customer that is captured directly into an electronic order handling and execution system, and not just those received in a standard format. See also CAT FAQs G1 to G4 regarding manual orders.

D. Order Receipt

D1. This FAQ has been moved to section I. Foreign Securities, as FAQ I8.

01/07/2020

D2. Are Industry Members required to report the receipt of an order to the CAT if the Industry Member rejects the order?

04/18/2018

If the Industry Member receives an order, the Industry Member must report the

receipt of the order to the CAT. The details that must be reported for the receipt of an order are set forth in Sections 6.3(d)(i) (for the original receipt of an order) and 6.3(d)(iii) (for the receipt of an order that has been routed) of the CAT NMS Plan, as applied to Industry Members by Section 6.4(d)(i) of the CAT NMS Plan.

D3. How would an Industry Member determine the time of order receipt?

04/18/2018

If an Industry Member receives an order, the Industry Member must report the time of order receipt pursuant to Sections 6.3(d)(i) (for the original receipt of an order) and 6.3(d)(iii) (for the receipt of an order that has been routed) of the CAT NMS Plan, as applied to Industry Members by Section 6.4(d)(i) of the CAT NMS Plan. The time of order receipt for Sections 6.3(d)(i)(E) and 6.3(d)(iii)(C) is the time that the Industry Member receives the order.

D4. A registered representative of BD A, an Industry Member CAT Reporter, creates an order for 10,000 shares that he later plans to allocate to 10 customer accounts for which he has trading discretion. What are the CAT reporting obligations for BD A for the 10,000 share order created by the registered representative?

11/15/2018

In Phase 2a, BD A will be required to report a single 10,000 share order with the time of receipt being the time the registered representative creates the order and that includes the Firm Designated ID (FDID) of the account that the shares will be held in until the registered representative determines the allocations to the 10 individual customer accounts. In Phase 2c, BD A also will be required to report Allocation Reports for each allocation to the individual customer accounts that includes the FDID for each individual customer account.

D5. BD A, an Industry Member CAT Reporter receives 10 separate and distinct customer orders that together total 10,000 shares. A registered representative of BD A sends a single 10,000 share order to the trading desk. What are the CAT reporting obligations for BD A?

06/18/2019

BDA would be required to report each of the individual customer orders. Since the registered representative did not have discretion in the accounts, but instead received orders for these accounts, each order must be reported separately; therefore, you would be required to send 10 New Order Events to CAT. Additionally,

BD A must report a separate New Order Event for the aggregated 10,000 share order created to represent the 10 customer orders.

D6. Should accounts belonging to family members of an employee of an Industry Member CAT Reporter be reported with the accountHolderType Code "E"?

06/18/2019

No. accountHolderType "E" should only be used for orders received for employee accounts, not for accounts of employees' family members.

D7. Should accountHolderType Code "E" be used for orders received from former or retired employees or employees of other broker-dealers?

06/18/2019

No. accountHolderType "E" should only be used for orders received for accounts of a broker-dealer's current employees, not for orders received for the accounts of former or retired employees or employees of any other broker-dealer.

D8. Should accountHolderType "E" be used if a registered representative has discretion over a customer account?

06/18/2019

No. The accountHolderType represents the type of beneficial owner of the account and, since the employee is not a beneficial owner, the accountHolderType "E" would not be appropriate. If the beneficial owner of the account was an institution, for example, an accountHolderType "A" (Institutional Customer) should be used even if an employee of the firm has discretion over the account.

D9. For orders received electronically from another CAT Reporter, must the the Routed Order ID reported to CAT by the receiving CAT Reporter be in the exact format as which it was received from the sending CAT Reporter?

11/15/2018

Yes. Routed Order IDs must be reported in the same format in which they were received or the audit trail will be broken. For instance, if CAT Reporter A routes an order with a Routed Order ID of AB_0001, the receiving CAT Reporter must also report a Routed Order ID of AB_0001. In this instance, a Routed Order ID of AB001, AB_001 or anything other than the exact format of the original Routed Order ID will cause the audit trail to break and the Route Event will be marked as Unlinked.

D10. How should orders received with instructions from the customer to buy as

much stock as possible for a specific dollar amount (e.g., \$1,000) over the course of the day (commonly referred to as "cash" orders) be reported to CAT?

06/18/2019

These orders should be reported to CAT with a handling instruction of "CNH" denoting Cash Not Held. Additionally, they must be reported to CAT with a share quantity equal to the number of shares that could be purchased with the specified dollar amount based on the best available market at the time of order receipt. For example, if an Industry Member receives a cash order for \$1,000 when the best available market is \$20, then the Industry Member must report a share quantity of 50 in the New Order Event or Order Accepted Event. Industry Members need not submit an Order Modification Event to reflect a change in share quantity due to market fluctuations during the life of the order. However, if a customer changes the dollar amount, then an Order Modification Event must be submitted to reflect that change.

D11. What is the purpose of the tradingSession field?

11/15/2018

The tradingSession field identifies the specific market session(s) during which an order is eligible to trade either based on instructions received by the Industry Member from its customer or based on communication by the Industry Member to the customer on when the order will be eligible for execution. The tradingSession field will be used in surveillance patterns to identify when orders may be eligible for execution.

D12. An Industry Member receives an order with instructions to execute the order as agent or riskless principal during regular market hours. The Industry Member accumulates shares during regular market hours but does not execute the customer order until after the close at an average price of the shares accumulated during regular market hours. What should be populated in the tradingSession field on the New Order or Order Accepted Event?

11/15/2018

Since the customer instructions were to acquire shares during regular market hours and the order is executed as agent or riskless principal at the same price that the Industry Member accumulated the shares during regular market hours, the order should be reported with a tradingSession value of "REG".

D13. An Industry Member receives an order with instructions to execute the order

on a net basis. No specific instruction is given with respect to which trading session the order is eligible to be executed. The Industry Member accumulates shares during regular market hours but does not execute the customer order until after the close at a net price which is reported to the tape. What should be populated in the tradingSession field on the New Order or Order Accepted Event?

11/15/2018

Since the Industry Member executed the trade on a net basis, the tradingSession field should be based on when the net trade can be executed. If the execution can take place either during regular market hours or in the after hours session, the tradingSession field should be populated with "REGPOST".

D14. An Industry Member receives an order with instructions to execute during regular market hours. However, when the regular trading session expires, the order is not complete and the customer instructs the Industry Member to finish the order. What should be populated in the tradingSession field on the New Order or Order Accepted Event in this instance?

11/15/2018

Since the original order was received with instructions to trade only during regular market hours, the tradingSession field must be populated with "REG". If the Industry Member records the subsequent instruction to complete the order as an order modification on its books and records, an Order Modified Event with the tradingSession of "POST" for the remaining share quantity must be reported. If the Industry Member does not record a modification to the order on its books and records, then no Order Modified Event is required.

D15. If the handlingInstructions reported with an order contains instructions that reflect the order is only eligible to be traded at the time it is received, such as "Immediate or Cancel" or "Fill or Kill", or implies the time the order is eligible, such as "Market on Open", is the tradingSession field still required to be populated?

11/15/2018

Yes. The tradingSession field must be populated on all orders. However, if because of the specific nature of the handling instruction (e.g., IOC), the customer does not provide further information on the trading sessions in which the order may trade, it would be acceptable for the tradingSession field to be populated with "ALL" since no specific Trading Session was communicated by the customer to the Industry Member. This guidance to use the code of "ALL" includes scenarios where the

handling instructions received with the order dictate the trading session in which order is eligible to trade, such as "Market on Open", but where no other specific instructions regarding the trading session were received from the customer.

D16. If a firm does not receive specific instructions from its customer as to which session an order may trade, and the firm does not otherwise communicate to the customer that the order will only be traded during specific market sessions, what should be populated in the tradingSession field?

11/15/2018

In instances where an Industry Member does not receive specific instructions from its customer as to which session an order may trade, and the Industry Member does not otherwise communicate to the customer that the order will only be traded during specific market sessions, but, there is an understanding between the Industry Member and customer that the order is eligible to trade in a particular session(s), the tradingSession field must be populated with the code representing the specific trading session(s) in which the order is eligible to trade. For example, if an Industry Member receives orders from a particular customer or client with the understanding that orders will only be executed during regular market hours, the tradingSession field should be populated with "REG".

D17. How should the tradingSession field be populated for orders that are received with instructions that they are only to be executed on a foreign market?

11/15/2018

If an Industry Member receives an order for a security that is dually listed with specific instructions that the order is to be executed on the foreign market, then the Industry Member should populate the tradingSession field with the code "FOR" (to be executed only on a Foreign Market). It is important to note that the FOR value may only be used in instances where the order can only be executed on the foreign market. If it is possible that the order could be executed in the US, then the tradingSession field should be populated with the Trading Session value that reflects the sessions during which the order is eligible to trade in the US.

D18. Is the tradingSession field required to be populated for proprietary orders originated by the firm and where no customer instruction is received?

11/15/2018

Yes. The tradingSession field must be populated on all orders, including proprietary

orders originated by the Industry Member. If an Industry Member's trading system does not generate specific instructions with respect to when the order is eligible to trade, the code "ALL" should be used.

D19. How should the timeInForce field be populated for "Fill or Kill" orders that contain a limit price?

11/15/2018

"Fill or Kill" orders with limit prices should have the timeInForce field populated with "DAY".

D20. Why is there not an allowable value of unknown (U) for the accountHolderType Code field on New Order Events (MENO)?

06/18/2019

The accountHolderType field is only available on the New Order Event which reflects receipt of a Customer order or origination of an order by the Industry Member. Since the type of beneficial owner for orders received from a customer or originated by the Industry Member is known, "U" (Unknown) is not an allowed value.

D21. What accountHolderType value should be used if the beneficial owner of an account for which an order is received is an employee but the account also meets the definition of an institutional account?

06/18/2019

If an order is placed by an employee of the Industry Member and the account also meets the definition of an institutional account according to FINRA Rule 4512(c), then the Industry Member must use the accountHolderType value of ("E") on the related CAT New Order Event to identify that the beneficial owner of the account is an employee of the Industry Member.

D22. What is the purpose of the infoBarrierID field and how should it be used?

11/15/2018

The infoBarrierID field allows firms to uniquely identify on an order-by-order basis each information barrier that meets the criteria of the "no-knowledge" exception for certain proprietary trading activity under FINRA Rule 5320. By identifying specific information barriers that are in place with respect to individual orders, both customer and proprietary, Industry Members will provide CAT with information that can be used when conducting reviews of compliance with FINRA Rule 5320.

Specifically, on all events for orders received or originated at a desk or department with an information barrier in place, Industry Members must populate the infoBarrierID with the value assigned by the Industry Member to the specific information barrier in instances where the firm is claiming the “no-knowledge” exception. The use of this field allows each customer and proprietary order to be identified with a particular information barrier.

For example, if an Industry Member has two or more separate desks or departments that share a single information barrier, orders received or originated at these separate desks or departments may be reported to CAT with the same unique infoBarrierID. If, alternatively, an Industry Member has separate desks or departments that are not within the same information barrier, orders received or originated at these desks or departments would be reported to CAT with different Information Barrier IDs. Finally, if an order is received or originated within an Industry Member that has no information barriers in place, those orders must be reported to CAT with the infoBarrierID field left blank. To the extent that Industry Members populate the infoBarrierID field, the use of values must remain consistent. Therefore, once used, a value may not be reassigned to identify a different information barrier.

Reporting Scenarios

Scenario #1 - Desks or Departments Sharing an Information Barrier

- Example: Firm A has a customer facing desk (Desk 1) and a proprietary desk (Desk 2) within the same information barrier that the firm has named “AB12”. Desk 1 receives an order from a customer and Desk 2 originates a proprietary order. The CAT reporting would be as follows:

Desk 1: MENO from customer	infoBarrierID: AB12
Desk 2: MENO proprietary order	infoBarrierID: AB12

Scenario #2 - Desks or Departments Separated by Information Barriers

- Example: Firm A has a customer facing desk (Desk 1) that is within an information barrier the firm has named “U89T” and a proprietary desk (Desk 2) that is within an

information barrier the firm has named “4RYH”. Desk 1 receives an order from a customer and Desk 2 originates a proprietary order. The CAT reporting would be as follows:

Desk 1: MENO from customer	infoBarrierID: U89T
Desk 2: MENO proprietary order	infoBarrierID: 4RYH

Scenario #3 - Desks or Departments with No Information Barriers Example:

• Example: Firm A has a customer facing desk (Desk 1) and a proprietary desk (Desk 2), neither of which have information barriers in place. Desk 1 receives an order from a customer and Desk 2 originates a proprietary order. The CAT reporting would be as follows:

Desk 1: MENO from customer	infoBarrierID: Blank
Desk 2: MENO proprietary order	infoBarrierID: Blank

D23. How should the accountHolderType be populated for orders received from an Investment Advisor or money manager exercising discretion over client accounts? Should the accountHolderType represent the status of the IA/money manager or the status of the IA/money manager’s client?

09/13/2019

The accountHolderType should always reflect the beneficial owner of the account. For example, if an order is received from a registered Investment Advisor (“RIA”) and the account is held in the RIA’s name, including DVP/RVP and omnibus accounts, the account would be considered “institutional” (as defined under FINRA Rule 4512(c)), and the order should be reported to CAT with an accountHolderType of “A” (Institutional Customer) to reflect the status of the RIA.

If an order is received from an RIA and the account is held in the client’s name or in the RIA’s name for the benefit of a disclosed client, the account would not be considered institutional (as defined in FINRA Rule 4512(c)), and the order should be reported to CAT with an accountHolderType of “I” (Individual Customer) to reflect

the status of the client, unless the client itself qualifies as “institutional” under FINRA Rule 4512(c). If the client qualifies as “institutional” under FINRA Rule 4512(c), then the order should be reported to CAT with an accountHolderType of “A” (Institutional Customer).

D24. What value should be populated in the deptType field for orders in which a broker-dealer is providing direct market access to customers that are not broker-dealers?

06/18/2019

Firms providing market access to non-broker-dealer customers must populate the deptType field with the value of “DMA” (Direct market Access). The value of Sponsored Access “SA” is only used for market access orders involving another broker-dealer.

D25. How should the accountHolderType field be populated in relation to NYSE Account Type Indicators?

06/18/2019

The Exchange ATI values are separate and distinct from the accountHolderType values. The ATI values required to be submitted to the Exchange primarily are used to identify whether an Exchange member is entering an order into Exchange systems for its account or the account of some other entity, while the CAT accountHolderType values are used to identify the type of account originating an order. CAT captures capacity and other information in fields separate and distinct from the accountHolderType. Consequently, the Exchange ATI values will have no impact on a firm’s population of the accountHolderType in CAT.

The below chart that reflects the most common combinations of Exchange ATIs and CAT accountHolderType.

Capacity of Firm	CAT	Exchange
Firm routing to the Exchange for the account of the member	accountHolderType Code: “O”, “P”, “V”, or “X”	ATI: “P”, “Q” or “R”