

Industry Update on the Consolidated Audit Trail

An industry update on the progress of the Consolidated Audit Trail National Market System Plan presented by the CAT NMS, LLC Operating Committee



January 30, 2018

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High-Level CAT Overview

General Requirements

- All **Equities and Options order life cycle events** will be required to be reported. The scope of equities events is broader than current OATS requirements and includes quotes and market maker orders and enhanced linkages between representative orders and customer orders
- Reporting firms will have to provide **unique identifiers** for these records to support CAT linkage processes both within a CAT Reporter and across CAT Reporters
- **Customer-identifying information** must be included, which will require reporting firms to locate customer “golden source” data
- Unlike OATS, there will be **no exemptions** from these reporting requirements

Reportable Events

- CAT Reportable Events will include:
 - Receipt or origination of an order
 - Routing of an order to another market participant
 - Routing of an order between desks or departments
 - Modifications
 - Cancellations
 - Executions
 - Allocations

Customer and Account Information

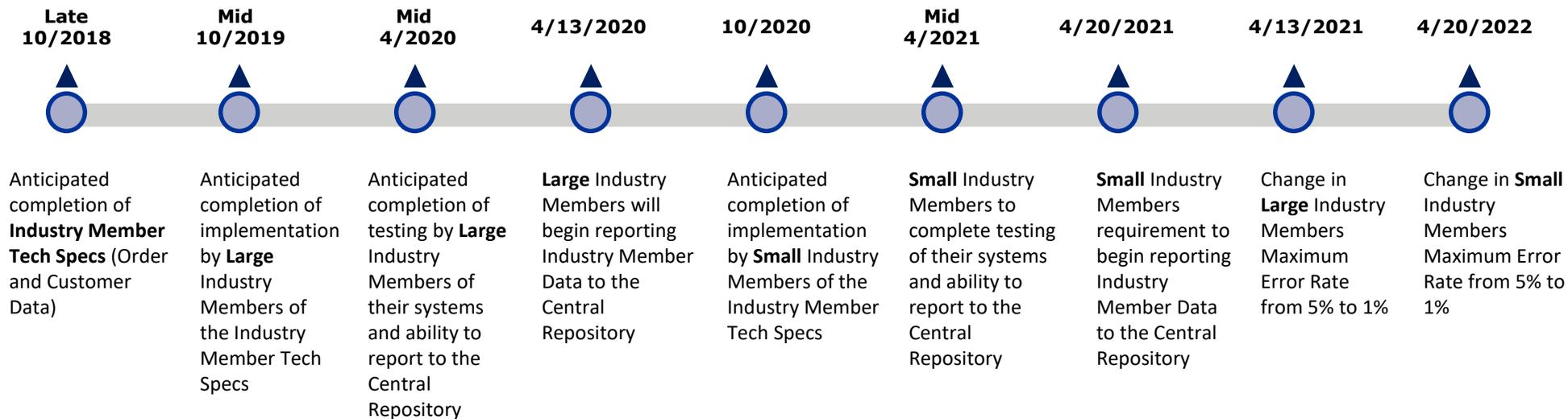
- CAT requires the reporting of "Customer Account and Identifying Information", which includes the following:
 - Firm Designated ID
 - Account number
 - Account type
 - Customer name, address, and type
 - Customer SSN or TIN
 - Date account opened
 - Large Trader ID (if applicable)
 - Legal Entity Identifier (if available)

Recent SRO Activity

- The SROs recently submitted filings to the SEC to **withdraw proposed rules regarding the retirement of reporting requirements** that would be rendered duplicative by the CAT, and **proposed fees for Industry Members** as well as **proposed Participant fees** to fund the CAT
- The SROs are **committed** to retiring duplicative reporting requirements and to establishing equitable Industry Member fees
- The SROs unanimously **approved a CISO candidate**
- SROs, Thesys CAT and the Advisory Committee have been jointly conducting a **detailed review of open interpretive items** relating to the Industry Technical Specifications. The SROs understand the importance of these to industry implementation and are working to provide as much guidance as possible
- An updated draft of the **Participant Technical Specifications (v1.5)** has been approved by the Operating Committee and made available on the CAT NMS Plan website

Implementation Update

- The SEC has not provided additional information beyond what has previously been communicated – the milestone dates from the Exemptive Request still hold as of 1/30
- The SROs recognize that this lack of clarity is not ideal and are working with the SEC to get additional clarity on milestone and implementation dates



Update on PII

- The security of the PII data required to be captured by the CAT is of **paramount concern** to the SROs and Thesys CAT
- The SROs, along with Thesys CAT and the Advisory Committee, have recently begun analysis as to whether it might be possible to **meet the goals of the CAT while capturing less PII** than Rule 613 currently requires
- The SROs will be looking to **involve industry trade groups** to further define this approach
- Accordingly, firms should **remain engaged** and still plan to review customer data reporting according to the iterative draft specs to be released in May 2018

Update on Industry Member Technical Specifications

- Thesys CAT plans to publish the initial version of the **Submission Process, Feedback and Corrections, Testing and CAT Reporter Resources** sections of the Industry Member Technical Specifications on 2/15
- Thesys CAT and the Participants are **collaboratively working through the feedback received** on the draft Industry Member Technical Specification version.01 that was published on catnmsplan.com in early September
- The industry raised a number important issues that Thesys CAT and the Participants are working to address; these issues, which include the Trading Day definition as well as standardized values for order handling instructions and order event types, are being carefully considered and **an updated version of the spec** will be published in the coming months
- **FAQs for interpretative issues that have been resolved to-date** will be published on the CAT NMS Plan website
- The SROs are considering **Industry Normalization** in the context of OATS reporting; a proposal for **Normalization of Industry data** was shared with FIF and SIFMA on 1/12
- Thesys CAT and the SROs are currently planning to release an iterative draft of the **Customer Reporting specs** on 5/15 – note that aspects of PII are still to be determined
- The SROs recognize the need for an **adequate implementation time** once specs are finalized, and the SROs will continue to work with the SEC on this

Industry Technical Specifications Working Group

- An Industry Technical Specifications Working Group has been formed from the Interpretive Working Group to make **recommendations on implementation topics** (i.e., how to report) after interpretive guidance exists
- The working group will be comprised of:
 - Advisory Committee members who will be CAT Reporters or service providers
 - Industry Organization representatives (e.g., FIF, SIFMA, STA)
 - Topic-specific SMEs from the industry, as invited by the working group
 - SRO and SEC representatives
 - Thesys CAT representatives
- Members of the working group are **not bound by confidentiality agreements**, with the goal of allowing open discussions and efficient resolution of issues
- The first organizational meeting is scheduled to take place on 2/1

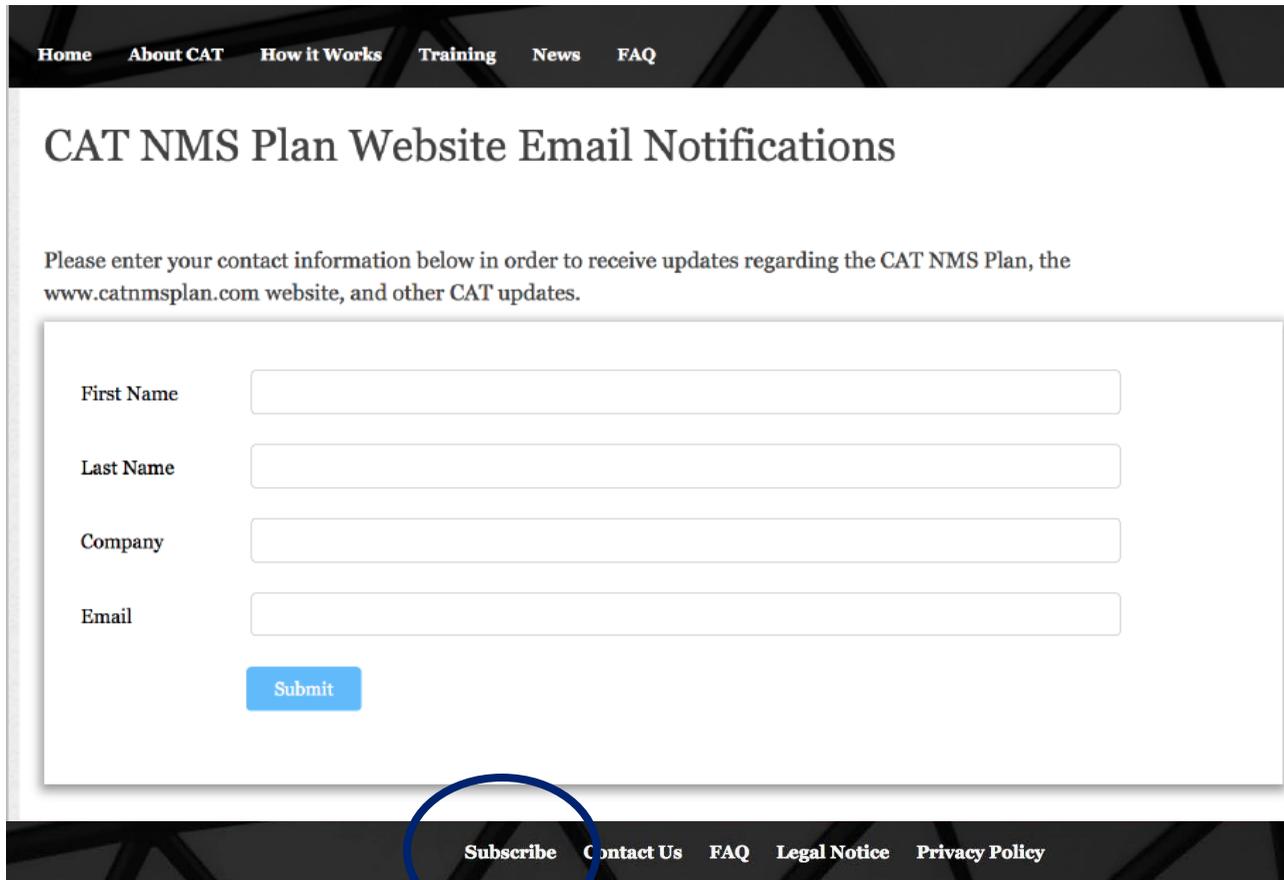
Advisory Committee Attendance of Working Groups

Advisory Committee designees and SRO Chairs have been assigned for each working group:

Working Group	SRO Chair(s)	Advisory Committee Member(s)
Compliance Subcommittee	John Ramsay (IEX)	<i>Full Advisory Committee</i>
Steering Working Group	Elizabeth King (NYSE) Duer Meehan (FINRA)	Manisha Kimmel
Interpretive Working Group	Shelly Bohlin (FINRA)	Jess Haberman Ron Veith Manisha Kimmel Judy McDonald Gregg Berman
Industry Outreach Working Group	Jeff Wells (CBOE) Paul McKenney (FINRA)	<i>Full Advisory Committee</i>
Normalization Working Group	Jonathan Redwine (NYSE)	Judy McDonald Jess Haberman
PII Working Group	Jon Kroeper (FINRA)	Allan Goldstein John Lassen
Sandbox Working Group	Len Gatrell (FINRA)	Gregg Berman

CAT NMS Plan Website Subscription

The CAT NMS public website (www.catnmsplan.com) has launched a subscription feature to receive periodic updates regarding CAT implementation:



The screenshot shows the website's navigation menu at the top with links for Home, About CAT, How it Works, Training, News, and FAQ. The main heading is "CAT NMS Plan Website Email Notifications". Below the heading is a text prompt: "Please enter your contact information below in order to receive updates regarding the CAT NMS Plan, the www.catnmsplan.com website, and other CAT updates." The form contains four input fields: "First Name", "Last Name", "Company", and "Email". A blue "Submit" button is located below the "Email" field. At the bottom of the page, a dark navigation bar contains links for "Subscribe", "Contact Us", "FAQ", "Legal Notice", and "Privacy Policy". A blue circle highlights the "Subscribe" link, and a blue arrow points upwards from below the page towards the "Subscribe" link.

CAT Help Desk

- The CAT help desk is now live, and can be reached in the following ways:
 - **Email Address:** helpdesk@thesyscat.com
 - **Phone Number:** (833) CAT-SERV or (833) 228-7378
 - **Hours of Operation:** 9AM-5PM Eastern Time (Weekdays only)
- Currently, the help desk is available to address general questions relating to the following topics:
 - CAT NMS public website
 - Media relations
 - Go-live dates
 - Technical Specifications (e.g., publication schedule)
 - CAT users
 - System security
 - Billing

Questions?