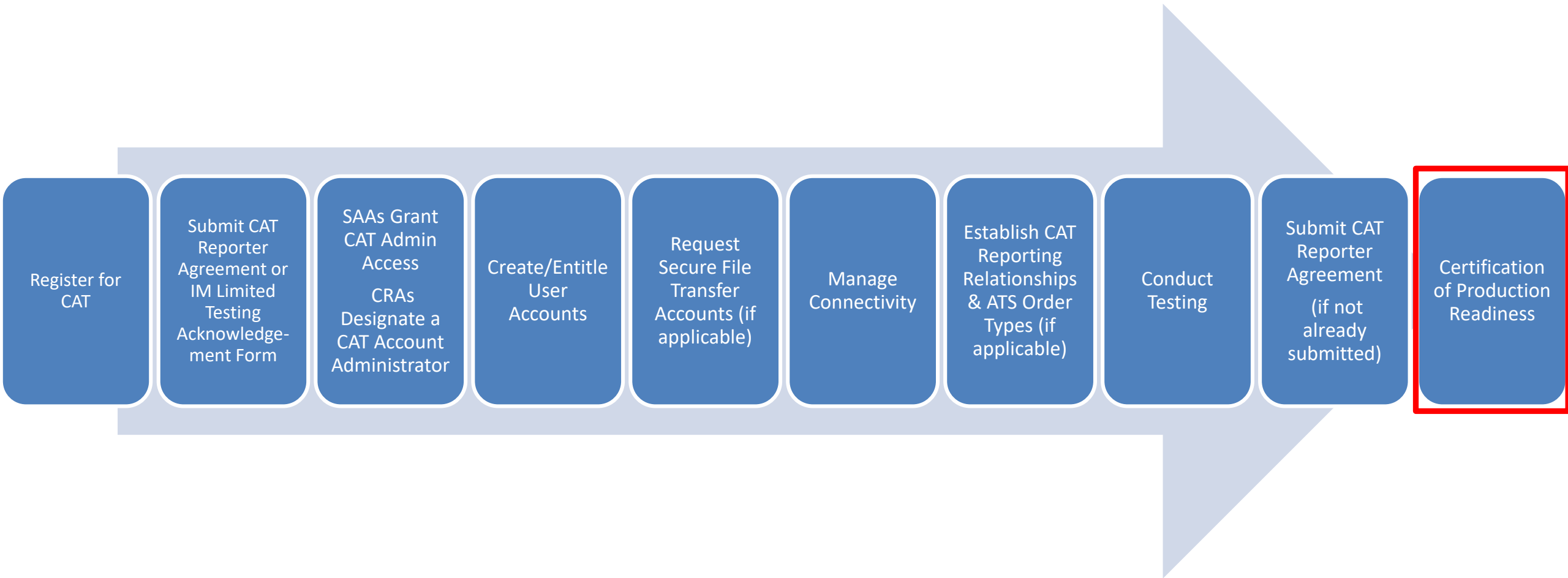# Production Readiness Testing and Certification

March 4, 2020

Agenda

- Review of the Onboarding Process
- Objectives of Production Readiness Testing
- Error Rates
- Selecting Testing Date(s)
- Certification of Production Readiness Testing
- Upcoming Key Dates
- Overview of Production Readiness Testing
  - Self-Reporting Industry Members
  - CAT Reporting Agents
  - Industry Members using CAT Reporting Agent(s)
- Production Readiness Status
- FAQs
- Q&A

Onboarding Process

```
Register for CAT → Submit CAT Reporter Agreement or IM Limited Testing Acknowledge-ment Form → SAAs Grant CAT Admin Access / CRAs Designate a CAT Account Administrator → Create/Entitle User Accounts → Request Secure File Transfer Accounts (if applicable) → Manage Connectivity → Establish CAT Reporting Relationships & ATS Order Types (if applicable) → Conduct Testing → Submit CAT Reporter Agreement (if not already submitted) → Certification of Production Readiness
```

3

Objectives of Testing and Certification

➤ Industry Members (IM) and CAT Reporting Agents (CRA) must demonstrate their ability to successfully submit data to CAT before being granted access to the Production Environment. This includes demonstrating that:

- ✓ Entitlements are in place
- ✓ Reporting relationships have been established
- ✓ Metadata files and data file formats meet requirements
- ✓ Record level validations can be passed

Certification requires each IM and CRA to submit a single day of production data to the Test Environment with a rejection error rate of less than 10%

What is Included in the Error Rate?

➢ Errors rates used to evaluate Production Readiness are based on validations in effect at the date of required production reporting, and do **NOT** include late records.

Production Reporting Phase	Production Readiness Error Rate Based On
Phase 2a Data Integrity Go-live April 20, 2020	Equity Data Integrity Only (Syntax/Semantics)
Phase 2b Data Integrity Go-live May 18, 2020	Options Data Integrity Only (Syntax/Semantics) *Note: IMs passing the 2a Production Readiness that are already entitled to the Production Environment do NOT have to re-test for options.*
IM Begins Reporting to CAT for the First Time Post Initial Go-live	Validations in effect in the Production Environment when the IM begins reporting to CAT for the first time. *Note: Once a CAT Reporter has certified for 2a or 2b, they do not have to recertify for subsequent phases.*

For the initial Phase 2a and 2b reporting on April 20 and May 18, 2020, the error rate calculation is equal to the Total Number of Syntax and Semantic Errors divided by Total Submissions

Selection of Production Data Testing Date

➢ Production Readiness Testing must be done with <u>production data</u>. (Note: The test environment is production-equivalent)

IMs should select a date that is representative of the normal daily activity expected after Production Go-Live date, and be reflective of the IM's typical operations and volume.

- Equities – any trade date between December 16, 2019 and April 6, 2020
- Options – any trade date between December 16, 2019 and May 4, 2020

Production testing data must include all CAT reportable events occurring on the selected day for the applicable phase– 2a (equities) and 2b (options)

Certification of Production Readiness Testing

➤ Once Industry Members and CAT Reporting Agents have completed **all** onboarding steps, including the successful completion of the Production Readiness Testing, each IM and CRA must contact the FINRA CAT Helpdesk (888-696-3348 or help@finracat.com).

- The FINRA CAT Helpdesk will require the Processing Date(s) on which the testing occurred.

➤ Upon verification of Production Readiness Testing and all other Onboarding Steps by FINRA CAT, access will be granted to the CAT Production Environment, and a notification confirming access will be sent.

- Reporting relationships will automatically be ported over into the Production Environment.

Upcoming Key Dates

Phase	Deadlines For Production Readiness Testing	Production Environment Open Date	Compliance Go–Live Date
2a Equities	April 6, 2020	April 13, 2020	April 20, 2020
2b Options	May 4, 2020	April 13, 2020	May 18, 2020

Industry Members that do not complete production readiness testing by April 6, 2020 (equities) or May 4, 2020 (options) should be aware that FINRA CAT cannot guarantee access to the Production Environment by April 20, 2020 (equities) or May 18, 2020 (options).

Failure to begin reporting data to production on either April 20, 2020 (equities) or May 18, 2020 (options) because production readiness testing was not completed by the required dates may be viewed as failure to report to CAT by an IM's applicable SRO(s).

Requirements for CAT Reporters and CAT Reporting Agents

Self-Reporting Industry Members

- **Step 1:** Successfully connect to SFTP and/or login to the CAT Reporter Portal Test Environment
- **Step 2:** Successfully submit at least one data file and one metadata file to the Test Environment for each of its CAT Reporter IMIDs without error
- **Step 3:** Successfully submit a single day of production data to the Test Environment with a rejection error rate of less than 10% (must include all IMIDs with reportable activity on the chosen day)
- **Step 4:** Record the CAT Processing Date on which the single day of production data was submitted to the Test Environment

CAT Reporting Agents

- **Step 1:** Successfully connect to SFTP and/or login to the CAT Reporter Portal Test Environment
- **Step 2:** Verify the CAT Reporting Agent Relationship in the Test Environment to ensure the CRA can transmit the data to CAT successfully
- **Step 3:** Successfully submit at least one data file and one metadata file to the Test Environment for each CAT Reporter IMID for which it plans to report without error
- **Step 4:** Successfully submit a single day of production data to the Test Environment with a rejection error rate of less than 10% (must include all IMIDs with reportable activity on the chosen day)
- **Step 5:** Record the CAT Processing Date on which the single day of production data was submitted to the Test Environment

Industry Members using a CAT Reporting Agent

- **Step 1:** IM and CRA successfully connect to SFTP and/or login to the CAT Reporter Portal Test Environment
- **Step 2:** CAT Reporter defines one or more CAT Reporting Agent Relationships in the Test Environment
- **Step 3:** Record the CAT Processing Date(s) on which each CRA has successfully submitted a single day of production data to the Test Environment on the Industry Member's behalf. NOTE: Each CAT Reporting Agent reporting on behalf of the CAT Reporter must complete a production readiness test but does not have to do so on the same production date. The combined total rejection error rate must be less than 10%

Self-Reporting Industry Members with Multiple IMIDs

Self-Reporting Industry Members

- **Step 1:** Successfully connect to SFTP and/or login to the CAT Reporter Portal Test Environment
- **Step 2:** Successfully submit at least one data file and one metadata file to the Test Environment for each of its CAT Reporter IMIDs without error
- **Step 3:** Successfully submit a single day of production data to the Test Environment with a rejection error rate of less than 10% (**must include all IMIDs with reportable activity on the chosen day**)
- **Step 4:** Record the CAT Processing Date on which the single day of production data was submitted to the Test Environment

➤ <u>All</u> IMIDs for a self-reporting industry member must be included in the data submission on the date selected for production readiness testing. However, if an IMID does not have CAT reportable activity on the date selected for certification, IMs are not required to generate data for certification purposes.

Industry Members using a CAT Reporting Agent

Industry Members using a CAT Reporting Agent

- **Step 1:** IM and CRA successfully connect to SFTP and/or login to the CAT Reporter Portal Test Environment
- **Step 2:** CAT Reporter defines one or more CAT Reporting Agent Relationships in the Test Environment
- **Step 3:** Record the CAT Processing Date(s) on which each CRA has successfully submitted a single day of production data to the Test Environment on the Industry Member's behalf. NOTE: **Each CAT Reporting Agent reporting on behalf of the CAT Reporter must complete a production readiness test but does not have to do so on the same production date. The combined total rejection error rate must be less than 10%**

➢ Each Industry Member must ensure that each CAT Reporting Agent submitting data on their behalf has certified.

➢ Industry Members can check statistics on the CAT Reporter Portal to see the date a full production day was submitted by a CAT Reporting Agent on their behalf with a rejection error rate of less than 10%.

➢ Industry Members can call the FINRA CAT Helpdesk to confirm the CAT Reporting Agent was certified by FINRA CAT.

Industry Members using multiple CAT Reporting Agents

➤ **FAQ T2:** How will Industry Members that use multiple CAT Reporting Agents ("CRA") be certified for production? **added 1/14/20**

Industry Members may use multiple CRAs to submit data to CAT. For production readiness testing, each of the Industry Member's CRAs must submit its portion of a full day of production data to the Test Environment; **it does not have to be on the same processing date or for the same trade date**. However, an Industry Member will not be granted access to Production until all CRAs have reported and the **Industry Member achieves a combined rejection error rate of less than 10% across all CRA submissions.**

CAT Reporting Agents

CAT Reporting Agents

- **Step 1:** Successfully connect to SFTP and/or login to the CAT Reporter Portal Test Environment
- **Step 2:** Verify the CAT Reporting Agent Relationship in the Test Environment to ensure the CRA can transmit the data to CAT successfully
- **Step 3:** Successfully submit at least one data file and one metadata file to the Test Environment for each CAT Reporter IMID for which it plans to report without error
- **Step 4:** Successfully submit a single day of production data to the Test Environment with a rejection error rate of less than 10% (must include all IMIDs with reportable activity on the chosen day)
- **Step 5:** Record the CAT Processing Date on which the single day of production data was submitted to the Test Environment

➢ CAT Reporting Agents must submit a full production day for all IMIDs that it has a reporting agreement with on the selected day.

➢ If a CAT Reporting Agent has executed reporting agreements with Industry Members but the reporting relationships have not yet been established, the CRA must wait for a date when all of its reporting relationships have been established.

Production Readiness Status

As of Date	Number of IMs Currently Testing	Number of IMs Certified for Production	Number of Firms in the Pipeline for Production Certification
3/4/2020	393	10	21

FAQ T1

- **T1:** Where can Industry Members find information regarding production readiness testing requirements? **added 1/14/20**

  The requirements are detailed in the Industry Member Onboarding Guide.

FAQ T3

> **T3:** If the production readiness submission has an error rate exceeding 10%, can the data be corrected and resubmitted for a subsequent certification attempt? **added 1/14/20**

No. The Industry Member should contact the FINRA CAT Helpdesk to declare a subsequent day for which it will submit a production readiness test.

FAQ T4

➢ **T4:** Is production readiness testing available after April 6, 2020? **added 1/14/2020**

Industry Members must successfully complete production readiness testing before being granted access to the production environment. Industry Members are required to begin reporting equities data to production on April 20, 2020.

FAQ T5

▸ **T5:** If an Industry Member successfully certifies for Phase 2a equity submissions, must it recertify for Phase 2b options submissions?

No. Industry Members that have successfully completed their production readiness certification for Phase 2a equities do not have to recertify before submitting production options data.

Industry Members trading both equities and options are strongly encouraged by FINRA CAT to also include a full day of options data with their readiness test or do a separate options readiness test prior to the May 18, 2020 compliance Go-Live date to ensure they will not have significant error rates in production that will be subject to compliance reviews.

How to Ask a Question during Today's Call

- **For participants using computer audio:**
  - Click the "Participants" button at the bottom of the app window, then the "Raise Hand" button at the bottom of the participants window.
  - A visual prompt will indicate that your line has been unmuted.

- **For participants using phone audio:**
  - Enter *9 on your phone keypad.
  - An audio prompt will indicate that your line has been unmuted.

FINRA CAT Helpdesk

Questions may be directed to the FINRA CAT Helpdesk at 888-696-3348 or help@finracat.com