
Phase 2c Cutover and November 2020 Technical Specifications Overview

Industry Webinar 11/17/2020

Agenda

- Part 1: Phase 2c Cutover
- Part 2: November 2020 Technical Specifications Overview
- Q&A

Part 1: Phase 2c Cutover

Phase 2c Cutover Agenda

- Test Environments
- Phase 2c Cutover
- Deployment Timeline

Test Environments

- The current Test Environment will be used for Phase 2c testing
 - The Phase 2c Test Period begins January 26, 2021
- A *new* Prod-Mirror Environment is being developed for IM testing of Phase 2a/2b code
 - available mid-January 2021
 - IMs will connect to newly assigned URLs; new private lines are not required
 - existing Test user accounts will be leveraged to access the new Prod-Mirror Environment
 - Connectivity testing and Connectivity Guide updates will be provided in late December 2020
 - AWS PrivateLink users will be contacted by FINRA CAT with installation information by December 30, 2020
 - Reporting Relationships & ATS Order Types – one time copy from Production in mid-January 2021

Prod-Mirror URLs (Phase 2a/2b Testing)

SFTP:

- Private Line: sftp.prodmirror.ct.catnms.com
- AWS Private Link: sftp-pl.prodmirror.ct.catnms.com

IM Reporter Portal:

- SRG: <https://srg.prodmirror.ct.catnms.com>
- Private Line: <https://reporterportal.prodmirror.ct.catnms.com>
- AWS Private Link: <https://reporterportal-pl.prodmirror.ct.catnms.com>

Phase 2c Submissions

- **Beginning at approximately 8 am ET on April 26, 2021, all Data Submissions must be in the Phase 2c Format**
 - All events, including lates and repairs/corrections for events that originated prior to April 26, 2021, must be reported in the Phase 2c format
 - All metadata files must populate the *fileVersion* = 3.1.0; files received with a prior version will reject
 - All data files must be formatted as per the schema definition and requirements for Phase 2c

- **Error Feedback and Corrections**
 - Errors generated for data submitted prior to 8 am ET on April 26, 2021 will be provided back to CAT Reporters as received, which will be in the Phase 2a/2b format
 - Firms using the CAT provided machine-formatted feedback to build their corrections files to repair errors must take steps to ensure all corrections events meet the Phase 2c schema requirements

- *FINRA CAT is analyzing how to support the 4-day transition period for instances when events that were reported in the Phase 2a/2b format are required to be corrected in the Phase 2c format*

Phase 2c Code Deployment Timeline

- The Transition from the Phase 2a/2b to the Phase 2c schema will begin at approximately 8 am ET on April 26, 2021
- FINRA CAT will communicate via a System Notification email and CAT Reporter Portal announcement when the code deployment is complete

Recommendation:

- Submissions for the April 26, 2021 CAT Processing Date should not begin until notice that the Phase 2c deployment is complete
- If submissions occur prior to deployment completion, the File Acknowledgement may be delayed

Release Communications

- Today's Industry Webinar will be recorded and posted to catnmsplan.com
- Industry Webinar to be scheduled to review Phase 2c changes including:
 - Guidance for the population of late and correction events that originated prior to April 26, 2021 that are submitted on/after April 26, 2021, e.g., TIF Code on MEOJ events
- Connectivity Guide Updates for Prod-Mirror environment published by December 30, 2020
- System Notification email and CAT Reporter Portal announcement prior to release and when deployment is complete
- Publication of a CAT Alert with information related to the Phase 2c cutover

Part 2: November 2020 Technical Specifications Overview

November 2020 Technical Specifications Overview Agenda

- Introduction
- Additions and Clarifications

Industry Member Technical Specifications Publications

- On November 6, 2020, the following versions of the Industry Member Technical Specifications (“IM Tech Spec”) were published:
 - Phase 2a/2b v2.2.1 r8 (clean and redline)
 - Phase 2c v3.1.0 r7 (clean and redline)
 - Phase 2d v4.0.0 r3 (clean and redline)
- “Conforming Changes” noted in the change log refer to changes made to one version of the spec that were applied through other versions (and adjusted appropriately based on phase requirements). This is a result of maintaining three published versions of the document simultaneously.
- Updates to the IM Tech Spec will be published on the first Friday of each month. The next publication will be December 4, 2020.

RFQ/Solicitation Responses

- Updated Section 3.4 in v3.1.0 (Phase 2c) and added Section 3.3 to v2.2.1 r8 (Phase 2a).
- Clarified requirements surrounding RFQ Platforms operated by a technology provider vs. RFQ Platforms operated by a Broker-Dealer.
- Added guidance that *handlingInstructions* value of 'SR' may optionally be populated on Order Route events to suppress unlinked feedback. Unlinked feedback cannot be suppressed unless the *handlingInstructions* value 'SR' is populated.
- Published corresponding Scenario 3.7.3 (Response to RFQ is Sent Through an RFQ Platform operated by a Broker Dealer).

Stop Orders / Conditional Orders: Phase 2a

- Added new sections 3.4 and 3.5 for Stop and Conditional orders (incorporated existing FAQs into the document and added new guidance).
- 'STOP' *handlingInstructions* value is no longer required for trailing stop orders (will only use 'TS').
 - Updated corresponding scenario 2.15.3 (Trailing Stop Order)
- Added *handlingInstructions* value 'STOPF' (Stop Formula) - Stop price is unknown because it is either based on an underlying condition or will be determined by the destination venue.
- Added *handlingInstructions* value 'CSC' (Contingent on Spread Condition) - order with a condition that may cause the order to become active or inactive multiple times throughout the day (no MEOE required in Phase 2c).

Stop Orders / Conditional Orders: Phase 2c

- Added *triggerPrice* field to MEOE event to be used when the trigger price is not explicitly stated in the MENO/MEOA ('TS', 'STOPF').
- Order Effective event is required once **all** conditions on the order are met, and the order becomes effective.
- Order Effective events are required for 'CND' and 'CMC' orders. Order Effective events are not required for 'CSC' orders.

destinationType and senderType 'O'

- *destinationType* 'O' - used in instances where an order in an OTC equity symbol for a foreign security was routed to another Industry Member, who may route the order to a foreign market for execution and does not report the order CAT while the sending firm did report it to CAT.
- *senderType* 'O' - used in instances where an order in an OTC equity symbol for a foreign security was received by an Industry Member with instructions to only execute in a foreign market and the Industry Member voluntarily reports it to CAT while the routing firm did not report it to CAT.
- Value of 'O' is only permitted for OTC equity securities.
- When 'O' is populated as either the *destinationType* or *senderType*, if a corresponding *routedOrderID* is found, linkage will be made. If no corresponding *routedOrderID* is found reported by the sending/receiving party, linkage feedback will not be returned.
- Implementation date is December 14, 2020.

Outstanding Errors File

- Added content to support daily outstanding errors file which was made available via SFTP and Reporter Portal Download beginning on October 26, 2020.
- The outstanding errors feedback will include all repairable linker errors (NOT WARNINGS) including named errors that are unrepaired as of a processing date for three prior trade dates.

Error Codes

- Exchange Linkage Codes Added:
 - 6017 - *destination* did not match
 - 6019 - *receiverIMID* did not match
 - 7018 - Named – *destination* did not match
 - 7020 - Named – *receiverIMID* did not match
 - Outlined which error codes are also applicable to Order Accepted events

Phase 2c Specific Changes

- Added new *allocationType* values:
 - **CUSF** Allocation to a custody account free of payment
 - **DVPF** Allocation to a DVP account free of payment
- Clarified existing *allocationType* values:
 - **STO** Step out/**Step in**
 - **OTH** Other non-reportable transactions (e.g. option exercises, conversions, **allocations to the account of a CAT Reporting Industry Member**)
- Clarifying updates to how the *routeRejectedFlag* should be populated
 - 'True' If a sender receives notification from the destination venue that a route has been rejected by the recipient
 - 'True' If the sender has not received acknowledgment from the destination venue after a time period determined by the sender, and the sender “abandons” the route

Phase 2d Specific Changes

- Removed requirement to change *orderID* on Modification events
- Revisited field positions which were previously populated with the *priorUnlinked* and *nextUnlinked* flags and changed to *retiredFieldPosition* (Moved any new fields that were subsequently populated in these positions to new positions at the end of the record)
- Added *multiLegInd* to MEOT event
- Added *cancelQty* to MEOCR and MEOMR events

Q&A

How to Ask a Question during Today's Call

- **For participants using computer audio:**
 - Click 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