
Monthly CAT Implementation Update

December 17, 2020

Agenda

- State of the CAT
- CAT NMS Plan, Exemptive Relief and Interpretive Updates
- Technical Specification Updates
- CAIS/LTID Reporting
- Compliance
- Upcoming Industry Webinars and Other Updates
- Q&A

State of the CAT

Validations Live In Compliance Period

| Phase 2a (Equities) | | Phase 2b (Options) | |
|-----------------------------|-------------------------|----------------------|-------------------------|
| Validation | Compliance Go-Live Date | Validation | Compliance Go-Live Date |
| Late, Data Integrity | June 22, 2020 | Late, Data Integrity | July 20, 2020 |
| Intrafirm Linkage | July 27, 2020 | Intrafirm Linkage | August 24, 2020 |
| Interfirm, Exchange and TRF | October 26, 2020 | | |

Compliance dates are listed in the [Timeline](#)

Statistics In Compliance Period

| Equities (November 16, 2020-December 11, 2020) | | Options (November 16, 2020-December 11, 2020) | |
|--|--------------|---|--------------|
| # of Firms Submitting | 1,205 | # of Firms Submitting | 739 |
| Avg. Daily Volume | 13.8B | Avg. Daily Volume | 1.5B |
| Avg. Daily Late % | 0.93% | Avg. Daily Late % | 1.27% |
| Avg. Daily Rej % | 0.09% | Avg. Daily Rej % | 0.09% |
| Avg. Daily Intrafirm Unlinked % | 0.01% | Avg. Daily Intrafirm Unlinked % | 0.05% |
| Avg. Daily Interfirm Sent Unlinked % | 0.66% | Avg. Overall Daily Error Rate | 1.29% |
| Avg. Daily Interfirm Received Unlinked % | 1.18% | | |
| Avg. Daily Exchange Unlinked % | 0.21% | | |
| Avg. Daily TRF Unlinked % | 0.69% | | |
| Avg. Overall Daily Error Rate | 1.04% | | |

Compliance dates are listed in the [Timeline](#)

Upcoming Phase 2b Compliance Dates

Phase 2b (Options)

| Validation | Available in Test Environment | Available in Production Environment | Compliance Go-Live Date |
|-------------------|-------------------------------|-------------------------------------|-------------------------|
| Interfirm Linkage | July 27, 2020 | August 10, 2020 | January 4, 2021 |
| Exchange Linkage | September 9, 2020 | September 28, 2020 | January 4, 2021 |

Compliance dates are listed in the [Timeline](#)

Interfirm Linkage Updates

- ▶ Interfirm unmatched rates for equities and options are less than 1%
- ▶ FINRA CAT shares statistics, observations and suggested best practices on the Weekly Industry Testing Checkpoint Call
- ▶ Compliance date was October 26, 2020 for equities and is January 4, 2021 for options
- ▶ Resources:
 - [Interfirm Linkage Overview \(7/22/2020\)](#)
 - [Interfirm Linkage Overview \(8/12/2020\)](#)
 - [Interfirm Linkage Overview \(8/19/2020\)](#)

Exchange Linkage Update

- ▶ Exchange unmatched rates are approximately:
 - Less than 1% for equities exchanges
 - Since December 11, 2020, several options exchange and Industry Member fixes went into production. As a result, the options exchange route unmatched rate has declined to less than 8%.

- ▶ FINRA CAT shares statistics, observations and suggested best practices on the Weekly Industry Testing Checkpoint Call

- ▶ Compliance date was October 26, 2020 for equities and is January 4, 2021 for options

- ▶ Resources:
 - [Plan Participant Contact List](#)
 - Industry Members should first contact the FINRA CAT Helpdesk for assistance in identifying and troubleshooting the causes of unlinked events. The Plan Participant Contact List is provided as an additional secondary resource for questions related to the market center's CAT linkage keys once the unlinked reason has been identified, with the assistance of the FINRA CAT Helpdesk, if necessary.
 - Updated on 12/15/20: [Order Routing Field Mapping between CAT and Exchanges](#)
 - Updates for population of *senderIMID* field for Nasdaq Options MarketsSection 2.4.1 of the [Technical Specifications for Industry Members](#)
 - [Exchange Route Matching Industry Webinar \(9/16/20\)](#)

TRF Linkage Update

- ▶ TRF unmatched rates are less than 1%
- ▶ FINRA CAT shares statistics, observations and suggested best practices on the Weekly Industry Testing Checkpoint Call
- ▶ Compliance date was October 26, 2020
- ▶ Resources:
 - Section 2.4.1 of the [Technical Specifications for Industry Members](#)
 - [TRF Linkage Industry Webinar \(9/29/20\)](#)

CAT NMS Plan, Exemptive Relief and Interpretive Updates

Amendments

- ▶ None since the last Monthly CAT Implementation Update (November 19, 2020)

Exemptive Relief Requests and Orders

- ▶ On December 4, 2020, the Plan Participants submitted to the SEC a request for [exemptive relief](#) from certain provisions of the CAT NMS Plan related to the resubmission of corrected data to the CAT by T+3 at 8 am ET.
- ▶ On December 4, 2020, the Plan Participants submitted to the SEC a request for [exemptive relief](#) from certain provisions of the CAT NMS Plan related to initial data validation, lifecycle linkages and communication of errors by T+1 at noon ET.
- ▶ On December 16, 2020, the SEC issued an [order](#) of temporary conditional exemptive relief from certain requirements in the CAT NMS Plan related to: (1) timeframes for lifecycle linkages; (2) re-processing of corrections received after T+5; (3) linkage of Participant Data and Industry Member Data with SIP Data; (4) reporting of port-level settings applicable to orders; (5) lifecycle linkage between customer orders and representative orders; and (6) Participant reporting of rejected orders. The duration of the exemptive relief period applicable to each issue varies, as described further in the order.

New FAQs

- ▶ 4 New FAQs published since the last Monthly CAT Implementation Update (November 19, 2020).
 - B68 regarding populating the *accountHolderType* field if an Industry Member uses the same account for both market making and non-market making proprietary activity.
 - B69 regarding how the *price* and *eventTimestamp* fields should be populated on a New Order event/Order Accepted event for a trade priced at the Net Asset Value (“NAV”) with no offset.
 - B70 regarding how the *price* and *eventTimestamp* fields should be populated on a Trade event for a trade priced at the Net Asset Value (“NAV”) with no offset.
 - D36 regarding whether the *handlingInstructions* value of 'CSC' should be reported to CAT if an order is being worked by an algorithm that may utilize strategies that work the order in a way similar to a spread condition.

Updated FAQs

- ▶ 3 Updated FAQs published since the last Monthly CAT Implementation Update (November 19, 2020).
 - No change in guidance:
 - B63- added additional examples describing how the *initiator* field should be populated if an Industry Member modifies or cancels an order based on implicit customer instructions communicated with the order.
 - B66- clarified when to use an Order Effective event/Option Order Effective event and when it is not required.
 - K10- Updated the spreadsheet embedded in FAQ K10 regarding the protocols that qualify for the exemption for Options Market Maker quotes. MIAX added a new order protocol that does not qualify for the quote exemption.

Technical Specification Updates

Technical Specification & Reporting Scenarios Updates

- ▶ New versions of the Phase 2a/2b, Phase 2c and Phase 2d Technical Specifications were published on December 4, 2020.
- ▶ New versions of the Phase 2a/2b and Phase 2c Industry Member Schemas were published on December 7, 2020.
- ▶ New versions of Phase 2a/2b and Phase 2c Reporting Scenarios documents were published on December 4, 2020.
- ▶ An overview of the Technical Specifications updates was presented at the [December 8, 2020 CAT Technical Specification Working Group](#).
- ▶ Between publications, the Planned Technical Specifications Updates list will be maintained on the [Technical Specifications](#) page of www.catnmsplan.com.
- ▶ Updates to the Technical Specifications will be published on the first Friday of each month. The next publication will be January 8, 2021.

CAIS/LTID Reporting

CAIS LTID Timeline

08/20/2020
CAIS LTID Registration
Begins

08/24/2020
CAIS LTID Industry
Test Environment
Opens

10/05/2020
CAIS LTID Certification
Opens

12/14/2020
CAIS LTID Production
Opens

4/26/2021
CAIS LTID Mandatory
Reporting

CAIS registration and CAIS LTID Production Certification remain open

CAIS Resources

- ▶ The Draft CAT Reporting Customer and Account Technical Specifications for Industry Members-CCID DRAFT v2.0 r1 and accompanying Appendix E were published on December 1, 2020
- ▶ The CAT Reporting Customer and Account Technical Specifications for Industry Members-LTID v1.1.2 was published on December 2, 2020
- ▶ The next [Monthly CAIS/LTID Industry Testing Checkpoint Call](#) is January 6, 2021

Compliance

Report Card Updates

- ▶ Report Cards will be made available on a rolling basis in line with compliance dates for Phase 2a validation releases
- ▶ On December 15, 2020, the November 2020 Industry Member Report Cards were published
- ▶ Linkage statistics under compliance on October 26, 2020 were added to the November Report Card as it was the first full month of compliance
- ▶ On Wednesday, December 16, 2020, Consolidated Audit Trail, LLC and FINRA CAT, LLC hosted an [industry webinar](#) to provide an overview of the November 2020 Industry Member Compliance Report Card with the addition of Interfirm, Exchange and TRF reporting statistics for equities
- ▶ Other Resources:
 - [Updated Industry Member Compliance Glossary](#)
 - [Industry Member Compliance Report Card Webinar](#)

Upcoming Industry Webinars and Other Updates

Upcoming Industry Webinars

- ▶ The Phase 2c Cutover- Part 2 industry webinar, scheduled for today, December 17, 2020, was postponed and will be rescheduled for January 2021. Additional information will be provided once the event is rescheduled.

Reminders

- **Update:** Existing versions of the Options Start of Day and End of Day symbol files without the test flag will continue to be available until **January 29, 2021**, when they will be retired. Firms that use these files should plan to transition to the new versions with the test flag prior to that time.
- Effective December 21, 2020, in addition to the SOD and EOD CAT Reportable Equity and Options Securities Symbol Masters, FINRA CAT will begin offering new intraday files to be updated approximately every 2 hours beginning at 10:30 a.m. ET that will include any updates made to the security master as of that time.
 - Additional information will be published to the Reference Data page of catnmsplan.com.

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