

# CAIS Onboarding & LTID Submission for Small Firms

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February 17, 2021

# Agenda

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- ▶ Customer and Account Information System (CAIS)
- ▶ Small Industry Members under CAT NMS Plan
- ▶ Phased Approach
- ▶ Upcoming Key Dates
- ▶ Which Industry Members must report to CAIS
- ▶ FDID Overview
- ▶ Onboarding
- ▶ Resources
- ▶ Q&A

# Customer and Account Information System

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- ▶ The Customer and Account Information System is separate from the Transaction Reporting system
  - The CAIS Data Subsystem is an isolated subsystem of CAT CAIS that exists for receipt and storage of customer and account data.

# Small Industry Members

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- ▶ SEC Rule 613 definition of Small Industry Member refers to Rule 0-10(c) of the Exchange Act includes a broker-dealer with:
  - A total capital of less than \$500,000; and
  - 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.

Note that the SEC granted limited exemptive relief regarding the definition of “Small Industry Member” on April 20, 2020. Pursuant to the exemptive relief, an introducing broker that does not qualify as a Small Industry Member, as defined in the CAT NMS Plan, solely because it introduces transactions on a fully disclosed basis to clearing firms that are not small businesses or small organizations, may be deemed a Small Industry Member for purposes of CAT if it meets the capital standard noted above.

# Phased Approach

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CAIS Reporting implementation is divided into two phases:

- ▶ Phase One: Requires CAT Reporters to report account information for Large Trader Identifications (LTID) and Unidentified Large Trader Identification (ULTID) (collectively, “LTID Account Information”).<sup>2</sup>
  - April 26, 2021: Large Industry Members that began reporting transactions to CAT in Phases 2a, 2b and 2c must report LTID Account Information.
  - December 13, 2021: All remaining Industry Members, including Small Industry Members, must report LTID Account information.
- ▶ Phase Two: Full Customer and Account Reporting
  - July 11, 2022: All Industry Members must report all Customer Account Information and Customer Identifying Information for all Active Accounts.
- ▶ Industry Members must submit updates to the Customer information for all Active Accounts.

<sup>2</sup> See SEC Rule 13h-1.

# Upcoming Key Dates

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- ▶ Small Industry Members will need to Request Production Readiness Certification for CAIS by **November 22, 2021** so that the certification can be processed in time for the **December 13, 2021** Go-Live date.

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04/26/2021 2c LTID Account Information Reporting Go-Live for Phases 2a, 2b and 2c (Large Industry Members)

Q. Customer and Account Information

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12/13/2021 2d LTID Account Information Reporting Go-Live for Phase 2d (Large Industry Members)

Q. Customer and Account Information

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12/13/2021 2d LTID Account Information Reporting Go-Live for Phases 2a, 2b, 2c and 2d (Small Industry Members)

Q. Customer and Account Information

For upcoming dates, see the [Timeline](#) on CATNMSPlan.com

# Which Industry Members must report to CAIS?

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- ▶ All firms (including introducing, proprietary trading, and non-self clearing firms) that report equity and/or option CAT events that require FDIDs (including both Customer and Proprietary Orders) must report to CAIS. CAT Reportable Events requiring an FDID include:
  - New Order, Trade and Order Fulfillment events (MENO, MENOS, MONO, MONOS, MENQ, MEOT, MEOTS, MEOF)
  - Equity Allocation events (MEPA, MEAA)
  - Option Allocation events (MOPA, MOAA)
- ▶ See FDID guidance at [catnmsplan.com](http://catnmsplan.com) for what an FDID represents.

# Scenario 1 – Order Placed Directly in Customer Account at Introducing Broker – Description

A customer with an account at an introducing broker (IBFA) places an order with IBFA which IBFA automatically routes to its clearing firm (CLFA), who in turn routes the order to an exchange for execution. The CLFA knows the FDID used by the IB on the New Order event submitted to CAT.

Customer and Account Information is as follows (note: this does not represent all required customer and account information or specific format and is for illustration purposes only).

Customer and Account Data									
CAT Reporter IMID	CAT Rptr Type	FDID	CCID	Cust Name	Cust Type	Role	Cust YOB	Cust Address	Cust Zip
IBFA	IB	50955	C6921	Jane Doe	Natural Person	Account Holder	1968	516 Main St.	74114
			C6922	John Doe	Natural person	Account Holder	1966	516 Main St.	74114
CLFA	CF	50955	C6921	Jane Doe	Natural Person	Account Holder	1968	516 Main St.	74114
			C6922	John Doe	Natural person	Account Holder	1966	516 Main St.	74114

NOTE: CLFA could report IBFA’s customer and account information to CAT on behalf of IBFA. In addition, since both firms have a separate CAT reporting obligation involving the FDID, each firm must separately register the FDID under their CAT IMID.



# Scenario 1 – Order Placed Directly in Customer Account at Introducing Broker – Example

CAT IM Order Data												
CAT Reporter IMID	CAT Event	Order ID	Event Timestamp	Symbol	B/S	Quantity	Price	Account Holder Type	FDID	Dest.	Sender IMID	Routed Order ID
IBFA	MENO	A12345	20190708T101830.52	ABC	B	200	10.00	I	50955			
IBFA	MEOR	A12345	20190708T101930.24	ABC	B	200	10.00			CLFA		85296
CLFA	MEOA	C85236	20190708T101930.26	ABC	B	200	10.00				IBFA	85296
CLFA	MEOR	C85236	20190708T101930.28	ABC	B	200	10.00			EXO		EX1234

CAT Exchange Data											
Exchange ID	CAT Event	Order ID	Event Timestamp	Symbol	B/S	Quantity	Price	Capacity	Clearing Firm	Routing Party	ROID
Exch O	EOA	E12345	20190708T101930.47	ABC	B	200	10.00		1234	CLFA	EX1234
Exch O	ET	E12345	20190708T101935.31	ABC		200	10.00	A	1234		

CAT IM Allocation Data															
CAT Reporter IMID	CAT Event	Sym	Trade Date	Settle Date	IB/Corr CRD#	Allocation FDID	New Order FDID	Price	B/S	QTY	Alloc Time	Inst - FINRA 4512(c)	Alloc Type	PB/Cust	Allocation Instruction Time
CLFA	MEPA	ABC	7/8/19	7/11/19	555	50955	50955	10.00	Buy	200	101830	N	Custody		

# Scenario 2 – Order Placed Directly in Customer Account at Introducing Broker – Description

A customer with an account at an introducing broker (IBFA) places an order with IBFA which IBFA automatically routes to its clearing firm (CLFA), who in turn routes the order to an exchange for execution. The CLFA does **NOT** know the FDID used by the IB on the New Order report submitted to CAT.

Customer and Account Information is as follows (note: this does not represent all required customer and account information or specific format and is *for illustration purposes only*).

Customer and Account Data									
CAT Reporter IMID	CAT Rptr Type	FDID	CCID	Cust Name	Cust Type	Role	Cust YOB	Cust Address	Cust Zip
IBFA	IB	50955	C6921	Jane Doe	Natural Person	Account Holder	1968	516 Main St.	74114
			C6922	John Doe	Natural person	Account Holder	1966	516 Main St.	74114
CLFA	CF	21098	C6921	Jane Doe	Natural Person	Account Holder	1968	516 Main St.	74114
			C6922	John Doe	Natural person	Account Holder	1966	516 Main St.	74114

NOTE: CLFA could report IBFA's customer and account information to CAT on behalf of IBFA. In addition, since both firms have a separate CAT reporting obligation involving the FDID, each firm must separately register the FDID under their CAT IMID.

# Scenario 3 – Order Placed Directly in Customer Account at Introducing Broker – Example

CAT IM Order Data												
CAT Reporter IMID	CAT Event	Order ID	Event Timestamp	Symbol	B/S	Quantity	Price	Account Holder Type	FDID	Dest.	Sender IMID	Routed Order ID
IBFA	MENO	A12345	20190708T101830.52	ABC	B	200	10.00	I	50955			
IBFA	MEOR	A12345	20190708T101930.24	ABC	B	200	10.00			CLFA		85296
CLFA	MEOA	C85236	20190708T101930.26	ABC	B	200	10.00				IBFA	85296
CLFA	MEOR	C85236	20190708T101930.28	ABC	B	200	10.00			EXO		EX1234

CAT Exchange Data											
Exchange ID	CAT Event	Order ID	Event Timestamp	Symbol	B/S	Quantity	Price	Capacity	Clearing Firm	Routing Party	ROID
Exch O	EOA	E12345	20190708T101930.47	ABC	B	200	10.00		1234	CLFA	EX1234
Exch O	ET	E12345	20190708T101935.31	ABC		200	10.00	A	1234		

CAT IM Allocation Data															
CAT Reporter IMID	CAT Event	Sym	Trade Date	Settle Date	IB/Corr CRD#	Allocation FDID	New Order FDID	Price	B/S	QTY	Alloc Time	Inst - FINRA 4512(c)	Alloc Type	PB/ Cust	Allocation Instruction Time
CLFA	MEPA	ABC	7/8/19	7/11/19	555	21098	Not available	10.00	Buy	200	101830	N	Custody		

# CAIS Registration

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- ▶ All Industry Members and CAT Reporting Agents that will submit LTID or Customer and Account information must register for CAIS.
- ▶ The CAIS Registration Form is available on the [CAIS Registration & Onboarding page](#) of the CAT website
- ▶ CAT CAIS Registration remains open.

# CAT CAIS Entitlement

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- ▶ CAIS access leverages the FINRA Entitlement Program.
- ▶ Industry Members establish Super Account Administrator (“SAA”)
  - Existing FINRA SAAs will be granted administrative access to manage CAIS access for their users.
  - SAAs will receive an email when access is granted and will then be able to create accounts and grant users access.
- ▶ More information can be found in the CAIS Onboarding Guide.

# Connectivity

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- ▶ Connectivity to CAIS will be provided by three options:

Connectivity Method	SFTP File Submissions	CAT Reporter Portal
Private Line via MNSP	Y	Y
Secure Internet	N	Y
Cloud to Cloud via AWS Private Link	Y	Y

- ▶ Firms may leverage existing connectivity- new lines are not required
  - May require additional firewall configuration settings for Private Line or AWS

# Submitting Data to CAIS

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- ▶ In addition to SFTP, Industry Members may upload files to the CAIS Reporter Portal and also manually create and submit via the CAIS portal functionality.

# Establish CAT Reporting Relationships in the Test Environment

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- ▶ CAT CAIS Reporting Relationships must be established to authorize another CAT Reporting Agent to submit on a firm's behalf. These must be separately established from the CAT transaction reporting relationships.
- ▶ Relationships must be established prior to any data submissions to the CAT CAIS Reporter Portal.
- ▶ Firms transmitting data on their own behalf are not required to establish a relationship for themselves.

Please note that the entities submitting transaction data to CAT may not be in a position to report Customer and Account Information to CAIS. Firms should consult their service providers to confirm their intention.



# Testing for Production Readiness

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- ▶ The CAIS system is open for Industry Members and CAT Reporting Agents to perform Production readiness testing.
- ▶ This testing must be completed prior to submitting LTID data into the Production environment.
- ▶ Production readiness certification requirements include:
  - Entitlements;
  - File submissions;
  - Data integrity validations.
- ▶ Certification process is ongoing.

# Certification of Testing Completion

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- ▶ Once CAT Reporters complete all onboarding steps, they must contact the FINRA CAT Helpdesk for certification.
- ▶ The Helpdesk will require the submission period the organization is using for its certification test.
- ▶ Upon verification that the organization meets the requirements, it will be granted access to the CAT CAIS Production environment.

# Order of Operations

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1. Register
2. Designate SAA or CAT Account Administrators, if new organization
3. Create additional CAT CAIS users and grant access
4. Submit CAT CAIS SFTP Entitlement Form
5. Test Connectivity
6. Establish Reporting Relationships
7. Test Production Readiness
8. Certify

# CAIS/LTID Events

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- ▶ Consolidated Audit Trail, LLC and FINRA CAT, LLC host Monthly CAIS/LTID Industry Testing Checkpoint Calls.
  - The next Checkpoint Call is scheduled for Wednesday, March 3, 2021 at 4:15 pm ET.

# CAIS Reporting & Onboarding Resources

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- [CAT Reporting Customer and Account Technical Specifications for Industry Members-LTID](#)
- [Customer and Account Industry Member Submission Schema](#)
- [Customer and Account Status File Schema](#)
- [CAT CAIS Industry Member Reporting Scenarios](#)
- [CAIS Registration & Onboarding](#) page of the CAT website
- [Industry Member CAIS Onboarding Guide](#)
- [CAT CAIS Reporter Portal User Guide](#)
- [Section Q of the FAQs](#)
- Overview and Demonstration of the CAT CAIS Reporter Portal on the [Video page](#) of the CAT Website

# FINRA CAT Helpdesk

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Questions may be directed to the FINRA CAT Helpdesk at 888-696-3348 or [help@finracat.com](mailto:help@finracat.com)

# How to Ask a Question during Today's Call

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- **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.