

## **Small Firm Roadmap to December 13, 2021**<sup>1</sup>

The purpose of this document is to provide a roadmap to assist Small Firms, defined by CAT as “Small Industry Members” with meeting their CAT reporting obligations by the compliance date of December 13, 2021. This document is comprised of two parts. Part 1 lays out the steps necessary to report order data to the CAT Transaction System. Part 2 lays out the steps necessary to report customer and account data to the CAT Customer and Account Information System (“CAIS”).

### **Part 1: CAT Transaction System Steps**

#### **Step 1: Determine if your firm handles orders or quotes in CAT Reportable Securities.**

CAT Reportable Securities are any NMS Securities, including listed options, and any OTC Equity Security. If your firm does not handle orders/quotes in these products, then you do not have a CAT reporting obligation. If your firm does handle orders/quotes in NMS Securities, including listed options, or any OTC Equity Security, proceed to Step 2. See [FAQ B11](#) for more information about the types of products in scope for CAT. Please note there is no additional phase-in process for Small Industry Members- all firms are required to report according to the Phase 2d CAT Reporting Technical Specifications for Industry Members as of 12/13/2021.

#### **Step 2: Determine if your firm meets the definition of Small Firm for CAT reporting purposes.**

For CAT reporting purposes, Small Firms (also referred to as “Small Industry Members”) are firms with total capital of less than \$500,000. If your firm’s total capital exceeds \$500,000 and currently handles CAT Reportable Securities, then your firm is considered a Large Firm and should currently be reporting to CAT. If you meet this definition of a Small Firm, proceed to Step 3. Please see [FAQ A29](#) for more information about what broker-dealers are considered Small Industry Members.

#### **Step 3: Determine whether your Small Firm is currently reporting to FINRA’s Order Audit Trail System (“OATS”).**

If your firm meets the definition of a Small Firm and is currently reporting order data to OATS, then your firm has a current CAT reporting obligation. If your firm meets the definition of a Small Firm and handles CAT Reportable Securities but does not report to OATS, then your firm’s CAT reporting obligation commences on 12/13/2021. Proceed to Step 4.

#### **Step 4: Register for CAT Transaction System**

Each Industry Member submitting CAT Transaction data must submit a [CAT Registration Form](#). If the firm has already submitted a CAT Registration Form for CAT Transaction reporting, there is no need to resubmit a new registration form. Firms can submit a new CAT Transaction Registration Form to amend a prior registration.

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<sup>1</sup> December 13, 2021 is the CAT Compliance Date by when Small Firms handling CAT Reportable Securities that are not currently reporting to FINRA’s Order Audit Trail System (“OATS”) have an obligation to report such securities to CAT. It is also the date by when Small Firms with a CAT reporting obligation must report any accounts associated with a Large Trader Identification (LTID) to CAT CAIS.

### **Step 5: Grant Entitlement to personnel within the firm**

Upon registration, the firm's Super Account Administrator ("SAA") will be granted Administrator entitlement to the CAT Test Environment. Industry Members must demonstrate that they can correctly submit data to the Test Environment before being granted access to the Production Environment. The firm's SAA may grant User entitlement privileges to personnel within the firm that will need access to the CAT Reporter Portal. Further information on granting entitlement and the CAT roles may be found in Section 4.2 of the [Industry Member Onboarding Guide](#). Further information regarding the CAT Reporter Portal, including how to access it and the functionality it provides, please see the [CAT Reporter Portal User Guide](#).

### **Step 6: Determine how the firm will submit data to CAT**

Industry Members may choose to report CAT data via the following methods:

- CAT Reporting Agent (most common)
  - Enable a CAT Reporting Agent (i.e., clearing firm or service bureau) to submit CAT data on your behalf
- Self-Reporting
  - Manually enter records into the CAT Reporter Portal User Interface
  - Upload files to the CAT Reporter Portal
  - Please contact the CAT Helpdesk for additional connectivity options

If you plan to use a CAT Reporting Agent to report data on your firm's behalf, please proceed to Step 7.

If you plan to self-report data, please proceed to Step 8.

### **Step 7: Establish a CAT Reporting Relationship with your CAT Reporting Agent in the CAT Test Environment**

1. Log into to the CAT Reporter Portal Test Environment using your FINRA login credentials (see Step 5).
2. Click on the 'Reporting Relationships' application in the blue navigation bar on the left side of the screen.
3. Click on 'Add new' to enter the relevant information for CAT Transaction Reporting Relationships.
4. Save Changes.

More information about establishing CAT Reporting Relationships can be found in Section 8 of the [CAT Reporter Portal User Guide](#).

### **Step 8: Certify for Production**

For CAT transaction reporting certification, firms are expected to submit a single day of production data to the CAT Test Environment with an error rate of less than 10%. Once the production data has successfully been submitted by the firm or CAT Reporting Agent, record the corresponding CAT

Processing Date(s) and contact the FINRA CAT Helpdesk to request certification. Production Certification must be requested by 11/29/2021 to allow sufficient time to complete all onboarding steps. Once your firm has been approved for CAT Production access, your firm's SAA will be granted Administrator entitlement to the CAT Production Environment. The firm's SAA may grant User entitlement privileges to personnel within the firm that will need access to the CAT Reporter Portal Production Environment. Additional information regarding production readiness testing can be found in Section 10 of the FINRA CAT [Industry Member Onboarding Guide](#).

### **Step 9: Establish a CAT Reporting Relationship with your CAT Reporting Agent in the Production Environment**

Only applicable if using a CAT Reporting Agent:

1. Log into the CAT Reporter Portal Production Environment using your FINRA login credentials (see Step 5).
2. Click on the 'Reporting Relationships' application in the blue navigation bar on the left side of the screen.
3. Click on 'Add new' to enter the relevant information for CAT Transaction Reporting Relationships.
4. Save Changes.

More information about establishing CAT Reporting Relationships can be found in Section 8 of the CAT Reporter Portal User Guide.

## **Part 2: CAT Customer and Account Information System (CAIS) Steps**

### **Step 1: Determine if your firm has accounts associated with Large Trader ID (LTID)**

The reporting of Customer Identifying Information and Customer Account Information consists of two phases (see [FAQ Q3](#)):

1. First phase: LTID/ULTIDs. The CAIS-LTID reporting deadline for Small Firms is 12/13/2021.
2. Second phase: All Customer Identifying Information and Customer Account Information. The reporting deadline for all Industry Members for all Customer Identifying Information and Customer Account Information is 7/11/2022.

To comply with the LTID phase, Small Firms must determine if they have any accounts associated with a Large Trader Identification (LTID), as defined by the SEC. See [FAQ Q30](#) for more information related to LTIDs.

### **Step 2: Determine if your firm meets the definition of Small Firm for CAT reporting purposes.**

For CAT reporting purposes, Small Firms are firms with total capital of less than \$500,000. If your firm's total capital exceeds \$500,000 and currently handles CAT Reportable Securities, then your firm is considered a Large Firm and should be reporting LTIDs and related information to CAT CAIS effective

4/26/2021. If you meet this definition of a Small Firm, proceed to Step 3. See [FAQ A29](#) for more information regarding what broker-dealers are considered Small Industry Members.

### **Step 3: Register for CAT CAIS**

Each Industry Member submitting CAT CAIS data must submit a [CAT CAIS Registration Form](#). If the firm has already submitted a CAT CAIS Registration Form, there is no need to resubmit a new registration form. Firms can submit a new CAT CAIS Registration Form to amend a prior registration.

### **Step 4: Grant CAT CAIS Test Environment Entitlement to personnel within the firm**

Upon registration, the firm's Super Account Administrator ("SAA") will be granted Administrator entitlement to the CAIS Reporter Portal Industry Test environment. The firm's SAA may grant User entitlement privileges to personnel within the firm that will need access to the CAT CAIS Portal. More information on granting entitlement and the CAT roles may be found in Section 3.2 of the [Industry Member CAIS Onboarding Guide](#). Further information regarding the CAT CAIS Reporter Portal, including how to access it and the functionality it provides, please see the [CAT CAIS Reporter Portal User Guide](#).

### **Step 5: Determine how the firm will submit data to CAT CAIS**

Industry Members may choose to report CAT CAIS data via the following methods:

- CAT Reporting Agent (most common)
  - Enable another CAT Reporting Agent (i.e., clearing firm or service bureau) to submit CAT CAIS data on your behalf.
- Self-Reporting
  - Manually enter records into the CAT CAIS Reporter Portal User Interface
  - Upload files to the CAT CAIS Reporter Portal
  - Contact the CAT Helpdesk for additional connectivity options

If you plan to use a CAT Reporting Agent to report data on your behalf, please proceed to Step 6.

If you plan to self-report data, please proceed to Step 7.

### **Step 6: Establish a CAT CAIS Reporting Relationship with your CAT Reporting Agent in the Test Environment**

1. Log into the CAT CAIS Reporter Portal Test Environment using your FINRA login credentials (see Step 4).
2. Click on the 'Reporting Relationships' application in the blue navigation bar on the left side of the screen.
3. Click on 'Add new' to enter the relevant information for CAT Transaction Reporting Relationships.
4. Save Changes.

More information about establishing CAT Reporting Relationships can be found in Section 7 of the [CAT CAIS Reporter Portal User Guide](#).

### **Step 7: Certify for CAIS LTID Production**

Each entity is held to a specific certification level based on the approximate number of accounts with associated LTIDs, as identified during the CAIS registration process.

- For reporters with fewer than 100 accounts with LTID associations, all accounts should be submitted for certification using production data.
- For reporters with 100 or more accounts with LTID associations, at least 100 accounts should be submitted for certification using production data.

Once data has successfully been submitted by the firm or CAT Reporting Agent, per the required certification level, with an error rate of less than 10%, record the corresponding CAT Processing Date(s) and contact the FINRA CAT Helpdesk to request certification. Production Certification must be requested by 11/29/2021 to allow sufficient time to complete all onboarding steps. Once your firm has been approved for CAT CAIS Production access, your firm's SAA will be granted Administrator entitlement to the CAT CAIS Production Environment. The firm's SAA may grant User entitlement privileges to personnel within the firm that will need access to the CAT CAIS Reporter Portal Production Environment. For more information regarding testing for production readiness, please reference section 6 of the FINRA CAT [Industry Member CAIS Onboarding Guide](#).

### **Step 8: Establish a CAT CAIS Reporting Relationship with your CAT Reporting Agent in the Production Environment**

Only applicable if using a CAT Reporting Agent:

1. Log into the CAT CAIS Reporter Portal Production Environment using your FINRA login credentials (see Step 4).
2. Click on the 'Reporting Relationships' application in the blue navigation bar on the left side of the screen.
3. Click on 'Add new' to enter the relevant information for CAT Transaction Reporting Relationships.
4. Save Changes.

More information about establishing CAT Reporting Relationships can be found in Section 7 of the [CAT CAIS Reporter Portal User Guide](#).

For additional assistance or questions, please contact the CAT Helpdesk at 888-696-3348 or [help@finracat.com](mailto:help@finracat.com)