

# Consolidated Audit Trail

Authorized Trader Natural Persons employed  
by an Entity Account Holder

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9/21/2021

# Footnote 386 of the Adopting Release

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➤ For the purpose of Rule 613(j)(3), natural persons who are **employed by** an entity that is an account holder, and who are authorized to trade for that account, are **not** considered different from the account holders, and are therefore not covered by Rule 613(j)(3)(i) (emphasis added).

--Consolidated Audit Trail (Adopting Release No. [34-67457](#); July 18, 2012).

■ **Whether the account holder is deemed to be a Legal Entity is determined by the Input Identifier used for the account holder.**

❖ If an EIN or LEI is used for the Input Identifier, then the account holder is a Legal Entity for purposes of CAT reporting.

# Applying FN 386

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➤ **For any account where the account holder is a Legal Entity (reported to CAT using an EIN or LEI):**

- Authorized Traders that are natural persons and that are employed by the legal entity are not required to be reported to CAIS as Authorized Traders.
  - ❖ Any person or entity (such as a trust) that would be reported to CAIS using SSN or ITIN is considered a Natural Person for purposes of CAT reporting.
  - ❖ Foreign Input identifiers such as National Identity Cards, EU Member State National Client Identifiers (NCI), Passport Number, and Permanent Resident Card numbers are considered to be Natural Persons for the purposes of CAT reporting.
  - ❖ Natural Persons that are either direct or contract employees of a Legal Entity are considered employed by that Legal Entity for purposes of CAT reporting.
  - ❖ Each Industry Member must make a determination if a Natural Person is employed by a Legal Entity account holder. If the Industry Member is not able to make such determination, the Natural Person Authorized Trader must be reported to CAIS.
  - ❖ It is acceptable to voluntarily report a Natural Person Authorized Trader that is employed by a Legal Entity account holder.

# Applying FN 386

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- **For any account where the account holder is a Natural Person (reported to CAT using SSN or ITIN):**
  - All Authorized Traders that are different than the account holder must be reported to CAIS.

# Additional Information

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- **Does every FDID Record need to have at least one CAT Customer with authorization to trade on the account?**
  - Yes. Every FDID record must have at least one Customer identified as having authorization to trade for the account (either role of AUTH3RD, AUTHREP or TRDHOLDER).
  
- **Can a CAT Customer that is identified as having authorization to trade for the account be a Legal Entity?**
  - Yes. A Legal Entity with trading authorization would have a role of either AUTH3RD or TRDHOLDER.
  
- **Can the only CAT Customer identified as having authorization to trade for an account be a Legal Entity?**
  - Yes

# 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.