Consolidated Audit Trail

Customer and Account Information System (CAIS)

Full CAIS Technical Specification Updates – 2.0 r8

4/12/2022

Specification Updates

v2.0 r8 of the Full CAIS Industry Member Technical Specifications (Clean and Redlined) were published on April 8, 2022

➢ Updated Section 2.2.1 – Firm Designated ID (FDID) example for Entity ID

➢ Updated Section 2.2.5 – Input Identifiers to include 'OTHGOVT' on the hierarchy of Foreign Input Identifiers, added language regarding CAT NMS Plan requirements and clarified guidance when an Input Identifier for a Customer changes

➢ Updated Section 2.3 –Data Types to include detail that NUMBER JSON type fields having leading zero characters are not valid JSON and will result in a file integrity error

➢ Updated Elements of an Identifiers Feedback File Table in Section 6.1.2 – Feedback File Names and Format to include *submissionStatus* of RECORD_SCAN_COMPLETED

➢ Updated Sections 6.6 – FDID Version Report with report formatting, example and sentinel file information

Additional Specifications Updates

- ➢ Clarified Sections 2.2.11 through 2.2.15 regarding Data Inconsistencies

- ➢ Moved the Customer Data Inconsistencies table to Section 2.2.1 and the Triggered Inconsistencies and Impacted Inconsistencies tables to Section 2.2.15

- ➢ Updated Customer Data Inconsistencies table to include additional information on when a Material Inconsistency for the *tidType* attribute would be triggered

- ➢ Clarified Section 3.6 – Transition from LTID to Full Customer Reporting regarding the differences between LTID Phase and Full CAIS Phase

- ➢ Added *authTraderNamesList* multi-dimensional array to the FDID Record in Section 4.1 – CAIS Data File
  - o To be discussed further in subsequent slides

Additional Specification Updates

➢ Updated Data Type for *lastSubmittedRecordID* in Nightly Inconsistencies Feedback File to an array in order to support submission of multiple customer versions

➢ Reverted *warningID* back to *rejectionID* in Identifiers Feedback File and updated *rejectionID* to be Conditional, and made conforming changes to schema where applicable in Section 6.2.1 – JSON Examples for File Integrity Feedback and Section 6.3.1 – JSON Examples for Data Ingestion Feedback

Revised Sections

➢ Revised Section 3.7 – Full Data Replacement
  o In the event an Industry Member determines it must end all FDID Records submitted to CAT CAIS and would like the Plan Processor to end them on its behalf, it must contact the FINRA CAT Helpdesk.

➢ Clarified Section 3.8 – Periodic Customer & Account Information Refresh
  o Effective with Full CAIS Release 4 (expected Production date of September 12, 2022): If an FDID remains open but has had no CAT-reportable activity within the prior six-month period, the Industry Member has the option, but is not obligated to, inactivate it in CAIS by reporting an *fdidEndReason* of 'INACTIVE'.
  o An *fdidEndReason* of 'INACTIVE' indicates the FDID is not in scope for Full Record Refresh requirements, and FDIDs marked as 'INACTIVE' are not required to be updated in CAIS. However, if the inactivated FDID subsequently has any CAT-reportable events reported to the Transaction database, the Industry Member must reactivate the FDID in CAIS by the CAIS reporting deadline.

New Sections

- Added Section 3.2 – Replacement of Transformed Identifier (TID)
  - There are two ways to replace the Customer's Input Identifier in CAIS and the manner by which replacement must be reported to CAIS depends on why it is being updated
    - The Input Identifier was legally changed or the Industry Member obtained an Input Identifier that supersedes the current identifier according to the hierarchy identified in Section 2.2.5
    - A Customer's Transformed Input Identifier (TID) was initially submitted to and accepted by CAIS based on an Input Identifier value that was later determined to be incorrect and was never intended to be associated with the Customer

New Sections Cont.

➢ Added Section 3.12 – Special Rules Regarding Natural Person Customer Names (e.g., Unparsed Names)

- o In the scenario where an Industry Member has historically maintained the Customer name in an unparsed state and will not be able to complete parsing of all Customer names by July 11, 2022, the Plan Participants will temporarily make available a value of 'UNPARSED' to be populated in the *firstName* field. The unparsed name must be populated in the *lastName* field.

- o Further, as soon as practicable, but no later than January 11, 2023, the Industry Member must resubmit the Customer Record to CAIS with the first and last names parsed and in the required separate *firstName* and *lastName* fields. Use of the 'UNPARSED' value in the firstName field is only allowable until January 11, 2023 (six months after Full CAIS Go-Live) and will be retired from the Full CAIS Technical Specifications effective January 12, 2023.

➢ Added Section 6.6.1 – JSON Examples for FDID Version Report

New Values

> **'OTHGOVT'** (*foreignTIDType*): Other Government Issued Identifier, if the CAT Reporter knows the identifier was issued by a non-national level government body or agency such as a regional agency. Must not be used if one of the other allowable values apply.

Updates to Value Descriptions

➢ **'ENTITYID'** (*accountType, fdidType*): Entity ID type record. Only allowable when the FDID represents the Entity ID of the firm when an employee of the firm is exercising discretion over multiple Customer Accounts.

➢ **'CP'** (*customerType*): Customer *identified itself* as an officer, director, or 10% or more share owner of a public company *at the time of account opening.*

➢ **'AUTH3RD'** and '**AUTHREP'** (*role*)
  o **AUTH3RD:** An Authorized Trader who is not a holder of the Account, nor an employee of the reporting Industry Member, who has authority to place orders for the Account without prior approval of the account holder(s).
  o **AUTHREP:** An Authorized Trader who is not a holder of the Account but does have authority to place orders for the Account without prior approval of the account holder(s) and is either the reporting Industry Member or an employee of the reporting Industry Member, if the account holder specifically designates the natural person employee as authorized to trade for the Account independent of the authority granted to the entity Authorized Trader. See FAQ Q56 for more information.

➢ **'NATIONALID'** (*foreignTIDType*): National Registration or Tax Identifier, if the CAT Reporter knows the identifier was issued by a national-level government body or agency, or when the CAT Reporter cannot distinguish if the issuer is a national-level government body or agency.

Updates to Attribute Descriptions

- *DVPCustodianID*
  - Updated description to align with Transaction Spec definition
- *firstName*
  - If the Customer legally has one name, this field must be populated with 'NNVE' (No Name Value Exists).
- *clearingBrokerID*
  - All values included in the array must be separated by commas. If the CAT Reporter firm is a self-clearing firm, they must report their own NSCC Clearing ID.
- *replacedByTID*
  - Must only be used when customer's Input Identifier has changed, resulting in a new TID value. Must not be used when ending a CAT Customer Record which was reported with an erroneous Input Identifier.
- *foreignTIDType & replacingForeignTIDType*
  - Reordered the allowable values to illustrate Input Identifier hierarchy for Foreign Input Identifiers

New and Updated Rules

Clarifications to rules in Sections 5.1.3.1 and 5.1.3.2:

➢ Rule 25 in Section 5.1.3.1 regarding scenarios where it is not permissible to implicitly end a Customer-to-FDID association

➢ Rule 30 in Section 5.1.3.1 regarding populating the *DVPCustodianID* attribute when there is no clearing number or DTC number available

➢ Rule 33 in Section 5.1.3.1 regarding how to report a change in *role*

➢ Rule 36 in Section 5.1.3.1 and Rule 14 in Section 5.1.3.2 regarding Address Records for United States Military or Diplomatic addresses

Addition of rules in Sections 5.1.3.1 and 5.1.3.2:

➢ Rule 28 in Section 5.1.3.1 and Rule 10 in Section 5.1.3.2 regarding address reporting for FDID and Customer addresses

➢ Rule 37 to Section 5.1.3.1 regarding *fdidDate* for an FDID that was closed and then reopened

➢ Rule 15 to Section 5.1.3.2 regarding unparsed Natural Person Customer name

Clarified Rule 1 in Section 7 – Nightly Data Inconsistencies Feedback to regarding sentinel file posting

New and Updated Error Codes

- Updates to existing error codes:
  - 21011 – CAIS file not Readable
  - 22042 – Multiple active roles for Customer within *fdidCustomerList*
  - 22057 – Missing, duplicated, or invalid *addrType*
  - 22527 – Improper Use of Address Type
  - 24904 – Malformed TID Record – Missing or invalid *foreignTIDCountryCd*
  - 24908 – Missing or invalid *replacedByTIDType*
  - 24911 – Missing or invalid *replacedByTID*
  - Updated previously reserved Error Codes 22072, 22073 and 22074 based on addition of *authTraderNamesList* to the FDID Record

- Addition of error codes:
  - 22541 – Legal Entity CAT Customer reported with improper *tidType*
  - 22542 – Natural Person CAT Customer reported with improper *tidType*
  - Added corresponding Error Codes to CAT CAIS Identifiers File Validation Warnings Table

Additions to Appendix C (Glossary)

- **Authorized Trader:** The CAT NMS Plan defines an Authorized Trader as "any person from whom the broker-dealer is authorized to accept trading instructions for such account, if different from the account holder(s)".

- **CAT Customer:** SEC Rule 613(j)(3) defines a CAT Customer as "(i) the account holder(s) of the account at a registered broker-dealer originating the order; and (ii) any person from whom the broker-dealer is authorized to accept trading instructions for such account, if different from the account holder(s)".

- **Discretion:** If *hasDiscretion* is populated with 'true', this indicates the Authorized Trader has the ability to place orders on the Account without prior approval of the account holder(s). For CAIS reporting purposes, hasDiscretion value of 'true' does not indicate that an order was received with a "Not Held" instruction where the broker-dealer or trader only has discretion as to the price and time of execution.

Additions to Appendix C (Glossary) Cont'd

- **Input Identifier:** A generic term for the types of identifiers used to identify unique Customer Records, including SSN, ITIN, EIN, and FOREIGN. Input Identifiers are always translated to Transformed Identifier values prior to submission to CAT within the Transformed Identifiers file.

- **CAT NMS Plan-Defined PII:** As defined in the CAT NMS Plan, means personally identifiable information, including a social security number or tax identifier number or similar information; Customer Identifying Information and Customer Account Information.

- **Sensitive Identifier:** Input Identifiers, including Social Security Number and Individual Taxpayer Identification Number, which must not be submitted to CAIS in plaintext and must be hashed into a Transformed Identifier using an SHA-256 hashing algorithm prior to submission to CAIS.

Authorized Trader Names List

➤ Added Section 3.13 – Special Rules Regarding Natural Person Authorized Traders
  - In the scenario where an Industry Member has not historically collected and systematized all data required to report a Natural Person Authorized Trader that has authority to trade on an Account, and will not be able to collect and systematize the data by July 11, 2022, the Plan Participants will temporarily make available an Authorized Trader Names List on the FDID record.

  - The Authorized Trader Names List will enable the Industry Member to report only the name of the Natural Person Authorized Trader having authority to trade on the Account, where they do not have all data required to report the Authorized Trader as a Natural Person CAT Customer.

  - As soon as practicable, but not later than July 11, 2023, the Industry Member must resubmit the Account to CAIS with all required data for a Natural Person CAT Customer. Use of the Authorized Trader Names List is only allowable until July 11, 2023 (12 months after Full CAIS Go-Live) and will be retired from the Full CAIS Technical Specifications effective July 11, 2023.

Authorized Trader Names List

➢ The CAIS schema will be updated to allow a collection of one or more Authorized Trader Names to be reported on an FDID record. The FDID record must still be reported with at least one CAT Customer having trading authorization (role of "TRDHOLDER", or an "AUTHREP" or "AUTH3RD" where *hasDiscretion* is true).

➢ The Authorized Trader Names List (*authTraderNamesList*) must only include Natural Person Authorized Traders, where the IM does not have all data required to report the Authorized Trader as a full CAT Customer record.

➢ The Authorized Trader Names List will be made available for files posted to SFTP or uploaded within the Reporter Portal in Full CAIS Release 3a – available in Industry Test on May 25th and Production on June 13th.

➢ The CAIS Reporter Portal will be updated to allow IMs to enter Authorized Trader Names on an FDID record in a Manual Submission, and to display the *authTraderNameID* of the record having a rejection in the Account Rejection details, in Full CAIS Release 3b – available in Industry Test on June 13th and Production on June 27th.

Submission Schema Updates

Field Name	Data Type	JSON Object	Include Key	Occurrences	Description
authTraderNamesList	Multi-Dimensional Array	FDID Record	C	Zero or One per FDID Record	Structure for the array of Authorized Trader Names that are associated to the FDID record within the file. Must only be used for Natural Person Authorized Traders where the Industry Member does not have all data required to report a full CAT Customer record. Required if the FDID has one or more Authorized Trader Names; not required if the FDID does not have any Authorized Trader Names.
authTraderNameID	Unsigned	Authorized Trader Name List	R	Exactly One per Authorized Trader Name Record	A unique reference to a single Authorized Trader Name for a single FDID, for a single submission file.
authTraderName	Extended Text (200)	Authorized Trader Name List	R	Exactly One per Authorized Trader Name Record	The name of the Natural Person who has authority to place orders for the Account.

Submission Example

➢ The following example illustrates reporting the *authTraderNamesList*. Only a subset of the relevant fields for an FDID record are included in the example.

```
"fdidRecordList": [{
  "fdidRecordID": 1,
  "firmDesignatedID": "NamesListRecord",
  "authTraderNamesList":
  [
    {
      "authTraderNameID": 1,
      "authTraderName": "John Doe"
    },
    {
      "authTraderNameID": 2,
      "authTraderName": "Jane M. Smith"
    }
  ]
}]
```

FINRA CAT Helpdesk

Questions may be directed to the FINRA CAT Helpdesk at 888-696-3348 or help@finracat.com

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.