

Consolidated Audit Trail

Part 1: CAIS Releases Industry Webinar

November 29, 2023

Agenda

- ▶ Introduction: Scope of Part 1 and Part 2
- ▶ CAIS System Issues and Historical Data Reload
- ▶ CAIS Releases Supporting the May 2024 Compliance Deadlines
- ▶ One-Time Delivery of Outstanding Rejections
- ▶ Expansion of the *correctionList*
- ▶ FDID Validations in the Transaction System
- ▶ Appendix: Outstanding Rejections Feedback File Examples

Introduction

Industry Member CAIS Compliance Deadlines

- ▶ FINRA CAT is completing a series of releases in advance of the May 2024 Industry Member compliance dates focusing on:
 - Resolution of CAIS system and data issues
 - Delivery of rejections that Industry Members must repair and Material Inconsistencies that must be resolved
 - Re-enabling Material Inconsistency checks with a simplified process for identifying inconsistencies and delivering feedback
 - Enabling FDID validations in the Transaction system
- ▶ All necessary releases will be completed no later than April 8, 2024 to allow Industry Members time to make changes and address outstanding errors ahead of the compliance deadlines.

CAIS Compliance: Details

▶ **Interim Reporting Obligation 3: Effective as of November 7, 2022**

- Reporting of all FDID Records with CAT-reportable activity as of June 12, 2022;
- Reporting of all new FDID Records for Active Accounts to the Production Environment by 8:00 a.m. Eastern Time on the following CAT Trading Day;
- Reporting of all changes and additions to FDID Records for Active Accounts previously accepted by CAIS by 8:00 a.m. Eastern Time on the following CAT Trading Day.

▶ **Interim Reporting Obligation 4: By May 24, 2024**

- Repaired all outstanding rejections for Active Accounts for Full CAIS Phase format submissions to the Production Environment; and
- Resolved all outstanding Material Inconsistencies for Customer Records associated to Active Accounts for submissions to the Production Environment.
 - “Active Accounts” includes all FDIDs with any CAT-reportable activity on or after June 12, 2022.

▶ **Full CAIS Compliance Go-Live: Effective May 31, 2024**

- Repair of all rejections by 5:00 p.m. Eastern Time on the third Trading Day after the Customer or Account information became available to the Industry Member; and
- Resolution of all Material Inconsistencies by 5:00 p.m. Eastern Time on the third CAT Trading Day.

Scope of Part 1

- ▶ The focus of today's webinar is an overview of the CAIS system issues and planned releases in support of the May 2024 compliance dates, highlighting what the industry can expect before, during and after each release.
- ▶ In Part 1, we will also detail the one-time delivery of outstanding rejections and expansion of the *correctionList* to include a *correctionAction* of 'DELETE' for all Data Validation Errors.
- ▶ Finally, we will provide a refresher on the FDID validations in the Transaction system against FDIDs in the CAIS system.

Scope of Part 2

- ▶ Part 2 of the CAIS Releases webinar series will take place on Wednesday, December 6, 2023 at 4:15 pm ET.
- ▶ It will focus on Material Inconsistencies:
 - FINRA CAT's one-time scan of historical data to deliver Material Inconsistencies
 - Simplified procedure for identifying daily Material Inconsistencies
 - Simplified Material Inconsistencies resolution
 - New Material Inconsistencies Feedback File

CAIS System Issues and Historical Data Reload

CAIS System Load Issues

- ▶ Data load issues were introduced into the CAIS system in October 2022:
 - Not all accepted data loaded to the correct location, impacting data validations
 - Not all errors loaded to the correct location, impacting feedback displayed on the CAIS Reporter Portal, rejection repair, and resolution of Material Inconsistencies.
- ▶ Several Open Issues are a result of the data load issues.
- ▶ As of June 2023, all accepted data and errors are being loaded to the correct location.

Historical Data Reload

- ▶ To address the data load issues introduced in October 2022, FINRA CAT will reload **accepted** and **rejected** data to:
 - Re-establish CAIS data in the order of original submission, ensuring accurate representation of historic and current versions of Accounts and Customers
 - Load rejections and process corrections to ensure all repairs are credited
 - Identify inconsistencies that exist in accepted data (one-time scan of historical data).
- ▶ **Industry Members will not be required to resubmit prior submissions.**
 - All data as it is reloaded will retain the original submission date.
- ▶ **No new rejections will be created during the reload activities.**
- ▶ Historical reload will occur in the Production Mirror Environment and Production Environment.
- ▶ Historical reload will *not* occur in the Test Environment since it was reset on June 5, 2023.

Industry Member Impacting Changes

- ▶ FINRA CAT is planning changes to the CAIS system to enhance feedback communication and repair capabilities and simplify the Material Inconsistencies Procedure.
- ▶ Industry Members *must* make changes for the following, where applicable:
 - A one-time Outstanding Rejections Feedback File will be delivered via the Reporter Portal and SFTP in a new feedback file schema, including meta and data file
 - A one-time historical scan *and* daily Material Inconsistencies will be delivered via the Reporter Portal and SFTP in a new feedback file schema, including meta and data file
 - Triggered and Impacted Inconsistency Feedback Files as described in the Technical Specifications will be retired
 - Additional Inconsistency Codes will be introduced to distinguish between intra-firm and inter-firm inconsistencies.
- ▶ Optionally, Industry Members *may* make changes for:
 - Expansion of the *correctionList* to use a *correctionAction* of 'DELETE' for Data Validation Errors.

CAIS Releases Supporting May 2024 Compliance Dates

Before and During Reload

Planned Date	Release Activities	User Experience
November 30, 2023	Publish new feedback file schemas	<ul style="list-style-type: none">CAIS Reporters can code to the new feedback file for the one-time delivery of outstanding rejectionsCAIS Reporters can code to the new feedback file for the one-time historical scan/daily Material Inconsistencies
Prod Mirror: November 2023 Production: December 2023	Begin historical reload in separate data store	<ul style="list-style-type: none">CAIS Reporters will not be impacted since data will be replayed to a separate data store that will not interact with submissions to the Production EnvironmentIndustry Members may continue to submit to all CAIS environments

Reload Complete

Planned Date	Release Activities	User Experience
<p>Prod Mirror: 8 am ET December 9, 2023 through 5 pm ET December 10, 2023</p> <p>Production: TBD ~ January 2024 (occurring over a weekend)</p>	Network block	No submissions to the CAIS Production Environment (the CAIS Test and Production Mirror and Transaction Environments will not be affected)
<p>Prod Mirror: December 11, 2023</p> <p>Production: TBD ~ January 2024</p>	Historic reload complete and Production Environment pointed to the separate data store	<ul style="list-style-type: none">• Rejection feedback displayed on the Reporter Portal will be refreshed to display all feedback previously provided only via SFTP and to reflect repair credits resulting from replayed data that were not previously applied• Industry Members may make repairs based on what is displayed as “Outstanding” on the Reporter Portal or may wait until delivery of the Outstanding Rejections Feedback File• Inconsistencies generated between April 24, 2022 (Production open date) and January 22, 2023 (date Material Inconsistencies were disabled) will be eliminated<ul style="list-style-type: none">• Industry Members will not be responsible for resolving them and they will not be included in any future compliance statistics

Example of What Will Change on the Portal

CAIS Reporter Portal

03:48:35 PM EST
2023-11-29

User
on behalf of 99999999 Test Firm

Home

Submissions

Reports

User

Transaction

Submission Management

Reporter CRD 99999999 Test Firm

File SubmissionManual SubmissionSubmission in ProgressCompleted SubmissionsRejectionsInconsistencies

Account RejectionsCustomer Rejections

Show columnsRefreshDownloadDisplay Settings

FDID	FDID Record ID	Submission ID	Rejection ID	Error Code	Error Identification Date	Error Repair Deadline	Status
1239829hdu34-e43g48743873u8	0	71190	71190000000001	22034	2023-05-02 00:52:08 EDT	2023-05-04 17:00:00 EST	Outstanding
	0	71190	71190000000002	22071	2023-05-02 00:52:08 EDT		
b0a-b744-a7620124ff24	1370067956565984724	93691	936910000000002	22008	2023-11-28 10:27:01 EST	2023-11-06 17:00:00 EST	Outstanding
	1370067956565984724	93691	936910000000003	22069	2023-11-28 10:27:01 EST		
	1370067956565984724	71191	711910000000002	22008	2023-11-02 01:15:05 EDT		
	1370067956565984724	71191	711910000000003	22069	2023-11-02 01:15:05 EDT		
	1370067956565984724	93681	936810000000002	22008	2023-11-24 01:03:00 EST		
53f-b841-4796-8b39-a4cf5dc47d85	330869011	100	1000000011	22057	2023-02-27 19:50:04 EST	2023-10-23 17:00:00 EDT	Resolved
	330869012	100	1000000012	22057	2023-02-27 19:50:04 EST		
	330869013	100	1000000013	22017	2023-02-27 19:50:04 EST		
	330869014	100	1000000014	22017	2023-02-27 19:50:04 EST		
88fa3b51-0169-48a1-9ee0-1ac856e93db9	6698935029096563974					0:00 EDT	Outstanding

Showing 1-8 of 50 results

Rejected FDID delivered only via SFTP is now available via Portal

Status could change from 'Outstanding' to 'Resolved'

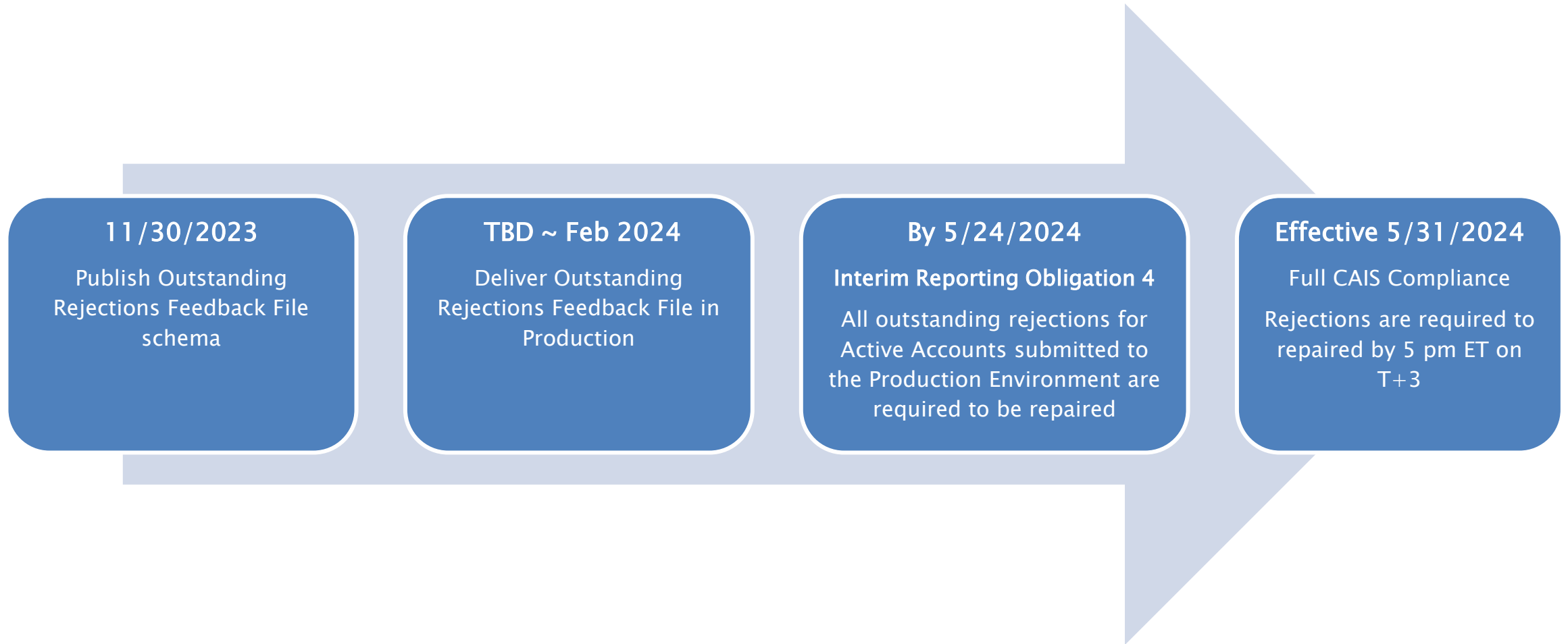
Count of Outstanding FDID's could change (e.g., from a total of 51 before reload to 50 after reload reflects 1 additional added to the display and 2 resolved FDID's removed from screen)

Re-Enable Inconsistency Checks

Planned Date	Release Activities	User Experience:
<p>Test: ~ January 2024</p> <p>Prod Mirror: TBD ~ February 2024</p> <p>Production: TBD ~ February 2024</p>	<p>In CAIS:</p> <ul style="list-style-type: none"> • Delivery of Outstanding Rejections and Material Inconsistencies Feedback Files with enhanced file schemas • Material Inconsistency checks enabled with enhanced procedure • <i>correctionList</i> enhancements <p>In Transaction System:</p> <ul style="list-style-type: none"> • FDID validations enabled in Production (already enabled in Test) 	<p>In CAIS, Industry Members can:</p> <ul style="list-style-type: none"> • Download Outstanding Rejections Feedback Files via the Reporter Portal and/or SFTP • Repair rejections using the expanded <i>correctionList</i> • Obtain Material Inconsistencies feedback* via the Reporter Portal and/or SFTP <ul style="list-style-type: none"> • Results from the one-time historical scan • Daily feedback by 5 pm • Feedback will include new Inconsistency Codes to distinguish between intra-firm and inter-firm inconsistencies • *Reporter Portal Statistics reflecting Material Inconsistencies will be available in a separate release, no later than April 8, 2024 <p>In the Transaction System, Industry Members can obtain daily FDID validation feedback via the Reporter Portal and SFTP by T+1 noon</p>
No later than April 8, 2024	Material Inconsistencies Statistics	Industry Members can view Material Inconsistencies Statistics on the Reporter Portal, including late and timely resolution

One-Time Delivery of Outstanding Rejections

One-Time Delivery of Outstanding Rejections Feedback File



One-Time Delivery of Outstanding Rejections

- ▶ In addition to the daily rejections feedback that is currently delivered, FINRA CAT will establish and deliver feedback representing all unrepaired rejections that Industry Members are responsible for repairing (“outstanding rejections”)
 - This is a one-time delivery of outstanding rejections.
- ▶ Outstanding rejections feedback files will be delivered to each CAT Reporter and Submitter via the Reporter Portal and SFTP.
- ▶ **New** feedback file schemas will be used for the one-time delivery of outstanding rejections: a metadata feedback file and associated data file (“Outstanding Rejections Feedback File”)
 - Data file will be limited to 400,000 records
 - If the limit is exceeded, another set(s) of metadata + Outstanding Rejections Feedback File will be delivered
- ▶ *Under consideration*: daily delivery of outstanding rejections in the **new** feedback file schema.

Outstanding Rejections Metadata Feedback File

- ▶ **Metadata Feedback File:** Provides a count of outstanding FDID and Customer rejections by CAT Reporter CRD/Correspondent combination and names the corresponding Outstanding Rejections Feedback file
 - If there are no outstanding rejections, only the metadata feedback file will be delivered
- ▶ **Metadata Feedback File Name:**
 - CAT Submitter ID_CAT Reporter CRD_Correspondent CRD_ File Generation Date_ File Kind_ Group_ File Type.Format Extension
 - 99999999_555_2_20240401*_OUTSTANDINGREJECTIONS_000001_meta.json

- ▶ **Example:**

```
{  
  "catSubmitterID": 99999999,  
  "catReporterCRD": 555,  
  "correspondentCRD": 2,  
  "outstandingFDIDCount": 2,  
  "outstandingCustomerCount": 1,  
  "errorFeedbackFilename": "99999999_555_2_20240401*_OUTSTANDINGREJECTIONS_000001_data.json.bz2"  
}
```

*Hypothetical date for illustration purposes only.

Elements of the Outstanding Rejections Metadata Feedback File

Field Name	Data Type	JSON Object	Include Key	Description
catSubmitterID	Unsigned	Main	R	The ID of the firm that submitted the file to CAT.
catReporterCRD	Unsigned	Main	R	The CRD number assigned to the Industry Member to which the data within the submission file belongs.
correspondentCRD	Unsigned	Main	C	The CRD number of the related introducing broker or correspondent firm whose Customer and Account data is kept on record at the Industry Member reporting to CAT. Only populated when <i>correspondentCRD</i> was populated in the submission file.
outstandingFDIDCount	Unsigned	Main	R	Total count of outstanding rejected FDID Records that have not been repaired.
outstandingCustomerCount	Unsigned	Main	R	Total count of outstanding rejected Customer Records that have not been repaired.
errorFeedbackFilename	Text (100)	Main	R	Name of the corresponding Outstanding Rejections Feedback file.

Outstanding Rejections Feedback File

- ▶ **Outstanding Rejections Feedback File:** Provides the details for the outstanding FDIDs and Customers that the Industry Member must repair.
- ▶ **Outstanding Rejections Feedback File Name:**
 - CAT Submitter ID_CAT Reporter CRD_Correspondent CRD_ File Generation Date_ File Kind_ Group_ File Type.Format Extension.Compression Extension
 - 99999999_555_2_20240401*_OUTSTANDINGREJECTIONS_000001_data.json.bz2
- ▶ **Examples are in the Appendix**

Elements of Outstanding Rejections Feedback File (1 / 2)

Field Name	Data Type	JSON Object	Include Key	Description
type	Choice	Main	R	<ul style="list-style-type: none"> • fdidRejection- indicates the FDID Record was rejected. • customerRejection- indicates the Customer Record was rejected.
rejectedFDID	Text (40)	Main	C	The <i>firmDesignatedID</i> , as submitted to CAIS, of the record having the data validation error. Only populated on FDID rejections.
submissionFilename	Text (100)	Main	R	Name of the file in which the rejected FDID or Customer was last submitted.
submissionID	Unsigned	Main	R	The unique Submission ID assigned to the CAIS Data File by the CAT CAIS system. Used to identify the single submission activity. If the same filename is submitted across multiple submissions, each submission instance will have a separate and unique Submission ID value.
rejectionID	Unsigned	Main	R	Identifier assigned by CAT to uniquely identify a rejected record.
fdidRecordID	Unsigned	Main	C	The <i>fdidRecordID</i> , as submitted to CAIS, of the record having the data validation error. Only populated on FDID rejections.
errorCode	Unsigned	Main	R	The error code of the data validation error.
customerRecordID	Array of Unsigned Values	Main	C	The <i>customerRecordID</i> , as submitted to CAIS, of the record having the data validation error. Only populated on Customer rejections or when an FDID Record rejects because an associated Customer Record rejected.
rejectionTimestamp	Timestamp	Main	R	Indicates the time at which the data validation error was originally identified.

Elements of Outstanding Rejections Feedback File (2 / 2)

Field Name	Data Type	JSON Object	Include Key	Description
addrType	Choice	Main	C	The <i>addrType</i> , as submitted to CAIS, of the record having the data validation error. Only populated when an address error resulted in the rejection. When populated, either <i>firmDesignatedID</i> or <i>customerRecordID</i> will be populated.
largeTraderRecordID	Unsigned	Main	C	The <i>largeTraderRecordID</i> , as submitted to CAIS, of the record having the data validation error. Only populated on Large Trader rejections.
authTraderNameID	Unsigned	Main	C	The <i>authTraderNameID</i> , as submitted to CAIS, of the record having the data validation error. Only populated when an Authorized Trader Name error resulted in the rejection
customerRejectionEventID	Text (100)	Main	C	A unique identifier assigned by CAT for the specific Customer – by <i>tidValue</i> – having one or more rejections. If the same Customer (<i>tidValue</i>) is subsequently rejected, it will be assigned the same unique identifier. This ID is used because the CAT NMS Plan-Defined PII – including <i>tidValue</i> – of the Customer cannot be returned to the Industry Member after it is submitted to CAT.

Expansion of the correctionList

Expansion of *correctionList* : Overview

- ▶ Planned for release to Production in February 2024: CAIS Reporters will be able to use the *correctionList* for all Data Validation Errors (Error Codes 22001 through 23999).
- ▶ Use of the expanded *correctionList* is limited to a *correctionAction* of 'DELETE'.
- ▶ A *correctionAction* of 'DELETE' does **not** delete the FDID or Customer Record from the CAIS system; it deletes the rejection.
- ▶ A count of Deleted rejections will be added to the CAIS Report Cards in a future release (date is To Be Determined).

Examples: Expansion of the correctionList

Example 1: “Over-Reporting”

- ▶ An account (or customer) that was not required to be submitted to CAIS was rejected and the Industry Member does not have the information required to repair the record (for example, an FDID address or customer’s year of birth).
- ▶ Use of the *correctionList* in this scenario is optional, since the account or customer was not required to be reported to CAIS.
- ▶ The Industry Member may use the *correctionList* to delete the rejection.

correctionList

rejectionID: 899999

correctionAction: DELETE

Example 2: Mismatched Customer Type and TID Type

- ▶ A Natural Person Customer was erroneously reported to CAIS with a *tidType* of 'EIN' when it should have been reported with a *tidType* of 'SSN/ITIN'
 - The Input Identifier was incorrectly hashed with a single hyphen resulting in an incorrect *tidValue*.
- ▶ Since there is a Customer that is required to be reported to CAIS, the Industry Member must resubmit the FDID Record (including all required LTID and Customer associations) with corrected Customer information.
- ▶ However, since the Customer that was originally reported to CAIS and was subsequently rejected was not a CAT Customer associated to the FDID, the Industry Member may optionally use the *correctionList* to delete the rejection.

correctionList

rejectionID: 787878

correctionAction: DELETE

FDID Validation in Transaction System

FDID Validation Overview

- ▶ Planned for release to Production in February 2024: FINRA CAT will validate that the *firmDesignatedID* and *newOrderFDID* values provided on Transaction events are present and active in the CAIS Production Environment.
- ▶ Transaction events not passing the validation will be considered errors-not rejections
 - Events with FDID validation errors that are accepted by CAT will fully participate in the linkage process (for example, intra-firm linkage)
 - Events with FDID validation errors will generate an FDID linkage error which will be included in compliance metrics.

Error Feedback and Timing

- ▶ FINRA CAT will perform FDID validations between 8 a.m. ET and noon on T+1.
- ▶ Related feedback will be available by T+1 noon with other linkage feedback.
- ▶ The Error Summary feedback file will be provided with error counts grouped by FDID and Message Type.

FDID Error Corrections

- ▶ If the FDID was not accepted in CAIS or was ended in CAIS:
 - An accepted submission into CAIS or an accepted submission with null or updated *fdidEndDate* will reconcile the error.
- ▶ If the FDID was correctly reported to CAIS, but incorrectly reported on the Transaction event:
 - The FDID must be corrected on the Transaction event and resubmitted.
- ▶ More information on FDID Validations can be found in the [Transaction Technical Specifications](#) and the November 15, 2022 [Technical Specification Working Group](#).

FINRA CAT Helpdesk

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

Appendix: Outstanding Rejections Feedback File Examples

Outstanding Rejections Examples: FDID–Level

1. `{"type": "fdidRejection", "rejectedFDID": "ExAccount4", "submissionFilename": "99999999_555_20240312_Group03_CAIS_000001", "submissionID": 61045, "rejectionID": 61045000000002, "fdidRecordID": 1, "errorCode": 22042, "customerRecordID": 34, "rejectionTimestamp": "20240312T125431.606107000"},`
2. `{"type": "fdidRejection", "rejectedFDID": "ExAccount7", "submissionFilename": "99999999_555_20230901_Group126_CAIS_000123", "submissionID": 611091, "rejectionID": 61045000000003, "fdidRecordID": 902, "errorCode": 22055, "rejectionTimestamp": "20230901T125431.606107000", "addrType": "ADDRESS1"},`
3. `{"type": "fdidRejection", "rejectedFDID": "FDID-123", "submissionFilename": "99999999_555_20230901_Sept1_CAIS_636988", "submissionID": 559036, "rejectionID": 55903600002583, "fdidRecordID": 36710, "errorCode": 22017, "rejectionTimestamp": "20230901T125431.606107000", "largeTraderRecordID": 347},`
4. `{"type": "fdidRejection", "rejectedFDID": "Account.qwerty", "submissionFilename": "99999999_555_20230901_Sept1_CAIS_636988", "submissionID": 559036, "rejectionID": 55903600002539, "fdidRecordID": 3606, "errorCode": 22074, "rejectionTimestamp": "20230901T125431.606107000", "authTraderNameID": 836},`
5. `{"type": "fdidRejection", "rejectedFDID": "Account.qwerty", "submissionFilename": "99999999_555_20230901_Sept1_CAIS_636988", "submissionID": 559036, "rejectionID": 55903600002539, "fdidRecordID": 3606, "errorCode": 22005, "rejectionTimestamp": "20230901T125431.606107000"},`
6. `{"type": "fdidRejection", "rejectedFDID": "AcctXYZ", "submissionFilename": "99999999_555_01122024_Group43_CAIS_000861", "submissionID": 563921, "rejectionID": 61045000000003, "fdidRecordID": 1, "errorCode": 22048, "rejectionTimestamp": "20240112T125431.606107000"},`

Outstanding Rejections Examples: Customer-Level

1. `{"type": "customerRejection", "submissionFilename": "99999999_555_20240112_Group43_CAIS_000861", "submissionID": 563921, "customerRejectionEventID": "1078$24948#250#NULL#2023-02-28T01:01:26.340000+00:00", "rejectionID": 563921000000023, "customerRecordID": [1, 4, 46, 311], "errorCode": 22518, "addrType": "ADDRESS1", "rejectionTimestamp": "20240112T125431.354705000"},`
2. `{"type": "customerRejection", "submissionFilename": "99999999_555_20240112_Group03_CAIS_000001", "submissionID": 61045, "customerRejectionEventID": "1078$24948#555#NULL#2023-02-28T01:01:26.340000+00:00", "rejectionID": 61045000003251, "customerRecordID": [22], "errorCode": 22523, "rejectionTimestamp": "20240112T125431.354705000"},`
3. `{"type": "customerRejection", "submissionFilename": "99999999_555_20240112_Group43_CAIS_000861", "submissionID": 835479, "customerRejectionEventID": "1078$24948#250#NULL#2023-02-28T01:01:26.340000+00:00", "rejectionID": 8354790000023678, "customerRecordID": [6319], "errorCode": 22900, "rejectionTimestamp": "20240112T125431.354705000"}`