

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104664]

Order Granting Exemptive Relief, Pursuant to Section 36(a)(1) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 608(e) of Regulation NMS Thereunder, from Certain Requirements of the National Market System Plan Governing the Consolidated Audit Trail Related to Port-Level Settings

January 23, 2026.

I. Introduction

By letter dated October 20, 2025, Financial Information Forum (“FIF”) requested that the Securities and Exchange Commission (“Commission” or “SEC”) grant exemptive relief, pursuant to its authority under section 36 of the Securities Exchange Act of 1934 (“Exchange Act”) ¹ and Rule 608(e) of Regulation NMS under the Exchange Act,² related to the reporting of port-level settings pursuant to the National Market System Plan Governing the Consolidated Audit Trail (“CAT NMS Plan”).³

Section 36(a)(1) of the Exchange Act grants the Commission the authority, with certain

¹ 15 U.S.C. 78mm(a)(1).

² 17 CFR 242.608(e).

³ See letter to Vanessa Countryman, Secretary, Commission, from Howard Meyerson, Managing Director, FIF, dated Oct. 20, 2025 (the “FIF Request”), available at: <https://fif.com/index.php/working-groups/category/271-comment-letters?download=3412:fif-letter-to-the-sec-requesting-interpretive-guidance-relating-to-the-cat-reporting-of-port-settings-or-in-the-alternative-requesting-exemptive-relief-to-the-same-effect&view=category>. The FIF Request requests either “written clarification” or exemptive relief. Id. at 1-2. Unless otherwise noted, capitalized terms are used as defined in the CAT NMS Plan. The Participants to the CAT NMS Plan are 24X National Exchange LLC, BOX Exchange LLC, Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe C2 Exchange, Inc., Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe Exchange, Inc., Financial Industry Regulatory Authority, Inc., Investors Exchange LLC, Long-Term Stock Exchange, Inc., MEMX LLC, Miami International Securities Exchange LLC, MIAX Emerald, LLC, MIAX PEARL, LLC, MIAX Sapphire, LLC, Nasdaq BX, Inc., Nasdaq GEMX, LLC, Nasdaq ISE, LLC, Nasdaq MRX, LLC, Nasdaq PHLX LLC, The NASDAQ Stock Market LLC, New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., NYSE National, Inc., and NYSE Texas, Inc.

limitations, to “conditionally or unconditionally exempt any person, security, or transaction . . . from any provision or provisions of [the Exchange Act] or of any rule or regulation thereunder, to the extent that such exemption is necessary or appropriate in the public interest, and is consistent with the protection of investors.”⁴ Under Rule 608(e) of Regulation NMS, the Commission may “exempt from [Rule 608], either unconditionally or on specified terms and conditions, any self-regulatory organization, member thereof, or specified security, if the Commission determines that such exemption is consistent with the public interest, the protection of investors, the maintenance of fair and orderly markets and the removal of impediments to, and perfection of the mechanism of, a national market system.”⁵

For the reasons set forth below, the Commission has determined to provide exemptive relief from relevant provisions in the CAT NMS Plan requiring the reporting of port-level settings by CAT Reporters that send an Order to another CAT Reporter.

II. Background

Rule 613 and sections 6.3(d)(i)(F), 6.3(d)(ii)(G), 6.3(d)(iii)(F), 6.3(d)(iv)(E), and 6.4(d)(i) of the CAT NMS Plan require the Participants to report, and to amend their Compliance Rules to require Industry Members to report, the “Material Terms of the Order” for certain events in an order’s lifecycle, including “for original receipt or origination of an order,” “for the routing of an order,” “for the receipt of an order that has been routed,” and for orders that are “modified or cancelled.”⁶ Rule 613 and the CAT NMS Plan further define the “Material Terms of the Order” to include “any special handling instructions.”⁷ Port-level settings are used by Industry Members

⁴ 15 U.S.C. 78mm(a)(1).

⁵ 17 CFR 242.608(e).

⁶ See also 17 CFR 242.613(c)(7).

⁷ See CAT NMS Plan, supra note 3, at section 1.1; 17 CFR 242.613(j)(7).

and Participants as one method of communicating various Material Terms of the Order, including, in some cases, special handling instructions. When port-level settings are used to communicate Material Terms of the Order, Rule 613 and the CAT NMS Plan thus require these port-level settings to be reported for that order by both senders and receivers.

On December 16, 2020, the Commission issued an exemptive relief order regarding the implementation of the CAT NMS Plan (the “2020 Order”).⁸ The 2020 Order granted temporary conditional exemptive relief from several requirements set forth in the CAT NMS Plan, including an exemption to the Participants from requiring that both the CAT Reporter sending an Order and the CAT Reporter receiving an Order report port-level settings as part of the Material Terms of an Order until July 31, 2023.⁹ On July 8, 2022, the Commission issued another exemptive relief order (the “2022 Order”), that, among other things, superseded the 2020 Order, and granted temporary conditional exemptive relief from the requirements set forth in Rule 613(c)(7) and sections 6.3(d)(i)(F), 6.3(d)(ii)(G), 6.3(d)(iii)(F), 6.3(d)(iv)(E), and 6.4(d)(i) of the CAT NMS Plan that the Participants report, and amend their Compliance Rules to require Industry Members to report, the Material Terms of the Order for certain events in an order’s lifecycle that are communicated through a port-level setting, until July 31, 2024 and subject to certain conditions.¹⁰

On November 2, 2023, the Commission granted conditional exemptive relief related to certain requirements of the CAT NMS Plan, including, among other things, conditional

⁸ See Securities Exchange Act Release No. 90688 (Dec. 16, 2020), 85 FR 83634, at 83635 (Dec. 22, 2020) (“2020 Order”).

⁹ This exemptive relief was conditioned on, among other things, the Participants engaging both the Commission and Industry Members on a plan to address the reporting of port-level settings on an exchange-by-exchange basis and the release of updated specifications and/or scenarios documents relating to the reporting of port-level settings by both the sender and receiver of an Order as a special handling instruction. *Id.* at 83636.

¹⁰ See Securities Exchange Act Release No. 95234, 87 FR 42247, 42254-55 (July 14, 2022).

exemptive relief from the requirements as applied to port-level settings that are set forth in Rule 613(c)(7) and sections 6.3(d)(i)(F), 6.3(d)(ii)(G), 6.3(d)(iii)(F), 6.3(d)(iv)(E), and 6.4(d)(i) of the CAT NMS Plan for six specific handling instructions described in the then-current CAT Industry Member Technical Specifications that may be set by Industry Members at the various Participant exchanges via exchange ports (the “Exempted Port-Level Settings”).¹¹ This exemptive relief was limited to the Exempted Port-Level Settings when set at the port-level at a national securities exchange and did not extend exemptive relief to port-level settings on Industry Member alternative trading systems or broker-dealer port-level settings.¹²

III. Request for Exemptive Relief

FIF has requested that the SEC provide written clarification that the CAT NMS Plan does not require a Routing Firm¹³ to report to the consolidated audit trail (“CAT”) Port Settings¹⁴ applied by a Receiving Firm¹⁵ that are not part of the Routing Firm’s books and records, and, as an alternative, has requested that the SEC grant Industry Members exemptive relief to the same effect. In support of its request for exemptive relief, FIF states that “CAT already has 100% of the Port Settings data...” because all port-level settings are currently reported to the CAT, and because firms that receive an order must report all material terms of that order to CAT, including

¹¹ See Securities Exchange Act Release No. 98848, 88 FR 77128 (Dec. 8, 2023) (“2023 Order”). In the 2023 Order, the Commission explained that, notwithstanding the 2023 Order, it understood that the Participants continued to disagree with its interpretation of these requirements and challenge the feasibility of strict compliance with these requirements, other than with respect to the Exempted Port-Level Settings. Id. at 77131 n.26.

¹² Id. at 77131-32. The 2023 Order stated that to the extent Participants and/or Industry Members wish to receive similar exemptive relief related to other Material Terms of the Order set at the port-level, they must submit an exemptive relief request to the Commission for its consideration. Id.

¹³ “‘Routing Firm’ refers to any CAT reporter that routes orders to any Receiving Firm or Exchange and must report such route events to CAT.” FIF Request, at 2.

¹⁴ “‘Port Settings’ refer to any CAT-reportable terms of an order that are not known systematically to the Routing Firm but are applied to the order by the Receiving Firm.” Id. at 3.

¹⁵ “‘Receiving Firm’ refers to any CAT reporter (broker-dealer or exchange) that receives orders from a Routing Firm and must report such orders to CAT.” Id.

any terms that are added due to the receiving firm's port-level settings.¹⁶ FIF asserts that there is no regulatory benefit to routing firms reporting port-level settings because the receiving firm is already reporting the data and the routing firm does not have the data in its books and records.¹⁷ FIF states that requiring two-sided reporting of port-level settings would create an "enormous" implementation cost for the industry without any surveillance or other tangible benefit.¹⁸ FIF states that because routing firms do not have port-level settings in their books and records, requiring the routing firm to report port-level settings would create a "misleading, inaccurate audit trail," and require routing firms to report "in a manner that is inconsistent with its books and records."¹⁹

FIF states that, without relief, the obligation for two-sided reporting of port-level settings would require collaboration between every routing and receiving firm where a relationship exists, including developing a way to transmit and translate port-level settings for all orders submitted by a routing firm to each of their receiving firms on a daily basis, a collection, processing and validation process that would essentially duplicate a process that CAT already performs on a daily basis except repeated thousands of times, all across the industry.²⁰ The FIF Request describes potential approaches for implementation of two-sided CAT reporting,²¹ and cautions that requiring two-sided reporting of port-level settings would likely result in some

¹⁶ See id. at 3.

¹⁷ See id. at 4.

¹⁸ See id. at 5.

¹⁹ Id. at 4-5. Specifically, routing firms would be reporting data that is not in the firm's books and records or accurately reflect the actual instructions transmitted to the receiving firm. Id. at 5, 15-17. FIF states that surveillance personnel will lose the ability to differentiate between material terms "known systematically" by routing firms and settings that were applied by the receiving firm. Id. at 16.

²⁰ See FIF Request at 8-9.

²¹ See id. at 9-14. FIF states that there is not currently an industry-wide consensus as to how port-level setting data would be shared between routing and receiving firms. Id. at 15.

firms changing from intraday to end-of-day reporting, increasing CAT operating costs, impairing the quality of CAT data, and increasing the risk of firms missing CAT reporting deadlines.²²

In addition to the FIF Request, the Commission has received comment letters from other market participants supportive of broader exemptive relief for port-level settings. One commenter states that the Commission should “confirm that port-level settings are not required CAT records,” and states that they “provide little regulatory value, give rise to significant reconciliation and other operational issues, and significantly increase the costs of CAT reporting and processing.”²³ The commenter states that the 2023 Order “actually gives no real relief to broker-dealers,” and expresses support for FIF’s similar position.²⁴ Another commenter states that the Commission should issue “immediate permanent exemptive relief related to the reporting of so-called ‘Port Settings,’” which are settings that the industry does not believe are required to be reported under the CAT NMS Plan.²⁵

²² See id. at 14-15. FIF states that larger firms (with more CAT data to report) will begin submitting their CAT data early in the trading day, in order to lessen the work required in the evening, and in the absence of relief, these firms will likely need to change some or all of their reporting to end-of-day. Id. at 15. In addition, FIF states that transmission of billions of additional order records between routing and receiving firms would create new cybersecurity risks, and that requiring two-sided reporting would have a negative impact on industry innovation and future enhancements and innovations by receiving firms. Id.

²³ See letter to Paul S. Atkins, Chairman, Securities and Exchange Commission, from Joanna Mallers, Secretary, FIA Principal Traders Group, dated June 26, 2025, at 3-4, available at: <https://www.sec.gov/comments/4-853/4853-618547-1815754.pdf>.

²⁴ See id. at 4. See also letter to Sai Rao, Securities and Exchange Commission, from Howard Meyerson, Managing Director, FIF, dated Jan. 25, 2024, available at: <https://fif.com/index.php/working-groups/category/271-comment-letters?download=2859:fif-letter-to-the-sec-on-the-requirement-for-a-routing-firm-to-report-to-cat-the-settings-applied-by-a-receiving-firm&start=90&view=category> (stating that the relief granted by the Commission in the 2023 Order “does not address the concerns of FIF members previously communicated by FIF and our members to Commission Representatives”).

²⁵ See letter to Paul S. Atkins, Chairman, Securities and Exchange Commission, from Joseph Corcoran, Managing Director and Associate General Counsel and Gerald O’Hara, Vice President and Assistant General Counsel, Securities Industry and Financial Markets Association (“SIFMA”), dated June 6, 2025, at 5, available at: <https://www.sec.gov/comments/4-698/4698-610487-1785814.pdf>. See also letter to Vanessa Countryman, Secretary, Securities and Exchange Commission, from Joseph Corcoran, Managing Director and Associate General Counsel and Ellen Greene, Managing Director, Equities & Options Market Structure, SIFMA, and Howard Meyerson, Managing Director, FIF, dated July 31, 2023 (“FIF/SIFMA 2023 Letter”), available at: <https://www.sec.gov/comments/4-698/4698-238359-498762.pdf>

IV. Discussion

The Commission has carefully considered the exemption request. The Commission has determined that granting exemptive relief, pursuant to section 36(a)(1) of the Exchange Act, is appropriate in the public interest and is consistent with the protection of investors, and that pursuant to Rule 608(e), this exemption is consistent with the public interest, the protection of investors, the maintenance of fair and orderly markets and the removal of impediments to, and the perfection of, the mechanisms of a national market system. Specifically, with this relief, which supplements the relief granted in the 2023 Order, Industry Members will be exempt from any obligation to report port-level settings when an Industry Member routes an order through a port that is configured to apply port-level settings, regardless of whether the port is an exchange port or a port maintained by an alternative trading system or a broker-dealer, and such relief is not limited to the Exempted Port-Level Settings.

Although the two-sided reporting of port-level settings (those that are also material terms of the order)²⁶ has regulatory benefits, including allowing regulators to more easily identify potential inaccuracies in reported CAT Data,²⁷ the regulatory benefits are not sufficient to justify the implementation costs and technical difficulty of accurate reporting of port-level settings by both the sender and receiver of an Order. Unlike other material terms of orders, port-level

(recommending that the Commission not require the CAT Plan Participants to extend the Technical Specifications by requiring an order sender to report port-level settings applied by a receiving firm).

²⁶ As previously stated by the Commission, the CAT NMS Plan does not require all port-level settings to be reported to the CAT. See 2023 Order, at 77131 n.27. Rule 613 and the CAT NMS Plan require Participants and Industry Members to report only port-level settings that are used by a sender or a receiver of an order to communicate the Material Terms of the Order, including “any special handling instructions.”

²⁷ For example, the two-sided reporting of port-level settings would allow regulators to determine if a receiving firm and routing firm had the same understanding as to which port-level settings were attached to orders through that port. A routing firm could report that its order has a particular port-level setting attached, such as a price sliding instruction, when in fact that instruction was not attached by the receiving firm because the port was configured to not attach such an instruction.

settings are not managed by a sending firm on an order-by-order basis, but are instead applied by the receiving firm to all orders sent to a given port. Thus, port-level settings are not generally part of standard order messages (e.g., FIX messages) sent by firms, and these sending firms do not have the relevant data in their books and records.²⁸ To the extent that a sending firm wants to change port-level settings applied to its orders by the receiving firm, it may require manual processes such as usage of an online portal, email, or even a verbal request to the receiving firm.²⁹ As discussed by FIF, ensuring that both the sender and receiver of Orders with port-level settings have the same understanding with respect to port-level settings to ensure accurate reporting would likely require “an enormous industry-wide data sharing and pre-linkage process,” incurring substantial costs.³⁰ The Commission does not believe that imposing these costs on Industry Members is appropriate when regulators will still have information related to port-level settings on CAT records submitted by receiving firms.

The Commission now grants exemptive relief from the requirements that are set forth in Rule 613(c)(7) and sections 6.3(d)(i)(F), 6.3(d)(ii)(G), 6.3(d)(iii)(F), 6.3(d)(iv)(E), and Rule 6.4(d)(i) of the CAT NMS Plan, as applied to port-level settings that are used to communicate Material Terms. This relief supplements the relief granted in the 2023 Order, and thus the Participants and Industry Members may still rely on the exemptive relief granted in the 2023 Order. Pursuant to the exemptive relief granted here, the Participants will not be required to obligate Industry Members to report the applicable port-level settings that are used to communicate Material Terms when an Industry Member routes an order through a port that is

²⁸ See FIF Request at 4.

²⁹ See FIF/SIFMA Letter, at 19.

³⁰ See FIF Request, at 5. FIF states that the “cost to build and maintain this, and the security issues created by it, would be extreme.” Id. at 9.

configured to apply port-level settings, regardless of whether the port is an exchange port or a port maintained by an alternative trading system or a broker-dealer. Such relief, however, does not alter the obligation of the recipient of the order that utilizes a port-level setting to communicate a Material Term of the Order to report the port-level setting as part of the same order receipt record.

IV. Conclusion

Accordingly, IT IS HEREBY ORDERED, pursuant to section 36(a)(1) of the Exchange Act³¹ and Rule 608(e) under the Exchange Act,³² that the above-described exemptive relief be granted.

By the Commission.

Stephanie J. Fouse,

Assistant Secretary.

³¹ 15 U.S.C. 78mm(a)(1).

³² 17 CFR 242.608(e).