

**VIA EMAIL (rule-comments@sec.gov)**

June 22, 2026

Ms. Vanessa Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: File Number S7-2026-12  
Concept Release on Consolidated Audit Trail and Other Audit Trails and Data Sources

Dear Ms. Countryman:

The Consolidated Audit Trail, LLC (“CAT LLC”), on behalf of the Participants<sup>1</sup> in the National Market System Plan Governing the Consolidated Audit Trail<sup>2</sup> (the “CAT NMS Plan” or “Plan”), submits this comment letter in response to the Commission’s concept release related to its comprehensive review of the Consolidated Audit Trail (“CAT”) and other audit trails and related data sources currently used in the regulation of U.S. securities markets.<sup>3</sup>

Following the “flash crash” of 2010, the Commission concluded that it was impossible to use existing audit trails to fully analyze the events of that day. Rule 613, adopted in 2012, required the SROs to establish a consolidated audit trail that would capture customer and order event information for all orders in NMS securities across all markets, an extraordinarily complex and unprecedented construct for the securities industry. The SROs pursued this obligation diligently and in good faith, extending \$915 million in voluntary, interest-free loans—it being always understood that the SROs “may seek to recover some or all” of CAT costs from Industry Members<sup>4</sup>—to satisfy the Commission’s directive to design, build, and operate the CAT. Industry Members and the Participants have also invested considerable time, effort and expense to revamp their own systems to report to the CAT, work through complex implementation issues with the SROs and the Plan Processor, and maintain their daily reporting. Notwithstanding the massive

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<sup>1</sup> The twenty-eight Participants of 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. (“FINRA”), 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 GEMX, LLC, Nasdaq ISE, LLC, Nasdaq MRX, LLC, Nasdaq PHLX LLC, The Nasdaq Stock Market LLC, Nasdaq Texas, LLC, New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., NYSE National, Inc., NYSE Texas, Inc., and Texas Stock Exchange LLC.

<sup>2</sup> The CAT NMS Plan is a national market system plan approved by the Commission pursuant to Section 11A of the Exchange Act and the rules and regulations thereunder. *See* Securities Exchange Act Release No. 79318 (Nov. 15, 2016), 81 Fed. Reg. 84696 (Nov. 23, 2016) (“CAT NMS Plan Approval Order”). The full text of the CAT NMS Plan is available at [www.catnmsplan.com](http://www.catnmsplan.com). Unless otherwise defined herein, capitalized terms are defined as set forth in the CAT NMS Plan.

<sup>3</sup> *See* Securities Exchange Act Release No. 105251 (Apr. 16, 2026), 91 Fed. Reg. 20945 (Apr. 20, 2026) (“Concept Release”).

<sup>4</sup> Securities Exchange Act Release No. 67457 (July 18, 2012), 77 Fed. Reg. 45722, 45795 (Aug. 1, 2012).

scale and complexity of the project, the CAT was successfully implemented and continues to operate as directed by the Commission. Today, the CAT is a critical market oversight tool on which the Participants and the Commission rely to protect investors and maintain fair, orderly and efficient markets, thereby ensuring the preeminent role of the U.S. in the global financial markets.<sup>5</sup>

This project has not been without challenges. Building and operating the CAT turned out to be far more expensive than the Commission originally estimated,<sup>6</sup> and that cost burden initially fell entirely on the Participants. Beyond the substantial cost to build and operate the CAT, the Participants and the SEC have, at times, strongly disagreed on what is required under the Plan and how to implement the CAT in the most efficient and cost-effective manner. The Commission's vision for the CAT has shifted over time, prior efforts to reduce CAT costs were delayed or withdrawn, and the Participants were even forced to litigate against the Commission to challenge its most costly interpretations of Plan requirements.

Under the leadership of Chairman Atkins and the current Commission, however, we have seen a welcome shift to prioritize a more cost-effective and sustainable CAT. Over the last year alone, the Commission has approved long-needed changes designed to save tens of millions of dollars in annual operating costs while preserving the CAT's core regulatory objectives. The original CAT operating budget for 2025 was approximately \$249 million; the most recent 2026 budget is approximately \$147 million—a decrease of approximately \$102 million. Even further reductions are anticipated to accrue upon implementation of recently approved cost savings amendments.<sup>7</sup> The Participants have proposed additional options to the Commission for further savings, and while the Commission has elected not to pursue those measures to date, significant opportunities remain to further reduce CAT costs. The Participants will continue to explore those additional cost savings opportunities with the Commission and industry.

CAT LLC submits the following comments in response to certain topics identified in the Concept Release. While this comment letter reflects the consensus of CAT LLC, individual Participants may hold differing views on certain matters and expect to express those perspectives in separate comment letters.

As the Commission considers next steps in its comprehensive review, it is critical to bear in mind that the Participants extended nearly \$1 billion in voluntary, interest-free loans to build and operate the CAT under the Commission's direction. Building and operating the CAT was not

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<sup>5</sup> See, e.g., *Roundtable on Options Market Structure Supporting Data*, Staff of the Office of Analytics and Research, Division of Trading and Markets (Apr. 9, 2026), <https://www.sec.gov/files/roundtable-options-market-structure.pdf> (relying on CAT data to examine the evolution of the U.S. options market); Press Release, *SEC Charges Financial Services Professional and Associate in \$47 Million Front-Running Scheme* (Dec. 14, 2022), <https://www.sec.gov/newsroom/press-releases/2022-228> (relying on CAT data to uncover a multi-year front-running scheme that generated at least \$47 million in illegal trading profits).

<sup>6</sup> The costs of building and operating the CAT have been higher than the Commission initially predicted in large part because the Commission's original cost estimates at the adoption of the CAT NMS Plan in 2016 assumed that the CAT would receive approximately 58 billion records each day. Actual trade volumes have proven to be substantially higher than the Commission's original estimates; during the first quarter of 2026, CAT received an average of 788 billion events per day, reaching a peak of 1.1 trillion daily events.

<sup>7</sup> See Securities Exchange Act Release No. 105107 (Mar. 27, 2026), 91 Fed. Reg. 16284 (Apr. 1, 2026) ("2026 Cost Savings Order").

an obligation the Participants sought, but they fulfilled it in good faith, and the Commission should not lose sight of the importance of resolving the repayment of these historical costs. Similarly, it is imperative for the CAT to have a stable funding mechanism to ensure the continued operation of the CAT as a critical market oversight tool to protect investors and maintain fair, orderly, and efficient markets. Since 2024, the CAT has been funded through prospective CAT fees charged to Participants and Industry Members, as originally intended under the CAT NMS Plan approved by the Commission. Under Section 3.8(a) of the CAT NMS Plan, “no Participant shall be obligated to contribute capital or make loans to the Company.” It should not be assumed that any Participant will voluntarily agree to loan funds to CAT LLC in the absence of an approved funding model for the CAT.

## **I. Regulatory Purpose of CAT**

The Concept Release invites comment on whether the CAT remains necessary and whether the Commission should eliminate the CAT in favor of a new audit trail. Today, the Participants and the Commission rely on the CAT to conduct market oversight and have integrated CAT data into their market surveillance systems. And, because the Order Audit Trail System (“OATS”) was retired in 2021, there is currently no realistic fallback to OATS or other substitute for the CAT. Given the time and investment required to fully implement the CAT and to revamp Industry Member and Participant systems to comply with it, it would not be sensible or cost-effective to eliminate the CAT in favor of developing a different audit trail from scratch. Instead, the focus should be on continuing to make the existing CAT as effective and cost-efficient as possible to meet all regulators’ needs, and the Participants will continue to work with the Commission to do so.

## **II. CAT Funding and Cost Management**

### **A. Cost Management**

The Concept Release asks whether there is sufficient transparency with respect to CAT costs and expenses, including how to balance providing public transparency into CAT costs and expenses with protecting potentially sensitive information about CAT operations and regulatory activities. CAT LLC provides meaningful transparency into CAT costs and expenses, including annual and mid-year budgets,<sup>8</sup> audited financial statements,<sup>9</sup> and comprehensive resources related to CAT billing,<sup>10</sup> all publicly available on the CAT website (with more detailed information available to the Commission). In addition, fee filings must provide sufficient detail on each line item in the budget to demonstrate that such costs are reasonable and appropriate.<sup>11</sup> These resources provide extensive public information about CAT costs without compromising potentially sensitive information related to CAT operations and regulatory activities.

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<sup>8</sup> See CAT Financial and Operating Budget, *available at* <https://www.catnmsplan.com/cat-financial-and-operating-budget>.

<sup>9</sup> See Audited Financial Statements, *available at* <https://www.catnmsplan.com/audited-financial-statements>.

<sup>10</sup> See CAT Fees, *available at* <https://www.catnmsplan.com/cat-fees>.

<sup>11</sup> See, e.g., Securities Exchange Act Release No. 105439 (May 11, 2026), 91 Fed. Reg. 27382 (May 14, 2026).

## **B. Funding Model and Allocation of Fees**

The Concept Release also seeks feedback on the CAT funding model. At the outset, CAT LLC cannot overemphasize the importance of having a stable funding model for the CAT. While CAT LLC continues to believe that the funding model approved by the Commission on March 16, 2026,<sup>12</sup> is consistent with the Exchange Act and the rules and regulations thereunder, CAT LLC also recognizes that other funding mechanisms may also satisfy the requirements of the Exchange Act. While CAT LLC remains open to considering future changes to CAT's funding mechanism, it is imperative to ensure that a funding mechanism remains in place so that the CAT can continue to operate.

## **C. Section 31 Fees and Alternative Methods of Funding the CAT**

The Concept Release requests comment on the Commission using appropriated funds to cover costs with respect to the CAT, funded through Section 31 fees, with the Commission owning and operating the CAT itself. CAT LLC would not oppose exploring the potential transition of the CAT to the SEC if structured under appropriate conditions, but there are several critical issues that would need to be resolved before such a transition could take place.

As a threshold matter, the SEC cannot simply assume ownership of the CAT. The CAT is jointly owned by, and is a facility of, each Participant.<sup>13</sup> The CAT NMS Plan approved by the Commission provides that all CAT Data is the property of CAT LLC.<sup>14</sup> In addition, the Plan Processor Agreement includes, among other things, certain intellectual property provisions.<sup>15</sup> Accordingly, any potential transition in the ownership of the CAT would need to consider existing property and contractual rights. Beyond this threshold issue, there are several other significant issues that the Commission would need to examine if it were to own and operate the CAT, including but not limited to:

- The Commission should confirm its constitutional and statutory authority for this model.
- The Commission should ensure that all regulators will continue to have full, fair and equal access to and use of the CAT as they do today, on the same terms and conditions as other regulators, without favoring any regulator over another.

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<sup>12</sup> See Securities Exchange Act Release No. 105003 (Mar. 16, 2026), 91 Fed. Reg. 13410 (Mar. 19, 2026).

<sup>13</sup> See, e.g., CAT NMS Plan Approval Order at 84794 (noting “[t]he CAT is a regulatory facility jointly owned by the Participants”); Securities Exchange Act Release No. 67457 (July 18, 2012), 77 Fed. Reg. 45722, 45722 (Aug. 1, 2012) (declining commenter’s recommendation that the SEC take ownership of the central repository and recognizing that “the central repository will be jointly owned by, and a facility of, each SRO”).

<sup>14</sup> Section 9.1 of the CAT NMS Plan.

<sup>15</sup> See Letter from Michael J. Simon, Operating Committee Chair, to Brent J. Fields, Secretary, Commission (Apr. 9, 2019), <https://www.sec.gov/divisions/marketreg/rule613-info-notice-of-plan-processor-selection-040919.pdf>.

- The Commission should consider how it would ensure that congressional appropriations are sufficient to fund the costs of the CAT, including how effective market oversight would be maintained if CAT costs exceed appropriated funding.<sup>16</sup>
- The Concept Release asks whether the SROs should have, in addition to Section 31 fees, “cost-free access to a system that is owned and operated by the Commission,” or whether the Commission should instead license use of the CAT to the SROs. The Participants would strongly oppose any framework involving added license or usage fees of any kind, as such fees would discourage effective market oversight activity and could result in the Participants bearing greater CAT costs than they do today. Moreover, allowing the Commission to impose such fees would undermine the very premise of congressional oversight of CAT costs, as the Commission could simply impose fees as an end-run around any shortfall in congressional appropriations. Instead, a strict Section 31 model, with no additional license or usage fees, would provide a neutral funding mechanism without distorting regulatory or enforcement incentives and without subverting congressional oversight.
- The Commission should establish a framework to ensure meaningful consultation with the SROs on key elements of the CAT, particularly where decisions may affect system functionality or regulatory use. For example, the Commission should ensure that the CAT can promptly accommodate new order types or system enhancements as required by regulators to avoid stifling innovation and competition.
- As noted above, the Participants previously extended \$915 million in voluntary, interest-free loans to CAT LLC, which remain substantially unpaid. Any transition should include a fair and equitable approach to addressing these outstanding loans, which remain obligations of CAT LLC.
- Similarly, as part of any transition, the Commission would need to consider the termination of the existing Plan Processor Agreement and other contractual agreements related to the CAT, including the resolution of any outstanding issues or potential claims.

To be clear, these points are not intended to suggest opposition to a Section 31 model generally, but instead to highlight the range of issues that would need to be carefully considered before any such transition could take place. If a Section 31 model is the Commission’s preferred approach, CAT LLC would welcome the opportunity to discuss any of these issues in greater detail.

### **III. CAT Design and Scope**

The Concept Release seeks feedback regarding additional changes that could be made to the design and scope of the CAT to make it more efficient and cost-effective. The Participants

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<sup>16</sup> Congress recently eliminated the SEC Reserve Fund. *See* Pub. L. 119–21, title III, §30003(c)–(e), July 4, 2025, 139 Stat. 126.

fully support this effort and stand ready to implement any further cost savings approved by the Commission.

### A. Lifecycle Linkage and Processing Timelines

The Concept Release requests comment on the data availability and linkage processing timelines set forth in the CAT NMS Plan.

*Data Availability Timelines.* The 2026 Cost Savings Order extended the data availability timelines for unprocessed data (from T+1 to T+2) and processed/linked data (from T+5 to T+6), reducing CAT costs by approximately \$1.5 to \$2 million per year.<sup>17</sup> The Participants and the Plan Processor considered expanding these timelines further, but as described in the Commission's order, "[a]ssuming CAT Data is required to be made available on a daily basis, expanding the data availability timeline beyond T+2 and/or T+6 would not result in additional material cost savings because the Plan Processor would still be required to process the same amount of data."<sup>18</sup>

*Linkage Processing Timelines.* As described in the 2026 Cost Savings Order, reducing the linkage processing timeline from four days to two days would have achieved an additional \$6 to \$8 million in annual savings.<sup>19</sup> With this alternative, feedback would be provided twice: once on T+2 at 8 a.m. (regarding all data for trade date T submitted by T+1 at 8 a.m.) and again on T+3 at 8 a.m. (regarding all data for trade date T submitted by T+2 at 8 a.m.). A linkage error discovered for an on-time submission would be provided as feedback on T+2. A CAT Reporter would have 24 hours to submit their correction for on-time correction credit, but would not receive linkage feedback on the repair attempt. Although CAT LLC did not formally propose this alternative due to industry feedback opposing this change,<sup>20</sup> the 2025 Cost Savings Amendment outlined the revisions to the CAT NMS Plan that would be necessary in the event the Commission elected to incorporate it into the Plan.<sup>21</sup> The Commission ultimately declined to adopt this alternative at this time. Adopting this alternative would have resulted in an additional \$6 to \$8 million in cost savings each year.<sup>22</sup>

In addition, CAT LLC proposed eliminating late to the lifecycle and full replay re-processing, which would have achieved an additional \$1.5 to \$2 million in annual savings. The Commission rejected this proposal and instead modified the proposed amendments to require CAT LLC to continue such late data re-processing.<sup>23</sup> The Participants and the Commission have long held differing views regarding the significant costs associated with re-processing the relatively

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<sup>17</sup> See 2026 Cost Savings Order at 16301.

<sup>18</sup> *Id.*

<sup>19</sup> *Id.* at 16309.

<sup>20</sup> Members of the Advisory Committee, SIFMA, and FIF provided feedback to CAT LLC explaining that, while reducing the linkage processing timeline from four days to two days would achieve significant CAT cost savings, it would impose certain compliance costs on Industry Members. See Securities Exchange Act Release No. 104504 (Dec. 23, 2025), 90 Fed. Reg. 61506, 61507 (Dec. 31, 2025) ("2025 Cost Savings Amendment"). CAT LLC remains open to further discussion with Industry Members to develop an approach that would mitigate concerns related to compliance costs and error rate compliance.

<sup>21</sup> 2025 Cost Savings Amendment at 61535.

<sup>22</sup> See 2026 Cost Savings Order at 16309.

<sup>23</sup> 2026 Cost Savings Order at 16293-96.

small percentage of overall CAT Data that is reported late, which was among the matters addressed in prior litigation. CAT LLC continues to support the elimination of late to the lifecycle and full replay re-processing. CAT LLC is also open to discussing the parameters for requirements to report late data to the CAT.

## **B. Data Storage and Retention**

The Concept Release also asks whether further optimizations should be made to the CAT NMS Plan data storage and retention requirements beyond those already approved in the 2026 Cost Savings Amendment. The 2026 Cost Savings Amendment permits the deletion of (i) all CAT Data older than three years (other than CAT Data with a shorter retention period); (ii) OMM Quotes older than six months; (iii) Interim Operational Data older than 15 days; and (iv) Options SIP Data older than six months.<sup>24</sup> These changes are expected to reduce cloud hosting costs by approximately \$23.5 to \$32 million per year as compared to CAT's November 2025 Budget. The Participants will continue to consider the costs and benefits of the existing data retention periods.

## **C. CCID**

The Concept Release poses several questions about CCID generation. The current approach to generating CCIDs was developed by CAT LLC's Chief Information Security Officer and the chief information security officer from each of the Participants, in consultation with security experts from member firms of SIFMA, and was approved by the Commission in a 2020 exemption order.<sup>25</sup> In January 2026, in approving proposed amendments to end the reporting of personal customer information to the CAT, the Commission reiterated its support for the CCID generation process and concluded that "the CCID process should be maintained and codified in the Plan."<sup>26</sup> CAT LLC is open to considering any alternative proposals for how to securely and accurately generate CCIDs that are acceptable to the Commission.

CAT LLC understands that the Commission and most Industry Members strongly support the continued existence of the CCID. In adopting Rule 613, the Commission explained that "unique customer identifiers are vital to the effectiveness of the consolidated audit trail."<sup>27</sup> More

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<sup>24</sup> *Id.* at 16288-92.

<sup>25</sup> Securities Exchange Act Release No. 88393 (Mar. 17, 2020), 85 Fed. Reg. 16152 (Mar. 20, 2020) ("CCID Exemption Order").

<sup>26</sup> Securities Exchange Act Release No. 104586 (Jan. 13, 2026), 91 Fed. Reg. 2164, 2168 (Jan. 16, 2026) ("CAIS Amendment Approval Order").

<sup>27</sup> Securities Exchange Act Release No. 67457 (July 18, 2012), 77 Fed. Reg. 45722, 45756 (Aug. 1, 2012).

recently, the Commission described the CCID as “one of the critical innovations of the CAT,”<sup>28</sup> and explained that “without the Customer-ID, the value and usefulness of the CAT would be significantly diminished.”<sup>29</sup> Although the 2025 Cost Savings Amendment did not formally propose eliminating CCIDs (which would have reduced cloud hosting services costs by \$6.5 to \$9 million, in addition to reductions in Plan Processor operating fees), the Participants outlined the revisions to the CAT NMS Plan that would be necessary if the Commission elected to do so.<sup>30</sup> The Commission ultimately declined to eliminate CCIDs. With respect to Industry Members, FIF has argued that “[r]emoval of CCIDs removes the core function of CAT, which is to monitor activity of a single customer across multiple accounts at the same broker-dealer or across broker-dealers,” concluding that “FIF members support retaining CCIDs in CAT.”<sup>31</sup> Similarly, SIFMA supported the amendment as proposed, while further advocating for the development of a request-response system.<sup>32</sup> Based on discussions with Industry Members, CAT LLC understands that most Industry Members support the continued existence of the CCID because the cost to firms of responding to the anticipated increased number of electronic blue sheet requests and other regulatory requests that would result from eliminating the CCID would be greater than any corresponding reduction in the CAT budget.

#### **IV. Previous Changes to CAT Requirements**

The Concept Release seeks comment as to whether and how previous amendments and/or exemptive relief orders should be expanded and/or codified into the CAT NMS Plan. CAT LLC generally supports such efforts and offers the following specific comments below.

##### **A. Verbal Activity on Exchange Floors**

The Participants and the Commission have long disagreed that verbal activity on exchange floors was ever contemplated by Rule 613 or the CAT NMS Plan. Following a series of temporary

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<sup>28</sup> CAIS Amendment Approval Order at 2167. *See also id.* at 2168 (“The ability to link information about order events throughout the national market system to a unique customer identifier is one of the core regulatory advances of the CAT over the fragmented regulatory data sources that preceded it. The CCID process makes that possible, allowing for the tracking of a specific order of a Customer throughout its entire lifecycle without the reporting or storage of social security numbers in the CAT. In doing so, the CCID process greatly facilitates the regulatory and surveillance efforts of the Participants and the Commission by, among other things, enabling regulators to detect potentially unlawful trading activity and to identify those responsible for or victims of it.”); Press Release, *SEC Charges Financial Services Professional and Associate in \$47 Million Front-Running Scheme* (Dec. 14, 2022), <https://www.sec.gov/newsroom/press-releases/2022-228> (“The SEC staff analyzed trading using the Consolidated Audit Trail (CAT) database to uncover [Defendant A]’s allegedly fraudulent trading and to identify how he profited by repeatedly front-running large trades by [Defendant B]’s employer.”).

<sup>29</sup> CCID Exemption Order at 16156 n.78.

<sup>30</sup> 2025 Cost Savings Amendment at 61534.

<sup>31</sup> *See* Letter from Howard Meyerson, Managing Director, FIF, to SEC (Feb. 10, 2026).

<sup>32</sup> *See* Letter from Joseph Corcoran, Managing Director and Associate General Counsel, and Katie Kolchin CFA, Managing Director, Head of Equity & Options Market Structure, SIFMA, to SEC (Mar. 12, 2026).

exemptive orders,<sup>33</sup> CAT LLC proposed in 2024 a Plan amendment to clearly and permanently exclude these activities from CAT reporting.<sup>34</sup> The proposed amendment estimated it would cost \$64.35 million to \$112.86 million in annual personnel costs, plus additional one-time costs of \$20 million to \$30 million, for the Participants to report these activities to the CAT. The Commission dismissed these costs as “likely overstated,” and modified the amendment to codify a deadline of July 31, 2030, for the reporting of verbal quotes and orders that occur on exchange floors.<sup>35</sup> By modifying the proposed amendment to embody its interpretation of the Plan, the Commission imposed a new and costly CAT reporting requirement that had not previously been clear in the Plan, undermining the amendment’s core purpose. At the same time, the Commission granted a permanent exemption for verbal activity in the upstairs market. The distinction between verbal activity in the upstairs market versus on exchange floors lacks a meaningful basis and should not be continued.

CAT LLC reiterates its longstanding view that verbal activity on exchange floors was never contemplated by Rule 613 or the original CAT NMS Plan and should be permanently excluded from CAT reporting. Because no verbal activity has been reported to the CAT to date, eliminating this requirement would not result in the loss of any currently available information. Based on discussions with Industry Members, CAT LLC believes that there is industry support for a permanent exemption and encourages the Commission to act quickly to implement permanent relief covering verbal activity on exchange floors.

## **B. Port-Level Settings**

The Participants and the Commission have long disagreed on reporting requirements for port-level settings (a term not used or defined in the Plan), which were among the matters subject to prior litigation. The Commission interprets the Plan to require both sending and receiving firms to submit the material terms of the order, including port-level settings never triggered or applied to an order. The Commission has issued multiple exemptions in connection with this issue.<sup>36</sup> The

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<sup>33</sup> See Securities Exchange Act Release No. 90405 (Nov. 12, 2020), 85 Fed. Reg. 73544 (Nov. 18, 2020); Securities Exchange Act Release No. 98023 (July 28, 2023), 88 Fed. Reg. 51369 (Aug. 3, 2023). In June 2022, CAT LLC submitted a request for permanent exemptive relief; however, the Commission did not respond to this request. Letter from Michael Simon, CAT NMS Plan Operating Committee Chair, to Vanessa Countryman, Secretary, Commission (June 3, 2022), <https://www.catnmsplan.com/sites/default/files/2022-06/06.03.2022-CAT-Exemption-Request-Verbal-Floor-and-Upstairs-Activity-Final.pdf>.

<sup>34</sup> See Securities Exchange Act Release No. 100727 (Aug. 14, 2024), 89 Fed. Reg. 67499 (Aug. 20, 2024).

<sup>35</sup> See Securities Exchange Act Release No. 103275 (June 16, 2025), 90 Fed. Reg. 26337, 26342 (June 20, 2025).

<sup>36</sup> See Securities Exchange Act Release No. 90688 (Dec. 16, 2020), 85 Fed. Reg. 83634 (Dec. 22, 2020); Securities Exchange Act Release No. 95234 (July 8, 2022), 87 Fed. Reg. 42247 (July 14, 2022); Securities Exchange Act Release No. 98848 (Nov. 2, 2023), 88 Fed. Reg. 77128 (Nov. 8, 2023); Securities Exchange Act Release No. 104664 (Jan. 23, 2026), 91 Fed. Reg. 3557 (Jan. 27, 2026).

Participants would welcome continued discussions with the Commission regarding how to rationalize and streamline reporting in this area.

### **C. Representative Order Linkage**

The Participants have worked diligently, and in close consultation with Industry Members as well as the SEC staff, to address various unresolved issues related to representative order linkage, another area that was subject to prior litigation. Under current exemptive relief,<sup>37</sup> Industry Members are not required to report linkage between a customer order and a specific representative order for representative order scenarios in which Industry Members do not have a systematic or direct link between their order management systems and execution management systems. The current exemptive relief will expire on January 31, 2028, absent extension. Most recently, CAT LLC has worked with Industry Members regarding representative order linkages pertaining to listed options. While this is not strictly a CAT LLC issue, some Industry Members have structured their order- and execution-management systems in a way that makes it impossible for these firms to report linkage data until after a representative order is executed. The Participants are committed to continuing to work with Industry Members and the Commission to permanently resolve these longstanding issues.

### **V. Cybersecurity**

The Concept Release poses several questions relating to cybersecurity. Issues relating to data security are of the utmost importance to CAT LLC. The CAT NMS Plan imposes comprehensive requirements relating to the security and confidentiality of all CAT Data received and reported to the CAT, notably including following NIST SP 800-53, which sets forth comprehensive security and privacy controls for federal information systems and organizations. CAT LLC continuously evaluates data security with a focus on continuous and ongoing improvement. These efforts are led by CAT LLC's Chief Information Security Officer and the Security Working Group, which is comprised of cybersecurity experts from each of the Participants and whose meetings are attended by representatives from the Commission. The Security Working Group provides a forum for ongoing evaluation of the CAT's cybersecurity program, including identifying and implementing improvements that are consistent with evolving industry standards and best practices, and evaluating and adapting to new potential security risks. While it would not be appropriate to publicly disclose information regarding security practices, CAT LLC will continue to engage directly with the Commission on security issues.

### **VI. Transparency and Process of Comprehensive Review**

Finally, the Concept Release asks whether the Commission should require an independent audit of the CAT's technological design. From the outset of the CAT, the Commission has been actively and consistently engaged in the design and implementation of the system and, of course, has the full authority to undertake any review it considers appropriate. The CAT's design also reflects the early request from Industry Members that the system accommodate a wide diversity of industry systems and reporting models. CAT LLC would welcome constructive feedback for how

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<sup>37</sup> See Securities Exchange Act Release No. 104663 (Jan. 23, 2026), 91 Fed. Reg. 3601 (Jan. 27, 2026).

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to improve the CAT's technological design. Given the ongoing importance of CAT to regulators and our markets, the Commission should ensure that any audit, if undertaken, is forward-looking and focused on strengthening and improving the CAT, rather than a vehicle to advance efforts to dismantle it.

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Thank you very much for your attention to this matter. If you have any questions or comments, please contact me at [rwalley@deloitteretired.com](mailto:rwalley@deloitteretired.com).

Respectfully Submitted,

*/s/ Robert Walley*

Robert Walley  
CAT NMS Plan Operating Committee Chair

cc. The Hon. Paul S. Atkins, Chair  
The Hon. Hester M. Peirce, Commissioner  
The Hon. Mark T. Uyeda, Commissioner  
Mr. Jamie Selway, Director, Division of Trading and Markets  
Mr. David Hsu, Assistant Director, Division of Trading and Markets  
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CAT NMS Plan Participants