
From: [REDACTED]
Sent: Friday, October 12, 2012 4:19 PM
To: Feedback (CATNMSPLAN)
Subject: WFA Response to 9/19 SRO Industry Outreach Questions

Good Afternoon –

As Business Project Manager for Wells Fargo Advisor's Consolidated Audit Trail project, I'm submitting this document as the firm's formal response to the Industry Outreach questions posed during the Sept 19 SRO NMS Plan Industry Call. The answers included represent the combined input received from a number of internal SME's during deep dive sessions on the questions.

I will continue to facilitate our firm's responses to this and future CAT-related SRO industry outreach efforts, so please feel free to reach out with any questions after reviewing this attachment. My contact information is provided below if needed for any reason.

Thanks,
Steve

Steven Helfer, PMP®
Wells Fargo Advisors | BSG Planning & Execution | Project Management Department
[REDACTED] | [REDACTED]
MAC H0005-06B

CONFIDENTIALITY NOTICE: This message is intended only for the named recipient and it may contain information that is confidential and/or subject to firm privileges. If you are not the named addressee, you should not disseminate, distribute or copy this communication. Please notify the sender immediately if you have mistakenly received this communication.

CAT
WFA Feedback

Industry Outreach Deck	SRO Question	Feedback
Page 18: Customer Identification and Account Information Question 1	Unique customer identifiers common across all broker-dealers – How should these be assigned and by whom?	Ideally Customer IDs should be assigned by the Plan Processor. If the expectation is for Members to retain the information in firm records, a central utility should be created, with access provided to Members to populate books and records systematically (i.e. through a batch or real time “server call” to the utility to identify client’s universal ID).
Question 2	Availability of information of “sufficient detail to identify the customer” (e.g. name and address) – How should this be reported? Can it be stored in a customer database rather than be reported with each new order?	WFA believes that, given the daily filing requirement and amount of data that will be reported, it is not practical to report customer identifying information with each originating order. The Firm would suggest maintaining customer information with a database created for the processor for purposes of creating and assigning Customer ID. Firms would report only Customer ID with each Reportable Event, which could be cross referenced with the database containing customer identifying information. It may be possible for firms to create daily change files including any changes on the firms’ books and records of the elements that the Plan includes as required customer information. These files could be submitted to the processor, triggering updates to the processor’s database.
Question 3	Do firms have this information readily available for persons authorized to trade in an account that are not account holders?	Where the authorized persons are natural persons, WFA would have that information available. There may be instances in which discretion is granted to a third party where certain information may not be available. This may occur most often in prime broker relationships, where limited information about the third party is provided. Obviously, whether information is available is conditioned on the elements that the Plan ultimately requires.
Page 19 Linkages – Intrafirm Question 1	How can representative orders be linked to underlying customer orders, such as in riskless principal or average price	Firms could create internal identifiers linking the representative order to the original Order ID, thereby treating the use of an average price or riskless account as if it were an internal desk route. The Order

CAT
WFA Feedback

	scenarios?	Management System (“OMS”) and trading systems could be updated to enable the Customer ID to be included on routes from facilitation accounts. This type of intervention in facilitation accounts is not currently available or industry practice.
Question 2	How will firms be able to link customer identifiers to average price accounts?	Associating Customer ID with transactions that involve facilitation accounts is challenging, and will likely involve complex post-transaction logic to identify Customer ID from trade file, or significant revisions to OMS and trading systems.
Question 3	What are the primary challenges in linking subaccount allocations to the related parent order?	Not all of the required CAT elements applicable to an execution are available at the subaccount/allocation level. Firms would have to create solutions to transmit the required information with the allocation. This has presented significant challenges in the context of Large Trader Reporting.
Question 4	Are there any issues with providing the identity of prime brokers on execution reports?	Yes. Prime Broker numbers are included on delivery instructions but are not available on execution reports. Moreover, significant technology revisions would need to occur to store the Prime Broker Reporter ID in a manner that would enable the Firm to include the number on execution reports.
Page 20: Linkages – Interfirm Question 1	What are the most significant issues with passing order identifiers between broker-dealers?	There would be significant technology changes necessary to pass unique Order IDs throughout the lifecycle of an order. If the Order ID does need to travel with the entire transaction, there should, at minimum, be a standard for Order IDs to enable Firms to create standard technology processes to handle receipt, routing and reporting.
Question 2	Should unique routing order identifiers be required?	WFA would recommend the approach discussed in the Adopting Release, which notes that a process similar to OATS with respect to order identifiers would be sufficient, so long as the transaction can be completely reconstructed by regulators.
Page 21: Linkages – to a	What are the most significant issues with	WFA has no input at this time.

CAT
WFA Feedback

National Securities Exchange Question 1	linking to a national securities exchange?	
Question 2	Are there any issues unique to reporting market-making orders and quotes?	Technology changes would need to occur as the facilities to capture and report quotes do not currently exist.
Page 22: Data Transmission Question 1	What data transmission mechanisms should be considered?	WFA would prefer a mechanism that allows reporting post end-of-day batch processing, potentially in multiple files. Additionally, WFA would recommend that the daily reporting requirements cover all activity that occurred after market close the preceding day to market close on the reportable business day. This will be necessary as batch processing occurs during after market hours in PST, and after market orders would not be available for reporting by 8 am the following business day. WFA strongly encourages clarity on this particular aspect of reporting.
Question 2	What type of technology alternatives should be considered?	WFA believes a Batch Mode Mechanism would be best and suggests Connect: Direct (aka NDM), or alternatively, SFTP (aka FTP over SSH). WFA will likely engage its service bureau to perform the daily reporting on the Firm's behalf. WFA encourages the Exchanges and Association to solicit input on Data Transmission issues from the various back office management system vendors, as their input will be vital in creating a workable solution.
Question 3	Does there need to be a manual transmission method, such as web entry?	A manual transmission method such as web entry might be necessary. At this time, it is unclear whether the Vendors will need web entry access or the members themselves. Web entry would not be an ideal data transmission method for WFA, as the Firm's files will be large.
Page 23: Error Correction	What is an achievable timeframe for error corrections, including	WFA suggests a grace period similar to OATS to allow adequate time to research and correct any errors. Generally, errors can be corrected next

CAT
WFA Feedback

Question 1	resubmissions of rejections and unmatched routes?	business day, however, the 5 day period allowed under OATS would provide sufficient time. Given the volume of activity and information that will be reported under CAT, a next-day requirement will most likely be unmanageable.
Question 2	How should errors be communicated to reporting entities? How should underlying data requiring correction be provided to reporting entities?	WFA recommends a process similar to OATS, whereby a accepted/rejected report is provided to reporting entities. WFA strongly suggests that the report not be limited to errors, but that there be confirmation that daily files have been accepted by the central repository. Also, it is critical that regardless of the means of communicating errors, the process should enable firms to create and retain an adequate audit trail of all corrections.
Question 3	How much information do firms need to correct unmatched routes?	Given current available detail concerning CAT reporting requirements, WFA believes that at the very least, the information currently provided to firms for an unmatched OATS ROE be provided to firms, as well as sufficient information concerning executions. As additional clarity is provided through the NMS Plan, additional information may be necessary, notably for Customer ID, "information sufficient to identify customer" and Order ID.