

# SEC Rule 613 - Consolidated Audit Trail (CAT)

## SRO Industry Event – Bidders Conference

March 8, 2013



# Agenda

- Introductions and Overview
- RFP Administration
- On-line Query Tools
- Use Case Examples
- Enhancements to the CAT
- Q&A Session

# Disclaimer

The SROs are committed to the transparency of the RFP process and to providing a fair environment for all Bidders. The comments presented today by the SRO representatives are intended solely to inform the audience of the CAT technical and business requirements and the associated services that the SRO consortium believes will be required to build, operate and maintain the CAT. Although some SROs are Bidders, the SRO representatives participating in today's Bidders Conference represent the views and decisions of the SRO consortium, rather than those of any individual SRO. Some personnel of the potential SRO Bidders may be involved in assisting both the SROs' joint efforts as a consortium and the individual SRO's RFP responses.

# RFP Questions

- All communications between Bidders and the SROs must be facilitated through the [CATRFP@deloitte.com](mailto:CATRFP@deloitte.com) mailbox.
  - Questions must be directed to this mailbox and will be responded to in writing within five business days.
  - Questions submitted less than five days prior to the RFP response deadline may not be answered.
  
- Questions received and responses will be provided to all Bidders via the <http://www.catnmsplan.com> website, even if a Bidder has requested that its question(s) and corresponding response(s) not be disseminated.
  - The Bidders that asked the questions will not be identified.
  
- As deemed necessary, the SROs will host periodic calls throughout March and April so that Bidders may ask questions.
  - Questions raised during such calls that have not been responded to previously by the SROs in writing and that the SROs believe are essential in responding to the RFP will be disseminated to all Bidders in writing within two business days of each call.

# RFP Timeline

In accordance with the NMS Plan, the NMS Plan Participants will select a Bidder to perform or oversee the functions described in the RFP. Formal selection of a Bidder is subject to SEC approval of the NMS Plan. The anticipated RFP timeline is as follows, but is subject to change as deemed necessary by the SROs:

RFP Milestone	Date
RFP publication	February 26, 2013
Intent to Bid submission	March 5, 2013
Bidders Conference	March 8, 2013
RFP response due	April 25, 2013
RFP selection process	April 26, 2013 through June 2013
Preliminary selection of Bidder	July 2013
NMS Plan filed	December 2013
Formal selection of Bidder	Within two months of SEC approval of NMS Plan

# RFP Evaluation

The SROs are seeking a single bid that addresses the technology, business and operational requirements of the CAT. Bidders' RFP responses will need to demonstrate expertise and experience in the following key areas:

- Technology:
  - Technical approaches on the architecture and design to allow for scalability of the solution and to adapt to changes and growth of the CAT
- Operational – Technical:
  - Support and maintain systems, applications and the processing of data
- Operational – Non-Technical:
  - Set-up and management of functions including reporting and oversight, finance, legal and general support activities to run the business
- Company Information:
  - Financial strength
  - Knowledge of securities markets, order and execution practices and processing large volumes of complex data
- Contract and Terms

# CAT Build and Implementation Timeline

The anticipated build and implementation timeline is as follows:

<b>Build and Implementation Timeline</b>	<b>Timeframe from the effective date of the NMS Plan</b>
▪ Develop and publish approved exchange interface specifications and protocols	6 months
▪ Implement exchange reporting	12 months
▪ Develop and publish approved broker-dealer interface specifications and protocols	12 months
▪ CAT data to be available to SROs for regulatory purposes	14 months
▪ Implement broker-dealer reporting	24 months
▪ Develop and publish small broker-dealer reporting tools	24 months
▪ Implement small broker-dealer reporting	36 months

# On-line Query Tools

- Input criteria for targeted queries would be expected to include, in addition to a date range(s), one or more of the following fields:
  - Time window
  - Product (equities and/or options)
  - CAT Reporter(s) (received from, routed to and/or submitted by)
  - Symbol(s)
  - Customer ID
  - Order ID (CAT-Order-ID or CAT Reporter assigned order ID)
  - Data types (MM quotes, order events, exchange BBOs, SIP quotes, NBBOs, etc.)
- Data filtering must be included
  - Price range
  - Volume range
  - Market participant identifier
- Summary capabilities must be included
- Describe how concurrent queries will be managed and response times communicated to users



# Use Case Examples

1. All orders, modifications, cancellations and executions in issue ABC submitted by all broker-dealer CAT Reporters and CAT Reporter Exchange (A) with an event timestamp between 15:14:28 and 15:17:22 for trade date May 16
2. All events in issue ABC and ABC Jan 50 Calls submitted by a specific CAT Reporter with an event timestamp between 9:59:30 and 10:01:30 for trade date Sept 20
3. All executions in issue ABC and all options class for ABC with a timestamp between 15:59:00 - 16:01:30 for trade dates Aug 1 – Aug 5
4. All order events with an event timestamp between 9:59:30 and 10:01:30, submitted by a specific CAT Reporter in issue ABC for trade date Sept 20, along with associated order lifecycles (which may span additional dates)
5. All events in issue ABC submitted by broker-dealer and SRO CAT Reporters as being received from or routed to a specific CAT Reporter with an event timestamp between 15:14:28 and 15:17:22 for trade date Jan 11
6. The complete order lifecycle for a specified order for a specified date range
7. All orders received from Customer ID 456 across all CAT Reporters for trade date Nov. 27
8. All options quotes submitted by a specific CAT Reporter across all exchanges and all products with an event timestamp between 9:59:30 and 10:01:30 for trade date July 19
9. All orders and executions in issue ABC where size <100 for trade date Apr 23
10. Volume and record counts of specified data elements for symbol ABC grouped by CAT Reporter for trade date Feb 9

# Enhancements to the CAT

- Rule 613(a)(1)(vi)(a) states, in summary, that the NMS Plan must discuss the feasibility, benefits and costs of broker-dealers reporting to the CAT the identity of all market participants (broker-dealers and customers) that are allocated NMS securities, directly or indirectly, in a primary market transaction
- Rule 613(h)(3)(i) states, in summary, that each exchange and securities association within 6 months of the NMS Plan being effected must submit to the SEC a document outlining how they could incorporate other, non-NMS securities and debt securities into the CAT
- Rule 613(a)(1)(ix) states, in summary, that the NMS Plan must discuss a plan to eliminate existing rules and systems (or components thereof) that will be made duplicative due to the CAT
  - For example, OATS and EBS

# Questions