

RFP Questions and Responses

Updated March 11, 2014

- 1. The Intent to Bid form requires a list of material subcontractors. Given how early in the RFP process the Intent to Bid is due, will a Bidder be allowed to add to the list of subcontractors in its RFP response?**

Bidders are expected to provide a list of any material subcontractors that are known or anticipated at this time in their Intent to Bid form. Bidders will be allowed to add to or modify their list in the RFP response.

- 2. For interested parties that did not submit the Intent to Bid form by the March 5, 2013 deadline, are there other possible ways to participate in the CAT bidding process?**

As noted in the Bidders Conference Q&As on the www.catnmsplan.com website, firms that did not submit an Intent to Bid form by the deadline will not be allowed to participate in the RFP process as a primary Bidder. Firms still interested in participating in the development of the CAT can do so by becoming a subcontractor. Parties interested in contacting the Bidders should be able to do so by approaching the organizations directly.

- 3. In the interest of collaboration and transparency, would you be willing to share names of people at the Bidders Conference that attended in-person and on the phone? If there is a concern for anonymity perhaps there could be a simple process to opt out of the distribution list.**

The SROs have decided not to disclose the individual names and contact information of the Bidders Conference attendees. Parties interested in contacting the Bidders should be able to do so by approaching the organizations directly.

- 4. Please provide Bidders details of how the values below are calculated in Section 2.5.1 (Data Types and Sources) of the RFP:**

- “Approximate Average Daily Record Count” and “Approximate Peak Daily Record Count” for Order Data, Quotes, Trade Data and Market Maker Quotes, for both Equities and Options
- “Estimated daily data size (TB)” for Years 1/2/3/4/5. We assume this was derived from the “Approximate Average Daily Record Count” and some estimate of record size. Please provide details

The above information would help Bidders understand the assumptions made and come up with their own estimates.

A questionnaire was distributed to all SROs to gather capacity information in regards to daily average and peak record counts for quote, order, trade and reference data for the period of July 2011 thru December 2012. Input was also gathered from industry market data sources, SIPs and capacity estimates. This data was aggregated and summarized in the RFP. Bidders are expected to provide a response based on the capacity table provided in the RFP.

- 5. Are SROs considering pushing back the RFP response due date to give vendors sufficient time in preparing comprehensive response?**

The SROs initially extended the RFP response deadline for those that have submitted Intent to Bid forms from April 25, 2013 to June 30, 2013. However, the revised June 30, 2013 due date for the RFP responses is no longer effective. The new due date is dependent on the approval by the SEC of the selection process submitted by the SROs. The SROs submitted the selection process to the SEC on August 23, 2013, and it is currently anticipated that the due date for the RFP responses will be approximately four weeks after the selection process has been approved by the SEC. Once approved, a specific due date will be set and communicated.

- 6. Is the vendor required to have a subsidiary or separate legal entity as a CAT operator?**
No, the vendor is not required to have a separate legal entity as a CAT operator. If a separate legal entity or a subsidiary is setup by the vendor, a guarantee may be required from the parent company.
- 7. Will there be a U.S. citizenship requirement for resources performing on this program?**
No, a U.S. citizenship is not required to be able to perform tasks on this program.
- 8. Will the data centers need to meet FISMA requirements?**
The SROs have not determined this yet. The SROs are interested in the standards the Bidders will propose as part of their response.
- 9. Will the organization selected for award be required to be a U.S.-based company?**
The organization selected for award is not required to be a U.S.-based company. However, CAT data must reside in the U.S. If there is a case where a single-purpose company is established, a guarantee will be required from the parent company.
- 10. Is the Advisory Committee (pg. 12 of the RFP) purely advising and working outside the selection process? Or, is their work product binding on the CAT NMS Plan Participants?**
The Advisory Committee does not have a role in the CAT selection process. The Advisory Committee is part of the governance structure of the CAT.
- 11. Will there be subsequent elimination rounds?**
Yes.
- 12. Does one plan/Bidder have to receive a majority of votes?**
The SROs have developed a proposed voting process, which is subject to SEC review.
- 13. How do Plan Participants who are also responders fit into this process? Are they able to vote for themselves and if so how will anyone ever receive a majority?**
The SROs have developed a proposed voting process, which is subject to SEC review.
- 14. Please clarify to what level a Bidder must identify subcontractors and vendor relationships in the RFP response. Please also define what is meant by a subcontractor. Does that cover all vendors that the selected Bidder would work with?**
The Bidder needs to identify all vendor relationships and material subcontractors that the Bidder will directly or indirectly use to deliver the functions contained in the RFP. A subcontractor is defined as an individual or a business that signs a contract to perform part or all of the obligations of Bidder's contract. Please refer to section 3.11.6 of the RFP for further details.
- 15. In your last response, it was indicated that SROs will announce the extension of the RFP due date. Can you please advise as to how long the extension will be?**
The SROs initially extended the RFP response deadline for those that have submitted Intent to Bid forms from April 25, 2013 to June 30, 2013. However, the revised June 30, 2013 due date for the RFP responses is no longer effective. The new due date is dependent on the approval by the SEC of the selection process submitted by the SROs. The SROs submitted the selection process to the SEC on August 23, 2013, and it is currently anticipated that the due date for the RFP responses will be approximately four weeks after the selection process has been approved by the SEC. Once approved, a specific due date will be set and communicated.

- 16. In the 'Bidders Conference Presentation', Slide 6 – CAT Build and Implementation Timeline, it is mentioned that exchange reporting will be implemented within 12 months of effective date of the NMS Plan, broker-dealer reporting within 24 months, etc. As some of the functions like customer master, linkages depend on the broker-dealer reporting, what functionalities (mentioned within the RFP) are expected to go live within first 12 months for exchange reporting?**

Functionalities which will support data ingestion, processing and storage in the central repository in the CAT are expected to go live within the first 12 months for exchange CAT Reporters. Functionality that will allow the SROs and the SEC staff to access the data stored in the central repository and the CAT support functions which will be required to support CAT reporters and users are also expected to go live within the first 12 months.

- 17. In the 'Bidders Conference Presentation', Slide 6 – CAT Build and Implementation Timeline, it is mentioned that broker-dealer reporting will be implemented within 24 months of effective date of the NMS Plan. However, CAT data is made available to SROs within 14 months. As broker-dealer data is not available, only partial use cases can be supported within 14 months. Which use cases are expected to be available within 14 months?**

A small subset of use cases that are applicable to the initial phase of CAT data submission (SRO data submission only) is provided in the "CAT Bidders Conference Call Presentation" on the www.catnmsplan.com website.

- 18. In reference to Section 3.12.2 Commercial Terms, are we allowed to place joint technical and commercial bids together with other Bidders for this RFP, clearly highlighting the areas of responsibility and cost estimates for each Bidder?**

Yes, Bidders may combine in order to bid as a team. The SROs expect to contract with a single entity and therefore one party should be designated as the primary Bidder. The partnering relationship, as well as any subcontracting relationships, should be fully explained in the primary Bidder's RFP response.

- 19. In reference to Section 2.2.2.1 Customer and Account Database, does PII data need to be encrypted in the database? Is it allowed to send this data over a network unencrypted (e.g., broker-dealers sending the data to the CAT or a query from the SEC)?**

The SROs have not specified security standards. However, as described in Section 2.7 of the RFP, the Bidder's response should include a detailed description of the security standards Bidders expect to follow. The standards should be robust enough to maintain a high level of security, especially for PII.

- 20. In Section 2.2.4 Processing Timeframes, it is mentioned that resubmission of data after correcting the errors will be done by 8:00 AM on T+3. What should happen if there are any further errors in the file on T+3? Should it go through iterations until all errors are corrected?**

The data errors are expected to be resolved within the given timeframe. If errors are not resolved within the given timeframe, it may be required to go through multiple iterations until the errors are resolved.

- 21. Section 2.5.2 Capacity Performance Requirements states that "When all CAT Reporters are required to submit data to the CAT, the system should be sized to receive, process and load more than 58 billion records or approximately 13 terabytes of data per day". This translates to approximately 225 bytes/record. Can you please described how this has been arrived at from the below options?**

- a. CSV file format
- b. Binary file format
- c. Database format
- d. Compressed file (which is originally CSV)

The SROs used a database format to estimate record size. Estimations were made under the assumption that record lengths vary based on the data source being measured.

- 22. We understand that data must reside in U.S. Are there any restrictions on accessing, maintaining and supporting data repository from non-U.S. secure locations?**
Data can be accessed, maintained and supported from non-U.S. locations as long as proper data access and security protocols are implemented and followed.
- 23. It has been repeatedly mentioned in the RFP that the CAT can be modeled after OATS. Can you share gap analysis, if any, done between the two systems?**
The SROs published a preliminary OATS-CAT gap analysis on the www.catnmsplan.com website on June 4, 2013. Bidders are encouraged to perform their own research, as all of the information regarding OATS requirements can be found publicly (e.g., the FINRA website).
- 24. During the Bidders Conference, it was mentioned that SROs will either schedule a conference call or another Bidders Conference prior to the RFP response due date. Can you please provide the schedule?**
Bidders Conference Calls were held on April 25, 2013 and May 2, 2013. Additional calls may be held as warranted, in which case email notifications will be circulated to all Bidders.
- 25. Can you clarify the difference between technical support hours of 24x6 referenced in question 123 of the RFP and help desk hours of 24x7 referenced in question 134?**
The CAT's systems will be available six days per week. Therefore, technical support staff is expected to be available to ensure 24x6 hours of operation, including system down time and maintenance windows. Please see Section 2.6 of the RFP for more information. The CAT Help Desk will be available 24x7 to support CAT users and CAT Reporters for operational and non-operational matters. Please see Section 2.13.3 of the RFP for more information.
- 26. Will the CAT NMS Plan that is filed with the SEC indicate a recommended or favored bid or approach, or will it just describe all of the bids?**
The CAT NMS Plan will describe optimal proposed solutions as well as alternatives considered as required by Rule 613.
- 27. Does the CAT need to store market ticker feeds?**
The CAT will need to store SIP market data. Please refer to Section 2.5.1 of the RFP for more information.
- 28. What is the recommended way to handle open orders in the CAT? Since these orders are open, it seems they will trigger lifecycle errors on every day they are open.**
Lifecycle processing needs to take into account open orders (e.g., GTC orders) in a manner that does not cause errors for each day the orders are open.
- 29. Does CAT order data need to be encrypted?**
The SROs have not specified security standards. However, as described in Section 2.7 of the RFP, the Bidder's response should include a detailed description of the security standards Bidders expect to follow. The standards should be robust enough to maintain a high level of security, especially for PII.
- 30. Can guidance be provided on what types of costs should be included in the cost categories (e.g., "Architecture", "Capacity & performance") in the cost schedule included in the RFP? Should costs associated with the CCO be included in "Program management" or "Reporting and oversight"?**
Each category in the cost schedule corresponds to requirements in the RFP, so the costs in each category should reflect how the requirements are being met. For example, the "Architecture" category should reflect the requirements outlined in Section 2.6 of the RFP. The costs associated with the CCO should be included under "Reporting and oversight".

31. Should financials be shown on a cash basis and not on a GAAP basis which would take into account amortization and depreciation of software development/capital purchases?
Financials should be shown on a cash basis. If the Bidder proposes payment terms which differ, those terms should be addressed in its response as well.

32. Should estimation for growth assumption be included in annual recurring costs of operations and not one-time costs to build functionality?
Yes, growth assumption estimates, where applicable, should be included in annual recurring costs of operations, including any assumptions made to arrive at the estimates.

33. Can you confirm or clarify the duration for capturing the one-time build costs? Stated differently, the RFP states that the CAT needs to support all exchanges within 12 months of approval and all broker-dealers within 24 months of approval. Does this two year time horizon equate to the build of the CAT?
As per Rule 613, large broker-dealers will be required to submit data to the CAT 24 months after NMS Plan effectiveness. Small broker-dealers will not be required to submit data to the CAT until 36 months after NMS Plan effectiveness. As such, one-time build costs should consider the phasing-in of new requirements during the 36 month timespan from NMS Plan effectiveness to the submission of data from small broker-dealers. RFP responses should provide details of the assumptions used to price the one-time build cost estimates.

34. Is the committee forming an entity for billing or is the CAT provider expected to bill each SRO separately? What about for broker-dealers? It is our assumption that the CAT provider will submit one monthly invoice to the SRO entity for services. Is this correct?
It is anticipated that the CAT provider will provide a CAT limited liability company with a monthly detailed invoice for services provided pursuant to a services agreement to be entered into between these entities. The CAT provider will also be required to provide a CAT limited liability company with the financial services described in RFP Section 2.15.2. This includes a billing and collections function further explained in RFP Section 2.15.2.1 whereby the CAT provider may be required to invoice CAT Reporters (SROs and broker-dealers) subject to an SEC-approved funding model.

35. Is the CAT provider responsible for providing the billing/collections/AP/etc. on behalf of the SROs (or SRO entity), or will the CAT provider also be financially responsible for billing/collections/AP/etc.?
The CAT provider is functionally responsible for providing the billing/collections/AP/etc. services on behalf of the SROs. Please reference Section 2.15.2 of the RFP for more information.

36. Who is paying for the initial build of the CAT?
The entity (or entities) that will be responsible for paying for the initial build of the CAT will be determined based on funding analysis completed for the NMS Plan.

37. The RFP provides a breakdown of number of records across each message type for average and peak. Is it possible to get statistics on gross estimates of total bytes (GB/TB) by message type used by the SROs in mapping 58 billion messages to 13 TB?

Please reference the below tables from the RFP that have been modified to include columns titled "Estimated Record Size in Bytes," which depict the sizes used when calculating CAT capacity estimates.

Equities:

Data Type	Data Source	Product	Description	Approximate Average Daily Record Count	Approximate Peak Daily Record Count	Estimated Record Size In Bytes
Customer/ Account	BDs	Equities/ Options	Full submission of customer and account information (full submission will occur at initial CAT ingestion and weekly on non-peak hours)	111,000,000	111,000,000	1,000
Customer/ Account	BDs	Equities/ Options	Changes/updates of customer and account information	600,000	600,000	1,000
Market Maker Quotes	BDs	Equities	Market maker quotes submitted to exchanges or the FINRA ADF	800,000,000	2,400,000,000	50
Market Participant Information	BDs	Equities/ Options	Market participant identifiers and any associated information	50,000	50,000	100
Order Data	BDs	Equities	CAT reportable orders and all related order events received or generated by the BD	2,400,000,000	4,800,000,000	400
Self-help	BDs	Equities	Self-help declarations	100	100	20
Sponsored Access	BDs	Equities/ Options	Sponsored and direct market access (DMA) relationships and applicable market participant identifiers	30,000	30,000	100
PBBO	CAT Derived	Equities	Protected NBBO derived by CAT using SIP quote data	800,000,000	1,600,000,000	50
Self-help	Exchanges	Equities	Self-help declarations	100	100	20
Trade Data	Exchanges	Equities	All trade executions	20,000,000	60,000,000	200
Order Data	Exchanges	Equities	CAT reportable orders received by an exchange and all related order events	2,000,000,000	5,400,000,000	400
Trade Data	FINRA	Equities	All transactions reported to a FINRA trade reporting facility	12,000,000	17,000,000	200
Corporate Actions	Listing Market	Equities	Corporate events that affect the underlying instrument	500	500	50
Security Definitions	Listing Market	Equities	Definitions of all products, including complex orders with stock	8,000	8,000	100
Trade Data	NASDAQ	Equities	Transactions reported to an exchange clearing facility	1,000	4,000	200
Quotes	SIPs	Equities	All CQS and UQDF data, including all quotes, appended NBBOs and admin messages (e.g., indications of market open/close, halts/resumes and circuit breakers)	850,000,000	1,700,000,000	50
Trade Data	SIPs	Equities	All CTS and UTDF data, including all sales and administrative messages	24,000,000	96,000,000	200

Market Maker Quotes	SROs	Equities	Market maker quote sides received and/or generated by an exchange or the FINRA ADF	400,000,000	1,100,000,000	50
Quotes	SROs	Equities	Top of book exchange quotes sent to the SIP	850,000,000	1,700,000,000	50
Market Participant Information	SROs	Equities/Options	Market participant identifiers and any associated information	20,000	20,000	100
Trade Data	SROs	Equities	All exchange trades sent to the SIP	24,000,000	1,100,000,000	200
Sponsored Access	SROs	Equities/Options	DMA relationships	20,000	20,000	100
Approximate Total				8,500,000,000	20,500,000,000	

Options:

Data Type	Data Source	Product	Description	Approximate Average Daily Record Count	Approximate Peak Daily Record Count	Estimated Record Size In Bytes
Security Definitions	All Options Exchanges	Options	Definitions of all products, including complex orders with stock	280,000	280,000	150
Market Maker Quotes	BDs	Options	Market maker quotes submitted to exchanges	18,000,000,000	44,000,000,000	50
Order Data	BDs	Options	CAT reportable orders and all related order events received or generated by the BD	1,500,000,000	4,500,000,000	400
Self-help	BDs	Options	Self-help declarations	100	100	20
PBBO	CAT Derived	Options	Protected NBBO derived by CAT using SIP quote data	6,300,000,000	12,600,000,000	50
Self-help	Exchanges	Options	Self-help declarations	100	100	20
Trade Data	Exchanges	Options	All trade executions	1,000,000	1,800,000	200
Order Data	Exchanges	Options	CAT reportable orders received by an exchange and all related order events	365,000,000	915,000,000	400
OCC Exercise/Assignments, Adjustments and CMTA Transfers	OCC	Options	All exercises, assignments, adjustments and CMTA transfers for options	6,100,000	9,700,000	250
Quotes	SIPs	Options	All quotes published by the SIPs, including appended NBBOs	7,000,000,000	14,000,000,000	50
Trade Data	SIPs	Options	All trades published by the SIPs (OPRA)	1,000,000	1,800,000	200
Market Maker Quotes	SROs	Options	Market maker quote sides received and/or generated by an exchange	9,000,000,000	22,000,000,000	50
Quotes	SROs	Options	Top of book exchange quotes sent to the SIP	7,000,000,000	15,000,000,000	50

Trade Data	SROs	Options	All exchange trades sent to the SIP	1,000,000	1,800,000	200
Approximate Total				49,500,000,000	113,500,000,000	

38. The RFP sets the expectation that data is available for SRO regulatory staff and the SEC by 12:00pm ET T+1, soon after the data passes basic format validations. Is the expectation that the CAT should have completed data enrichment and life cycle linkage by that time?

Yes, it is expected that initial data validation and life cycle linkage should occur by 12:00pm ET T+1. Please see Section 2.2.4 of the RFP for further information on the data processing timeframes.

39. Should order events be linked indefinitely or will there be a certain time limit for performing the linkage (e.g., 60 days)? This question is related to the processing of limit orders with executions happening one year later.

All events should be linked for their entire life cycle, regardless of how much time passes between the events. Additionally, life cycle processing needs to take into account open orders (e.g., GTC orders) in a manner that does not cause errors for each day the orders are open.

40. The RFP states that SROs and SIPs must submit quote and trade data. Does the CAT processor need to create linkages and assign CAT-Order-ID(s) to SRO/SIP quotes and trades?

No, the CAT processor will not need to create order life cycle linkages between SRO and SIP/OPRA quotes and trades. With respect to assigning CAT-Order-IDs to SRO and SIP/OPRA quotes and trades, a CAT-defined unique identifier must be assigned to each record, but the SIP/OPRA data will not need to be daisy-chained to create a life cycle that ties a client order to a SIP/OPRA quote or trade.

41. It was mentioned that the SROs are performing a gap analysis between OATS and the CAT. When will the results be published?

The SROs published a preliminary OATS-CAT gap analysis on the www.catnmsplan.com website on June 4, 2013.

42. As a follow-up to question #37 from this RFP Q&A document: Section 2.5.2 in the RFP states that when all CAT Reporters are required to submit data to the CAT, the system should be sized to receive, process and load more than 58 billion records or approximately 13 terabytes of data per day. Does this represent average or peak daily record counts? Can you clarify how the estimated record sizes provided in response to question #37 relate to the response provided to question #21 in this RFP Q&A document?

As a clarification to capacity-related questions, the system should be sized to receive, process and load more than 58 billion records or approximately five terabytes of data as daily average volume. The system should be capable of handling more than 134 billion records or approximately 13 terabytes of data as daily peak volume. Additionally, the system must be designed such that additional capacity can be quickly and seamlessly integrated while maintaining system access and availability requirements. The estimated record sizes provided in response to question #37 were based on a database format.

43. Please provide any additional information as appropriate regarding the filing of the selection process with the SEC (e.g., will it be “regular way” with a notice and comment process or, for immediate effectiveness, will it be filed as an NMS Plan under SEC Rule 608 or some other form of a filing with the SEC) and any estimates or indications you have received from SEC staff regarding expected timing of approval after filing with the SEC.

At this time, the SROs do not have an indication of the public comment period or the expected timing of approval after filing the selection process with the SEC.

- 44. The email to Bidders notifying them of the updated RFP deadline references “RFP” responses. Does the selection process that will be filed with the SEC propose to retain the selection process as an RFP rather than a Request for Information (RFI) or other type of process?**

The selection process filed with the SEC will retain the components of an RFP.

- 45. Would the SROs’ proposed approach and selection process require any changes to the RFP issued on February 26, 2013 or can the Bidders assume they can submit a proposal similar to the one previously due on June 30, 2013?**

The proposed approach and selection process will require a change to the section of the RFP related to confidentiality of information. Any such changes will be communicated to the Bidders. The technical requirements of the RFP are not anticipated to change as a result of the filing of the selection process with the SEC by the SROs.

- 46. Does the selection process that will be filed with the SEC envision a selection of one Bidder or narrowing of the Bidders to a “short list” prior to filing the NMS Plan with the SEC?**

The selection process submitted to the SEC includes a narrowing of the Bidders to a short list prior to filing the NMS Plan.

- 47. Has a determination been made as to whether the SROs plan to permit Bidders to revise their RFP responses after approval of the CAT NMS Plan as discussed in the May 2, 2013 conference call?**

The selection process submitted to the SEC states that shortlisted Bidders may be permitted to revise their Bids based on the provisions in the approved NMS Plan, including further discussions if determined to be necessary by the Selection Committee.

- 48. It was our understanding that only SROs and auditors from the SEC will have access to the full data store in the central repository. Section 2.8.1 of the RFP suggests the CAT should be able to provide access to 3,000 registered users. Do you anticipate that all of these 3,000 users are auditors and regulators querying the central repository for full data?**

Yes, the 3,000 anticipated users represent the SEC and SRO regulatory staff that performs surveillance and investigative activities. It is not expected that there will be 3,000 concurrent users.

- 49. As a follow-up to question #42 from this RFP Q&A document: We want to ensure we understand how the five terabytes of daily average volume and 13 terabytes of daily peak volume relate to the table in Section 2.5.2 of the RFP. Can you clarify how those volumes are reflected in the table that results in a year five accumulated total central repository size of 21 petabytes?**

The table in Section 2.5.2 of the RFP is based on estimated daily peak data volume; daily average volumes are not represented. The year one accumulated total size of the central repository of two petabytes is calculated by extrapolating the daily peak volume of five terabytes (which represents SRO CAT Reporter data only) over a one-year period. The year two size is calculated the same way but uses the increased daily peak volume of 13 terabytes (representing both SRO and broker-dealer CAT Reporter data). The year two total of four petabytes is added to the year one total to arrive at the accumulated total of six petabytes. This same process can be followed through year five to eventually arrive at 21 petabytes for the accumulated five years of data retention.

- 50. Can you provide the names and titles of the people on the CAT selection committee?**

The SROs do not plan to provide the names and titles of individuals on the CAT selection committee. The selection committee will be composed of representatives of each SRO.

51. Are there rules/restrictions around making public announcements regarding our bid? For instance, we are forming a partnership with another company for the CAT bid and we would like to make an announcement on our website and through the press. Is this ok with the selection committee?

Bidders are not restricted from making public announcements regarding their bid, but are reminded that announcements may not include any information that is defined as SRO Confidential Information in the MUTUAL CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT. The SRO consortium will have no comment on the public announcements or statements by individual Bidders.

52. We have two questions related to the existing practice of linking orders in the OATS system:

- **What is the percentage of order events submitted to OATS that are linked without errors by the end of the first day of processing?**
- **What is the percentage of orders linked by the fifth day after OATS reporters fixed the errors?**

Due to the nature of OATS processing, correction and repair methodologies and the various types of validations and linkages performed, OATS order event linkage statistics by day may not be a reliable indicator of potential CAT linkage statistics. For instance, OATS does not require the correction of previously unmatched records. Additionally, the CAT will ingest data elements that OATS does not receive such as quotes, customer information and options orders and quotes, all of which must be fully validated and linked. That said, 2013 statistics show that OATS currently accepts approximately 99% of submitted orders on a daily basis and matches at a daily rate of 99% in each of the following categories: Interfirm Route Matching, Exchange Route Matching and Order/Trade Matching.

53. Is there an update on the RFP process? In particular:

- **Have the SROs filed the selection process with the SEC?**
- **Has the SEC provided any indications of when it will approve the filed plan?**
- **When is the next Bidders conference call?**

The SROs submitted the selection process to the SEC on August 23, 2013. SEC staff has not provided the SROs with an indication on the timing of the approval process, but understands that the RFP response due date is dependent upon the approval of the selection process NMS Plan.

The SROs have not scheduled a Bidders conference call at this time and will notify the Bidders immediately after any such decision is made.

54. Can you provide sample data for both equities and options? One instrument from both classes over a ten minute period would be ideal.

The SROs will not be providing Bidders with sample data to test their solutions.

55. Does the 25% estimated annual growth rate cited in Section 2.5.2 of the RFP apply to all data types, including customer and account records? If it does not apply to customer and account information, could you provide the estimated annual growth for customer and account records?

The 25% estimated annual growth rate does not apply to customer and account records. Based on the SIFMA Fact Book 2012, the historical trend for number of public customer accounts at U.S. broker-dealers for the ten year period from 2002-2011 is:

Year	Accounts	Percentage Change
2002	103,733,220	-
2003	102,379,048	-1.31%
2004	109,347,796	6.81%
2005	109,246,653	-0.09%
2006	111,564,826	2.12%
2007	110,308,970	-1.13%
2008	109,133,927	-1.07%
2009	109,506,556	0.34%
2010	111,292,517	1.63%
2011	111,288,489	-0.01%

56. In order to provide a cost-effective solution design, we would appreciate any clarification or data points around the following assumptions:

- **Majority of ingestor submissions occur prior to midnight of trade date, especially for the SROs and large broker-dealers**

As stated in RFP Section 2.2.4, CAT Reporters will have until 8:00AM T+1 to submit data. Bidders are encouraged to consider different scenarios for ingestor submissions and explain how their proposed solutions would be affected in each scenario.

- **Majority of queries will be for years 1 and 2; years 3 through 5 will be less frequent; years 5 through 7 will have minimal requests**

It is anticipated that relatively more recent data will be queried more frequently, especially at the onset of the CAT. As per RFP Section 2.8.1, the solutions provided must allow for targeted queries against data in the central repository across equities and options, both separately and together. All data fields may be included in the result set from targeted queries.

- **Majority of data query requests will primarily be between the hours of 8:00AM – 6:00PM**

The CAT needs to be able to handle queries during the timeframes outlined in the RFP. Although it is anticipated that many queries will be during normal business hours, the SROs also expect queries for large batches of data overnight. Per RFP Section 2.6, the CAT's systems will be available six days per week and therefore technical support staff is expected to be available to ensure 24x6 hours of operation.

- **There should be minimal firm ingestor submissions during trading hours except for correction updates and master file changes**

The CAT needs to handle data submissions during the timeframes outlined in the RFP. Although many firms may wait until after trading hours to submit batch data sets, there may also be firms that submit data closer to real time. Per RFP Section 2.6, the CAT's systems will be available six days per week and therefore technical support staff is expected to be available to ensure 24x6 hours of operation.

57. We understand there will be upwards of 3,000 users, but not concurrently. Is there any insight into the ballpark number of concurrent users?

It is unknown at this time how many concurrent CAT users there will be. Bidders should make clear in their RFP responses any assumptions on the number of concurrent users and are encouraged to consider multiple different scenarios with explanations of how their proposed solutions would scale and be affected in each scenario.

58. Will the CAT processor have to pay SIP feed fees for either directly receiving the NMS feeds or if redistribution fees are applied if CAT Processor received data from current provider?

The SROs continue to review the potential operating costs for the CAT processor, including third party fees. Bidders are encouraged to consider all relevant cost drivers and to make their specific assumptions clear in their bid submissions.

59. As a follow-up to question #54 from this RFP Q&A document: It seems to us that some of the Bidders have sample information while some (such as us) do not. This could create an unfair advantage for some of the Bidders. Can you please reconsider providing us sample data?

The SROs do not intend to provide sample data to the Bidders, as the data each SRO has is proprietary information. The SROs encourage Bidders to visit the websites of the exchanges and FINRA to obtain current data specifications, which can be used to create sample data. Bidders should be mindful, however, that the requirements of Rule 613 are different than current data specifications for the exchanges and FINRA.

60. It was mentioned that a notice will be placed on the website when the SEC publishes the selection process for comment.

- **Does that mean the steps involved are that the SEC will publish the process for comment, then garner feedback from commentators and then approve the process?**

Yes, approval of the selection process will not occur until after the SEC has reviewed public comments.

- **Can you give an indication as to how long it will be before the SEC publishes the process and for what length of time it will be open for comment? Any minimum and maximum window of time on both of these would be helpful for the purpose of resource planning.**

The SROs do not currently have an indication of when the selection process will be published or for what length of time it will be open for comment.

61. Section 8 of the Information for CAT Bidders document states that the cost estimate should be across a three year horizon but the financial spreadsheet provided by the SROs in the RFP itself states that the Bidder should consider a five year term followed by a renewal option of three years. Please advise on the duration of the initial contract term.

Information included in the RFP published on February 26, 2013 supersedes the content of the Information for Bidders Document. As such, the Bidder must consider an initial contract term of five years, followed by renewal options of three years.

62. SEC Rule 613 states the following:

“The Commission notes that, because the central repository will be jointly owned by, and a facility of, each SRO...”

It additionally states:

“The Commission, however, believes that it will have more regulatory authority over the central repository as a facility of each SRO than it would have if the central repository were owned or operated by a non-SRO. First, the Commission has the statutory obligation to oversee the SROs, including facilities thereof, and to ensure that SROs enforce compliance by their members with the respective SRO’s rules, and the federal securities laws, rules, and regulations. Second, a facility of an SRO is subject to the rule filing requirements of Section 19(b) of the Exchange Act.”

The March 8th Bidders Conference Q&As state the following:

“The SROs expect a Bidders address in its RFP response the use of any proprietary IP. The SROs expect to receive a royalty-free license to use, modify and sublicense (in connection with the CAT) any pre-existing IP that the CAT Plan Processor uses to provide the services.”

Given the above language, please respond to the following questions:

- **Is it correct to assume that the CAT central repository, in total, including all IP, policies, procedures, software and computer networks, will be owned by the SROs?**

As stated in Section 3.12.1 of the RFP, the SROs expect to retain ownership of all IP contributed by them to the CAT processor in connection with CAT services and to own all IP developed on behalf of the CAT or otherwise in connection with the provision of CAT services. The SROs’ expected ownership of such items is in part due to the need to ensure the CAT can continue functioning without interruption should there be a change in the CAT processor. The SROs also expect to receive a royalty-free license to use, modify and sublicense (in connection with the CAT) any pre-existing IP that the CAT processor uses to provide the services. Alternative IP (and other assets) ownership and licensing proposals may be considered, with consideration given to costs, benefits and risks of such alternate proposals.

- **Is it the purpose of the RFP to identify the CAT Plan Processor who will build and operate the CAT for the SRO consortium?**

Yes, please refer to Section 1 of the RFP, as well as the NATIONAL MARKET SYSTEM PLAN GOVERNING THE PROCESS OF SELECTING A PLAN PROCESSOR AND DEVELOPING A PLAN FOR THE CONSOLIDATED AUDIT TRAIL (pending SEC approval) for additional information.

- **Is it correct that the CAT Plan Processor will not own the CAT, including the computers, networks and CAT software, except for software previously developed?**

Please refer to Section 3.12.1 of the RFP regarding IP ownership. Other assets funded by CAT LLC would be expected to be owned by CAT LLC; however, with respect to other assets, alternative ownership and licensing proposals may be considered, with consideration given to costs, benefits and risks of such alternate proposals.

- **Is it correct that the CAT Plan Processor will be paid for services provided to the SROs to build and manage the CAT by the SRO consortium?**

Yes, as stated in question 34 from this RFP Q&A document, it is anticipated that the CAT processor will provide a CAT limited liability company with a monthly detailed invoice for services provided pursuant to a services agreement to be entered into between these entities.

63. We are considering taking into account the savings related to the replacement of OATS in the financial model of the CAT processor. Please advise on the following:

- **Who pays for operating OATS? (FINRA, broker-dealers, SROs, SEC?)**
- **What is the payment schedule?**
- **What is the annual revenue collected to operate OATS? (2011, 2012?)**
- **What happens to payments for OATS when the CAT is implemented?**

FINRA's Order Audit Trail System ("OATS") is funded by FINRA through its operational budget. There are no OATS-specific revenue-generating fees.

64. In Section 2.2.4 of the RFP there is a requirement to make data available to SRO regulatory staff and the SEC on T+5:

"8:00 A.M. Eastern Time T+5 (transaction date + five days) – Corrected data available to SRO regulatory staff and the SEC"

The same section contains the following language:

"It is expected that at any point after data is received by the CAT and passes basic format validations, it will be available to SRO regulatory staff and the SEC, which may be before 12:00 P.M. Eastern Time T+1"

Finally, language in Figure 3 of the same section states:

"T+5 – Data ready for regulators"

Please advise if the data access requirements described in Section 2.8 of the RFP are fully applicable to access data on T+1.

The data access requirements described in Section 2.8 of the RFP are for corrected data that is available on T+5. However, Section 2.8 also states, "It is not anticipated that a standard interface will be built and maintained to access uncorrected data at this time, but uncorrected data must be maintained and be made available to SRO regulatory staff and the SEC upon request."

The CAT processor must be able to provide uncorrected data to the SRO regulatory staff and the SEC by 12:00 P.M. Eastern Time T+1. Furthermore, data requested by SRO regulatory staff and the SEC at any time prior to T+5 must be able to be provided by the CAT processor in its existing state by 12:00 P.M. Eastern Time the following day. The CAT processor would not be required to conduct analysis or summarize the data, but to provide it to the SRO regulatory staff and the SEC in a readable format (e.g., Excel, CSV, etc.) that includes the data requested (e.g., symbol(s), timeframe, order types, executions, etc.).

Updated as of March 11, 2014

65. Relative to the CAT, can you advise on which party or parties will be responsible for the initial upfront expenses associated with the build for the CAT? Not looking for specific organizations. Just looking to understand whether this has been decided and if the expenses associated with the initial build and implementation will be the responsibility of the bidder or whether that initial cost is anticipated to be funded by the industry participants.

A previous question has been asked of who will pay for the CAT. The previous answer given was the Cost and Funding Subcommittee is currently considering this and that information will be made available at a later date. Could you please comment on this? Any new views on who will pay?

As mentioned in the CAT RFP Section 2.15.2 Finance Requirements, Bidders should submit in their responses a budgeting methodology, cost recovery allocation models and policies and procedures that will be applied for billing purposes. The SROs are expecting that Bidders' responses will contain solutions that include processes to explain how Bidders expect to be paid for the initial CAT implementation phase. After evaluating the solutions proposed by Bidders and soliciting industry feedback on the proposed cost recovery allocation models, the SROs will incorporate the details of cost and funding allocation models in the NMS Plan.