

FINANCIAL INFORMATION FORUM

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DRAFT

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December 21, 2016

Re: Approved CAT NMS Plan

Dear CAT NMS Plan Participants,

With the approval by the SEC of the CAT NMS Plan on November 15, 2016¹, the industry now enters a critical and aggressive implementation phase in order to achieve the Plan and Rule 613 milestones. The Financial Information Forum² ("FIF") wishes to take this opportunity to offer its assistance to the CAT NMS Plan Participants as you each individually, and together, work through the many implementation details, prepare your respective rule changes, and address the concepts to be included in the Participant reports associated with the Plan. Through broad industry participation which includes various market segments, FIF strives to understand industry requirements and challenges, and seeks practical solutions by facilitating dialogue among market participants. As we have with other NMS Plans and regulatory initiatives, we offer to you a forum to solicit input to business and technical requirements, explore ideas and receive feedback on proposals before final submission.

We also would like to invite the Participants to meet with the FIF CAT Working Group, which has had an active interest in the CAT NMS Plan over the past few years and continues to draw a large attendance at each of our working sessions. In addition to providing an opportunity for Participants to give the FIF CAT WG an update on the Plan status, it could also allow our members to ask questions and seek clarification on certain points included in the Plan, which we would submit to you in advance of the meeting. For example, our members would like to understand more specifically the circumstances under which they are required to provide the LEI. If you agree, we would also like to open the meeting up for interactive discussion and additional questions from the membership.

¹ SECURITIES AND EXCHANGE COMMISSION (Release No. 34-79318; File No. 4-698), Joint Industry Plan; Order Approving the National Market System Plan Governing the Consolidated Audit Trail, November 15, 2016

² FIF (www.fif.com) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the financial technology industry across the order lifecycle. Our participants include trading and back office service bureaus, broker-dealers, market data vendors and exchanges. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes.

As previously cited by FIF³, through incorporation of additional asset classes and information into the Consolidated Audit Trail, other regulatory systems can be eliminated, further reducing the burden on both the industry and regulators to maintain multiple duplicative regulatory reporting systems for oversight. These include:

- Large Options Position Reporting (LOPR)
- FINRA Rule 4560 (Short Interest)
- CBOE 8.9 (Clearing firms reporting of executed orders and positions in the accounts of market makers) – Position Portion
- INSITE reporting under NASD 3150
- FINRA IPO Distribution Report/FINRA 5130(j) once primary market transactions are added to CAT)

FIF would like to start discussions with the Participants, Plan Processor and other industry groups regarding implementation details for incorporation of the necessary information into CAT reporting post-Phase 1 that would facilitate the retirement of the above reporting systems.

For your information, in the interest of forging a positive and constructive relationship with all involved parties during the implementation phase, we also intend to extend the same offer to the Plan Processor, once selected, and the Advisory Committee, once named.

We look forward to a productive and mutually beneficial relationship that will result in a successful launch of the Consolidated Audit Trail. Please let me know what next steps can be taken with the Plan Participants to further this discussion.

Regards,



William H. Hebert
Managing Director
Financial Information Forum

³ FIF CAT WG CAT Processor Optimal Solution Recommendations, September 14, 2014