

FINANCIAL INFORMATION FORUM

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Via Electronic Delivery

July 17, 2018

CAT Leadership Team:

Ms. Cindy Retterer, Vice President, Nasdaq
Ms. Soniya Shrivastav, Managing Director, NYSE
Ms. Shelly Bohlin, Vice President, FINRA
Mr. Tom Busch, Director, CBOE Global Markets

RE: FIF Initial Feedback on the CAT SRO Proposed Industry Member Reporting Approach – July 10

Dear CAT Leadership Team,

FIF, on behalf of our industry members, respectfully submits our feedback to the SROs on the amended Industry Member Reporting Approach, presented to Industry Members on July 10th.

FIF Feedback on the SRO Industry Member Reporting Approach

In general, FIF supports the reporting approach and implementation plan elucidated in the July 10th Industry Member Reporting Approach. FIF believes that the single spec approach, based upon the CAT Native Interface, presents a reasonable compromise for the following reasons:

- Achieving the shortest possible duplicative reporting period between OATS and CAT remains a top priority for Industry Members. The Participants' focus on migrating the CAT Native format closer to an OATS-like model should allow for a smoother transition to CAT reporting and will facilitate a more expeditious retirement of OATS. FIF would like to confirm that this reporting approach continues to support that all OATS reporters, both large and small industry members will be required to start CAT reporting in Phase 2a.
- Industry Members remain concerned with the definition of the OATS retirement plan, including the CAT and OATS compliance requirements during the duplicative reporting period as well as the quality metrics to determine CAT acceptability as an OATS replacement.
- The availability of 1) a mapping of OATS guidance to CAT reporting requirements; and 2) a mapping of the OATS Spec to the CAT Spec is essential to: a) demonstrate the completeness of the CAT interface in order to retire OATS; and b) to provide Industry Members with a template on how to convert their current OATS reporting protocols to the CAT Native Interface. These mappings should also greatly assist in the Industry's understanding of the CAT specification as well as the OATS-to-CAT reconciliation process during the duplicative reporting period.
- FIF agrees with the SROs' stated objective of the elimination, where possible, of selected reporting requirements (*e.g.*, Order Restatement, resultTimestamp, Modify Route, Cancel Route, Trade Break, Trade Correction). This reduces the reporting burden on Industry Members when reliable data is available from alternate sources and more closely aligns CAT to current OATS reporting.
- FIF agrees that the CAT error reconciliation process requires improvement. FIF provided

detailed comments¹ of the February 2018 specification including format, file submission and error correction process. FIF requests that these comments, which were resubmitted with the review of the June 2018 specification on July 16th be seriously considered and incorporated into the September 14 draft specification.

- FIF appreciates the deferment of some reporting requirements (*e.g.*, Internal Route Modify and Cancel, reporting *result* on Route, all representative order reporting outside of one-to-one representative orders that are electronically linked by orderID and automatically filled) from Phase 2a to Phase 2c to reduce the implementation challenges and risks associated with the first delivery of Industry Member reporting with Phase 2a.
- FIF understands that the SROs will be providing the Industry with high level guidance of FDID requirements on August 1. FIF requests that once FDID guidance is published, the SROs provide Industry Members with an opportunity to comment on the scope of the FDID requirements to ensure that the SROs and the Industry's expectation of FDID are in alignment.

FIF continues to support the phased implementation approach. As can be seen by the continued and fruitful discussions in the Industry Member Tech Spec Working Group, additional time is needed to define these complex reporting requirements and to subsequently allow CAT Reporters sufficient time to incorporate them into their business systems. The phased approach provides this necessary schedule relief.

Scheduling Challenges

The February 2020 go-live date for Phase 2a, while aggressive, is a more realistic target date than any previously published date for the start of Industry Member CAT reporting. A minimum of eight months for development and 6 months for testing is a challenging but reasonable plan given that some of the new CAT reporting requirements will be minimized in Phase 2a, with the closer alignment of the CAT Native Interface to the OATS-based model and guidance. As FIF previously raised, a minimum of 6 months for testing is needed by the industry, especially vendors and service providers, to first test their products/services with the Plan Processor and then on-board their clients' testing with CAT. Industry Members will work with the SROs to achieve that date. However, FIF emphasizes that the February 2020 go-live date is contingent upon the achievement of certain critical success factors and intermediate deadlines prior to go-live. Schedule adjustments must be considered if these factors or deadlines are not met. For example:

- Allowing one month (from now to August 15) to publish the mapping of OATS guidance to CAT appears very challenging, unless there has already been significant work completed to date on this task. Similarly, publishing the OATS to CAT specification mapping by September 14 also appears aggressive.
- The plan only allots one month for a detailed review of the second draft of the Industry Member Reporting Technical Specification and subsequent incorporation of any industry comments into the final specification. To achieve that plan, the first and second drafts of the Technical Specifications must be complete and of high quality, reflecting the SROs' stated intent of moving the first phase of CAT reporting closer to the OATS-based model. Otherwise, in FIF's view, one month is insufficient time to both review a draft spec and incorporate Industry feedback into a final version of the Tech Spec.
- FIF notes that the schedules proposed are dependent upon the successful resolution of the

¹ See [Letter](#) from Ms. Janet Early to ThesysCAT, LLC, RE: February 22, 2018 CAT Industry Member Reporting Specification, V0.2, March 29, 2018

outstanding issues that apply to Phases 2a and 2b. For example, there has been no definition or guidance yet on Firm Designated ID reporting in Phase 2a. All reporting requirements and guidance for one-to-one representative orders or handling of manual events have not yet been published.

- Several challenges remain that must be fully addressed prior to the implementation of the CAT reporting requirements in Phases 2c and 2d. FIF notes that to date, sufficient guidance has not yet been provided on some of these difficult issues (*e.g.*, Manual Quotes). The proposed schedules for the follow-on phases have not yet been proposed by the SROs. FIF is hopeful that the mutual cooperation between the SROs and the industry to achieve the regulatory requirements with minimum disruption to business practices will continue to be a driving force throughout the CAT implementation.

As with any complex implementation plan, FIF proposes that the SROs consider inclusion of a series of checkpoints designed to assess whether the planned schedule is still on target, or if adjustments are required. Suggested checkpoints could include:

- The publication of the final specification should be dependent on a complete set of documentation (including use cases and guidance) and be of high quality (no outstanding severity 1 issues). If any major outstanding issues remain, the publication should be delayed, and the schedule adjusted accordingly.
- The SROs and the industry should re-assess the viability of the implementation plan and go-live date for Phase 2a and Phase 2b based on the quality and functional content of the published final spec.
- Checkpoints should be inserted into the definition of the test plan to verify the quality of the Plan Processor/Industry Member processing and CAT reports. Objective quality metrics should be defined as go-live criteria for Industry Member reporting to CAT.

Summary

FIF appreciates the SROs' consideration of Industry Member feedback as the CAT implementation timeline and milestones continue to undergo review and refinement. FIF views the July 10, 2018 Industry Member Reporting approach as a significant improvement and is committed to working with the SROs to achieve that plan.

We look forward to further dialog with the Participants as you solidify the CAT Implementation Plan.

Sincerely,



Christopher Bok, Esq.
Financial Information Forum

cc: Self-Regulatory Organizations; BATS Exchange, Inc., BATS Y-Exchange, Inc., BOX Options Exchange LLC, C2 Options Exchange, Incorporated, Chicago Board Options Exchange, Inc.,

Chicago Stock Exchange, Inc., EDGA Exchange, Inc., EDGX Exchange, Inc., Financial Industry Regulatory Authority, Inc., International Securities Exchange, LLC, Miami International Securities Exchange, LLC, NASDAQ OMX BX, Inc., The Investors Exchange, NASDAQ OMX PHLX, LLC, The NASDAQ Stock Market LLC, National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE Arca, Inc., NYSE MKT LLC.

Mr. Michael Simon, Deloitte, CAT NMS Plan Operating Committee Chair, on behalf of the CAT NMS Plan Operating Committee

Ms. Manisha Kimmel, Thomson Reuters, CAT NMS Plan Advisory Committee Chair, on behalf of the CAT NMS Plan Advisory Committee