

FINANCIAL INFORMATION FORUM

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July 17, 2019

Mr. Charles Riddle,
Acting Director, Chief Information Office,
Securities and Exchange Commission,
100 F Street NE, Washington, DC 20549

Re: SEC File No. 270-482

Dear Mr. Riddle,

On behalf of the members of the Financial Information Forum's ("FIF")¹ Electronic Blue Sheets ("EBS") Working Group, FIF would like to thank the Securities and Exchange Commission ("SEC" or "Commission") for the opportunity to comment on the existing collection of information provided for in Rule 17a-25 ("The Rule"), the current systemic functionality of EBS, and FIF recommendations intended to support an aggregate reduction in the regulatory burden imposed on firms required to adequately meet EBS response requests. Specifically, FIF comments focus on the following considerations:

- The accuracy of the Commission's estimate of the time and resource burden required of Clearing Firms and Self-Clearing Broker-Dealers to adequately respond to regulatory EBS inquiries;
- The adequacy of the current EBS framework and functionality designed to reconstruct trading activity and perform surveillance as the complexity of the current markets continue to proliferate;
- Ongoing information security concerns under the current EBS data collection process, as Personal Identifiable Information ("PII"), including how an individual investor's name, address, and tax ID are collected, disseminated, and stored;
- The Consolidated Audit Trail ("CAT") as an alternative solution to supplement and eventually replace EBS as a market surveillance tool.

FIF believes that the recommendations to improve the EBS request/response processes highlighted in this letter should be considered by Commission Staff to facilitate a more efficient and streamlined EBS data collection process in the future, which will ultimately reduce the regulatory burden required of industry members to adequately comply with EBS requests and allow for more focused and closer to real-time² market surveillance through the CAT.

¹ FIF (www.fif.com) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the securities 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.

² See *infra* note, 25.

Background

On June 29, 2001, the Commission adopted Rule 17a-25 under Section 17 of the Securities Exchange Act of 1934 ("Exchange Act"), to require brokers and dealers to submit electronically to the Commission, upon request, information on customer and firm securities trading.³ Rule 17a-25 was designed to improve the regulators' capacity to analyze electronic submissions of transaction information, the facilitation of enforcement investigations, and other trading reconstructions.⁴ Rule 17a-25 requires firms subject to data collection requirements pursuant to the rule to build systems to capture and report Blue Sheet data files, which contain both trading and account holder information, intended to provide regulatory agencies with the ability to analyze a firm's trading activity⁵ to, *inter alia*: 1) understand trading activities and ownership of related securities; 2) identify possible securities laws violations; and 3) examine causes of market volatility by allowing regulators to reconstruct transactions over a period of time.⁶

FIF recognizes the utility of the EBS request/response system as a means for the regulators to perform market surveillance, especially in the absence of a complete cross-market audit trail. However, FIF believes that the forthcoming implementation of the CAT will provide an opportunity for the regulators to perform more targeted surveillance of the markets by leveraging enhanced data analytic tools designed to assess trading anomalies through the assessment of the enriched transaction and customer information data within the CAT repository. While FIF understands that the complete retirement of EBS will likely not be achieved until all financial products in-scope⁷ pursuant to Rule 17a-25 are subsumed by the CAT, FIF believes that the regulators' access to CAT data should be leveraged to promote more targeted use of the EBS system to surveil potential market events from which the CAT will not provide insight during the first stage(s) of roll-out (CAT Phases 2a-2e).⁸

Accuracy of Commission Estimation of Frequency of EBS Inquires/Industry Resource Allotment

On May 17, 2019, the Commission published a request for comment⁹ on the current efficacy and resource burden required by industry members to comply with EBS inquiries pursuant to the Paperwork Reduction Act of 1995.¹⁰ To adequately respond to the Commission's request for comment, FIF formed a working group ("EBS Working Group") with the intent of providing the Commission with our assessment of the current scope of technology and human resources required by our members to adequately comply with EBS requests. Further, working group discussions focused upon the goal of providing the Commission with recommendations designed to enhance the utility of the EBS reporting system, while reducing the aggregate resource burden imposed on effected broker-dealers.

³ 17 CFR § 240.17a-25.

⁴ *Id.*

⁵ <https://www.finra.org/industry/blue-sheets>.

⁶ See [SEC Rule 613 - Consolidated Audit Trail \(CAT\) Revised EBS - CAT Gap Analysis](#), June, 2015.

⁷ Currently, the financial products in-scope of EBS include: 1) NMS Securities (Equities and Options); 2) OTC Equities; 3) Fixed Income; 4) OTC Options; 5) Foreign Equities; and 6) Financial Derivative Products. Today, only NMS Securities and OTC Equities are in-scope pursuant to SEC Rule 613/CAT NMS Plan. However, as will be explained, *supra*, NMS Equities and Options-based EBS requests represent the vast majority of EBS inquiries today.

⁸ <https://catnmsplan.com/timelines/>

⁹ <https://www.govinfo.gov/content/pkg/FR-2019-05-17/pdf/2019-10234.pdf>

¹⁰ 44 U.S.C. 3501 et seq.

Frequency and Scope of EBS Requests

To better assess current state and scope of the EBS request/response process, FIF formulated and distributed a survey to members of the working group with the intent of gathering industry feedback on the time and resource burden required to adequately respond to EBS inquiries from the regulators. Eighteen (18) broker-dealers¹¹ responded to FIF's EBS survey, including thirteen (13) self-clearing broker-dealers (e.g. prime brokers) and five (5) clearing firms.

The 13 self-clearing broker-dealers who responded to FIF's survey received a total of approximately 75,398 EBS requests from regulators¹² (i.e. SEC, FINRA¹³) in 2018, representing an average of 5,499.85 requests per firm. The 5 clearing firms received a total of approximately 52,900 EBS requests in 2018, representing an average of 10,580 per clearing firm. In total, the 18 firms that responded to FIF's survey received and were required to respond to an aggregate total of approximately 128,298 EBS inquiries in 2018.

Of the approximately 128,298 EBS requests received by the 18 responding firms, the vast majority related to NMS Equities and Options inquiries. In 2018, survey respondents received approximately 104,538 Equities-based requests (81.48% of total EBS requests), approximately 19,514 Options-based requests (15.21 % of total EBS requests), approximately 3,516 Fixed Income-based requests (2.74 % of total requests), and approximately 554 account-based requests (0.43% of total requests).

FIF's survey citing 128,298 EBS requests from regulators in 2018 suggests that the Commission's estimation¹⁴ that it sends a total of 13,493 total EBS requests per year to broker-dealers/clearing firms may not reflect the current scope of EBS inquiries the Commission disseminates to industry members. While survey respondents did not provide FIF with sufficient detail required to provide a full view of EBS requests by regulators, members indicate that the majority of EBS inquiries are requested by FINRA. However, FIF members also indicated their belief that the order of magnitude between EBS requests from the Commission and FINRA is relatively narrow, suggesting that the current scope of Commission-initiated EBS requests exceeds the Commission's estimation of the volume of their yearly EBS requests as indicated in SEC File No. 270-482.¹⁵

Broker-Dealer EBS Response Process

Today, regulators request EBS reports from self-clearing broker-dealers/clearing firms via an email request and in some cases, through secondary means such as FINRA's Request Manager system.¹⁶ While most firms utilize electronic systems to automate most of the response process following the receipt of an EBS request, firms must undergo a series of manual or "human" steps to ensure that the regulator is provided with accurate and timely data, including:

- Review of the requested dataset;

¹¹ FIF survey questions focused on: 1) the profile of firm; 2) the volume of yearly EBS requests broker-dealers receive per year, per financial product across all regulators; 3) the time required to respond to each EBS request (electronic and manual); and 4) time and resources required by firms to maintain and develop systems required to adequately respond to EBS requests. FIF notes that survey responses indicate a great deal of consistency across similar firm profiles (i.e. clearing firms/prime brokers) with respect to 1) the volume of EBS received per year; 2) the amount of time required to respond to electronic EBS requests; and 3) the aggregate number of hours required to maintain EBS systems.

¹² While FIF did not receive sufficient data to provide the Commission with detailed splits, FIF believes that the genesis of the majority of EBS requests are from FINRA.

¹³ See *supra* note, 6 (Pursuant to FINRA Rules 8210, 8211 and 8213, firms are required to submit Blue Sheet data in a prescribed format).

¹⁴ *Supra* note, 9.

¹⁵ *Id.*

¹⁶ See *id.*

- Entering the query into the firm’s EBS database;
- Review and validation of the requested EBS report;
- Manual submission of the EBS report;
- Confirming receipt of the EBS report.

While much of the overall effort required by most firms to respond to EBS requests is electronic/systematized, the above manual steps prevent firms’ from constructing wholly electronic/automated EBS response systems, and thereby require significant human and technical resource allocation. Depending on the sophistication of a firm’s EBS systems in conjunction with the scope and depth of the EBS request, survey respondents cited that the time (in person-minutes) required to respond to EBS requests range from 5 to 90 minutes. However, most respondents cited that the vast majority of EBS responses require between 20 to 30 minutes (mean of 27 minutes).

Based upon the average duration of time cited by FIF survey respondents, FIF approximates an aggregate total of 57,734 hours per year is required to process, validate, and respond to EBS inquiries amongst the 18 responding firms in 2018 (average of 3,207.44 hours per firm). Of that total, the 5 clearing firms approximated a total of 23,805 hours (average of 4,761 hours per firm) while the 13 self-clearing broker-dealers approximated a total of 33,926.4 hours (average of 2609.72 hours per firm).

Further, 15 of the 18 responding firms¹⁷ maintain a record of the number of hours per year allocated to EBS system support. Fifteen FIF respondents cited approximately 39,355 total hours¹⁸ during the 2018 calendar year (average of 2,623.67 hours per firm) was required for the maintenance, development, and testing of systems needed to adequately comply with EBS requests. Of those 15 firms, 4 clearing firms cited a total of approximately 21,976 hours (average of 5,494 per firm), while self-clearing broker-dealers approximated an aggregate total of 17,379 hours (average of 1579.9 hours per firm) in 2018 were required to perform systems maintenance, development, and testing.

Given the manual intervention required by firms to respond to EBS inquiries, FIF survey respondents (both clearing and self-clearing entities) cited an average of 27 minutes is required to adequately respond to EBS requests.¹⁹ FIF believes that the time required by firms to respond to each EBS request, in conjunction with the volume of EBS inquiries received from regulators and the resources required to maintain, enhance, and test EBS systems, suggests that the Commission has underestimated the annual aggregate hourly burden required by broker-dealers/clearing firms to comply with EBS-based inquiries (FIF survey respondents cited a total yearly burden of 97,089 hours v. 34,577 aggregate total hours cited by the Commission²⁰). While much of yearly aggregate hourly burden required by industry members to adequately respond to EBS inquires is inclusive of EBS-based requests from non-SEC regulators, FIF emphasizes that the aggregate number of hours required by the industry to respond to all regulator-requested EBS requests should be taken into consideration as the Commission continues to assess alternate methodologies (*i.e.* CAT) designed to reduce the burden imposed upon firms to adequately meet EBS request/response obligations.

¹⁷ Three survey respondents specified that they do not allocate IT resources specific to the maintenance of EBS systems, but rather allocate staff across several regulatory reporting systems (*i.e.* OATS) and therefore, could not provide FIF with detail regarding yearly human resource allocation required to maintain EBS systems.

¹⁸ Some survey respondents provided FIF feedback based on total number of full-time employees (FTEs) dedicated to EBS systems maintenance, development, and testing. For the purposes of this survey, FIF assumed 1 FTE is equivalent to 2000 hours per year (50 work weeks per year at 40 hours per week).

¹⁹ The average duration of 27 minutes cited by survey respondents required to respond to EBS requests is inclusive of manual review and validation of EBS reports.

²⁰ *Supra* note, 9.

As will be discussed, *infra*, FIF believes that once market surveillance is achieved through the Consolidated Audit Trail, regulators will be afforded greater transparency into the order lifecycle of all NMS Equities and Options trades (which FIF's survey indicates represents 96.69% of EBS requests today), thereby allowing for a more narrow and focused use of EBS data, which will ultimately result in a significant reduction in the volume of *ad hoc* EBS requests submitted to broker-dealers from regulators. Primary surveillance through the Consolidated Audit Trail should allow for a significant reduction in the human and technical resources firms currently allocate specifically for firms to comply with EBS-based reporting obligations.

FIF Assessment of the Current Utility of EBS to Perform Market Surveillance

EBS data is intended to provide the regulators with a view of trading activity from the clearing firm's perspective. As such, EBS is limited in how much insight regulators can effectively glean regarding order origination, timing and any other associated activity that *may not have resulted in a trade*. Therefore, EBS data is useful to serve as a post-trade surveillance tool to identify, for example, insider trading scenarios, but does not adequately allow regulators to identify the genesis and/or cause of certain market events such as a "flash crash." Further, data provided to the regulators through EBS-based inquiries does not provide regulators with sufficient detail/data to gain a complete picture of typical market manipulation scenarios (*i.e.* spoofing, layering, churning, wash sales) as market manipulation scenarios are routinely rooted in momentum ignition strategies that involve publicly displayed orders/quotes that rapidly retreat from the marketplace before they can be executed.

Furthermore, in the event that a trading event did occur, EBS provides the regulators with a mechanism to determine the ultimate beneficiary for the trade. However, the current EBS system does not allow for a means to link the activity at one firm to the exact allocations into another firm's allocation account(s). This challenge is especially prevalent if there is a prime-broker relationship involved. It should be noted that, because of this challenge, the Commission has postponed the implementation of the Large Trader Rule (SEA Rule 13h-1) in October of 2015 and October of 2017.²¹ Most recently, FIF submitted a request to extend the implementation date for Phase 3 to November 15, 2020, to "allow the industry a reasonable opportunity to meet CAT reporting requirements and for the Commission to more fully determine whether the CAT will subsume Large Trade Rule Phase 3 requirements."²²

As will be discussed, *infra*, FIF believes that following the implementation of the CAT, the enriched dataset and associated analytic tools contained within the CAT database(s) will allow the regulators a more modern, efficient and closer to real-time²³ means to perform most of the market surveillance currently achieved through EBS. Market surveillance through the CAT will provide the opportunity for regulators to significantly reduce the frequency of EBS requests once the regulators have access to CAT data following go-live while gaining a more complete view of potentially manipulative activity through the surveillance of CAT transaction and customer data.

²¹ October 2017 order: <https://www.sec.gov/rules/exorders/2017/34-81993.pdf>

²² Letter from Mr. Christopher Bok, Director, FIF to Mr. Brett Redfeam, Director of the Division of Trading and Markets, SEC *RE: Large Trader Rule (Rule 13h-1) Exemptive Relief Request*, September 7, 2018.

²³ See e.g. [CAT NMS Plan](#) at Appendix C-29 "Pursuant to the CAT NMS Plan, "Participants and other regulators will have access to raw unprocessed data that has been ingested by the [CAT] Central Repository prior to Noon Eastern Time on T+1. Between Noon Eastern Time on T+1 and T+5, the Participants and other regulators should have access to all iterations of processed data. At T+5, the Participants and other regulators should have access to processed data."

The Current EBS format poses an ongoing Information Security/Cybersecurity concern

Rule 17a-25 requires a broker-dealer and/or clearing firms to provide sensitive PII data of retail customers as part of an EBS request, including a customer's 1) account number; 2) name; 3) address; 4) tax ID; and 5) employer name²⁴. Retail-based EBS requests require this PII information to be repeated *on every trade/allocation record* that is reported in the EBS format for that customer's activity that was requested as a part of, in most cases, a broader inquiry.

While information security has been and continues to be a source of significant commentary during the development of the Consolidated Audit Trail,²⁵ EBS presents a similar concern. Currently, the PII data contained in broker-dealers' responses to EBS inquiries are transmitted to the regulators in plain text. Should sensitive PII data submitted by broker-dealers pursuant to EBS requests be accessed by a malicious 3rd party, unmasked PII data may be easily used for nefarious purposes, including identify theft. Unlike CAT, however, EBS data is not stored in the same shared and highly secured repository. Today, EBS data is stored without public knowledge of any robust data governance structure and access control regime that will apply to CAT transactional and customer data.²⁶ Because FIF views the data collected pursuant to EBS as equally, if not more sensitive than the masked customer information that will be collected by the CAT, the Commission should continue to take measures to ensure that all submitted EBS data is protected and should consider additional data masking methodologies as will be prescribed for CAT data.

Consolidated Audit Trail as a Solution

FIF believes that *ad hoc* EBS-based inquiries have and will continue to provide the regulators with valuable detail on the behavior of institutions and individual traders, as well as the ability to reconstruct the market to better determine if a particular person or institution violated applicable securities laws. However, FIF also believes that following the successful implementation of the Consolidated Audit Trail and the associated surveillance through the analysis of CAT data, CAT will provide a far better tool for the Commission and the SROs to meet their objective of maintaining standards for fair, orderly and efficient markets.²⁷

FIF acknowledges that several gaps²⁸ exist between EBS and the anticipated data elements and financial products in-scope following the completion of the implementation phase of CAT Phase 2a-2e (anticipated July 2022²⁹), reducing the likelihood that EBS retirement can be achieved in the short term. However, as the Commission continues to assess the means by which the aggregate time and resource burden required by industry members to adequately comply with EBS inquiries can be reduced, the Commission should assess the efficacy and utility of the current data elements currently in-scope pursuant to Rule 17a-25 in conjunction with the expected data that will be available within the CAT repository, including the elimination of possible duplicative data elements that will be derived from CAT data (*i.e.* PII, allocation information, etc...).³⁰ FIF believes that given the broad scope of transactional and customer data that will become available to the

²⁴ See [https://www.nasdaqtrader.com/Content/NewsAlerts/ISERics/RIC-2012-03\\$Bluesheet_Updated_Record_Layouts\\$20120130.pdf](https://www.nasdaqtrader.com/Content/NewsAlerts/ISERics/RIC-2012-03$Bluesheet_Updated_Record_Layouts$20120130.pdf) - Attachment A – Record Layout for Submission of Trading Data.

²⁵ See <https://www.sec.gov/news/public-statement/statement-status-consolidated-audit-trail-chairman-jay-clayton>

²⁶ Pursuant to the CAT NMS Plan, the CAT Vendor will be required to maintain strict cybersecurity protocols prescribed under NIST and Reg SCI.

²⁷ See *e.g.* <https://www.sec.gov/page/tmsectionlanding>.

²⁸ See Appendix A for the complete FIF EBS/CAT Gap analysis submitted to the CAT NMS Plan Operating Committee on May 15, 2018.

²⁹ *Supra* note, 8.

³⁰ See *supra* note, 27.

regulators following the implementation of CAT, the Commission should assess whether some data elements in-scope pursuant to EBS that are unable to be integrated into the CAT may be candidates for elimination.³¹

Even if the Commission determines that the data elements in-scope pursuant to Rule 17a-25 would create regulatory gaps following the implementation of the CAT, FIF continues to believe that the vast majority of the activity the regulators glean from current EBS-based inquiries can be achieved through CAT, as most EBS inquiries relate to NMS Equities and Options.³² FIF emphasizes that following the successful implementation (and the associated ability of the regulators to utilize CAT Equities, Options, and OTC Equities order lifecycle data/account information to surveil the markets) of the CAT, the regulators should take measures to ensure that EBS requests based upon NMS Securities and OTC Equities are reduced in favor of surveillance through enriched CAT data.

Specifically, once deployed, CAT will offer the regulators with a cohesive view of all relevant market events that are already linked between various participants within the order lifecycle of a particular security. Instead of sweeping broker-dealers with EBS requests, FIF believes that the regulators will be able to focus on suspicious activity through leveraging the advanced data analytic tools within the CAT repository, without having to initiate superfluous *ad hoc* EBS inquiries. Once implemented, the CAT Processor will provide a “sandbox” environment for the regulators to analyze market events; regulators will be afforded the option of surveilling CAT data without transactional data/customer information being required to “leave” the “four walls” of the CAT data repository.

FIF emphasizes that the regulators should focus on market surveillance of Equities, Options, and OTC Equities products through the CAT, with an eye towards the reversal of the recent trend of increasing frequency of EBS inquiries from the regulators.³³ CAT data should enable the regulators to significantly narrow the scope of the potentially nefarious trading activity that requires further examination. Once the target activity is narrowed through the analysis of CAT data, only then should the regulators request EBS-based inquiries of NMS Securities/OTC Equities to targeted broker-dealers/clearing firms.

The significant reduction of EBS-based inquiries to surveil NMS Securities/OTC Equities should drastically reduce the human and technical resources required by broker-dealers to adequately respond to EBS inquiries today. While FIF anticipates the ongoing need to maintain the systems required to meet EBS-based requests, a significant reduction of EBS inquiries in favor of surveillance through the CAT should allow firms to shift some of their human resources/Subject-Matter Experts to the efforts needed to support the deployment, maintenance, and testing of novel reporting systems required to report transactional and customer information required to be compliant with the Consolidated Audit Trail. Additionally, reduction in EBS request should allow firms to reallocate the human resources required to perform the manual steps of typical EBS response to other necessary regulatory reporting functions, including CAT/OATS error correction/reconciliation.

Finally, CAT will put a limit on the duplication of the same PII data, thus reducing the potential cyberattack surface. Customer account-identifying information only needs to be stored once, instead of being replicated on every trade, like it is done in EBS. In addition, CAT customer account information is designed to be separate and apart from the trading data; therefore, CAT account information can be very detailed.

³¹ *Id.*

³² Responses to FIF’s EBS survey indicate that approximately 96.69% of EBS requests in 2018 relate to NMS Equities and Options.

³³ Five survey respondents provided FIF with additional data demonstrating year-by-year increases in the volume of EBS requests received from 2015-2018. The 5 respondents cited an *increase* of 26,958 EBS requests received from 2015 (31,347 requests) to 2018 (58,331), representing a net increase of approximately 86% in the volume of EBS requests received by the 5 responding firms over the four-year period.

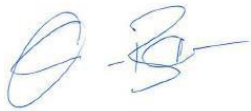
Specifically customer information stored within the CAT repository will include the data on every account holder, beneficiary, person(s) with Power of Attorney or Trading Authority, RIA, or, in case of an account held for the benefit of a corporation, account information could theoretically contain the LEI, data on the key officers, general partners, and other responsible parties if available. FIF believes, given today's level of technology, the regulators should take measures to utilize the data housed in the CAT customer information database without compromising the security of PII data that belongs to an individual investor.

Conclusion

FIF wishes to thank the Commission for providing the industry with the opportunity to present our feedback and recommendations concerning the current EBS request/response process. Without a doubt, EBS will remain an important tool for the regulators for some time, since it supports more asset classes than is currently in-scope pursuant to SEC Rule 613. However, because Equities and Options inquiries represent the vast majority (approximately 96.69%)³⁴ of EBS requests that FIF member firms receive today and because FIF believes that the majority of the data elements the regulators currently glean from EBS data will be supplied through CAT reporting. FIF emphasizes that once the CAT becomes fully operational, the regulators should avail themselves of CAT data to perform their initial sweep of Equities and Options transactional and customer-specific data. This will result in the reduction of the need for the regulators to initiate EBS inquiries, resulting in a significant reduction in the time and resource burden required to comply with *ad hoc* EBS requests.

FIF welcomes the opportunity to provide the Commission with any additional detail pertaining to our feedback and recommendations herein. Please feel free to contact me directly at 212-652-4485 or at chris.bok@fif.com with any questions.

Regards,



Christopher Bok, Esq.
Director, Financial Information Forum

CC: Ms. Manisha Kimmel, Senior Policy Advisor, Regulatory Reporting, SEC

³⁴ *Id.*

Appendix A

FIF EBS-CAT Gap Analysis

Findings and Recommendations of FIF EBS Subgroup

May 15, 2018

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1. Background

During a January 9, 2018 review with Thesys CAT (former CAT Plan Processor) on the FIF major concerns with the September 2017 Initial Industry Member Reporting Specification, FIF identified a major concern that the Initial Specification did not capture sufficient information in its reporting information to allow elimination of duplicative reporting between Consolidated Audit Trail (“CAT”) and Electronic Blue Sheet (“EBS”) for the CAT covered asset classes and events. Thesys CAT said that they did not have a lot of background on the EBS system and could use assistance in understanding what data was currently captured by EBS. FIF offered to provide assistance and chartered an EBS subgroup to investigate what gaps exist and how those gaps could be reasonably filled in the first Phase of Industry Member Reporting. The EBS subgroup was formed on January 25 and met weekly through March 8. It regularly had approximately 20 firms represented with about 50 individuals in attendance. The subgroup was chaired by Ted Nadler of Morgan Stanley. The final report was reviewed with full working group on May 9, 2018.

2. Objective

The goal of the sub-group is that the data collected by CAT should be complete enough that regulator access to CAT data can minimize duplicative EBS inquiries for data that is captured in CAT. The objective of this study was to identify, where practical, information for NMS securities and OTC equities that could be included in the first phase of Industry Member Reporting, so that that duplicative reporting to both EBS and CAT could be eliminated to the extent possible. It was recognized that all data currently captured by EBS (*i.e.*, for asset classes not covered by CAT today) could not be contained in CAT in any reasonable time period, so that EBS, as a reporting system, could not be retired in the near future. The September 2017 Industry Member Reporting Specification was used as the source of information. This specification does not contain any information on the customer or CAT Reporter identification process, which is due in another specification by May, 2018. The CAT NMS Plan was used as a substitute source of information. If a missing event and/or data element was identified, the group provided a recommendation on how that gap could be closed.

3. Findings

This subgroup started its analysis using the SROs’ EBS – CAT gap analysis³⁵ Table 1 summarizing the differences between EBS vs. CAT event requirements is shown below. A more complete description of these gaps follows.

3.1 EBS vs CAT events

Table 1. EBS events mapped against CAT events

<u>Events</u>			
<u>EBS</u>		<u>CAT</u>	
<u>Event</u>	<u>Comment</u>	<u>Event</u>	<u>Comment</u>
Customer (PII) information		PII solution approved by OC; under review by SEC	FDID, LTID, LEI (if applicable) captured on order; PII Phase 2 for request/response to retrieve customer identifying information

³⁵ SEC Rule 613 Consolidated Audit Trail (CAT) Revised EBS-CAT GAP Analysis June 2015.

Events			
EBS		CAT	
Event	Comment	Event	Comment
Last Allocation for the firm	Includes DVP/RVP accts; Depository ID	Final Allocation	Info captured isn't clear - may include DVP account, not sure on Depository ID
Exercise/Assignment of options	Reporting not required by EBS ³⁶	N/A	N/A
Creation/Redemption ETFs	All firms do not report these events, so unclear if this is a required reporting event for EBS	?	Is ETF creation/redemption within the scope of CAT reporting? ³⁷
Intermediate Internal Trade	Many firms do not report all intermediate trades	Intermediate internal trades	Reporting requirements for intermediate internal trades not clear
ADRs (American Depository Receipt) to ordinary conversion	All firms do not report these events, so it is unclear if this is a required reporting event for EBS	?	Is ADR to ordinary conversion within the scope of CAT reporting?
Post Settlement Amendment		Allocation Amendment	Modifications can be reported at any time so should be covered
Post Settlement Cancellation		Allocation Cancellation	Cancellations can be reported at any time so should be covered

Customer Information

EBS captures the customer’s personal identifying information (PII) including customer name and address, Taxpayer identification including Social Security Number or Tax ID, employer (when known), and Large Trader ID, if applicable. Pursuant to Rule 613 and the CAT NMS Plan, this represented a subset of information that needed to be captured. The CAT NMS Plan specified that customer information included, “... but not limited to, (a) with respect to individuals: name, address, date of birth, individual taxpayer identification number (“ITIN”)/social security number (“SSN”), individual’s role in the account (e.g., primary holder, joint holder, guardian, trustee, person with the power of attorney); and (b) with respect to legal entities: name, address, Employer Identification Number (“EIN”)/Legal Entity Identifier (“LEI”) or other comparable common entity identifier, if applicable; provided, however, that an Industry Member that has an LEI for a Customer must submit the Customer’s LEI in addition to other information of sufficient detail to identify a Customer.”³⁸

One difference in customer identifying information between EBS and CAT is with account opening date. EBS captures the date that the account is opened. An exemptive relief request³⁹ was granted for CAT to use “effective date” of account opening due to a few circumstances, cited in the exemptive relief, in which account open date could not be provided (e.g., use of top accounts, and system mergers/acquisitions where historical account open date might not be retained). This should not represent a significant difference between EBS and CAT and should not represent a gap between the two systems.

³⁶ FIF verified with FINRA, April 13, 2018.

³⁷ Yellow highlighting, contained herein, references exposed gaps or questions between EBS reporting requirements and CAT functionality.

³⁸ CAT NMS Plan, § 1.1 – Definitions (November 16, 2016).

³⁹ SEC Release No. 34-77265, , *Order Granting Exemptions from Certain Provisions of Rule 613 Pursuant to Section 36(a)(1) of the Securities Act of 1934* (March 1, 2016)

However, due to security concerns identified in the fall of 2016, the SEC and the SROs are considering a more limited approach to the collection of PII in the CAT. Two options were considered.⁴⁰

On April 3, the SRO PII Subgroup recommended to the Operating Committee the following solution: “...the PII Working Group recommends that the CAT Operating Committee seek exemptive relief from the provisions of the CAT Plan requiring the Participants to build and maintain a separate customer and account information system. In lieu of such a system, the PII Working Group recommends a two-phased approach whereby in addition to unique Firm Designated Identifiers (FDIDs),⁴¹ Industry Members are required to provide Large Trader IDs (LTIDs), and Legal Entity Identifiers (LEIs) on CAT new order and allocation reports. Further, the Participants would direct the CAT Processor to develop and operate a new FDID Request/Response system by the CAT Processor through which CAT Regulatory Users can obtain specified customer and account information from firms in a consistent format.”⁴²

The Operating Committee accepted the PII subgroup’s recommendation and it has proceeded to the SEC for discussion and decision.

The scope of PII data to be available for the Phase 2 PII request/response system has not yet been defined.

Last Allocation

EBS requires reporting of the last allocation performed by a firm. A question has been raised regarding the allocation reporting requirements for CAT. In a meeting with the SROs and Thesys on January 9, 2018, Thesys said that only the final allocation is required to be reported to CAT. This raised some concerns for firms who do not know if their allocation is the “final” allocation in the processing chain. FIF has requested clarification from the SROs to verify that each firm need only report the last allocation for that firm, which might not be the “final” allocation (*i.e.*, the Plan Processor can receive and correctly process multiple allocation reports, from different firms, for a single trade).

Allocations is expected to be the next topic to be initiated by the Industry Member Tech Spec Working Group. A framing document, outlining the allocation reporting requirements will be proved to the industry for review and comment. FIF will request clarification through this process.

Exercise/Assignment of Options

The EBS requirements for reporting of exercise/assignments of options is not required, as verified with FINRA. CAT reporting requirements of options exercise/assignment will not be a determining factor in the elimination of duplicative reporting with CAT and EBS.

⁴⁰ SRO IM Tech WG, Attachment I – PII Alternatives 02212018.

⁴¹ An FDID is a customer account identifier, such as an account number, that uniquely and consistently identifies the account held at the firm.

⁴² PII alternative Approach Recommendation to the CAT LLC Operating Committee, PII Working Group, April 2, 2018.

Creation/Redemption of ETFs

The EBS requirements for reporting of creation/redemption of ETFs was not clear. There was no uniformity of reporting across the firms represented on the subgroup.

The CAT reporting requirement for creation/redemption of ETFs has not yet been addressed. Included in the Industry Member Tech Spec Working Group Issue Tracker is Issue 20.3, “Are all fields/flows required to retire EBS included in the CAT Spec?” Resolution of this question will be tracked through this issue.

Intermediate Internal Trades

The EBS requirements for reporting of intermediate internal trades was not clear. There was no uniformity of reporting across the firms represented on the subgroup.

CAT has defined that linkage must be reported between representative orders and client orders. The following requirements have been defined:

- The CAT NMS Plan (Appendix D) requires that the Plan Processor, using the daisy chain approach, be able to link all related order events from all CAT Reporters involved in the lifecycle of an order. This includes linking customer orders to “representative” orders created in firm accounts for the purpose of facilitating a customer order (*e.g.*, linking a customer order handled on a riskless principal basis to the street-side proprietary orders).
- The CAT NMS Plan (Appendix D) also requires that life cycles include linkages for an execution of a customer order via the allocation of shares from a pre-existing principal order.
- Net Trading is a similar scenario with the price to the customer being the key difference. FINRA Rule 2124 defines a Net Trade as “a principal transaction in which a market maker, after having received an order to buy (sell) an equity security, purchases (sells) the equity security at one price (from (to) another broker-dealer or another customer) and then sells to (buys from) the customer at a different price.”⁴³
- A broker-dealer works to fill two or more customer orders by aggregating them and routing one or more representative orders created in a firm owned or controlled account to the street for execution. Upon receiving the executions from the street side order, the broker-dealer then fills each of the customer orders. Specifically, the CAT NMS Plan (Appendix D-9) states that lifecycle linkages must include “orders aggregated with other orders for further routing and execution, capturing both the street side executions for the aggregated order and the fills to each customer order.” Representative orders are defined in this context as any order originated in a firm owned or controlled account for purposes of filling a customer order. Examples of firm owned or controlled accounts would include agency allocation accounts, omnibus accounts, and proprietary accounts.
- CAT NMS Plan (Appendix D-9) states that lifecycle linkages must include “orders worked through an average price account capturing both the individual street-side executions(s) and the average price fill to the customer”.

Because the CAT reporting requirements are still being defined, it is not yet clear if other intermediate internal trades will also need to be captured with CAT. Included in the Industry Member Tech Spec Working Group Issue Tracker is Issue 20.3, “Are all fields/flows required to retire EBS included in the CAT Spec?” Resolution of this question will be tracked through this issue.

⁴³ Attachment I – Riskless Principal – IM Tech Spec WG v1.

ADR (American Depository Receipt) to ordinary conversion

The EBS requirements for reporting of creation/redemption of ETFs was not clear. There was no uniformity of reporting across the firms represented on the subgroup.

It is not clear if ADR to ordinary conversion is within the scope of CAT reporting. Included in the Industry Member Tech Spec Working Group Issue Tracker is Issue 20.3, "Are all fields/flows required to retire EBS included in the CAT Spec?" Resolution of this question will be tracked through this issue.

Post Settlement Amendments

This event is within scope for EBS reporting.

Some post settlement amendments may be appropriate for reporting to CAT, but it is not clear if all post settlement amendments which are reported to EBS today would be captured in CAT. CAT does accept modifications to CAT reports at any time. Included in the Industry Member Tech Spec Working Group Issue Tracker is Issue 20.3, "Are all fields/flows required to retire EBS included in the CAT Spec?" This will be verified through the resolution of this issue.

Post Settlement Cancellations

This event is within scope for EBS reporting.

It should also be within scope for CAT reporting, because cancellation can be submitted at any time to CAT. Included in the Industry Member Tech Spec Working Group Issue Tracker is Issue 20.3, "Are all fields/flows required to retire EBS included in the CAT Spec?" This will be verified through the resolution of this issue.

3.2 EBS vs CAT Data Elements

Table 2 compares the EBS data elements to their equivalent data elements in CAT. Highlighted are EBS fields for which there is not equivalent CAT data. In some cases, there is similar but not exact matches to CAT data. In these cases, we believe the CAT data is sufficiently equivalent for regulatory purposes, but it would need to be verified by the regulators.

Table 2. EBS data elements missing from CAT (based on Regulatory Notice FINRA 18-04, January 2018)

EBS Field Name	EBS Field Description	Equivalent CAT Data	CAT Data Description	Explanation
Submitting Broker Number	Identical to Submitting Broker Number in Header Record	CAT Reporter ID	CAT Reporter ID will link to a CAT Reporter definition containing identifying info about the submitting reporter	Although not identical, it should be sufficiently equivalent to uniquely identify submitting broker

EBS Field Name	EBS Field Description	Equivalent CAT Data	CAT Data Description	Explanation
Opposing Broker Number	The NSCC clearing house number of the broker on the other side of the trade	Clearing Number	CAT will link to the other side of the trade, which includes clearing number for the trade	Equivalent
CUSIP Number	The CUSIP number assigned to the security.	Symbol	Primary listing exchange symbol or FINRA OTC symbology	Although not identical, it should be sufficiently equivalent to uniquely identify security
Ticker Symbol	The symbol assigned to the security for options. For Post OSI (pre-OSI historical records are not relevant to CAT), this field must contain OPTIONXX and a Record Sequence Number Six must be completed.	21-character OSI identifier	OSI identifier includes option symbol, expiration date, put/call code and strike	Equivalent
Trade Date	The date this trade was executed	Trade Date	Included in CAT Execution or Trade report	Equivalent
Settlement Date	The date this trade will settle		No	Gap
Quantity	The number of shares or quantity of bonds or option contracts	Quantity	Included in CAT Execution or Trade report	Equivalent
Net Amount	The proceeds of sales or cost of purchases after commissions and other charges		No	Gap
Buy/Sell Code	Codes include: Buy, Sale, Short Sale, Buy Open, Sell Open, Sell Close, Buy Close, Buy Cancel, Sell Cancel, Short Sale Cancel, Buy Open Cancel, Sell Open Cancel, Sell Close Cancel, Buy Close Cancel.	Side	Buy, Sell, Short, Exempt	Missing some codes. Need to determine if supplied in other fields (e.g., order handling or special handling instructions) ⁴⁴
Price	The transaction price			
Exchange Code	Exchange where trade was executed. Includes each exchange, Over the Counter, Other		Daisy Chain linkage will indicate market center that trade was routed to	Equivalent
Broker/Dealer Code	Indicates if trade was done for another Broker/Dealer	Order origination code	Included in order for this trade, linked by daisy chain	Equivalent

⁴⁴ See further description on Buy/Sell Open and Buy/Sell Close in Section 4.2

EBS Field Name	EBS Field Description	Equivalent CAT Data	CAT Data Description	Explanation
Solicited Code	Yes or No	Solicitation Flag	Included in order for this trade, linked by daisy chain	Equivalent
State Code	Standard Postal two-character identification	Customer Identifying Info for Beneficial Owner and Authorized Trader – includes address	Customer identifying info may only be available on request/response. Set of customer identifying info to be required has not yet been defined.	Operating Committee recommended a PII solution; awaiting review/decision with SEC. If adopted, information could be available on request in Phase II of PII
Zip Code/ Country Code		Customer Identifying Info for Beneficial Owner and Authorized Trader – includes address	Customer identifying info may only be available on request/response. Set of customer identifying info to be required has not yet been defined.	Operating Committee recommended a PII solution; awaiting review/decision with SEC. If adopted, information could be available on request in Phase II of PII
Branch Office/ Registered Representative Number		Customer Identifying Info for Beneficial Owner and Authorized Trader – includes address	Customer identifying info may only be available on request/response. Set of customer identifying info to be required has not yet been defined.	Operating Committee recommended a PII solution; awaiting review/decision with SEC. If adopted, information could be available on request in Phase II of PII
Date Account Opened		Account Effective Date	See explanation in Section 3.1	Although not identical, it should be sufficiently equivalent
Short Name Field	Contains last name followed by comma, then as much of first name as will fit	Customer Identifying Info for Beneficial Owner and Authorized Trader	Customer identifying info may only be available on request/response. Set of customer identifying info to be required has not yet been defined.	Operating Committee recommended a PII solution; awaiting review/decision with SEC. If adopted, information could be available on request in Phase II of PII
Employer Name	Employer Name of Customer ⁴⁵	Customer Identifying Info for Beneficial Owner and Authorized Trader	Customer identifying info may only be available on request/response. Set of customer identifying info to be required has not yet been defined.	Operating Committee recommended a PII solution; awaiting review/decision with SEC. If adopted, information could be available on request in Phase II of PII
TIN Indicator	Flag for SSN or TIN	Customer Identifying Info	Customer identifying info may only be	Operating Committee recommended a PII

⁴⁵ Intermarket Surveillance Group, “Is employer name a required field? If the firm has the information readily available, then it is preferable that the firm includes the information.” Question 41 (June, 2006).

EBS Field Name	EBS Field Description	Equivalent CAT Data	CAT Data Description	Explanation
		for Beneficial Owner and Authorized Trader	available on request/response. Set of customer identifying info to be required has not yet been defined.	solution; awaiting review/decision with SEC. If adopted, information could be available on request in Phase II of PII
TIN	Social Security Number or Taxpayer Identification Number	Customer Identifying Info for Beneficial Owner and Authorized Trader	Customer identifying info may only be available on request/response. Set of customer identifying info to be required has not yet been defined.	Operating Committee recommended a PII solution; awaiting review/decision with SEC. If adopted, information could be available on request in Phase II of PII
Name and Address		Customer Identifying Info for Beneficial Owner and Authorized Trader – includes address	Customer identifying info may only be available on request/response. Set of customer identifying info to be required has not yet been defined.	Operating Committee recommended a PII solution; awaiting review/decision with SEC. If adopted, information could be available on request in Phase II of PII
Transaction Type Identifiers	Non-Program Trading Agency Non-Program Trading Proprietary Market-Maker Non-Member MM/Specialist Account Customer Range Account of a Broker/Dealer Error Trade Professional Customer Joint Back Office Riskless Principal	Capacity	Values = Agency, Principal, Riskless Principal	Gap
Account Number		Firm designated id	ID assigned by the reporter to the account for the order. Order linked via daisy chain to the trade	Although not identical, FDID should be sufficiently equivalent. In addition, if the SEC adopts the recommended PII solution, account number can be obtained in Phase II via request.
Prime Broker	Clearing number of the account's prime broker			Gap
Average Price Account	Flag – recipient of average price transaction or average price account itself	AvgPriceFlag	Indicates if this execution assignment is on average price basis.	Equivalent

EBS Field Name	EBS Field Description	Equivalent CAT Data	CAT Data Description	Explanation
Depository Institution Identifier	Identifying number assigned to the account by the depository institution			Gap
Order Execution Time		Event timestamp	Timestamp on New Order event which is linked via daisy chain to Trade Event	Equivalent
Derivative Symbol			OSI symbology – includes Derivative Symbol	Equivalent
Expiration Date		OptionID	OSI symbology – includes expiration date	Equivalent
Call/Put Indicator		OptionID	OSI symbology – includes call/put indicator	Equivalent
Strike Dollar	The dollar amount of the strike price	OptionID	OSI symbology – includes strike price	Equivalent
Strike Decimal	The decimal amount of the strike price	OptionID	OSI symbology – includes strike price	Equivalent
Large Trader Identification ⁴⁶	Large Trader Identifier (LTID) – allows up to 3 LTIDs to be specified	Customer Identifying Info for Beneficial Owner and Authorized Trader	Dependent on selected PII solution, LTID may be specified on order or available in customer identifying info may via request/response	Equivalent
Large Trader Identification Qualifier	Indicates if there are more than 3 LTIDs associated with this trade	Not applicable	All applicable LTIDS should be available either on New Order Report, Allocation Report or daisy chain linkage	Equivalent
Primary Party Identifier	Identity of the party to the trade that is represented by the Submitting Broker of an EBS. Values include MPID, CRD or OCC Clearing Number	CAT Reporter ID	Definition of CAT Reporter ID includes MPID and CRD	Equivalent
Contra Party Identifier	Identity of the contra party to the trade that is represented by the Opposing Broker of an EBS. Values include MPID, CRD or OCC Clearing Number	CAT Reporter ID definition includes MPID and CRD	CAT will link to the other side of the trade, which includes CAT Reporter ID	Equivalent

⁴⁶ See discussion on Unidentified Large Trader ID in Section 4.3

3.3 Other Asset Classes included in EBS

The scope of EBS reporting is reflected in the Table 3 below⁴⁷. These other products are not covered in the first phase of the Consolidated Audit Trail. The SROs in 2017⁴⁸ recommended to the SEC that it was premature to expand CAT to include primary market transactions in securities that are not NMS Securities or OTC Equity Securities, and in debt securities at this time.

Table 3. Comparison of products required to be reported by EBS and CAT

Product Type	EBS	CAT
NMS Securities	In scope	In scope
OTC Equities	In scope	In scope
OTC Options	In scope	Out of scope
Fixed Income	In scope	Out of scope
Foreign Equities	In scope	Out of scope
Financial Derivatives	In scope	Out of scope

3.4 EBS Historical Data Production Requirement

For any of the asset classes and data elements included in the EBS requirements, EBS inquiries can require that firms provide historical transaction data from up to seven years prior to the inquiry date. Due to the complexities and costs of capturing and converting historical data for storage into the Consolidated Audit Trail, this historical aspect of EBS requirements is not considered practical for inclusion in CAT. Therefore, CAT will not be the source for any data requests earlier than the date when the regulators have determined that the quality of CAT reporting is sufficient to allow CAT to be used for the source of EBS data. Although the regulators have withdrawn their retirement filings, it is expected that similar filings will be submitted which outline their plans for when and how they will start using CAT for the source of their regulatory reviews. The withdrawn filings included a quality metric that the error rate of the CAT data had to be less than 5% before CAT could be used as a source for regulatory reviews. Overtime, the historical data available in CAT will increase and the need for sourcing this data outside of CAT (e.g. through EBS inquiries) will diminish.

4. Recommendations

4.1 Gaps that could be added to CAT

Some gaps were identified which we recommend be added to CAT:

- Depository Institution ID on Route Report or in Firm Designated Id definition
- Prime Broker, on Route Report and Allocation Report or in Firm Designated Id definition
- Additional Buy/Sell Codes on Trade Report
 - Buy/Sell Cancel
 - Short Sale Cancel
- Additional Transaction Types
 - Non-Program Trading, Proprietary
 - Non-Member MM/Specialist Account
 - Customer Range Account of a Broker/Dealer
 - Error Trade

⁴⁷ SEC Rule 613 Consolidated Audit Trail (CAT) Revised EBS – CAT GAP Analysis June 2015

⁴⁸ Michael Simon's letter to Brent Fields, May 15, 2017, File No. 4-698, National Market System Plan Governing CAT

- Professional Customer
- Joint Back Office

The CAT Reporter ID definition process and the customer identifying information process has not yet been defined. It is expected that the customer identifying fields identified in the Table 2 will be included in the CAT customer definition process (e.g., name, address, TIN, state, zip code). There is one field that is included in EBS that should be included in those definitions:

- Branch Office/Registered Representative ID in CAT Reporter definition

4.2 Gaps that are outside scope of CAT

Buy/Sell Open, Buy/Sell Close, Buy/Sell Open Cancel and Buy/Sell Close Cancel are typically data elements known during clearing. Information during the clearing process has been outside the scope for CAT reporting. Unless the regulators expand CAT reporting to include these data elements, if this data is still required by the regulators, it needs to continue to be reported via the EBS process.

4.3 Gaps that should be assessed by regulators as still needed with CAT

A few fields may not be needed, depending on regulator assessment, for purposes of eliminating duplicative reporting to both CAT and EBS. That is, there may be sufficient information in the Consolidated Audit Trail that these data elements are no longer needed:

- Settlement Date
- Net Amount
- Employer (which is optional in EBS)
- Unidentified Large Trader IDs (ULTIDs)
 - Should a firm report a ULTID (Unidentified Large Trader ID) when an Industry Member has identified a client as a potential Large Trader (under SEC Rule 13H -1)?
 - Depending on whether the Alternative PII Approach is approved by the SEC, would the ULTID be included on orders, or only as part of customer data reporting? Industry Members believe including ULTID on order reports would not facilitate cross market surveillance as it would be inconsistent across member firms.
 - Variations on workflows for managing and reporting ULTIDs at different firms could make it very challenging and costly for Industry Members to provide ULTIDs on order events. ULTID management for Large Trader reporting is commonly performed as a post-trade/back-office function or in the EBS/LT reporting infrastructure.

4.4 Similar Fields between CAT and EBS

There are a few fields which similar data is provided in CAT, but it needs to be verified if this similar data is sufficient from the regulator perspective, i.e., it would not block elimination of duplicative reporting to both CAT and EBS.

- Primary listing exchange symbol instead of CUSIP
- Firm Designated ID, instead of Account Number (although account number should be retrievable via request/response mechanism)
- CAT Reporter ID instead of Submitting Broker Number and Opposing Broker Number

4.5 Customer Information in CAT and EBS

The capture of customer identifying information is being reviewed by the SROs and the SEC and will likely be limited, at least in the first deliverable of CAT. It may be limited to only institutional clients and may be limited to large traders, eliminating the capture of any customer identifying information on retail customers.

This area should be re-assessed once a decision is made regarding PII in CAT.

4.6 Gaps in asset classes

Based on 2017 SRO assessment that it is premature to expand CAT to asset classes other than NMS Securities and OTC equities, EBS will remain to be required for regulatory reporting of OTC options, fixed income, foreign securities and financial derivatives, until the SROs reassess the readiness of CAT to expand to handling these other asset classes.

This working group is not recommending any expansion of CAT to handle other asset classes. It recognizes that EBS will be required for the regulatory reporting of these other products and cannot be retired due to these reporting obligations.

4.7 EBS Historical Data Production Requirement

It is not recommended that the EBS requirement of providing up to 7 years of historical production data be incorporated into CAT. Rather, it is expected that the EBS historical production data requirement will only gradually be satisfied through CAT as firms start reporting to CAT and the historical record will be built up in CAT over the 7 years from the start of CAT reporting (and the validation of the data quality in CAT).