

FINANCIAL INFORMATION FORUM

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February 4, 2019

CAT Leadership Committee

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

Re: CAT Transitional Period

Dear CAT Leadership Committee,

The Financial Information Forum (“FIF”),¹ on behalf of our Industry Member Firms (“FIF Members”), respectfully submits this letter to express our continued support of the Consolidated Audit Trail (“CAT”) as the Participants (“SROs”) transition to a new Plan Processor.

Introduction

On February 1, 2019, the CAT NMS Plan, LLC confirmed in a notice² distributed to industry members that it is transitioning the CAT project to a new Plan Processor. FIF understands that the next few months will represent a challenging and critical transitional period that will likely have a direct impact on the ultimate CAT deliverable. In FIF’s view, the productive dialogue between the SROs and the industry that has resulted in a significantly improved CAT implementation plan will be even more critical during the transition period. Now more than ever, FIF views CAT as a combined project between the SROs and the industry. In that spirit, FIF and our Members stand ready to continue our significant effort and support to help move CAT towards successful completion.

Transition to a new Plan Processor

In 2018, the structure of the CAT project evolved significantly. With the formation of the Industry Member Tech Spec Working Group (“IMTS Working Group”), the SROs and the industry worked collaboratively to address and solve several fundamental challenges with respect to the original CAT implementation plan (*i.e.* phased-in implementation approach). FIF believes that the selection of a new Plan Processor will allow the SROs and the industry to build

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 https://www.nyse.com/publicdocs/nyse/markets/nyse/CAT_Update.pdf

upon the collaborative spirit fostered through countless industry discussions that continue to manifest itself in positive changes to CAT. The transition to a new Plan Processor provides a unique opportunity to incorporate certain missing elements (*i.e.* feedback/error repair process) that will help facilitate the completeness of a final CAT deliverable.

The notice distributed to industry members specified that while the Participants are in the process of evaluating the impact of the transition, no material changes to the Technical Specification are planned. FIF supports the notion that given the resources industry members have devoted to the analysis and coding to the current specification, no “material” changes should be made. However, we would like to express our view that the transition to a new Plan Processor represents a fresh opportunity to make several “logistical”³ changes (*i.e.* clarifications and/or improvements) to the specification and integrate several critical features into the final CAT deliverable. Specifically, FIF urges the SROs should to focus on the following:

- The integration of an Error Correction Tool that will help facilitate the CAT error repair process in an efficient and timely manner⁴;
- The continued review and resolution of specification-related issues identified by industry members through the IMTS Working Group, including but not limited to: 1) finalizing FDID guidance; 2) clarification of the CAT registration and connectivity (transmission of CAT Data) process; 3) Negotiated Trade/Trade as a Result a Quote challenges; 4) Metadata file layout; 5) defined scope and logistics of the industry testing period; 6) guidance around cybersecurity protocols; and 7) final resolution of all logistical specification-related issues raised by the industry;
- Facilitate a process that will allow CAT Reporters to obtain guidance pertaining to interpretative and technical questions with respect to CAT implementation questions in a clear and timely manner;
- Develop a fully functioning, production-quality test environment during the initial roll-out of the CAT testing phase.

Additionally, FIF emphasizes that industry members will need to rely upon clear guidance from the SROs during the transitional period. Should any fundamental CAT Reporting expectations change over the coming months (*i.e.* any logistical changes to the spec, amended implementation dates, etc...), firms will require expeditious notice of those changes in order sufficiently plan for and allocate required resources to meet all CAT Reporting requirements.

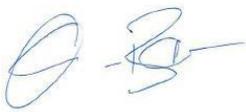
³ For the purpose of this letter, “logistical” is defined as: “non-material changes to the specification that do not impact the basic architecture of the CAT Repository.” Examples include details of file submission, details of the error correction process, and details of connectivity.

⁴ If the availability of an error correction tool is contingent upon stipulations included in a contract between the Participants and the new Plan Processor, FIF strongly suggests funding for that tool be a material aspect of that contract.

Conclusion

FIF appreciates the opportunity to express our continued support and commitment to the success of CAT implementation. We understand the transitional period may have challenges; however, we view this period as an opportunity to resolve the remaining critical issues identified by industry members. FIF believes that maintaining the productive dialogue between the industry and the SROs will be even more important as the SROs transition to a new Plan Processor. In that spirit, we offer our time, resources, and knowledge to help move the CAT project toward full implementation.

Respectfully,



Christopher Bok, Esq.
Director, Financial Information Forum

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Mr. David Hsu, Associate Director, Division of Trading and Markets, SEC
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