

FINANCIAL INFORMATION FORUM

December 2, 2024

By electronic mail to rule-comments@sec.gov

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
Attn: Secretary

Re: File Number 4-698: Joint Industry Plan; Notice of Filing of Amendment to the National Market System Plan Governing the Consolidated Audit Trail Regarding Cost Savings Measures

Dear Secretary,

The Financial Information Forum (“FIF”)¹ appreciates the opportunity to comment on the above-referenced Notice of Filing published by the Securities and Exchange Commission (the “Commission”) on April 10, 2024 (the “Notice of Filing”).² The Notice of Filing relates to a filing (the “initial rule filing”) by the Participants (the “CAT Plan Participants”) in the National Market System Plan Governing the Consolidated Audit Trail (the “CAT NMS Plan”) on March 27, 2024 proposing amendments to the CAT NMS Plan that are intended to reduce the costs of operating the consolidated audit trail system (“CAT”).³ On May 7, 2024, FIF submitted a comment letter on the Notice of Filing in support of the initial rule filing.⁴ On July 15, 2024, the Commission published an Order Instituting Proceedings to determine whether to approve or disapprove the initial rule filing.⁵

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 broker-dealers, exchanges, back office service bureaus, and market data, regulatory reporting and other technology vendors in the securities industry. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes.

² Securities Exchange Act Release No. 99938 (Apr. 10, 2024), 89 FR 26983 (Apr. 16, 2024) (Joint Industry Plan; Notice of Filing of Amendment to the National Market System Plan Governing the Consolidated Audit Trail Regarding Cost Savings Measures).

³ Letter from Brandon Becker, CAT NMS Plan Operating Committee Chair, to Vanessa Countryman, Secretary, Securities and Exchange Commission (Mar. 27, 2024), available at [03.27.24-Proposed-CAT-NMS-Plan-Amendment-Cost-Savings-Amendment.pdf](https://www.sec.gov/comments/4-698/4698-467591-1256394.pdf) (catnmsplan.com).

⁴ Available at <https://www.sec.gov/comments/4-698/4698-467591-1256394.pdf>.

⁵ Securities Exchange Act Release No. 100530 (July 15, 2024), 89 FR 58838 (July 19, 2024) (Joint Industry Plan; Order Instituting Proceedings To Determine Whether To Approve or Disapprove an Amendment to the National Market System Plan Governing the Consolidated Audit Trail Regarding Cost Savings Measures).

On October 1, 2024, the Commission published Notice of Filing of Partial Amendment No. 1 to the initial rule filing (the “Notice of Amendment”).⁶ The Commission published the Notice of Amendment in response to an amendment to the initial rule filing submitted by the CAT Plan Participants on September 20, 2024 (the “partial amendment”).⁷ On October 25, 2024, FIF submitted a comment letter on the Notice of Amendment in support of the initial rule filing, as amended by the partial amendment.

On October 8, 2024, the Commission published Notice of Designation of a Longer Period for Commission Action on the initial rule filing, as amended by the partial amendment.⁸

FIF members continue to support the initial rule filing as amended by the partial amendment and reaffirm the comments set forth in the prior FIF comment letters referenced above. FIF is submitting this additional comment letter on behalf of FIF members to highlight the fact that, on November 20, 2024, the CAT Plan Participants published CAT operating cost estimates for 2025. The CAT Plan Participants have estimated total CAT operating expenses of \$248,846,076 for 2025.⁹ This represents a 14.8% increase over the estimated CAT operating expenses for 2024.¹⁰ This type of annual cost increase is not sustainable over the long-term. For the long-term viability of CAT, it is imperative that the Commission take steps to manage CAT operating costs. These steps include approving the initial rule filing, as amended by the partial amendment, along with the other recommendations set forth in the prior FIF comment letters referenced above. It is also important for the Commission to reevaluate the currently-mandated CAT processing timeframes, which FIF members consider to be a major contributor to the high CAT operating costs.

FIF members also request that the Commission publish a report setting forth the factors giving rise to the significant estimated cost increase for 2025 and whether these factors will continue to apply year-over-year for the foreseeable future. As noted above, this type of annual cost increase is not sustainable over the long-term. Accordingly, any factors giving rise to such a cost increase should be identified and addressed.

* * * * *

⁶ Securities Exchange Act Release No. 101225 (Oct. 1, 2024), 89 FR 81120 (Oct. 7, 2024) (Joint Industry Plan; Notice of Filing of Partial Amendment No. 1 to an Amendment to the National Market System Plan Governing the Consolidated Audit Trail Regarding Cost Savings Measures).

⁷ Letter from Brandon Becker, CAT NMS Plan Operating Committee Chair, to Vanessa Countryman, Secretary, Securities and Exchange Commission (Sept. 20, 2024), available at

<https://catnmsplan.com/sites/default/files/2024-09/09.20.2024-Cost-Savings-Amendment-OIP-Response.pdf>.

⁸ Securities and Exchange Act Release No. 101277 (Oct. 8, 2024), 89 FR 83068 (Oct. 8, 2024) (Joint Industry Plan; Notice of Designation of a Longer Period for Commission Action on Proposed Amendments to the National Market System Plan Governing the Consolidated Audit Trail Regarding Cost Savings Measures).

⁹ Consolidated Audit Trail, LLC, 2025 Financial and Operating Budget, available at

https://catnmsplan.com/sites/default/files/2024-11/11.20.24-CAT-LLC-2025-Financial_and_Operating-Budget.pdf.

¹⁰ Consolidated Audit Trail, LLC, 2024 Financial and Operating Budget - Mid-Year Update - July 2024, available at

https://catnmsplan.com/sites/default/files/2024-08/07.31.24-CAT-LLC-2024-Financial_and_Operating-Budget.pdf.

FIF appreciates the opportunity to comment on the Notice of Filing and the Notice of Amendment. If you would like clarification on any of the items discussed in this letter or would like to discuss further, please contact me at howard.meyerson@fif.com.

Very truly yours,

/s/ Howard Meyerson

Howard Meyerson
Managing Director, Financial Information Forum