

FINANCIAL INFORMATION FORUM

December 20, 2024

By electronic mail

Financial Industry Regulatory Authority, Inc.
9509 Key West Avenue
Rockville, MD 20850
Attn: David Chapman, Vice President

Re: CAT Transaction Reporting: early-close scenario; representative order linkage for options

Dear Mr. Chapman,

I am writing on behalf of the members of the Financial Information Forum (“FIF”) to highlight two CAT - reporting scenarios. FIF members request that FINRA not generate inquiries for these two scenarios.

1. Early-close scenario

There are certain trading days during a calendar year when the regular trading session ends at 1 pm ET instead of 4 pm ET. For example, during 2024, this occurred on July 3 and November 29 and will also occur on December 24. Many industry members that execute trades between 1 and 4 pm ET on these days report the trades to CAT on the 2nd following business day. This is permitted based on Table 148 of the current CAT Technical Specifications document.¹

In these scenarios, the CAT system generates an error for late submission. This is a known issue for the CAT system. FINRA CAT representatives have advised FIF members that FINRA CAT currently plans to update the CAT system during Q4 2025 to address this issue.

FIF members request that FINRA not generate and send inquiries to industry members for this scenario.

¹ CAT Reporting Technical Specifications for Industry Members, Version 4.1.0 r4 (Oct. 18, 2024), available at https://catnmsplan.com/sites/default/files/2024-10/10.18.24_CAT_Reporting_Technical_Specifications_for_Industry_Members_v4.1.0r4_CLEAN.pdf, at 325.

2. Representative order linkage for options

There are scenarios where an industry member combines multiple customer option orders (simple or multi-leg) into a single order and the system that records this combined order is not linked to the system that records the customer orders. In this scenario, some industry members have not been able to report linkage between the combined order and the customer orders and also have not been able to link the order fulfillment for an associated execution to the combined order. This is because the CAT system provides the YE flag for New Order, Order Modification and Order Fulfillment events for equities but does not provide an equivalent flag for these events for options.

FIF members understand that the CAT Plan Participants did not provide an equivalent flag for options because the scenario above was not identified to them. FIF members believe that the CAT Plan Participants would have provided an equivalent flag for options had this scenario been identified. Accordingly, FIF members request that FINRA not generate and send inquiries to industry members for this options scenario.

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Please contact me at howard.meyerson@fif.com if you would like further clarification on any of the items discussed above.

Very truly yours,

/s/ Howard Meyerson

Howard Meyerson
Managing Director, Financial Information Forum