

# Consolidated Audit Trail

## Customer and Account Information System (CAIS)

### Specification for Firm Designated ID (FDID) and Large Trader ID (LTID)

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12/18/19

# Agenda

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- ▶ Overview and Key Concepts
- ▶ LTID Implementation Timeline
- ▶ CAIS FDID/LTID Guiding Principles
- ▶ Description of CAIS Specification for FDID/LTID
- ▶ Setup for CAIS Reporting
- ▶ CAIS Reporting Requirements
- ▶ Differences between Transaction and CAIS Reporting
- ▶ Rejections and Corrections
- ▶ CAIS FDID/LTID Use Cases

# Overview

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The initial Customer and Account Technical Specification published on December 13, 2019 represents the first of a two phase approach to Industry Member reporting of Customer and Account data.

- The first phase is intended to provide Industry Members with an alternative for the reporting requirements of Large Trader Phase 3. It includes only account-level information necessary to support Large Trader ID (LTID) reporting.
- The second phase in 2022 will capture the remainder of the Customer Identifying Information and Customer Account Information as defined in the Plan.

The Participants propose to seek a modification of the requirements of the CAT NMS Plan from the Commission to reflect the phased approach for Industry Member CAT reporting described in these Customer and Account Technical Specifications.

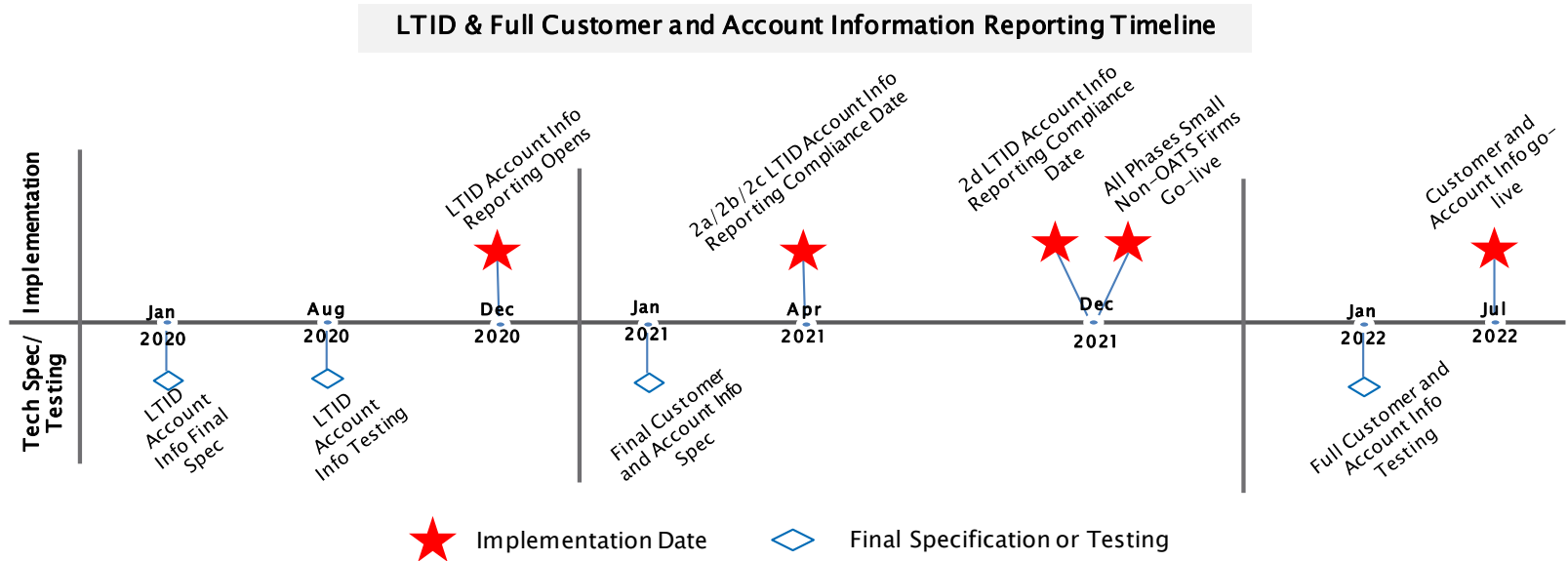
# Key Concepts

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Four key data points will be captured and used by the Plan Processor to provide regulators with the ability to identify the LTID(s) for a specific FDID.

FDID	FDID Date	LTID/ULTID	LTID Effective Date
<ul style="list-style-type: none"><li>• Represents an account number or a Relationship ID</li><li>• FDID guidance can be found in the FDID FAQs on <a href="http://catnmsplan.com">catnmsplan.com</a></li></ul>	<ul style="list-style-type: none"><li>• Represents account open date or Account Effective Date as defined in Section 1.1 of the CAT NMS Plan</li></ul>	<ul style="list-style-type: none"><li>• Included in the definition of Customer Account Information under the CAT NMS Plan</li><li>• Customer Account Information is included in the definition of PII under the CAT NMS Plan</li><li>• Only clearing firms that assign Unidentified LTIDs (ULTIDs) are required to report ULTIDs</li></ul>	<ul style="list-style-type: none"><li>• Date the LTID/ULTID became associated with the FDID</li></ul>

# LTID Implementation Overview



# LTID Phasing Overview

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- Jan 2020 – Final Tech Spec published for reporting LTID account information
- Aug 2020 – Test environment opens for reporting LTID account information
- Dec 2020 – LTID reporting is live in production from a FINRA CAT perspective, but optional for all CAT reporters. Reporting information for non-Large Trader FDIDs is optional.
- April 2021 – As part of the 2c go-live, all CAT reporters need to begin reporting LTID information (and ULTID for clearing firms) for all FDIDs reported to CAT on 2a/2b/2c transactions on a moving forward basis (no back-reporting, or back-fill required).
- Dec 2021 – As part of 2d go live, all CAT reporters need to begin reporting LTID information (and ULTID for clearing firms) for all FDIDs reported to CAT on 2d transactions on a moving forward basis (no back-reporting, or back-fill required).
- Jul 2022 – Reporting of all Customer and Account information goes-live (including any back-fill of “active accounts” as per the CAT NMS Plan, for any FDIDs that hadn’t previously been reported).

# Guiding Principles of FDID/LTID

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- ▶ FDIDs are the primary identifier – LTIDs are attributes of FDIDs
  - An FDID record without an LTID is a valid record
  - An LTID must always be associated to an FDID; an LTID record without an FDID is invalid
  - CCID, when implemented in 2022, will also have association to an FDID
  
- ▶ All FDIDs contained in a Reporter’s transaction submission will need to be created and maintained separately as part of the Customer and Account Information System
  
- ▶ One FDID can have multiple LTIDs; one LTID can be associated to multiple FDIDs
  
- ▶ FDIDs and LTID-to-FDID associations will be created and inactivated based on the opening date and end date that is submitted. Reporters have the ability to create and inactivate records and relationships for a past or future date.
  
- ▶ Once a Reporter creates an FDID and/or an LTID-to-FDID association, it will never be inactivated without explicit notification from the Reporter
  
- ▶ FDIDs and LTID-to-FDID associations that are inactivated remain in the database for reference purposes but are not considered “active”

# CAIS Specification for FDID/LTID

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- ▶ The CAIS Specification defines how Customer and Account reference data will be reported to CAT
- ▶ First version of CAIS specification will support FDID and Account Attributes such as LTID only
  - Will be extended over time to include Customer Attributes

## FDID

- Created by firm
- “Masked” account numbers and Relationship IDs

## Account Attributes

- FDID Value
  - Type (Account or Relationship)
  - Open/Effective Date
  - End Date
- LTID/ULTID Value
  - Effective Date
  - End Date
  - Etc.

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## Customer Attributes

- Transformed SSN/Tax ID
- Effective Date
- End Date
- Account Name
- Address
- Year of Birth
- Etc.



# Setup for CAIS Reporting

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- ▶ Reporter Authentication
  - No new authentication required if established for Transaction reporting
- ▶ Account Administrator
  - No new Account Administrator required if established for Transaction reporting
- ▶ Entitlements
  - Transaction Reporter Portal will be augmented to support CAIS entitlements
  - Entitlements for Transaction reporting and CAIS reporting may be different
- ▶ CAIS Reporting Options
  - Machine-to-machine – separate SFTP site from Transaction reporting
  - Manual file upload via CAIS Reporter Portal – different portal from Transaction reporting
  - Manual entry via CAIS Reporter Portal – different portal from Transaction reporting
- ▶ Information Security
  - Leverages authentication and entitlement controls of Transaction reporting
  - FDIDs mask account numbers and Relationship IDs
  - SFTP reporting utilizes only private lines and data encrypted in transit and at rest
  - Web-based reporting data encrypted in transit and at rest

# CAIS Reporting

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- ▶ CAIS Specification is separate from Transaction Specification
- ▶ Reporting Accounts
  - The CAT NMS Plan requires Industry Members to report Received Industry Member Data, which includes customer and account data, by **8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member receives such Received Industry Member Data**, which would typically be the date when an Account was opened or Relationship ID established (or changes were made)
  - FDID Date
    - Date on which the account was opened, or
    - The Account Effective Date in the following circumstances
      - The Industry Member has established a trading relationship, but not an account, with an institution or client
      - Proprietary trading accounts of the Industry Member
      - Accounts opened prior to the implementation date of the CAT NMS Plan applicable to the relevant CAT Reporter
      - The Industry Member has acquired another Industry Member and the Account Open Date was changed to a date value on or after the completion of the merger
- ▶ Unidentified LTID (ULTID) Reporting
  - If CAT Reporter is a Clearing Firm not yet provided with an LTID
    - Clearing Firm assigns ULTID until LTID is provided
    - Clearing Firm reports ULTIDs associated with FDIDs they report
  - Non-self-clearing CAT Reporters with no obligation to assign ULTIDs are not required to report ULTIDs

# CAIS Reporting

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- ▶ All submissions are asserted to be delta files, and updates will only be applied based on the data that is present in the submission file; if a record is not included in a submission, no action will be taken on it
- ▶ CAIS uses CRD to identify Reporter files, not IMID
- ▶ PII data submitted by Reporters will not be viewable by the Reporter after submission to CAIS
- ▶ Only JSON file format will be accepted
  - Use of CSV will increase risk, complexity, and error rate
    - CAIS is unstructured data with special characters – likely to cause CSV issues
    - CAIS is relationship data (one-to-one, many-to-one, one-to-many, and many-to-many)
      - JSON supports relational nature of the data using record structure. Addition of customer data will make CSV unwieldy.
      - Due to the relational nature and security requirements of the data, CSV would require reporters to assign additional unique identifiers to allow for the distinction and relationship of values. CSV will result in synchronization and data integrity challenges.
  - Use of JSON has added benefits for Reporters
    - Validation scripts are easily created to check data quality before the file is submitted
    - JSON widely adopted and guides can be developed to help Reporters use JSON

# CAIS Reporting Rejections and Corrections

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- ▶ For data submitted by 8:00 a.m., errors will be identified by CAT CAIS and provided to Industry Members by no later than 5:00PM ET on the Trading Day such information was submitted to CAT.
- ▶ Once error feedback is available, repairs can be made immediately.
- ▶ All repairs must be made by 5:00PM on the third Trading Day after the account information became available to the Industry Member. Repairs received after the repair deadline will be accepted but considered late.
  
- ▶ CAIS Reporter Portal will maintain reporting status and statistics
  - **File Status:** available via SFTP and the CAT CAIS Reporter Portal, indicates the acceptance or associated errors with a submission file.
  - **Reporting Statistics:** available via the CAT CAIS Reporter Portal, daily summary statistics representing reporting activity and errors for prior submissions. Error Rate is also included.
  - **Error Feedback:** available via SFTP and the CAT CAIS Reporter Portal, errors found during processing will be made available, including error code, rejection ID, FDID, and associated record ID(s) from the submission file.
  - **Corrections Feedback:** available via the CAT CAIS Reporter Portal, information is provided for the repair status of all corrections. When an error has been corrected, the updated status will be reflected.
  - **System Status and Announcements:** available via the CAT CAIS Reporter Portal, the status of CAT processing will be made available as will instances when a processing delay or issue is occurring. Additionally, announcements related to system maintenance and upcoming changes will be presented.

# FDID and LTID Rejections

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- File Rejection Rules
  - Authentication and Submission rules
  - FDIDRecordCount does not match count of FDIDRecords in file
  - Syntax-type errors: malformed, compression issues, etc.
- Record Rejection Rules
  - At least one required field is not completed
  - At least one required field is entered with improper syntax
  - An FDID is present in the file on more than one FDID Record
  - A Large Trader ID is sent more than once in the file for the same FDID Record
  - A record to Inactivate an FDID where the End Date is prior to the FDID Date
  - A record to Inactivate an FDID without an End Date or End Reason
  - A record to Inactivate an LTID association to an FDID where the End Date is prior to the LTID Effective Date
  - A record to Inactivate an LTID association to an FDID without an End Date or End Reason

# CAIS Reporting Corrections

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- ▶ File-based errors and record-based errors will be returned to both the Reporter and Submitter
  - File-based errors will result in no updates to records contained in the file
  - Record-based errors will reject, but all other records without errors will process
  - Appropriate information, such as error messages, rejection IDs, record IDs and FDID will be provided to Reporter to facilitate error corrections
  
- ▶ Corrections can be made through SFTP or the CAIS Reporter Portal
  - Resubmission of a CAT CAIS Submission File having a File Integrity Error
  - Correction or Deletion of an FDID record failing FDID format validation
  - Correction or Deletion of an LTID record failing LTID format validation
  - Correction or Deletion of an FDID record failing one or more Data Validation errors— other than FDID format validation
  - Correction or Clearing of an LTID record failing one or more Data Validation errors— other than LTID format validation

# FDID and LTID Use Cases

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1. Establishing an FDID record
2. Establishing an LTID associated to an FDID
3. Inactivating an FDID record
4. Inactivating an LTID associated to an FDID
5. Replacing an FDID record with another FDID referring to the same account
6. Replacing an LTID associated to an FDID

# Establishing an FDID

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- ▶ To establish multiple FDIDs, *provide an FDID Record for **each** FDID being established*

FDID	FDID Type	FDID Date	FDID End Date	FDID End Reason	Replaced by FDID	LTID	LTID Effective Date	LTID End Date	LTID End Reason
Cash123	ACCOUNT	20190903							

## JSON FDID Record

```
{"fdidRecordID": 1, "firmDesignatedID": "CASH123", "fdidType": "ACCOUNT", "fdidDate": "20190903"}
```



# Establishing an LTID-to-FDID Association

- ▶ To establish an FDID with multiple LTID associations, include a *Large Trader record for each LTID association being established on the FDIDRecord*
- ▶ To establish multiple FDIDs with the same LTID association, include an *FDIDRecord and the associated Large Trader record for each association*

FDID	FDID Type	FDID Date	FDID End Date	FDID End Reason	Replaced by FDID	LTID	LTID Effective Date	LTID End Date	LTID End Reason
Cash123	ACCOUNT	20190903				12345678-0001	20190915		

## JSON FDID & LTID Record

```
{ "fdidRecordID": 1, "firmDesignatedID": "CASH123", "fdidType": "ACCOUNT", "fdidDate": "20190903", "largeTraderList":  
  [  
    { "largeTraderRecordID": 1, "largeTraderID": "12345678-0001", "largeTraderEffectiveDate": "20190915" }  
  ]  
}
```

# Inactivating an FDID

- ▶ Requires the input of an FDID End Date and FDID End Reason; all associated LTIDs will be inactivated if the FDID is inactivated
- ▶ To inactivate multiple FDIDs, *provide an FDID Record, FDID End Date, and FDID End Reason for each FDID being inactivated*

FDID	FDID Type	FDID Date	FDID End Date	FDID End Reason	Replaced by FDID	LTID	LTID Effective Date	LTID End Date	LTID End Reason
REL987	RELATIONSHIP	20190501	20191201	ENDED					

## **JSON FDID Record**

```
{"fdidRecordID": 1, "firmDesignatedID": "REL987", "fdidType": "RELATIONSHIP", "fdidDate": "20190501", "fdidEndDate": "20191201", "fdidEndReason": "ENDED"}
```

# Inactivating an LTID-to-FDID Association

- ▶ Inactivating an LTID associated with an FDID requires the input of an LTID End Date and LTID End Reason
- ▶ To inactivate an LTID associated with multiple FDIDs, *provide an FDID Record and LTID Record with an LTID End Date and LTID End Reason for each LTID-to-FDID association being inactivated*

FDID	FDID Type	FDID Date	FDID End Date	FDID End Reason	Replaced by FDID	LTID	LTID Effective Date	LTID End Date	LTID End Reason
REL987	RELATIONSHIP	20190501				11223344-0000	20190501	20191201	REPLACED

## JSON FDID & LTID Record

```
{"fdidRecordID": 1, "firmDesignatedID": "REL987", "fdidType": "RELATIONSHIP", "fdidDate": "20190501", "largeTraderList":  
  [  
    {"largeTraderRecordID": 1, "largeTraderID": "11223344-0000", "largeTraderEffectiveDate": "20190501",  
"largeTraderEndDate": "20191201", "largeTraderEndReason": "REPLACED"}  
  ]  
}
```

# Replacing an FDID and/or an LTID-to-FDID Association

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- ▶ To replace or correct the FDID record, the old FDID record must be inactivated and the new FDID record must be established.
  - If the old FDID was associated with multiple LTIDs, the new LTID-to-FDID association must be re-established for each association that is continuing.
  - Changing any of the attributes associated with an FDID record does not require inactivating the FDID, rather simply providing the FDID and the updated attributes.
- ▶ To replace or correct the LTID record, the old LTID-to-FDID association must be inactivated and the new LTID-to-FDID association must be established.
  - If the old LTID was associated to multiple FDIDs, the new LTID-to-FDID association must be re-established for each association that is continuing.
  - Changing any of the attributes associated with an LTID record does not require inactivating the association, rather simply providing the FDID and LTID with the updated attributes.

# How to Ask a Question during Today's Call

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- **For participants using computer audio:**
  - Click the “Participants” button at the bottom of the app window, then the “Raise Hand” button at the bottom of the participants window.
  - A visual prompt will indicate that your line has been unmuted.
- **For participants using phone audio:**
  - Enter \*9 on your phone keypad.
  - An audio prompt will indicate that your line has been unmuted.