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# Monthly CAT Implementation Update

September 17, 2020

# Agenda

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- State of the CAT
- CAT NMS Plan, Exemptive Relief and Interpretive Updates
- Technical Specification Updates
- CAIS/LTID Reporting
- Compliance
- Upcoming Industry Webinars
- Q&A

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# State of the CAT

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# Validations Live In Compliance Period

Phase 2a (Equities)		Phase 2b (Options)	
Validation	Compliance Go-Live Date	Validation	Compliance Go-Live Date
Late, Data Integrity	June 22, 2020	Late, Data Integrity	July 20, 2020
Intrafirm Linkage	July 27, 2020	Intrafirm Linkage	August 24, 2020

Equities		Options	
# of Firms Submitting	1,224	# of Firms Submitting	730
Avg. Daily Volume	13.6B	Avg. Daily Volume	1.6B
Avg. Daily Late %	1.09%	Avg. Daily Late %	2.88%
Avg. Daily Rej %	0.64%	Avg. Daily Rej %	0.45%
Avg. Daily Intrafirm Unlinked %	0.55%	Avg. Daily Intrafirm Unlinked %	0.13%
Avg. Overall Daily Error Rate	1.73%	Avg. Overall Daily Error Rate	3.35%

Compliance dates are listed in the [Timeline](#)

# Upcoming Compliance Dates

## Phase 2a (Equities)

Validation	Available in Test Environment	Available in Production Environment	Compliance Go-Live Date
Interfirm Linkage	July 27, 2020	August 10, 2020	October 26, 2020
TRF and Exchange Linkage	September 9, 2020	September 28, 2020	October 26, 2020

## Phase 2b (Options)

Validation	Available in Test Environment	Available in Production Environment	Compliance Go-Live Date
Interfirm Linkage	July 27, 2020	August 10, 2020	January 4, 2021
Exchange Linkage	September 9, 2020	September 28, 2020	January 4, 2021

Compliance dates are listed in the [Timeline](#)

# Interfirm Linkage Update

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- ▶ Interfirm unmatched rates overall are approximately 20%
- ▶ Areas to focus on:
  - Communication between counterparties on linkage keys
  - Correct population of IMIDs
- ▶ FINRA CAT shares statistics, observations and suggested best practices on Weekly Testing Checkpoint Calls
- ▶ Compliance date is October 26, 2020 for equities and January 4, 2021 for options
  
- ▶ Resources:
  - [Interfirm Linkage Overview \(7/22/2020\)](#)
  - [Interfirm Linkage Overview \(8/12/2020\)](#)
  - [Interfirm Linkage Overview \(8/19/2020\)](#)

# Exchange Route Matching Update

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- ▶ Exchange Linkage is now open in the Test Environment and will be available in Production for both equities and options beginning September 28, 2020
- ▶ Industry Members should ensure they follow the guidance in the Order Routing Field Mapping between CAT and Exchanges document that was last updated on August 31, 2020 (v1.7)
- ▶ FINRA CAT has conducted preliminary analysis ahead of Production go-live and shared this during the Exchange Route Matching Industry Webinar on September 16, 2020
- ▶ Resources:
  - [Exchange Route Matching Industry Webinar \(9/16/20\)](#)
  - [Order Routing Field Mapping Between CAT and Exchanges](#)

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# CAT NMS Plan, Exemptive Relief and Interpretive Updates

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# Plan Amendments

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- ▶ On July 24, 2020, the SEC approved an amendment to the CAT NMS Plan that revises data reporting requirements for the reporting of “Firm Designated ID” to the CAT. The revisions are reflected in the definition of “Firm Designated ID” in Section 1.1 of the [CAT NMS Plan effective 7/24/20](#). The SEC’s approval order can be found [here](#).

# Exemptive Relief Requests and Orders

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- ▶ On July 1, 2020, the Plan Participants filed a [request for exemptive relief](#) from certain provisions of the CAT NMS Plan related to reporting certain verbal activity on and off Exchange Trading Floors.
- ▶ On August 27, 2020, the Plan Participants filed a [request for exemptive relief](#) from certain provisions of the CAT NMS Plan related to Allocations.
- ▶ The Commission has not acted on these items as of the date of this presentation.

# FAQ Updates

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- ▶ 60 New or Updated FAQs published since July 1, 2020. Highlights include:
  - New Section U related to Allocations
  - New FAQs Q18 – Q31 related to Customer and Account Information, including CAIS LTID reporting requirements
  - Clarifying updates to the Foreign FAQs Section I
    - No change in guidance – only language clarification
  - New FAQs B57-B63 related to Stop and Conditional orders
    - Additional scenarios that have been presented are under review and further guidance will be provided as appropriate

# FAQ Updates

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- ▶ Other notable FAQ publications include:
  - FAQ A33 regarding order events occurring prior to an IPO symbol's inclusion on the CAT Reportable Securities List
  - FAQ B64 regarding Order Fulfillment Amendment events
  - FAQs E29 and E30 regarding cancelled trades and the TRF Linkage Exemptive Relief
  - FAQ N7 regarding record keeping obligations and third party reporting requirements

# Too Late to Cancel

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- ▶ On September 9, 2020, FAQ B42 was updated with new guidance:
  - Industry Members are not required to report an Order Modification Request or Order Cancel Request event to CAT to the extent the order is terminal at the time of the request (i.e., the order has already been fully executed or cancelled) in Phase 2d
- ▶ The Phase 2d IM Tech Spec and Scenario 2.6.7 of the Phase 2a and Phase 2c Scenarios Document were updated to reflect these changes

# Allocation Amendments

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- ▶ On August 27, 2020, FAQ U4 was updated with new guidance:
  - If an allocation is updated such that a CAT reportable attribute is changed after the shares/contracts have been booked in a client account, then an Allocation Amendment event must be reported to CAT reflecting the corrected details of the allocation
- ▶ The Phase 2c and Phase 2d IM Tech Specs were updated to reflect these changes

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# Technical Specification Updates

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- ▶ On September 9, 2020, FINRA CAT published the following updates to the [IM Technical Specifications](#):
  - Phase 2a/2b Version 2.2.1 r7 (clean and redline)
  - Phase 2c Version 3.1.0 r6 (clean and redline)
  - Phase 2d Version 4.0.0 r2 (clean and redline)
- ▶ A detailed description of the updates can be found in the change logs
- ▶ Going forward, a new version of all 3 Technical Specifications will be published on the first Friday of each month beginning on November 6, 2020
- ▶ Between publications, the Planned Technical Specifications Updates list will be maintained on the [Technical Specifications](#) page of [www.catnmsplan.com](http://www.catnmsplan.com)



# Reporting Scenarios Updates

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- ▶ On September 1, 2020, FINRA CAT published the following updates to the [IM Scenarios Document](#) including:
  - Phase 2a/2b Version 2.8 (Clean and Redline)
  - Phase 2c Version 3.5 (Clean and Redline)
- ▶ Updates included new scenarios for repairing “named” errors.

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# CAIS/LTID Reporting

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# CAIS LTID Timeline

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08/20/2020

CAIS LTID Registration  
Begins

08/24/2020

CAIS LTID Industry  
Test Environment  
Opens

10/05/2020

CAIS LTID Certification  
Opens

12/14/2020

CAIS LTID Production  
Opens

4/26/2021

CAIS LTID Mandatory  
Reporting

# Scope of LTID Reporting

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- ▶ The Scope of LTID Reporting was clarified on the CAT Timeline to reflect Phase 2b reportable activity in the 4/26 date

<b>04/26/2021</b>	2c	LTID Account Information Reporting Go-Live for Phases 2a, <b>2b</b> and 2c (Large Industry Members)
<b>12/13/2021</b>	2d	LTID Account Information Reporting Go-Live for <b>Phase 2d</b> (Large Industry Members)

# CAIS LTID Registration and Onboarding

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- The [CAIS LTID Onboarding Guide](#) contains details for CAIS Onboarding and Registration
- On August 12, 2020, an [LTID Submission Webinar](#) was held detailing the process for CAIS LTID Registration and Onboarding

# Other CAIS Resources

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- ▶ On August 21, 2020, the [CAIS Reporter Portal User Guide](#) was published with an introduction to the CAIS Reporter Portal
- ▶ On June 30, 2020, v2.0 of the [CAT CAIS Technical Specifications](#) was published
  - CAT CAIS Reporting Scenarios are also available on the [Reporting Scenarios](#) section of [catnmsplan.com](http://catnmsplan.com)
- ▶ Bi-Weekly CAIS Industry Testing Checkpoint calls are being held every other Wednesday. Registration is available on the [Events](#) section of [catnmsplan.com](http://catnmsplan.com)

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# Compliance

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# Self Reporting Standards

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- ▶ On August 28, 2020, the SROs published [CAT Alert 2020-04 - Standards for Self Reporting Erroneous Events to FINRA CAT](#)
  - This alert provides information about self-reporting, including who may self-report, when to self-report, the considerations for when to self-report, and how to complete and submit the Self-Reporting Erroneous Events Form
  - The related Self-Reporting Erroneous Events Form can be found on [catnmsplan.com](https://www.catnmsplan.com) at <https://www.catnmsplan.com/forms>



# Report Card Updates

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- ▶ Report Cards will be made available on a rolling basis in line with compliance dates for Phase 2a validation releases
- ▶ On September 14, 2020 the August Industry Member Report Cards were published which included:
  - Equities: Ingestion, Intrafirm and Out of Sequence Statistics
  - Options: Ingestion Statistics
- ▶ Resources:
  - [Updated Industry Member Compliance Glossary](#)
  - [Industry Member Compliance Report Card Webinar](#)

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# Upcoming Industry Webinars

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- ▶ On Wednesday, September 23, 2020 at 10 am ET, Consolidated Audit Trail, LLC and FINRA CAT, LLC will host an industry webinar focusing on [Phase 2c](#), highlighting the differences from Phase 2a/2b with a specific focus on allocations.
- ▶ On Tuesday, September 29, 2020 at 10 am ET, Consolidated Audit Trail, LLC and FINRA CAT, LLC will host an industry webinar focusing on [TRF Linkage](#).

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**Q&A**

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# How to Ask a Question during Today's Call

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- **For participants using computer audio:**
  - Click 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.

# FINRA CAT Helpdesk

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Questions may be directed to the FINRA CAT Helpdesk at 888-696-3348 or [help@finracat.com](mailto:help@finracat.com)