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# FINRA CAT: Processing Updates

February 2, 2022

# Volume Growth in January

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- The CAT NMS Plan estimated the Plan Processor would process an average of 58 billion records per day. In 2021, FINRA CAT processed an average of **296 billion records** per day.
- For the month of January 2022, FINRA CAT has processed an average of **445 billion records** per day. For trade date January 24, FINRA CAT processed over **604 billion records**, a new peak volume day.
- These unprecedented volumes have impacted FINRA CAT processing times and delayed the availability of feedback to CAT Reporters beyond the T+1 noon deadline.
- Even with historic volumes, Error Rates remain below 5%.

# January 21 – February 2 Volumes and Feedback Delivery

Trade Date	Total Volumes	Feedback Delivered	Industry Member Volumes	Plan Participant Volume	4-day IM lookback Volume
1/21	526B	1/24 at 2:21 PM	56B	470B	180B
1/24	604B	<b>1/25 at 6:29 PM</b>	65B	539B	205B
1/25	537B	<b>1/26 at 7:36 PM</b>	62B	475B	225B
1/26	536B	<b>1/27 at 10:13 PM</b>	59B	477B	242B
1/27	546B	<b>1/29 at 1:15 AM</b>	60B	486B	246B
1/28	522B	1/31 at 1:28 PM	59B	464B	239B
1/31	402B	2/1 at 1:11 PM	40B	363B	217B

# Phase 2d Industry Member Volume

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- Based on observations from the Industry Test Environment, FINRA CAT estimated a 25% increase in the Industry Member (“IM”) event volume due to the new event types introduced in Phase 2d (e.g., route cancel, route modify, and cancel request events).
- In the first week of Phase 2d, IM file counts increased by 34% and IM event volume increased by 63%.
  - Almost 60% of new volume was comprised of route cancel, route modify and cancel request events.
  - Volume growth has continued from an average of 30 billion IM records per day post December 13<sup>th</sup>, to an average of 44 billion IM records per day in January.

# Phase 2d Processing

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- December processing was also significantly impacted by a change in IM submission patterns.
  - FINRA CAT has observed an 8X increase in the number files received and a 3.8X increase in the number of records received between 6 AM and 8AM.
- FINRA CAT utilizes a progressive linking process that is dependent on file submissions being received throughout the entire submission window. When large numbers of files are received between 6 AM and 8 AM, the benefit of progressive linker is greatly diminished, and linkage processing times must be compressed into the 4 -hour window between 8 AM and noon.

# Phase 2d – December Feedback Delivery

Trade Date	IM Feedback Delivered
12/13	12/14 at 1:36 PM
12/14	12/15 at 12:09 PM
12/15	12/16 at 2:00 PM
12/16	12/17 at 2:18 PM
12/17	12/20 at 1:47 PM
12/20	12/21 at 3:45 PM
12/21	12/22 at 4:26 PM
12/22	12/23 at 12:34 PM
12/23	12/27 at 11:27 AM
12/27	12/28 at 12:03 PM
12/28	12/29 at 12:21 PM
12/29	12/30 at 11:52 AM
12/30	12/31 at 12:57 PM
12/31	1/3 at 11:27 AM

# Communication with Regulators and Industry Members

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- The Plan Participants are closely monitoring FINRA CAT processing and feedback delivery times to Industry Members.
- The Plan Participants understand delays in feedback reduce the window of time Industry Members have to complete error corrections that are due by T+3 at 8AM.
- FINRA CAT, a Regulation SCI entity, generally reports significant processing delays to the SEC.
- FINRA CAT will continue to communicate processing delays to CAT Reporters through email notifications and portal announcements. FINRA CAT continues to explore ways to enhance communication of delays to Industry Members.
- FINRA CAT will continue to inform CAT Reporters of any issues that impact feedback, such as reporting issues with exchanges or FINRA TRF.

# Steps to Address Delays

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## Technology Changes

- FINRA CAT Technology Upgrades
- Plan Participants and FINRA CAT are reviewing potential reporting structure and processing changes that could possibly improve processing efficiencies. Any potential changes that impact Industry Members will be vetted with industry groups before changes are made.

## Request for Relief from Current Plan Deadlines

- Plan Participants submitted two requests for exemptive relief to the SEC in December 2020 that have not been acted on by the SEC to date. The relief requested includes:
  - Moving the T+1 Noon feedback deadline to T+1 at 4 PM.
  - Moving the T+3 8 AM error correction deadline to T+4 at 8 AM.



# Technology Upgrades

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- FINRA CAT has deployed numerous data processing optimizations since compliance go-live in 2021, including several deployments since the IM 2d release. Further, FINRA CAT continues to improve cluster configurations and overall monitoring to proactively identify processing issues.
- In addition to the optimizations, the CAT Operating Committee approved a recent Technology Infrastructure Upgrade that will further improve processing times throughout the upgrade deployment and improve feedback times to IMs.
  - The infrastructure upgrade is based on several months of research to improve the performance and throughput of the system regarding future projected data volumes.
- FINRA CAT deployed the first release for the infrastructure upgrade to Industry Test on January 29<sup>th</sup>
- The initial release for the upgrade is targeted for Production in mid-to-late February.
  - The initial upgrade focuses on the core Linker processing jobs that support the T+1 Noon feedback.
  - The remaining releases focus on making the Linkage process more resilient to increased volumes with full completion by October 2022.
- FINRA CAT anticipates T+1 Noon feedback will continue to be delayed until the first release of this upgrade is completed in mid-to-late February and the market volatility normalizes.

# Help Desk

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- IMs should contact the FINRA CAT Help Desk at 888-696-3348 or [\*\*help@finracat.com\*\*](mailto:help@finracat.com) if they are experiencing delays in submitting data.

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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.