

CAIS Technical Specifications Working Group

6/14/22

Agenda

- ▶ Update on Full CAIS Production Certification Deadline
- ▶ Proposed Validation Changes related to CAIS Data Processing
- ▶ Q & A

Full CAIS Production Certification and Compliance Deadlines Extended

As previously announced, the Participants have determined to delay the full Customer Account Information System (“CAIS”) compliance deadline from July 11, 2022, to a date projected to be in Q4 2022, which new date will be subsequently announced. This extension of the compliance deadline will assist in addressing reporting challenges and delays in error feedback and processing and will allow time for such issues to be remediated. The CAIS testing environment has been available since January 31, 2022, and the production environment has been available since April 25, 2022. While the compliance deadline for full CAIS reporting is moving to a later date, Industry Members are expected to continue testing and now will be required to certify for production system access **by no earlier than July 25, 2022** (instead of July 11, 2022).

Proposed Validations Changes related to CAIS Data Processing

Background

- ▶ The proposed changes are designed to:
 - Ensure consistent treatment of data submitted in a single file vs. data submitted in multiple files
 - Minimize the number of errors returned for a single root cause
 - Maximize the opportunities to accept data, rather than reject it, while maintaining data quality.
- ▶ The proposed changes are based on industry feedback and FCAT/Kingland observations of data submissions received to date.

Current Requirements

Constructs of the CAIS Spec

- ▶ Full CAIS requires that CAT Reporters submit the full state of an FDID including the FDID, Large Trader(s) and Customer(s) upon original submission and for the following reasons:
 - To report a change/update to an FDID and/or related Customers
 - To repair an error to an FDID and/or Customer
 - To confirm/update an inconsistency
- ▶ Customer Records with differing data across fields that would cause a Material Inconsistency include:
 - Year of Birth
 - EIN (plain text version in the CAIS Data file)
 - Reporting a Foreign TID as both a Natural Person and Legal Entity
- ▶ All versions of Customer information (not related to a Material Inconsistency) is maintained in CAIS. For example: different representations of *firstName*

Existing Processing Outcomes

▶ **Submissions within the Same File**

- If an FDID Record fails data validation, the FDID Record will reject and all related Customers that are *not* associated with any other accepted FDIDs also reject.
- If the Customer Record fails data validation, the Customer Record will reject and all FDID Records to which the Customer is associated will also reject.
- If two or more Customer Records in the same file have a Material Inconsistency, all versions of the Customer are rejected.

▶ **Submissions across Files of the Same Firm and across Files of Different Firms**

- If a Customer Record (Record 1) for CRD 555 has a Material Inconsistency with an existing/accepted Customer Record (Record 2) for CRD 987, Record 1 is accepted and a Material Inconsistency is created.

Example 1: Same File – Multiple Versions of the Same Customer

- ▶ Within the same file, all the below records are accepted in CAIS (note – only limited fields included).
- ▶ All versions of the Customer are captured.
- ▶ *No change proposed for this outcome.*

FDID	Customer Record ID	First Name	Last Name	Year of Birth	TID
Acct1	1	John	Doe	1990	a1b2c3...
OtherAcct	2	Jimmy	Doe	1990	a1b2c3...
ThirdFDID	3	James	Doe	1990	a1b2c3...

Example 2: Different Files – Inconsistent YOB in Customer Record

- ▶ Across different submission files, an IM includes the following data (note – only limited fields included)
- ▶ *No change proposed for this outcome.*

FileName	FDID	Customer Record ID	First Name	Last Name	Year of Birth	TID
File1	Acct1	1	John	Doe	1990	a1b2c3...
File1	OtherAcct	2	Jimmy	Doe	1990	a1b2c3...
File2	ThirdFDID	3	James	Doe	1909	a1b2c3...

Results:

- All records are accepted.
- Customer Record 3 gets a Material Inconsistency.

Example 3: Same File – Syntax Error in Customer Record

- ▶ Within a single submission file, an IM includes the following data (note – only limited fields included)

FDID	Customer Record ID	First Name	Last Name	Year of Birth	TID
Acct1	1	John	Doe	1990	a1b2c3...
OtherAcct	2	Jimmy	Doe	1990	a1b2c3...
ThirdFDID	3	James		1990	a1b2c3...

Results:

- Customer Record ID 3 rejects for 22508 – missing or invalid *lastName*.
- Customer Record 1 and 2 reject for 22529 – Customer Record rejected because another version of the Customer was rejected.
- FDID “Acct1”, “OtherAcct”, and “ThirdFDID” reject for 22048 – FDID rejected because an associated Customer record was rejected.
- **The Industry Member gets a total of six errors originating from a single root cause, with no data accepted.**

Example 4: Same File – Inconsistent YOB in Customer Record

- ▶ Within a single submission file, an IM includes the following data (note – only limited fields included)

FDID	Customer Record ID	First Name	Last Name	Year of Birth	TID
Acct1	1	John	Doe	1990	a1b2c3...
OtherAcct	2	Jimmy	Doe	1990	a1b2c3...
ThirdFDID	3	James	Doe	1909	a1b2c3...

Results:

- All Customer Records reject for 22533 – Multiple instances of Customer with differing data.
- FDID “Acct1”, “OtherAcct”, “ThirdFDID” reject for 22048 – FDID rejected because an associated Customer Record was rejected.
- **The Industry Member gets a total of six errors with no data accepted.**

Example 5: Same File – Customer Rejections due to FDID Rejections

- ▶ Within a single submission file, an IM includes the following data (note – only limited fields included)

FDID	FDIDType	Customer Record ID	First Name	Last Name	Year of Birth	TID
Acct1	CLIENT	1	John	Doe	1990	a1b2c3...
		2	Jimmy	Doe	1990	a1b2c3...
OtherAcct	ACCOUNT	2	Jimmy	Doe	1990	a1b2c3...
ThirdFDID	ACCOUNT	3	James	Doe	1990	a1b2c3...

- ▶ Results:
 - FDID “Acct1” rejects with Error Code 22005 for Invalid *fdidType*.
 - Customer Record 1 rejects for 22523 – Customer Record rejected because associated FDID rejected.

Proposed Changes

Proposed Change for Same File – Customer Rejections due to FDID Rejections

- ▶ **Retire or Change Error Code 22523 – The Customer Record is rejected because an FDID in the file with association to the Customer Record has been rejected.**
 - Change: Do not deliver this feedback as no action is required for this specific error code or consider converting this Error Code to a Warning Code

FDID	FDIDType	Customer Record ID	First Name	Last Name	Year of Birth	TID
Acct1	CLIENT	1	John	Doe	1990	a1b2c3...
		2	Jimmy	Doe	1990	a1b2c3...
OtherAcct	ACCOUNT	2	Jimmy	Doe	1990	a1b2c3...
ThirdFDID	ACCOUNT	3	James	Doe	1990	a1b2c3...

- ▶ **Results:**
 - FDID “Acct1” rejects with Error Code 22005 for Invalid *fdidType*.
 - *Under Discussion*, with options including:
 1. No feedback related to Customer Record 1 (Spec construct requires full current state of FDID and all Customers to correct FDID error).
 2. Warning delivered for Customer Records 1 and 2.

Proposed Change for Same File – Syntax Error in Customer Record

- ▶ **Retire Error Code 22529 – The Customer Record is rejected because another record for the same CAT Customer, as reconciled to a single TID value, was rejected within the file.**
 - Change: Only Customer Records with validation errors will be rejected.

FDID	Customer Record ID	First Name	Last Name	Year of Birth	TID
Acct1	1	John	Doe	1990	a1b2c3...
OtherAcct	2	Jimmy	Doe	1990	a1b2c3...
ThirdFDID	3	James		1990	a1b2c3...

- ▶ Results:
 - Customer Record ID 3 rejects for 22508 – missing or invalid *lastName*.
 - FDID “ThirdFDID” rejects for 22048 – Associated Customer Record rejected.
 - Accept FDIDs “Acct1” and “OtherAcct” and Customer Record IDs 1 and 2.

Proposed Change for Same File – Inconsistent YOB in Customer Record

- ▶ **Retire Error Code 22533 – Multiple records for a single Customer (as reconciled to a single TID) within the Data file must have the same EIN, Year of birth, and/or Customer Record Type (Natural Person or Legal Entity) values.**
 - Change: Customer Records will be accepted; a Material Inconsistency will be created.

FDID	Customer Record ID	First Name	Last Name	Year of Birth	TID
Acct1	1	John	Doe	1990	a1b2c3...
OtherAcct	2	Jimmy	Doe	1990	a1b2c3...
ThirdFDID	3	James	Doe	1909	a1b2c3...

- ▶ **Results:**
 - All FDIDs and Customer Records are accepted.
 - The Industry Member will get a Material Inconsistency notification(s) rather than rejections.

FINRA CAT Helpdesk

Questions may be directed to the FINRA CAT Helpdesk at 888-696-3348 or help@finracat.com

Q&A

How to Ask a Question during Today's Call

- **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.