fdidEndReason, roleEndReason and ltidEndReason in Full CAIS

August 16, 2022

Disclaimer

Note: All CRD numbers, names, addresses, and identifiers data used for examples in the Customer and Account information reports are purely fictional for illustrative purposes only. Any resemblance to actual persons, organizations, or locations is purely coincidental. All Transformed Identifiers ("TIDs") included in the examples for Social Security Numbers, Individual Taxpayer Identification Numbers, or Employer Identification Numbers (collectively, 'SSN/ITIN' and 'EIN'), are generated from values that are outside of the acceptable range of assignment by the assigning body and would fail CAT data validations if reported to CAIS.

How Full CAIS Stores Customer & Account Information

▸ PII cannot be returned to the CAT Reporter after it is submitted to CAIS.

▸ This means that CAT Reporters cannot view the current version of records.

▸ Given the above and based on industry feedback, Full CAIS was designed such that CAT Reporters must submit the full FDID record including all FDID and Customer attributes upon original submission and when changes are required.

  ◦ This is a different approach from the LTID Phase, which allowed for submitting delta files and if any FDID or Customer information was omitted in the delta file, no implicit update was made to the previously submitted values stored in CAIS.

▸ The most recent submission to Full CAIS is stored as the current version of the FDID Record; prior submissions will be available to regulators.

▸ Full CAIS does not append or add information to an FDID record that was previously submitted to and accepted by CAIS.

▸ In Full CAIS, if an Industry Member is required to update an FDID record, it must submit the entire FDID record with all Customer & Account information.

Example of How Full CAIS Stores Customer & Account Information

▶ An Industry Member must change the last name of Customer Melanie Jones on a joint account.

▶ In order to maintain both Customers on the FDID record, the Industry Member must report both Customers on the resubmitted FDID record.

Table 1:

Industry Member's Original CAIS Submission		
FDID	Customer 1	Customer 2
1A2042	Melanie Jones	Bob Smith

Table 2:

Correct Resubmission		
FDID	Customer 1	Customer 2
1A2042	Melanie Smith	Bob Smith

▶ If the Industry Member only reported Melanie Smith on the resubmitted FDID record, the current version of the record would only have one Customer associated to the FDID.

Table 3:

Incorrect Resubmission		
FDID	Customer 1	
1A2042	Melanie Smith	

Note: this does not represent all required customer and account information or specific format and is _for illustration purposes only_.

Implicitly Ending Customer Associations

Records included in a submission file must reflect the complete and current state of that record. Any associations (e.g., Customer-to-FDID) that were previously accepted into CAIS but are omitted in the subsequent submission of the record, will be implicitly ended; likewise, any attributes that were previously accepted but are omitted in a subsequent submission will be implicitly cleared.

▸ Example:
  ◦ An initial submission file contains FDID A with two Customer Associations, Customer 1 and Customer 2.
  ◦ A subsequent submission file contains FDID A and only an association to Customer 2.
  ◦ In this event, the association to Customer 1 is implicitly ended with a *roleEndReason* of 'ENDED' and a *roleEndDate* as of the date of the submission.
  ◦ Same principles apply to Large Trader/Unidentified Large Trader-to-FDID association.

Ending an FDID and Implicitly Ending Customer Associations

When ending an FDID Record that was previously accepted with one or more Customers, Industry Members are not required to include the *fdidCustomerList* in the ending submission.

▸ In the scenario an Industry Member ends an FDID Record, by including a populated *fdidEndDate* and *fdidEndReason* attribute, but does not include some or all of the currently active Customer-to-FDID associations, the omitted associations to the ended FDID will be ended on behalf of the Industry Member. The *fdidEndDate* and *fdidEndReason* will be cascaded as the *roleEndDate* and *roleEndReason*, respectively; and the *ltidEndReason* and *ltidEndDate*, respectively.

▸ Example:
  ◦ An account is closed and the associated FDID is reported with an *fdidEndReason* of 'ENDED' and *fdidEndDate* of August 16, 2022. No Customer Records are included in the ending submission. All Customer associations to the FDID are likewise ended with the *roleEndReason* of 'ENDED' and a *roleEndDate* of August 16, 2022.

  ◦ The same principles apply for other *fdidEndReason* values, such as 'TRANSFER' and 'INACTIVE'.

Explicitly Ending Customer Associations

▶ Industry Members may also explicitly end Customer-to-FDID associations and LTID-to-FDID associations.

  ◦ Using the prior example, an account is closed and the associated FDID is reported with an *fdidEndReason* of 'ENDED' and *fdidEndDate* of August 16, 2022. Customer Records are likewise included in the ending submission with the *roleEndReason* value of 'ENDED' and the *roleEndDate* of August 16, 2022.

▶ See Full CAIS Scenarios 2.1.2 – Ending an FDID, 2.6.5 – Ending an LTID Association to an FDID and 4.2.7 – UGMA/UTMA Custodian Accounts for more information on implicitly or explicitly ending an FDID and associations.

Implicitly vs. Explicitly Ending Customer Associations

Explicitly Ending Customer Association

Industry Member's Ending Submission		
FDID 1A2043	Customer 1	Customer 2
FDID Record *fdidEndReason*: 'ENDED' fdidEndDate: 20220816	Customer Record *roleEndReason*: 'ENDED' *roleEndDate*: 20220816	Customer Record *roleEndReason*: 'ENDED' *roleEndDate*: 202208116

Implicitly Ending Customer Association

Industry Member's Ending Submission		
FDID 1A2043	Customer 1	Customer 2
FDID Record *fdidEndReason*: 'ENDED' fdidEndDate: 20220816	*Customer Record Not Included*	*Customer Record Not Included*
	Ended on behalf of the Industry Member as *roleEndReason*: 'ENDED' *fdidEndDate*: 20220816	Ended on behalf of the Industry Member as *roleEndReason*: 'ENDED' *roleEndDate*: 20220816

Note: this does not represent all required customer and account information or specific format and is *for illustration purposes only*.

Use–Cases Requiring Explicit Ending of Customer Associations

There are some use-cases where omitting the Customer Record from the resubmission is not permissible and Industry Members will need to explicitly end the Customer-to-FDID association by including the *fdidCustomerList* and all required attributes, including *roleEndReason* and *roleEndDate*. Examples include, but are not limited to:

- If the *role* of the Customer is ended for a reason that differs from the *fdidEndReason*.
- If the Customer's *role* on an FDID ended on a different date than the FDID was ended/resubmitted (e.g., Late reporting).
- A record for a particular Customer is being replaced with a *roleEndReason* of 'REPLACED'*
- A record for the Customer associated with the *tidValue* generated from the incorrect Input Identifier value.*

*Discussed later in deck

fdidEndReason

fdidEndReason - Reason why the Account was closed, or the Relationship was ended.

- Values:
  - **CORRECTION** – FDID was erroneously reported.
    - This scenario occurs when an FDID record was previously submitted to, and accepted by, CAT CAIS, but the submission of the record was done in error (e.g., an FDID represents an account with non-CAT reportable transactions that was never intended to be reported to CAIS).
    - See Full CAIS Scenario 2.1.3 – Ending an FDID Erroneously Reported to CAIS.

  - **ENDED** – FDID was ended (e.g., account was closed).
    - 'ENDED' will represent the majority of the *fdidEndReason* values used in Industry submissions, as its is used for closing an account or ending a relationship-based FDID.
    - See Full CAIS Scenario 2.1.2 – Ending an FDID.

  - **INACTIVE** – Indicates the FDID has had no CAT-reportable transaction activity associated with the FDID in the prior six months.
    - If an FDID is no longer "Active" as defined by the CAT NMS Plan (i.e., has not had any CAT-reportable transaction activity for the previous six months), an Industry Member can designate the FDID as 'INACTIVE' in CAIS.
    - The *fdidEndReason*, *ltidEndReason*, and *roleEndReason* values of 'INACTIVE' would be used in conjunction (e.g., a Customer Record would never be ended with a *roleEndReason* of 'INACTIVE' if the associated FDID was not itself marked with *fdidEndReason* of 'INACTIVE'.
    - An *fdidEndReason* of 'INACTIVE' indicates the FDID is not in scope for Full Record Refresh requirements. This value is not yet available in the Test or Production environments. See the Full CAIS Industry Member Release Rollout on the CAT NMS Plan website for more information.
    - See Full CAIS Scenario 2.1.7 – Setting an FDID to 'INACTIVE'.

fdidEndReason Cont.

- ▸ Values:
  - ◦ **REPLACED** – FDID replaced by another FDID within the CAT Reporter Firm. See FAQ M16 regarding FDID replacements.
    - • FAQ M1 notes that a change/replacement in the FDID value association with a particular account would be an isolated event and outlines the certain limited circumstances this would be permissible, such as:
      - • System migration. For example, Industry Member 1 changes from System A to System B, which necessitates the generation of unique FDID values for accounts, and the system migration does not involve closing the underlying accounts.
      - • Change of vendors. For example, an Industry Member currently uses an Order Management System ("OMS") provided by Vendor A but will change to Vendor B's OMS. Vendor B's OMS does not support some of the characters supported by Vendor A so the Industry Member must change the FDID. Please see FAQs B53 and Q53.
      - • Change in Clearing Firm. For example, an Industry Member changes from Clearing Firm A to Clearing Firm B. Clearing Firm B does not permit FDIDs in the same format as Clearing Firm A so the Industry Member must change the FDID.
      - • Change in masking methodology.
      - • Changing the algorithm which creates a new FDID value for the account.
      - • Masking a previously unmasked FDID value.
      - • Only for proprietary accounts: unmasking a masked FDID value of a proprietary account.

    See Full CAIS Scenario 2.1.4 – FDID Replaced by Another FDID Within the Same Firm.

  - ◦ **OTHER** – Other unlisted reason for ending the FDID.
    - • This would be used on case-by-case basis when ending an FDID and one of the other available values does not apply.

fdidEndReason Cont.

▸ Values:

◦ **TRANSFER** - FDID was transferred to another CAT Reporter Firm.

- The CAT NMS Plan requires that the Plan Processor "must be able to link accounts that move from one CAT Reporter to another due to mergers and acquisitions, divestitures, and other events."

- FAQs B53 and Q53 provide additional information on what activity *does* and *does not* constitute a Mass Transfer for CAT CAIS Reporting purposes. This topic was further discussed on an October 5, 2021 CAIS TSWG.

- The *fdidEndReason*, *ltidEndReason*, and *roleEndReason* values of 'TRANSFER' would be used in conjunction and related to the same Mass Transfer event (e.g., a Customer Record would never be ended with a *roleEndReason* of 'TRANSFER' if the associated FDID was not itself marked with the *fdidEndReason* of 'TRANSFER'.

See Full CAIS Scenarios 2.4.1 – Transferring Firm Submission and 2.4.2 – Receiving Firm Submission.

roleEndReason

roleEndReason -Reason why the Customer ceased having the specified role on the FDID.

▸ Values:
  ◦ **CORRECTION** – Customer role on FDID was erroneously reported or FDID was erroneously reported.
    • For the scenario when a Customer's Transformed Input Identifier (TID) was initially submitted to and accepted by CAIS based on an Input Identifier value that was later determined to be incorrect and was never intended to be associated with the Customer (e.g., fat-finger of EIN value of '99-9999999' for the TID; however, later determined that the correct EIN value for the Customer was '99-9999998').
    • Industry Members must report a record for the Customer associated with the *tidValue* generated from the incorrect Input Identifier value, with a *roleEndReason* of 'CORRECTION' to indicate that the Customer Record should not have been associated to the FDID. See Section 3.2 of the Full CAIS Technical Specifications and Scenario 5.4.1 – Correcting an Erroneous TID Value.
    • This value is also applicable when ending an FDID record was previously submitted to, and accepted by, CAT CAIS, but the submission of the record was done in error. See Full CAIS Scenario 2.1.3 – Ending an FDID Erroneously Reported to CAIS.

  ◦ **ENDED** – Customer role on FDID was ended or FDID was ended (e.g., account was closed upon death of account holder).
    • 'ENDED' will represent the majority of the *roleEndReason* values used in Industry submissions to end a Customer's *role* on an FDID.
    • 'ENDED' would also be used in instances where a Customer is associated with the correct FDID but with the wrong *role* (e.g., Customer reported with *role* of 'NTHOLDER' when they should have been reported with *role* of 'TRDHOLDER'). *This is separate and distinct from the scenario outlined in the prior section where an incorrect Input Identifier value was used for a Customer.*
    • See Full CAIS Scenario 4.2.7 – UGMA/UTMA Custodian Accounts for examples of ending a Customer's *role* on an account, as well as ending the prior *role* and changing into a new *role* for a Customer.

  ◦ **INACTIVE** – Indicates the associated FDID has had no CAT-reportable transaction activity in the prior six months.
    • This value would only be used in conjunction when ending FDID with the *fdidEndReason* of 'INACTIVE'.

roleEndReason Cont.

- Values:
  - **REPLACED** – Customer role on FDID was ended because the FDID was replaced with another FDID, or because the Customer Input Identifier was replaced with another Input Identifier.

    - Examples of this include when a Customer's Input Identifier was changed from an ITIN to an SSN, a Foreign Legal Entity or Natural Person CAT Customer obtained a US-assigned Input Identifier, a Customer's passport number changed upon reissuance, or a Legal Entity Customer's EIN changed due to a corporate merger or acquisition.
      - See Section 3.2 of the Full CAIS Technical Specifications and Full CAIS Scenarios 3.4.1 – Change in a Customer's Input Identifier – Same TID Type and 3.4.2 – Change in Customer's Input Identifier – Differing TID Type.
    - This value is also applicable when and FDID, along with associated LTID and Customer associations, is replaced by another FDID within the CAT Reporter Firm. See Full CAIS Scenario 2.1.4 – FDID Replaced by Another FDID Within the Same Firm.

  - **OTHER** – Other unlisted reason for ending the Customer role on FDID.
    - Similar to the *fdidEndReason* value of 'OTHER', this would be used on case-by-case basis when ending a *role* and one of the other available values does not apply.

  - **TRANSFER** – Role ended because the FDID was transferred to another Industry Member.
    - This value would only be used in conjunction when ending associated FDID with the *fdidEndReason* of 'TRANSER' related to a Mass Transfer event.

Current Reporting: *ltidEndReason*

ltidEndReason - Reason why the LTID or ULTID was no longer associated to the FDID.

- Values:
  - **CORRECTION** – LTID was erroneously reported.
    - E.g., LTID never should have been associated to a particular FDID.

  - **ENDED** – LTID-to-FDID association was ended.
    - 'ENDED' value will represent the majority of the *ltidEndReason* values used in Industry Member submissions (e.g., LTID or ULTID is no longer associated to FDID)

  - **INACTIVE** – Indicates the associated FDID has had no CAT-reportable transaction activity in the prior six months.
    - This value would only be used in conjunction when ending associated FDID with an *fdidEndReason* of 'INACTIVE'

  - **REPLACED** – LTID was replaced by a different LTID or the FDID was replaced by a different FDID.
    - E.g., applicable when an FDID, along with associated LTID and Customer associations, is replaced by another FDID within the CAT Reporter Firm.

  - **OTHER** – Other unlisted reason for ending the LTID-to-FDID association.
    - This would be used on case-by-case basis when ending a LTID or ULTID-to-FDID association and one of the other available values does not apply.

  - **TRANSFER** – LTID association was ended because the FDID was transferred to another Industry Member.
    - This value would only be used in conjunction when ending associated FDID with an *fdidEndReason* of 'TRANSER' related to a Mass Transfer event.

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Q&A

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