
Material Inconsistencies and Expected Feedback

December 21, 2022

Agenda

- Introduction
- Overview of Material Inconsistencies Processing
- Known Issues Affecting Triggering Firms
- Q&A

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.

Introduction

Industry Feedback

- ▶ As [announced](#) on November 22, 2022 Nightly Data Inconsistencies Feedback has been temporarily disabled until further notice.
 - Since the announcement, FINRA CAT has received feedback that the industry would like to better understand what has been disabled and what types of inconsistency feedback the industry may expect.
- ▶ Some Industry Members are affected by Known Issues when attempting to resolve a Material Inconsistency or repair a rejection related to validations on the *updateNotification* field.

Material Inconsistencies Overview

- ▶ Material Inconsistencies are generated on Customer Records when:
 - The Transformed Identifier value (“TID Value” or *tidValue*) is the same but:
 - A different **Year Of Birth** was reported (Natural Person Customers); or
 - A **different EIN** was reported (Legal Entity Customers); or
 - For foreign Customers, the same combination of *foreignTIDType* (specifically, ‘OTHGOVT’ and ‘NATIONALID’), *foreignTIDCountryCd*, and *tidValue* was submitted as **both a Natural Person and Legal Entity**.

Overview of Material Inconsistencies Processing

Three Types of Material Inconsistencies

Type	Description	Processing Step
Triggered-Self	Indicates that the Industry Member submitted a Customer Record with inconsistent data when compared to the Industry Member's version of the same Customer's record that was previously accepted by CAIS.	(#4) Validation Engine
Triggered-Other	Indicates that the Industry Member submitted a Customer Record with inconsistent data when compared to one or more other Industry Member's version(s) of the same Customer's record that was previously accepted by CAIS.	(#4) Validation Engine
Impacted	Indicates that the Industry Member's Customer Record that was previously accepted by CAIS was found to be inconsistent with another Industry Member's submission of the same Customer's record when <i>updateNotification</i> was populated with true.	(#5) Nightly Process <i>DISABLED</i>

Illustration: Triggered and Impacted Inconsistencies

Customer Record Previously Accepted by CAIS	
CRD	555
Cust. Type	Natural Person
Name	Melanie Jones
Y.O.B.	1975
TIDs File	
TID Value (abbrev.)	c68a96c6f6f640bb...



This previously accepted Customer Record will temporarily not participate in Material Inconsistencies Feedback because the Nightly Data Inconsistencies Feedback (Processing Stage 5) is temporarily disabled.

Subsequent Submission of Customer Record	
CRD	987
Cust. Type	Natural Person
Name	Melanie Faye Jones
Y.O.B.	1957
TIDs File	
TID Value (abbrev.)	c68a96c6f6f640bb...



This submitted Customer Record, with or without *updateNotification* = true, will participate in Material Inconsistencies Feedback because *submitted* Customer Records are being validated in Processing Stage 4.

Challenges and Planned Relief

- ▶ **Challenge:** When inconsistencies are found, Inconsistency Codes 30002, 30003 and 30004 are provided in feedback without distinction for the Type of Material Inconsistency.
 - An Industry Member may not readily know if it Triggered the inconsistency with a recent submission or if its previously accepted record was Impacted by an inconsistent submission.
- ▶ **Additional Planned Relief:** FINRA CAT plans to temporarily disable the Material Inconsistency and related *updateNotification* validations occurring in Processing Stage 4.
 - The effective date is To Be Determined but anticipated to be in January 2023.

Known Issues Affecting Triggering Firms

updateNotification

- ▶ Some Industry Members are affected by Known Issues when attempting to resolve a Material Inconsistency or repair a rejection related to validations on the *updateNotification* field.

<i>updateNotification</i>	Description
true	Used by Triggering Firms to attest to the accuracy of a Customer Record submission that previously received a Material Inconsistency (Inconsistency Codes 30002, 30003 and 30004).
false or null	Interpreted by CAIS as the first submission or an update to a previously accepted Customer Record for which there is no outstanding inconsistency.

Known Issues: Example 1

Firm A submitted CUSTOMER1 with YOB 1972	<i>updateNotification</i> = false or null	CUSTOMER1 passed Data Validation and is stored in CAIS
--	---	--

Firm B submits CUSTOMER1 with YOB 1977	<i>updateNotification</i> = false or null	CUSTOMER1 passes Data Validation Inconsistency Code 30002*
--	---	---

To resolve the Material Inconsistency, Firm B submits CUSTOMER1 with YOB 1977	<i>updateNotification</i> = true	Due to Known issues, CUSTOMER1 erroneously rejected for 22503* FDID erroneously rejected for 22048*
---	----------------------------------	--

Code	Description
30002	The Natural Person Customer Record has inconsistent data present for the <i>yearOfBirth</i> attribute.
22503	<i>updateNotification</i> must only be used for a Customer Record that has previously been submitted by an Industry Member.
22048	The FDID Record is rejected because an associated Customer Record was rejected.

Known Issue Example 1: Guidance

- ▶ Until the inconsistency and *updateNotification* validations are temporarily disabled, Industry Members may ignore the Material Inconsistencies (Inconsistency Codes 30002, 30003 and 30004).
 - Doing so will avoid the erroneous rejections for Error Code 22503 (*updateNotification* must only be used for a Customer Record that has previously been submitted by an Industry Member).

Known Issues: Example 2

Firm A submitted CUSTOMER1 with YOB 1972 *updateNotification=* false or null CUSTOMER1 passed Data Validation and is stored in CAIS

Firm B submits CUSTOMER1 with YOB 1977 *updateNotification=* false or null CUSTOMER1 passes Data Validation
Inconsistency Code 30002*

To resolve the Material Inconsistency, Firm B submits CUSTOMER1 with YOB 1977 *updateNotification=* true CUSTOMER1 passes Data Validation
Inconsistency Code 30002 is resolved

Firm B later submits CUSTOMER1 with YOB 1977 Since there is no outstanding inconsistency for CUSTOMER1, *updateNotification* is false or null Due to Known Issues, CUSTOMER1 erroneously rejected for 22525*
FDID erroneously rejected for 22048*

Code	Description
30002	The Natural Person Customer Record has inconsistent data present for the <i>yearOfBirth</i> attribute.
22525	The Customer Record has an open Material Inconsistency requiring repair, however the submission does not include the <i>updateNotification</i> attribute, or was not set as 'true'.
22048	The FDID Record is rejected because an associated Customer Record was rejected.

Known Issue Example 2: Guidance

- ▶ Until the inconsistency and *updateNotification* validations are temporarily disabled, Industry Members may ignore the Material Inconsistencies (Inconsistency Codes 30002, 30003 and 30004).
- ▶ Wait until the validations are temporarily disabled and then resubmit the FDID Record (with all LTID and Customer associations) in order to repair the rejections.

Next Steps: Re-Enabling Validations

- ▶ Plans for re-enabling inconsistencies and related *updateNotification* validations are still under consideration.

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.