

# Consolidated Audit Trail

IM Tech Spec Updates

Phase 2d - v4.1.0 r2

4/16/2024

# IM Tech Spec Updates

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- ▶ Version 4.1.0 r2 (clean and redline) of the [Industry Member Technical Specifications](#) Specs were published on March 28, 2024.
- ▶ **Supporting Documentation:**
  - Industry Member [schema](#) (4.1.0) was likewise published on March, 28, 2024.
  - The CAT [Industry Member Reporting Scenarios](#) version 4.11 (clean and redline) were published on April 12, 2024 which include several new scenarios related to electronic RFQs.

# Exemptive Relief Updates

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- ▶ Updated *representativeInd* and *fulfillmentLinkType* fields values 'YE' and 'YP' throughout to reflect extension of exemptive relief from July 31, 2024 to January 31, 2025 in accordance with the exemptive relief granted by the SEC on [November 2, 2023](#).
- ▶ Updated applicable date references for manual/verbal responses for RFQs and the activity becoming reportable to reflect extension of exemptive relief from July 31, 2023 to July 31, 2026 in accordance with the exemptive relief granted by the SEC on [July 28, 2023](#).

# Exemptive Relief Updates

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- ▶ Updated Section 2.3.2 Order Handling Instructions and Appendix G: Data Dictionary to reflect the Commission's Exemptive Relief Order ([Release No. 34-98848](#)) from the requirements as applied to port-level settings and Industry Member reporting obligations when routing orders over an exchange port that is configured for certain *handlingInstructions* values and identified the specific *handlingInstructions* values.

1. ATT           Attributable. Order is routed to an exchange or ATS with instructions that the order is attributable
2. DNI           Do Not Increase
3. DNR           Do Not Reduce
4. DNRT          Do Not Route
5. RLO           Retail Liquidity Order
6. STP           Self Trade Prevention

- ▶ This exception is exclusively with respect to Industry Member reporting obligations when routing orders over an exchange port that is configured for one of these special handling instructions.
- ▶ CAT, LLC will submit an exemptive relief request to the SEC to include 'AUC' and 'AOK' in the list of Exempted Port-Level Settings.

# FDID Validation Updates

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- ▶ Updated and clarified Section 2.4.2.1 FDID Validation regarding validations and deployment to Production environment:
  - FDID Validations were deployed to the Production environment on February 27, 2024.
  - CAT Validates that the *firmDesignatedID* field in order and allocation events contain values that are valid on the specified Event Date. Specifically, that the associated CAIS data has at least one Customer associated with the *firmDesignatedID* on or before the Event Date.
- ▶ The recording and presentation from the March 19, 2024 [Technical Specifications Working Group](#) further discusses FDID Validations.

# Definition Updates for Auction-Related *handlingInstructions* Values

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▶ Updated the Data Dictionary descriptions for ‘AUC’, ‘APCL’, and ‘APCM’ *handlingInstructions* values.

- AUC - Auction – Single-sided Order is received, originated or routed with instructions specifically designated for participation in an ~~unscheduled exchange~~ auction outside of the equity opening or closing cross (i.e., must not be used in combination with any of the following *handlingInstructions* values: ‘LOO’, ‘LOC’, ‘MOO’, ‘MOC’, ‘IO’). Must not be used for paired orders (see [FAQ K20](#)), or in combination with ‘AucResp’ *handlingInstructions* value (see [FAQ K3](#)). ~~Must not be used for scheduled auctions, such as the opening or closing cross, for paired orders (see [FAQ K20](#) for definition).~~
- APCL Auction Price Cap Limit – Indicates the price at which the contra party of a ~~crossing~~ paired option order (see [FAQ K20](#)) is willing to match price improvement (e.g., APCL=14.75). Also, see [FAQ K26](#). Data Type: Price
- APCM Auction Price Cap Market – Indicates the contra party of a ~~crossing~~ paired option order (see [FAQ K20](#)) is willing to match any price improvement Also, see [FAQ K26](#).

▶ These values were deployed to the Production environment on February 5, 2024; however, the Compliance Date for CAT Reporting is **July 1, 2024**. The recording and presentation from the March 19, 2024 [Technical Specifications Working Group](#) further discusses auction-related *handlingInstructions* and reporting requirements.

# Other Updates / Clarifications

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- ▶ Updated description of Real Quantity Data Type in Table 3: Data Types to reflect that trailing zeroes are not rejected.
- ▶ Removed references to Third Party Reporting Agent authorization due to elimination of Metadata File support in Sections 2.2.1: Firm Identifiers and 7:3 File Integrity.
- ▶ Added FAQ references to 'AOK' *handlingInstructions* value description.
- ▶ Corrected Linkage Keys in Section 5.1.11: Option Trade Event.
- ▶ Corrected 'GTC' *timeInForce* value as Boolean Value in Appendix G: Data Dictionary.
- ▶ Removed existing reference to FLEXPCT options from *price* field description on applicable events, and incorporated this information into new Section 3.9.

# 2024 Industry Member Releases (Transaction)

## Scope and Schedule

<p><b>2024 – Report Card by Processing Date Release</b></p> <p><b>Production Release – 2/15/2024</b></p>	<p><b>2024 – FDID Validation to Production Release</b></p> <p><b>Production Release – 2/26/2024</b></p>	<p><b>2024 – First Quarter Release Spec Publication – 11/30/2023</b></p> <p><b>Industry Test Release – 1/22/2024</b></p> <p><b>Production/Production Mirror Release – 2/5/2024</b></p>	<p><b>2024 – Handling Instruction Release Spec Publication – 11/30/2023 &amp; 3/28/2024</b></p> <p><b>Industry Test Release – 5/13/2024</b></p> <p><b>Production/Production Mirror Release – 7/1/2024</b></p>
<p><b>Transaction Report Cards</b></p> <ul style="list-style-type: none"> <li>• Generate Report Cards by Processing Date starting with the Report Cards covering January 2024</li> </ul>	<p><b>CAIS-related Validations &amp; Statistics</b></p> <ul style="list-style-type: none"> <li>• Validate FDID against CAIS data</li> <li>• Daily statistics reflecting FDID errors</li> <li>• Provide a new linkage summary feedback file containing missing or invalid FDIDs</li> </ul> <p><i>This functionality is currently available in the Industry Test Environment</i></p> <ul style="list-style-type: none"> <li>• Deliver list of FDIDs accepted to Transaction Production that are not in CAIS Production</li> </ul>	<p><b>New <i>handlingInstructions</i> Values</b></p> <ul style="list-style-type: none"> <li>• Add new 'AUC', 'APCL', 'APCM' <i>handlingInstructions</i> values</li> </ul> <p><i>The compliance date for CAT Reporting the 'AUC', 'APCL', and 'APCM' handlingInstructions values is July 1, 2024.</i></p>	<p><b>Removal of <i>handlingInstructions</i> Value</b></p> <ul style="list-style-type: none"> <li>• Remove 'IDX' <i>handlingInstructions</i> value</li> </ul> <p><b>Add new <i>handlingInstructions</i> Value</b></p> <ul style="list-style-type: none"> <li>• Add new 'PCTPX' <i>handlingInstructions</i> value</li> </ul> <p><i>The compliance date for CAT Reporting the 'PCTPX' handlingInstructions value is July 1, 2024.</i></p>

\*Planned Industry Member Releases and Specification Updates are subject to approval by the CAT NMS Plan Operating Committee.

# 2024 Handling Instruction Release

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- ▶ Rescheduled removal of 'IDX' (Intra-Day Cross) *handlingInstructions* value to July 1, 2024.
  - Previously was slated for removal at the end of April 2024.
- ▶ Added new 'PCTPX' *handlingInstructions* value.
  - Indicates that the limit price provided in the *price* field is specified as a percentage of a benchmark price. For example, *price*=7.25 indicates that the limit price of the order is 7.25% of the closing price of the underlying security.

# Percentage Based Pricing Reporting Requirements

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- ▶ Added new Section 3.9 on Percentage Based Pricing:
  - There are cases where the price of an order is specified as a percentage of a price to be determined at a future time – e.g., closing price of the underlying security. Percentage-based order prices are most common with FLEXPCT options, but could potentially be provided with other securities.
  - If an Industry Member receives or originates an order where the price is specified as a percentage of a benchmark price, the Industry Member is required to report the percentage-based price in the price field and report the ‘PCTPX’ value in the *handlingInstructions* field.
  - Examples are included in this Section.
- ▶ Also see newly-added Scenario 3.8.3 Customer FLEX Percent Option Order Routed between Two Industry Members in the [Industry Member Reporting Scenarios](#).

# 2024 Industry Member Releases (Transaction)

## Scope and Schedule

### 2024 – FDID Validation Report Card Release

Production Release – 7/15/2024

#### Transaction Report Cards

- Generate Report Cards with FDID Validation Errors starting with the Report Cards covering June 2024

### 2024 – Third Quarter Release

Spec Publication – 7/31/2023 & 11/30/2023 & 3/28/2024

Industry Test Release – 5/13/2024

Production/Production Mirror Release – 7/29/2024

#### July 2023 Spec Publication v.4.0.0 r20

- Add new quote events to support reporting of RFQ responses for Options and Multi-Leg events
- Add new fields to equity quote events
  - *RFQID* to MENQ, MERQ, MEQR, MEQM, and MEQC
  - *RFQFlag* to MENQ and MEQR
- Add new *destinationType* value of 'S'

#### November 2023 Spec Publication v.4.1.0 with Additional Enhancements based on Industry Feedback

- Add new *validUntilDuration* field
- Bifurcate *relativePrice* field into *bidRelativePrice* and *askRelativePrice* for equity and option quote events
- Add *senderType* field to quote received events

#### March 2024 Spec Publication v.4.1.0 r2

- Additional Error Codes to support Electronic RFQs and invalid *capacity* field on Trade Events for internalized trades.
- Remove 'ND' (Next Day) *handlingInstructions* value

*This is to support change to T+1 settlement effective May 28, 2024. Industry Members are not expected to report 'ND' when T+1 becomes the new settlement standard on May 28, 2024 but may optionally continue to report 'ND' until July 29, 2024.*

### 2024 – MIAX Sapphire Exchange Release

Spec Publication – 3/28/2024

Industry Test Release – 5/13/2024

Production/Production Mirror Release – 8/12/2024

#### New values for existing fields

- Add new 'SPHR' value for the following fields: *destination*, *marketCenterID* and *senderIMID* to support MIAX Sapphire exchange.

*Pending SEC Approval*

# New Validation on Trade Events

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- ▶ Updated *capacity* and *firmDesignatedID* field descriptions on MEOT and MOOT events that *capacity* of 'P' must be reported when Industry Member is reporting an internalized trade, as the firm is acting in a Principal capacity.
- Added New Error Codes 2258 and 2259.

2258	Invalid combination of <i>capacity</i> and <i>firmDesignatedID</i> in <i>buyDetails</i>
2259	Invalid combination of <i>capacity</i> and <i>firmDesignatedID</i> in <i>sellDetails</i>

- A *capacity* with a value different than 'P' was previously rejected under 2112 and 2119 as Missing or Invalid *firmDesignatedID*. The new error codes will give more granular and enhanced feedback.

# Removal of 'ND' *handlingInstructions* Value

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- ▶ Removed 'ND' (Next Day) *handlingInstructions* value to support change to T+1 settlement effective May 28, 2024.
- ▶ Industry Members are not expected to report 'ND' when T+1 becomes the new settlement standard on May 28, 2024 but may optionally continue to report 'ND' until July 29, 2024.

# RFQ Responses

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- ▶ Added information to Section 3.4.1 Scope regarding February 13, 2024 exemptive relief request associated with requirements to report responses to requests for quotes (RFQs) provided in standard electronic format (e.g., FIX) that are not “immediately actionable”, to the extent such responses are considered “orders” reportable pursuant to Rule 613(j)(8), and the requested extension from August 1, 2024 to August 1, 2026.

# Updated *validUntilDuration* Data Type Description

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- ▶ Changed the *validUntilDuration* field from Numeric (4, 6) to Real Quantity data type and clarified the description on applicable events and in Appendix G: Data Dictionary.
- ▶ Industry requested way to optionally report duration of RFQ (e.g., 6 seconds). The Numeric (6,4) data type was initially proposed. The existing Real Quantity Data Type is inclusive of values within the 6,4 range, and can support additional values.
  - Numeric (6,4) examples: 1235, 0.25
  - Real Quantity examples: 1235, 0.25

# Change Fields from Required to Conditional for Non-CAT Reporter Use-Case

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- ▶ Industry feedback received noted that non-CAT Reporters may participate on both sides (Solicitor and Responder) of RFQs.
- ▶ Updated Name of Section 2.6.3.4: Routing to Foreign Destinations and U.S. non-CAT Reporting Entities and included information on how *destinationType* and *senderType* values of 'N' or 'S' on quote events will be used to suppress linkage feedback.
- ▶ As there is no valid IMID to reference for these non-CAT Reporters, other related changes include:
  - Changed *destination* field from required to conditional on MERQ, MORQ and MLRQ events, and updated description on when field not required on these events as well as MLQS event.
  - Changed *senderIMID* from required to conditional and updated description on MEQR, MOQR, MLQR and updated description on when field not required.

# Field Requirement and Schema Updates

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- ▶ Changed field from Required to Conditional to support RFQ-related reporting requirements:
  - Changed *RFQID* field from required to conditional on MEQM event.
  - Changed *quotePriceType* field from required to conditional on MLNQ event.
- ▶ Changed *destinationType* from conditional to required on MORQ and MLRQ events
  - These events are exclusively for electronic RFQ reporting.
- ▶ Retired position 10 from MLQC event.

# New Validation (*RFQFlag* and *RFQID*)

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- ▶ Updated descriptions and requirements that the *RFQFlag* must be 'true' when *RFQID* field is populated, and that the *RFQID* field must be populated when the *RFQFlag* is 'true' on the MENQ event.
- ▶ New Error Code to support this, discussed in a subsequent slide.

# Field Description Updates on Equity Quote Events

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- ▶ Updated description and clarified requirements of *unsolicitedInd* field description on MENQ, MEQR and MEQM events
  - Required for RFQ and OTC Link Reporting, not required for ADF Reporting.
- ▶ Updated description and clarified requirements of *unpricedInd* field on MENQ, MERQ, MEQR and MEQM events.
  - Required field for all quote reporting. For RFQ Reporting, must be false when *RFQFlag* is 'true'.

# Correction and Clarifications Related to RFQ Reporting

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- ▶ Corrected Linkage Keys in Sections 5.1.10.4 and 5.2.8.4
- ▶ Corrected Sequence numbers in Table 129: Leg Details
- ▶ Clarified descriptions of *initiator*, *manualFlag* and *electronicTimestamp* fields on MEQC event

# Error Codes for RFQ Reporting

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- ▶ Retired Error Codes 2248, 2251 - 2253
- ▶ Added Error Codes 2254 – 2257 for enhanced feedback:

2254	Missing or Invalid <i>askRelativePrice</i>	When provided, <i>askRelativePrice</i> must be populated with an allowable value.	Error
2255	Missing or Invalid <i>bidRelativePrice</i>	When provided, <i>bidRelativePrice</i> must be populated with an allowable value.	Error
2256	Missing or Invalid <i>validUntilDuration</i>	When provided, <i>validUntilDuration</i> must be populated with an allowable value..	Error
2257	Invalid combination of <i>RFQFlag</i> and <i>RFQID</i>	The combination of <i>RFQFlag</i> and <i>RFQID</i> must be valid.	Error

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*Pending SEC Approval*

# MIAX Sapphire Exchange Release

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- ▶ Added MIAX Sapphire Options Exchange as a new allowed value 'SPHR' for *destination*, *marketID*, and *senderIMID* fields.

# 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)

# 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.