Industry Update on the Consolidated Audit Trail

An industry update on the progress of the Consolidated Audit Trail National Market System Plan presented by the CAT NMS, LLC Operating Committee
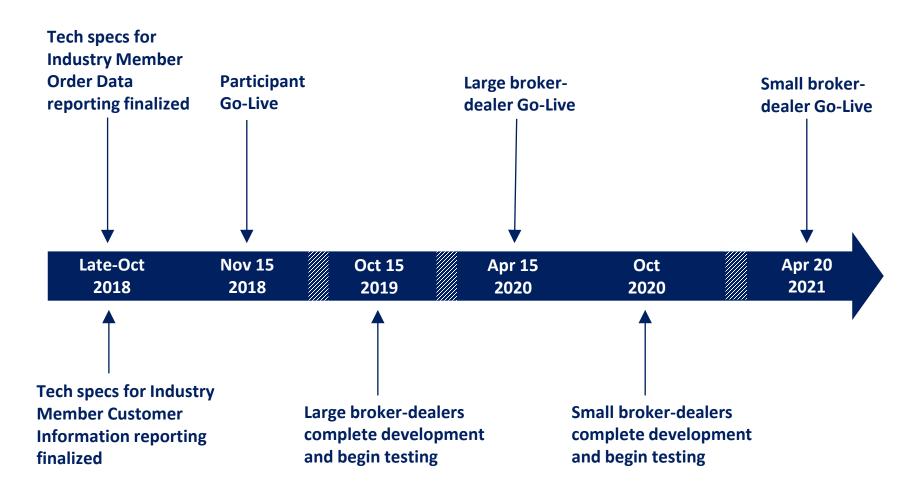
December 19, 2017

Agenda

Industry Update

Extension Request Timeline

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Q&A

Exemptive Relief Request

The Participants filed for Exemptive Relief on 11/13/2017, proposing updated timelines for the implementation of CAT:

Tech specs for Industry Member Order Data reporting finalized

Participant Go-Live

Large broker-dealer Go-Live

Small broker-dealer Go-Live

| Late-Oct 2018 | Nov 15 2018 | Oct 15 2019 | Apr 15 2020 | Oct 2020 | Apr 20 2021 |

Tech specs for Industry Member Customer Information reporting finalized

Large broker-dealers complete development and begin testing

Small broker-dealers complete development and begin testing

Exemptive Relief Request Status

- Participants submitted a Request for Exemptive Relief on 11/13/2017

- Currently, the SEC has not acted upon the Exemptive Relief Request, and the SROs do not expect significant movement from the SEC at this time

- The SROs and Thesys CAT ("Thesys") are moving forward with development according to the dates proposed and are looking for possible ways to shorten the proposed timelines

- The SROs and Thesys are currently heavily focused on:
  - Security & CISO Onboarding: Target on-board date no later than 3/1/2018; Thesys and SRO CISOs have already conducted several interviews. SRO CISOs currently working with Thesys on System Security Plan
  - Participants and Thesys, with input from the Advisory Committee, are evaluating alternatives for submission of PII for discussion with SEC
  - Enhancements to the Technical Specifications, including resolution of interpretive questions and reporter normalization (particularly for order type/handling instructions)
  - Participants are assessing ways to limit the need to bulk download data from the Central Repository
  - Updated fee filings were filed with the SEC; public comments should be submitted on or before 1/5/2018

- Please visit www.catnmsplan.com for regular updates

Industry Member Technical Specifications

- Thesys and Participants are collaboratively working through reviewing and finalizing the next iterative draft, and plan to address many of the interpretive questions in the next draft

- Thesys and the SROs are currently planning to release iterative drafts of the Order Reporting specs, working collaboratively with the industry throughout, according to the schedule proposed in the Exemptive Relief Request:
  - February 15, 2018
  - April 15, 2018
  - June 15, 2018
  - Final: October 2018

- Customer Reporting specs are also planned to follow the dates laid out in the Exemptive Relief Request:
  - May 15, 2018
  - July 15, 2018
  - September 15, 2018
  - Final: October 2018

- The SROs recognize the need for adequate implementation time once specs are finalized, and the SROs will continue to work with the SEC on this
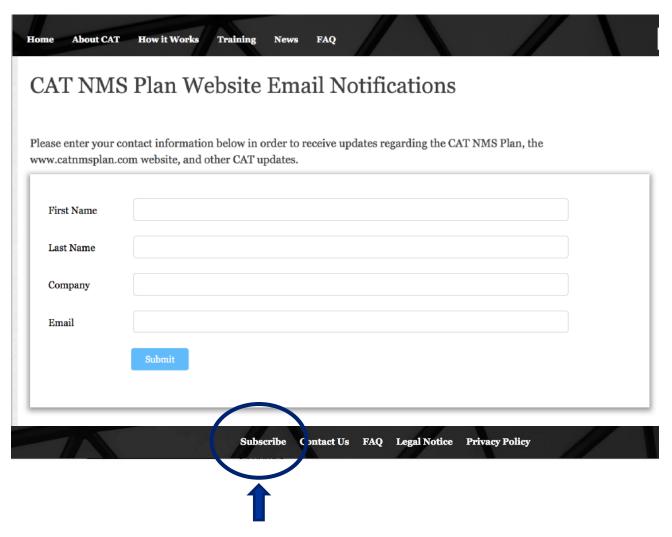
Data Normalization

- One piece of feedback in regards to the Order Data Tech Specs was that there was ambiguity in some areas, particularly as it related to free-form text fields

- Simultaneously, the SROs and the SEC believe that additional standardization in reporting would be valuable, particularly with regards to order types and handling instructions

- Accordingly, the SROs are evaluating normalizing reporting on key fields, with defined sets of valid values

- The SROs will be working with the industry to further define this approach and begin process of making changes to the Tech Specs

- More details will be included in future drafts of the Tech Specs

PII & The CAT

- The security of the PII data required to be captured by the CAT is of paramount concern to the SROs and Thesys

- The SROs, along with Thesys and the Advisory Committee, have recently begun analysis as to whether it might be possible to meet the goals of the CAT while capturing less PII than Rule 613 currently requires

- This process is in its early stages, and any change would require input from, and ultimate action by, the SEC

- Accordingly, firms should remain engaged and still plan to review customer data reporting according to the specs to be released in May 2018

- The SROs will keep the industry informed as this progresses

CAT NMS Plan Website Subscription

The CAT NMS public website (www.catnmsplan.com) has launched a subscription feature to receive periodic updates regarding CAT implementation:

CAT Help Desk

The CAT help desk is now live, and can be reached in the following ways:

- **Email Address:** helpdesk@thesyscat.com
- **Phone Number:** (833) CAT-SERV or (833) 228-7378
- **Hours of Operation:** 9AM-5PM Eastern Time (Weekdays only)

Questions?