

BEFORE THE SECURITIES AND EXCHANGE COMMISSION

File No. 4-698 (CAT FAM 4 Exemption Request)

In re: Notice of a Request for Exemption from Certain Provisions of the National Market System Plan Governing the Consolidated Audit Trail Related to the Recovery of Costs Incurred During Period 4 of the Financial Accountability Milestones; Release No. 34-106237 (Sept. 1, 2026); Request for Comment

Summary of Request

The Native Claim Firm supports a targeted exemption that separates non-CAIS costs from the CAIS delay, consistent with the proportionality principle the request cites. We ask the Commission to condition relief on (1) keeping the Plan's 24-month minimum recovery period, (2) disclosure of the combined effective fee rate, and (3) an independent attestation of how the \$390,843,639 was classified.

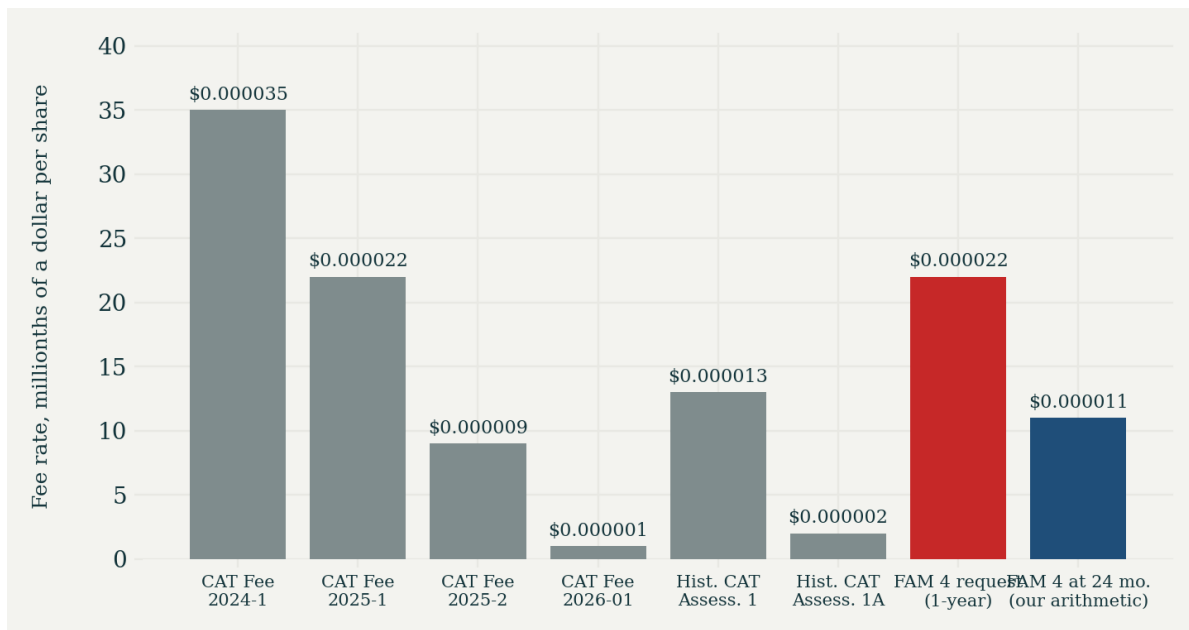
I. Statement of Support

The Native Claim Firm reviews federal rulemakings and orders for gaps that create avoidable regulatory risk. We have no interest in any CAT Participant, Industry Member, or CAT Executing Broker.

We support relief that tracks materiality. The transactional database was completed on time, and the request excludes the \$99,307,505 of CAIS-related costs.

II. The Gap: The Rate Impact and the Cost Record

A. The proposed rate is not "comparable" to recent rates. The request calls the estimated one-year rate of about \$0.000022 "comparable" to prior rates. Footnote 51 lists six: \$0.000035, \$0.000022, \$0.000009, \$0.000001 (CAT Fee 2026-01), \$0.000013, and \$0.000002 (Historical CAT Assessment 1A). The proposed rate equals one, is below one, and exceeds four. It is 22 times the most recent prospective fee and 11 times the most recent historical assessment. The request does not state the combined rate if this assessment runs alongside prospective fees.



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Figure 1. Fee rates from footnote 51 and page 14 of the FAM 4 Exemption Request (Aug. 11, 2026). The 24-month bar is our arithmetic: the SROs' one-year estimate divided by two, assuming constant volume.

B. The one-year period is a choice, not a necessity. The request seeks a one-year period because Section 11.3(f) bars billing after March 31, 2028. Yet the request itself notes that Section 11.3(b)(i)(D) provides that each Historical CAT Assessment "will remain in effect until all Historical CAT Costs ... are collected." The Commission can keep the 24-month minimum and address the billing date directly, rather than doubling the rate. At constant volume, 24 months would cut the rate to about \$0.000011.

C. Proportionality should be tested in both directions. The delay ran from December 30, 2022 to July 15, 2024, or 563 days, more than twice the 270-day threshold for the Plan's 100 percent tier. The Plan graduates penalties at 25, 50, 75, and 100 percent. The request characterizes the delay as "limited" and seeks recovery of 100 percent of non-CAIS costs, without providing a month-by-month cost breakdown the Commission would need to calibrate.

D. The classification is unverified. The request assigns the entire \$26,624,090 of "other operating costs," described as largely legal, consulting, and accounting fees, to non-CAIS. CAIS-specific technology costs are 20.3 percent of Period 4 costs. The notice contains no allocation methodology.

E. Forgone interest is unquantified. The request says the Participants forwent "hundreds of millions of dollars in interest," with no principal, rate, or period. The loans were described as "voluntary" and "interest-free." The Commission should give this assertion no weight in the order.

III. Proposed Codified Text

We propose that any order granting the request include these terms:

(a) Recovery Period. The exemption from Section 11.3(f) permits billing of the FAM 4 Historical CAT Assessment through a recovery period of not less than 24 months. Section 11.3(b)(i)(D)(I) is not modified.

(b) Rate Disclosure. Before billing, CAT LLC shall publish the Historical Fee Rate and the combined per-share rate of all CAT fees and assessments then in effect, with its volume assumptions.

(c) Cost Attestation. CAT LLC shall file an independent accountant's attestation that the \$390,843,639 was classified between CAIS and non-CAIS under a documented methodology, together with monthly Period 4 cost data.

(d) Exclusions. CAT LLC shall not recover CAIS costs, CAIS remediation costs, or forgone interest through the assessment.

IV. Cost of the Alternative

The Financial Accountability Milestones exist because of what the notice calls "significant delays." The Participants missed the Plan's November 15, 2017 and 2018 reporting deadlines and their own proposed extensions, and the Commission declined their 2018 request for an exemption extending those deadlines. The Commission proposed the milestones on September 9, 2019 and approved them on May 15, 2020. FAM 4 was then completed 563 days after its target. Granting the request without terms tells the Participants that the remedy adopted after their earlier missed deadlines yields when its cost becomes large.

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The cost also lands on Industry Members. The relief shifts \$260,562,426 to them that the Plan would otherwise leave with the Participants. Collected over 12 months that is about \$21.7 million a month, against about \$10.9 million over 24 months (our arithmetic). Condition (a) halves the monthly burden at no cost to the Participants' total recovery.

The Commission's own record supports the guardrails. Its February 2025 CAIS order concluded that collecting names, addresses, and years of birth "no longer justifies the associated risks." The Commission, not the Participants, narrowed CAIS after the costs were incurred, which is why condition (d) is consistent with the request. The Participants' three earlier requests, in June 2022, November 2022, and May 2023, have gone unacted on for more than three years. A reasoned order with findings ends that uncertainty; an unconditioned grant leaves the rate and the classification untested.

V. Conclusion

We support a targeted exemption for non-CAIS FAM 4 costs. We ask the Commission to adopt conditions (a) through (d).

Respectfully submitted,

/s/ Shawn SN

Chief Executive Officer

The Native Claim Firm

Date: October 1, 2026