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July 25, 2016

Brent J. Fields  
Secretary, Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: **File No. 4-698** - Notice of Filing of the National Market System Plan Governing the Consolidated Audit Trail

Dear Mr. Fields,

The Security Traders Association (“STA”)<sup>1</sup> appreciates the opportunity to offer comments on National Market System Plan, (“Plan”) Governing the Consolidated Audit Trail, (“CAT”). In addition to representing the interests of our members on matters relating to the CAT, STA is also a member on the Development Advisory Group, (the “DAG”) formed in March 2013 after a selection process by the national securities exchanges and FINRA (the “SROs.”)<sup>2</sup>. Since its formation the DAG has provided extensive feedback on the development of the Plan to the SEC Staff, Commissioners and Plan Participants. Most recently, in a letter to the Commission dated July 20, 2016, the DAG identifies a “non-exhaustive” list of “significant matters” relating to the Plan and how it addresses them. These “significant matters” include:

- Elimination of Systems
- Governance
- Exemptive Relief Letter
- Cost and Funding

DAG offers recommendations on the aforementioned issues and in addition urges the Commission to “review more detailed and specific comment letters” submitted by the Securities Industry and Financial Markets Association, (“SIFMA”) and the Financial Information Forum, (“FIF”). STA agrees with that the issues identified as “significant matters” are in fact such and furthermore, we support the recommendations made by the DAG.

<sup>1</sup> The STA is a trade organization founded in 1934 for individual professionals in the securities industry and is committed to promoting goodwill and fostering high standards of integrity in accord with the Association’s founding principle, Dictum Meum Pactum – “My Word is My Bond”

<sup>2</sup> See <http://www.catnmsplan.com/pastevents/p229428.pdf>.

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## General Statements on CAT and the use of Advisory Committees

In our letter to the Commission dated March 12, 2012<sup>3</sup>, STA stated:

*“The development of the Consolidated Audit Trail will represent an unprecedented opportunity to improve the Commission’s ability to surveil the market. It is critical to have an informed and detailed understanding of order and trade processing to design a system that is capable of achieving the objectives of CAT”*

Furthermore, STA recommended that the Plan:

*“Mandate the inclusion of broad industry participation in the form of working groups to include participation from the SEC, FINRA, exchange, broker dealers, investor and vendor communities;”*

While the language within Rule 613 and Section 4.13 of the Plan facilitate industry representation in the creation and operation of the CAT it has been STA’s experience in its role on the DAG that the role of advisory committees in the Plan is flawed. We agree with the DAG that there “has been collaboration between SRO and Industry members on many operational and technical issues”; however, we remained concerned that the frequency and timeliness of information needed in order for any advisory committee to perform its function efficiently is lacking in the details of the Plan and we recommend that the Commission seriously consider detailed recommendations made by SIFMA and FIF in this area.

We thank you for the opportunity to respond to the Plan and look forward to continuing to engage in meaningful dialogue on this topic.

Regards,



John Russell, Chairman of the Board



James Toes, President & CEO

<sup>3</sup> STA letter to the Commission, dated March 12, 2012 [link](#)