

Congress of the United States
Washington, DC 20515

October 14, 2016

The Honorable Mary Jo White
Chair
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chair White:

We write to express our serious concern regarding what appears to be a troubling gap in the National Market System Plan to implement a Consolidated Audit Trail (“CAT” or “Plan”) related to the protection of personally identifiable information (“PII”) for millions of brokerage customers.

Specifically, it appears that the Plan does not require SEC staff to abide by the same security protocols for handling PII that other users of CAT data are required to follow. According to the CAT website, roughly 3,000 individuals – including SEC staff – will have access to CAT data. Such a large number of individuals with access to PII heightens the possibility of a security breach, and amplifies the need for the SEC to follow adequate policies and procedures when handling such information.

The Plan requires that CAT participants “establish, maintain, and enforce written policies and procedures reasonably designed to ensure the confidentiality of the CAT Data...”^[1] We see no reason why the SEC should not have to follow the same requirements, and believe that absent an amendment to the plan, the PII of millions of individuals would become vulnerable to a cyberattack.

In the past eight months alone, we have learned that computer systems at the Federal Deposit Insurance Corporation, Internal Revenue Service, and The Federal Reserve have all been compromised. These events follow other high profile security breaches at federal agencies, including a breach at the Office of Personnel Management in 2015 that compromised the sensitive information of over 21 million individuals. Clearly, federal agencies are targets of cyberattacks and must do everything within their power to safeguard any information that they collect. The SEC is no exception.

Moreover, an April 28, 2016 GAO report identified several weaknesses related to the SEC’s cybersecurity protocols that the SEC has yet to address.^[2] GAO points out that ineffective protection of data can result in the unauthorized disclosure of information, and notes that these vulnerabilities exist partly because the SEC has not consistently protected access to its systems, and has not yet completed implementation of an SEC-wide data security program as required by law.

^[1] <https://www.gpo.gov/fdsys/pkg/FR-2016-05-17/pdf/2016-10461.pdf> at 30733

^[2] <http://gao.gov/assets/680/676876.pdf>

Given the critical importance of the issue and the need to protect the PII of millions of Americans, we urge the SEC to adopt the same security safeguards required of CAT participants under the Plan.

Sincerely,



Scott Garrett
Member of Congress



Barry Loudermilk
Member of Congress



French Hill
Member of Congress



Lynn Westmoreland
Member of Congress



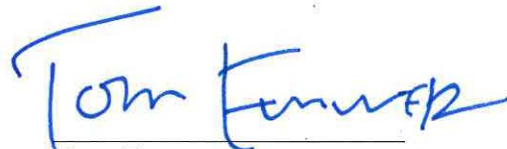
Randy Hultgren
Member of Congress



Jody Hice
Member of Congress



Lamar Smith
Member of Congress



Tom Emmer
Member of Congress



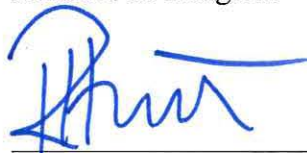
Bill Huizenga
Member of Congress



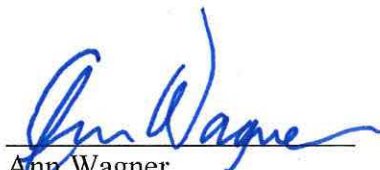
Sean Duffy
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Robert Pittenger
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Ann Wagner
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