

FINANCIAL INFORMATION FORUM

February 10, 2026

By electronic mail to rule-comments@sec.gov

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
Attn: Secretary

Re: File Number 4-698: Joint Industry Plan; Notice of Filing of Amendments to the National Market System Plan Governing the Consolidated Audit Trail to Further Reduce the Costs of the Consolidated Audit Trail

Dear Secretary,

The Financial Information Forum (“FIF”)¹ appreciates the opportunity to submit this comment letter in response to the above-referenced Notice of Filing published by the Securities and Exchange Commission (the “Commission”) on December 23, 2025 (the “Notice of Filing”).² The Notice of Filing relates to a filing by The Consolidated Audit Trail, LLC (“CAT LLC”) on behalf of the Participants in the National Market System Plan Governing the Consolidated Audit Trail (the “CAT NMS Plan”) on December 17, 2025 (the “rule filing”).³ The rule filing proposes amendments to the CAT NMS Plan to reduce the operating costs of the consolidated audit trail (“CAT”).⁴ FIF is submitting this comment letter on behalf of FIF members that are broker-dealers and technology vendors that support these broker-dealers; references in this letter to FIF members refer to these members.

FIF focuses on implementation issues. Accordingly, this letter is not intended to address all issues of concern to FIF members relating to the rule filing. These issues may be addressed in comment letters submitted by other industry associations or individual firms.

¹ FIF (www.fif.com) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the securities industry across the order lifecycle. Our participants include broker-dealers, exchanges, back office service bureaus, and market data, regulatory reporting and other technology vendors in the securities industry. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes.

² Securities Exchange Act Release No. 104504 (December 23, 2025), 90 FR 61506 (December 31, 2025).

³ Letter from Robert Walley, CAT NMS Plan Operating Committee Chair, to Vanessa Countryman, Secretary, Securities and Exchange Commission (Dec. 7, 2025), available at <https://catnmsplan.com/sites/default/files/2025-12/LLC-Proposed-CAT-NMS-Plan-Amendment-2025-Cost-Savings-Amendment-12.17.25.pdf> (“Rule Filing”).

⁴ Id. at 1.

The following is a summary of key points discussed in this letter:

FIF members support the seven cost savings amendments and request two conforming changes

- FIF members support the seven cost savings amendments proposed in the rule filing.⁵
- As a general principal, when CAT LLC proposes a change for Participants (as defined in the CAT NMS Plan), CAT LLC should also consider whether an equivalent change should also apply for Industry Members (as defined in the CAT NMS Plan). In addition, when the Commission is considering changes to the obligations of Participants, the Commission should also consider whether equivalent changes should also apply for Industry Members. More specifically:
 - FIF members support the proposed change to clarify that Participants are not required to report route requests that they receive and reject and agree with the Participants that reporting of these rejected requests is beyond the scope of Rule 613.⁶ FIF members are concerned that the proposed amendment relating to route requests that are received and rejected -- by specifically referencing Participants -- could create an inference that Industry Members are required to report route requests that they receive and reject. Accordingly, FIF members request that the Commission and CAT NMS Plan clarify in writing that Industry Members also are not required to report route requests that they receive and reject.
 - FIF members support the proposal by CAT LLC to delete CAT data older than three years,⁷ provided that this change would not (i) impede the retirement of Electronic Blue Sheets (“EBS”)⁸ or (ii) result in a material increase in the number of EBS or equivalent informational requests. In connection with approving this change, the Commission should provide written guidance (or direct the self-regulatory organizations (“SROs”) to adopt rules) to clarify that Industry Members similarly are not required to retain CAT data that is older than three years.

FIF members oppose the two alternative proposals

FIF members oppose the two alternative proposals described in the rule filing: the full elimination of CCIDs (as defined in the CAT NMS Plan) from CAT; and the reduced linkage timeline.

FIF members oppose the full elimination of CCIDs

FIF members oppose the full elimination of CCIDs for the following reasons:

⁵ Id. at 6.

⁶ Id. at 39-42.

⁷ Id. at 17-18.

⁸ References to EBS in this letter refer specifically to EBS for securities that are reportable to CAT.

- Removal of CCIDs removes the core function of CAT,⁹ which is to monitor activity of a single customer across multiple accounts at the same broker-dealer or across broker-dealers; a projected cost reduction of 1.88% to 2.61%¹⁰ does not justify removing the core function of CAT.
- As an alternative to the removal of CCIDs from CAT, FIF members support (i) retaining CCIDs in CAT, and (ii) replacing EBS¹¹ by automating and securing the request-response approach currently used by regulatory personnel. For the reasons discussed in this letter, FIF members continue to support the retirement of EBS on an expedited basis.
- The Commission recently confirmed its support for the approach recommended by FIF members in the Commission’s Order approving the removal of personally-identifiable information (“PII”) from CAT (the “PII approval order”); in the PII approval order, the Commission wrote that it “... agrees that the CCID process should be maintained and codified in the Plan.”¹²
- EBS should be retired and replaced with a request-response system¹³
 - EBS requires the transmission of large volumes of PII (including social security numbers) in plaintext
 - EBS is primarily a system for collecting transaction data, which is duplicative of CAT; EBS should be replaced with a system that is specifically focused on collecting customer data
 - As a system for collecting customer data, EBS is inferior to a request-response system because (i) EBS does not include the CCIDs that are necessary to conduct oversight of trading by a single customer across accounts and broker-dealers; and (ii) EBS does not provide information on investment managers and other persons with investment authority over an account.
- The increased compliance costs incurred by Industry Members resulting from the continuation and expansion of EBS would greatly exceed the projected cost savings (1.88% to 2.61% of annual CAT operating costs) of removing CCIDs from CAT.
- The CAT adopting release identifies various shortcomings of EBS.
- FIF members have similarly highlighted deficiencies with EBS and why EBS should be retired, including the fact that EBS does not account for the common scenario where the beneficial owner of an account is not the party making the trading decisions for the account.
- The Commission, as part of its approval of the CAT NMS Plan in 2016, provided directions for the retirement of EBS.

⁹ This is discussed extensively in the Adopting Release for CAT, including the following passage: “In general, existing SRO audit trails only identify the broker-dealer handling the order and not the account holder or the person exercising investment discretion for the account holder, if different. This limitation makes the process of identifying the customers involved in unusual trading patterns or market events very difficult. Even determining whether or not an unusual trading pattern exists is challenging if the data does not identify trades by a single customer at multiple broker-dealers.” Securities Exchange Act Release No. 67457 (July 18, 2012), 77 FR 45722 (“CAT Adopting Release”), at 77 FR 45730. See further discussion below.

¹⁰ See discussion below on the calculation of these percentages.

¹¹ As noted above, references to EBS in this letter refer specifically to EBS for securities that are reportable to CAT.

¹² Securities Exchange Act Release No. 104586 (Jan. 13, 2026), 91 FR 2164 (Jan. 16, 2026) (“PII Approval Order”), at 91 FR 2168.

¹³ This request and response approach, discussed in further detail below, involves regulatory personnel submitting one or more FDIDs to an Industry Member and requesting that the Industry Member identify the customers associated to the FDIDs.

FIF members highlight issues to consider for an automated and secure request-response system

FIF members propose automating and securing the request and response approach currently used by SRO personnel, as this approach will (i) result in higher quality data being made available to regulatory personnel, (ii) address the significant security problems with EBS, and (iii) reduce the compliance and operational costs for market participants.

FIF members oppose the revised linkage timeline

FIF members oppose the reduced linkage timeline for the following reasons:

- This proposal would reduce the quality of the CAT audit trail, as many incorrectly reported events will remain unresolved.
- The increased compliance and operational costs for Industry Members resulting from this proposal would significantly outweigh the cost savings for the CAT system.
- It is unreasonable for the Commission and SROs to impose fines and other sanctions on Industry Members for linkage errors if the Commission and SROs have intentionally eliminated processes (the 2nd and 3rd repair cycles) that have been documented to assist Industry Members in identifying and resolving large numbers of linkage errors.

A. FIF members support the seven proposed amendments and request two conforming changes

FIF members support the seven proposed amendments

The rule filing proposes the following amendments to the CAT NMS Plan:

- Elimination of the requirement to generate an interim CAT Order ID
- Reduction of the retention period for certain categories of CAT data
- Elimination of data reprocessing
- Elimination of the Online Targeted Query Tool
- Elimination of Participant reporting of rejected messages
- Adoption of a more cost-efficient data availability timeline
- Replacement of CAIS with a Reference Data approach to generate CCIDs.¹⁴

FIF members support each of these amendments based on the projected cost savings to the CAT system. FIF members further note that these amendments would not impact the quality of CAT data, do not raise security concerns, and would not increase the compliance and operational costs for Industry Members.

¹⁴ Rule Filing, at 6.

Consideration of applying proposed changes for Participants to Industry Members

As a general principal, when CAT LLC proposes a change for Participants, CAT LLC should also consider whether an equivalent change should also apply for Industry Members. In addition, when the Commission is considering changes to the obligations of Participants, the Commission should also consider whether equivalent changes should also apply for Industry Members.

The Commission and the CAT NMS Plan should clarify that Industry Members also are not obligated to report order requests that they receive and reject

FIF members support the proposed amendment to clarify that a Participant is not required to report an order route request that the Participant receives and rejects. FIF members agree with CAT LLC that the current requirement for Participants to report order route requests that they reject is beyond the scope of Commission Rule 613 (Consolidated audit trail).¹⁵ Rule 613(c)(1) requires market participants to report the "... receipt or origination of an order..."¹⁶ Rule 613(c)(7) similarly limits reporting to the receipt, origination or routing of an order.¹⁷ When a Participant rejects an order route request, the Participant is not receiving, originating or routing an order. While the Participant receives an order route request, the Participant does not receive an order unless it accepts the order route request. Accordingly, requiring a Participant to report an order route request that the Participant receives and rejects is (and always has been) beyond the scope of Rule 613.

FIF members understand that there is currently no requirement for Industry Members to report order route requests that they receive and reject. For example, the Technical Specifications document for Participants includes a Reject Message Event,¹⁸ but there is no equivalent event in the Technical Specifications document for Industry Members. In other words, there currently is no mechanism in CAT for an Industry Member to report a route request that it receives and rejects.¹⁹ FIF members are concerned that the proposed amendment relating to route requests that are received and rejected -- by specifically referencing Participants -- could create an inference that Industry Members are required to report route requests that they receive and reject. Accordingly, FIF members request that the Commission and CAT NMS Plan clarify in writing through an amendment to the CAT NMS Plan or updates to the CAT Technical Specifications that Industry Members also are not required to report route requests that they receive and reject. More generally, amendments relating to Participants should not be read to impose new or implied obligations on Industry Members absent express Commission action.

¹⁵ 17 CFR §242.613.

¹⁶ 17 CFR §242.613(c)(1).

¹⁷ 17 CFR §242.613(c)(7).

¹⁸ CAT Reporting Technical Specifications for Plan Participants, Version 4.2.0-r1 (Aug. 22, 2025), available at https://catnmsplan.com/sites/default/files/2025-08/08.22.2025-CAT_Reporting_Technical_Specifications_for_Participants_4.2.0-r1.pdf, at 47-50.

¹⁹ The scenario where an Industry Member receives and rejects a route request should be distinguished from the scenario when an Industry Member accepts a route request (thereby creating a New Order) and subsequently cancels the order that the Industry Member has created (this could be a "reject" in FIX). Under the latter scenario, the Industry Member is required to report New Order and Order Cancel events to CAT.

There is no policy basis for differentiating between Participants and Industry Members on this issue; if there were such a basis, it would be necessary to explain this in the rule filing. In addition, in the same manner that the reporting of route requests that are received and rejected goes beyond the scope of Rule 613 for Participants, this reporting also goes beyond the scope of Rule 613 for all reporting parties, including Industry Members.

Deleting CAT data older than three years

FIF members support the proposal by CAT LLC to delete CAT data older than three years,²⁰ provided that this change would not (i) impede the retirement of EBS or (ii) result in a material increase in the number of EBS or equivalent informational requests. In connection with approving this change, the Commission should provide a safe-harbor exemption (or direct the SROs to adopt rules providing a safe-harbor exemption) that Industry Members similarly are not required to retain CAT data that is older than three years. CAT LLC previously has provided the following guidance:

According to each of the Participant's CAT compliance rules, information required to be reported to the CAT must be maintained in accordance with SEC Rule 17a-4(b). This rule states that these records must be preserved for at least three years, the first two years in an accessible place.²¹

This guidance appears to apply to the underlying data being reported, and it is not clear whether this guidance also applies to the CAT submissions themselves. FIF members request that the Commission provide guidance specifically with respect to CAT submissions, as requested above.

B. FIF members oppose the alternative proposals in the rule filing

In the rule filing, CAT LLC requests that the Commission seek comment on the following two alternative proposals:

- Elimination of CCIDs from CAT
- Reduced linkage processing.²²

For the reasons discussed below, FIF members oppose these two alternative proposals. Please also refer to Annex 2, which discusses long-term objectives that the Commission should seek to achieve with respect to market oversight and why the two alternative proposals are contrary to these objectives.

²⁰ Rule Filing, at 17-18.

²¹ FINRA CAT, LLC, CAT FAQ A23, available at <https://catnmsplan.com/fag>.

²² Rule Filing, at 66-71.

C. FIF members oppose the removal of CCIDs from CAT; FIF members support the retirement of EBS and the replacement of EBS with a request-response system with FDID-based requests

Removal of CCIDs removes the core function of CAT; a projected cost reduction of 1.88% to 2.61% does not justify removing the core function of CAT

The core function of CAT is to allow for regulatory personnel to identify activity of a natural person or legal entity (i) across multiple accounts at the same broker-dealer and (ii) across accounts at different broker-dealers. A projected cost reduction of 1.88% to 2.61% (see discussion below) does not justify removing this core function of CAT. If this core function is removed, it is not clear to FIF members as to why CAT was implemented.

FIF members support retaining CCIDs in CAT and automating and securing the FDID-based request-response approach currently utilized by regulators

FIF members support retaining CCIDs in CAT, retaining CAT as a replacement for EBS (as directed by the Commission in the Commission's 2016 approval of the CAT NMS Plan)²³ and automating and securing the FDID-based request and response approach currently utilized by regulators. This approach, which relies on CCIDs and enables regulatory personnel to continue to monitor a customer's activity across accounts and broker-dealers, is discussed in more detail below.

Annex 1 to this comment letter illustrates how removing CCIDs from CAT would prevent regulatory personnel from linking activity of a single customer across accounts and broker-dealers, and how retaining CCIDs in CAT and replacing EBS with an automated and secure request-response system would allow regulatory personnel to link activity of a single customer across accounts and broker-dealers.

The Commission has recently confirmed the Commission's support for the approach recommended by FIF members

In the Commission's recent PII approval order, the Commission confirmed its support for the approach recommended by FIF members. In the order, the Commission wrote that it "... agrees that the CCID process should be maintained and codified in the Plan."²⁴ The Commission further wrote as follows relating to the retention of CCIDs in CAT:

The ability to link information about order events throughout the national market system to a unique customer identifier is one of the core regulatory advances of the CAT over the fragmented regulatory data sources that preceded it. The CCID process makes that possible

....

²³ See discussion below.

²⁴ PII Approval Order, at 91 FR 2168.

In doing so, the CCID process greatly facilitates the regulatory and surveillance efforts of the Participants and the Commission by, among other things, enabling regulators to detect potentially unlawful trading activity and to identify those responsible for or victims of it. Codification of the CCID process, combined with the further elimination of PII reporting as described in Part III.B. below, preserves the regulatory benefits of the CAT while addressing the privacy, security, and other risks associated with capturing and storing personal customer information in the CAT.²⁵

In the PII approval order, the Commission further discusses the importance of CCIDs to track activity of a customer across broker-dealers:

The Commission continues to believe that the CCID process provides CAT the ability to provide customer attribution of order and trade activity even if such trading activity spans multiple broker-dealers, and without this ability, the value and usefulness of the CAT would be significantly diminished.²⁶

The Commission also explains in the PII approval order that CCIDs represent an improvement over pre-CAT processes:

The Commission stated, in approving the CAT NMS Plan, the importance of the CCID approach, as it “constitutes a significant improvement relative to the Baseline because it would consistently identify the Customer responsible for market activity, obviating the need for regulators to collect and reconcile Customer Identifying Information from multiple broker-dealers.” This Order generally preserves this benefit of the CCID process, thereby preserving one of the critical innovations of the CAT, the ability to track one Customer’s market activity across multiple exchanges.²⁷

In the PII approval order, the Commission also discusses building upon the current request-response approach used by regulatory personnel as a replacement for the costs, burdens and inefficiencies of EBS:

With respect to the creation of a request-response system, Commission agrees that it is beyond the scope of the Proposed Amendment. However, such a system could decrease regulators’ reliance on EBS, which could facilitate the eventual elimination of EBS and could reduce the cost and burdens to Industry Members and increase efficiencies. Accordingly, as stated in the CAIS Exemption Order, the Commission continues to urge the Participants to work with Industry Members to establish such a request-response system by taking advantage of the systems Industry Members have already established to format and submit customer information consistent with CAT specifications.²⁸

²⁵ Ibid.

²⁶ Ibid.

²⁷ Id. at 91 FR 2174.

²⁸ Id. at 91 FR 2169.

Consideration of impact beyond CAT

It is important for the Commission to consider the impact on market oversight and costs beyond CAT itself. Limiting consideration to CAT itself does not properly account for the adverse impact of this proposal, as expected by FIF members. This is discussed in further detail in Annex 2.

Impact beyond CAT if CCIDs are removed

FIF members see two potential paths forward if CCIDs are removed from CAT:

- First, the Commission terminates EBS, as directed by the Commission when the Commission approved the CAT NMS Plan.
- Second, the Commission retains EBS indefinitely, contrary to the Commission's directions when the Commission approved the CAT NMS Plan.

If the Commission plans to remove CCIDs from CAT and terminate EBS, FIF members do not understand how regulatory personnel would monitor activity of a customer across accounts and broker-dealers. It is clear that the Commission understands this point, as evidenced by the Commission's support -- in the PII approval order -- for building upon the request-response approach currently used by regulatory personnel.

If the Commission plans to remove CCIDs from CAT and retain EBS indefinitely, FIF members expect the following adverse impact, as discussed in more detail below:

- The continued transmission of large volumes of PII (including social security numbers) in plaintext in response to EBS requests
- Inability for regulatory personnel to monitor activity of a customer across multiple accounts and broker-dealers
- Significant increase in the volume of EBS requests
- As a result of this increase in EBS requests, a significant increase in ongoing operational and compliance costs for Industry Members
- The Commission, the SROs and Industry Members moving backwards from automated to manual processes.

These and other adverse impacts are discussed in further detail below. While the PII approval order makes clear that the Commission does not intend to remove CCIDs from CAT, if the Commission were to propose removing CCIDs from CAT, the Commission would need to (i) provide clarity as to its intent with respect to EBS and (ii) address the concerns discussed in this section.

If CCIDs are removed, regulatory personnel can no longer use CAT to detect activity by a single customer across accounts and broker-dealers, which is the core function of CAT

If CCIDs are removed, regulatory personnel can no longer use CAT to detect activity by a single customer across accounts, either at the same broker-dealer or across different broker-dealers. This point is illustrated in detail in Annex 1.

The ability to identify trading by a customer across accounts is the core function of CAT

In the adopting release for CAT, the Commission identified various objectives for CAT. The key objective of CAT has been to enable regulatory personnel to identify trading activity of a single customer across accounts. This is discussed extensively in the adopting release for CAT, including the following passage:

An additional shortcoming of existing SRO audit trails is the lack of customer identifiers. In general, existing SRO audit trails only identify the broker-dealer handling the order and not the account holder or the person exercising investment discretion for the account holder, if different. This limitation makes the process of identifying the customers involved in unusual trading patterns or market events very difficult. Even determining whether or not an unusual trading pattern exists is challenging if the data does not identify trades by a single customer at multiple broker-dealers. Requests therefore must be made to one or more broker-dealers to obtain information about the customer or customers behind an order. Multiple requests may be necessary before the information is obtained. EBS data may have to be requested as a supplement. A further challenge arises in any type of customer-based cross-market analysis because there is no standard convention for how customers are identified at different broker dealers – the same party directing trades across multiple venues, or through different broker-dealers, can be known by many different names.”²⁹ [footnotes omitted]

This point is discussed further in another passage in the CAT adopting release:

Even more critically, the absence of reliable information about who initiated which orders makes detection of schemes that involve repeat instances of activity through accounts at multiple broker-dealers difficult. Schemes of this sort may be among the most harmful and difficult to police, but without a customer identifier that consistently and uniquely identifies responsibility for orders across all broker-dealers, no amount of technical sophistication and securities market insight can produce a data query or analysis to detect them.³⁰ [footnotes omitted]

As discussed above, the Commission reemphasized this point in its recent PII approval order:

The ability to link information about order events throughout the national market system to a unique customer identifier is one of the core regulatory advances of the CAT

²⁹ CAT Adopting Release, at 77 FR 45730.

³⁰ Id. at 77 FR 45731.

over the fragmented regulatory data sources that preceded it. The CCID process makes that possible³¹

The objective of identifying customer activity across accounts can be achieved through retaining CCIDs in CAT and automating and securing the request and response process currently utilized by regulatory personnel

FIF members support the removal of PII from CAT for security reasons. At the same time, FIF members understand the need for regulatory personnel to identify activity of a single customer across multiple accounts and broker-dealers. This result can be achieved through building upon the request and response process currently utilized by regulatory personnel, as described below. This request and response process is an automated version of the process illustrated in Diagram 3 of Annex 1 (which would no longer be available to regulatory personnel if CCIDs are removed from CAT).

The projected cost savings (1.88% to 2.61% of annual CAT operating costs) do not justify removing the core function of CAT; in addition, the increased compliance costs incurred by Industry Members would greatly exceed this cost savings

CAT LLC projects cost savings ranging from \$2.5 million to \$3 million³² (1.88% to 2.61% of CAT operating costs) resulting from the removal of CCIDs. We first calculate the percentage based on the high-end of the range of projected cost savings by CAT LLC. At the high-end, if the Commission approves the seven cost-saving proposals submitted by CAT LLC, CAT LLC projects annual CAT operating costs of \$115 million.³³ At the high-end, CAT LLC projects an incremental cost savings of \$3 million (\$9 million less \$6 million) resulting from the incremental change of removing CCIDs from CAT.³⁴ \$3 million divided by \$115 million is 2.61%. At the low-end, if the Commission approves the seven cost-saving proposals, CAT LLC projects annual CAT operating costs of \$133 million.³⁵ At the low-end, CAT LLC projects an incremental cost savings of \$2.5 million (\$6.5 million less \$4 million) resulting from the incremental change of removing CCIDs from CAT.³⁶ \$2.5 million divided by \$133 million is 1.88%.

This percentage of savings in CAT operating costs does not justify removing the core function of CAT. Further, the increased compliance costs resulting from the removal of CCIDs will greatly exceed this cost savings. Specifically, if CCIDs are removed from CAT, the Commission will need to continue and expand the manual EBS query process, which is costly for Industry Members.³⁷ The Commission should also consider the increased investigative costs that would result from the removal of CCIDs from CAT and the need for greater reliance by the Commission on manual processes. Further, the Commission should consider the costs of implementing appropriate security controls for EBS.

³¹ PII Exemptive Order, at 91 FR 2168.

³² See, Rule Filing, at 4-6, and discussion in this paragraph.

³³ Ibid.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Ibid.

³⁷ As discussed above, the Commission could remove CCIDs from CAT and retire EBS, but the Commission would need to explain how it would plan to conduct market oversight if it adopts this approach.

The CAT adopting release identifies various shortcomings of EBS

EBS is inferior to CAT in a number of respects. In the adopting release for CAT, the Commission identifies various shortcomings of EBS:

“... EBS data, which is currently sourced from the so-called back-office records of clearing brokers, are **limited to executed trades** and do not contain information on orders or quotes (and thus no information on routes, modifications, and cancellations). Also, in frequent cases where brokers utilize **average-price accounts** to execute and aggregate multiple trades for one or more customers, the details of each individual trade execution are typically lost when reported through the EBS system because it is only the average aggregate price and volume of a series of executed trades that are transmitted to the clearing systems for processing.

Furthermore, the EBS data currently includes only the dates, but not the times, of each trade execution (regardless of whether or not the trade represents an average-price series of executions). Since there could be many broker-dealers trading a given security on a given day of interest, to reconstruct trading on the market for one security on one day could involve many, perhaps hundreds, of EBS requests. Consequently, EBS data, alone, are not generally useful for price or short sale manipulations analysis, order flow analysis, depth-of-book analysis, or any large-scale market reconstructions in which the timing of events is required to build a useful picture of the market.³⁸

In addition, though the EBS system provides the names associated with each account in which a trade has been placed, these names are based on the separate records of each broker-dealer providing data to the EBS system, and the **same party may be identified by a different name across multiple broker-dealers**. Experience of staff at the Commission has shown that it is difficult to perform cross-broker customer analysis of trading since the same customer may be known by different names depending on the account and broker-dealer through which it traded.

The EBS system also typically requires SRO and Commission staff needing EBS data to request the information from each broker-dealer, and **complete responses from each broker-dealer may take days or weeks depending upon the scope of the request**. As a result of these various limitations, the EBS system is generally only used by regulators in narrowly-focused enforcement investigations that generally involve trading in particular securities on particular dates or with specific broker-dealers.³⁹ [emphasis added; footnotes omitted]

³⁸ EBS includes execution timestamp to seconds. Since EBS does not include any order information, EBS does not include order timestamps.

³⁹ CAT Adopting Release, at 77 FR 45727-45728.

FIF members have similarly highlighted deficiencies with EBS and why EBS should be retired

In a comment letter that FIF submitted to the Commission on July 14, 2025, FIF discussed the importance of retiring EBS.⁴⁰ There are two potential regulatory arguments for retaining EBS (in this letter, we are specifically focused on EBS for equities and options)⁴¹:

- Collection of transaction data
- Collection of customer and account data.

Regarding the use of EBS for collection of transaction data:

- EBS transaction data is fully duplicative of CAT; all transaction data provided in response to EBS requests is already in CAT.
- The transaction data in EBS is far inferior to CAT; for example, CAT includes order events and trade executions, while EBS includes trade executions but does not include order events. In addition, CAT trade executions are linked to trades reported to the Trade Reporting Facilities and OTC Reporting Facility, while EBS does not provide this linkage.

Regarding the use of EBS for collection of customer data:

- EBS does not contain FDIDs or CCIDs, so it cannot be used to link CAT transaction data to customer information. A request and response approach focused on FDIDs and CCIDs, as discussed in this letter, would achieve this objective that EBS cannot achieve.
- EBS is intended to be a transaction reporting system; EBS includes PII but is not intended to function as a database for customer information. EBS should be replaced with a system that is specifically focused on obtaining customer information.
- EBS provides for the plaintext transmission of SSNs and account numbers, as discussed above.
- The PII transmitted to EBS in plaintext is associated to specific transactions.
- FIF members are not aware of any controls for EBS to require the encrypted storage of SSNs and other PII.
- Responding to EBS queries is manually intensive.
- EBS does not take advantage of the structured PII data that Industry Members have generated to comply with their CAIS reporting obligations.
- The record format of EBS is inferior to the CAIS record format in many respects; for example, EBS only allows one customer (i.e., natural person or legal entity) to be associated to an account,⁴² while the CAIS record format allows multiple customers to be associated to an

⁴⁰ Letter from FIF to the Commission (July 14, 2025), available at <https://www.sec.gov/comments/4-698/4698-625367-1847814.pdf>.

⁴¹ While this letter is focused on EBS for equities and options, the Commission, the SROs and Industry Members should also consider potential approaches to modernize or replace EBS for other asset classes, such as fixed income.

⁴² See, for example, FINRA Regulatory Notice 20-19, Electronic Blue Sheet Submissions (June 23, 2020), available at <https://www.finra.org/sites/default/files/2020-06/Regulatory-Notice-20-19.pdf>, at 9-10.

account (for example, a beneficial holder and an investment adviser).⁴³ Accordingly, EBS fails to account for the increasingly common scenario where the beneficial owner of an account is not the party making the trading decisions for the accounts (i.e., managed accounts).

The Commission, as part of its approval of the CAT NMS Plan in 2016, provided directions for the retirement of EBS

When approving the CAT NMS Plan in 2016, the Commission made clear its understanding that EBS would be redundant of CAT for equities and options and should be retired for these two asset classes upon the CAT Transaction Reporting system becoming operational:

Specifically, the Commission believes that, going forward, CAT will provide Commission Staff with much of the equity and option data that is currently obtained through equity and option cleared reports and EBS, including the additional transaction data captured in connection with Rule 13h–1 concerning large traders. Accordingly, Commission Staff is directed to develop a proposal for Commission consideration, within six months of the Effective Date, to: (i) Amend Rule 17a–25 to eliminate the components of EBS that are redundant of CAT, and (ii) amend Rule 13h–1, the large trader Rule, to eliminate its transaction reporting requirements, in each case effective at such time as CAT Data meets minimum standards of accuracy and reliability. In addition, as part of this proposal, Commission Staff will recommend whether there will continue to be any need for the Commission to make requests for equity and option cleared reports, except for historical data, once CAT is fully operational and CAT Data meets minimum standards of accuracy and reliability. The Commission notes that the EBS system will still be used to collect historical equity and options data—i.e., for executions occurring before CAT is fully operational—and data on asset classes not initially covered by CAT, such as fixed income, municipal, or other government securities, and that the components of the EBS system necessary to enable such usage will need to be retained. However, to the extent that CAT is expanded to include data on additional asset classes, the Commission will consider whether the components of the EBS system related to the retention and reporting of data on these asset classes can also be eliminated.⁴⁴ [footnotes omitted]

D. FIF members highlight issues to consider for an automated and secure request-response system

Automating and securing the current request and response process

With the removal of PII from CAT, regulatory personnel need a method to identify customer trading across accounts. FIF members are aware of at least two potential approaches to achieve this objective: (i) automating and securing the current request and response process as illustrated in Diagram 3 of

⁴³ See, for example, CAT Reporting Customer & Account Technical Specifications for Industry Members, Version 2.2.0 r4 (Aug. 14, 2025), available at https://catnmsplan.com/sites/default/files/2025-08/08.14.25_Full_CAIS_Technical_Specifications_2.2.0_r4_CLEAN.pdf, at 44-51.

⁴⁴ Securities Exchange Act Release No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016), at 81 FR 84777-84778.

Annex 1 and discussed in this section; and (ii) maintaining and expanding EBS. For the reasons discussed in the preceding section, FIF members support the retirement of EBS and implementation of the first approach. If CCIDs are removed from CAT, the first approach is no longer feasible because regulatory personnel will have no way to identify customer trading across accounts. Accordingly, FIF members support retiring EBS, retaining CCIDs in CAT, and automating and securing the current request and response process utilized by regulators.

Currently, as illustrated in Diagram 3 of Annex 1, regulatory personnel send inquiries to Industry Members where the regulatory personnel specify one or more FDIDs (obtained by the regulatory personnel from the CAT system) and request that the Industry Member provide the customer information associated to these FDIDs. FIF members have identified various challenges with the current request-response process, including the fact that the requests are manual and non-standard. This means that Industry Members are required to spend significant time (and incur significant associated costs) in responding to these requests. Accordingly, while FIF members support the request-response approach, FIF members emphasize the need to automate and standardize the current request-response process on an expedited basis. While automation could take additional time, FIF members request that regulatory personnel take steps in the interim to standardize the request-response process, as this would assist broker-dealers in standardizing their own response processes.

While greater standardization can be achieved in the near-term, the Commission and the SROs should seek, longer term, to automate and secure the current request and response process through establishing a standardized, published data format for responses and providing a secure means for Industry Members to submit responses.

More specifically, FIF members recommend that the Commission and the SROs implement a system whereby the Commission and the SROs could obtain, through a request and response approach, the data fields containing PII that are no longer reported to CAT. These requests would be based on one or more FDIDs specified by the Commission or an SRO, as applicable. This type of system would address each of the deficiencies of EBS identified above. While there would be a cost to implement this type of system, these costs would be recovered over a short period of time through automation, increased clarity as to the data to be reported, and the ability for Industry Members to rely on the systems and data structures that they developed to enable CAIS reporting. These cost savings would continue for the foreseeable future. FIF members would support the implementation of this type of system on an expedited basis.

FIF members believe that the requests in this system could be centralized through FINRA, as is the case with current EBS requests. FINRA could then forward the responses to the requesting party, which would be the Commission, FINRA or an exchange (as applicable).

As proposed:

- The responses by Industry Members would include all customer information for an FDID for the applicable historical period being requested by the Commission or SRO
- A request identifier would be associated to each request

- FINRA would provide a secure method for Industry Members to respond to these requests
- The data elements and format for these responses would be based on the prior CAIS data elements and format, including data elements that include PII
- The requested data would not be centrally stored by FINRA (unless FINRA were the requesting party) or any other intermediary party but would be delivered to the requesting party (the Commission or an SRO, as applicable) to be maintained in the requesting party's own secured storage environment
- The requesting party (the Commission or an SRO, as applicable) would delete the data collected in response to a request identifier upon the termination of the applicable investigation
- The Commission and SROs would implement oversight processes to monitor for compliance with the obligation described in the preceding bullet.

Objectives achieved with this approach

FIF members support this approach because it achieves the following objectives:

- Allows for the retirement of EBS
- Low-touch (i.e., highly automated) for Industry Members to implement and operate
- Takes advantage of costs and efforts already incurred by the Commission, the SROs and Industry Members to implement CAT and CAIS
- Avoids the risk of PII being stored centrally; reduces risk by decentralizing the secured storage of PII
- Allows for removing PII from CAT while still allowing regulatory personnel to monitor trading by a customer across accounts and broker-dealers.

Commission support for automating the request and response process

In its 2025 Exemptive Order relating to CAIS PII, the Commission discusses the benefits of having an automated request and response process:

... technological advances such as more efficient computing and networking, could result in the development of an automated or partially automated system for requesting information from broker-dealers and for responding to regulator requests for information held by broker-dealers.⁴⁵

FIF members agree with the Commission as to the desirability of automating any regulatory request and response process.

Additional issues for the Commission and SROs to consider

The following are additional issues that the regulators would need to consider when implementing an automated request-response system:

⁴⁵ Securities Exchange Act Release No. 102386 (Feb. 10, 2025), 90 FR 9642 (Feb. 14, 2025), at 90 FR 9645.

- **Reporting and submitting parties.** The regulators would need to consider the reporting and submitting party roles in this process. FIF members recommend that the request-response system maintain the approach currently used for CAT where a “submitting firm” can submit records on behalf of a reporting firm. FIF members propose that the reporting firm receive all requests with the ability to permission one or more submitting firms to also receive these requests. The regulators would need to consider certain scenarios where a reporting firm has changed submitting firms and a regulatory query relates to a historical period during which the reporting firm was using a prior submitting firm.
- **Historical periods.** The regulators would need to consider how they would request and collect customer data for periods prior to the implementation of an automated request and response system.
- **Feedback.** The regulators would need to consider the type of feedback that FINRA would provide to reporting and submitting firms. FIF members recommend a simplified feedback process and would be concerned about a feedback process that is overly complicated. FIF members recommend further discussion between regulators and market participants relating to the feedback process for an automated request-response system.

Industry Members would require a reasonable time period to update their systems to conform to the requirements of a new request and response system.

Regulatory policies

In connection with their collection of PII through an automated request and response system, the Commission and SROs should implement policies that address the following issues:

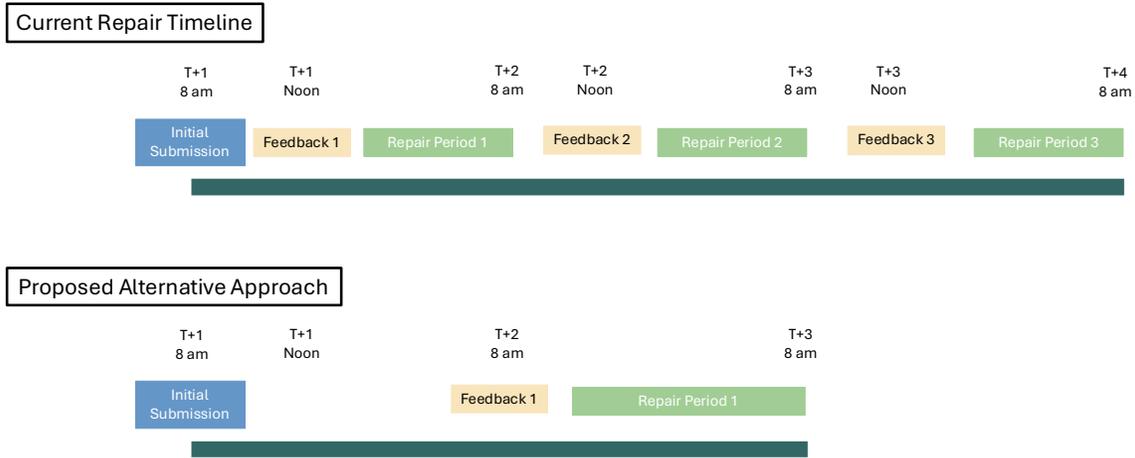
- Limiting requests to scenarios where regulatory personnel have identified potential suspicious activity
- Identifying the categories of personnel that can access the data in the system and for what purpose
- Access controls
- Surveillance and audit to be conducted relating to this access
- Deleting PII data reported by Industry Members after an investigation has closed
- Notification of security breaches.

E. FIF members oppose the proposed revised linkage timeline

FIF members oppose the proposed revised linkage timeline because it would reduce the quality of the CAT audit trail, expose Industry Members to unreasonable compliance risk, and increase compliance and operational costs for broker-dealers beyond the cost savings projected by CAT LLC.

The Repair Timeline Diagram below compares the current linkage timeline to the proposed revised linkage timeline:

Repair Timeline Diagram



As illustrated in the diagram above, CAT currently allows for three cycles of feedback and repair, while the proposed alternative approach would only allow for one cycle of feedback and repair. Given the complexities of coordinating linkage issues with counterparties, one cycle of feedback and repair is not sufficient. As discussed below, the reduction from three feedback cycles to one would significantly impair the ability of Industry Members to resolve the 7% of linkage errors that are unresolved after the 2nd feedback cycle and additional errors that are introduced after the first feedback cycle. As further discussed below, the rule filing does not provide sufficient information for market participants to properly comment on, and for the Commission to make a determination on, this proposal.

The rule filing notes that, through the first ten months of 2025, 80% of linkage errors were resolved by T+2 by 8 a.m., 12% were resolved by T+3 at 8 a.m., 1% were resolved by T+4 at 8 a.m., 6% were resolved outside the T+4 window, and 2% were unrepaired.⁴⁶ This means that 20% of linkage errors were not resolved during the first cycle of feedback and repair. While currently 18% of linkage errors⁴⁷ are resolved beyond T+2, reducing from three feedback cycles to one feedback cycle will likely result in many of these errors never being resolved. For example, after the 2nd feedback cycle, 12% of linkage errors are resolved. This is currently communicated to the impacted Industry Members. The Industry Members can then focus on the 9% of linkage errors that remain unresolved (presumably due to rounding, the percentages provided in the rule filing total to 101%). Ultimately, Industry Members have been successful in resolving 7% of these 9% of linkage errors. But without awareness as to which of the 20% of linkage errors remaining unresolved, Industry Members would be significantly impeded in resolving this 7% of linkage errors.

⁴⁶ Rule Filing, at 70.

⁴⁷ For clarity of presentation, the percentages in this paragraph refer to the percentage of total linkage errors, not the percentage of unresolved linkage errors.

It is important to consider not only the percentage of linkage errors that are resolved, but also the volume of linkage errors that are generated and resolved each day, as this is relevant to understanding the operational and compliance costs for Industry Members and the impact on the CAT audit trail and regulatory personnel. FIF members request that CAT LLC provide data for 2025 on the number of linkage errors that were generated on average each day. The Commission should require that this data be included in an amended rule filing prior to making a determination on this specific proposal.

The rule filing also does not discuss the scenario where new linkage errors are generated because of repairs. FIF members request that CAT LLC provide data for 2025 on the average daily number of new linkage errors that were generated on T+2, T+3 and T+4 because of previously submitted repairs. Reducing from three repair cycles to one repair cycle will effectively prevent Industry Members from repairing this category of errors. The Commission should require that this data be included in an amended rule filing prior to making a determination on this specific proposal.

While, ideally, Industry Members should be able to repair errors within one repair cycle, this is not practical in many cases given the complexity of CAT reporting and CAT linkage validations, and the need for many Industry Members to coordinate this complex reporting with large numbers of counter-parties.

The rule filing projects an annual cost savings of \$6 - \$8 million for this change.⁴⁸ FIF members believe that the increased annual operational and compliance costs for Industry Members resulting from this change will significantly exceed this projected costs savings. Industry Members will need to hire additional staff to handle the same number of linkage errors within a shorter timeframe. Industry Members will also need to allocate additional resources to investigate the 20% of linkage errors that remain after the first linkage feedback cycle based on only having one cycle of feedback from FINRA CAT (as opposed to the current three cycles of feedback). Industry Members also will need to incur increased costs during regulatory examinations because of the larger number of unresolved errors that would result and less clarity regarding which errors have been resolved and which errors are still outstanding.

It is also unreasonable for the Commission and SROs to impose fines and other sanctions on Industry Members for linkage errors if the Commission and SROs have intentionally eliminated processes (the 2nd and 3rd repair cycles) that have been documented to assist Industry Members in identifying and resolving large numbers of linkage errors. If the Commission is considering approval of this proposal, the Commission first should consider and propose, and solicit comment on, changes to current compliance and enforcement expectations relating to CAT reporting, given the reduced ability for Industry Members to repair CAT errors that would result from approval of this proposal. It is also important that the issue of how compliance and enforcement expectations should be modified in light of this proposal be addressed in the rule filing. For example, Industry Members should not be sanctioned for errors that were previously remediable under Commission-approved processes.

While the discussion above in this section is focused on Industry Members, similar costs will be imposed on exchanges if the current three cycles of feedback and repair are reduced to one.

⁴⁸ Rule Filing, at 5.

FIF members oppose the revised linkage timeline proposed in the Rule Filing but support the focus by CAT LLC on identifying potential changes to the linkage and repair process to reduce CAT operating costs. FIF members are interested in engaging in further dialogue with CAT LLC in identifying potential changes to the linkage and repair process to reduce CAT operating costs.

* * * * *

FIF members appreciate the opportunity to comment on the Notice of Filing. If you would like clarification on any of the items discussed in this letter or would like to discuss further, please contact me at howard.meyerson@fif.com.

Very truly yours,

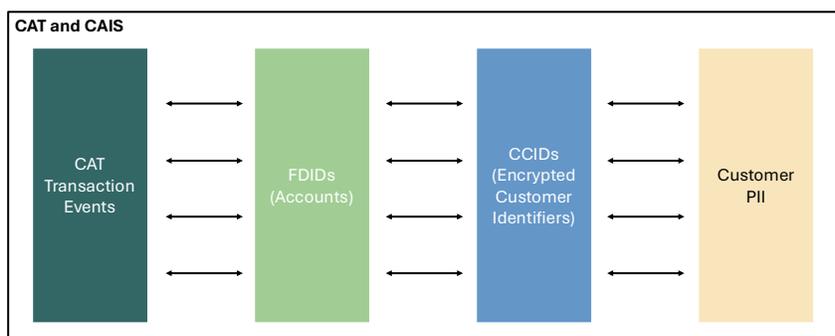
/s/ Howard Meyerson

Howard Meyerson
Managing Director, Financial Information Forum

Annex 1
The Need for CCIDs to Track a Customer’s Activity Across Accounts and Brokers

Diagram 1 illustrates the design of the CAT Transaction Reporting and CAIS systems prior to the removal of PII from CAIS:

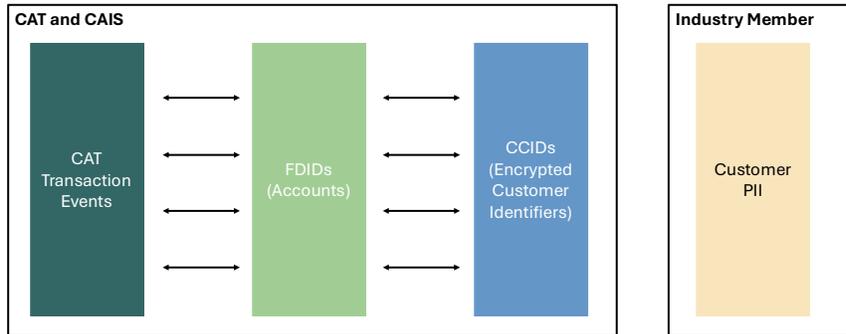
Diagram 1



As illustrated in Diagram 1, prior to the removal of PII from CAIS, regulatory personnel could identify trading activity of a particular entity or natural person customer (represented by a CCID) across accounts (represented by FDIDs) at the same broker or different brokers. Regulatory personnel could then identify the name, address and other PII for the customer.

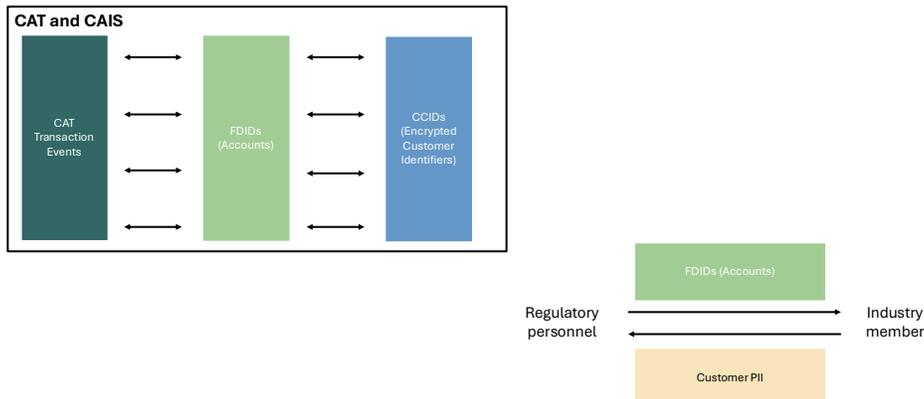
With the removal of PII from CAIS, regulatory personnel can still identify trading activity of a particular entity or natural person customer across accounts, but they no longer have access to Customer PII in CAIS. This is illustrated in Diagram 2:

Diagram 2



To address this challenge, regulatory personnel have adopted an approach illustrated in Diagram 3:

Diagram 3



This approach involves regulatory personnel identifying multiple FDIDs associated to a particular CCID. Regulatory personnel send these FDIDs to the applicable Industry Members, and the Industry Members provide the Customer PII in response. We refer to this approach as the “request and response approach.”

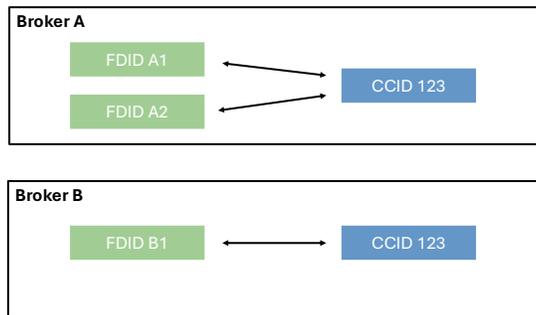
If CCIDs are removed from CAT, regulatory personnel could still request Customer PII based on an FDID, but they would lose the ability to use CAT to detect suspicious activity of a single customer across multiple accounts:

Diagram 4



The scenario depicted in Diagrams 5 and 6 further illustrates this point:

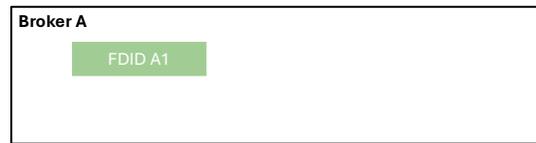
Diagram 5



Assume in the scenario depicted in Diagram 5 that regulatory personnel detect suspicious activity in FDID A1. If CCIDs are retained in CAT, regulatory personnel can identify FDID A2 (at the same broker-dealer) and FDID A3 (at another broker-dealer) associated to the same CCID (CCID 123). Regulatory personnel can then review the activity of CCID 123 across all three FDIDs.

If CCIDs are removed from CAT, regulatory personnel would not know to also look at the activity in FDIDs A2 and B1. This is illustrated in Diagram 6:

Diagram 6



A comparison of Diagrams 5 and 6 illustrates the inferior CAT audit trail that results from the removal of CCIDs from CAT. Without CCIDs, regulatory personnel would need to engage in extensive manual effort to recreate Diagram 5, and regulatory personnel could only do so by querying every broker in the industry (because regulatory personnel do not know where CCID 123 has other accounts). Additional challenges arise in the common scenario where the same customer is identified by a different name across multiple broker-dealers.

Annex 2 Analysis of the Commission's Long-Term Objectives

In evaluating the two alternative proposals, it is important for the Commission to consider the long-term objectives that the Commission seeks to achieve with respect to regulatory oversight. Based on this analysis, the Commission should not move forward with either proposal.

Consideration of long-term Commission objectives relating to market oversight

In evaluating the alternative proposals, the Commission should consider its long-term objectives relating to market oversight. These objectives should not be considered with respect to CAT in a vacuum; instead the Commission should consider its market oversight function, with CAT as one component of this wider function.

The Commission's objectives with respect to market oversight (including CAT) should be as follows

- Maintain the quality of the data reported to CAT and other regulatory reporting systems⁴⁹
- Protect the data reported to CAT and other regulatory reporting systems⁵⁰
- Manage the costs of operating CAT and other reporting systems⁵¹
- Avoid undue compliance and operational costs for market participants⁵²

FIF members oppose the alternative proposals based on applying these objectives. FIF members apply these objectives to the proposal to eliminate CCIDs from CAT:

⁴⁹ See, for example, 17 CFR §242.613(a)(1)(iii).

⁵⁰ See, for example, 17 CFR §242.613(a)(1)(iv).

⁵¹ See, for example, 17 CFR §242.613(a)(1)(vii).

⁵² See, for example, 17 CFR §242.613(a)(1)(vii)(B) and (a)(1)(ix).

Commission Objective	Analysis
<p>Maintain the quality of the data reported to CAT and other regulatory reporting systems</p>	<ul style="list-style-type: none"> • If CCIDs are removed from CAT, regulatory personnel can no longer use CAT to detect activity by a single customer across accounts; the ability to identify trading by a customer across accounts is the core function of CAT • As discussed by the Commission in the PII approval order, the objective of identifying customer activity across accounts can be achieved through retaining CCIDs in CAT and automating the request and response process currently used by SRO personnel
<p>Protect the data reported to CAT and other regulatory reporting systems</p>	<ul style="list-style-type: none"> • The EBS system requires the transmission of large volumes of PII (including social security numbers) in plaintext • The security controls applied for the CAT system are not applied to the PII collected through EBS
<p>Manage the costs of operating the CAT system</p>	<ul style="list-style-type: none"> • If CCIDs are removed from CAT, the Commission would need to retain EBS indefinitely,⁵³ and the volume of EBS requests would increase significantly • The costs of retaining EBS are significantly greater than any cost savings that would result from the elimination of CCIDs from CAT • The Commission would be forfeiting the core function of CAT to save between 1.88% and 2.61% of CAT operating costs • The Commission needs to balance this 1.88% to 2.61% savings against (i) the Commission’s increased investigative costs that would result from having to send manual queries to attempt to reconstruct activity of a single customer across multiple accounts, and (ii) the resulting increased operational and compliance costs for Industry Members
<p>Avoid undue compliance and operational costs for market participants</p>	<ul style="list-style-type: none"> • If CCIDs are removed from CAT, regulatory personnel will need to rely on EBS to detect activity by a single customer across accounts • The EBS system is manually intensive and, accordingly, very costly for Industry Members. • The majority of the EBS system is duplicative of CAT and, accordingly, imposes undue costs on Industry Members. • These costs are significantly greater than any cost savings that would result from the elimination of CCIDs from CAT

As an alternative to the full elimination of CCIDs, FIF members propose the retention of CCIDs, retiring EBS, and automating the request and response system currently used by regulatory personnel. This approach will result in higher quality data reported to CAT, protection of PII, and reduced compliance and operational costs for market participants.

FIF members further apply the objectives above to the proposal for reduced linkage processing:

⁵³ As discussed in this letter, the Commission could remove CCIDs from CAT and retire EBS, but the Commission would need to explain how it would plan to conduct market oversight if it adopts this approach.

Commission Objective	Analysis
Maintain the quality of the data reported to CAT and other regulatory reporting systems	<ul style="list-style-type: none"> • This proposal would reduce the quality of the data reported to CAT
Protect the data reported to CAT and other regulatory reporting systems	<ul style="list-style-type: none"> • This proposal does not impact data protection
Manage the costs of operating the CAT system	<ul style="list-style-type: none"> • The increased compliance and operational costs resulting from this proposal would significantly outweigh the cost savings for the CAT system and must also be balanced against the reduction in the quality of the data reported to CAT
Avoid undue compliance and operational costs for market participants	<ul style="list-style-type: none"> • The increased compliance and operational costs resulting from this proposal would significantly outweigh the cost savings for the CAT system