



March 12, 2026

Ms. Vanessa A. Countryman  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, D.C. 20549-1090

**RE: Joint Industry Plan; Notice of Filing of Amendment to the National Market System Plan Governing the Consolidated Audit Trail (“CAT”) to Further Reduce the Costs of the Consolidated Audit Trail**

Dear Ms. Countryman:

The Securities Industry and Financial Markets Association (“SIFMA”)<sup>1</sup> submits this letter in connection with the proposed amendment (“Proposal”)<sup>2</sup> to the CAT NMS Plan (“Plan”) filed with the U.S. Securities and Exchange Commission (“SEC” or “Commission”) by the Participants in the Plan to further reduce the costs of the CAT, including by codifying in the Plan the cost savings already achieved via the Commission’s September 2025 exemptive relief order (“2025 Cost Savings Exemptive Order”).<sup>3</sup> SIFMA submitted a preliminary comment letter on January 30, 2026 noting that we were still reviewing the Proposal and planned to submit more detailed comments on it after conducting that review.<sup>4</sup> SIFMA has conducted that review and is submitting this letter to provide more detailed comments on the Proposal.

Overall, SIFMA acknowledges the efforts made in the Proposal and recognizes the positive steps it represents toward addressing cost concerns associated with the CAT, as it is designed to reduce CAT costs in ways that do not result in increasing Industry Member net compliance and operational costs to achieve such costs savings. This has been the framework

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<sup>1</sup> SIFMA is the leading trade association for broker-dealers, investment banks, and asset managers operating in the U.S. and global capital markets. On behalf of our industry’s one million employees, we advocate on legislation, regulation, and business policy affecting retail and institutional investors, equity and fixed income markets, and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

<sup>2</sup> Release No. 34-104504 (Dec. 23, 2025), 90 FR 61506 (Dec. 31, 2025). Terms not otherwise defined in this letter have the same meaning as they do in the CAT NMS Plan.

<sup>3</sup> Release No. 34-104144 (Sept. 30, 2025), 90 FR 47853 (Oct. 2, 2025).

<sup>4</sup> See (<https://www.sec.gov/comments/4-698/4698-699808-2194996.pdf>).

under which SIFMA has evaluated prior CAT cost savings initiatives to determine whether those initiatives result in reducing Participant CAT costs while increasing Industry Members CAT compliance costs or creating new inefficiencies. We note, however, that the cost-saving measures set forth in the relief largely codify the Commission's 2025 Cost Savings Exemptive Order. We reiterate that the 2025 Exemptive Order should represent only a first step, and that more substantive, material reforms and cost-savings measures must be pursued expeditiously, including as part of the Commission's comprehensive CAT review.

Moreover, while SIFMA recognizes the Proposal's positive steps to reduce CAT costs, SIFMA members have certain concerns related to the Proposal that we address in more detail below. Our biggest concern relates to the Proposal's unanswered question regarding how the SEC and the Participants as self-regulatory organizations ("SROs") are planning to request from Industry Members the identity of persons engaged in potentially problematic trading activity if the Proposal is approved and the Customer Account Information System ("CAIS") database is eliminated from the CAT. While SIFMA has long been concerned about the CAT's collection and storage of complete personally identifiable information ("PII") for all investors, which this Proposal is designed to further address by eliminating CAIS, the Proposal does not address how regulators would request the targeted identity of a person in connection with an investigation emanating from CAT surveillance if CAIS no longer fills that function.<sup>5</sup>

One of the long-standing promises of CAT, and one of the bases on which the SEC justified its costs, is that it should allow for the retirement of electronic blue sheets ("EBS").<sup>6</sup> SIFMA has long-advocated for the retirement of EBS, as the system is less secure than CAT and the system and its costs have become redundant due to CAT.<sup>7</sup> Because the Proposal leaves unanswered the questions of how regulators (1) would request the identity of persons engaged in potentially problematic trading activity with CAIS eliminated and (2) plan to retire EBS, we request that the Participants, or at least FINRA, develop and execute with industry collaboration a plan to create a request-response system that would replace the CAIS functionality and enable the retirement of EBS.

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<sup>5</sup> SIFMA is not addressing the concepts of eliminating the CAT Customer ID or the reduced linkage processing timelines as they are not being formally proposed in the Proposal.

<sup>6</sup> For example, the Commission noted in the order approving the CAT NMS Plan that CAT will provide the Commission with "much of the equity and listed options 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." The Commission therefore directed the staff to develop a proposal for the Commission's consideration, within six months of the date of Plan approval, "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." See Release No. 34-79318 (November 15, 2016), 81 FR 84696 (November 23, 2016). SIFMA is unaware of whether any staff action has been taken as a result of this Commission directive.

<sup>7</sup> See, e.g., (<https://www.sec.gov/comments/4-698/4698-11.pdf>).

We preliminarily understand that FINRA may be developing such a new “request-response” system that is designed to answer these questions by allowing regulators to request from Industry Members the identity of such persons. We support and appreciate FINRA taking on this responsibility and welcome the opportunity to work with them on it. We also appreciate the Participants taking the time to speak with SIFMA members regarding questions members had on the Proposal after it was published for comment. We look forward to engaging with FINRA on developing this new system.

### **Executive Summary**

SIFMA supports the Proposal’s direction in reducing CAT costs but emphasizes that more significant reforms are still needed. With respect to the Proposal, we:

- are primarily concerned that the Proposal does not address how regulators would identify investors involved in problematic trading given the steps taken to eliminate PII from CAT, culminating with the Proposal’s elimination of CAIS.
- understand that FINRA is working on a request-response system that would provide regulators with this functionality and enable the retirement of EBS. We support these efforts by FINRA.
- support several cost-saving amendments included in the Proposal. However, SIFMA continues to believe that cost reductions must not shift burdens to Industry Members.
- Reiterate our view that the CAT would be more efficiently operated directly by the SEC.

### **Discussion**

Much of the Proposal’s cost savings measures follow from and codify the Commission’s 2025 Cost Savings Exemptive Order. While that exemptive relief is self-executing, and therefore already in effect, we appreciate that the Participants are seeking to formally incorporate the exemptive relief into the CAT NMS Plan. Accordingly, we directionally support the Participants’ Proposal, but urge the Commission and the SROs to move expeditiously beyond this baseline action and pursue substantive, material reforms that will produce durable and measurable reductions in CAT costs. We also have concerns related to certain aspects of two cost-saving measures included within it, the proposed “Reference Data Amendment” and the proposed “Data Storage Amendment.”

#### **Reference Data Amendment**

Our first set of concerns relate to the Participants’ proposed “Reference Data Amendment.” The amendment would eliminate both the requirement to report to the CAT Customer Account Information and Customer Identifying Information and to eliminate CAIS

from the CAT, and to adopt a new, more focused approach for the CAT Customer ID (“CCID”)<sup>8</sup> that would allow for the generation of a CCID while minimizing the data needed for its creation. SIFMA supports the Reference Data Amendment, but as noted is concerned that the Participants in proposing it, as well as the Commission, leave unanswered the significant question of how regulators plan to identify a person engaged in problematic trading activity identified in CAT data in connection with an investigation.

As CAT was originally conceived and has operated to date, regulators are able to access this information through the CAT CAIS database, which houses investors’ PII in a separate database from the CAT transactional database. SIFMA has for many years had concerns about this structure, including concerns about the security of investors’ PII in the CAIS database, noting that it was a massive target for bad actors. After a smaller step in 2020 to mask investors’ social security numbers in the CAIS database through the “PII Exemption Order,”<sup>9</sup> the Commission and the Participants took major steps in 2025 to eliminate PII from CAT through a February 2025 Commission exemptive order and a March 2025 Plan amendment by the Participants (“March 2025 Plan Amendment”). When these actions are finalized, CAT will effectively no longer hold investors’ PII. SIFMA applauds and strongly supports these actions to protect investors’ confidential information by the Commission and the Participants.

In the Reference Data Amendment, the Participants are taking the final step in the process of eliminating PII from CAT. In the amendment, the Participants are proposing to eliminate Industry Members’ CAT PII reporting requirements and the CAIS database completely. In its place, the Participants are proposing to establish a new Reference Database that would contain CCIDs, Firm Designated IDs (“FDIDs”) and certain other non-PII data such as FDID date, account type and customer role. This new database would allow regulators to continue to be able to conduct cross-broker and cross-market surveillance through the use of CCIDs and FDIDs to determine whether the same person was trading through multiple brokers and on multiple markets. However, because the CCIDs are anonymized identifiers of investors, regulators would need to go out to the firms to determine investors’ identities if the Proposal is adopted.

SIFMA supports this new approach, as it will finalize the elimination of PII from the CAT. However, as we have noted, the Participants in the Proposal, as well as the Commission, have not answered the question of the process or systems regulators would use to determine the identity of investors engaging problematic trading activity. This is a significant question that the Participants and the SEC need to address. We therefore request that Participants, or at least

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<sup>8</sup> Used in conjunction with the Firm Designated ID (“FDID”), the CCID is the anonymized customer identifier employed by CAT to allow regulators to track an investors’ trading activity across different brokers and different markets. The FDID is the unique account identifier assigned by an Industry Member to each account it holds.

<sup>9</sup> See Release No 34-88393 (Mar. 17, 2020), 85 FR 16152 (Mar. 20, 2020).

FINRA, develop and execute with industry collaboration a plan to create a request-response system that would address this question and enable the retirement of EBS.

As noted, we understand that FINRA may be working on creating such a request-response system to allow regulators to collect this information. SIFMA has long advocated for this request-response approach, and in fact pursued it with the SEC prior to the adoption of the PII Exemption Order in 2020 described in the Proposal.<sup>10</sup> Under this approach, when regulators analyzing CAT data determine during the course of an investigation that they need the identity of an investor, they would contact the firm(s) where the investor holds their account through an automated and secure system and the firm would respond back with the person's identity. SIFMA has previously advocated for this approach as it is much more secure and less invasive than storing all investors' PII in the CAT and for the same reasons is also a much better alternative than the continued use of EBS.

SIFMA very much supports this request-response approach and believes that FINRA is well equipped to execute on it. SIFMA members are eager to work collaboratively with FINRA and look forward to hearing the details about it. Preliminarily, we believe that it should rely on the systems and processes used by Industry Members to previously report PII to the CAIS database in CAT. We believe that such an approach likely will be the most efficient and cost-effective way to develop such a system, saving Industry Members and regulators from the burden of having to create completely new systems and processes in connection with the development of the request-response approach.

#### Data Storage Amendment

Our other set of concerns related to the Proposal are with the proposed "Data Storage Amendment." Under the amendment, the Participants propose to permit the Plan Processor to delete (i) all CAT Data older than three years (other than CAT Data with a shorter retention period); (ii) OMM Quotes older than six months; (iii) Interim Operational Data older than 15 days; and (iv) quote and NBBO data included in the SIP Data. As the Participants note in the Proposal, the Data Storage Amendment expands upon the substance of the exemptive relief related to data storage and retention granted by the Commission in its 2025 Cost Savings Exemptive Order, which included reducing the CAT data retention period to five years. The Participants estimate that the Data Storage Amendment would reduce annual CAT costs for cloud hosting services by approximately \$23.5 to \$32 million annually.

As SIFMA noted in its comment letter related to the Participants' March 2025 Plan Amendment, we supported the prior proposals put forth by the NYSE and Cboe/Nasdaq to discontinue the collection and storage of unnecessary options data and to reduce the CAT data

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<sup>10</sup> See (<https://www.sifma.org/wp-content/uploads/2021/01/Pause-on-Implementation-Related-to-CAT-CAIS-Final-1-28-2021-1.pdf>).

retention requirements.<sup>11</sup> SIFMA is therefore pleased to see that the Participants sought to further the cost reduction measures from the Commission's 2025 Cost Savings Exemptive Order by including the Data Storage Amendment in the Proposal. As the Participants indicate, this amendment would lead to the highest amount of annual CAT cost savings of any of the proposed cost saving measures included in the Proposal.

We support efforts to reduce the costs associated with CAT data older than three years. However, any modification to the CAT data retention framework should be evaluated holistically to ensure that apparent savings at the Plan level do not result in cost-shifting to Industry Members or undermine the retirement of legacy systems such as EBS. The Proposal would not produce net cost savings if reducing CAT retention periods leads to increased regulatory requests directed to Industry Members for historical data or necessitates the continued maintenance of EBS to fill potential data gaps.

Accordingly, in connection with any reduction in CAT data retention timelines, the Commission should carefully assess all available cost-reduction alternatives. This includes whether historical CAT data could be migrated to a lower-cost storage tier—such as a cold storage environment—where the data would remain available to regulators when necessary, subject to a reasonable retrieval delay. Such an approach could preserve regulatory access and support the retirement of duplicative systems, while avoiding unintended operational and compliance burdens on Industry Members.

#### Other Amendments

SIFMA supports the other amendments in the Proposal. As noted, many of these amendments hard-wire into the CAT NMS Plan the cost savings achieved by the Commission's 2025 Cost Savings Exemptive Order. Specifically, SIFMA supports the following amendments, and with respect to one of them, requests that the Participants and the SEC strongly consider giving Industry Members the same form of relief. In particular, SIFMA supports the amendments to:

- provide for delivery of an interim CAT-Order-ID on an “as requested by the SEC” basis, rather than on a daily basis, which is consistent with and would codify the exemptive relief related to the interim CAT-Order-ID set forth in the Commission's 2025 Cost Savings Exemptive Order;
- discontinue re-processing for late or corrected data received after T+4 at 8:00 a.m. ET, which would expand upon the substance of the exemptive relief related to late data re-processing granted by the Commission in its 2025 Cost Savings Exemptive Order and is

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<sup>11</sup> See (<https://www.sec.gov/comments/4-698/4698-610487-1785814.pdf>).

designed to increase the anticipated cost savings related to late data re-processing exemptive relief;

- eliminate the requirement to provide an online targeted query tool (“OTQT”), which is consistent with and would codify the exemptive relief related to the OTQT set forth in the Commission’s 2025 Cost Savings Exemptive Order;
- eliminate the requirement for Participants to report rejected order messages, which is not part of the Commission’s 2025 Cost Savings Exemptive Order, and regarding which SIFMA urges the SEC and the Participants to strongly consider providing Industry Members with the same form of relief; and
- adopt a more cost-effective data availability timeline, which is not addressed in the Commission’s 2025 Cost Savings Exemptive Order and would (1) extend the time by which raw unprocessed data must be made available to Participants’ regulatory staffs and the SEC from 12:00 p.m. Eastern Time on T+1 to 8:00 a.m. ET on T+2, and (2) extend the time by which final data must be ready for regulators from 8:00 a.m. ET on T+5 to 8:00 a.m. Eastern Time on T+6.

The Participants also propose including a spending cap in the CAT NMS Plan. As the Participants note in the Proposal, incremental requests or interpretations of what is required under Rule 613 and the CAT NMS Plan have significantly increased the complexity and cost of the system. SIFMA members have experienced this as well and agree with this perspective.

Based on their experience, the Participants propose to amend the CAT NMS Plan to adopt a spending cap provision that is designed to safeguard against future requests or interpretations that would expand the then-existing functionality or system operations of the CAT without a clear assessment of whether the costs outweigh any associated benefits. Given SIFMA members’ similar experiences, SIFMA supports this proposed amendment.

#### Commission Operation of CAT

Related to this Proposal, SIFMA continues to believe that the CAT structure as an NMS plan is a very inefficient way to manage the equity and listed options audit trail that CAT represents. Absent SEC exemptive orders, material changes to CAT’s operations need to be effected through amendments to the CAT NMS Plan, which is a lengthy and involved process that ultimately requires Commission approval. We continue to believe that the audit trail the CAT represents can be run more efficiently by the Commission. After all, the Commission is the primary regulatory beneficiary of the CAT, using its data for surveillance, enforcement and rulemaking purposes. For all intents and purposes, the Commission also effectively controls the CAT. This control is demonstrated by the Commission’s proposal and adoption of Rule 613, which ultimately governs the current operation of the CAT, as well as through its practice of providing interpretive positions on the rule and the CAT NMS Plan requirements. This control is

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also demonstrated by the Commission having the authority to approve any material changes to the CAT NMS Plan. Even though the Commission effectively controls the CAT, it does not have to pay for it due to its operation as an NMS plan. We continue to believe this situation should be rectified by the Commission taking over and operating CAT as an SEC regulatory system, with the associated obligation to pay for it. SIFMA would be happy to work with the Commission and the SROs to work through the steps that need to occur to effectuate this change.

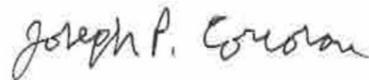
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As discussed above, SIFMA recognizes the Proposal's positive steps to reduce CAT costs in ways that do not result in increasing Industry Member costs to achieve such costs savings. However, SIFMA has certain concerns related to the Proposal noted above, the biggest one being the Proposal's unanswered question regarding how the SEC and the SROs are planning to request from Industry Members the targeted identity of persons engaged in potentially problematic trading activity if the CAIS database is eliminated from the CAT. We understand that FINRA may be working to create a request-response system to allow regulators to collect this information, and we support FINRA's efforts here. If you have any questions or need any additional information, please contact Katie Kolchin, Joseph Corcoran, or Gerald O'Hara at (202) 962-7300.

Sincerely,



Katie Kolchin, CFA  
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Options Market Structure



Joseph Corcoran  
Managing Director and Associate  
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