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Comments on Concept Release on CAT and ... (File # S7-2026-12; Release # 34-105251)

As a retail investor, I appreciate the opportunity to comment on the “Concept Release on Consolidated Audit Trail and Other Audit Trails and Data Sources” [Release No. 34-105251; File No. S7-2026-12; RIN 3235-AN54 ([SEC](#), [PDF](#), [Fact Sheet](#), [Federal Register](#))] in SUPPORT of the Consolidated Audit Trail (“CAT”) and appreciate the opportunity to contribute to the Securities and Exchange Commission (“Commission”) rulemaking process to ensure *all* investors are protected in a fair, orderly, and efficient market.

Why CAT?

“The Commission adopted Rule 613 to create a comprehensive consolidated audit trail that would allow regulators to efficiently and accurately track all activity throughout the U.S. markets in National Market System (NMS) securities.” [[SEC Rule 613](#)] As noted within the Concept Release, “[e]ffective market oversight by the Commission and SROs relies on, among other things, access by regulatory users at the Commission and the SROs to accurate and timely market data” as “[s]uch audit trails and related data sources aid regulators in conducting robust cross-market surveillances, investigations, enforcement activities, and engaging in cross-market reconstructions and analysis” [[34-105251](#) pg 5]. As an example, the SEC has cited the 2010

“Flash Crash” [[Wikipedia](#)] as a reason for adopting Rule 613 [[SEC Statement by Chairman Jay Clayton \(2017-11-14\)](#)].

Flash crashes have continued to occur with notable examples including August 2015 [[Wikipedia](#)] and August 2024 [[WSJ: Stock Market News, Aug. 5, 2024: Dow, S&P 500, Nasdaq Slide Amid Global Selloff](#)] highlighting the need for a comprehensive consolidated audit trail such as CAT. Per the Concept Release, “CAT is intended to furnish both the Commission and the SROs with timely access to a comprehensive, uniform, accurate, and linked set of trading data that allows them to efficiently retrieve relevant information about the full lifecycle of all orders in NMS and OTC Equity Securities across the markets and trading centers that comprise the national market system” [[34-105251](#) pg 13] which would aid regulators in surveillance, investigations, and enforcement (as quoted above).

Perhaps most importantly, CAT is already operational and fully implemented [“On July 15, 2024, the SROs represented to the Commission that the CAT had been fully implemented.” [34-105251](#) pg 8]. CAT is a tool *already* available to regulators – avoiding any need to develop a new tool. In light of this background, it’s particularly puzzling why Chairman Atkins said “the concept release seeks comment on foundational and existential aspects of the CAT” [[SEC 2026-37](#)] with the Concept Release requesting comments on “[s]hould the Commission eliminate the CAT...” [[34-105251](#) pg 19]. As a retail investor, categorically no – do not eliminate CAT. As CAT replaced OATS and COATS, which have both been retired by CAT, eliminating CAT would eliminate the only available consolidated audit trail required by Rule 613; which was adopted for surveillance, investigations, analysis, and enforcement citing flash crashes, an on-going phenomenon. Instead of eliminating or neutering CAT, retail investors like myself would strongly prefer a more comprehensive, capable, and fully funded CAT.

Good CAT

Despite publishing very limited CAT data, the public has already been able to identify anomalous trading behavior in our markets manifested as massive spikes in CAT Errors [see, e.g., [SEC File No. 4-865](#) “Petitions for Rulemaking: Close Loopholes Abused for Naked Shorting” (incorporated herein by reference, [example](#))]. Petitions to close loopholes abused for naked shorting in SEC File No 4-865 [see, e.g., [4865-petn-012.pdf](#) (“4-865 Petition”)] identified spikes in CAT equities errors from a baseline of single to double digit millions of CAT equities errors up 1,000-10,000x to single and double digit billions in a single trading day.

“For example, the [Feb 20, 2025 Monthly CAT Update Presentation \[PDF\]](#) includes an appendix containing Overall Errors Count by Trade Date for equities from Jan 10 to Feb 13, 2025 where 17 trading days have double digit millions of errors or less, 5 trading days have hundreds of millions of errors, and the remaining 2 of the 24 trading days have billions of errors. Anyone, with or without statistics, can see that billions of equities errors 1,000-10,000x above the baseline are anomalies (not to mention the similar spikes in options errors). No reasonable person [[Wikipedia](#)] could find billions of mistakes in one trading day 1,000-10,000x above average to be made in good faith.” [4-865 Petition pg 6 (footnotes removed)]

The 4-865 Petition’s example using the Feb 20, 2025 Monthly CAT Update Presentation shows 8.4 billion Overall Errors Count for the Jan 13, 2025 Trade Date [[Appendix A1](#)]; which is very significant when compared to average daily trading volume. According to [FINRA Market Data](#) for the National Market System, 2023 had about 2,760 billion shares traded that year with between 250-252 trading days per year which is approximately 11 billion shares trading per day.

3.1.1 National Market System

FINRA collects certain market data as part of its role in overseeing trading and providing transparency services. Following are select tables drawn from that data.

Table 3.1.1.1 Shares of National Market System (NMS) Stocks Trading Summary, 2019–2023

Year	Total Consolidated Shares Volume	Total OTC Shares Volume ¹	% OTC
2019	1,771,096,807,512	659,344,146,179	37.2%
2020	2,773,109,114,496	1,150,323,435,489	41.5%
2021	2,874,893,079,386	1,255,101,462,172	43.7%
2022	2,980,822,029,407	1,250,660,913,156	42.0%
2023	2,760,416,311,642	1,214,477,141,961	44.0%

Thus 8.4 billion errors on Jan 13, 2025 represents over 76% of the average number of shares traded per day (using the most recent FINRA 2023 data) – a very significant portion of the overall market volume that day was erroneous. Why? What happened? Without a comprehensive, capable, and fully funded CAT, investors may never find out why or what happened; and undoubtedly there are certain parties interested in preventing and deterring any investigation into these numerous erroneous equities trades that particular day.

CAT error spikes are not limited to equities. CAT errors on options have similarly been spiking significantly above baseline levels. As an example, the [January 22, 2026 Monthly CAT Update Presentation \[PDF\]](#) includes an appendix containing Overall Errors Count by Trade Date for options from December 12, 2025 to Jan 15, 2026 where 3 trading days have over 1 billion options errors [[Appendix A2](#)].

Trade Date	Overall Errors Count
2025-12-12	1,630,554,167
2026-01-13	1,248,624,010
2026-01-15	1,055,446,541

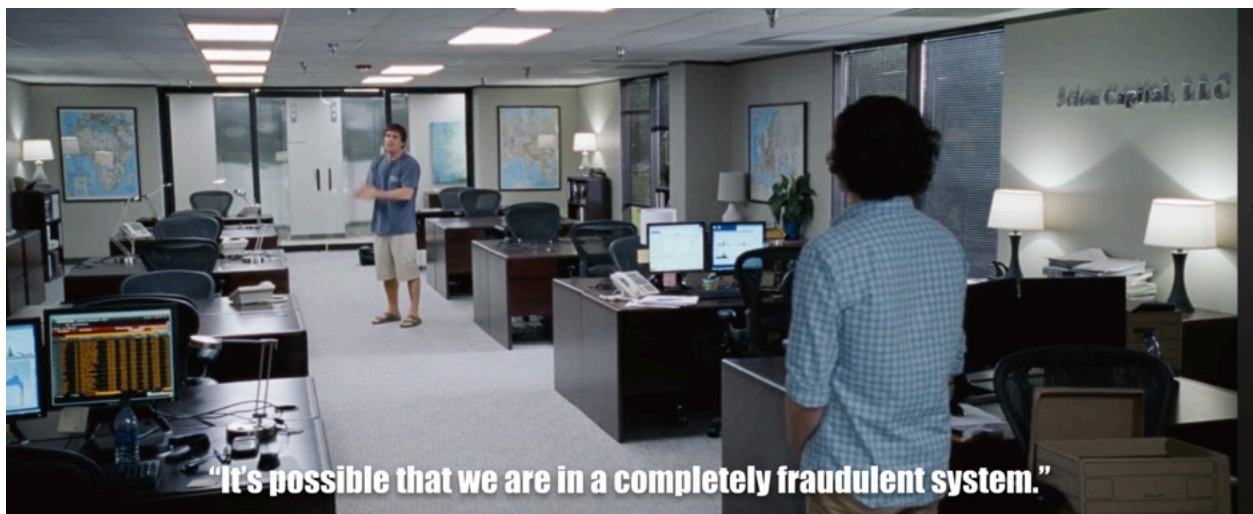
As most options are for 100 underlying shares, 1 billion options errors affects up to 100 billion underlying shares; which is approximately 10x the average number of shares traded per day (11 billion using the most recent FINRA 2023 data). The 1.63 billion options errors reported by CAT for the December 12, 2025 Trade Date represents errors affecting 163 billion underlying shares; which is nearly 15x the average number of shares traded per day (11 billion using the most recent FINRA 2023 data). Fifteen times more shares were affected by errors that day than would normally trade. Why? What happened? According to those petitions in SEC File Number 4-865, these CAT errors spikes may be a sign of naked shorting using an exception (aka “loophole”) in [Rule 203\(a\)\(2\)\(iii\)](#) allowing a broker or dealer to fail to deliver when “an exchange or securities association finds [] that the sale resulted from a good-faith mistake” (i.e., error as “the word [error](#) is a synonym for [mistake](#)”) [4-865 Petition pgs 5-8]. Consistent with those petitions, these significant (1,000x - 10,000x) spikes in errors above a baseline level (sometimes affecting more underlying shares than the average number of shares traded in the entire market) are extremely difficult to write off as “good-faith mistakes” [see, e.g., [Legal Information Institute](#), [Wikipedia](#)].

Equities errors are also not mutually exclusive from options errors. As another example, the [April 17, 2025 Monthly CAT Update Presentation \[PDF\]](#) includes an appendix highlighting 4 consecutive Trade Dates with double digit billions of equities errors occurring simultaneously

with up to triple digit millions of options errors [[Appendix A3](#)], equivalent to double digit billions of underlying shares affected.

Trade Date	Overall Errors Count Equities	Overall Errors Count Options
2025-04-07	14,555,643,459	100,546,760
2025-04-08	18,477,159,648	18,085,500
2025-04-09	21,663,559,654	139,514,735
2025-04-10	23,001,542,788	117,065,123

On 2 of those 4 days, equities and options errors each could account for more errors than the average number of shares traded per day. The [April 17, 2025 Monthly CAT Update Presentation \[PDF\]](#) also contains tables showing Equities Overall Interfirm Received Initial for April 10, 2025 was almost 25% (24.9942%) and Options Interfirm Received Initial for April 9, 2025 was over 25% (25.4661%) [[Appendix A4](#)]; rates of approximately 1 in 4. These massive error rates in our securities system might prompt one to wonder if “it’s possible that we are in a completely fraudulent system” (The Big Short movie 2015 [[Wikipedia](#), [YouTube](#)]).



Regardless of whether these erroneous trades were mistakes made in “good-faith” or not, their sheer magnitude (i.e., more shares affected by errors than would trade on an average day in the entire market) stand out as significant anomalous events which necessitate investigation, analysis, and enforcement action for the protection of our securities markets. These anomalies are mere examples which undeniably demonstrate the significant market need for a comprehensive, capable, and fully funded CAT so that market surveillance, reconstructions, investigations, analysis, and enforcement are possible. As noted above, retail investors were able to identify these anomalies despite only very limited data published. However, since identifying these anomalies, the amount of CAT data published has been further limited as of the [April 23, 2026 Monthly CAT Update Newsletter](#) [[PDF](#) also in [Appendix A5](#)] to remove the daily error detail previously published to instead only publish an overall error rate for the month – obfuscating daily spikes from public view. Publishing more data with more detail would allow investors and market forces to help regulators naturally deter abusive and malicious trading (e.g., abusive naked shorting which has potentially unlimited loss and may pose significant systemic risk). In addition to market deterrents against abusive and malicious trading, a comprehensive and capable CAT publishing more data would enable regulators to better protect our securities markets and maintain public confidence in its operation by, for example, identifying potential causes behind those massive “good-faith mistakes”.

CAT Haters

The Good CAT examples above demonstrate how CAT has repeatedly identified anomalous events when a significant portion of the shares traded in a day are affected by errors. As these anomalous events have occurred multiple times, they are clearly not isolated “one-offs”.

Multiple instances of massive errors strongly suggest these are unlikely mistakes made in “good-faith”. If CAT has revealed signs of fraud in our securities markets, then it would certainly benefit those committing fraud to get rid of or handicap (e.g., declaw) the CAT.

There are, generally, 3 main categories of attacks against CAT addressed herein: (1) privacy and security concerns with critics arguing CAT creates a massive database of personally identifiable information (PII) of investors, (2) Fourth Amendment challenges arguing CAT unlawfully collects private financial and trading information of investors without a warrant, and (3) funding where critics argue CAT is expensive and the funding model to pay for CAT is unlawful.

The privacy, security, and Fourth Amendment concerns appear exaggerated and inapplicable as we live in an environment of Know Your Customer (KYC) requirements [see, e.g., [Wikipedia](#), [Investopedia](#)] with requirements to report large [see, e.g., [IRS](#) and [34-105251](#) pg 79] and crypto [see, e.g., [IRS](#)] transactions. Reporting and auditing requirements exist to combat illicit financial activity. If all of the market transactions are legitimate, then market participants have nothing to hide. But if all of the market transactions are legitimate, why are there such massive amounts of errors flagged by CAT? Are certain market participants trading in a way that they must hide in the dark behind a veil of privacy and civil liberties concerns raised through third party organizations?

Because it seems strange for some market participants to question whether the scope of CAT’s collection of market data raises privacy, civil liberties, and Fourth Amendment concerns [[34-105251](#) pgs 67-68]. Trading does not occur in a vacuum and necessarily involves other participants within the national market system (e.g., counterparty, broker-dealers, exchanges, and clearing agencies) where there should be no reasonable expectation of privacy [[Wikipedia](#), [Legal](#)

[Information Institute](#)] when “CAT is intended to furnish both the Commission and the SROs with timely access to a comprehensive, uniform, accurate, and linked set of trading data that allows them to efficiently retrieve relevant information about the full lifecycle of all orders in NMS and OTC Equity Securities across the markets and trading centers that comprise the national market system” [34-105251 pg 13]. Courts have also held that there is no expectation of privacy in a public market [see, e.g., Gill v. Hearst Pub. Co., 40 Cal. 2d 224, 229-31 (1953) (holding no invasion of privacy where a magazine published a picture of a couple sitting together in a public market); [Legal Information Institute](#)] which should include our public securities markets where public companies are traded [see, e.g., [Wikipedia: Stock exchange](#) and [Investor.gov: Public Companies](#)]. Especially when said public securities market has a consolidated audit trail for tracking all activity throughout the U.S. markets for market surveillance and oversight; with Rule 613 requiring said consolidated audit trail adopted in 2012 [34-67457 ([PDF](#))].

Strangely, regulators have made it more difficult for themselves to perform their regulatory obligations as the ‘Commission has [already] provided exemptive relief and approved amendments to the CAT NMS Plan to enable the SROs to remove personally-identifiable information (“PII”) from the CAT’ [34-105251 pg 9] forcing regulators “to rely on alternative data sources (including the EBS system) for fulfilling their regulatory obligations” [Id.]. And because “CAT is no longer required to collect customer and account-level information pursuant to an amendment to the CAT NMS Plan approved by the Commission on January 13, 2026” [34-105251 pg 14] regulators have forced themselves down a more difficult path having to generate a CAT Customer ID (“CCID”) to access transactional data obtained separately from Industry Members through a manual request [Id. at 14-15] which defeats the purpose of CAT and Rule 613.

Regulators, including the Commission, should make it easier for themselves to fulfill their regulatory obligations. The easiest option is to revert the exemptive relief and approved amendments to the CAT NMS Plan that enabled the SROs to remove PII from CAT – a simple “undo”. Alternatively, if sympathetic to PII concerns, the current CCID method (“Currently, a CCID is generated for each customer using a two-phase transformation process that was developed by the SROs in consultation with Commission staff and security experts from SIFMA members to avoid the collection by and storage in CAT of social security numbers (“SSNs”) and/or individual tax payer identification numbers (“ITINs”) that was originally required by the CAT NMS Plan.” [34-105251 pg 43]) may be a reasonable alternative to separate the PII from the transactional data. However, separately accessing transactional data from Industry Members through a manual request is inefficient and does not promote effective market oversight with timely market data. A separate system capable of quickly and automatically correlating CCIDs to PII (e.g, SSNs and ITINs) in batch and bulk operations for analysis with CAT data might satisfy Rule 613 and CAT requirements for an efficient method for regulators to identify accounts corresponding to trades and transactions so that, for example, regulators could compile a list of accounts responsible for those massive errors which would enable investigation, analysis, and enforcement (where applicable). The ability for regulators to effectively and timely fulfill their regulatory obligations for the protection of our securities markets outweighs any exaggerated (and inapplicable) privacy, security, and Fourth Amendment concerns.

Similarly, the funding concerns also appear exaggerated and it’s worthwhile to put CAT costs into context. According to the Concept Release, CAT was estimated to cost \$55.8M in 2016 and cost \$248M in 2025, with the increase attributed mainly to volume and trading activity [34-105251 pg 9]. While the cost difference may appear large, it’s worthwhile to first account

for inflation which was approximately 42% over that 2016-2025 period according to the Big Mac Index, an informal and semi-humorous yet reasonable measure of real-world purchasing power [[Wikipedia](#), [Big Mac Index](#), [Appendix A6](#)], yielding a Big Mac inflation indexed 2025 cost estimate of \$79M partially offsetting the overall cost increase that is attributed mainly to volume and trading activity. CAT is funded by SROs and Industry Members (e.g., broker-dealers representing buyers and sellers) in accordance with the “2026 Funding Model” [[34-105251](#) pgs 26-27, SEC Release [34-105003](#)] with CAT fees split evenly between the buyer, seller, and regulator for each transaction [Id.; [SEC Commissioner Peirce \(2023/09/06\) Statement](#)]. A third of the \$248M (2025) CAT cost is approximately \$83M (rounded up).

FINRA’s 2025 operating revenue was budgeted to be \$1,461M [[FINRA 2025 Annual Budget Summary](#) pg 1] with their “increase in operating revenue [] primarily driven by higher member firm revenues ... and higher average daily share volume driving increased Trading Activity Fees” [Id.] against projected operating expenses of \$1,375M [Id.] yielding a projected net profit of \$86M. FINRA’s \$86M projected net profit for 2025 could cover the entirety of the \$83M for their 1/3 of the CAT cost; without yet considering that FINRA also recovers CAT costs, e.g., through transaction fees [see, e.g., [FINRA Rule 6897\(b\)](#), [Changes to FINRA Rule 6897\(b\) \(CAT Cost Recovery Fee\)](#), [CAT Fee Alert 2025-2](#), and [CAT Fee Alert 2026-1](#)]. (And in 2026, FINRA paid member firms a \$100M rebate for their 2025 regulatory fees “[b]ased on strong 2025 results, driven by higher-than-expected net income resulting primarily from higher-than-expected trading activity and industry revenue” [[FINRA Member Firm Fee Rebate \(March 18, 2026\)](#)]; more than enough to cover their CAT cost.)

Per [FINRA Rule 6897 \(CAT Funding Fees\)](#) transaction fees are assessed to the CAT Executing Broker for Buyers and CAT Executing Broker for Sellers. The Commission has

“recognized that Industry Members may pass-through CAT fees for customer executed volume [but in the case of proprietary trades where a firm is trading for its own account, there is no customer to which the firm can pass-through fees, as the firm itself is the ultimate investor, and thus it is reasonable for the firm to be responsible for payment of CAT fees for those trades]” [SEC [Release 34-105449 footnote 21](#) quoting [Release 34-105003 Findings Regarding Allocation Of Fees](#)]. The Commission also recognized that “firms regularly pay transaction-based fees to the Participants, which they may pass-through to their customers who, in turn, may pass their CAT fees to their customers, until the fee is imposed on the ultimate participant in the transaction” [[Release 34-105003](#)]. As noted by the Commission, CAT LLC shares this understanding as “CAT LLC stated that Industry Members can pass through their own CAT fees to their customers, like broker-dealers do for transaction-based fees” and “this may result in Industry Members not having any funding burden if they decide to entirely pass-through their allocation to investors” [[Release 34-105003](#)].

As the CAT funding model is based on executed equivalent share volumes of transactions in Eligible Securities [see, e.g., [34-105251](#) pg 26], CAT transaction fees scale proportionally with use; and these fees can be passed through until imposed on the ultimate participant in the transactions – a fair, reasonable, and equitable allocation of fees. Undoubtedly, entities are passing through costs where possible as, for example, “[i]n practice,” the Commission has previously observed, “the covered SROs obtain the funds for these fees and assessments by assessing charges on their members, and the members in turn pass these charges to their customers”” [[34-105251](#) pg 32]) so concerns about CAT costs can easily be exaggerated when not accounting for costs passed through to the ultimate participant. Would it be appropriate for me to complain about the cost of a table’s total dinner bill when my friends reimbursed me for

their orders? Of course not. Yet here we are with participants complaining about total CAT costs while passing on those costs to others.

According to CAT Fee Alert 2026-2 [[PDF \(April 2026\)](#)], the proposed CAT transaction fee rate is \$0.000002 (i.e., \$2 per million executed equivalent shares). The Big Mac Index currently has the average price of a Big Mac at \$6.12 [[Appendix A6](#)] so one Big Mac will be good for 3.06 million executed equivalent shares; a relatively good bargain as few, if any, retail traders would trade 3M shares in a year. If MEMX estimates are anywhere near correct that “retail investors account for 30% to 37% of daily trading volume, depending on the market environment” [[MEMX | Retail Trading Insides in Equities and Options](#) (Sept 5, 2025) also in [Appendix A7](#)], then retail investors are paying 30% to 37% of those CAT transaction fees passed through to them via executing brokers for buyers and sellers. With approximately 11 billion shares trading per day (according to the 2023 FINRA data above), retail investors would account for approximately 4 billion of those shares each day at a cost of about 1330 Big Macs (about \$8200) per day. (Note that the current CAT transaction fee rate in CAT Fee Alert 2026-1 [[PDF \(April 2026\)](#)] is \$0.000001; half the proposed fee rate.) I am happy paying my fair share towards protecting the markets as one of many retail investors; and I am happy forgoing a small nibble of a Big Mac each year to do so. More importantly, these comparisons put into context how CAT transaction fees are *de minimis* where even if an ultimate participant is transacting billions of shares each year, they would only be paying \$2000 per billion executed equivalent shares.

Feeding CAT


With the context above, CAT’s \$248M (2025) annual cost is very affordable for a consolidated audit trail that surveils a national market system transacting over \$500B in average

daily volume ([FINRA Market Data Table 3.1.1.2](#) also in [Appendix A8](#)) and, if anything, investors should be happy to fund CAT for the reasons discussed in the [Why CAT](#) and [Good CAT](#) sections above. Millions to monitor trillions seems quite affordable; though perhaps not for mice who prefer to play without a CAT around [[Wiktionary](#)].

In an attempt to remove CAT's food to starve the CAT away, "market participants have challenged the CAT's funding model" [see, e.g., [34-105251](#) footnote 29 pgs 25-26] with a Court "vacating an order that implemented a modified funding model for the CAT and remanding the matter to the Commission for further proceedings consistent with its opinion" [Id.]. As power often follows in the footsteps of money, how CAT is funded may create misaligned incentives [see, e.g., "The 2023 Funding Order's disregard of these misaligned incentives lacks reason." ASA, *Citadel Securities v. Commission*, No. 23-13396 (11th Cir. July 25, 2025) [Opinion](#); [34-105251](#) pg 30]. Fundamentally, the main problem with the vacated funding order and its misaligned incentives is that those paying for CAT have no way to ensure their interests are represented in its design and execution. Interested industry groups have asked for relief making it more difficult for regulators to perform their regulatory obligations. Retail investors paying pass-through CAT fees have financial skin in the game; certainly more than any Industry Members who entirely pass-through their fee allocation to investors and bear no funding burden. Yet retail investors are not represented at all in CAT (e.g., neither CAT's Operating or Advisory Committees are accessible to retail investors) despite paying approximately a third of the pass-through CAT fees. As with other unrepresented industry participants, retail investors paying pass-through fees for CAT want representation.

Thankfully, the Commission already has a framework and process for rule changes and comments where the public can participate so it makes sense for CAT to have a similar

framework and bureaucratic process that is open to the public so that all investors may be represented. As CAT “is a regulatory system used by the SEC” [[34-105251](#) pg 31], it also makes sense for CAT’s funding to come from the Commission via fees and assessments [Id. at 32], which may be passed onto members and customers, in accordance with an updated funding model. Moving CAT directly under the Commission would allow the Commission to control CAT, manage its expenses, and recover costs in a manner which prioritizes the Commission’s regulatory obligations while fostering transparency and fairness.

As one example, retail investors currently receive very limited scraps of CAT data – neither transparent nor fair. Not long after [SEC File No. 4-865](#) petitioners identified signs of anomalous trading behavior in our securities markets with CAT error data, FINRA CAT discontinued the monthly CAT update presentation in favor of a monthly newsletter that no longer publishes daily error data [ [CAT Error Reports - Another Middle Finger to Retail Investors](#) also in [Appendix A5](#)] noting the daily CAT reporting statistics “continues to be accessible to CAT Reporters and regulators through other preexisting channels” (i.e., not for retail investors estimated by MEMX to account for approximately a third of the daily trading volume and, thus, paying approximately a third of the CAT fees). Retail investors like myself want the same data as industry. After all, we’re paying for the system too and we found the error rate anomalies FINRA CAT is trying to hide. (As for SROs who want access [[34-105251](#) pg 33], they can pay fees to the Commission for access; especially as many SROs are for-profit entities almost certainly passing costs through to members and customers.)

With respect to the Commission's question in the Concept Release on “[s]hould the CAT be required to comply with a specified error rate” [[34-105251](#) pg 39], it may be worthwhile to consider this from a different perspective. CAT is an audit trail and reporting system which can

flag errors, and error spikes, in reported data. CAT itself should not be required to comply with a specified error rate. Instead, CAT reporters should be required to comply with a specified error rate with shortened timelines to comply for abnormal spikes in errors. Target error rates, if any, should also improve over time such that there is a reduction in errors over time. Spikes in CAT errors (detectable with any number of simple algorithms) should also be highlighted as they may signal a problem in the market or a problematic market participant. One can analogize such a system to Yelp or BBB reviews where problems are highlighted so that market participants can choose whether or not to continue doing business with a particular market participant; market forces are a powerful deterrent and problem solver.

Obviously, data for such a system is valuable for much longer than the three year retention period in the 2026 Cost Savings Order [[34-105251](#) pgs 42-43] where such a short retention period creates challenges to reconstructing market events, conducting investigations, and enforcement (where applicable) as required by Rule 613 (see also [Why CAT?](#) and [Good CAT](#) sections above). (For comparison, credit history is retained for significantly longer than 3 years with longer histories providing more valuable insights [see, e.g., [Wikipedia: credit ratings manipulation leading up to 2008 financial crisis](#) which also featured in [The Big Short \(book\)](#)].) As discussed above, CAT costs are effectively de minimis and a tiered retention system keeping more important data longer would make more sense than simply deleting all CAT data older than three years. Putting the 3 year retention period into context, CAT was only fully operational as of July 2024 [[34-105251](#) pg 8] which means next year (2027) CAT will begin deleting data from when it became fully operational. *Why?* What incriminating evidence has CAT been collecting that industry participants are pushing to quickly delete? As data storage costs are minimal compared to (for example) the outsized errors discussed above, retaining data for reconstruction,

investigation, and enforcement would protect our securities markets, protect investors (who, for example, may be on the other end of those erroneous trades), and maintain fair, orderly, and efficient markets by, for example, deterring malicious and manipulative trading including naked short selling per the petitions in [SEC File No. 4-865](#).

Closing

As a retail investor, I appreciate the opportunity to submit this comment regarding CAT in support of the Commission's mission to maintain fair, orderly and efficient markets. Transparency is a core prerequisite for an efficient market as the efficient market hypothesis [[Wikipedia](#)] states that asset prices reflect all available information. Information asymmetry (where some market participants are privy to information not available to others) creates an inefficient market. Information asymmetry created at the expense of retail investors is unfair. The outsized errors in our securities markets are a sign of disorder. And, if investors are correct about the underlying causes for those errors, abusive and manipulative naked shorting has unlimited loss potential which may pose significant systemic risk to the securities markets. I urge the Commission to protect the stability and integrity of our markets and deter illegal trading tactics (e.g., abusive, manipulative and/or malicious short selling) by increasing transparency in our markets..

Sincerely,

A Concerned Retail Investor

Appendix

A1 - Feb 20, 2025 Monthly CAT Update Presentation [[PDF](#)]

Equities – Industry Aggregate Trade Date Statistics January 10, 2025 – January 28, 2025

Trade Date	Processed	Accepted	Late	Overall Errors Count
2025-01-10	55,765,669,846	55,764,998,339	22,725,858	26,900,391
2025-01-13	49,117,489,405	49,117,058,553	8,411,703,953	8,413,353,226
2025-01-14	47,941,798,301	47,941,378,972	2,036,413,881	2,037,789,376
2025-01-15	40,388,938,127	40,388,759,752	186,215,513	187,604,207
2025-01-16	44,852,205,674	44,851,603,064	286,769,347	288,458,161
2025-01-17	37,758,923,595	37,758,800,065	20,736,544	21,937,342
2025-01-21	42,635,152,321	42,634,951,208	28,615,682	30,282,775
2025-01-22	37,167,958,473	37,167,761,163	22,048,192	23,552,289
2025-01-23	38,310,370,581	38,310,239,301	65,951,572	67,241,690
2025-01-24	36,534,116,284	36,534,008,125	19,520,524	20,802,402
2025-01-27	60,431,109,648	60,429,523,305	29,955,297	36,835,165
2025-01-28	44,051,683,569	44,050,749,124	23,479,459	26,385,953

Options – Industry Aggregate Trade Date Statistics December 12, 2025 – December 30, 2025

Trade Date	Processed	Accepted	Late	Overall Errors Count
2025-12-12	29,706,778,728	29,705,753,720	1,630,452,306	1,630,554,167
2025-12-15	28,448,588,338	28,448,567,114	27,256,060	27,345,110
2025-12-16	30,138,469,329	30,138,085,287	30,461,216	30,536,931
2025-12-17	29,462,385,561	29,462,368,198	373,147	467,245
2025-12-18	35,109,310,244	29,294,250,169	2,295,007	2,394,194
2025-12-19	28,588,733,902	28,588,711,678	101,670	191,832
2025-12-22	27,765,598,559	27,765,579,734	58,713	136,109
2025-12-23	28,087,095,644	28,087,079,380	32,971	109,957
2025-12-24	15,544,582,604	15,544,573,934	169,015	213,449
2025-12-26	27,249,873,107	27,249,857,629	54,916	136,264
2025-12-29	26,969,181,430	26,967,876,525	173,511	238,432
2025-12-30	26,198,135,340	26,197,773,930	1,069,820	1,311,134

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Options – Industry Aggregate Trade Date Statistics December 31, 2025 – January 15, 2026

Trade Date	Processed	Accepted	Late	Overall Errors Count
2025-12-31	26,177,936,476	26,177,924,380	19,438	142,333
2026-01-02	29,673,915,843	29,673,868,383	77,965	164,957
2026-01-05	28,574,750,923	28,574,640,940	16,671,158	16,759,598
2026-01-06	29,259,774,259	29,259,756,561	90,230,896	90,312,042
2026-01-07	28,711,076,009	28,711,042,817	79,557	187,815
2026-01-08	29,264,772,514	29,264,757,145	2,164,189	2,244,413
2026-01-09	29,260,966,857	29,260,947,288	85,662,811	85,753,544
2026-01-12	28,376,726,205	28,376,708,251	1,487,949	1,564,998
2026-01-13	29,418,197,352	29,418,152,609	1,248,084,180	1,248,624,010
2026-01-14	28,700,696,035	28,700,677,177	18,741,540	18,826,334
2026-01-15	28,625,835,350	28,625,554,371	1,055,354,856	1,055,446,541

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Equities – Industry Aggregate Trade Date Statistics March 28, 2025 – April 10, 2025

Trade Date	Processed	Accepted	Late	Overall Errors Count
2025-03-28	46,275,411,217	46,274,745,355	1,481,859	2,302,712
2025-03-31	56,849,598,064	56,848,633,715	40,637,759	41,954,212
2025-04-01	55,406,300,238	55,405,612,467	1,946,391	2,992,327
2025-04-02	55,313,450,583	55,309,316,023	63,491	946,414
2025-04-03	79,611,731,221	79,611,290,013	592,832,561	594,113,500
2025-04-04	107,784,239,470	107,781,745,587	6,468,060	51,417,852
2025-04-07	116,609,236,665	116,588,611,244	14,346,439,502	14,555,643,459
2025-04-08	107,034,942,367	107,016,429,930	18,472,061,024	18,477,159,648
2025-04-09	125,611,791,580	125,438,391,442	20,906,113,628	21,663,559,654
2025-04-10	103,491,368,254	103,482,365,294	19,277,597,180	23,001,542,788

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Options – Industry Aggregate Trade Date Statistics March 28, 2025 – April 10, 2025

Trade Date	Processed	Accepted	Late	Overall Errors Count
2025-03-28	19,011,648,647	19,008,700,055	20,842,305	21,576,244
2025-03-31	18,010,526,749	18,009,292,722	18,617	1,050,260
2025-04-01	19,139,936,550	19,139,032,608	430,336	1,272,785
2025-04-02	19,690,737,770	19,690,683,536	47,453,807	47,684,245
2025-04-03	20,705,813,209	20,705,718,196	2,366,820	2,687,951
2025-04-04	20,782,371,433	20,782,189,065	1,041,626	1,468,514
2025-04-07	19,529,883,966	19,515,680,826	50,332,505	100,546,760
2025-04-08	21,065,243,752	21,065,140,345	17,659,726	18,085,500
2025-04-09	20,303,828,819	20,187,080,166	86,067,950	139,514,735
2025-04-10	21,681,233,164	21,681,159,877	16,268,612	117,065,123

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A4 - April 17, 2025 Monthly CAT Update Presentation [[PDF](#)]

Equities – Rolling Five Day Period
Initial T+1 vs. T+5 8 am Data Ready for Regulators
March 28, 2025 – April 10, 2025

Trade Date	Late%	Rejection Initial	Rejection Adjusted	Intrafirm Initial	Intrafirm Adjusted	Interfirm Sent Initial	Interfirm Sent Adjusted	Interfirm Received Initial	Interfirm Received Adjusted	Exchange Initial	Exchange Adjusted	Trade Initial	Trade Adjusted	Overall Error Rate Initial	Overall Error Rate Adjusted
3/28/2025	.0018%	.0014%	.0005%	.0043%	.0031%	.0321%	.0243%	.0154%	.0122%	.0008%	.0008%	.0001%	.0001%	.0101%	.0072%
3/31/2025	.0679%	.0016%	.0007%	.0050%	.0032%	.0673%	.0526%	.1211%	.0284%	.0008%	.0000%	.0002%	.0001%	.0905%	.0767%
4/1/2025	.0033%	.0011%	.0005%	.0034%	.0022%	.0021%	.0013%	.0046%	.0004%	.0007%	.0000%	.0002%	.0001%	.0076%	.0056%
4/2/2025	.0001%	.0010%	.0005%	.0031%	.0016%	.0011%	.0004%	.0026%	.0005%	.0012%	.0000%	.0002%	.0001%	.0038%	.0019%
4/3/2025	.7446%	.0004%	.0004%	.0742%	.0014%	.3952%	.0006%	1.1333%	.0022%	.0006%	.0000%	.0003%	.0002%	.9593%	.7463%
4/4/2025	.0039%	.0022%	.0004%	.0015%	.0012%	.0039%	.0008%	.3992%	.3900%	.0024%	.0001%	.0004%	.0001%	.0492%	.0456%
4/7/2025	12.2188%	.0025%	.0005%	.0263%	.0253%	1.0169%	.0034%	13.9794%	1.6887%	7.2225%	.0000%	.0007%	.0002%	14.6914%	12.3966%
4/8/2025	17.2599%	.0013%	.0012%	.0371%	.0012%	.0009%	.0008%	17.3760%	.0229%	4.1854%	.0006%	.0003%	.0001%	19.6127%	17.2627%
4/9/2025	16.6795%	.0004%	.0003%	.0476%	.0015%	.9796%	.0530%	17.2642%	.0172%	6.7283%	.0005%	.0012%	.0002%	19.3743%	16.6625%
4/10/2025	18.6282%	.0005%	.0003%	.0014%	.0011%	.2021%	.0008%	24.9942%	6.8094%	6.7086%	.0006%	.0005%	.0002%	22.2248%	19.3883%

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Options – Rolling Five Day Period
Initial T+1 vs. T+5 8 am Data Ready for Regulators
March 28, 2025 – April 10, 2025

Trade Date	Late%	Rejection Initial	Rejection Adjusted	Intrafirm Initial	Intrafirm Adjusted	Interfirm Sent Initial	Interfirm Sent Adjusted	Interfirm Received Initial	Interfirm Received Adjusted	Exchange Initial	Exchange Adjusted	Trade Initial	Trade Adjusted	Overall Error Rate Initial	Overall Error Rate Adjusted
3/28/2025	.1013%	.0145%	.0028%	.0014%	.0014%	.0022%	.0006%	.0223%	.0033%	.0002%	.0001%	.0452%	.0243%	.1169%	.1052%
3/31/2025	.0001%	.0047%	.0047%	.0015%	.0014%	.0038%	.0021%	.0185%	.0014%	.0001%	.0000%	.0242%	.0242%	.0060%	.0058%
4/1/2025	.0022%	.0036%	.0035%	.0012%	.0012%	.0014%	.0004%	.0254%	.0017%	.0001%	.0000%	.0601%	.0515%	.0068%	.0066%
4/2/2025	.2410%	.0003%	.0002%	.0013%	.0013%	.0013%	.0003%	.0123%	.0031%	.0001%	.0000%	.0185%	.0093%	.2423%	.2422%
4/3/2025	.0114%	.0004%	.0003%	.0017%	.0017%	.0013%	.0003%	.0809%	.0073%	.0000%	.0000%	.0411%	.0308%	.0134%	.0130%
4/4/2025	.0050%	.0008%	.0006%	.0022%	.0020%	.1859%	.0006%	.0982%	.0089%	.0362%	.0002%	.0486%	.0155%	.0183%	.0071%
4/7/2025	.2134%	.0041%	.0040%	.0663%	.0658%	.4004%	.0068%	2.9628%	.0186%	.9258%	.9187%	.0681%	.0491%	.4741%	.4705%
4/8/2025	.0838%	.0005%	.0003%	.0021%	.0020%	.0020%	.0004%	.0141%	.0086%	.4915%	.0010%	.1293%	.0808%	.2207%	.0859%
4/9/2025	.4280%	.0006%	.0005%	.0032%	.0032%	.1651%	.0004%	25.4661%	.0532%	1.2364%	.9114%	.0655%	.0273%	.8747%	.6888%
4/10/2025	.0772%	.0006%	.0006%	.0023%	.0023%	.0024%	.0012%	.0390%	.0369%	1.6913%	.0007%	.0467%	.0436%	.5424%	.0797%

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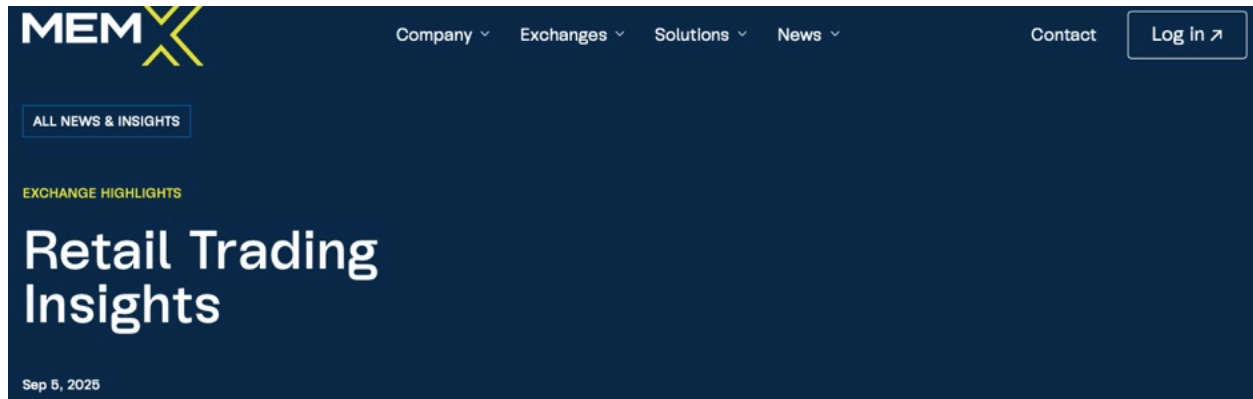
Transaction Statistics

- From March 1, 2026, through March 31, 2026:
 - Equities Error Rate: 0.4606%
 - Options Error Rate: 0.1420%
- The Monthly CAT Report Cards show monthly compliance rates by peer group and industry for CAT Reporters. Additionally, the Reporter Portal Reporting Summary Screen provides the Daily Compliance Error Rate for CAT Reporters.

**Error rate is the Industry Member Compliance Error Count / Processed Records Count*

A6 - Big Mac Index (July 2016 - March 2026) [inflationchart.com/bigmac-in-bigmac/]





Retail Trading Insights in Equities and Options

Highlights & Recent Developments

- New SEC statistics show U.S. households holding stock surged to 58% of total following the move to commission-free trading
- Retail investors account for an estimated 30% – 37% of daily equity trading volume
- Most retail volume is executed off-exchange by retail wholesalers (34% market share), while exchanges handle retail non-marketable limit orders
- Odd-lot trading has increased to 66% of industry trades, but is not a good way to gauge retail trading activity
- In options, Customers (retail/institutions) accounted for 45.8% of industry volume in August
- Option trade sizes of 10 contracts or fewer accounted for 30% of volume, providing insight on retail participation levels
- Activity from the largest retail brokers accounted for nearly 27% of MEMX volume in August
- MEMX saw significant retail activity of nearly 40% in SPY ODTE contracts

A8 - FINRA Market Data Table 3.1.1.2 [finra.org]

Table 3.1.1.2 National Market System (NMS) Stocks Trading by Venue Type, 2020–2023^{1,2}


		2020	2021	2022	2023
Avg. Daily Transactions	Exchange	43,086,738	51,276,383	51,447,764	51,697,501
	Alternative Trading Systems	6,283,268	7,791,035	7,866,283	11,905,844
	Non-Alternative Trading Systems OTC	9,282,650	13,141,709	11,667,571	10,483,445
	Total	58,652,656	72,209,127	70,981,618	74,086,791
Avg. Daily Volume (in \$ billions)	Exchange	296.3	368.0	364.7	300.3
	Alternative Trading Systems	54.4	65.6	67.4	68.8
	Non-Alternative Trading Systems OTC	130.4	153.9	181.0	147.4
	Total	481.1	587.5	613.1	516.5

Source: Financial Industry Regulatory Authority. Data as of February 2024.

¹Data from before H2 2021 is based on OATS data. From H2 2021 onward, it is based on trading activity reported to CAT and processed by FINRA.

²The 2023 data column was updated in October 2024 to correct an error.

A9 - [r/SuperStonk](#): [CAT Error Reports - Another Middle Finger to Retail Investors](#)

 **r/SuperStonk** · 1mo ago
F-uPayMe Your HF blew up? F-U, Pay Me Top 1% Commenter

CAT Error Reports - Another Middle Finger to Retail Investors

Discussion / Question

Hello everyone,

this might be the last chapter of the story related to the recent anomalies with FINRA CAT Error Reports. And differently from the usual stories, this one doesn't end in a good way.

You might remember from [my latest post](#) that today **the April CAT Error Report** was going to be released in the new newsletter format FINRA mentioned.

I was expecting to see it released as usual during market AH - but fellow OG ape *WhatCanIMakeToday* noticed [the newsletter is already out there](#).

It can be viewed [here](#) and you'll notice a small change...the small change is that compared to the previous reports there's basically nothing in it and most importantly, **those tables with EQUITIES and OPTIONS Errors are gone**.

Yep, gone.

Or...not really "gone". Actually worse, sorta.

"What you mean with 'worse' " you might ask.

Well...that data is gone...for the general public (including retail investors). **But if you're in the right circle of course they're still visible**.


As you can see here, this is the email in which I was asking for explanations:

Good afternoon,

I just noticed that the April CAT Monthly Newsletter has been published. However, I was expecting to see the full data set included in previous reports - for example, [the March edition](#), which featured tables on the final pages regarding the Overall Errors Count in Equities and Options.

Therefore, I am wondering if it is still possible to view that data elsewhere, or if you have decided to stop publishing it openly as you have done until now?

And this is the reply I got:

 **FINRA CAT Helpdesk**
to me

7:43 PM (2 minutes ago) ☆ 😊 ↩ ⋮

Good afternoon,

In previous monthly update presentations, FINRA CAT provided daily CAT reporting statistics to assist industry member CAT Reporters with comparisons of their reporting compliance against overall industry CAT reporting benchmarks. This information continues to be accessible to CAT Reporters and regulators through other preexisting channels. Additionally, the monthly CAT update presentation has been discontinued and a monthly newsletter for subscribing industry members has been adopted in its place. A monthly compliance rate by product type is provided in the CAT monthly newsletter.

Thank you,
FINRA CAT

This jargon above - unless somehow I understood it wrong - means:

1. Are they still publishing the "Error Count" tables?

Yes, but only for a restricted audience. This email confirms that while the previous Monthly Update Presentation (which used to be a public webinar) has been discontinued, the data has moved to a Monthly Newsletter. However, this newsletter is specifically for "subscribing industry members."

2. Can you, as a retail investor, still see this data somewhere?

Likely not in its full form. The "preexisting channels" they mention should refer to the CAT Reporter Portal. This is a sort of "secure site" that only registered financial firms (broker-dealers) can access. Unless you are a compliance officer at a brokerage firm with a registered CAT account, you cannot log in to see those specific tables.

3. Who can see them and where?

The data is now restricted to two main groups:

- **Industry Members:** Any brokerage firm or exchange that is required to report to the CAT. They see this data to ensure their own error rates aren't significantly worse than the industry average.
- **Regulators:** The SEC and FINRA staff, who use it for oversight.

If this pisses you off, you're not alone. I'm pissed too.

So unless something changes, I suppose there won't be any worth update on these CAT Error Reports.

If they decide to hide the previous ones too for some reason, keep in mind there's a backup [here](#). (link points to a Proton Drive folder)

Hide them as much as you want, those billions and billions and billions of errors do not vanish. 🤔

~ (Pissed) Ape out

TL:DR:

- 🚩 **The "Transparency" Shift:** FINRA CAT has officially killed the public Monthly Update Presentations that used to include detailed error tables for Equities and Options.
- 🔒 **Restricted Access:** The data still exists, but it has been moved to a private Monthly Newsletter and the **CAT Reporter Portal**, which require industry credentials (broker-dealer login) to access.
- 📄 **Missing Tables:** The April report (and future ones) in the new newsletter format no longer contains the "Overall Errors Count" tables that retail investors were using to track market anomalies.
- 👥 **Exclusive Club:** The only people who can see the full data now are **Industry Members** (the brokers being tracked) and **Regulators** (the SEC/FINRA).
- 📁 **Data Backup:** Since the public "paper trail" is being scrubbed or hidden, I made a backup of previous Reports [here](#)

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