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Elizabeth M. Murphy
Secretary
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: Proposed Rule: Consolidated Audit Trail, Exchange Act Release No.34-62174 (May 26, 2010); File No. S7-11-10

Dear Ms. Murphy:

Broadridge appreciates the opportunity to provide comments on the Securities and Exchange Commission's (the "SEC's" or the "Commission's") proposed rule 613, *Consolidated Audit Trail* (the "proposed rule"). As a leading back office technology and processing services provider to global capital markets, Broadridge welcomes the opportunity to provide the SEC and other interested parties with comments that may be helpful and constructive as the SEC considers adopting final rules implementing a consolidated audit trail. Broadridge does not opine on the merits of regulatory policy; rather, our comments are focused on providing the SEC and other interested parties with information based on Broadridge's practical experience with respect to processing, operations and technology.

We welcome the opportunity to provide additional detail with respect to any of our comments outlined below.

Project Approach

The proposed rule calls for the development of complex and costly systems and processes. There are a number of alternative means for design and implementation of these systems and processes. Careful, upfront evaluation of the various costs and benefits associated with all such means would help ensure that resulting systems are designed to achieve their intended goals in a practical, cost-effective and timely manner.

We respectfully observe that the development approach described in the proposed rule defers the consideration of many key design tradeoffs and, therefore, raises significant uncertainties associated with the costs, benefits and risks likely to bear on any resulting systems and processes. We believe it may be possible to attain many of the underlying goals of the

proposed rule by utilizing a simpler design and with levels of cost and risk that are more certain. To that end, we believe that greater involvement in front-end planning by self-regulatory organizations (“SROs”) and the broker-dealer community before final rules are adopted would result in an enhanced understanding of the relative design tradeoffs.

One idea for enabling greater upfront involvement would be to form a committee comprised of various industry representatives from SROs, brokerage firms, and other entities. This committee would assist with:

- recommending improvements regarding the collection, analysis and use of audit information;
- outlining the key design alternatives;
- identifying the key design tradeoffs;
- defining the scope and timing of events to be reported;
- recommending appropriate governance and data security provisions/protections; and
- estimating associated costs.

Technical Design

Several aspects of the proposed rule require more detail in order to determine adequately the scope and approach of the proposed consolidated audit trail, including the potential to leverage currently available industry technology and functionality in creating the new system. These include, among other aspects, the definition of events to be captured, the precise timing of event reporting information, analysis of event information to reduce market risk, use of data relative to concerns about privacy and confidentiality, and other factors.

We believe that, given the importance and implications of the technical design, the SEC should allow more time than is proposed for developing that design – including for review, participation and feedback from the SROs and the broker-dealer community.

Timeline for Implementation

Given the potential costs and complexity of the proposed rule, the committee could be charged with creating a high-level functional specification, technical specification, and implementation plan. Such an approach could afford SROs and the broker-dealer community with a greater opportunity to define the functional and technical specifications at a more detailed level than the proposed rule currently envisions. Based on these proposed specifications, the SEC could then establish appropriate timelines for implementation and compliance with its new rule.

As part of the planning process, the SEC should give consideration to plans for phasing out existing, non-essential systems as new functionality is introduced.

Implementation Cost Estimates

Additional input would be helpful in estimating potential implementation costs for the new systems and processes. As currently framed, we believe the proposed rule may impose greater costs on the industry and market participants than are currently being projected.

For example, a seemingly straight-forward idea such as 'clock synchronization' could require some firms to modify scores of related applications. In some cases, systems may have to be entirely redesigned in order to accommodate a greater number of significant digits than they were originally designed to handle. This example bears certain similarities to Y2K initiatives in the late 1990's.

Ongoing Support

The proposed requirement that data collection and analysis occur in "real-time" entails significantly higher on-going support costs than would be the case if certain of the information did not have to be collected in such time-frame. Examples of key cost sensitivities include:

- Some of the information proposed to be collected may not be available in real time (such as allocations, give ups and commissions), and the systems that handle these processing activities are not necessarily linked to the trade reporting infrastructure that exists today. The cost of retooling the industry to report information on real-time events should be weighed against the alternatives that may provide similar value in use.
- It is possible that the Commission could achieve the goals of the proposed rule at significantly less cost to the industry if certain events were reported on a "near" real-time or end of day time-frame instead of in real-time. The real-time reporting requirement would require the addition of significant processing and capacity resources, and an expanded infrastructure and footprint, especially during peak periods of market activity including market open and close.
- The volume of trade reporting would also have an impact on costs for infrastructure, processing, reconciliation and operations. This impact would extend to middle office, routing, and compliance systems functions. For example, a single order, by algorithm, to buy one million shares on a given day can create tens of thousands of reportable events. Each market participant would need to maintain and store the same information for their own audit trail and legal needs and for certain requirements of the SROs. The cost of replicating the CAT functionality on a member by member basis should be considered as part of further discussions.
- Several of the new requirements around customer identification, discretionary party tracking, and reporting of commissions and allocations may involve operational challenges. Some of this information is processed today on systems that are not linked to the trade reporting infrastructure. The order linkage and reconciliation process would create new operational challenges.

Scope Beyond the Commission's Current Mandate

We believe that it is important to discuss the inclusion of additional asset classes beyond those defined in the proposal. Without the inclusion of futures or derivative information, the value of the proposed rule may be viewed as less than optimal.

Other Uses of the Data

Some of the data envisioned in the proposed rule would be of value to broker-dealers and the brokerage industry as a whole, e.g., aggregated risk monitoring, counter-party exposure, and custodial exposure.

Conclusion

Broadridge is committed to working with the SEC, SROs, and the brokerage industry to implement the consolidated audit trail rule as effectively as possible. The proposed rule, as outlined in the SEC's proposing release, could impose costs and create uncertainties that may hinder attainment of its important underlying goals. We suggest, therefore, the involvement of an industry committee (as described above) to work through certain of the key issues associated with implementing the consolidated audit trail before the SEC finalizes the proposed rule for adoption.

We thank you for the opportunity to comment on this important proposal.

Sincerely,



Charlie J. Marchesani
President

cc: Honorable Mary L. Schapiro, Chairman
Honorable Luis A. Aguilar, Commissioner
Honorable Kathleen L. Casey, Commissioner
Honorable Troy A. Paredes, Commissioner
Honorable Elisse B. Walter, Commissioner
Jamie Brigagliano, Deputy Director – Division of Trading & Markets
Dave Shillman, Associate Director - Division of Trading & Markets
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Steve Cohen, Counsel to the Chairman