FACT SHEET

Restructuring the Consolidated Audit Trail

On Nov. 20, 2026, the Securities and Exchange Commission proposed a rulemaking to rescind Rule 613 of Regulation NMS and add new Rule 17a-26 under the Securities Exchange Act of 1934 (Exchange Act). The proposed rulemaking would restructure the current governance and funding of the Consolidated Audit Trail (CAT) to transition the system to direct Commission control, with the intent to use appropriated funds to support its maintenance and operation.

Background

In 2012, the Commission adopted Rule 613 of Regulation NMS, which required the national securities exchanges and national securities associations, the self-regulatory organizations (SROs), to act jointly to develop a national market system plan to develop, implement, and maintain the CAT (the CAT NMS Plan). The CAT NMS Plan was approved by the Commission in 2016.

The 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 compose the national market system.

Highlights of Proposing Release

The proposing release outlines a restructuring of the governance and funding of the CAT, while minimizing any operational disruption, that would involve the rescission of existing Rule 613 and adoption of new proposed Rule 17a-26:

- *Rescission of Rule 613*. The proposal would rescind Rule 613, which required the SROs to jointly develop and submit to the Commission a national market system plan to create, implement, and maintain the CAT to collect specified data from the SROs and their members and to provide access to such data to each SRO and the Commission.
    - The Commission anticipates that rescinding Rule 613 would result in the SROs seeking the Commission's approval to also rescind the CAT NMS Plan and related SRO compliance rules.
- *Proposed Rule 17a-26*. Proposed Rule 17a-26 would require the SROs and broker-dealers to record and electronically report to the Commission or its designee substantially the same information that is currently required to be recorded and reported pursuant to Rule 613, the CAT NMS Plan, and related SRO compliance rules (collectively, "current CAT requirements"), and

related exemptive relief previously issued by the Commission. Among other things, Rule 17a-26 would:

- Include a preamble describing the purpose of the proposed Rule 17a-26 and limitations on the use of information submitted to the Commission or its designee pursuant to the proposed rule.
- Largely track the current CAT requirements with relevant differences to update the reporting obligations to reflect the proposed restructuring, as necessary, but such reporting would be made instead to the Commission or its designee, without otherwise substantively altering such requirements. The proposing release anticipates the maintenance of current processing and linkage procedures.
- Adopt requirements relating to clock synchronization, timestamps, connectivity and data transmission, timing of recording and reporting, and security symbology based on the current CAT requirements, while extending to SROs certain clock synchronization requirements currently only required for broker-dealers.
- Require corrections to previously reported data, as well as add a requirement for SROs and broker-dealers to establish, maintain, and enforce written policies and procedures related to error correction. SROs and broker-dealers would need to review and update their policies and procedures at least annually and maintain a record of such review. This policies-and-procedures requirement would replace the system and individual-specific compliance thresholds in the current CAT requirements.
- Require the reporting of certain information regarding accounts and Customers consistent with the current CAT requirements, as previously approved by the Commission.
- Codify certain exemptive relief from the current CAT requirements and remove certain time limitations relating to an exception for reporting in the CAT NMS Plan to provide greater certainty for market participants.
- Require SROs and broker-dealers to maintain and preserve records of the information reported under proposed Rule 17a-26 for a period of at least three years, with the first two years of records in an easily accessible place, consistent with current CAT requirements for broker-dealers.

The proposing release discusses additional steps that the Commission anticipates would be needed to fully transition the CAT to this new governance and funding structure: the sale and transfer of CAT assets; the establishment of a contract between the Commission and its designee for the maintenance and operation of the CAT system; and the establishment of new advisory committees and/or working groups, as appropriate, to obtain feedback from market participants regarding the CAT. The proposing release contemplates using appropriated funds to pay for the Commission's costs related to use, operation, and maintenance of the CAT system.

What's Next

The public comment period will remain open for 60 days following the date of publication of the proposing release in the Federal Register.