

CAT Billing

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1. Revisions Summary

Version	Publish Date	Description
1.0	10/12/2023	Initial publication.

2. Summary

On September 6, 2023, the SEC [approved](#) an amendment to the CAT NMS Plan to implement a funding model (“CAT Funding Model”) for Consolidated Audit Trail, LLC (“CATLLC”) to fund the CAT.

The approved CAT Funding Model contemplates two categories of CAT fees calculated based on the “executed equivalent shares” of transactions in Eligible Securities: (1) CAT fees assessed by CATLLC to “CAT Executing Brokers” to recover a portion of historical CAT costs previously paid to CATLLC by Participants (referred to as “Historical CAT Assessment” fees), and (2) CAT fees assessed by CATLLC to CAT Executing Brokers and Participants to fund prospective CAT costs (referred to as “Prospective CAT Costs” fees). The Participants will file fee filings with the SEC to implement the applicable transaction-based fee rates that are to be assessed by CATLLC to CAT Executing Brokers for each CAT fee. Initially, CATLLC will implement a Historical CAT Assessment fee related to certain Historical CAT Costs, referred to as the “Historical CAT Assessment 1” fee. Additional fees related to other Historical CAT Costs and Prospective CAT Costs are planned to be introduced at a later time. As a result, the initial CAT invoices will only include fees related to Historical CAT Assessment 1.

This CAT Alert describes how FINRA CAT, LLC, as the Plan Processor acting on behalf of CATLLC, will calculate applicable fees, issue invoices to and collect payment from CAT Executing Brokers.

3. CAT Executing Brokers

Under the CAT Funding Model, an Industry Member that is a “CAT Executing Broker,” as defined in the CAT NMS Plan (the “Plan”),¹ will be subject to CAT fees and therefore will be issued CAT invoices for such CAT fees.

“CAT Executing Broker” is defined in Section 1.1 of the Plan: “CAT Executing Broker” means “(a) with respect to a transaction in an Eligible Security² that is executed on an exchange, the Industry Member identified as the Industry Member responsible for the order on the buy-side of the transaction and the Industry Member responsible for the sell-side of the transaction in the equity order trade event and option trade event in the CAT Data submitted to the CAT by the relevant exchange pursuant to the Participant Technical Specifications; and (b) with respect to a transaction in an Eligible Security that is executed otherwise than on an exchange and required to be reported to an equity trade reporting facility of a registered national securities association, the Industry Member identified as the executing broker and the Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event in the CAT Data submitted to the CAT by FINRA pursuant to the Participant Technical Specifications; provided, however, in those circumstances where there is a non-Industry Member identified as the contra-side executing broker in the TRF/ORF/ADF transaction data event or no contra-side executing broker is identified in the TRF/ORF/ADF transaction data event, then the Industry Member identified as the executing broker in the TRF/ORF/ADF transaction data event would be treated as CAT Executing Broker for the Buyer and for the Seller.”

The identity of the CAT Executing Broker will be determined from transaction reports reported to the CAT by the exchanges or FINRA.

- Under the Participant Technical Specifications, for transactions occurring on a Participant exchange, there is a field for the exchange to report the market participant identifier (“MPID”) of “the member firm that is responsible for the order on this side of the trade.” The Industry Members identified in these fields for the transaction reports are the CAT Executing Brokers for transactions executed on an exchange.
- FINRA is required to report the MPID of the executing party as well as the MPID of the contra-side executing party. The Industry Members identified in these two fields for the tape-reported transaction reports are the CAT Executing Brokers for over-the-counter transactions. Non-tape reports (e.g., regulatory reports or clearing reports), are not used for CAT billing. For more details on transactions on

¹ Please note that the Plan definition of “CAT Executing Broker” is specific to the Plan and may differ from definitions of executing broker used in other rules or other contexts.

² “Eligible Security” is defined in Section 1.1 of the Plan. “Eligible Security” includes (a) all NMS Securities and (b) all OTC Equity Securities.

Alternative Trading Systems and transactions involving a non-FINRA member, see Section A.1.a (Treatment of ATSS) and A.1.c (Non-Industry Members on Transaction Reports) of the [amendment](#).

4. Calculation of CAT Fees

4.1. Executed Equivalent Shares

The CAT Funding Model charges fees based on the “executed equivalent shares” of transactions in Eligible Securities per the following:

- **NMS Stocks.** Each executed share for a transaction in an NMS stock would be counted as one executed equivalent share.
- **Listed Options.** Each executed contract for a transaction in a Listed Option will be counted using the contract multiplier applicable to the specific Listed Option in the relevant transaction. Typically, the contract multiplier is 100 and, therefore, each executed contract for a transaction in such a Listed Option would be counted as 100 executed equivalent shares; however, if a different multiplier applies to a given Listed Option, each executed contract would represent another designated number of executed equivalent shares (e.g., an execution contract for a transaction in a Listed Option with a contract multiplier of 10 would be counted as 10 executed equivalent shares).
- **OTC Equity Securities.** Each executed share for a transaction in an OTC Equity Security will be counted as 0.01 executed equivalent shares.

For additional information on fractional shares, please see FAQ [V23](#).

4.2. Historical CAT Assessment

Initially, CATLLC will establish a CAT fee for a Historical CAT Assessment, referred to as Historical CAT Assessment 1, to be charged to each CAT Executing Broker for the Buyer and each CAT Executing Broker for the Seller.

As of the date of this CAT Alert, while still subject to CATLLC approval and to applicable fee filings being submitted by the Participants, it is currently anticipated that the fee rate to be assessed to each CAT Executing Broker for Historical CAT Assessment 1 will be \$0.000014 per executed equivalent share for each transaction in Eligible Securities and that the fee will be effective beginning with trades occurring no earlier than November 1, 2023.³ Assuming a November 1, 2023 effective date, the first invoices would be issued on December 26, 2023 and payment of the initial invoices would be due within 30 calendar days of

³ It is estimated that the fee for Historical CAT Assessment 1 will be assessed for transactions occurring over approximately the next two years, commencing with transactions occurring from November 1, 2023. Depending on actual trading volumes, the fee may be assessed over a shorter or longer period of time than two years. A Historical CAT Assessment will remain in effect until the full amount of the relevant Historical CAT Costs is collected.

the date of the invoice (unless a longer payment period is otherwise indicated). However, please note that the particular fee rate and date of implementation for Historical CAT Assessment 1 remain subject to final confirmation and approval by CATLLC and to the Plan Participants filing related fee filings to implement the fee rate on behalf of CATLLC (which fee filings will be subject to applicable SEC fee filing requirements).

4.3. Adjustments

CAT invoices include adjustments.

There are two types of adjustments:

1. Late reported (as-of) trades resulting in a debit to the CAT invoice.
2. Trade cancels, bust, and reversals, resulting in a credit to the CAT invoice.

Adjustments are made for as-of trades and cancels/busts/reversals related to trades that occurred only in the prior three billing months. These adjustments are reflected as a separate line item on the CAT invoice.

Adjustments related to events in the current billing month will be netted with the other billable activity and do not appear as a separate line item.

4.4. Late Fees

Failure to pay any CAT fee when due will result in interest charges on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of: (a) the Prime Rate plus 300 basis points; or (b) the maximum rate permitted by applicable law.

5. Accessing and Paying CAT Invoices

Invoices will be delivered on the 25th of the following month. In the event the 25th is a weekend or holiday, invoices will be delivered on the next business day and will be published in the CAT Reporter Portal. An email will be sent to CAT subscribers and those identified as the Primary Billing Contact within the CAT Contact Management System⁴ to notify when CAT invoices have been published. CAT invoices may only be accessed by properly entitled users of the CAT Executing Broker. Users that require access to the CAT invoice must contact their Super Account Administrator to add/edit entitlements. For more information on entitlement, please see the [Industry Member Onboarding Guide](#).

⁴ For more information on the Contact Management System, including how to add or edit Billing Contacts, see the [CAT Reporter Portal User Guide](#).



Monthly CAT invoices are published to the Reporter Portal, along with any notices of past due fees and revised CAT invoices. CAT invoices and late notices will be published to the CAT Reporter Portal and will not be sent via paper or electronic means.

Monthly trade details related to CAT fees are delivered via SFTP and the CAT Reporter Portal.

CAT invoices are due to be paid within 30 calendar days of the Invoice Date identified on the CAT invoice. The Due Date is published on the Reporter Portal as well as on the CAT invoice. Payment instructions are included on the CAT invoice. CAT invoices must be paid via check, ACH or bank wire. Credit cards and other forms of payment will not be accepted.

If an Industry Member has a question about its bill, it may contact the FINRA CAT Helpdesk for more information. In addition, an Industry Member may file a fee dispute by submitting a written application to the FINRA CAT Helpdesk at help@finracat.com within 15 business days after being notified of such disputed CAT fees. The application is required to identify the disputed CAT fees, state the specific reasons why the applicant takes exception to such CAT fees, and set forth the relief sought. FINRA CAT will forward all fee dispute applications to CATLLC. For more information on fee dispute resolution procedures, please see the “CAT Compliance Rule” provisions on fee dispute resolution that are set out in each of the Participants’ rulebooks (e.g., [FINRA Rule 6898](#)).

6. Other Resources

Questions regarding the CAT invoice may be directed to the FINRA CAT Helpdesk.

- [CAT Billing Webinar](#)
- [Section V FAQs](#)
- [CAT Reporter Portal User Guide](#)