

October 30, 2023

VIA EMAIL AND HAND DELIVERY

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: CAT NMS Plan Section 6.6(c)(ii) Quarterly Progress Report

Dear Ms. Countryman:

The Participants¹ in the National Market System Plan Governing the Consolidated Audit Trail (“CAT NMS Plan”)² respectfully submit the enclosed Quarterly Progress Report (“QPR”) for the calendar quarter ending on September 30, 2023 (“Q3 2023”), pursuant to Section 6.6(c)(ii) of the CAT NMS Plan.³ In accordance with Section 6.6(c)(ii), the Q3 2023 QPR includes a detailed description of the progress made by the Participants during Q3 2023 toward achieving each of the milestones set forth in the Implementation Plan.⁴ Please feel free to contact any of the Participants if you have any questions.

Respectfully submitted,

Participants of the CAT NMS Plan

Enclosures

cc: The Hon. Gary Gensler, Chair
The Hon. Hester M. Peirce, Commissioner
The Hon. Caroline A. Crenshaw, Commissioner
The Hon. Mark T. Uyeda, Commissioner
The Hon. Jaime Lizárraga, Commissioner
Mr. Haoxiang Zhu, Director, Division of Trading and Markets
Mr. David S. Shillman, Associate Director, Division of Trading and Markets
Mr. David Hsu, Assistant Director, Division of Trading and Markets
Mr. Hugh Beck, Senior Advisor for Regulatory Reporting
Ms. Erika Berg, Special Counsel, Division of Trading and Markets
Mr. Mark Donohue, Senior Policy Advisor, Division of Trading and Markets

¹ The twenty-five Participants of the CAT NMS Plan are: BOX Exchange LLC; Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe C2 Exchange, Inc. and Cboe Exchange, Inc.; Financial Industry Regulatory Authority, Inc.; Investors Exchange LLC; Long-Term Stock Exchange, Inc.; MEMX LLC; Miami International Securities Exchange LLC, MIAX Emerald, LLC, and MIAX PEARL, LLC; NASDAQ BX, Inc., Nasdaq GEMX, LLC, Nasdaq ISE, LLC, Nasdaq MRX, LLC, NASDAQ PHLX LLC, and The NASDAQ Stock Market LLC; and New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., NYSE Chicago, Inc. and NYSE National, Inc.

² The Limited Liability Company Agreement of Consolidated Audit Trail, LLC is the CAT NMS Plan. Unless otherwise noted, capitalized terms are used as defined in Rule 613, in the CAT NMS Plan or in this letter.

³ A copy of the Q3 2023 QPR is available on the CAT NMS Plan public website at www.catnmsplan.com.

⁴ The Implementation Plan was filed with the Commission on July 22, 2020 and is available on the CAT NMS Plan public website at www.catnmsplan.com. Subsequent QPRs are also available on the CAT NMS Plan public website.

CAT Q3 2023

Quarterly Progress Report

FILED OCTOBER 30, 2023

APPENDIX C MILESTONES

	Implementation Plan Completion Date	Targeted Completion Date or Actual Completion Date¹	Milestone/Interim Step²	Description of Any Variance From the IP	Other Factual Indicators³	Description of Status as of 9/30/2023⁴
1	7/11/2022	May 31, 2024	Row 6 of App. C-10(a) & Row 8 of App. C-10(a): Customer and Account Information – Production Environment Go-Live (All Industry Members)	It was announced on August 2, 2023 that the targeted completion date for full CAIS reporting compliance was extended to May 31, 2024.	<ul style="list-style-type: none"> • On August 2, 2023, CAT Alert 2023-01 was published with an updated timeline for the last two remaining Industry Member CAIS compliance deadlines: <ul style="list-style-type: none"> ○ Updated deadline for Interim Compliance Obligation 4, moving compliance date to May 24, 2024. ○ Updated deadline for remaining requirements for Industry Members for Full CAIS compliance (referred to as the Full CAIS Compliance Go-Live date), moving compliance date to May 31, 2024. (see 	<ul style="list-style-type: none"> • The Full CAIS Production Environment opened April 25, 2022 and it remains open. • Industry Members have been required to report, and are reporting, required data to CAIS on a daily basis since November 7, 2022, consistent with interim reporting obligations. • The remaining CAIS obligations for Industry Members are the deadlines for Interim Obligation 4 (which relates to Industry Members’ repair of all outstanding rejects and resolution of all outstanding material inconsistencies) and the final Full CAIS compliance deadline

¹ The “Completion Date” indicates the targeted completion date for the milestone, unless the status for the milestone has been designated as “Completed.” In that case, the “Completion Date” indicates the date by which the milestone was completed.

² To further enhance the publicly available information, the Participants have included additional details in this document to reflect certain interim steps not included in the Implementation Plan to complete implementation of the CAT. These interim steps are provided for informational purposes only and are not relevant for purposes of assessing the Participants’ timely satisfaction of the Financial Accountability Milestones.

³ For milestones that are in progress or have not been initiated, this will include the basis for making the adjustment and the impact of this adjustment on any other Implementation Milestone, and, if applicable, any other factual indicators that demonstrate the current level of completion with respect to the Implementation Milestone.

⁴ This Quarterly Progress Report reflects activities by the Participants to meet the relevant milestones and interim steps. Additional information and metrics on Industry Member testing and readiness are provided in industry update meetings and related materials. See CAT Event Materials, available at <https://catnmsplan.com/events/materials>.

	Implementation Plan Completion Date	Targeted Completion Date or Actual Completion Date ¹	Milestone/Interim Step ²	Description of Any Variance From the IP	Other Factual Indicators ³	Description of Status as of 9/30/2023 ⁴
					<p>https://www.catnmsplan.com/sites/default/files/2023-08/8.2.23-CAT-Alert-2023-01.pdf)</p> <ul style="list-style-type: none"> • Deployed CAIS release regarding customer address validation (referred to as 2023 Release 1) to production on August 7, 2023. • Deployed CAIS release addressing defects impacting validations, feedback and Industry Member portal functionality (referred to as 2023 Release 2) to industry testing on September 25, 2023. 	<p>(which adds the requirement to repair all rejections and resolve all material inconsistencies on a go forward basis within the Plan-established deadlines).</p> <ul style="list-style-type: none"> • The CAIS system accepts and validates the CAIS data submitted by Industry Members and provides Industry Members with initial feedback on data errors. • Outstanding CAIS system issues present challenges for Industry Members with respect to error corrections and for regulators with respect to information available in the CAIS regulatory portal. • Analysis of requirements, internal testing and deployment of various releases to address outstanding issues have been underway. • Deployed CAIS releases that address outstanding issues (as described in “Other Factual Indicators” column). • Established timeline for the two remaining Full CAIS reporting obligations referenced above to address these outstanding issues.

PARTICIPANT MILESTONES

	Implementation Plan Completion Date	Targeted Completion Date or Actual Completion Date	Milestones	Description of Any Variance From the IP	Other Factual Indicators	Description of Status as of 9/30/2023
			N/A			

FINANCIAL ACCOUNTABILITY MILESTONES

	Implementation Plan Completion Date	Targeted Completion Date or Actual Completion Date	Milestones	Description of Any Variance From the IP	Other Factual Indicators	Description of Status as of 9/30/2023
1	7/31/2020	7/20/2020	FAM Period 1 Completion of Initial Industry Member Core Equity and Option Reporting, defined under CAT NMS Plan Section 1.1 as the reporting by Industry Members (excluding Small Industry Members that are not OATS reporters) of both: (a) equities transaction data, excluding Customer Account Information, Customer-ID, and Customer Identifying Information; and (b) options transaction data, excluding Customer Account Information, Customer-ID, and Customer Identifying Information.	N/A	N/A	Completed
2	12/31/2020	12/31/2020	FAM Period 2 Completion of Full Implementation of Core Equity Reporting, defined under CAT NMS Plan Section 1.1 as the	N/A	N/A	Completed

	Implementation Plan Completion Date	Targeted Completion Date or Actual Completion Date	Milestones	Description of Any Variance From the IP	Other Factual Indicators	Description of Status as of 9/30/2023
			<p>point at which:</p> <p>(a) Industry Member reporting (excluding reporting by Small Industry Members that are not OATS reporters) for equities transactions, excluding Customer Account Information, Customer-ID, and Customer Identifying Information, is developed, tested, and implemented at a 5% Error Rate or less and with sufficient intra-firm linkage, inter-firm linkage, national securities exchange linkage, and trade reporting facilities linkage to permit the Participants and the Commission to analyze the full lifecycle of an order across the national market system, excluding linkage of representative orders, from order origination through order execution or</p>			

	Implementation Plan Completion Date	Targeted Completion Date or Actual Completion Date	Milestones	Description of Any Variance From the IP	Other Factual Indicators	Description of Status as of 9/30/2023
			order cancellation; and (b) the query tool functionality required by Section 6.10(c)(i)(A) and Appendix D, Sections 8.1.1-8.1.3 and Section 8.2.1 incorporates the Industry Member equities transaction data described in condition (a) and is available to the Participants and to the Commission			
3	12/31/2021	12/31/2021	FAM Period 3 Completion of Full Availability and Regulatory Utilization of Transactional Database Functionality, defined under CAT NMS Plan Section 1.1 as the point at which: (a) reporting to the Order Audit Trail System ("OATS") is no longer required for new orders; (b) Industry Member reporting for equities transactions and simple electronic options	N/A	N/A	Completed

	Implementation Plan Completion Date	Targeted Completion Date or Actual Completion Date	Milestones	Description of Any Variance From the IP	Other Factual Indicators	Description of Status as of 9/30/2023
			<p>transactions, excluding Customer Account Information, Customer-ID, and Customer Identifying Information, with sufficient intra-firm linkage, inter-firm linkage, national securities exchange linkage, trade reporting facilities linkage, and representative order linkages (including any equities allocation information provided in an Allocation Report) to permit the Participants and the Commission to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, is developed, tested, and implemented at a 5% Error Rate or less;</p> <p>(c) Industry Member reporting for manual options transactions and</p>			

	Implementation Plan Completion Date	Targeted Completion Date or Actual Completion Date	Milestones	Description of Any Variance From the IP	Other Factual Indicators	Description of Status as of 9/30/2023
			<p>complex options transactions, excluding Customer Account Information, Customer-ID, and Customer Identifying Information, with all required linkages to permit the Participants and the Commission to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any options allocation information provided in an Allocation Report, is developed, tested, and fully implemented;</p> <p>(d) the query tool functionality required by Section 6.10(c)(i)(A) and Appendix D, Sections 8.1.1-8.1.3, Section 8.2.1, and Section 8.5 incorporates the data described in conditions (b)-(c) and is</p>			

	Implementation Plan Completion Date	Targeted Completion Date or Actual Completion Date	Milestones	Description of Any Variance From the IP	Other Factual Indicators	Description of Status as of 9/30/2023
			available to the Participants and to the Commission; and (e) the requirements of Section 6.10(a) are met.			
4	12/30/2022	May 31, 2024	FAM Period 4 Completion of Full Implementation of CAT NMS Plan Requirements, defined under CAT NMS Plan Section 1.1 as the point at which the Participants have satisfied all of their obligations to build and implement the CAT, such that all CAT system functionality required by Rule 613 and the CAT NMS Plan has been developed, successfully tested, and fully implemented at the initial Error Rates specified by Section 6.5(d)(i) or less, including functionality that efficiently permits the Participants and the Commission to access all CAT Data required to be stored in the Central Repository pursuant to Section 6.5(a), including	It was announced on August 2, 2023 that the targeted completion date for full CAIS reporting compliance was extended to May 31, 2024.	<ul style="list-style-type: none"> • See completion of FAM 1, FAM 2 and FAM 3 for progress to completion of FAM 4 • FINRA retired OATS effective September 1, 2021 • Phase 2a has been fully implemented as of October 26, 2020 • Phase 2b has been fully implemented as of January 4, 2021 • Phase 2c has been fully implemented as of April 26, 2021 • Phase 2d has been fully implemented as of December 13, 2021 • The average overall error rate was less than 5% as of June 30, 2023 and remains less than 5% as of September 30, 2023 • The query tool functionality incorporates the data from Phases 2a, 2b, 2c and 2d and is available to the Participants and to the Commission • With respect to Phase 2e: <ul style="list-style-type: none"> ○ The Full CAIS Production Environment opened April 25, 2022 and it remains open. Certain Industry Member Full CAIS reporting obligations have been delayed, but Industry Members have been required to report, and are reporting, required data to CAIS on a daily basis since November 7, 2022 (for additional details, see discussion in the “Description of Status as of 9/30/2023” column). ○ On August 2, 2023, CAT Alert 2023-01 was published 	<ul style="list-style-type: none"> • The Full CAIS Production Environment opened April 25, 2022 and it remains open. • Industry Members have been required to report, and are reporting, required data to CAIS on a daily basis since November 7, 2022, consistent with interim reporting obligations. • The remaining CAIS obligations for Industry Members are the deadlines for Interim Obligation 4 (which relates to Industry Members’ repair of all outstanding rejects and resolution of all outstanding material inconsistencies) and the final Full CAIS compliance

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			Customer Account Information, Customer-ID, Customer Identifying Information, and Allocation Reports, and to analyze the full lifecycle of an order across the national market system, from order origination through order execution or order cancellation, including any related allocation information provided in an Allocation Report.		<p>with an updated timeline for the last two remaining Industry Member CAIS compliance deadlines:</p> <ul style="list-style-type: none"> ▪ Updated deadline for Interim Compliance Obligation 4, moving compliance date to May 24, 2024. ▪ Updated deadline for remaining requirements for Industry Members for Full CAIS compliance (referred to as the Full CAIS Compliance Go-Live date), moving compliance date to May 31, 2024. (see https://www.catnmsplan.com/sites/default/files/2023-08/8.2.23-CAT-Alert-2023-01.pdf) ○ Deployed CAIS release regarding customer address validation (referred to as 2023 Release 1) to production on August 7, 2023. ○ Deployed CAIS release addressing defects impacting validations, feedback and Industry Member portal functionality (referred to as 2023 Release 2) to industry testing on September 25, 2023. 	<p>deadline (which adds the requirement to repair all rejections and resolve all material inconsistencies on a go forward basis within the Plan-established deadlines).</p> <ul style="list-style-type: none"> • The CAIS system accepts and validates the CAIS data submitted by Industry Members and provides Industry Members with initial feedback on data errors. • Outstanding CAIS system issues present challenges for Industry Members with respect to error corrections and for regulators with respect to information available in the CAIS regulatory portal. • Analysis of requirements, internal testing and deployment of various releases to address outstanding issues have been underway.

	Implementation Plan Completion Date	Targeted Completion Date or Actual Completion Date	Milestones	Description of Any Variance From the IP	Other Factual Indicators	Description of Status as of 9/30/2023
						<ul style="list-style-type: none"> • Deployed CAIS releases that address outstanding issues (as described in “Other Factual Indicators” column). • Established timeline for the two remaining Full CAIS reporting obligations referenced above to address these outstanding issues.

EXEMPTION MILESTONES

	Order Completion Date	Targeted Completion Date or Actual Completion Date	Milestones⁵	Description of Any Variance From the Order	Other Factual Indicators	Description of Status as of 9/30/2023
1	7/31/2024	7/31/2024	Re-Processing of Corrected Data Received After T+5: Corrections received after T+5 are to be reprocessed, with the Participants' regulatory staff and SEC notified and informed as to how reprocessing will be completed	N/A	Participants are working with Commission staff to identify appropriate measures with respect to the Third Order. The targeted replay functionality was deployed for certain CAT Data on September 26, 2022.	In Progress
2	7/31/2024	7/31/2024	Participant Reporting of Rejected Orders: An order that a Participant receives, but then rejects, is a CAT Reportable Event, and that the receipt of that order and the time at which that order was received also must be reported pursuant to Section 6.3(d). Rejected orders that are reported to the Central Repository must be processed and assembled to create the complete lifecycle of each Reportable Event.	N/A	Participants are working with Commission staff to identify appropriate measures with respect to the Third Order. All Participants are reporting rejects as of May 22, 2023. A feasibility study was conducted regarding the linkage of rejected orders.	In Progress
3	7/31/2024	7/31/2024	Lifecycle Linkages Timeframes: The Plan Processor "must have completed initial data validation, made lifecycle linkages (i.e., completed processing and linkage of the initial transaction data) and communicated errors to CAT Reporters" by T+1 at noon	N/A	Participants are working with Commission staff to identify appropriate measures with respect to the Third Order.	In Progress
4	7/31/2024	7/31/2024	SIP Data Linkage: Linkage of SIP Data and CAT Data	N/A	Participants are working with Commission staff to identify appropriate measures with respect to the Third Order.	In Progress
5	7/31/2024	7/31/2024	Port Level Settings: Report port level settings as	N/A	Participants are working with Commission staff to	In Progress

⁵ Securities Exchange Act Rel. No. 95234 (July 9, 2022) ("Third Order"). See also Securities Exchange Act Rel. No. 97530 (May 19, 2023) (extending the exemptive relief granted in the Third Order).

	Order Completion Date	Targeted Completion Date or Actual Completion Date	Milestones⁵	Description of Any Variance From the Order	Other Factual Indicators	Description of Status as of 9/30/2023
			special handling instructions as part of Material Terms of an Order		identify appropriate measures with respect to the Third Order.	
6	7/31/2024	7/31/2024	Lifecycle Linkages Between Customer Orders and “Representative” Orders: Link all related order events from all CAT Reporters in the lifecycle of a representative orders	N/A	Participants are working with Commission staff to identify appropriate measures with respect to the Third Order. The CAT has the ability to process information linking customer orders and representative orders.	In Progress