

SEC Rule 613 - Consolidated Audit Trail (CAT)

Bidders Conference Call *

April 25, 2013



* Call will be recorded

Agenda

- Welcome and Introduction
- RFP Update
- Phase 1 CAT Reporter (SROs) Use Cases
- Q&A Session

Use Cases Background

The SROs received an RFP question asking for specific use cases for Phase 1 of the CAT implementation.

Below are the three phases of the CAT implementation:

- *Phase 1:* Within one year after the effectiveness of the NMS Plan, SROs must begin submitting data to the central repository
- *Phase 2:* Within two years after effectiveness of the NMS Plan, SRO members, except small members, must begin submitting data to the central repository
- *Phase 3:* Within three years after the effectiveness of the NMS Plan, small SRO members must begin submitting data to the central repository

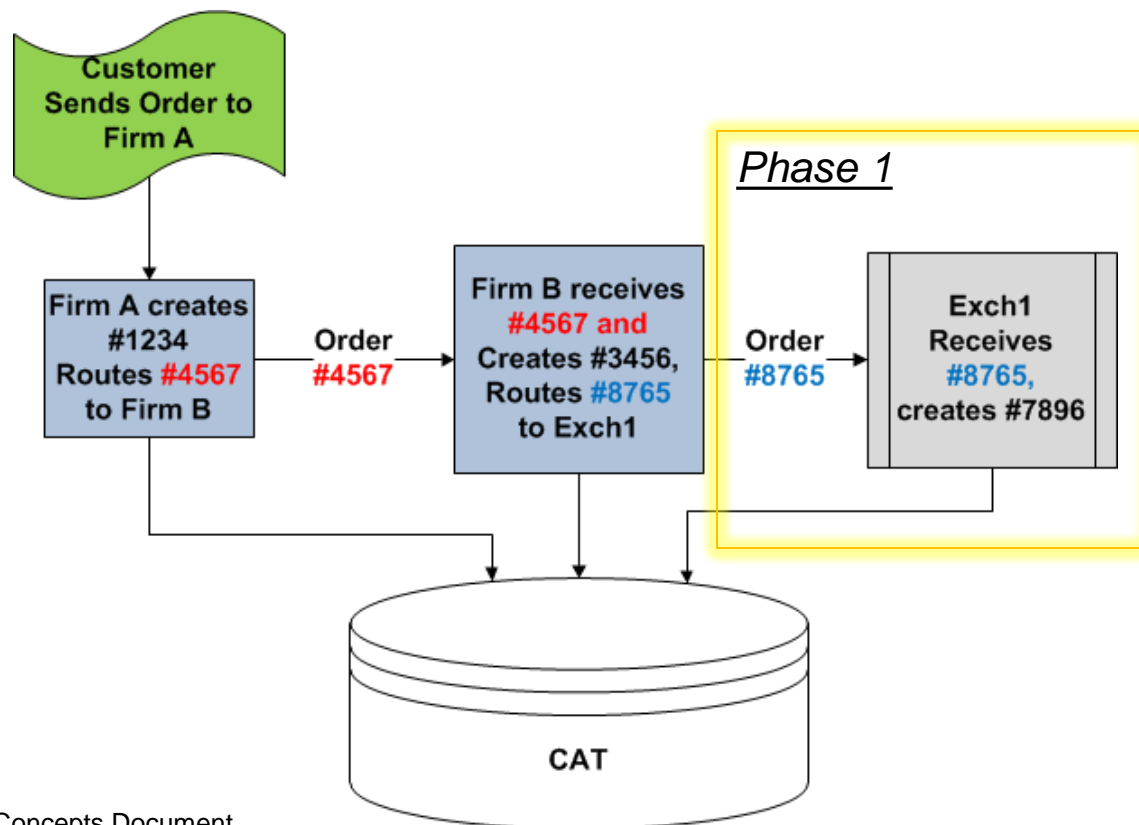
The following slides outline Phase 1 CAT reporting and provide ten sample use case scenarios specific to Phase 1 implementation.

CAT-Order-ID: Daisy Chain Approach

A series of unique order identifiers assigned by CAT Reporters are linked together by the CAT to create the lifecycle of an order and assigned a single CAT-Order-ID for the lifecycle. Each CAT Reporter would generate its own unique Order ID but could pass a different identifier as the order is routed and the CAT would link related order events from all CAT Reporters involved in the life of the order.

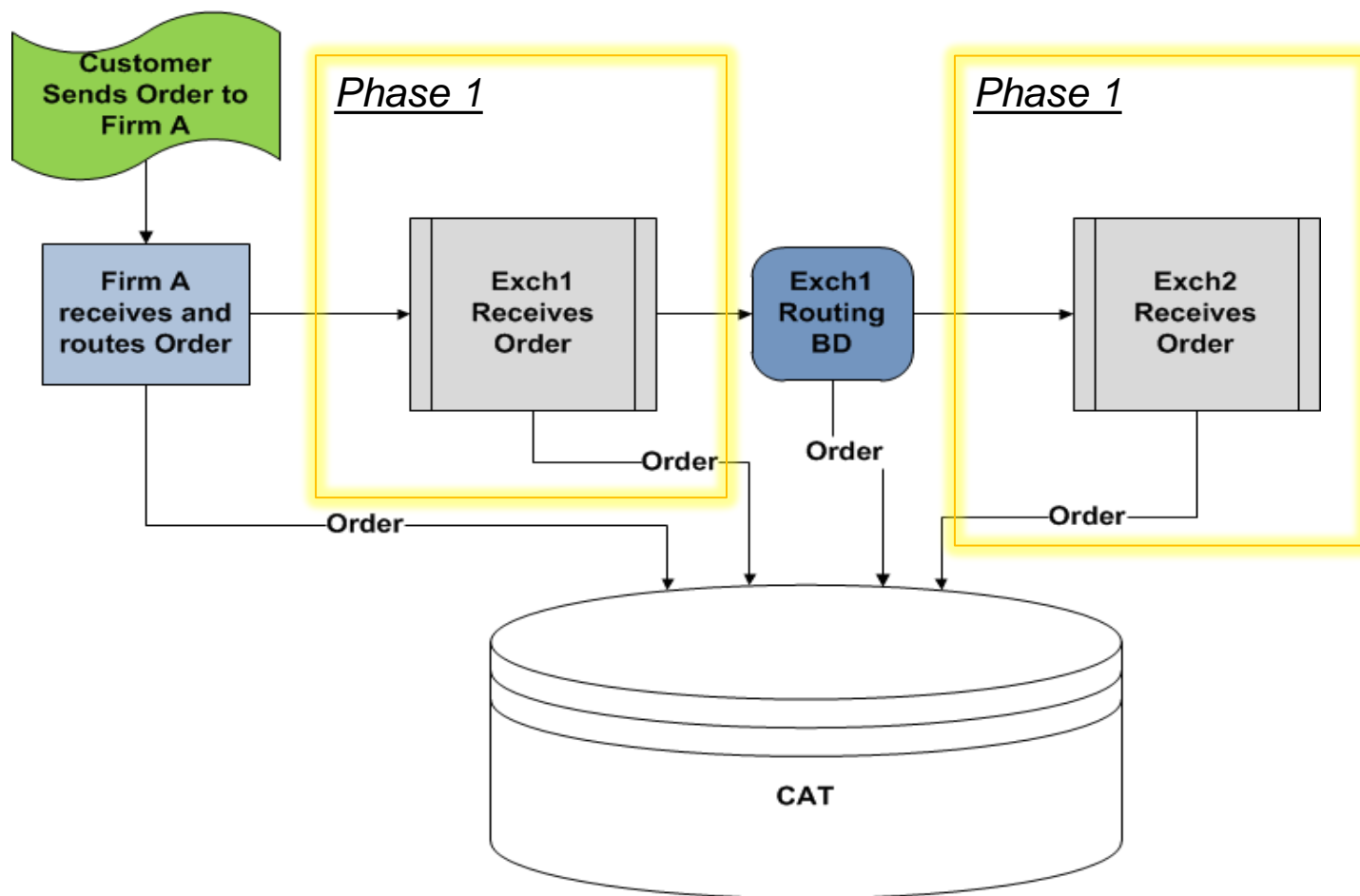
A basic agency route scenario:

- Firm A receives order from a customer and routes it as agent to Firm B
- Firm B receives the order from Firm A and routes it as agent to an exchange for execution



CAT-Order-ID: Order Routed Between Exchanges

This diagram is for consideration on how the daisy chain approach can be applied to orders that are routed between exchanges.



Use Cases

The following examples are a small subset of use cases that are applicable to the initial phase of CAT data submission (SRO data submissions only):

1. All orders, modifications, cancellations and executions in issue ABC submitted by all SRO CAT Reporters with an event timestamp between 15:14:28 and 15:17:22 for trade date May 16.
2. All events in issue ABC and ABC Jan 50 Calls submitted by specific SRO CAT Reporters (Exchange #1, Exchange #2, and FINRA TRF) with an event timestamp between 9:59:30 and 10:01:30 for trade date Sept 20.
3. All executions in issue ABC and all options class for ABC with a timestamp between 15:59:00 - 16:01:30 for trade dates Aug 1 – Aug 5.
4. All orders and executions in issue ABC where size <100 for trade date Apr 23.
5. Volume and record counts of specified data elements for symbol ABC grouped by SRO CAT Reporter for trade date Feb 9.
6. All order events with an event timestamp between 9:59:30 and 10:01:30, sent from a specific broker-dealer to all SROs in issue ABC for trade date Sept 20, including the exchange order lifecycles (which may span additional dates).
7. All events in issue ABC submitted by all SRO CAT Reporters as being received from a specific broker-dealer with an event timestamp between 15:14:28 and 15:17:22 for trade date Jan 11, including the order lifecycle that exists within the SRO CAT data.
8. All orders received from a specific broker-dealer across all SRO CAT Reporters for trade date Nov 27.
9. All options quotes submitted by a specific broker-dealer across all exchanges and all products with an event timestamp between 9:59:30 and 10:01:30 for trade date July 19.
10. The complete SRO order lifecycle for a specified order for a specified date range.

Use Cases – Participant Identifier

The CAT processor will be required to accept a list of participant identifiers (e.g., MPIDs) from each of the SRO CAT Reporters in Phase 1. The CAT will maintain the mapping of the participant identifiers for each exchange and the broker-dealers. The CAT will create a unique identifier made of up exchange and participant identifier for participant. A few examples are:

Example 1: Same participant identifier used for different firms by different SROs

SRO	Firm Name	Identifier
Exchange A	Albert Fried & Company LLC	CRT
Exchange B	Citadel Securities LLC	CRT
Exchange A	Greycliff LLC	FNT
Exchange B	National Financial	FNT
Exchange A	Merrill Lynch Pierce	FMR
Exchange B	National Financial Services	FMR
Exchange A	Archipelago Securities, Inc.	AUZ
Exchange B	Mustang Trading, LLC	AUZ

Example 2: Multiple participant identifiers are assigned to the same firm by an SRO

SRO	Firm Name	Identifier
Exchange A	BROWN BROTHERS HARRIMAN & CO.	BBS
		ZBHE
		BBB
		BHA
		BBD
		BBH
		BB
Exchange C	BROWN BROTHERS HARRIMAN & CO.	BBHC

Example 3: Same participant identifiers are used by multiple SROs

SRO	Firm Name	Identifier
Exchange A	D. WECKSTEIN & CO., INC.	WECK
Exchange B		WECK

Questions

- Questions and answers from today's call will be posted to the www.catnmsplan.com website
- The SROs may enhance/modify their answers prior to website publication. Bidders should consider the written responses to supersede the responses from today's event