



Chairman of the Board

JON SCHNEIDER
ITG, Inc.
Kansas City, MO

October 18, 2017

President & CEO

JAMES TOES
Security Traders Association
New York, NY

To: Mr. Ed Watson, Chief Operating Officer, Thesys CAT, LLC

Mr. Shane Swanson, Chief Compliance Officer, Thesys CAT, LLC

Mr. Michael Simon, CAT NMS Plan Chair on behalf CAT NMS Plan Operating Committee

Vice Chairman

MIKE RASK
Hodges Capital
Dallas, TX

Treasurer

DOUG CLARK
ITG Canada Corp
Toronto, Ontario CAN

Re: DRAFT CAT Reporting Technical Specifications for Industry Members

Secretary

JODIE MROTEK
Geneva Capital Management
Milwaukee, WI

Dear Mr. Watson, Mr. Swanson, and Mr. Simon,

Past Chairman

JOHN RUSSELL
Franklin Templeton Investments
San Mateo, CA

The Security Traders Association (“STA”)¹ appreciates the opportunity to offer comments to the Thesys CAT, LLC and the Operating Committee on the DRAFT CAT Reporting Technical Specifications for Industry Members (“Discussion Document”),² distributed to the industry on September 7, 2017. In addition to representing the interests of our members on matters relating to the CAT NMS Plan³, STA is also a member on the Financial Information Forum (“FIF”)⁴ Consolidated Audit Trail Working Group (“FIF CAT WG”). The FIF CAT WG delivered an October 17, 2017, letter to you with an extensive list of comments and recommendations in the “spirit of identifying core issues and finding solutions that will deliver a high quality and cost-efficient reporting interface on which to evolve this audit trail.” STA supports FIF’s letter, and in particular its recommendation that the Operating Committee “request that schedule and content relief be granted by the SEC so that a revised implementation plan can be established.” STA believes that a revised implementation plan and reengagement with industry participants would not jeopardize a final implementation of the CAT.

GOVERNORS

LEN AMORUSO
Murphy & McGonigle
New York, NY

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Fidelity Capital Markets
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Scottrade
St. Louis, MO

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Toronto, Ontario CAN

STA agrees with FIF that “Thesys CAT has taken a very broad interpretation of the CAT NMS Plan, and in some cases, requires regulatory reporting beyond the scope of Rule 613 or any other regulatory framework.” Therefore, STA believes more time is

¹ STA is a trade organization founded in 1934 for individual professionals in the securities industry. STA is comprised of 26 Affiliate organizations with 4,200 individual professionals, most of who are engaged in the buying, selling and trading of securities. The STA is committed to promoting goodwill and fostering high standards of integrity in accord with the Association’s founding principle, Dictum Meum Pactum – “My Word is My Bond”

² DRAFT CAT Reporting Technical Specifications for Industry Members, DRAFT V0.1, dated September 1, 2017, <http://www.catnmsplan.com/wp-content/uploads/2017/03/Industry-Member-Tech-Specs-v0.1.pdf>

³ [CAT NMS Plan as July 24, 2017](#)

⁴ FIF (www.fif.com) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the securities industry across the order lifecycle.



needed to resolve or clarify disputed areas of regulatory terms and objectives that exist between the industry and Thesys CAT before CAT is implemented.

STA supports the attributes and details of FIF's revised implementation plan, which recommends a phased-in approach on certain content. In particular, STA supports:

1. Postponing options reporting to Phase 2 of CAT to allow Thesys CAT to focus on just one asset class for Phase 1 and to provide sufficient time for analysis and definition of a reporting framework for options.
2. Making available the Customer Information Specification for more than five months to ensure the infrastructure is sufficiently secure to contain the sensitive Personal Identification Identifier, ("PII") information.

Additionally, on a matter relating to a broker's internal order routing, the definition of Internal Entities appears too broad and could lead to over-reporting on activity not applicable for achieving a regulatory goal. STA requests clarity on the regulatory goals of capturing Internal Routes, a clear definition of Internal Entities and what is required for CAT reporting of Internal Route. In particular, are orders routed within a broker's desk, where the authority and control are the same subject to be reported?

Conclusion

STA is supportive of the Consolidated Audit Trail; however, we believe a revised implementation plan that has the characteristics identified in FIF's letter in needed. We appreciate your consideration of our views, and we look forward to working together to make the CAT implementation successful.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Schneider".

Jon Schneider, Chairman of the Board



A handwritten signature in black ink that reads 'James Toes'.

James Toes, President & CEO

Cc:

Ms. Heather Seidel, Acting Director, Division of Trading and Markets, SEC

Mr. Gary Goldsholle, Deputy Director, Division of Trading and Markets, SEC

Mr. David Shillman, Associate Director, Division of Trading and Markets, SEC

Mr. David Hsu, Assistant Director, Division of Trading and Markets, SEC

Mr. Michael Beller, CEO, Thesys Technologies

Mr. Robert Walley, Partner, Deloitte, for distribution to the CAT Operating Committee, *BATS Exchange, Inc., BATS Y-Exchange, Inc., BOX Options Exchange LLC, C2 Options Exchange, Incorporated, Chicago Board Options Exchange, Inc., Chicago Stock Exchange, Inc., EDGA Exchange, Inc., EDGX Exchange, Inc., Financial Industry Regulatory Authority, Inc., International Securities Exchange, LLC, Miami International Securities Exchange, LLC, NASDAQ OMX BX, Inc., The Investors Exchange, NASDAQ OMX PHLX, LLC, The NASDAQ Stock Market LLC, National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE Arca, Inc., NYSE MKT LLC.*

Ms. Manisha Kimmel, Chair, CAT Advisory Committee and on behalf of CAT Advisory Committee

Ms. Ellen Greene, Managing Director, SIFMA

William H. Hebert, Managing Director, Financial Information Forum