

## **Press Release**

### **SEC Adopts Amendments to the CAT NMS Plan to Improve Transparency and Financial Accountability**

**FOR IMMEDIATE RELEASE  
2020-114**

*Washington D.C., May 15, 2020* —The Securities and Exchange Commission today voted to adopt amendments to the national market system plan governing the consolidated audit trail (the “CAT NMS Plan”) to bring additional transparency, governance, oversight, and financial accountability to its implementation.

The amendments to the CAT NMS Plan require the Financial Industry Regulatory Authority (FINRA) and the exchanges, the self-regulatory organizations that are participants to the CAT NMS Plan (the “Participants”), to publish and file with the Commission a complete implementation plan for the Consolidated Audit Trail (“CAT”) and quarterly progress reports. Each of the reports must be approved by the Operating Committee established by the CAT NMS Plan and submitted to the CEO, President, or an equivalently situated senior officer at each Participant. In addition, the amendments include financial accountability provisions that establish target deadlines for four critical implementation milestones and reduce the amount of fee recovery available to the Participants if those target deadlines are missed.

“Today’s amendments are another significant step in our efforts to bring both much-needed transparency and accountability to CAT’s implementation,” said SEC Chairman Jay Clayton. “These amendments build upon other recent Commission actions relating to the CAT designed to enable the SROs, in conjunction with the broker-dealers, to focus on bringing a functional, more secure CAT online.”

The amendments will become effective 30 days after publication of the adopting release in the Federal Register.

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#### **Fact Sheet**

##### **Action**

Today, the Commission adopted amendments to the CAT NMS Plan that are designed to decrease the likelihood of additional delays to CAT implementation by increasing operational transparency and attaching financial accountability to the Participants’ regulatory obligations to implement the CAT in an efficient and expeditious manner.

##### **Operational Transparency Amendments**

- The Participants must file with the Commission, and make publicly available, a detailed implementation plan and ongoing quarterly progress reports.
- Each document must be submitted to the CEO, President, or an equivalently situated senior officer at each Participant and then approved by a supermajority vote of the Operating Committee.
- To the extent that any document is approved without a unanimous vote of the Operating Committee, each Participant whose Operating Committee member did not vote to approve the document must separately file with the Commission, and make publicly available, a statement identifying itself and explaining why it did not vote to approve the document in question.

##### **Financial Accountability Amendments**

- The amendments establish target deadlines for four critical implementation milestones defined in the proposal:
  - July 31, 2020: Initial Industry Member Core Equity and Option Reporting
  - December 31, 2020: Full Implementation of Core Equity Reporting Requirements
  - December 31, 2021: Full Availability and Regulatory Utilization of Transactional Database Functionality
  - December 31, 2022: Full Implementation of CAT NMS Plan Requirements

- If the Participants do not meet these target deadlines, the amount of CAT funding that they can recover from Industry Members will be reduced by 25% at regular intervals.

**What's next?**

The amendments will become effective 30 days after publication of the adopting release in the Federal Register.

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