SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission for the Consolidated Audit Trail NMS Plan (NMS Plan Required to be Filed under Commission Rule 613)
(OMB Control No. 3235-0671)

A. Justification

This submission is being made pursuant to the Paperwork Reduction Act of 1995, 44 U.S.C. Section 3501 et seq. The collection of information is in connection with a National Market System (NMS) Plan required to be filed with the Commission under Rule 613.

1. Necessity of Information Collection

The Securities and Exchange Act of 1934 (the "Exchange Act"), as amended,[1] tasks the Commission with overseeing the U.S. securities markets, including supervising certain market participants such as broker-dealers, clearing agencies, and national securities exchanges.[2] The Exchange Act further provides that specified entities, including national securities exchanges and registered national securities associations, fall within the definition of a self-regulatory organization ("SRO").[3] As an SRO, each national securities exchange and national securities association must comply, and enforce the compliance by its members and associated persons, with the Exchange Act, the Commission's rules and regulations thereunder, and the SRO's own rules.[4]

Effective market oversight by the Commission and SROs relies on, among other things, access by regulatory users at the Commission and the SROs to accurate and timely market data. Because the vast majority of securities transactions in modern markets occur electronically, at high speeds and volumes and across trading venues, cross-market audit trails like the Consolidated Audit Trail (the "CAT") have come to play an important role in the oversight of securities markets. The CAT aids regulators in

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1 15 U.S.C. 78a et seq.

2 See, e.g., 15 U.S.C. 78b, 78f, 78i, 78j, 78k, 78k-1, 78o, 78o-3, and 78s.

3 15 U.S.C. 78c(a)(26). The national securities exchange and registered national securities association SROs, also referred to herein as "the Participants," include 24X National Exchange, BOX Exchange LLC, Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe C2 Exchange, Inc., Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe Exchange, Inc. ("Cboe"), Financial Industry Regulatory Authority, Inc. ("FINRA"), Investors Exchange LLC, Long-Term Stock Exchange, Inc., MEMX LLC, Miami International Securities Exchange LLC, MIAX Emerald, LLC, MIAX PEARL, LLC, MIAX Sapphire, LLC, Nasdaq GEMX, LLC, Nasdaq ISE, LLC, Nasdaq MRX, LLC, Nasdaq PHLX LLC, The Nasdaq Stock Market LLC ("Nasdaq"), Nasdaq Texas, LLC, New York Stock Exchange LLC ("NYSE"), NYSE American LLC, NYSE Arca, Inc., NYSE National, Inc., and NYSE Texas, Inc.

4 15 U.S.C. 78f(b)(1); 15 U.S.C. 78o-3(b)(2); 15 U.S.C. 78s(g)(1). FINRA currently is the only national securities association. As a national securities association, FINRA is also responsible for enforcing compliance by its members and associated persons with the rules of the Municipal Securities Rulemaking Board ("MSRB").

conducting robust cross-market surveillances, investigations, enforcement activities, and engaging in cross-market reconstructions and analyses, as appropriate.

Prior to the introduction of the CAT, the Commission and the SROs relied on other audit trails and related data sources but had no comprehensive cross-market audit trails. For several decades, broker-dealers furnished information to the Commission and the SROs through questionnaires known as "blue sheets" due to the color on which the forms were printed. In the late 1980s, as the volume of trading and securities transactions dramatically increased, the Commission and the SROs worked together to develop and implement a request-and-response system with a universal electronic format, commonly known as the "electronic blue sheet" or "EBS" system, to replace the paper-based process.[5] The Commission and the SROs also obtained data through other methods—including manual requests to market participants, daily reports produced by clearing agencies that provide aggregated information to the SROs and the Commission, market-specific matching engines and/or order book feeds, market-specific audit trails, trade reporting facilities, proprietary data feeds made available by SROs and/or off-exchange trading venues, and publicly-available consolidated data feeds provided by securities information processors.[6]

Regulators also obtained data through audit trails. For example, in 1996, the National Association of Securities Dealers (n/k/a FINRA) was required, pursuant to a settled order, to design and implement an audit trail to provide an accurate, time-sequenced record of orders and transactions on Nasdaq-listed equities, which came to be known as the Order Audit Trail System ("OATS").[7] OATS was later expanded to include over-the-counter equity securities[8] and all NMS stocks.[9] FINRA also created an internal process by which it augmented the data it collected via OATS with order and trade execution data collected from other SROs with which it had regulatory services

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5 See Securities Exchange Act Release No. 44494 (June 29, 2001), 66 FR 35836 (July 9, 2001).

6 See 15 U.S.C. 78c(a)(22)(A) ("The term 'securities information processor' means any person engaged in the business of (i) collecting, processing, or preparing for distribution or publication, or assisting, participating in, or coordinating the distribution or publication of, information with respect to transactions in or quotations for any security (other than an exempted security) or (ii) distributing or publishing (whether by means of a ticker tape, a communications network, a terminal display device, or otherwise) on a current and continuing basis, information with respect to such transactions or quotations.").

7 In the Matter of National Association of Securities Dealers, Inc., Administrative Proceeding File No. 3-9056, Securities Exchange Act Release No. 37358 (Aug. 8, 1996), available at https://www.sec.gov/files/litigation/admin/3437538.txt.

8 See Securities Exchange Act Release No. 67457 (July 18, 2012), 77 FR 45722, 45728 (Aug. 1, 2012) ("Adopting Release"); see also Securities Exchange Act Release No. 62174 (May 26, 2010), 75 FR 32556, 32558-59 (June 8, 2010) ("Proposing Release").

9 To avoid duplicative reporting requirements after OATS expansion to all NMS stocks, NYSE-affiliated exchanges replaced their market-specific audit trail requirements for members that were also members of either FINRA or Nasdaq—and therefore already reporting to OATS—with rules that allowed these members to satisfy their reporting obligations by meeting the new OATS reporting requirements in 2011. See, e.g., Adopting Release, supra note 8, at 45728; 17 CFR 242.600(65) (defining "NMS stock" as "any NMS security other than an option").

agreements.[10] Similarly, in 2000, a group of options exchanges was required, pursuant to a settled order, to design and implement an audit trail to provide an accurate, time-sequenced record of orders, quotations, and transactions on those options exchanges.[11] That audit trail became known as the Consolidated Options Audit Trail System ("COATS") and was later expanded to incorporate reporting for activity on additional options exchanges.[12]

Although these audit trails and related data sources were useful, they did not produce a comprehensive cross-market audit trail. Even with augmented OATS data, assembling a consolidated audit trail from the various data sources described above was a cumbersome, complex, and time-consuming process that was prone to error.[13]

Recognizing these shortcomings, on July 11, 2012, the Commission adopted Rule 613 of Regulation NMS under the Exchange Act.[14] Rule 613 required the Participants to submit an NMS plan to create, implement, and maintain the CAT that would capture customer and order event information for orders in NMS securities, across all markets, from the time of order inception through routing, cancellation, modification, or execution in a single, consolidated data source (the "CAT NMS Plan" or "Plan").[15] In proposing and adopting Rule 613, the Commission stated that the increasingly high-speed, electronic, and widely dispersed markets had given rise to a need for efficient access to a more robust and comprehensive, cross-market audit trail, explaining that

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10 See, e.g., Adopting Release, supra note 8, at 45729.

11 See In the Matter of Certain Activities of Options Exchanges, Administrative Proceeding File No. 3-10282, Securities Exchange Act Release No. 43268 (Sept. 11, 2000), available at https://www.sec.gov/enforcement-litigation/administrative-proceedings/34-43268.

12 See Staff Paper on Cross-Market Regulatory Coordination, available at https://www.sec.gov/about/divisions-offices/division-trading-markets/staff-paper-cross-market-regulatory-coordination.

13 See, e.g., Adopting Release, supra note 8, at 45728 ("Although these developments with respect to the scope of FINRA's OATS rules reduce the number of audit trails with disparate requirements, they still do not result in a comprehensive audit trail that provides regulators with accurate, complete, accessible, and timely data on the overall markets for which regulators have oversight responsibilities."); see also, e.g., Securities Exchange Act Release No. 77724 (Apr. 27, 2016), 81 FR 30614, 30670 (May 17, 2016) ("Regardless of whether order lifecycle reports are reflected in the same or different data sources, the process of linking lifecycle events is complex and can create inaccuracies. Merging different data sources often involves translating the data sources into the same format, which can be a complex process that is prone to error. Linking records within or across data sources also requires the sources to share 'key fields' that facilitate linkage, along with a successful linking algorithm. Regulators may be unable to link some data source combinations accurately because the data sources do not have key fields in common or the key fields are not sufficiently granular. . . . The inability to link all records affects the accuracy of the resulting data and can force an inefficient manual linkage process that would delay the completion of the data collection and analysis portion of the examination, investigation, or reconstruction." (citations omitted)).

14 See note 8 supra.

15 See 17 CFR 242.613(a)(1), (c)(1), (c)(7).

existing audit trails and/or data sources were otherwise limited in their scope and effectiveness.[16]

On February 27, 2015, the Participants submitted the CAT NMS Plan.[17] On April 27, 2016, the Commission published a notice soliciting comments from the public ("CAT NMS Plan Notice").[18] On November 15, 2016, the Commission approved the CAT NMS Plan ("CAT NMS Plan Order"), including the information collections proposed in the CAT NMS Plan Notice and certain additional information collections that were the subject of a supplemental information collections submission.[19] The CAT NMS Plan Order information collections that were first noticed in the CAT NMS Plan Notice were approved by OMB on March 9, 2017.[20] The supplemental submission information collections were approved by OMB on July 10, 2017. This instant information collections submission incorporates both the information collections that were first noticed in the CAT NMS Plan Notice and approved by OMB on March 9, 2017, with the supplemental submission information collections that were approved by OMB on July 10, 2017.

16 See, e.g., Adopting Release, supra note 8, at 45722-23.

17 See Letter from Participants to Brent J. Fields, Secretary, Commission, dated February 27, 2015. The Participants filed the CAT NMS Plan on September 30, 2014. See Letter from the Participants, to Brent J. Fields, Secretary, Commission, dated September 30, 2014. The CAT NMS Plan filed on February 27, 2015, was an amendment to and replacement of the Initial CAT NMS Plan (the "Amended and Restated CAT NMS Plan"). On December 24, 2015, the Participants submitted an Amendment to the Amended and Restated CAT NMS Plan. See Letter from Participants to Brent J. Fields, Secretary, Commission, dated December 23, 2015 (the "Amendment"). On February 9, 2016, the Participants filed with the Commission an identical, but unmarked, version of the Amended and Restated CAT NMS Plan, dated February 27, 2015, as modified by the Amendment. Unless the context otherwise requires, the "CAT NMS Plan" shall refer to the Amended and Restated CAT NMS Plan, as modified by the Amendment.

18 See Securities Exchange Act Release No. 77724 (April 27, 2016), 81 FR 30613 (May 17, 2016). The burdens associated with the CAT NMS Plan Notice were submitted under OMB number 3235-0671 which relates to the NMS Plan required to be filed under Rule 613.

19 See Securities Exchange Act Release No. 79318 (November 15, 2016), 81 FR 84696 (November 23, 2016). The supplemental information collections burdens associated with the CAT NMS Plan Order were submitted under OMB number 3235-0671 which relates to the NMS Plan required to be filed under Rule 613. The Commission further acknowledged that the CAT NMS Plan filed by the Participants contains provisions in addition to those required by the Commission in Rule 613. These additional requirements include the inclusion of OTC Equity Securities, the availability of historical data for not less than six years in a manner that is directly available and searchable without manual intervention from the Plan Processor, a complete symbology database to be maintained by the Plan Processor, including the historical symbology, as well as issue symbol information and data using the listing exchange symbology format. See CAT NMS Plan, supra note 17, at Sections 1.1 and 6.5(b)(I); Appendix C, Section A.1(a); Appendix D, Section 2.

20 The CAT NMS Plan published for comment reflects exemptive relief granted by the Commission that provided the flexibility for the Participants to propose, in the CAT NMS Plan, alternative approaches to certain requirements of Rule 613. See Securities Exchange Act Release No. 77265 (March 1, 2016), 81 FR 11856 (March 7, 2016) ("Exemption Order").

Since 2017 the Commission has approved several amendments to the CAT NMS Plan and issued exemptive relief from its requirements. Some of these amendments and/or exemptive relief orders have resulted in data being removed from the CAT. For instance, the Commission has issued exemptive relief from and approved amendments to the CAT NMS Plan to enable the SROs to remove customer and account-level information from the CAT.[21] The Commission has also issued exemptive relief from and approved amendments to the CAT NMS Plan to enable the SROs to shorten the retention period for the data collected by the CAT.[22]

The instant information collections submission incorporates these changes. On July 15, 2024, the SROs represented to the Commission that the CAT had been fully implemented.[23]

2. Purposes and Use of the Information Collection

The CAT NMS Plan, which governs the CAT, improves the quality of the data available to regulators in four areas that affect the ultimate effectiveness of core regulatory efforts—completeness, accuracy, accessibility and timeliness.[24] The improvements in these data qualities substantially improve regulators' ability to perform analysis and reconstruction of market events, and market analysis and research to inform policy decisions, as well as perform regulatory activities, in particular market surveillance, examinations, investigations, and other enforcement functions.

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21 See, e.g., Securities Exchange Act Release No. 88393 (Mar. 17, 2020), 85 FR 16152 (Mar. 20, 2020) (the "2020 PII Exemptive Relief Order") (providing conditional exemptive relief from CAT NMS Plan requirements obligating the SROs to collect social security numbers ("SSNs") and/or individual tax payer identification numbers ("ITINs"), dates of birth, and account numbers associated with natural persons); Securities Exchange Act Release No. 102386 (Feb. 10, 2025), 90 FR 9642, 9643 (Feb. 14, 2025) (the "2025 PII Exemptive Relief Order") (providing conditional exemptive relief from CAT NMS Plan requirements obligating the SROs to collect names, addresses, and years of birth for U.S. natural persons); Securities Exchange Act Release No. 104586 (Jan. 13, 2026), 91 FR 2164 (Jan. 16, 2026) (the "CAIS Order") (codifying the 2020 PII Exemptive Relief Order and the 2025 PII Exemptive Relief Order and, among other things, enabling the SROs to eliminate: (1) historical customer and account-level data, including, among other things, names, addresses, and years of birth, (2) names, addresses, and years of birth (where applicable) for foreign natural persons, for legal entities, and for authorized traders, and (3) employer identification numbers).

22 See, e.g., Securities Exchange Act Release No. 104144 (Sept. 30, 2025), FR 90 47853, 47854-55 (Oct. 2, 2025) (providing exemptive relief from certain requirements related to data storage and retention); Securities Exchange Act Release No. 105107 (Mar. 27, 2026), 91 FR 16284, 16307 (Apr. 1, 2026) (approving amendments to the CAT NMS Plan that permit the SROs to: (1) delete all CAT Data older than three years; (2) delete options market maker quotes on Listed Options older than six months; (3) delete Interim Operational Data older than 15 days; and (4) delete Options SIP Data older than six months).

23 See CAT Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024), available at https://catnmsplan.com/sites/default/files/2024-07/CAT_Q2-and-Q3-2024-QPR.pdf.

24 See Adopting Release, supra note 8, at 45727 (discussing four "qualities" of trade and order data that impact the effectiveness of core Participant and Commission regulatory efforts: accuracy, completeness, accessibility, and timeliness).

A. Central Repository

Rule 613 states that the CAT NMS Plan shall provide for the creation and maintenance of a Central Repository.[25] The Central Repository is required to receive, consolidate and retain the data required to be submitted by the Participants and their broker-dealer members.[26] Participant and Commission regulatory staff have access to the data for regulatory purposes.[27]

B. Data Collection and Reporting

The data collected and reported to the Central Repository pursuant to the requirements of the CAT NMS Plan (as required by Rule 613) is used by regulators to monitor and surveil the securities markets and detect and investigate activity, whether on one market or across markets. The data collected and reported to the Central Repository is also used by regulators for the evaluation of tips and complaints and for complex enforcement inquiries or investigations, as well as inspections and examinations. Further, regulators use the data collected and reported to the Central Repository to conduct timely and accurate analysis of market activity for reconstruction of broad-based market events in support of regulatory decisions.

C. Collection and Retention of National Best Bid and National Best Offer Information, Last Sale Data and Transaction Reports

The CAT NMS Plan must require the Central Repository to collect and retain National Best Bid and National Best Offer ("NBBO") information, transaction reports, and Last Sale Reports in a format compatible with the order and event information collected pursuant to Rule 613(c)(7).[28] Participant and Commission regulatory staff can use this data to easily search across order, NBBO, and transaction databases. Having the NBBO information in a uniform electronic format compatible with order and event information assists the Commission and Participants in enforcing compliance with federal securities laws, rules, and regulations, as well as their own rules.[29] A CAT NMS Plan requiring the Central Repository to collect and retain the transaction reports and Last Sale

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25 See 17 CFR 242.613(e)(1).

26 Id. The Commission notes that the CAT NMS Plan refers to a member of a national securities exchange or of a national securities association as an "Industry Member." See CAT NMS Plan, supra note 17, at Section 1.1.

27 See 17 CFR 242.613(e)(2).

28 See 17 CFR 242.613(e)(7).

29 The Commission and Participants use the NBBO to, among other things, evaluate members for compliance with numerous regulatory requirements, such as the duty of best execution or Rule 611 of Regulation NMS. See 17 CFR 242.611; see also, e.g., ISE Rule Options 5, Section 2 and Phlx Rule 1084.

Reports in a format compatible with the order execution information also aids regulators in monitoring for certain market manipulations.[30]

D. Surveillance

The CAT NMS Plan (as required by Rule 613(f)) contains a requirement that the Participants develop and implement a surveillance system, or enhance existing surveillance systems, reasonably designed to make use of the consolidated information in the CAT.[31] This requirement is intended to position regulators to make full use of the CAT data in order to carry out their regulatory obligations. In addition, because trading and potentially manipulative activities could take place across multiple markets, and the CAT data would trace the entire lifecycle of an order from origination to execution or cancellation, new or enhanced surveillance systems may also enable regulators to investigate potentially illegal activity that spans multiple markets more efficiently.

E. Written Assessment of Operation of the Consolidated Audit Trail

Rule 613(b)(6) requires the CAT NMS Plan to require the Participants to provide the Commission a written assessment of the CAT's operation at least every two years, once the CAT NMS Plan is effective.[32] The CAT NMS Plan states that the Chief Compliance Officer shall oversee the assessment.[33] These assessments aid Participant and Commission regulatory staff in understanding and evaluating any deficiencies in the operation of the CAT and to propose potential improvements to the CAT NMS Plan. The written assessments allow Participants and Commission regulatory staff to periodically assess whether such potential improvements would enhance market oversight. Moreover, these assessments help inform the Commission regarding the likely feasibility, costs, and impact of, and the Participants' approach to, the CAT evolving over time. The assessments focus the Plan Processor and Participants on critical technological and other developments, and help ensure that CAT technology is up-to-date, resilient and secure, and provides accurate CAT Data.

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30 Rules 613(e)(7)(ii) and (iii) require that transaction reports reported pursuant to an effective transaction reporting plan and Last Sale Reports reported pursuant to the OPRA Plan be reported to the Central Repository. This requirement allows regulators to evaluate certain trading activity. For example, trading patterns of reported and unreported trades may cause Participant or Commission regulatory staff to make further inquiries into the nature of the trading to ensure that the public was receiving accurate and timely information regarding executions and that market participants were continuing to comply with trade reporting obligations under Participant rules. Similarly, patterns in the transactions that are reported and unreported to the consolidated tape could be indicia of market abuse, including failure to obtain best execution for customer orders or possible market manipulation. Regulators are able to review information on trades not reported to the tape to determine whether they should have been reported, whether Section 31 fees should have been paid, and/or whether the trades are part of a manipulative scheme.

31 See CAT NMS Plan, supra note 17, at Section 6.10(a). See also 17 CFR 242.613(f).

32 17 CFR 242.613(b)(6). As discussed in Section 12.A.e., infra, Section 6.6 of the Plan changed the frequency of the assessment contemplated by Rule 613(b)(6) from biannual to annual.

33 See CAT NMS Plan, supra note 17, at Section 6.6(a)(ii). See also id. at Section 6.6(a)(i).

F. Independent Audit of Expenses Incurred Prior to Effective Date

Section 6.6(a)(i) of the CAT NMS Plan requires the Participants to provide to the Commission, and make public, an independent audit of fees, costs and expenses incurred by the Participants on behalf of the Company, prior to the Effective Date of the CAT NMS Plan, in connection with the creation and implementation of the CAT, at least one month prior to submitting any rule filing to establish initial fees to the Commission. Because the Company made such audited financial statements available on August 5, 2021,[34] this collection is now complete and no further burden is expected.

G. Assessment of Industry Member Bulk Access to Reported Data

Section 6.6(a)(iv) of the CAT NMS Plan requires the Participants to provide a written report discussing the feasibility, benefits and risks of allowing an Industry Member to bulk download the Raw Data[35] it submitted to the Central Repository, within 24 months of effectiveness of the Plan. Because the time frame set forth in Section 6.6(a)(iv) has passed and any one-time costs and/or burdens related to the preparation of this report already would have been incurred and included in previous PRA submissions, the Commission considers this collection complete and is not calculating any additional costs or burdens related thereto.

H. Assessment of Errors in Customer Information Fields

Section 6.6(a)(v) of the CAT NMS Plan requires the Participants to submit a written assessment of the nature and extent of errors in the Customer information submitted to the Central Repository and whether the correction of certain data fields should be prioritized, within 36 months of effectiveness of the Plan. However, as noted above, the Commission has issued exemptive relief from and approved amendments to the CAT NMS Plan to enable the SROs to remove certain Customer information from the CAT.[36] Moreover, the time frame set forth in Section 6.6(a)(v) passed before Customer information was reported to the CAT and any one-time costs and/or burdens related to the preparation of this report already would have been incurred and included in previous PRA submissions. The Commission therefore considers this collection complete and is not calculating any additional costs or burdens related thereto.

I. Report on Impact of Tiered Fees on Market Liquidity

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34 See https://www.catnmsplan.com/audited-financial-statements.

35 Raw data is defined as "Participant Data and Industry Member Data that has not been through any validation or otherwise checked by the CAT System." See CAT NMS Plan, supra note 17, at Section 1.1.

36 See note 21 supra.

Section 6.6(a)(vi) of the CAT NMS Plan requires the Participants to submit a written report on the impact of tiered-fees on market liquidity, including an analysis of the impact of the tiered-fee structure originally required by the CAT NMS Plan on Industry Members provision of liquidity, within 36 months of effectiveness of the Plan. However, the Commission recently approved amendments to the CAT NMS Plan that impose a different fee structure.[37] Moreover, the time frame set forth in Section 6.6(a)(vi) has passed and any one-time costs and/or burdens related to the preparation of this report already would have been incurred and included in previous PRA submissions. The Commission therefore considers this collection complete and is not calculating any additional costs or burdens related thereto.

J. Assessment of Material Systems Change on Error Rate

The CAT NMS Plan requires the Participants to provide the Commission a written assessment of the projected impact of any Material Systems Change on the Maximum Error Rate, prior to the implementation of any Material Systems Change. Material Systems Changes either could result in new challenges for CAT Reporters or simplify the means for reporting data. In either case, the appropriateness of the Maximum Error Rate could be impacted, and thus warrant a change. Accordingly, it is appropriate to require the Participants to provide the Commission an assessment of the projected impact on the Maximum Error Rate, including any recommended changes thereto, prior to the implementation of any Material Systems Change.

K. Financial Statements

Section 9.2 of the CAT NMS Plan requires that the financials of the Consolidated Audit Trail, LLC ("CAT LLC") be (i) in compliance with GAAP, (ii) be audited by an independent public accounting firm, and (iii) be made publicly available.[38] This requirement promotes greater accuracy and greater transparency with respect to the Company's financial accounting.

L. Background Checks

Section 6.1(g) of the CAT NMS Plan requires that each Participant conduct background checks for its employees and contractors that will use the CAT System. This requirement ensures that only authorized and qualified persons are using the CAT System.

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37 See Securities Exchange Act Release No. 105003 (Mar. 16, 2026), 91 FR 13410 (Mar. 19, 2026).

38 The Participants conduct the activities of the CAT through the CAT LLC, a jointly owned limited liability company formed under Delaware state law. The CAT LLC is charged with creating, implementing and maintaining the CAT. The Participants previously formed a Delaware Limited Liability company named CAT NMS, LLC for the purpose of conducting activities related to the consolidated audit trail, but formed Consolidated Audit Trail, LLC to replace and serve as the CAT NMS Plan on August 29, 2019. See Securities Exchange Act Release No. 87149 (September 27, 2019), 84 FR 52905 (October 3, 2019). The LLC through which Participants conduct the activities of CAT is referred to as "CAT LLC" in this Supporting Statement.

3. Consideration Given to Information Technology

Several of the information collections associated with the CAT NMS Plan involve the use of electronic information collection techniques. Rule 613 states that the CAT NMS Plan shall provide for the creation and maintenance of the Central Repository,[39] which is required to receive, consolidate, and retain the data required to be submitted electronically by the Participants and their members.[40] The CAT NMS Plan requires CAT Reporters to report data to the Central Repository either in a uniform electronic format, or in a manner that would allow the Central Repository to convert the data to a uniform electronic format.[41] The CAT NMS Plan also requires the Central Repository to collect and retain on a current and continuing basis, in a format compatible with the Participant and member data, all data including NBBO information, transaction reports, and Last Sale Reports.[42] Additionally, the CAT NMS Plan (as required by Rule 613(f)) also requires that the Participants develop and implement a surveillance system, or enhance existing surveillance systems, reasonably designed to make use of the consolidated information in the consolidated audit trail.[43]

Electronic submission of the information required by Rule 613 ensures that the CAT can capture in a timely, accurate and accessible manner all of the information necessary to efficiently and effectively monitor cross-market trading activity in today's highly automated and dispersed markets. As part of operating their businesses, the Participants are already accustomed to handling large volumes of data and may already have in place electronic trading, routing and reporting systems. Participants maintain audit trails, either directly or through Regulatory Service Agreements, that contain the trade and order data that they obtain from their members and each equity and options exchange keeps an audit trail of orders and trades that occur on its market. To improve upon the previously prevailing status quo, the CAT imposes electronic information collection and reporting requirements. The CAT NMS Plan states, "… each equities and options exchange is built on its own unique platform, utilizes unique entry protocols and requirements and thus creates uniquely formatted audit trails. The existence of multiple non-integrated audit trails has direct consequences on the accuracy and efficiency of regulatory oversight."[44] As trading venues have become more automated, and trading systems have become computerized, trading volumes have increased significantly and trading has become more dispersed across more trading centers and therefore more difficult to monitor and trace. Audit trail data for securities that are traded on multiple venues is fragmented across multiple data sources, with each regulator generally having direct access only to data generated on the trading venues it regulates. The CAT NMS

39 See 17 CFR 242.613(e)(1).

40 Id.

41 See CAT NMS Plan, supra note 17, at Appendix C, Section A.1(b).

42 See id. at Section 6.5(a)(ii). See also 17 CFR 242.613(e)(7), (e)(8).

43 See CAT NMS Plan, supra note 17, at Section 6.10(a). See also 17 CFR 242.613(f).

44 See CAT NMS Plan, supra note 17, at Appendix C, Section B.7(b)(ii)(A).

Plan brings audit trail data related to trading of equities and options on all venues into the Central Repository where it can be accessed by the Commission and the SROs.

The collection of information requirement "Background Checks" would involve the use of electronic submission and collection techniques. These would be background checks using fingerprints that would be submitted either in hard copy or electronically to the Attorney General of the United States for identification and processing.

The Commission does not believe that improvements in information technology would have any impact on the burdens associated with the CAT NMS Plan (in fact, improvements in information technology may reduce any burdens associated with the Plan), nor that any obstacles exist to reducing such burdens.

4. Duplication

With respect to the "Data Collection and Reporting" collection of information, the CAT NMS Plan requires the collection and reporting of certain information that national securities exchanges and national securities associations, as well as their members, already collect and report pursuant to both Federal Rules and the rules of those exchanges and associations. For instance, national securities exchanges and national securities associations keep documents, including all correspondence, memoranda, papers, books, notices, accounts and other such records pursuant to Section 17(a) of the Exchange Act and Rule 17a-1 thereunder of the receipt of all orders entered into their systems, as well as records of the routing, modification, cancellation, and execution of those orders. However, Rule 613 requires the CAT NMS Plan to require the Participants to collect and report additional and more detailed information, and to report the information to the Central Repository in a uniform electronic format, or in a manner that would allow the Central Repository to convert the data to a uniform electronic format for consolidation and storage.

Rule 17a-25 provides the Commission with the ability to request from broker-dealers some of the information that is also collected by the CAT through the EBS system, and the SROs maintain similar rules for their members. However, the EBS system does not duplicate the information collection enabled by Rule 613 in substance, functionality, or utility.

The CAT functions as a database that collects on a daily basis and centrally stores data from SROs and broker-dealers. The EBS system, by contrast, does not collect data or store it in a database; instead, it provides regulators with a means of requesting specified data sets from broker-dealers. The type of data collected by the CAT is also different than the type of data that can be requested through the EBS system. EBS data, for example, is limited to executed trades and does not provide information on orders or quotes. The EBS system thus does not provide access to information on order routes, modifications, and cancellations. Such information is available through the CAT and is used to investigate various forms of potential market manipulation like layering and spoofing. The EBS system, on the other hand, provides regulators with access to customer and account-level information that is no longer required to be reported to the CAT,[45] and to information that is older than the data required to be stored by the CAT.[46] While there is some information in the CAT that can also be requested through the EBS system, the way that CAT information is used by regulators differs because the scope of the data and the functionality of the CAT supports different types of analyses than the EBS system.

In an effort to ensure identification and avoidance of unnecessary duplicative rules and requirements, Rule 613 requires the CAT NMS Plan to discuss a plan to eliminate existing rules and systems (or components thereof) that will be rendered duplicative by the CAT, including identification of such rules and systems (or components thereof).[47] To the extent that any existing rules or systems related to monitoring quotes, orders, and executions provide information that is not rendered duplicative by the CAT, Rule 613 requires an analysis of: (A) whether the collection of such information remains appropriate;[48] (B) if still appropriate, whether such information should continue to be separately collected or should instead be incorporated into the CAT;[49] and (C) if no longer appropriate, how the collection of such information could be efficiently terminated; the steps the plan sponsors propose to take to seek Commission approval for the elimination of such rules and systems (or components thereof); and a timetable for such elimination, including a description of how the plan sponsors propose to phase in the CAT and phase out such existing rules and systems (or components thereof).[50]

In accordance with Rule 613, the CAT NMS Plan provides information regarding when the Participants intend to initiate and conclude identification of: duplicative rules and systems, partially duplicative rules and systems, non-duplicative rules or systems related to monitoring quotes, orders and executions, and the timing of Participant rule and system changes due to any elimination or modification of Commission rules as a result of the implementation of CAT.[51] Further, the Plan discusses when the Participants will file proposed rule changes to implement the rule modifications or deletions and elimination of the relevant rules and systems.[52]

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45 See note 21 supra.

46 See note 22 supra.

47 See Rule 613(a)(1)(ix).

48 See Rule 613(a)(1)(ix)(A).

49 See Rule 613(a)(1)(ix)(B).

50 See Rule 613(a)(1)(ix)(C).

51 See CAT NMS Plan, supra note 17, at Appendix C, Section C.9.

52 Id. On August 14, 2020, FINRA filed with the Commission a proposed rule change to delete the OATS Rules once members were effectively reporting to the CAT. Securities Exchange Act Release No. 89679 (Aug. 26, 2020), 85 FR 54661 (Sept. 1, 2020). On November 30, 2020, the Commission approved the proposed rule change, as amended by Amendment No. 1. Securities Exchange Act Release No. 90535, 85 FR 78395 (Dec. 4, 2020). On June 23, 2021, FINRA filed with the Commission a proposed rule change and notice of immediate effectiveness setting forth

Furthermore, the Commission is engaged in a comprehensive review of the CAT, in which it is considering, among other things, whether there are audit trails and/or related data sources that contain partially duplicative information to the CAT, such that overlapping requirements should partially duplicative information collections can be eliminated, modified, or replaced.[53]

With respect to the "Background Checks" collection of information, Section 6.1(g) of the CAT NMS Plan requires each Participant to conduct background checks of its employees and contractors that will use the CAT System. While Section 6.1(g) may result in a duplication of requirement because other rules currently require Participants to conduct fingerprint-based background checks,[54] there will be no duplication of effort because if an employee or contractor of a Participant who will be a CAT user is already subject to a Participant's existing background check requirements, we anticipate that those requirements would satisfy the background checks requirements of the CAT NMS Plan. Further, if such Participant believes that its employees and contractors should be subject to a more stringent or different background check requirement to be a CAT user than currently required by the Participant, then there will be no duplication of effort because the proposed background check requirements would be more rigorous or different and thus differ from the Participant's existing background check requirements.

5. Effect on Small Entities

The CAT NMS Plan has an effect on small entities. The CAT NMS Plan requires Participants to enforce compliance by their members with the provisions of Rule 613 and the Plan through SRO rules that require their members to comply with the requirements of Rule 613 and the CAT NMS Plan.[55] These rules apply to all broker-dealers—including those that are small entities. Commission rules generally define a broker-dealer as a small entity for purposes of the Exchange Act and the Regulatory Flexibility Act if the broker-dealer had a total capital of less than $500,000 on the date in the prior fiscal year as of which its audited financial statements were prepared, and it is not affiliated with any person (other than a natural person that is not a small entity).

the basis for its determination that the accuracy and reliability of the CAT met the standards approved by the Commission for purposes of eliminating the OATS Rules. Securities Exchange Act Release No. 92239 (June 23, 2021), 86 FR 34293 (June 29, 2021). Effective September 1, 2021, FINRA retired the OATS system. References to firms with or without OATS reporting obligations therefore are the firms' status as an OATS reporter prior to September 1, 2021.

53 See Securities Exchange Act Release No. 105251 (Apr. 16, 2026), 91 FR 20945 (Apr. 20, 2026).

54 See, e.g., 17 CFR 240.17f-2(a) (OMB Control Number 3235-0029); 17 CFR 240.17f-2(c) (OMB Control Number 3235-0034). Additionally, most Participants currently have rules that permit them to conduct fingerprint-based background checks of contractors. See, e.g., BOX Rule 10080; CBOE Rule 7.10; ISE Rule Options 6E, Section 8; Nasdaq Rule General 2, Section 13; NYSE Rule 28; and IEX Rule 1.180.

55 The CAT NMS Plan states that the Participants will endeavor to promulgate consistent rules requiring compliance by their members with the provisions of Rule 613 and the Plan. See id. at Section 3.11. See also 17 CFR 242.613(g)(2).

Thus, small broker-dealers are responsible for complying with the CAT NMS Plan's requirements for regularly reporting to the Central Repository the required order and transaction data, and either report through existing order handling and trading systems or rely on outside vendors to provide a functionality that would provide information to the Central Repository. The Commission estimates, based on FOCUS filings with the Commission, that as of the first quarter of 2026, there were approximately 618 Commission-registered broker-dealers that would be considered small entities for purposes of the statute. Each of these brokers-dealers, assuming that they are subject to CAT reporting obligations, are required to comply with the CAT NMS Plan required under Rule 613.[56]

6. Consequences of Not Conducting Collections

The collections improve the completeness, accuracy, accessibility and timeliness of data available to regulators and therefore improve regulators' ability to perform regulatory activities, in particular market surveillance, examinations, investigations, and other enforcement functions, as well as analysis and reconstruction of market events, and market analysis and research to inform policy decisions. Regulators depend on data for many of these activities and the improvements in the data qualities provided by the CAT improve the efficiency and effectiveness of such regulatory activities.

The Plan imposes certain information collections burdens. First, the Plan requires that the Participants provide the Commission, and make public, at least one month prior to submitting any rule filing to establish initial fees for CAT Reporters, an independent audit of the fees, costs, and expenses incurred by the Participants on behalf of the Company prior to the Effective Date of the Plan. Participants made independent audit statements for CAT LLC and its predecessor CAT NMS LLC for the period prior to the Effective Date available on August 5, 2021.[57] Because this collection is now complete, the Commission assumes no further burden will be associated with the collection.

Second, because the relevant time frame has passed and any one-time costs and/or burdens related to the preparation of some reports already would have been incurred and included in previous PRA submissions, the following collections are complete and the Commission is not calculating any additional costs or burdens related to the requirement to submit: (i) a written report, within 24 months of effectiveness of the Plan, discussing the feasibility, benefits, and risks of allowing an Industry Member to bulk download the Raw Data that it has submitted to the Central Repository; (ii) a written assessment, within 36 months of effectiveness of the Plan, of the nature and extent of errors in the Customer information submitted to the Central Repository and whether the correction of certain data fields over others should be prioritized; and (iii) a written report, 36 months after

56 The Commission understands that some registered broker-dealers either trade in asset classes not currently included in the definition of Eligible Security or do not trade at all (e.g., broker-dealers for the purposes of underwriting, advising, private placements).

57 See https://www.catnmsplan.com/audited-financial-statements.

effectiveness of the Plan, on the impact of tiered fees on market liquidity, including an analysis of the impact of the tiered-fee structure on Industry Members' provision of liquidity.

Third, the Plan requires the Participants to provide the Commission a written assessment of the projected impact of any Material Systems Change on the Maximum Error Rate, prior to the implementation of any Material Systems Change. The Commission believes that Material Systems Changes either could result in new challenges for CAT Reporters or simplify the means for reporting data. In either case, the appropriateness of the Maximum Error Rate could be impacted, and thus warrant a change. Without this assessment, the Participants and the Commission may lack a thorough understanding of how a particular Material Systems Change would impact Error Rates and whether to temporarily adjust the Error Rates around that Material Systems Change.

Fourth, the Plan requires that the CAT LLC's financials be (i) in compliance with GAAP, (ii) be audited by an independent public accounting firm, and (iii) be made publicly available. This requirement promotes greater transparency with respect to the Company's financial accounting. Without this requirement, that purpose will not be achieved.

Finally, the Plan requires that each Participant conduct background checks for its employees and contractors that will use the CAT System. This requirement is appropriate to ensure that only authorized and qualified persons are using the CAT System. Without this requirement, that purpose would not be achieved.

7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)

The information collection "Data Collection and Reporting" requires respondents to record and report information to the Central Repository information more frequently than quarterly;[58] specifically, certain information must be recorded contemporaneously with a Reportable Event and reported to the Central Repository by 8:00 a.m. ET on the trading day following the day such information has been recorded by a Participant or broker-dealer industry member,[59] and other information must be reported by 8:00 a.m. ET on the trading day following the day a broker-dealer member receives such information.[60]

In addition, the "Data Collection and Reporting" information collection requires respondents to submit confidential information to the Central Repository, such as the

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58 The CAT NMS Plan did not provide an estimated frequency of reporting for Participants and broker-dealers.

59 See 17 CFR 242.613(c)(3); see also CAT NMS Plan, supra note 17, at Section 6.3(b), Section 6.4(b).

60 See 17 CFR 242.613(c)(4); see also CAT NMS Plan, supra note 17, at Section 6.4(b).

terms of an order.[61] Relatedly, the information collection requirement that the Participants develop and implement new surveillance systems, or enhance existing surveillance systems, reasonably designed to make use of consolidated audit trail information[62] is intended to enable Participants to better monitor trading through use of this confidential information. As described in Item 10 below, Rule 613 includes requirements that the CAT NMS Plan must contain to protect the confidentiality of this information[63] and these requirements are detailed in the CAT NMS Plan.[64]

The information collection "Written Assessment of the Operation of the Consolidated Audit Trail" likely contains confidential information concerning any deficiencies of the Consolidated Audit Trail and a plan for improvements. The CAT NMS Plan requires the Participants to submit to the Commission the written assessment annually.[65] To the extent that the Commission receives confidential information pursuant to the CAT NMS Plan, such information will be kept confidential, subject to the provisions of applicable law.

The information collections "Assessment of Material Systems Changes on Error Rates" and "Background Checks" potentially requires the Participants to report and disclose information more frequently than quarterly. In addition, the information collection "Assessment of Material Systems Changes on Error Rates" may require the Participants to submit confidential information to the Commission. To the extent the Commission receives confidential information pursuant to the CAT NMS Plan, such information will be kept confidential, subject to the provisions of applicable law.

8. Consultations Outside the Agency

The required Federal Register notice with a 60-day comment period soliciting comments on this collection of information was published. No public comments were received.

9. Payment or Gift

Not applicable. The Commission has not provided any payment or gift to the respondents.

10. Confidentiality

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61 See 17 CFR 242.613(c)(7); see also CAT NMS Plan, supra note 17, at Section 6.3(d), Section 6.4(d). Other types of confidential information related to customer account information and other customer identifying information is no longer required to be submitted to the Central Repository. See supra note 21.

62 See 17 CFR 242.613(f).

63 See 17 CFR 242.613(a)(1)(iv), 613(b)(6), 613(e)(4)(i), 613(e)(4)(i)(A).

64 See CAT NMS Plan, supra note 17, at Section 6.1(b), Section 6.2(b), Section 6.5(f)(i), Section 6.5(iv), Section 6.9, Section 6.12, Appendix D, Section 4.

65 See CAT NMS Plan, supra note 17, at Section 6.6(a)(i).

The CAT NMS Plan does require the collection and reporting of confidential information.

The CAT NMS Plan contains several provisions that provide respondents with assurances that confidential information would be protected.

Rule 613 requires the CAT NMS Plan to contain several provisions relating to the security of the information. Specifically, Rule 613(a)(1)(iv) requires the Participants to discuss the security and confidentiality of the information reported to the Central Repository in the Plan.[66] Rule 613(b)(6) provides that the Plan must include a provision requiring the Participants to provide to the Commission, at least every two years after effectiveness of the national market system plan, a written assessment of the operation of the consolidated audit trail, which would include an evaluation of the performance of the consolidated audit trail's system security.[67] Rule 613(e)(4)(i) also requires that the Plan include policies and procedures, including standards, to be used by the CAT Plan Processor to ensure the security and confidentiality of all information reported to the Central Repository.[68] The plan sponsors, and employees of the plan sponsors and Central Repository, would be required to agree to use appropriate safeguards to ensure the confidentiality of such data.[69] Further, Rule 613 requires that the CAT NMS Plan require that audit trail data may not be used by the Participants other than for surveillance or other regulatory purposes.[70]

The CAT NMS Plan provides that the CAT Plan Processor is responsible for the security and confidentiality of all CAT Data received and reported to the Central Repository, including during all communications between CAT Reporters and the Plan Processor, data extraction, data manipulation and transformation, loading to and from the Central Repository, and data maintenance by the Central Repository.[71] The Plan Processor must, among other things, require that individuals with access to the Central Repository agree to use CAT Data only for appropriate surveillance and regulatory activities and to employ safeguards to protect the confidentiality of CAT Data.[72]

In addition, the Plan Processor must develop a comprehensive information security program, as well as a training program that addresses the security and confidentiality of all information accessible from the consolidated audit trail and the

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66 17 CFR 242.613(a)(1)(iv).

67 17 CFR 242.613(b)(6).

68 17 CFR 242.613(e)(4)(i).

69 17 CFR 242.613(e)(4)(i)(A).

70 Id.

71 See CAT NMS Plan, supra note 17, at Section 6.5(f)(i), (iv).

72 Id. at Section 6.5(f)(i).

operational risks associated with accessing the Central Repository.[73] The Plan Processor must also designate one of its employees as the Chief Information Security Officer; among other things, the Chief Information Security Officer is responsible for creating and enforcing appropriate policies, procedures, and control structures regarding data security.[74] The Technical Specifications, which the Plan Processor must publish, must include a detailed description of the data security standards for the consolidated audit trail.[75]

Appendix D of the CAT NMS Plan sets forth minimum data security requirements for CAT that the Plan Processor must meet.[76] For example, Appendix D enumerates various connectivity, data transfer, and encryption requirements, such as that the CAT System must have encrypted internet connectivity, CAT Reporters must connect to CAT infrastructure using secure methods such as private lines or virtual private network connections over public lines, CAT Data must be encrypted at-rest and in-flight using industry standard best practices.[77] Additional requirements regarding data storage, data access and breach management are also specified in Appendix D.[78] Further, the Participants must establish and enforce policies and procedures that ensure the confidentiality of the CAT Data obtained from the Central Repository, limit the use of CAT Data obtained from the Central Repository solely for surveillance and regulatory purposes,[79] implement effective information barriers between each Participant's regulatory and non-regulatory staff with regard to CAT Data, and limit access to CAT Data to designated persons.[80] However, a Participant may use the Raw Data it reports to the Central Repository for "commercial or other" purposes if not prohibited by applicable law, rule or regulation.[81]

The Participants do not submit the Background Check information to the Commission and the Commission is not collecting this information; however, if the Commission receives any confidential information pursuant to the CAT NMS Plan, such information will be kept confidential, subject to the provisions of applicable law.

To the extent that the Commission receives confidential information pursuant to the CAT NMS Plan, such information will be kept confidential, subject to the provisions of applicable law.

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73 Id. at Sections 6.1(m), 6.12.

74 Id. at Section 6.2(b).

75 Id. at Section 6.9.

76 Id. at Appendix D, Section 4.

77 Id. at Appendix D, Section 4.1.2.

78 Id. at Appendix D, Section 4.1.3–4.1.6.

79 The Commission notes that regulatory purposes includes, among other things, market surveillance, examinations, investigations, and other enforcement functions, analysis and reconstruction of market events, and market analysis and research to inform policy decisions.

80 See CAT NMS Plan, supra note 17, at Section 6.5(f)(ii), (g).

81 Id. at Section 6.5(f)(i).

11. Sensitive Questions

Because the information required to be collected under Rule 613 is collected by the CAT NMS Plan Processor (FINRA CAT), which is managed by SROs (national securities exchanges and FINRA) and not by the Commission, a Privacy Impact Assessment, System of Records Notice, and Privacy Act Statement has not previously been and is not now required.

12. Burden of Information Collection

The Commission estimates that the information collection requirements of Rule 613 will apply to 1,199 respondents who will incur an average aggregate total of approximately 4,122,488 burden hours per year to comply with the requirements. The hour burden is calculated as discussed below.

Rule 613 applies to the 27 Participants (the 26 national securities exchanges and the one national securities association (FINRA)) currently registered with the Commission.[82] This is an increase of 2 Participants from the previous Paperwork Reduction Act Analysis. The Commission also estimates that Rule 613 applies to 1,172 broker-dealers.[83]

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82 The Participants are: 24X National Exchange, BOX Exchange LLC, Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe C2 Exchange, Inc, 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, MIAX PEARL, LLC, MIAX Sapphire, LLC, Nasdaq GEMX, LLC, Nasdaq ISE, LLC, Nasdaq MRX, LLC, Nasdaq PHLX LLC, The NASDAQ Stock Market LLC, Nasdaq Texas, LLC, New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., NYSE National, Inc., and NYSE Texas, Inc. The Commission has adjusted its estimates pertaining to the Participants due to the addition of two new Participants (from 25 Participants in 2023 Paperwork Reduction Act analysis to 27 Participants in the instant Paperwork Reduction Act analysis).

83 The Commission understands that there are approximately 3,253 broker-dealers, as of March 2026; however, not all broker-dealers are expected to have CAT reporting obligations. The Participants previously reported that approximately 1,500 broker-dealers quoted or executed transactions in NMS Securities, Listed Options or OTC Equity Securities and would likely have CAT reporting obligations. The Commission previously revised this estimate to 1,350 as of 2023, and now revises that estimate to 1,172 broker-dealers quoting or executing transactions in NMS Securities, Listed Options or OTC Equity Securities, and would likely have CAT reporting obligations. The Commission believes that this is consistent with the reduced number of broker-dealers overall (from 4,138 to approximately 3,734 in 2020, to 3,510 in 2023, to now 3,253 broker-dealers). This determination is based on experience and knowledge gained in discussions with Participants and the Plan Processor during the development of the CAT. The Commission further believes that this reduction is a reduction in the number of small OATS-reporting broker-dealers, which was previously calculated by identifying all other categories of CAT reporting broker-dealers and determining that the remaining number of the estimated 1,172 broker-dealers were small OATS-reporting broker-dealers. The Commission understands that the approximately 2,081 remaining registered broker-dealers either trade in asset classes not currently included in the definition of Eligible Security or do not trade at all (e.g., broker-dealers for the purposes of underwriting, advising, private placements).

A. Burden on National Securities Exchanges and National Securities Associations

a. Central Repository

Rule 613 requires the Participants to jointly establish a Central Repository tasked with the receipt, consolidation, and retention of the reported order and execution information. The Participants previously issued a request for proposal soliciting Bids from entities to act as the CAT's Plan Processor, and selected Thesys Technologies, LLC on January 17, 2017.[84] On February 27, 2019, the Participants announced that FINRA has been selected as Plan Processor, replacing Thesys Technologies, LLC.[85] The Plan Processor is responsible for building, operating, administering and maintaining the Central Repository.

The Plan's Operating Committee, which consists of one voting representative of each Participant,[86] is responsible for the management of CAT LLC,[87] including the Central Repository, acting by majority or Supermajority Vote, depending on the issue. In managing the Central Repository, among other things, the Operating Committee has the responsibility to authorize the following actions of the CAT LLC: (1) interpreting the Plan;[88] (2) determining appropriate funding-related policies, procedures and practices consistent with Article XI of the CAT NMS Plan;[89] (3) terminating the Plan Processor; (4) selecting a successor Plan Processor (including establishing a Plan Processor Selection Subcommittee to evaluate and review Bids and make a recommendation to the Operating Committee with respect to the selection of the successor Plan Processor);[90] (5) entering into, modifying or terminating any Material Contract;[91] (6) making any Material Systems Change;[92] (7) approving the initial Technical Specifications or any Material Amendment to the Technical Specifications proposed by the Plan Processor;[93] (8)

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84 See "SROs Select Thesys Technologies, LLC as Consolidated Audit Trail Plan Processor," https://www.prnewswire.com/news-releases/sros-select-thesys-technologies-llc-as-consolidated-audit-trail-plan-processor-300392226.html.

85 See "CAT NMS Selects FINRA as Consolidated Audit Trail Plan Processor" available at: https://www.catnmsplan.com/wp-content/uploads/2019/02/CAT_FINRA_Press_Release_FINAL.pdf.

86 See id. at Section 4.2(a).

87 See supra note 38.

88 See CAT NMS Plan, supra note 17, at Section 4.3(a)(iii).

89 See id. at Section 4.3(a)(vi).

90 See id. at Section 4.3(b)(i).

91 See id. at Section 4.3(b)(iv).

92 See id. at Section 4.3(b)(v).

93 See id. at Section 4.3(b)(vi).

amending the Technical Specifications on its own motion;[94] (9) approving the Plan Processor's appointment or removal of the CCO, CISO, or any Independent Auditor in accordance with Section 6.1(b) of the CAT NMS Plan;[95] (10) approving any recommendation by the CCO pursuant to Section 6.2(a)(v)(A) of the CAT NMS Plan;[96] (11) selecting the members of the Advisory Committee;[97] (12) selecting the Operating Committee chair;[98] and (13) determining to hold an Executive Session of the Operating Committee.[99]

Additionally, in managing the Central Repository, the Operating Committee has the responsibility and authority, as appropriate, to: (1) direct the CAT LLC to enter into one or more agreements with the Plan Processor obligating the Plan Processor to perform the functions and duties contemplated by the Plan to be performed by the Plan Processor, as well as such other functions and duties the Operating Committee deems necessary or appropriate;[100] (2) appoint as an Officer of the Company the individual who has direct management responsibility for the Plan Processor's performance of its obligations with respect to the CAT;[101] (3) approve policies, procedures, and control structures related to the CAT System that are consistent with Rule 613(e)(4), Appendix C and Appendix D of the CAT NMS Plan that have been developed and will be implemented by the Plan Processor;[102] (4) approve any policy, procedure or standard (and any material modification or amendment thereto) applicable primarily to the performance of the Plan Processor's duties as the Plan Processor;[103] (5) for both the CCO and CISO, render their annual performance reviews and review and approve their compensation;[104] (6) review the Plan Processor's performance under the Plan at least once each year, or more often than once each year upon the request of two Participants that are not Affiliated Participants;[105] (7) in conjunction with the Plan Processor, approve and regularly review (and update as necessary) SLAs governing the performance of the Central Repository;[106] (8) maintain a Compliance Subcommittee for the purpose of aiding the CCO as necessary;[107] and (9) designate by resolution one or more Subcommittees it deems

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94 See id. at Section 4.3(b)(vii).

95 See id. at Section 4.3(b)(iii).

96 See id. at Section 4.3(a)(iv).

97 See id. at Section 4.3(a)(ii).

98 See id. at Section 4.3(a)(i).

99 See id. at Section 4.3(a)(v).

100 See id. at Section 6.1(a).

101 See id. at Section 4.6(b).

102 See id. at Section 6.1(c).

103 See id. at Section 6.1(e).

104 See id. at Section 6.2(a)(iv) and Section 6.2(b)(iv).

105 See id. at Section 6.1(n).

106 See id. at Section 6.1(h).

107 See id. at Section 4.12(b).

necessary or desirable in furtherance of the management of the business and affairs of the Company.[108]

The Commission previously estimated the initial burden over the 12-month period after the effectiveness of the CAT NMS Plan within which the Participants would be required to select an initial Plan Processor[109] and begin reporting to the Central Repository.[110] The Participants have subsequently selected a Plan Processor and have begun reporting to the Central Repository, so the Commission deems the initial burden of this information collection is completed.[111]

For its ongoing time burden associated with the management of the Central Repository, the Commission is relying on estimates provided in the CAT NMS Plan for the development of the CAT NMS Plan, which the Participants "have accrued, and will continue to accrue,"[112] and have described in the CAT NMS Plan as "reasonably associated with creating, implementing, and maintaining the CAT upon the Commission's adoption of the CAT NMS Plan."[113] Ongoing cost estimates associated with the management of the Central Repository are based on financial information provided by CAT LLC, as discussed in greater detail below.

The activities of the Operating Committee overlap with those undertaken by the Participants to develop the CAT NMS Plan. The CAT NMS Plan describes the costs incurred by the Participants to develop the CAT NMS Plan as including "staff time contributed by each Participant to, among other things, determine the technological requirements for the Central Repository, develop the RFP, evaluate Bids received, design and collect the data necessary to evaluate costs and other economic impacts, meet with Industry Members to solicit feedback, and complete the CAT NMS Plan submitted to the Commission for consideration."[114] For the management of the Central Repository, the Operating Committee has comparable responsibilities. As part of its overall management of the Central Repository, the Operating Committee has responsibility for decisions associated with the technical requirements of the Central Repository.[115] Furthermore, the

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108 See id. at Section 4.12(a).

109 Rule 613(a)(3)(i) requires the selection of the Plan Processor within 2 months after effectiveness of the CAT NMS Plan. See 17 CFR 242.613(a)(3)(i).

110 Rule 613(a)(3)(iii) requires the Participants to provide to the Central Repository the data required by Rule 613(c) within one year after effectiveness of the CAT NMS Plan. See 17 CFR 242.613(a)(3)(iii).

111 See "CAT NMS Announces Initiation of Reporting to the Consolidated Audit Trail," CAT NMS, LLC (Nov. 16, 2018), available at: https://www.catnmsplan.com/wp-content/uploads/2018/11/Press-Release-CAT-Launch-final.pdf.

112 See id. at Appendix C, Section B.7(b)(iii).

113 See id.

114 See id.

115 For example, the Operating Committee would be required to authorize the following actions of the CAT LLC: entering into, modifying or terminating any Material Contract (see id. at Section

Operating Committee is required to authorize the selection of the members of the Advisory Committee,[116] comprising members of the Industry, to advise the Participants on the implementation, operation, and administration of the Central Repository.[117] Because the responsibilities of the Operating Committee are similar to those described in the CAT NMS Plan for the development of the CAT NMS Plan itself, CAT NMS Plan estimates are used as the basis for the Commission's burden and cost estimates for the ongoing management of the Central Repository.

Each Participant contributes an employee and a substitute for the employee to serve on the Operating Committee that oversees the Central Repository.

The Operating Committee will continue to be responsible for the management of the Central Repository. The Commission estimates that each of the Participants would incur an average ongoing annual time burden of 533.33 burden hours associated with the continued management of the Central Repository, for **an aggregate annual estimate of 14,400 burden hours** across the Participants (533.33 x 27).[118]

4.3(b)(iv)); making any Material Systems Change (see id. at Section 4.3(b)(v)); amending the Technical Specifications on its own motion (see id. at Section 4.3(b)(vii)); and approving the initial Technical Specifications or any Material Amendment to the Technical Specifications proposed by the Plan Processor (see id. at Section 4.3(b)(vi)). Further, the Operating Committee would be able to approve policies, procedures, and control structures related to the CAT System that are consistent with Rule 613(e)(4), Appendix C and Appendix D of the CAT NMS Plan that have been developed and will be implemented by the Plan Processor (see id. at Section 6.1(c)); and in conjunction with the Plan Processor, approve and regularly review (and update as necessary) SLAs governing the performance of the Central Repository (see id. at Section 6.1(h)).

116 See id. at Section 4.3(a)(ii).

117 See id. at Section 4.13(d).

118 The Commission is basing this estimate on the hour burden estimate provided in the CAT NMS Plan for the development of the CAT NMS Plan. The Commission notes that the CAT NMS Plan describes the hour burden estimate for the development of the CAT NMS Plan as a burden the Participants will continue to accrue; therefore, the Commission believes that it is reasonable to use this burden estimate as the basis for its ongoing hour burden estimate for the maintenance of the Central Repository, particularly as the Commission believes the reasons for the staff time incurred for the development of the CAT NMS Plan would be comparable to those of the staff time to be incurred by the Operating Committee for the continued management of the Central Repository. See id. (stating "…the Participants have accrued, and will continue to accrue, direct costs associated with the development of the CAT NMS Plan. These costs include staff time contributed by each Participant to, among other things, determine the technological requirements for the Central Repository, develop the RFP, evaluate Bids received, design and collect the data necessary to evaluate costs and other economic impacts, meet with Industry Members to solicit feedback, and complete the CAT NMS Plan submitted to the Commission for consideration. The Participants estimate that they have collectively contributed 20 FTEs in the first 30 months of the CAT NMS Plan development process"). (20 FTEs / 30 months) = 2/3 FTEs per month for all of the Participants to continue management of the Central Repository. Converting this into burden hours, (2/3 FTEs) x (12 months) x (1,800 burden hours per year) = 14,400.72 ongoing annual burden hours for all of the Participants to continue management of the Central Repository. (14,400 ongoing annual burden hours for all Participants / 27 Participants) = 533.33 ongoing annual burden hours for each Participant to continue management of the Central Repository.

b. Data Collection and Reporting (Participants)

Rule 613(c)(1) requires the CAT NMS Plan to provide for an accurate, time-sequenced record of orders beginning with the receipt or origination of an order by a Participant, and further to document the life of the order through the process of routing, modification, cancellation and execution (in whole or in part) of the order.[119] Rule 613(c) requires the CAT NMS Plan to impose requirements on Participants to record and report CAT information to the Central Repository in accordance with specified timelines.[120]

Rule 613(c) requires the CAT NMS Plan to require the collection and reporting of some information that Participants already collect to operate their business and are required to maintain in compliance with Section 17(a) of the Exchange Act and Rule 17a-1 thereunder.[121] For instance, national securities exchanges and national securities associations keep documents, including all correspondence, memoranda, papers, books, notices, accounts and other such records pursuant to Section 17(a) of the Exchange Act and Rule 17a-1 thereunder, of the receipt of all orders entered into their systems, as well as records of the routing, modification, cancellation, and execution of those orders. However, Rule 613 requires the CAT NMS Plan to require the Participants to collect and report additional and more detailed information, and to report the information to the Central Repository in a uniform electronic format, or in a manner that would allow the Central Repository to convert the data to a uniform electronic format for consolidation and storage.

The CAT NMS Plan provides estimated costs for hardware, software, third-party providers, and Participants' full-time employees (FTE's) to be incurred by the Participants to report CAT Data.[122] For these estimates, the Commission is relying on the estimates provided by the Participants because it believes that the Plan's estimates for Participants to report CAT Data are reliable since all of the Participants provided estimates, and most Participants have experience collecting audit trail data, as well as knowledge of both the requirements of Rule 613 as well as their current business practices. The Commission notes that the Participants provided these numbers based on a study (the "Participants Study") that was distributed to 19 Participants on August 11, 2014. The Commission has divided certain numbers provided by the Participants Study by 19 in order to calculate estimates of burdens and/or costs per Participant, where

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119 17 CFR 242.613(c)(1). See also CAT NMS Plan, supra note 17, at Section 6.3.

120 17 CFR 242.613(c). See also CAT NMS Plan, supra note 17, at Section 6.3.

121 15 U.S.C. 78q(a); 17 CFR 240.17a-1.

122 Third-party provider costs are generally legal and consulting costs, but may include other outsourcing costs. The template used by respondents is available at http://catnmsplan.com/PastEvents/ under the Section titled "6/23/14" at the "Cost Study Working Template" link.

appropriate, and further adjusted calculations to account for the increased number of Participants (27).[123]

The Commission notes that throughout this Paperwork Reduction Act analysis, it is categorizing the FTE cost estimates for the Participants, as well as the broker-dealer respondents, that were provided in the CAT NMS Plan as an internal compliance cost not an actual Item 13 cost. The Commission: (1) divided the FTE cost estimates by a divisor of $514,350, which is the Commission's estimated average salary for a full-time equivalent employee in the securities industry in a job category associated with regulatory data reporting;[124] and then (2) multiplied the quotient by 1,800 (the number of hours a full-time equivalent employee is estimated to work per year). The Commission continues to rely on estimated costs and figures provided by the Plan Participants in the CAT NMS Plan.

The Commission previously estimated initial burden hours to develop and implement the needed systems changes to capture the required information and transmit it to the Central Repository in compliance with the Rule for each Participant. As noted above, the Participants have begun reporting to the CAT and thus this information collection requirement is complete for the Participants.[125]

However, the Commission estimates that Rule 613 would impose on each Participant ongoing annual burdens associated with, among other things, personnel time to monitor each Participant's reporting of the required data and the maintenance of the systems to report the required data; and implementing changes to trading systems that might result in additional reports to the Central Repository. The CAT NMS Plan provided the following average aggregate FTE internal compliance cost that the Participants were expecting to incur to maintain data reporting systems to be in compliance with Rule 613: $7,300,000 in anticipated annual FTE costs for operational,

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123 See CAT NMS Plan, supra note 17, at Appendix C, Section B.7(b)(i)(A)(1). Specifically, estimates relating to Data Collection and Reporting (Participants) and Surveillance, as described below, have been modified based on this approach.

124 See CAT NMS Plan, supra note 17, at Appendix C, Section B.7(b)(ii)(C), at n.192. The Participants represented that the cost per FTE is $401,440. The $401,440 figure used in the CAT NMS plan was based on a Programmer Analyst's salary ($193 per hour) from SIFMA's *Management & Professional Earnings in the Securities Industry 2008*, multiplied by 40 hours per week, then multiplied by 52 weeks per year. The Commission updated this number to include recent salary data for other job categories associated with regulatory data reporting in the securities industry, using the hour and multiple methodology used by the Commission in its paperwork burden analyses. The Commission has used $514,350 as its annual cost per FTE for purposes of its hourly burden estimates. The $514,350 FTE cost = 25% General and Operations Manager + 75% Computer Programmer (0.25) x ($339 per hour x 1,800 working hours per year) + (0.75) x ($268 per hour x 1,800 working hours per year). The $339 per hour figure for a General and Operations Manager and the $268 per hour figure for a Computer Programmer are from the occupational mean hourly wage data from the OEWS program of BLS, modified by the Commission to account for an 1,800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

125 See, supra, note 111.

technical/development, and compliance functions related to data reporting.[126] Based on this estimate provided in the CAT NMS Plan, it would take each Participant 1,344.60 ongoing burden hours per year[127] to continue compliance with Rule 613. Therefore, the Commission estimates that the **estimated aggregate ongoing burden for all Participants would be approximately 36,304.20 hours.**[128] Based on the anticipated burden hours and the revised estimated salary per FTE, the aggregate internal cost of compliance to Participants would be approximately $10,373.925.15 per year.[129] This estimated burden has changed because the Commission is now applying this estimation to 27 Participants.[130]

c. Collection and Retention of NBBO, Last Sale Data and Transaction Reports

Rule 613(e)(7) provides that the CAT NMS Plan must require the Central Repository to collect and retain on a current and continuous basis NBBO information for each NMS security, transaction reports reported pursuant to an effective transaction reporting plan, and Last Sale Reports reported pursuant to the Options Price Reporting Authority ("OPRA") Plan.[131]

Additionally, the CAT NMS Plan must require the Central Repository to maintain this data in a format compatible with the order and event information consolidated and stored pursuant to Rule 613(c)(7).[132] The Commission notes that the CAT NMS Plan includes these data as "SIP Data" to be collected by the Central Repository.[133] Pursuant

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126 See CAT NMS Plan, supra note 17, at Appendix C, Section B.7(b)(iii)(B)(2).

127 ($7,300,000 in anticipated Participant annual FTE costs) / (19 Participants) = $384,210.53 in anticipated per Participant annual FTE costs. ($384,210.53 in anticipated per Participant FTE costs) / ($514,350 FTE cost per Participant) = 0.747 anticipated FTEs per Participant. (0.747 FTEs) x (1,800 working hours per year) = 1,344.60 burden hours per Participant to maintain CAT Data reporting. The Commission is using the approximate salary for a FTE at the time the Participants provided the estimate to calculate burden hours, because the $7,300,000 estimated costs were based on that approximate salary. Because the estimated salary has risen, the aggregate cost per participant has also risen, although the individual Participant burden hours have remained steady.

128 36,304.20 annual burden hours = (27 Participants) x (1,344.60 annual burden hours).

129 The Commission is using $514,350 as its annual cost per FTE for purposes of its cost estimates. 514,350 FTE cost = 25% General and Operations Manager + 75% Computer Programmer (0.25) x ($339 per hour x 1,800 working hours per year) + (0.75) x ($268 per hour x 1,800 working hours per year). The $339 per hour figure for a General and Operations Manager and the $268 per hour figure for a Computer Programmer are from the OEWS program of BLS, modified to account for inflation as of December 2025. These numbers are further modified by the Commission to account for an 1,800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead. 0.747 anticipated FTEs per Participant x 514,350 per FTE= $384,219.45 per Participant per year. $384,219.45 x 27 Participants = $10,373.925.15.

130 See supra notes 82 and 83, and accompanying text.

131 See 17 CFR 242.613(e)(7).

132 Id.

133 See CAT NMS Plan, supra note 17, at Section 6.5(a)(ii).

to amendments to the CAT NMS Plan recently approved by the Commission, the Central Repository must retain the information collected pursuant to paragraphs (c)(7) and (e)(7) for a period of not less than three years in a convenient and usable standard electronic data format that is directly available and searchable electronically without any manual intervention by the Plan Processor,[134] except that Options SIP Data older than six months may be deleted from the Central Repository.[135]Accordingly, the burden associated with SIP Data is included in the burden to the Participants associated with the implementation and maintenance of the Central Repository, as discussed above.

d. Surveillance

Rule 613(f) provides that the CAT NMS Plan must require that every national securities exchange and national securities association develop and implement a surveillance system, or enhance existing surveillance systems, reasonably designed to make use of the consolidated information contained in the CAT. Rule 613(a)(3)(iv) provides that the CAT NMS Plan must require that the surveillance systems be implemented within fourteen months after effectiveness of the CAT NMS Plan.

The CAT NMS Plan states that the estimated total initial FTE internal compliance cost to the Participants to implement surveillance programs within the Central Repository is $17,500,000 for operational, technical/development, and compliance staff to be engaged in the creation of surveillance programs.[136] Because it has been several years since the CAT NMS Plan became effective, the Commission assumes that these costs have already been incurred and are no longer applicable for purposes of future estimates.

The CAT NMS Plan states that the estimated total annual FTE internal compliance cost associated with the ongoing maintenance of surveillance programs for the Participants would be $66,700,000 for internal operational, technical/development, and compliance staff to be engaged in the maintenance of surveillance programs.[137] Based on the estimates provided in the CAT NMS Plan, the Commission estimates that the ongoing annual internal hour burden to maintain the new or enhanced surveillance systems reasonably designed to make use of the consolidated audit trail data for each Participant would be approximately 12,285 hours,[138] for **an aggregate annual burden of**

134 See id. at Section 6.5(b)(i).

135 Id. at Appendix D, Section 6.4 (defining "Options SIP Data" as "quote and NBBO data included in the SIP Data from the OPRA Plan or any successor SIP for Listed Options").

136 See id. at Appendix C, Section B.7(b)(iii)(B)(2).

137 See CAT NMS Plan, supra note 17, at Appendix C, Section B.7(b)(iii)(B)(2). This number is not adjusted for inflation, and is therefore lower than the costs would be based on costs today. The aggregate annual cost to Participants today would be approximately $94,781,846.25, accounting for both inflation and the 2 additional Participants.

138 ($66,700,000 in anticipated ongoing FTE costs) / (19 Participants) = $3,510,526.31 in anticipated ongoing FTE costs per Participant. ($3,510,526.31 in anticipated ongoing FTE costs per Participant) / ($514,350 FTE cost per Participant) = 6.825 anticipated FTEs per Participant. (6.825 FTEs) x (1,800 working hours per year) = 12,285 ongoing burden hours per Participant to

331,695 burden hours.[139] This estimated burden has changed because the Commission is now applying this estimation to 27 Participants, and because the Commission has adjusted the method in which it estimates the per-Participant burden, by using the estimation provided in the Participants Study, adjusted by the number of Participants that contributed to the relevant CAT NMS Plan estimation (19).[140]

e. Written Assessment of Operation of the Consolidated Audit Trail

Rule 613(b)(6) provides that the CAT NMS Plan must require the Participants to provide the Commission a written assessment of the consolidated audit trail's operation at least every two years, once the CAT NMS Plan is effective.[141] The assessment must address, at a minimum, with respect to the consolidated audit trail: (i) an evaluation of its performance; (ii) a detailed plan for any potential improvements to its performance; (iii) an estimate of the costs associated with any such potential improvements; and (iv) an estimated implementation timeline for any such potential improvements, if applicable.[142] Thus, the Participants must, among other things, undertake an analysis of the CAT's technological and computer system performance.

Section 6.6 of the CAT NMS Plan, as approved by the Commission, requires the assessment contemplated by Rule 613(b)(6) to be submitted on an annual basis. Section 6.6 of the Plan also requires the Participants to provide an estimate of the costs associated with any potential improvements to the performance of the CAT, including an assessment of the potential impact on competition, efficiency and capital formation. Section 6.6 of the Plan also requires the annual assessment to consider the benefits of potential improvements to the CAT, including to investor protection.[143]

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maintain the new or enhanced surveillance systems. The Commission used the estimated cost of a FTE without adjustment for inflation because the anticipated ongoing costs were similarly not adjusted for inflation.

139 (12,285 annual burden hours per Participant to maintain new or enhanced surveillance systems) x (27 Participants) = 331,695 aggregate annual burden hours. Using the revised cost per FTE supra note 129, the approximate annual cost per Participant is $3,510,438.75 (514,350 x 6.825 FTEs). The aggregate annual cost to Participants would therefore be $94,781,846.25.

140 See supra notes 122 and 123 and accompanying text.

141 17 CFR 242.613(b)(6).

142 Id.

143 The Participants' annual written assessment must also include: (1) an evaluation of the information security program of the CAT to ensure that the program is consistent with the highest industry standards for protection of data; (2) an evaluation of potential technological upgrades based upon a review of technological developments over the preceding year, drawing on necessary technological expertise, whether internal or external; (3) an assessment of efforts to reduce the time to restore and recover CAT Data at a back-up site; (4) an assessment of how the Plan Processor and SROs are monitoring Error Rates and addresses the application of Error Rates based on product, data element or other criteria; (5) a copy of the evaluation required by Section 6.8(c) of the Plan as to whether industry standards have evolved such that: (i) the clock synchronization standard in Section 6.8(a) should be shortened; or (ii) the required timestamp in Section 6.8(b)

The CAT NMS Plan also states that the CCO will oversee the assessment required by Rule 613(b)(6), and would allow the Participants to review and comment on the assessment before it is submitted to the Commission.[144] The CCO is an employee of the Plan Processor and would be compensated by the Plan Processor.[145] The Commission assumes that the overall cost and associated burden on the Participants to implement and maintain the Central Repository includes both the compensation for the Plan Processor as well as its employees for the implementation and maintenance of the Central Repository.

The Commission estimates that it would take each Participant approximately 150 annual burden hours of internal legal, compliance, business operations, and information technology staff time to review and comment on the assessment prepared by the CCO of the operation of the CAT. Therefore, the Commission estimates that the ongoing annual burden of submitting a written assessment each year would be 150 ongoing burden hours per Participant, for an estimated aggregate annual ongoing burden of 4,050 hours.[146]

The Commission estimates that it would take the Participants a total of **approximately 4,050 hours per year** to review, comment on, and submit the written assessment to the Commission [(150 ongoing burden hours) x (27 Participants)].

f. Assessment of Industry Member Bulk Access to Reported Data

Section 6.6(a)(iv) of the CAT NMS Plan requires the Participants to provide a written report discussing the feasibility, benefits, and risks of allowing an Industry Member to bulk download the Raw Data it submitted to the Central Repository, within 24 months of effectiveness of the Plan.

Because the time frame set forth in Section 6.6(a)(iv) has passed and any one-time costs and/or burdens related to the preparation of this report already would have been incurred and included in previous PRA submissions, the Commission considers **this collection complete** and is not calculating any additional costs or burdens related thereto.

g. Assessment of Errors in Customer Information Fields

Section 6.6(a)(v) of the CAT NMS Plan requires the Participants to submit a written assessment of errors in the customer information submitted to the Central

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should be in finer increments; and (6) an assessment of whether any data elements should be added, deleted or changed. See CAT NMS Plan Order, supra note 19, at Section IV.H.

144 See CAT NMS Plan, supra note 17, at Section 6.6.

145 Id. at Section 6.2(a).

146 4,050 ongoing annual burden hours = (150 ongoing annual burden hours) x (27 Participants).

Repository and whether to prioritize the correction of certain data fields over others, within 36 months of effectiveness of the Plan.

Because the time frame set forth in Section 6.6(a)(v) has passed and any one-time costs and/or burdens related to the preparation of this report already would have been incurred and included in previous PRA submissions, the Commission considers **this collection complete** and is not calculating any additional costs or burdens related thereto.

h. Report on Impact of Tiered Fees on Market Liquidity

Section 6.6(a)(vi) of the CAT NMS Plan requires the Participants to submit a written report to study the impact of tiered-fees on market liquidity, including an analysis of the impact of the tiered-fee structure on Industry Members provision of liquidity, within 36 months of effectiveness of the Plan.

Because the time frame set forth in Section 6.6(a)(vi) has passed and any one-time costs and/or burdens related to the preparation of this report already would have been incurred and included in previous PRA submissions, the Commission considers **this collection complete** and is not calculating any additional costs or burdens related thereto.

i. Assessment of Material Systems Change on Error Rate

Section 6.6(a)(vii) of the CAT NMS Plan requires a written assessment of the projected impact of any Material Systems Change on the Maximum Error Rate, prior to the implementation of any Material Systems Change.

The Commission estimates that the CAT may have one Material Systems Change per year. This estimate is lower than in prior years because the SROs have represented to the Commission that the CAT is now fully implemented and the Commission does not anticipate that there will be numerous Material Systems Changes per year on a going forward basis. Based on this estimate, the Commission estimates that collectively, the Participants would incur **approximately 150 burden hours** to prepare and submit an assessment, or approximately 5.56 annual burden hours per year per Participant (150 hours / 27 Participants).[147]

j. Background Checks

Section 6.1(g) of the CAT NMS Plan requires each Participant to conduct background checks of its employees and contractors that will use the CAT System. The Commission estimates that this requirement will impact approximately 1,917 users.[148]

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147 The Commission estimates that there would be one Material System Changes per year. (150 burden hours per report) x (1 report per year) = 150 annual burden hours per year.

148 Previously, the Commission estimated that approximately 1,771 users would be impacted, based on conversations with Participants, when there were only 25 Participants in the CAT NMS Plan. The Commission is revising this estimate to account for 2 additional Participants.

Because the CAT is operational, the Commission assumes that the initial burden for background checks has been completed, and the only applicable burden is the ongoing one as new employees may be onboarded.

The Commission estimates that the ongoing internal burden hours for each Participant would be approximately 4.24 annual burden hours,[149] for an aggregate annual burden hour amount of **approximately 115 burden hours**.[150] This burden has changed due to the elimination of the one-time initial burden and an increase in the number of Participants (27 Participants instead of 25).

B. Burden on Broker-Dealer Members

The Commission's original burden estimates for broker-dealers relied on OATS data to determine whether firms were likely to insource or outsource CAT Data reporting obligations and/or whether those firms were large or small entities. OATS was retired in 2021, but the Commission believes that these estimates continue to reflect the number and type of broker-dealers that insource or outsource their CAT Data reporting obligations. For the sake of maintaining consistency, and thereby enabling commenters to better compare and understand the estimates contained herein, the Commission has maintained references to OATS and estimates that rely on OATS data.

a. Data Collection and Reporting

Rule 613(c)(1) requires the CAT NMS Plan to provide for an accurate, time-sequenced record of orders beginning with the receipt or origination of an order by a broker-dealer member of a Participant, and further documenting the life of the order through the process of routing, modification, cancellation and execution (in whole or in part) of the order. Rule 613(c) requires the CAT NMS Plan to impose requirements on broker-dealer members to record and report CAT information to the Central Repository in accordance with specified timelines.

The Commission's estimates delineate broker-dealer firms by whether they insource or outsource, or are likely to insource or outsource, CAT Data reporting obligations. The Commission believes that firms that reported high numbers of Reportable Order Events ("ROEs") strategically would decide to either self-report their CAT Data or outsource their CAT Data reporting functions, while the firms with the

[149] The Commission assumes that the finance industry has a rate of 23.87% turnover per year, based on a monthly rate for both employment separations and hires of 1.8% for the finance and insurance industry in September 2016. See http://www.bls.gov/news.release/pdf/jolts.pdf (news release from the Bureau of Labor Statistics, dated November 8, 2016). The Commission estimates that the Participants will have to annually conduct background checks of 23.87% of the 1,917 users, or 457.59 users per year. (457.59 users) / (27 Participants) = 16.95 users that will need to be subject to background checks on an annual basis. Based on this estimate, the Commission estimates that each Participant would incur a burden of 4.24 ongoing annual burden hours = (General and Operations Manager at 15 minutes) x (16.95 users).

[150] 115 annual ongoing burden hours = (4.24 ongoing annual burden hours per Participant) x (27 Participants) rounded up.

lowest levels of activity would be unlikely to have the infrastructure and specialized employees necessary to insource CAT Data reporting and would almost certainly outsource their CAT Data reporting functions.

The Commission estimates that there were, prior to FINRA's OATS retirement, 126 OATS-reporting Insourcers and 45 non-OATS reporting Insourcers.[151] The Commission's estimation categorizes the remaining 1,001 broker-dealers that the Plan anticipates would have CAT Data reporting obligations as Outsourcers.[152]

The Commission notes that the CAT NMS Plan currently implements reporting deadlines that have already passed. The Commission believes that it is appropriate to eliminate consideration of the initial one-time burdens of development required from broker-dealers. These estimates will, unless otherwise noted, therefore reflect only the anticipated ongoing costs to comply.

(1) Insourcers

A. Large Non-OATS-Reporting Broker-Dealers

The Commission relies on the Plan's large broker-dealer FTE estimates in estimating burden hours for large broker-dealers that can practicably decide between insourcing or outsourcing their regulatory data reporting functions.[153] The Commission estimates that there are 9 large broker-dealers that were not OATS reporters currently in the business of electronic liquidity provision ("ELP Firms") that would be classified as Insourcer firms.[154]

Additionally, the Commission estimates that there are 6 Options Market Maker broker-dealers ("OMM Firms") that may transact in options but not in equities that can be classified as Insourcer firms.[155] These firms may have customer orders and other activity off-exchange that would cause them to incur a CAT reporting obligation. The Commission assumes the 6 OMM Firms and 9 ELP Firms would be typical of the Plan's large non-OATS-reporting firms; for these firms, the Commission relies on the burden

151 These were 126 OATS reporters that reported more than 350,000 OATS ROEs per month; 31 Options Market Making firms; and 14 electronic liquidity providers ("ELPs").

152 These broker-dealers are assumed to already outsource data reporting services. This estimate is based on the assumption that there is only a reduction to the number of broker-dealers that would have CAT Data reporting obligations as Outsourcers.

153 See CAT NMS Plan, supra note 17, at Appendix C, Section A.6(c).

154 These broker-dealers are not FINRA members and thus had no regular OATS reporting obligations. The category of Insourcers that did not report OATS data includes firms that have multiple SRO memberships that exclude FINRA. This category includes Options Market Makers and at least 14 ELPs; these are firms that carry no customer accounts and directly route proprietary orders to Alternative Trading Systems.

155 These 6 firms are likely to include some ELPs. This methodology implicitly assumes that there are no Options Market Makers that are not members of the CBOE.

hour estimates provided under Approach 1[156] for large non-OATS-reporting firms in the CAT NMS Plan.

Because the CAT reporting obligations have been in place for some time now, the Commission assumes that the initial one-time hour burdens associated with implementation of the system have already been incurred.

The Rule would impose ongoing annual burdens associated with, among other things, personnel time to monitor each large non-OATS reporting broker-dealer's reporting of the required data and the maintenance of the systems to report the required data; and implementing changes to trading systems that might result in additional reports to the Central Repository. The CAT NMS Plan provides the following average ongoing internal FTE count figure that a large non-OATS reporting broker-dealer would expect to incur to maintain data reporting systems to be in compliance with Rule 613: 7.41 internal FTEs.[157] Based on this information, the Commission estimates that it would take a large non-OATS reporting broker-dealer approximately 13,338 burden hours per year[158] to continue to comply with the Rule, for an estimated **aggregate ongoing burden of 80,028 hours for ELP Firms and 120,042 hours for OMM Firms.**[159]

B. Large OATS-Reporting Broker-Dealers

The Commission has estimated that 126 broker-dealers, which reported more than 350,000 OATS ROEs between June 15 and July 10, 2015, would strategically decide to either self-report CAT Data or outsource their CAT data reporting functions.[160] To

156 See CAT NMS Plan, supra note 17, at Appendix C, Section B.7(b)(i)(A)(2). Approach 1 assumes CAT Reporters would submit CAT Data using their choice of industry protocols. Approach 2 assumes CAT Reporters would submit data using a pre-specified format. Approach 1's aggregate costs are higher than those for Approach 2 for all market participants except in one case where service bureaus have lower Approach 1 costs. For purposes of this Paperwork Reduction Act analysis, the Commission is not relying on the estimates for Approach 2 because overall the Approach 1 aggregate estimates represent the higher of the proposed approaches. The Commission believes it would be more comprehensive to use the higher of the two estimates for its Paperwork Reduction Act analysis estimates.

157 Approach 1 also provided $3,000,000 in internal FTE costs related to maintenance. The Commission believes the $3,000,000 in ongoing internal FTE costs is the Participants' estimated cost of the 7.41 FTEs. (7.41 FTEs) x ($401,440 Participants' assumed annual cost per FTE provided in the CAT NMS Plan) = $2,974,670. See CAT NMS Plan, supra note 17, at n.192. See also supra note 124.

158 13,338 ongoing burden hours = (7.41 ongoing FTEs to maintain CAT data reporting systems) x (1,800 working hours per year).

159 The Commission estimates that 15 large non-OATS reporting broker-dealers would be impacted by this information collection. (15 large non-OATS reporting broker-dealers) x (13,338 burden hours) = 200,070 aggregate ongoing burden hours.

160 The Commission believes this decision is strategic and discretionary because FINRA data reveals that while many broker-dealers at these activity levels self-report most or all of their regulatory data, other broker-dealers outsource most or all of their regulatory reporting at these activity levels. At lower activity levels, most, but not all, broker-dealers outsource most if not all of their

conduct its Paperwork Burden Analysis for the 126 broker-dealers, the Commission relied on the estimates used by the CAT NMS Plan of the expected FTE count that a large OATS-reporting broker-dealer would incur as a result of the implementation of the CAT under Approach 1.[161] Because OATS has been retired, the Commission assumes the initial one-time implementation fees have already been covered; only the estimated ongoing maintenance costs remain.

The Commission estimates that the Rule would impose on each broker-dealer ongoing annual burdens associated with, among other things, personnel time to monitor each broker-dealer's reporting of the required data and the maintenance of the systems to report the required data; and implementing changes to trading systems which might result in additional reports to the Central Repository.

The CAT NMS Plan provides the following average ongoing internal FTE count figures that a large OATS-reporting broker-dealer would expect to incur to maintain data reporting systems to be in compliance with Rule 613: 10.03 internal FTEs.[162] Based on this information the Commission estimates that it would take a large OATS-reporting broker-dealer approximately 18,054 ongoing burden hours per year[163] to continue compliance with the Rule. Therefore, the Commission estimates that the average ongoing annual burden per large OATS-reporting broker-dealer would be approximately 18,054 burden hours, for **an estimated aggregate burden of 2,274,804 hours.**[164]

(2) Outsourcing Firms

A. Small OATS-Reporting Broker-Dealers

The Commission estimates that there were 806 broker-dealers that reported fewer than 350,000 OATS ROEs monthly. The Commission believes that these broker-dealers generally outsourced their regulatory reporting obligations because during the period

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regulatory data reporting. The Commission is cognizant that some broker-dealers reporting fewer than 350,000 OATS ROEs per month can and do opt to self-report their regulatory data. However, based on conversations with broker-dealers, the Commission believes that most broker-dealers at these activity levels do not have the infrastructure and specialized staff that would be required to report directly to the Central Repository, and electing to self-report would be cost-prohibitive in most but not all cases.

161 See supra note 159.

162 Approach 1 also provided $4,000,000 in internal FTE costs related to maintenance. The Commission believes the $4,000,000 in ongoing internal FTE costs is the Participants' estimated cost of the 10.03 FTEs. (10.03 FTEs) x ($401,440 Participants' assumed annual cost per FTE provided in the CAT NMS Plan) = $4,026,443. See CAT NMS Plan, supra note 17, at Appendix C, Section B.7(b)(ii)(C), at n. 192. See also supra note 124.

163 18,054 ongoing burden hours = (10.03 ongoing FTEs for maintenance of CAT data reporting systems) x (1,800 working hours per year).

164 The Commission estimates that 126 large OATS-reporting broker-dealers would be impacted by this information collection. (126 large OATS-reporting broker-dealers) x (18,054 burden hours) = 2,274,804 aggregate ongoing burden hours.

June 15 – July 10, 2015, approximately 88.9% of their 350,000 OATS ROEs were reported through service bureaus, with 730 of these broker-dealers reporting more than 99% of their OATS ROEs through one or more service bureaus.[165]

Because OATS was retired in September 2021, the Commission assumes that the initial one-time implementation requirements have been fulfilled. The Commission therefore estimates no additional burden hours in relation to the implementation.

Small OATS-reporting broker-dealers that outsourced their regulatory data reporting would likely face internal staffing burdens and external costs associated with ongoing activity, such as maintaining any systems that transmit data to their service providers. The Commission estimates these firms would need 0.75 FTEs on an ongoing basis to maintain CAT reporting.

Based on this information, the Commission estimates that it would take a small OATS-reporting broker-dealer approximately 1,350 ongoing burden hours per year[166] to continue compliance with the Rule. The burden hours would be associated with work performed by internal technology, compliance and legal staff in connection with the ongoing operation of CAT Data reporting. Therefore, the Commission estimates that the average ongoing annual burden per small OATS-reporting broker-dealer would be approximately 1,350 hours, for **an estimated aggregate ongoing burden of 1,088,100 hours.**[167]

B. Small Non-OATS-Reporting Broker-Dealers

In addition to firms that reported to OATS, the Commission estimates there are 373 broker-dealers that were previously exempt from OATS reporting rules due to firm size, or excluded because all of their order flow was routed to a single OATS reporter, such as a clearing firm, that would incur CAT reporting obligations.[168] A further 5 non-FINRA broker-dealers have Participant memberships only with one Exchange;[169] the

165 Because of the extensive use of service bureaus in these categories of broker-dealers, the Commission assumes that these broker-dealers are likely to use service bureaus to accomplish their CAT data reporting. See supra note 163.

166 1,350 ongoing burden hours = (0.75 FTE for maintenance of CAT Data reporting systems) x (1,800 working hours per year).

167 The Commission estimates that 806 small OATS-reporting broker-dealers would be impacted by this information collection. (806 small OATS-reporting broker-dealers x 1,350 burden hours) = 1,088,100 aggregate ongoing burden hours to ensure ongoing compliance with Rule 613.

168 The Commission notes that Rule 613 does not exclude from data reporting obligations Participant members that quote or execute transactions in NMS Securities and Listed Options that route to a single market participant. See CAT NMS Plan, supra note 17, at Appendix C, Section B.7(b)(ii)(B)(2).

169 This group comprises 4 broker-dealers that have SRO memberships only with CBOE; the Commission believes this group is comprised primarily of CBOE floor brokers and, further, believes these firms would incur CAT implementation and ongoing reporting costs similar in

Commission believes this group is comprised mostly of floor brokers and further believes these firms would experience CAT implementation and ongoing reporting costs similar in magnitude to small equity broker-dealers that had no OATS reporting responsibilities.

The Commission assumes these broker-dealers would have very low levels of CAT reporting, similar to those of the lowest activity firms that currently report to OATS. Because these firms have more limited data reporting requirements than other firms, the Commission assumes these firms currently have only 0.1 full-time employees currently dedicated to regulatory data reporting activities.

Small non-OATS-reporting broker-dealers that outsource their regulatory data reporting would likely face internal staffing burdens associated with ongoing activity, such as maintaining any systems that transmit data to their service providers. Based on conversations with market participants, the Commission estimates these firms would need 0.75 full-time employees annually to maintain CAT reporting.

Based on this information the Commission estimates that it would take a small non-OATS-reporting broker-dealer 1,350 ongoing burden hours per year[170] to continue compliance with the Rule. Therefore, the Commission estimates that the average ongoing annual burden per small non-OATS-reporting broker-dealer would be approximately1,350 hours, for **an estimated aggregate ongoing burden of 172,800 hours.**[171] The estimated aggregate ongoing burden has fallen because of the reduced number of estimated small non-OATS reporting broker-dealers (128 from 397).

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magnitude to small equity broker-dealers that had no OATS reporting responsibilities because they would face similar tasks to implement and maintain CAT reporting.

170 1,350 ongoing burden hours = (0.75 FTEs for maintenance of CAT data reporting systems) x (1,800 working hours per year).

171 The Commission estimates that 128 small non-OATS-reporting broker-dealers would be impacted by this information collection. (128 small non-OATS-reporting broker-dealers x 1,350 burden hours) = 172,800 aggregate ongoing burden hours to ensure ongoing compliance with Rule 613.

Summary of Hourly Burdens										
Name of Information Collection	**Type of Burden**	[A.] **Number of Entities Impacted**	[B.] **Annual Responses per Entity**	[C.] **Initial Burden per Entity per Response**	[D.] **Initial Burden Annualized per Entity per Response** [= C ÷ 3 years]	[E.] **Ongoing Burden per Entity per Response**	[F.] **Annual Burden Per Entity per Response** [= D + E]	[G.] **Total Annual Burden Per Entity** [= (D + E) * B]	[H.] **Total Industry Burden** [= G * A]	**Small Business Entities Affected**
Central Repository	Recordkeeping	27	1	0	0	533.33	533.33	533.33	14,400	0
Data Collection and Reporting (Participants)	Third Party Disclosure	27	1	0	0	1,344.60	1,344.60	1,344.60	36,304	0
Surveillance	Recordkeeping	27	1	0	0	12,285	12,285	12,285	331,695	0
Written Assessment of Operation of CAT	Reporting	27	1	0	0	150	150	150	4,050	0
Assessment of Material Systems Change on Error Rate	Reporting	27	1	0	0	5.56	5.56	5.56	150	0
Background Checks	Disclosure	27	1	0	0	4.24	4.24	4.24	115	0
Data Collection and Reporting (Large, Non-OATS Reporting Broker-Dealers) - ELPs	Third Party Disclosure	9	1	0	0	13,338	13.338	13.338	120,042	0
Data Collection and Reporting (Large, Non-OATS Reporting Broker-Dealers) – Options Market Makers	Third Party Disclosure	6	1	0	0	13,338	13338	13338	80,028	0
Data Collection and Reporting (Large OATS Reporting Broker-Dealers)	Third Party Disclosure	126	1	0	0	18,054	18,054	18,054	2,274,804	0
Data Collection and Reporting (Small OATS Reporting Broker-Dealers)	Third Party Disclosure	806	1	0	0	1,350	1.350	1,350	1,088,100	Estimated 490[172]

172 The 618 Commission-registered broker-dealers (as of 2026) that are considered “small entities” could be impacted by two categories of information collection: “data collection and reporting (small OATS-reporting broker-dealers)” and “data collection and reporting (non-OATS reporting broker-dealers).” The Commission estimates that the 128 respondents affected by the “data collection and reporting (non-OATS reporting broker-dealers)” would all be considered small entities as these firms would be exempt from OATS reporting rules due to firm size, or would be excluded because all of their order flow is routed to a single OATS reporter, or are floor brokers

Name of Information Collection	Type of Burden	[A.] Number of Entities Impacted	[B.] Annual Responses per Entity	[C.] Initial Burden per Entity per Response	[D.] Initial Burden Annualized per Entity per Response [= C ÷ 3 years]	[E.] Ongoing Burden per Entity per Response	[F.] Annual Burden Per Entity per Response [= D + E]	[G.] Total Annual Burden Per Entity [= (D + E) * B]	[H.] Total Industry Burden [= G * A]	Small Business Entities Affected
Data Collection and Reporting (Small Non-OATS Reporting Broker-Dealers)	Third Party Disclosure	128	1	0	0	1,350	1,350	1,350	172,800	Estimated 128[173]
								TOTAL HOURLY BURDEN FOR ALL RESPONDENTS	**4,122,488**	

13. Costs to Respondents

The Commission estimates that the information collection requirements of Rule 613 will apply to 1,199 respondents who will incur an average aggregate of approximately $384,727,051 in costs per year to comply with the requirements. The cost burden is calculated as discussed below.

A. Costs to National Securities Exchanges and National Securities Associations

a. Central Repository

The Commission previously estimated what the Participants would collectively spend on external public relations, legal and consulting costs associated with the building of the Central Repository and the selection of the Plan Processor for the Central Repository. In addition, the Commission previously estimated the Participants collective costs over the 12-month period after the effectiveness of the CAT NMS Plan within which the Participants were required to select an initial Plan Processor and begin reporting to the Central Repository. However, as noted above, on July 15, 2024, the Participants represented to the Commission that the CAT had been fully implemented.[174] The Commission believes it is appropriate to only consider the ongoing costs associated with ongoing costs for operating and maintaining the Central Repository, relying upon publicly disclosed financial statements from the Participants instead of original estimates of the original build-out and operation of the Central Repository.

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with an SRO membership with a single Participant. The Commission believes these broker-dealers would have very low levels of CAT reporting and would outsource CAT data collection and reporting to a third party, such as a service bureau. The Commission estimates that the remaining 490 broker-dealers (of the estimated 618 small entity broker-dealers) would be impacted by the information collection "data collection and reporting (small OATS-reporting broker-dealers)." These firms would not have been small enough to be exempt from OATS reporting, and the Commission believes that they would have had low levels of OATS reporting and would likely outsource CAT data collection and reporting to a service bureau.

173 See id.

174 See CAT Q2 & Q3 2024 Quarterly Progress Report (July 29, 2024), available at https://catnmsplan.com/sites/default/files/2024-07/CAT_Q2-and-Q3-2024-QPR.pdf.

Ongoing costs for operating and maintaining the Central Repository include the cost of systems and connectivity upgrades or changes necessary to receive, consolidate, and store the reported order and execution information from Participants and their members; the costs to store data, and make it available to regulators, in a uniform electronic format, and in a form in which all events pertaining to the same originating order are linked together in a manner that ensures timely and accurate retrieval of the information; the cost, including storage costs, of collecting and maintaining the NBBO and transaction data in a format compatible with the order and event information collected pursuant to the Rule; the cost of monitoring the required validation parameters, which would allow the Central Repository to automatically check the accuracy and completeness of the data submitted and reject data not conforming to these parameters consistent with the requirements of the Rule; and the cost of compensating the CCO. The CAT NMS Plan provides that the Plan Processor would be responsible for the ongoing operations of the Central Repository.[175]

Previously the Commission estimated the annual ongoing cost to the Participants for building, operating, and maintaining the Central Repository to be approximately $55 million, based upon estimates from three final shortlisted bidders which were attempting to be the Plan Processor.[176] However, since the Commission's last estimates, the SROs have represented to the Commission that the Central Repository is now fully implemented. The current cost of operating the Central Repository is therefore most accurately reflected in the most recent financial and operating budget of Consolidated Audit Trail, LLC. Specifically, the Commission is relying upon a publicly posted 2026 Financial and Operating Budget provided by Consolidated Audit Trail LLC and dated March 31, 2026 (the "2026 Financial and Operating Budget").[177]

Based on the 2026 Financial and Operating Budget, the Commission estimates the annual ongoing cost to the Participants for building, operating, and maintaining the Central Repository to be approximately $135 million, or approximately $5 million per Participant ($135 million / 27 Participants). This estimate is based on the projected total estimated annual cost of several items within the 2026 Financial and Operating Budget, specifically "Total Technology Costs," "Insurance," "Professional and administration," and "Software License Fee – 2026" costs.[178] The Commission believes that this provides a reasonable estimate of the annual ongoing cost to the Participants for building, operating, and maintaining the Central Repository as currently required by the CAT NMS

175 See CAT NMS Plan, supra note 17, at Section 6.1.

176 See Letter to Brent J. Fields, Secretary, Commission, from Participants, dated October 7, 2016, at 14–15.

177 See Consolidated Audit Trail, LLC, 2026 Financial and Operating Budget, dated March 31, 2026, available at: https://www.catnmsplan.com/sites/default/files/2026-04/03.31.26-CAT-2026-Budget.pdf.

178 For the purposes of arriving at this estimate, the Commission has excluded "Interest Income," as well as "Capitalized Developed Technology Costs," which it understands are costs specifically related to the implementation of certain changes to the CAT NMS Plan that may not recur.

Plan. This estimate additionally does not take into account projected fees received by Consolidated Audit Trail, LLC from industry members.

In addition, the CAT NMS Plan states that the Participants would incur costs for public relations, legal, and consulting costs associated with maintaining the CAT upon approval of the CAT NMS Plan.[179] The Commission previously estimated that the Participants would collectively spend $800,000 annually on external public relations, legal and consulting costs associated with the continued management of the Central Repository,[180] but the 2026 Financial and Operating Budget provides more accurate information about the ongoing cost. Based on the 2026 Financial and Operating Budget, the Commission estimates that Participants will collectively spend approximately $10.5 million annually, or approximately $388,888.89 per Participant ($10,500,000 / 27 Participants) on external public relations, legal and consulting costs, which relates to the line items of "Legal," and "Consulting" in the 2026 Financial and Operating Budget.

Collectively, **the estimated ongoing cost of the Central Repository item is approximately $145,500,000**, or approximately $5,388,888.89 per Participant ($145,500,000 / 27 Participants).

b. Data Collection and Reporting (Participants)

The CAT NMS Plan provides estimated costs for hardware and software, FTE costs, and third-party providers to be incurred by the Participants to report CAT Data.[181] For these estimates, the Commission is relying on the cost data provided by the Participants because it believes that the Plan's estimates for Participants to report CAT Data are reliable since all of the Participants provided cost estimates, and most Participants have experience collecting audit trail data, as well as knowledge of both the requirements of Rule 613 as well as their current business practices. As noted above, the Participants have begun reporting CAT Data and thus the Commission believes it is appropriate to only consider ongoing costs related to data collection and reporting.

Because the Participants have established the appropriate systems and processes required for collection and transmission of the required information to the Central Repository, the Commission estimates that Rule 613 imposes on each Participant ongoing annual burdens associated with, among other things, personnel time to monitor each Participant's reporting of the required data and the maintenance of the systems to report the required data; and implementing changes to trading systems that might result in additional reports to the Central Repository. The CAT NMS Plan provides the following

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179 See id. at Appendix C, Section B.7(b)(iii).

180 The Commission based this external cost estimate on the public relations, legal and consulting external cost estimate provided in the CAT NMS Plan associated with the preparation of the CAT NMS Plan (which the Participants consider "reasonably associated with creating, implementing, and maintaining the CAT upon the Commission's adoption of the CAT NMS Plan"). See id.

181 Third-party provider costs are generally legal and consulting costs, but may include other outsourcing. The template used by respondents is available at http://catnmsplan.com/PastEvents/ under the Section titled "6/23/14" at the "Cost Study Working Template" link.

average aggregate costs that the Participants would expect to incur to maintain data reporting systems to be in compliance with Rule 613: $720,000 in annual third-party legal, consulting, and other costs[182] and $14,700,000 total annual costs.[183]

Based on estimates provided in the CAT NMS Plan, the Commission estimates that it would cost, on average, approximately $37,894.74 per Participant in ongoing third-party legal and consulting and other costs[184] and $ 476,579.58 per Participant in total ongoing external costs.[185] Therefore, the Commission estimates that **the annual aggregate ongoing external cost for all Participants would be approximately $12,867,648.66**.[186] This estimate has increased from the 2023 PRA, because of the increased number of Participants and the rising costs of inflation.

c. Collection and Retention of NBBO, Last Sale Data and Transaction Reports

Rule 613(e)(7) provides that the CAT NMS Plan must require the Central Repository to collect and retain on a current and continuous basis NBBO information for each NMS security, transaction reports reported pursuant to an effective transaction reporting plan, and Last Sale Reports reported pursuant to the OPRA Plan.[187] Additionally, the CAT NMS Plan must require the Central Repository to maintain this data in a format compatible with the order and event information consolidated and stored

182 See CAT NMS Plan, supra note 17, at Appendix C, Section B.7(b)(iii)(B)(2). The CAT NMS Plan did not identify the other costs.

183 Of the $14,700,000 in aggregate total annual costs, $8,020,000 is identified (subtotal of FTE costs and outsourcing), but the remaining $6,680,000 is not identified in the CAT NMS Plan. The Commission believes that this amount may be attributed to hardware costs because the Participants have not provided any hardware costs associated with data reporting elsewhere and the Commission believes that the Participants will likely incur costs to upgrade their hardware to report data to the Central Repository.

184 ($720,000 in annual third party costs) / (19 Participants) = $37,894.73 per Participant in anticipated annual third party costs.

185 To determine the total external annual cost per Participant, the Commission subtracted the anticipated annual FTE internal compliance cost estimates for the Participants as provided in the Plan (see notes 122 through 124 and accompanying text) from the total aggregate annual costs and divided the remainder by 19 Participants, which is the number of Participants included in the initial cost estimates provided by Participants. ($14,700,000 total aggregate annual cost to Participants) – ($7,300,000 annual FTE —not updating because it's an aggregate from participants cost to Participants) = $7,400,000 (which includes the $720,000 in total anticipated annual third party costs). ($7,400,000) / 19 Participants = $389,473.68 in annual external costs per Participant. 389,473.68/514,350=.917 FTE. .917 FTE x 519.256 =476,579.58 per Participant. See CAT NMS Plan, supra note 17, at Appendix C, Section B.7(b)(iii)(B)(1) for the Participants' anticipated maintenance costs associated with regulatory reporting to the Central Repository.

186 $12,867,648.66 = ($476,579.58 in total annual external costs) x (27 Participants rounded up).

187 See 17 CFR 242.613(e)(7).

pursuant to Rule 613(c)(7).[188] The Commission notes that the CAT NMS Plan includes these data as "SIP Data" to be collected by the Central Repository.[189]

Pursuant to amendments to the CAT NMS Plan recently approved by the Commission,[190] the Central Repository must retain the information collected pursuant to paragraphs (c)(7) and (e)(7) for a period of not less than three years in a convenient and usable standard electronic data format that is directly available and searchable electronically without any manual intervention by the Plan Processor,[191] except that Options SIP Data older than six months may be deleted from the Central Repository.[192] The Commission believes the burden associated with SIP Data is included in the burden to the Participants associated with the maintenance of the Central Repository, as discussed above.

d. Surveillance

Rule 613(f) provides that the CAT NMS Plan must require that every national securities exchange and national securities association develop and implement a surveillance system, or enhance existing surveillance systems, reasonably designed to make use of the consolidated information contained in the consolidated audit trail. Rule 613(a)(3)(iv) provides that the CAT NMS Plan must require that the surveillance systems be implemented within fourteen months after effectiveness of the CAT NMS Plan. Because the CAT NMS Plan has been in place, these initial costs should have already been incurred.

The CAT NMS Plan states that the estimated total ongoing annual cost associated with the maintenance of surveillance programs for the Participants is $87,700,000.[193] This amount includes annual legal, consulting, and other costs of $1,000,000, as well as $66,700,000 in annual FTE internal compliance costs for internal operational, technical/development, and compliance staff to be engaged in the maintenance of

188 Id.

189 See CAT NMS Plan, supra note 17, at Section 6.5(a)(ii).

190 See supra note 22.

191 See id. at Section 6.5(b)(i).

192 Id. at Appendix D, Section 6.4 (defining "Options SIP Data" as "quote and NBBO data included in the SIP Data from the OPRA Plan or any successor SIP for Listed Options").

193 See CAT NMS Plan, supra note 17, at Appendix C, Section B.7(b)(iii)(B)(2).

surveillance programs.[194] Based on the estimates provided in the CAT NMS Plan,[195] the Commission estimates that each Participant would, on average, incur an annual ongoing external cost of approximately $52,631.58[196] for outsourced legal, consulting and other costs in order to maintain the new or enhanced surveillance systems, and a total estimated ongoing external cost of $1,105,263.16,[197] for **an estimated aggregate ongoing external cost of $29,842,105.32** across the 27 Participants to maintain the surveillance systems.[198] This burden has changed due to the increased number of Participants (27 Participants instead of 25) and the exclusion of initial development costs, which should have been concluded.

e. Written Assessment of Operation of the Consolidated Audit Trail

Rule 613(b)(6) provides that the CAT NMS Plan must require the Participants to provide the Commission a written assessment of the CAT's operation at least every two years, once the CAT NMS Plan is effective.[199] The assessment must address, at a minimum, with respect to the consolidated audit trail: (i) an evaluation of its performance; (ii) a detailed plan for any potential improvements to its performance; (iii) an estimate of the costs associated with any such potential improvements; and (iv) an estimated implementation timeline for any such potential improvements, if applicable.[200] Thus, the Participants must, among other things, undertake an analysis of the CAT's technological and computer system performance.

The CAT NMS Plan states that the CCO would oversee the assessment required by Rule 613(b)(6), and would allow the Participants to review and comment on the assessment before it is submitted to the Commission.[201] The CCO is an employee of the

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194 Id. For purposes of the Paperwork Reduction Act analysis, the Commission is treating the FTE cost as an internal burden. See text accompanying notes 137–139, supra. The Commission also notes that based upon the data provided by the Participants, the source of the remaining $20,000,000 in ongoing costs to maintain the new or enhanced surveillance systems is unspecified. The Commission believes that this amount may be attributed to hardware costs because the Participants have not provided any hardware costs associated with surveillance elsewhere and the Commission believes that the Participants would likely incur costs associated with maintaining the new or enhanced surveillance systems.

195 See CAT NMS Plan, supra note 17, at Appendix C, Section B.7(b)(iii)(B)(2).

196 $52,631.58 = $1,000,000 for ongoing legal, consulting and other costs associated with maintenance of surveillance programs / 19 Participants (the number of Participants in Participants Study).

197 ($87,700,000 in total ongoing surveillance costs - $66,700,000 in ongoing FTE costs) = $21,000,000 in total ongoing external costs (which includes $1,000,000 in total ongoing external third-party costs). $21,000,000 / 19 Participants (the number of Participants in Participants Study) = $1,105,263.16.

198 $29,842,105.32 = $1,105,263.16 x 27 Participants.

199 17 CFR 242.613(b)(6).

200 Id.

201 See CAT NMS Plan, supra note 17, at Section 6.6.

Plan Processor and is compensated by the Plan Processor.[202] The Commission assumes that the overall cost to the Participants to implement and maintain the Central Repository includes both the compensation for the Plan Processor as well as its employees for the implementation and maintenance of the Central Repository.

In addition, Section 6.6 of the Plan changes the frequency of the assessment contemplated by Rule 613(b)(6) from biannual to annual and provides further detail regarding elements of the written assessment to be conducted by the Participants.[203] Section 6.6 of the Plan as filed also requires the Participants to provide an estimate of the costs associated with any potential improvements to the performance of the CAT, including an assessment of the potential impact on competition, efficiency and capital formation. Section 6.6 of the Plan also requires the annual assessment to consider the benefits of potential improvements to the CAT, including to investor protection.[204]

The Commission estimates that on average, each Participant would outsource 2.5 hours of legal time annually to assist in the review of the assessment, for an ongoing annual external cost of approximately $1,286.25.[205] Therefore, the Commission estimates that the ongoing annual external cost for outsourced legal counsel would be $1,286.25 per Participant per year, for **an estimated aggregate annual external cost of $34,728.75**.[206]

The Commission estimates that the Participants would incur an aggregate, annualized external cost of approximately $34,728.75 to review the written assessment [($1,286.25 in annual, ongoing external costs) x (27 Participants)]. This has increased due to the increased number of Plan Participants (27 Participants instead of 25 Participants) and to reflect the increased costs per hour for an attorney due to inflation.

e. Independent Audit of Expenses Incurred Prior to Effective Date

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202 Id. at Section 6.2(a).

203 Specifically, Section 6.6 of the Plan states that the Participants' annual written assessment must also include: (1) an evaluation of the information security program of the CAT to ensure that the program is consistent with the highest industry standards for protection of data; (2) an evaluation of potential technological upgrades based upon a review of technological developments over the preceding year, drawing on necessary technological expertise, whether internal or external; (3) an assessment of efforts to reduce the time to restore and recover CAT Data at a back-up site; (4) an assessment of how the Plan Processor and SROs are monitoring Error Rates and addresses the application of Error Rates based on product, data element or other criteria; (5) a copy of the evaluation required by Section 6.8(c) of the Plan as to whether industry standards have evolved such that: (i) the clock synchronization standard in Section 6.8(a) should be shortened; or (ii) the required timestamp in Section 6.8(b) should be in finer increments; and (6) an assessment of whether any data elements should be added, deleted or changed. See CAT NMS Plan Order, supra note 19, at Section IV.H.

204 Id.

205 $1,286.25 = ($514.50 per hour rate for outside legal services) x (2.5 hours).

206 $34,728.75 = 27 Participants x ($514.50 per hour rate for outside legal services) x (2.5 hours).

Section 6.6(a)(i) of the CAT NMS Plan requires the Participants to provide to the Commission an independent one-time audit of fees, costs and expenses incurred by the Participants on behalf of the Company, prior to the Effective Date, in connection with the creation and implementation of the CAT, at least one month prior to submitting any rule filing to establish initial fees to the Commission. Participants made the audited financial statements for CAT NMS LLC and CAT LLC for the period prior to the Effective Date available on August 5, 2021.[207] Because this collection is now complete, there are no further costs associated with it.

f. Assessment of Industry Member Bulk Access to Reported Data

Section 6.6(a)(iv) of the CAT NMS Plan requires the Participants to provide a written report discussing the feasibility, benefits, and risks of allowing an Industry Member to bulk download the Raw Data it submitted to the Central Repository, within 24 months of effectiveness of the Plan.

Because the time frame set forth in Section 6.6(a)(iv) has passed and any one-time costs and/or burdens related to the preparation of this report already would have been incurred and included in previous PRA submissions, the Commission considers this collection complete and is not calculating any additional costs or burdens related thereto.

g. Assessment of Errors in Customer Information Fields

Section 6.6(a)(v) of the CAT NMS Plan requires the Participants to submit a written assessment of errors in the customer information submitted to the Central Repository and whether to prioritize the correction of certain data fields over others, within 36 months of effectiveness of the Plan.

Because the time frame set forth in Section 6.6(a)(v) has passed and any one-time costs and/or burdens related to the preparation of this report already would have been incurred and included in previous PRA submissions, the Commission considers this collection complete and is not calculating any additional costs or burdens related thereto.

h. Report on Impact of Tiered Fees on Market Liquidity

Section 6.6(a)(vi) of the CAT NMS Plan requires the Participants to submit a written report to study the impact of tiered-fees on market liquidity, including an analysis of the impact of the tiered-fee structure on Industry Members provision of liquidity, within 36 months of effectiveness of the Plan.

Because the time frame set forth in Section 6.6(a)(vi) has passed and any one-time costs and/or burdens related to the preparation of this report already would have been

[207] See https://www.catnmsplan.com/audited-financial-statements.

incurred and included in previous PRA submissions, the Commission considers this collection complete and is not calculating any additional costs or burdens related thereto.

i. Financial Statements

Section 9.2 of the CAT NMS Plan requires that the CAT LLC financials be (i) in compliance with GAAP, (ii) be audited by an independent public accounting firm, and (iii) be made publicly available. The Commission estimates that each Participant would incur an annual external cost of $2,407.41[208] associated with this requirement, for **an aggregate annual, ongoing external cost of $65,000** to the Participants.[209]

The Commission estimates that the Participants would incur an aggregate, external cost of approximately $65,000 to have the CAT LLC financials be (i) in compliance with GAAP, (ii) be audited by an independent public accounting firm, and (iii) be made publicly available [($2,407.41 in annual, ongoing external costs) x (27 Participants)]. The cost per individual Participant has decreased because the number of Participants has increased (from 25 to 27 Participants) while the estimated aggregate external cost has remained the same ($65,000).

j. Background Checks

Section 6.1(g) of the CAT NMS Plan requires each Participant to conduct background checks of its employees and contractors that will use the CAT System. The Commission estimates that this requirement will impact approximately 1,917users.[210] The Commission estimates that each Participant would need to have background checks of approximately 71 users.[211] Because the Participants have been using the CAT System

208 In the CAT NMS Plan Order, the Commission estimated that the aggregate cost of this requirement for the Participants is $65,000. To estimate this number, the Commission drew from a Commission adopting release and an industry report. Specifically, the Commission's Crowdfunding Adopting Release estimated that the audit costs for affected issuers would be $2,500 to $30,000. See Securities Act Release No. 9974 (October 30, 2015), 80 FR 71499 (November 16, 2015). The Commission believes this estimate could be reasonable if the Company's financials are of the same level of complexity as the larger issuers affected by the Crowdfunding rule, which is realistic because the Company is not publicly traded, is organized as a "business league", and has a limited and predictable revenue stream. As an alternative estimate, the Commission estimated an audit cost of approximately $65,000 using an industry estimate of $479 in audit costs per $1 million in revenue, using the assumption that Company revenue will just offset expected costs of $139 million. See Audit Analytics report "Audit Fees and Non-Audit Fees: A Twelve -Year Trend," October 9, 2014, available at http://www.auditanalytics.com/blog/audit-fees-and-non-audit-fees-a-twelve-year-trend/. $479 x $139 = $64,665 ~ $65,000. The Commission incorporates the higher estimate from the two methodologies ($65,000) into its cost estimates. See CAT NMS Plan Order, supra note 19, at 84856, n.2503. ($65,000 annual, external cost) / (27 Participants) = $2,407.41 per Participant.

209 Id.

210 Previously, the Commission estimated that approximately 1,771 users would be impacted, based on conversations with Participants, when there were only 25 Participants in the CAT NMS Plan. The Commission is revising this estimate to account for 2 additional Participants.

211 71 users per Participant = (1,917 users) / (27 Participants).

for more than one year now, the Commission assumes that the initial costs for fingerprinting have already been covered. The Commission therefore estimates $0 for the remaining initial external cost.

The Commission estimates that the ongoing external cost to be incurred by each Participant would be approximately $621.47,[212] for **an aggregate annual external cost of approximately $16,780**.[213]

The Commission thus estimates that the Participants would incur an aggregate, average annual external cost of approximately $16,779.69 to conduct background checks of its employees and contractors that will use the CAT System [($0 in initial external costs amortized over three years) + ($621.47 in annual, ongoing external costs) x (27 Participants) = $16,779.69]. This estimated cost has increased due to the increased number of estimated users (1,917 instead of 1,771) to account for the increased number of Participants (27 Participants instead of 25 Participants) for the ongoing external cost. The aggregate annual external cost has decreased due to the completion of the initial background checks.

B. Costs to Broker-Dealer Members

a. Data Collection and Reporting

Rule 613(c)(1) requires the CAT NMS Plan to provide for an accurate, time-sequenced record of orders beginning with the receipt or origination of an order by a broker-dealer member of a Participant, and further documenting the life of the order through the process of routing, modification, cancellation and execution (in whole or in part) of the order. Rule 613(c) requires the CAT NMS Plan to impose requirements on broker-dealer members to record and report CAT information to the Central Repository in accordance with specified timelines.

The Commission's estimates delineate broker-dealer firms by whether they insource or outsource, or are likely to insource or outsource, CAT Data reporting obligations. The Commission believes that firms that previously reported high numbers of OATS ROEs[214] strategically would decide to either self-report their CAT Data or

212 Based on the Commission's estimate that 16.95 users will need to be subject to background checks annually, the Commission estimates that 45% of the 16.95 users would submit hard copy fingerprints and 55% of the 16.95 users would submit electronic fingerprints to conduct their background checks. 45% of 16.95 = 7.63 users that would submit hard copy fingerprints. 55% of 16.95 = 9.32 users that would submit electronic fingerprints. (7.63 hard copy fingerprinting users) x ($44.50 per hard copy fingerprint) = $339.54 for hard copy fingerprinting users per Participant. (9.32 electronic fingerprinting users) x ($30.25 per electronic fingerprint) = $281.93 for electronic fingerprint users per Participant. $339.54 + $281.93 = $621.47 per Participant in ongoing external costs for fingerprinting.

213 ($621.47 per Participant in annual, ongoing external costs) x (27 Participants) = $16,779.69 rounded up to $16,780 to conduct a fingerprint-based background check of the users.

214 See supra note 152.

outsource their CAT Data reporting functions, while the firms with the lowest levels of activity would be unlikely to have the infrastructure and specialized employees necessary to insource CAT Data reporting and would almost certainly outsource their CAT Data reporting functions. The Commission recognizes that more active firms that would likely be CAT Reporters and insource regulatory data reporting functions likely did not have OATS reporting obligations because they either were not FINRA members, or because they did not trade in NMS equity securities.[215]

As noted above, the Commission estimates that as of the time that OATS was retired, there were 126 OATS-reporting Insourcers and 45 non-OATS reporting Insourcers.[216] The Commission's estimation categorizes the remaining 1,001 broker-dealers that the Plan anticipates would have CAT Data reporting obligations as Outsourcers.[217]

(1) Insourcers

A. Large Non-OATS Reporting Broker-Dealers

The Commission relies on the Plan's large broker-dealer cost estimates in estimating costs for large broker-dealers that can practicably decide between insourcing or outsourcing their regulatory data reporting functions.[218] The Commission estimates that there are 9 large broker-dealers that were not OATS reporters in the business of electronic liquidity provision ("ELP Firms") that would be classified as Insourcer firms.[219]

Additionally, the Commission estimates that there are 6 broker-dealers that may transact in options but not in equities that can be classified as Insource firms ("OMM Firms").[220] These firms may have customer orders and other activity off-exchange that would cause them to incur a CAT reporting obligation.

The Commission assumes the 6 OMM Firms and 9 ELP Firms would be typical of the Plan's large, non-OATS reporting firms; for these firms, the Commission relies on the cost estimates provided under Approach 1[221] for large, non-OATS reporting firms in the CAT NMS Plan.

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215 The Commission also recognizes as discussed above that some broker-dealer firms may strategically choose to outsource despite the Plan's working assumption that these broker-dealers would insource their regulatory data reporting functions.

216 See supra note 154.

217 See supra note 155.

218 See CAT NMS Plan, supra note 17, at Appendix C, Section A.6(c).

219 See supra note 157.

220 See supra note 158.

221 See supra note 159.

Because CAT reporting obligations have been in place for some time now, the Commission assumes that the initial one-time implementation costs have already been incurred.

The Rule imposes ongoing annual burdens associated with, among other things, personnel time to monitor each large non-OATS reporting broker-dealer's reporting of the required data and the maintenance of the systems to report the required data; and implementing changes to trading systems that might result in additional reports to the Central Repository. The CAT NMS Plan provides the following average ongoing external costs that a large non-OATS reporting broker-dealer would expect to incur to maintain data reporting systems to be in compliance with Rule 613: $80,000 in external hardware and software costs, and $1,300 in external third party/outsourcing costs.[222] Based on this information, the Commission estimates that it would cost, on average, approximately $80,000 per year per large non-OATS reporting broker-dealer to maintain systems connectivity to the Central Repository and purchase any necessary hardware, software, and other materials, and an additional $1,300 in third party/outsourcing costs.[223]

Additionally, the Commission estimates that the ongoing cost to an ELP Firm and an OMM Firm to maintain the modified allocation timestamp requirement would be $29,166.67 per year.[224]

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222 See CAT NMS Plan, supra note 17, at Appendix C, Section B.7(b)(iii)(C)(2)(b). The CAT NMS Plan did not break down these third-party costs into categories.

223 Id.

224 See Letter to Brent J. Fields, Secretary, Commission, from Mary Lou Von Kaenel, Managing Director, Financial Information Forum, dated July 18, 2016, at 88, Table 6 ("FIF Letter"). The commenter based its implementation and ongoing estimates on a survey it conducted of broker-dealers to estimate the costs associated with the allocation report timestamp requirement. The commenter noted that the estimates do not account for all Insourcers (the cost estimates cover the 126 large OATS-reporting broker-dealer Insourcers, but not the 14 ELPs or 31 Options Market Makers), nor do they cover Outsourcing broker-dealers. The Commission believes those categories likely were not included in the estimates due to a lack of participation by such broker-dealers in the survey. The Commission is assuming, for its Paperwork Reduction Act cost estimates, that the portion of the estimates attributed by the commenter to service bureaus were be passed-through to their Outsourcing broker-dealer clients that relied on service bureaus to perform their regulatory data reporting. The Commission is thus applying the portion of the commenter's cost estimates attributed to the 126 Insourcers to all 171 Insourcers, as well as the portion of the cost estimates attributed to the 13 service bureaus across the 1,329 broker-dealers that are categorized as Outsourcing broker-dealers. The commenter stated that this requirement would cost the industry $5,035,833 in ongoing costs. The commenter attributed $4,987,500 of the ongoing cost estimate to 126 Insourcers. For purposes of this Paperwork Reduction Act analysis, the Commission is applying the portion of the cost estimates attributed to the 126 Insourcers to all 171 Insourcers. $4,987,500/171 Insourcers = $29,166.67 in ongoing costs to maintain the modified allocation timestamp requirement per Insourcer. The Commission believes that this cost would be an external hardware and software cost related to maintenance of the modified allocation timestamp.

The Commission estimates that the total average ongoing external cost per ELP Firm would be $110,466.67[225] per year to maintain the systems necessary to collect and transmit information to the Central Repository, for **an estimated aggregate ongoing external cost for the ELP Firms of approximately $994,200 per year**.[226]

The Commission also believes there is an ongoing external cost for the requirement that an OMM Firm submit a Quote Sent Time to an exchange. The Commission estimates that this requirement will impose an additional ongoing hardware and software cost per OMM Firm of $1,980,000 per year.[227]

Based on this information, the Commission estimates that the total ongoing external cost per OMM Firm would be $2,090,466.67 per year[228] to maintain the systems necessary to collect and transmit information to the Central Repository, for **an estimated aggregate ongoing external cost to OMM Firms of approximately $12,542,800.02 per year**.[229]

B. Large OATS-Reporting Broker-Dealers

The Commission estimates that 126 broker-dealers, which reported more than 350,000 OATS ROEs between June 15 and July 10, 2015, would strategically decide to

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225 ($80,000 in external hardware and software costs) + ($29,166.67 to maintain the modified allocation timestamp requirement) + ($1,300 ongoing external third party/outsourcing costs) = $110,466.67 in ongoing external costs per ELP.

226 ($110,466.67 in ongoing external costs per ELP) x (9 ELPs) = $994,200.03 rounded down to $994,200 in aggregate ongoing external costs.

227 The Commission estimates that the ongoing cost of the Quote Sent Time requirement is approximately $11,880,000. The Commission notes that the Quote Sent Time cost estimate was not included in the cost estimates of the CAT NMS Plan Notice, because the Commission concluded that this requirement did not represent a significant source of costs. However, the Commission received a comment stating that the estimated 5-year cost to Options Market Makers for adding a timestamp to the quote times was between the range of $39.9 million and $76.8 million, and the commenter further stated that this is "not a trivial cost for providing one data element to the consolidated audit trail." See FIF Letter at 65. In response to the comment, the Commission agrees that the costs of quote sent time are significant and adds this cost to its estimates for Options Market data collection and reporting. See also CAT NMS Plan Order, supra note 19, at Section V.F.3.a(6). The Commission is using the maximum 5-year cost estimate to Options Market Makers provided by the commenter ($76.8 million) and has divided it into $17,400,000 in aggregate implementation external costs, and $11,880,000 in aggregate ongoing external costs. ($11,880,000 in ongoing costs) / (6 Options Market Maker) = $1,980,000 in ongoing external costs to maintain the Quote Sent Time requirement per Options Market Maker. This figure has changed slightly since the prior submission due to the correction of a minor computational error.

228 ($80,000 in external hardware and software costs) + ($1,300 in external third party/outsourcing costs) + ($29,166.67 in ongoing costs to maintain the modified allocation timestamp requirement) + ($1,980,000 in ongoing external costs to maintain the Quote Sent Time requirement) = $2,090,466.67 in ongoing external costs per Options Market Maker.

229 ($2,090,466.67 in ongoing external costs per Options Market Maker) x (6 options firms) = $12,542,800.02 rounded down to $12,542,800 in aggregate ongoing external costs.

either self-report CAT Data or outsource their CAT data reporting functions.[230] To conduct its Paperwork Burden Analysis for the 126 broker-dealers, the Commission relied on the estimates used by the CAT NMS Plan of expected costs that a large OATS-reporting broker-dealer would incur as a result of the implementation of the CAT under Approach 1.[231] Because the OATS system was retired and CAT reporting obligations are in place, the Commission assumes that the initial one-time implementation costs have already been incurred.

Once a large former OATS-reporting broker-dealer has established the appropriate systems and processes required for collection and transmission of the required information to the Central Repository, such broker-dealers would be subject to ongoing external costs associated with, among other things, personnel time to monitor each broker-dealer's reporting of the required data and the maintenance of the systems to report the required data; and implementing changes to trading systems which might result in additional reports to the Central Repository. The CAT NMS Plan provides the following average ongoing external cost figures that a large OATS-reporting broker-dealer would expect to incur to maintain data reporting systems to be in compliance with Rule 613: $380,000 in ongoing external hardware and software costs, and $120,000 in ongoing external third party/outsourcing costs.[232] Based on this information the Commission believes that it would cost, on average, approximately $380,000 per year per large OATS-reporting broker-dealer to maintain systems connectivity to the Central Repository and purchase any necessary hardware, software, and other materials, and an additional $120,000 in external ongoing third party/outsourcing costs.[233] Therefore, the Commission estimates that the average ongoing annual external cost per large OATS-reporting broker-dealer would be approximately $500,000[234] to maintain the systems necessary to collect and transmit information to the Central Repository.

Additionally, the Commission estimates that the ongoing cost to a large OATS-reporting broker-dealer to maintain the modified allocation timestamp requirement would be $29,166.67.[235]

Based on this information, the Commission estimates that the average ongoing annual external cost per large OATS-reporting broker-dealer would be approximately

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230 See supra note 163.

231 See supra note 159.

232 See CAT NMS Plan, supra note 17, at Appendix C, Section B.7(b)(iii)(C)(2)(b). The CAT NMS Plan did not categorize these third party costs. The Commission believes that these costs may be attributed to the use of service bureaus, technology consulting, and legal services.

233 See id.

234 ($380,000 in ongoing external hardware and software costs + $120,000 in ongoing external third party/outsourcing costs) = $500,000 in ongoing external costs per large OATS-reporting broker-dealer.

235 See supra note 227. $4,987,500 / 171 Insourcers = $29,166.67 in ongoing costs to maintain the modified allocation timestamp requirement per Insourcer.

$529,166.67[236] to maintain the systems necessary to collect and transmit information to the Central Repository, for **an estimated aggregate ongoing external cost of approximately $66,675,000**.[237]

(2) Outsourcing Firms

A. Small OATS-Reporting Broker-Dealers

The Commission estimates that there were 806 broker-dealers that reported fewer than 350,000 OATS ROEs monthly prior to OATS retirement. These broker-dealers appear to have generally outsourced their regulatory reporting obligations because during the period June 15 – July 10, 2015, approximately 88.9% of their 350,000 OATS ROEs were reported through service bureaus, with 730 of these broker-dealers reporting more than 99% of their OATS ROEs through one or more service bureaus.[238] The Commission estimates that these firms spent, prior to OATS retirement an aggregate of $100.2 million on annual outsourcing costs.[239] The Commission estimates these 806 broker-dealers spend $100.2 million in the aggregate to outsource their regulatory data reporting to service bureaus to report in accordance with Rule 613,[240] or $124,317.62 per broker-dealer.[241] Because OATS was retired in September 2021, the Commission assumes that all initial one-time external costs have already been incurred.

The Commission estimates that it would cost small OATS-reporting broker-dealers, on average, approximately $124,317.62 in ongoing external outsourcing costs[242] to ensure ongoing compliance with Rule 613. Additionally, the Commission estimates that the ongoing cost to a small OATS-reporting broker-dealer to maintain the modified allocation timestamp requirement would be $81.51.[243]

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236 ($380,000 in ongoing external hardware and software costs) + ($29,166.67 to maintain the modified allocation timestamp requirement) + ($120,000 in ongoing external third party/outsourcing costs) = $529,166.67 in ongoing external costs per large OATS-reporting broker-dealer.

237 ($380,000 in ongoing external hardware and software costs) + ($29,166.67 to maintain the modified allocation timestamp requirement) + ($120,000 in ongoing external third party/outsourcing costs) x (126 large OATS-reporting broker-dealers) = $66,675,000.42 rounded down to $66,675,000 in aggregate ongoing external costs.

238 See supra note 163.

239 The average broker-dealer in this category reported 15,185 OATS ROEs from June 15-July 10, 2015; the median reported 1,251 OATS ROEs. Of these broker-dealers, 39 reported more than 100,000 OATS ROEs during the sample period.

240 See CAT NMS Plan Order, supra note 19, at Section V.F.1.c.(2)(B).

241 $124,317.62 = $100,200,000/806 broker-dealers. This amount is the average estimated annual outsourcing cost to firms that currently report fewer than 350,000 OATS ROEs per month. Id.

242 See infra note 244.

243 See supra note 227. The commenter attributed $108,333 of the ongoing cost estimate to 13 service bureaus. For purposes of this Paperwork Reduction Act analysis, the Commission is assuming that the portion of the estimates attributed by the commenter to service bureaus will be

Therefore, the Commission estimates that the average ongoing external cost per small OATS-reporting broker-dealer would be approximately $124,399.13 per year,[244] for **an estimated aggregate ongoing external cost of approximately $100,265,699 per year** for all such broker-dealers.[245]

B. Small Non-OATS-Reporting Broker-Dealers

In addition to firms that previously reported to OATS, the Commission estimates there are 373 broker-dealers that were exempt from OATS reporting rules due to firm size, or excluded because all of their order flow was routed to a single OATS reporter, such as a clearing firm, that would incur CAT reporting obligations.[246] A further 24 broker-dealers have Participant memberships only with one Participant;[247] the Commission believes this group is comprised mostly of floor brokers and further believes these firms would experience CAT implementation and ongoing reporting costs similar in magnitude to small equity broker-dealers that had no OATS reporting responsibilities.[248]

The Commission assumes these broker-dealers would have very low levels of CAT reporting, similar to those of the lowest activity firms that formerly reported to OATS. Because CAT reporting obligations have already gone into effect, the Commission assumes all costs of initial implementation have already been incurred.

The Commission estimates that it would cost, on average, approximately $124,317.62 in ongoing external outsourcing costs[249] to ensure ongoing compliance with Rule 613. Additionally, the Commission estimates that the ongoing cost to a small non-OATS-reporting broker-dealer to maintain the modified allocation timestamp

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passed-through to their Outsourcing broker-dealer clients that rely on service bureaus to perform their regulatory data reporting. The Commission is thus applying the portion of the commenter's cost estimates attributed to the 13 service bureaus across the 1,329 broker-dealers that are categorized as Outsourcing broker-dealers. $108,333 / 1,329 Outsourcing broker-dealers = $81.51 in ongoing costs to maintain the modified allocation timestamp requirement per Outsourcing broker-dealer.

244 $124,399.13 = ($124,317.62 in ongoing outsourcing costs) + ($81.51 to maintain the allocation timestamp)

245 $100,265,699 = ($124,317.62 in ongoing outsourcing costs) + ($81.51 to maintain the allocation timestamp) x (806 broker-dealers) = $100,265,698.78 rounded up to $100,265,699.

246 See supra note 168.

247 See supra note 169.

248 Id.

249 The Commission assumes these firms have very low levels of CAT reporting, similar to those of the lowest activity firms that formerly report to OATS. For these firms, the Commission assumes that under CAT they would incur the average estimated service bureau cost of firms that formerly OATS reported fewer than 350,000 OATS ROEs per month of $124,373 annually.

requirement would be $81.51.[250] Therefore, the Commission estimates that the average ongoing external cost per small non-OATS-reporting broker-dealer would be approximately $124,399.13,[251] for an estimated aggregate ongoing external cost of approximately $100,265,699 per year.[252]

Summary of Dollar Costs										
Name of Information Collection	**Type of Burden**	[A.] **Number of Entities Impacted**	[B.] **Annual Responses per Entity**	[C.] **Initial Cost per Entity per Response**	[D.] **Initial Cost Annualized per Entity per Response** [= C ÷ 3 years]	[E.] **Ongoing Cost per Entity per Response**	[F.] **Annual Cost Per Entity per Response** [= D + E]	[G.] **Total Annual Cost Per Entity** [= (D + E) * B]	[H.] **Total Industry Cost** [= G * A]	**Small Business Entities Affected**
Central Repository	Recordkeeping	27	1	$0	$0	$5,000,000	$5,000,000	$5,000,000	$145,500,000	0
Data Collection and Reporting (Participants)	Third Party Disclosure	27	1	0	0	$476,579.58	$476,579.58	$476,579.58	$12,867,649	0
Surveillance	Recordkeeping	27	1	$0	$0	$1,105,263.16	$1,105,263.16	$1,105,263.16	$29,842,105	0
Written Assessment of Operation of CAT	Reporting	27	1	$0	$0	$1,286.25	$1,286.25	$1,286.25	$34,729	0
Financial Statements	Disclosure	27	1	0	0	$2,407.41	$2,407.41	$2,407.41	$65,000	0
Background Checks	Disclosure	27	1	$0	$0	$621.47	$621.47	$621.47	$16,780	0
Data Collection and Reporting (Large, Non-OATS Reporting Broker-Dealers - ELPs)	Third Party Disclosure	9	1	$0	$0	$110,466.67	$110,466.67	$110,466.67	$994,200	0
Data Collection and Reporting (Large, Non-OATS Reporting Broker-dealers – Options Market Makers)	Third Party Disclosure	6	1	$0	$0	$2,090,466.67	$2,090,466.67	$2,090,466.67	$12,542,800	0

250 See supra note 243.

251 $124,399.13= ($124,317.62 in ongoing outsourcing costs) + ($81.51 to maintain the allocation timestamp)

252 [($124,317.62 in ongoing outsourcing costs) + ($81.51 to maintain the allocation timestamp)] x (128 small non-OATS reporting broker-dealers) = $15,923,088.64 rounded up to $15,923,089 in aggregate ongoing external costs to ensure ongoing compliance with Rule 613.

Data Collection and Reporting (Large OATS Reporting Broker-Dealers)	Third Party Disclosure	126	1	$0	$0	$529,166.67	$529,166.67	$529,166.67	$66,675,000	0
Data Collection and Reporting (Small OATS Reporting Broker-Dealers)	Third Party Disclosure	806	1	$0	$0	$124,399.13	$124,399.13	$124,399.13	$100,265,699	Estimated 806[253]
Data Collection and Reporting (Small Non-OATS Reporting Broker-Dealers)	Third Party Disclosure	128	1	$0	$0	$124,399.13	$124,399.13	$124,399.13	$15,923,089	Estimated 128[254]
TOTAL COST FOR ALL RESPONDENTS									$384,727,051	

14. Costs to Federal Government

The SEC is in the process of revising its methodologies to estimate annualized costs to the Federal government for all its relevant collections of information. The SEC anticipates that future extensions of this collection of information will reflect the revised methodologies.

15. Changes in Burden

The aggregate time burden decreased by 808,844 hours (from 4,931,332 hours to 4,122,488 hours) and the aggregate cost burden increased by $56,064,140 (from $328,662,911 to $384,727,051).

The changes in burden have occurred because, as discussed above, while the number of Participants subject to the Plan has increased (from 25 Participants to 27 Participants), certain information collection requirements have been completed, and certain initial burdens and costs associated with implementation of certain information collection requirements have been completed, although certain ongoing costs will continue to accrue. In addition, the Commission has updated some of its estimates to reflect more accurate cost information provided by the 2026 Financial and Operating Budget.

The changes in burden also have occurred because certain information collection requirements have been satisfied, as described above, including the initial burdens and costs associated with certain information collection requirements.

The Commission notes that the number of Participants has increased from 25 Participants to 27 Participants. The estimated burdens and costs for Participants have also been impacted by a change in calculation relating to the Participants Study. Specifically, some burden and cost calculations relating to Participants have been adjusted to more accurately represent the information presented by Participants in the CAT NMS Plan in the Participants Study. The Commission is relying on aggregate

253 See supra note 179.

254 Id.

estimates provided by Participants in the CAT NMS Plan, based on a survey of 19 Participants, but previously assumed that all of these aggregate estimates applied equally to 25 Participants. The Commission is now adjusting certain aggregate estimates provided by Participants to account for the fact that those numbers are based on 19 Participants, where appropriate. For collectively shared burdens and costs the Commission did not adjust the Participants Study numbers in a similar fashion.

In addition, the Commission has further reduced the estimated number of broker-dealers subject to CAT reporting from 1,350 to 1,172, resulting in a reduction in the estimated number of small non-OATS-reporting broker-dealers from 397 to 128. This has resulted in a number of changed estimated burdens and costs, including a substantial decrease in the overall burdens and costs estimated for small non-OATS-reporting broker-dealers in the aggregate, as well as slight changes to the estimated costs for small non-OATS-reporting broker-dealers because of the way the cost of implementing and maintaining the modified timestamp is estimated to be shared between small OATS Reporting Broker-Dealers and small non-OATS-reporting broker-dealers. The chart below identifies the Information Collections whose burdens have changed and summarizes the amount of the changes and the primary reason(s) for the changes.

Summary of Annual Burden Changes (rounded to the nearest hour or dollar):

Name of Information Collection	Change in Hours	Change in Cost	Reason for Change
Central Repository	0	$89,700,000	Based on the 2026 Financial and Operating Budget, which estimates the annual ongoing cost to the Participants for building, operating, and maintaining the Central Repository as currently designed and as currently required by the CAT NMS Plan.
Data Collection and Reporting (Participants)	(4,421)	$953,159	Increase in number of respondents from 25 to 27, which decreased anticipated FTEs per participant.
Surveillance	(40,590)	$2,210,526	Elimination of one-time initial burdens and costs, increase in number of respondents (Participants) from 25 to 27, which decreased anticipated FTEs per participant.
Written Assessment of Operation of CAT	300	$4,104	Increase in number of respondents (Participants) from 25 to 27 and increased costs due to inflation.
Independent Audit of Expenses Incurred Prior to the Effective Date	n/a	n/a	Elimination of burden due to completion of collection.
Assessment of Industry Member Bulk Access to Reporter Data	(125)	($20,417)	Elimination of burden due to completion of collection.
Assessment of Errors in Customer Information Fields	(200)	($5,104)	Elimination of burden due to completion of collection.

Name of Information Collection	Change in Hours	Change in Cost	Reason for Change
Report on Impact of Tiered Fees on Market Liquidity	(156)	($2,042)	Elimination of burden due to completion of collection.
Assessment of Material Systems Change on Error Rate	(371)	n/a	Decrease in estimated number of Material Systems Changes per year, offset by increase in number of participants (25 to 27)
Background Checks	9	$1,280	Elimination of one-time initial burdens and costs, increase in number of respondents (Participants) from 25 to 27.
Data Collection and Reporting (Large, Non-OATS Reporting Broker-Dealers) – ELPs	(66,690)	($552,333)	Elimination of one-time initial burdens and costs.
Data Collection and Reporting (Large, Non-OATS Reporting Broker-Dealers) – Options Market Makers	(333,450)	($2,761,667)	Elimination of one-time initial burdens and costs.
Data Collection and Reporting (Large OATS Reporting Broker-Dealers)	0	$0	No change to the estimated costs.
Data Collection and Reporting (Small OATS Reporting Broker-Dealers)	0	$0	No change to the estimated costs.

Data Collection and Reporting (Small Non-OATS Reporting Broker-Dealers)	(363,150)	($33,463,366)	Reduction in number of estimated small-non-OATS Reporting Broker-Dealers, from 397 to 128, and elimination of one-time initial burden and costs.
Total Change	(808,844)	$56,064,140	

16. <u>Information Collection Planned for Statistical Purposes</u>

Not applicable. The information collection is not used for statistical purposes.

17. <u>Approval to Omit the OMB Expiration Date</u>

The Commission is not seeking approval to omit the OMB expiration date.

18. <u>Exceptions to Certification</u>

This collection complies with the requirements in 5 CFR 1320.9.

B. <u>Collections of Information Employing Statistical Methods</u>

This information collection does not involve statistical methods.