# Large Trader Reporting: A Renewed Focus & New Obligations for CAT CAIS

A closer look at the expanded requirements for CAT CAIS

Background

With the Compliance Date for CAT CAIS Reporting fast approaching, both the SEC and FINRA recently highlighted Large Trader reporting obligations, notably pointing out that the requirements extend "beyond clearing broker-dealers," and that as a result, "the number of Executing Brokers and Introducing Brokers required to report LTIDs will increase." (See SEC Risk Alert on December 16, 2020 and FINRA 2021 Exam Priorities for more details.)

Example of CAT CAIS LTID Reporting Structures:
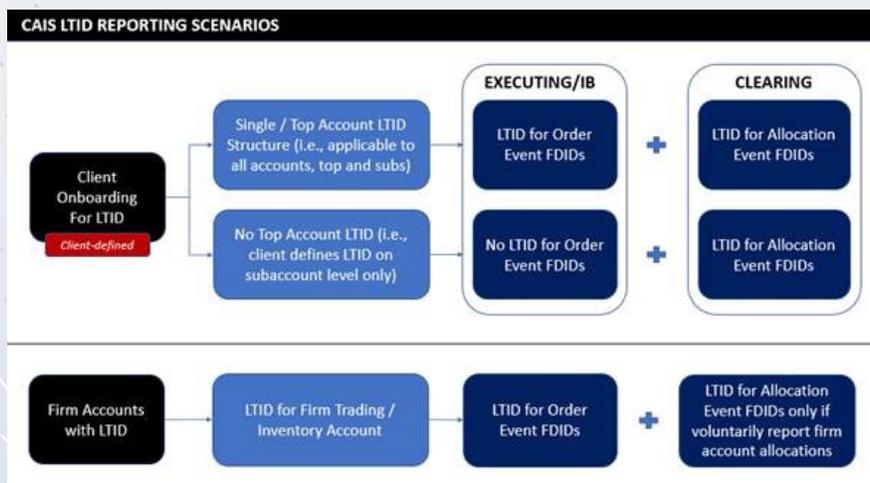
What does this mean for firms?

- Executing and introducing brokers reporting CAT Order Events may have CAT CAIS Reporting obligations, particularly if FDIDs in front-office OMS / EMS are not maintained at their clearing firms (refer to diagram above).

- These obligations will extend beyond FDID and LTID in July 2022 with the expansion of CAT CAIS to other customer / account reference data attributes (e.g., LEIs, Tax IDs, etc).

- Heightened expectations for continuous data quality controls and monitoring of customer / account data for accuracy and completeness, and enhanced Onboarding and Account Management procedures, supervision and controls.

- A need for ongoing controls to cross-reference FDIDs reported to CAT in Order and/or Allocation events with FDIDs reported to CAT CAIS (and for LTIDs reported to CAIS vs Blue Sheets for clearing firms).

- The potential for duplicative or inconsistent reporting if multiple industry members and/or vendors are reporting to CAT CAIS; for example, if systems or the customer / account reference data are not kept in-synch (such as LTID for a top account in Order Events and LTID for the underlying subaccounts in Allocation Events).

How n-Tier can help

- A complete CAIS control that provides daily delta (or full) customer / account data reporting to CAIS with embedded data quality and integrity controls and an exception management framework to process CAIS feedback and submit corrections or deletions, as needed.

- Data quality and integrity controls for customer / account data for both prior to the CAT CAIS Compliance Date and daily thereafter. For example:

- LTID Propagation: controls to ensure LTID for customers with a top-level (parent) LTID are propagated to current and future subaccounts, and/or that a firm's own LTID is appended to all current and future trading accounts/books.

- Controls to cross-reference FDIDs reported in CAT Order and/or Allocation Events vs. FDIDs previously or currently reported to CAT CAIS.

- Controls to cross-reference LTID values reported in Blue Sheets vs. to CAT CAIS, where available, along with other customer / account data in scope for July 2022.