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July 25, 2025

Ms. Vanessa Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**Via Email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov)**

**Re: Notice of Filing of Amendment to the National Market System Plan  
Governing the Consolidated Audit Trail (File No. 4-698)**

Dear Ms. Countryman:

The Financial Industry Regulatory Authority, Inc. (“FINRA”)<sup>1</sup> appreciates the opportunity to provide responses to the Securities and Exchange Commission’s (“SEC” or “Commission”) solicitation of comments in connection with its Notice of Filing of Amendment No. 1 and Order Instituting Proceedings To Determine Whether To Approve or Disapprove CAT LLC’s proposed amendment<sup>2</sup> related to the CAT Customer and Account Information System (“CAIS”).<sup>3</sup> If approved, the CAIS Amendment would reduce CAT costs without unduly compromising regulatory effectiveness and would further privacy

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<sup>1</sup> FINRA is submitting this letter solely in its capacity as a participant of the CAT NMS Plan. This letter does not reflect or represent the views of FINRA CAT, LLC (“FCAT”), which is a distinct corporate subsidiary of FINRA that acts as the CAT Plan Processor pursuant to an agreement with Consolidated Audit Trail, LLC.

<sup>2</sup> See Securities Exchange Act Release No. 102665 (March 13, 2025), 90 FR 12845 (March 19, 2025) (Notice of Filing of Amendment to the National Market System Plan Governing the Consolidated Audit Trail); and Letter from Brandon Becker, CAT NMS Plan Operating Committee Chair, dated May 28, 2025 (“CAIS Amendment”).

<sup>3</sup> See Securities Exchange Act Release No. 103288 (June 17, 2025), 90 FR 26637 (June 23, 2025).

considerations by prohibiting the collection and storage of names, addresses, and years of birth in the CAIS.<sup>4</sup> FINRA urges the Commission to approve the CAIS Amendment.

The CAIS Amendment follows the Commission's grant of exemptive relief regarding the reporting of specified customer information to the CAT. On February 10, 2025, the SEC granted exemptive relief from the requirement that Industry Members report to CAIS names, addresses, and years of birth for specified investors ("CAIS Exemptive Order").<sup>5</sup> While the CAIS Exemptive Order was an important measure to address issues related to the collection of customer information, CAT LLC filed the CAIS Amendment to resolve remaining gaps in balancing privacy concerns with regulatory effectiveness and costs. Specifically, the CAIS Exemptive Order is permissive and provides Industry Members the discretion to choose whether or not to continue to report to CAIS the names, addresses, and years of birth for investors who are U.S. natural persons. In addition, the CAIS Exemptive Order does not extend to all account holders as it does not alleviate the requirement that Industry Members report to CAIS the names, addresses, and years of birth for foreign natural persons and the names and addresses of legal entities. Finally, the CAIS Exemptive Order is limited to the prospective reporting of exempted customer information and does not address the deletion of previously reported names, addresses, and years of birth maintained in the CAT.

FINRA supports the CAIS Amendment. As FINRA has stated previously, the systemic and prospective collection of names, addresses, and years of birth for all customers is not necessary for effective oversight of the securities markets.<sup>6</sup> FINRA has extensive

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<sup>4</sup> Unless otherwise specified, capitalized terms used in this filing are defined as set forth in the CAT NMS Plan and FINRA Rule 6800 Series (Consolidated Audit Trail Compliance Rule).

<sup>5</sup> See Securities Exchange Act Release No. 102386 (February 10, 2025), 90 FR 9642 (February 14, 2025) (Order Granting Exemptive Relief to the National Market System Plan Governing the Consolidated Audit Trail). The CAIS Exemptive Order expanded upon the SEC's previous exemptive relief issued on March 20, 2020, which exempted Industry Members from reporting certain customer identifying information (individual tax payer identification numbers ("ITINs") or social security numbers ("SSNs"), dates of birth, and account numbers) provided that they implemented an alternative method of generating unique customer identifiers through transformed SSNs.

<sup>6</sup> See Robert Cook, CAT Should Be Modified to Cease Collecting Personal Information on Retail Investors (January 17, 2025), <https://www.finra.org/media-center/blog/cat-should-be-modified-to-cease-collecting-personal-information-on-retail-investors> ("FINRA CEO January Blog"). See also Robert Cook, Eliminating All PII from CAT (March 19, 2025), <https://www.finra.org/media-center/blog/eliminating-all-pii-from-cat>.

experience overseeing the securities markets and performs its duties using a combination of regulatory tools, including the CAT. Currently, in addition to the information reported to the CAT's Transaction Database,<sup>7</sup> Industry Members are *permitted* to report to the CAIS the names, addresses, and years of birth of investors who are U.S. natural persons, and are *required* to report to CAIS the names, addresses, and years of birth of foreign natural persons and the names and addresses of legal entities.

Regulators, including FINRA, use the information reported to the Transaction Database to monitor the markets and identify potential market manipulation, violations of market integrity rules, insider trading, and other improper conduct. As such, FINRA is able to maintain effective oversight in the absence of the collection of this customer information in CAIS as the primary benefits of consolidating market trading data in a standardized manner are provided by the Transaction Database, which would be unaffected by the approval of the CAIS Amendment. Thus, FINRA supports eliminating the ongoing collection of this information in CAIS.

As FINRA has noted in its prior public statements on the CAIS Amendment<sup>8</sup> and the SEC recognized in its exemptive order, FINRA and other regulators are able to use alternative mechanisms to obtain information regarding the identity of market participants on an as-needed basis.<sup>9</sup> FINRA also remains open to continuing discussions about new automated workflows or reporting systems that would make the targeted collection of identifying information more efficient for Industry Members. Therefore, FINRA supports the uniform elimination of reporting customer information to CAT across all three categories:

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<sup>7</sup> The transaction data reported by Industry Members to the Central Repository ("Transaction Database") includes trading information from exchanges and Industry Members regarding all orders, quotes, and trades across the U.S. equities and options markets—but not the identity of investors behind this trading activity.

<sup>8</sup> *See supra* note 6.

<sup>9</sup> "Regulators could immediately transition to utilizing existing targeted information request mechanisms, including the existing Blue Sheets system, to obtain the specific information they need from the relevant broker-dealers. These mechanisms may themselves merit further review. For example, over the years there have been concerns about the efficiency and design of Blue Sheets, and consideration could be given to creating a new request and response utility operated in conjunction with CAT to facilitate and streamline the information collection process for both regulators and the impacted broker-dealers. But in the meantime, Blue Sheets and other existing systems work adequately, and modifying the customer database need not be delayed for purposes of improving them." *See supra* note 6, FINRA CEO January Blog (advocating for ceasing the systemic collection of investors' personal information in the customer database).

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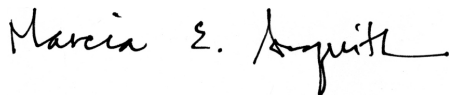
natural persons with transformed SSNs or ITINs; natural persons without transformed SSNs or ITINs; and legal entities. While the elimination of this customer information would not unduly hinder FINRA's ability to oversee market activity, its continued collection involves risks and costs that are not outweighed by any regulatory benefit.<sup>10</sup>

FINRA also supports deleting previously reported names, addresses, and years of birth from CAIS. Retaining this historical information in CAIS would not provide sufficient regulatory benefit when balanced against the privacy and security risks previously noted by FINRA and others, and acknowledged in the SEC's exemptive order. FINRA believes this is particularly true since the previously reported data would no longer be actively maintained or validated and thus, its reliability would diminish over time.

## Conclusion

Ending the systemic collection and storage of names, addresses, and years of birth should be a priority for regulators, as doing so would not fundamentally compromise the important market oversight capabilities of CAT, would yield material cost savings, and would promote investor confidence in the security and privacy of personal information. FINRA thanks the Commission for its attention to FINRA's comments on this important matter and looks forward to continued engagement with the Commission regarding the CAT.

Sincerely,



Marcia E. Asquith  
Corporate Secretary, EVP  
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<sup>10</sup> As a Plan Participant, FINRA would neither realize direct cost savings from the implementation of the CAIS Amendment nor incur additional expenses related to fulfilling ad hoc regulatory data requests related to customer information.