



8011-01p
SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From:
Securities and Exchange Commission
Office of FOIA Services
100 F Street, NE
Washington, DC 20549-0213

Action: Notice

[SEC File No. TM-S7-11-10, OMB Control No. 3235-0671]

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget (“OMB”) a request for approval of an amendment to a collection of information in connection with an National Market System (NMS) Plan filed with the Commission under Rule 613 (17 CFR 242.613), under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).

Rule 613 of Regulation NMS (17 CFR Part 242) required national securities exchanges and national securities associations (“Participants”) to jointly submit to the Commission a national market system (“NMS”) plan to govern the creation, implementation, and maintenance of a consolidated audit trail (“CAT”) and Central Repository for the collection of information for NMS securities. On February 27, 2015, the Participants submitted the CAT NMS Plan to the Commission.¹

¹ 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

On April 27, 2016, the Commission published a notice soliciting comments from the public (“CAT NMS Plan Notice”).² 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 are the subject of this Notice.³ This Notice addresses only the new information collections noticed in the CAT NMS Plan Order, which are: (1) a one-time independent audit of the fees, costs, and expenses incurred by the Participants on behalf of CAT NMS, LLC prior to the Effective Date⁴ of the Plan;⁵ (2) a one-time assessment of the clock synchronization standards in the Plan before reporting begins for Industry Members, which assessment shall take into account the diversity of CAT Reporters

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, as well as a copy of the request for proposal issued by the Participants to solicit Bids from parties interested in serving as the Plan Processor for the consolidated audit trail. Unless the context otherwise requires, the “CAT NMS Plan” shall refer to the Amended and Restated CAT NMS Plan, as modified by the Amendment.

² 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.

³ See Securities Exchange Act Release No. 79318 (November 15, 2016), 81 FR 84696 (November 23, 2016), available at <https://www.sec.gov/rules/sro/nms/2016/34-79318.pdf>.

⁴ The “Effective Date” is the date the Commission approved the CAT NMS Plan, which was November 15, 2016. See id.

⁵ See CAT NMS Plan Order, supra note at 84940.

and systems;⁶ (3) a one-time report that discusses the Participants’ assessment of implementing coordinated surveillance;⁷ (4) a one-time report discussing the feasibility and advisability of allowing Industry Members to bulk download the Raw Data that it has submitted to the Central Repository;⁸ (5) a one-time 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 over others should be prioritized;⁹ (6) a one-time report 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;¹⁰ (7) an assessment of the projected impact of any Material Systems Change on the Maximum Error Rate, prior to the implementation of such Material Systems Change;¹¹ and (8) an annual requirement that 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.¹²

The Commission believes that these audits, reports, and assessments of various aspects of the CAT NMS Plan are necessary to achieving the CAT NMS Plan’s objective of improving the

⁶ Id.

⁷ Id. at 84940–84941.

⁸ Id. at 84941.

⁹ Id.

¹⁰ Id. at 84941–84942.

¹¹ Id. at 84942. The Commission believes that four assessments would be filed annually.

¹² Id.

quality of the data available to regulators in four areas that affect the ultimate effectiveness of core regulatory efforts—completeness, accuracy, accessibility and timeliness.¹³

The new information collections further require that each Participant conduct background checks for its employees and contractors that will use the CAT System.¹⁴ The Commission believes that these background checks are necessary to ensure that only authorized and qualified persons are using the CAT System.

There are 21 respondents that require an aggregate total of 8,269,747.99 hours to comply with the collection of information, as amended. The Commission further estimates that the aggregate cost to comply with the collection of information, as amended, is \$534,465,565.81.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this amendment at the following website: www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC

¹³ See Securities Exchange Act Release No. 67457 (July 18, 2012), 77 FR 45722 (August 1, 2012) (“Rule 613 Adopting Release”), 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).

¹⁴ See CAT NMS Plan Order, supra note at 84942.

20503, or by sending an email to: Shagufta_Ahmed@omb.eop.gov; and (ii) Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street, NE, Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Eduardo A. Aleman,
Assistant Secretary.

March 16, 2017

[FR Doc. 2017-05539 Filed: 3/20/2017 8:45 am; Publication Date: 3/21/2017]