

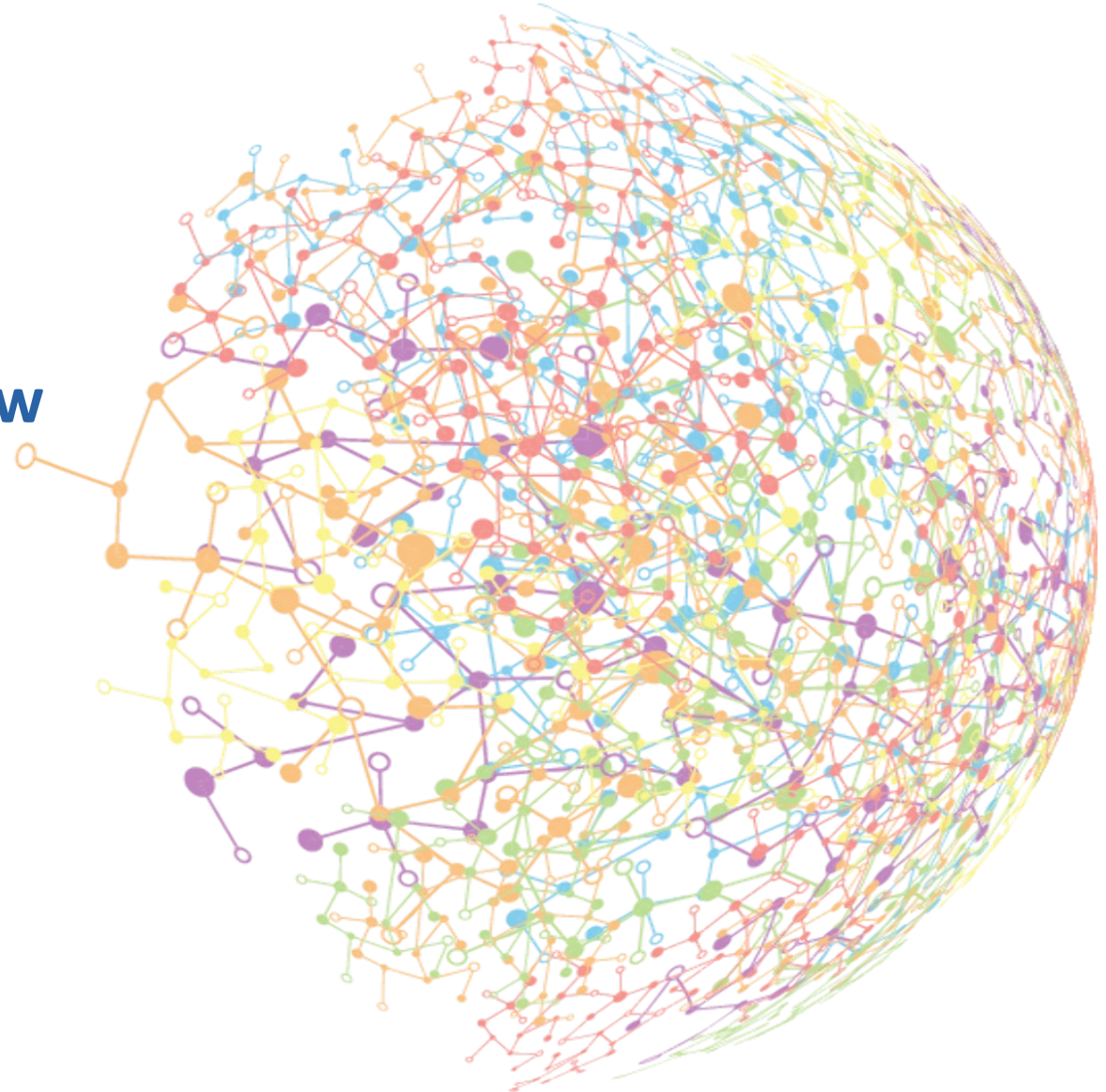


2025 Annual Regulatory Report Overview

Market Integrity | Consolidated Audit Trail (CAT)

Evolution of FINRA's expectations for member firms from 2023-2025

February 2025



FINRA’s Annual Regulatory Oversight Report

Market Integrity | Consolidated Audit Trail (CAT)

FINRA publishes an Annual Regulatory Oversight Report at the start of every year to provide member firms with insight into findings from its regulatory operations programs. The report covers a broad range of topics, including extensive guidance on the Consolidated Audit Trail (CAT) within the Market Integrity section.

A review and comparison of the past three reports from 2023 through 2025 illustrates how FINRA’s expectations for firms’ Consolidated Audit Trail (CAT) compliance have evolved significantly. The regulatory focus has shifted **from basic compliance and accuracy towards enhanced supervisory oversight, proactive issue management, and real-time monitoring.**

Below is a breakdown of how FINRA’s expectations have evolved over these three years:

Year	FINRA’s Focus	Primary Expectation for Firms
2023	Basic compliance & error correction	Submit accurate and timely CAT reports, fix flagged errors
2024	Supervisory procedures & self-reporting	Implement strong WSPs, self-report CAT errors, monitor daily
2025	Proactive error management & continuous refinement	Perform daily reviews, test supervisory controls, improve procedures dynamically

Evolution of FINRA's expectations from member firms

2023¹

Focus on Foundational Compliance and Data Accuracy

In 2023, FINRA's CAT-related oversight focused primarily on:

- Basic **compliance with CAT reporting rules**, determining firms were submitting data carefully.
- Data **accuracy and completeness**, particularly emphasizing the correction of errors flagged by FINRA's validation processes.
- **Timely** reporting of trade events, with an emphasis on firms meeting their regulatory obligations under Rule 613 of the Exchange Act and the CAT NMS Plan.

Takeaway:

At this stage, FINRA was primarily concerned with determining if firms submitted correct and timely CAT reports while addressing errors that FINRA flagged through its automated validation tools.

2024²

Emphasis on Supervisory Procedures and Self-Reporting

In 2024, FINRA expanded its focus from basic compliance to enhanced supervisory controls and self-reporting of errors. The changes included:

- Increased scrutiny of **Written Supervisory Procedures (WSPs)** related to CAT reporting:
- Who is responsible for CAT reviews?
- How often are reviews conducted?
- How are firms documenting their reviews?
- New focus on **self-reporting**: Firms were expected to proactively identify and report their own CAT reporting errors, rather than relying solely on FINRA's validation system to catch mistakes.
- **Daily monitoring of the CAT Reporter Portal**: Firms should actively check for file acceptance and correct submission errors in real time.

Takeaway:

FINRA's expectations evolved beyond simple error correction to include proactive compliance measures, such as supervisory procedures, self-reporting of issues, and active monitoring of CAT reporting systems.

2025³

Proactive Error Management and Continuous Supervisory Enhancement

By 2025, FINRA further refined its expectations by focusing on real-time error detection, continuous supervisory improvement, and more rigorous daily review processes. The additions included:

- **Supervisory Control Testing**: Firms should consider periodically test their CAT supervisory controls to determine they are effective.
- More **detailed WSP evaluations**, with a focus on firms adapting their procedures to CAT requirements.
- **Increased expectations for daily reviews** of the CAT Reporter Portal, requiring firms to actively monitor error messages and take corrective action promptly.
- **Enhanced regulatory guidance references**, directing firms to updated FINRA notices and resources to determine compliance.

Takeaway:

FINRA now expects firms to continuously refine their supervisory procedures, integrate real-time error detection mechanisms, and proactively monitor their CAT submissions daily. This shift reflects a move from a reactive to a proactive compliance framework.

¹ FINRA, 2023 FINRA Annual Regulatory Oversight Report, 2023, p.50 ,51, 52

² FINRA, 2024 FINRA Annual Regulatory Oversight Report, 2024, p.59, 60, 61

³ FINRA, 2025 FINRA Annual Regulatory Oversight Report, 2025, p.51, 52, 53

Conclusion: a shift towards continuous oversight

As FINRA continues to elevate its CAT Compliance requirements, the expectation is that firms have established a framework to actively manage their CAT compliance programs.

Evolution of FINRA's CAT Compliance Expectations (2023-2025)

Between 2023 and 2025, FINRA has significantly evolved its expectations for CAT compliance, shifting from basic regulatory adherence to a more sophisticated, self-regulated, and proactive compliance framework. Firms are now expected to:

- Independently monitor their errors instead of relying on FINRA to identify them, fostering a culture of accountability and precision.
- Sustain and continuously enhance their supervisory measures, confirming that oversight processes remain effective.
- Establish active daily review and error correction mechanisms, enabling firms to promptly address and rectify any discrepancies.
- Regularly test and upgrade their compliance controls, confirming that these systems are resilient and capable of adapting to new challenges.

Emphasis on Proactive Compliance and Self-Regulation

This shift underscores FINRA's increasing emphasis on real-time, self-regulatory oversight by firms. It highlights the need for market participants to actively manage compliance risks on an ongoing basis, rather than merely reacting to regulatory enforcement actions. By doing so, firms can better determine the integrity and reliability of their operations in a dynamic regulatory environment.

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— Appendix

¹FINRA Annual Regulatory Oversight Report | January 2023

Market Integrity

Consolidated Audit Trail (CAT)

Regulatory Obligations and Related Considerations

Regulatory Obligations

FINRA and the national securities exchanges have adopted rules requiring their members to comply with Exchange Act Rule 613 and the CAT NMS Plan FINRA Rule 6800 Series (Consolidated Audit Trail Compliance Rule) (collectively, CAT Rules), which cover reporting to the CAT; clock synchronization; time stamps; connectivity and data transmission; development and testing; recordkeeping; and timeliness, accuracy and completeness of data requirements. *Regulatory Notice 20-31* (FINRA Reminds Firms of Their Supervisory Responsibilities Relating to CAT) describes practices and recommended steps member firms should consider when developing and implementing their CAT Rules compliance program.

Related Considerations

- ▶ Do your firm's CAT-related WSPs: (1) identify the individual, by name or title, responsible for the review of CAT reporting; (2) describe specifically what type of review(s) your firm will conduct of the data posted on the CAT Reporter Portal; (3) specify how often your firm will conduct the review(s); and (4) describe how your firm will evidence the review(s)?
- ▶ How does your firm confirm that the data your firm reports, or that is reported on your firm's behalf, is transmitted in a timely fashion and is complete and accurate?
- ▶ How does your firm determine how and when clocks are synchronized, who is responsible for clock synchronization, how does your firm evidence that clocks have been synchronized and how will your firm self-report clock synchronization violations?
- ▶ Does your firm conduct daily reviews of the Industry Member CAT Reporter Portal (CAT Reporter Portal) to review its file status to confirm the file(s) sent by the member or by its reporting agent was accepted by CAT and to identify and address any file submission or integrity errors?
- ▶ Does your firm conduct periodic comparative reviews of accepted CAT data against order and trade records and the *CAT Reporting Technical Specifications*?
- ▶ Does your firm communicate regularly with its CAT reporting agent, review relevant CAT guidance and announcements and report CAT reporting issues to the FINRA CAT Help Desk?
- ▶ For any firms that have an agreement with a CAT Reporting Agent, have you confirmed that such agreement is evidenced in a writing that specifies the respective functions and responsibilities of each party?
- ▶ Does your firm maintain the required CAT order information as part of its books and records and in compliance with FINRA Rule 6890 (Recordkeeping)?
- ▶ How does your firm oversee its clearing firm and third-party vendors to maintain CAT compliance, including clock synchronization?
- ▶ When your firm identifies a reporting issue (e.g., inaccurately reported data, failure to report CAT data, submission of late data), does your firm self-report the issue identified via the Self-Reporting Erroneous Events form?
- ▶ Does your firm conduct periodic reviews of its compliance metrics (e.g., CAT report cards, error rates, CAT Compliance Thresholds)?
- ▶ Does your firm participate in testing related to the Central Repository, including any industry-wide disaster recovery testing following the schedule established under the CAT NMS Plan?

FINRA's Rapid Remediation Review Process

FINRA's Rapid Remediation review process enables FINRA to identify reporting deficiencies early and to alert firms quickly and informally about potential CAT reporting rule violations. FINRA generally conducts these reviews weekly or monthly, allowing staff to identify potential systemic issues at an early stage. FINRA expects firms to respond to a Rapid Remediation inquiry by quickly addressing and correcting the identified issues. This is important because inaccurate or untimely transaction and order reporting can negatively affect the regulatory audit trail and the quality of FINRA's surveillance patterns, as well as FINRA's ability to accurately reconstruct market events. When firms address CAT reporting issues promptly, FINRA's audit trails are more accurate, allowing FINRA's surveillance groups to monitor more effectively for issues such as best execution and market manipulation.

Findings and Effective Practices

Findings

- ▶ **Incomplete Submission of Reportable Events:** Failing to report certain Reportable Events, as defined by CAT, in a timely manner to the Central Repository (e.g., new order events, route events, execution events).
- ▶ **Failure to Repair Errors Timely:** Not repairing errors by the T+3 correction deadline.
- ▶ **Failure to Submit Corrections:** Not submitting corrections for previously inaccurately reported data, including data that did not generate error feedback from CAT.
- ▶ **Inaccurate or Incomplete Reporting of CAT Orders:** Submitting information that was incorrect, incomplete or both to the Central Repository, including but not limited to Event Timestamp, Event Type Code, Time In Force, Account Holder Type, Handling Instructions, Trading Session ID and Firm Designated ID (FDID).
- ▶ **Unreasonable Vendor Supervision:** Not establishing and maintaining reasonable WSPs or supervisory controls regarding both CAT reporting and clock synchronization that are performed by third-party vendors.
- ▶ **Recordkeeping:** Not maintaining or providing to regulators upon request, data reported to CAT, including but not limited to Time In Force (TIF), Customer Handling Instructions, Department Type, Trading Session, Firm Designated ID, Order ID and Route Destination.

Effective Practices

- ▶ **Mapping Internal Records to CAT-Reported Data:** Maintaining a "map" that shows how the firm's internal records and blotters correspond to various fields reported to CAT.
- ▶ **Archiving CAT Feedback:** Archiving CAT feedback within a 90-day window so that firms can submit corrections, if necessary.
- ▶ **CAT Supervision:** Implementing WSPs requiring a comparative review of CAT submissions versus firm order records (including for firms that rely on third party submitters), conducting a daily review of the CAT Reporter Portal, regardless of the error rate percentage; and utilizing CAT Report Cards and CAT FAQs to design an effective and reasonable supervision process.
- ▶ **Customer and Account Information System (CAIS) Supervision:** Establishing reasonable supervisory processes and procedures that address, for example:
 - monitoring both CAIS Reporter Portal and CAIS notifications for data formatting and inconsistencies;

- monitoring that customer and account information is reported in an appropriately secure manner pursuant to CAT reporting requirements (e.g., customer input identifiers are not submitted to CAT or CAIS unless they have been properly transformed into a "hashed" Transformed Input ID (TID) prior to submission, customer account identifiers (FDIDs) do not reflect actual account numbers);
- confirming that CAIS data is consistent with prior submissions for the same customer; and
- repairing CAIS inconsistencies within the required time period (i.e., no later than 5 p.m. ET on the third CAT Trading Day after the Customer or Account Information became available to the firm).

CAIS Reporting Deadline Extension

- ▶ In November 2022, the CAT Plan Participants announced an extension to the CAIS reporting deadlines.
- ▶ Firms can find updates and additional information related to the CAIS reporting and compliance schedule on the *CAT NMS Plan website*.

- ▶ **Clock Synchronization Related to Third Parties:** Obtaining adequate information from third parties to meet applicable clock synchronization requirements.¹⁹
- ▶ **Self-Reporting:** Self-reporting CAT reporting issues when your firm discovers them via the *FINRA CAT Self-Reporting Erroneous Events Form* or through the FINRA CAT Help Desk.

Additional Resources

- ▶ *Consolidated Audit Trail (CAT) Topic Page*
- ▶ *Equity Report Cards*
- ▶ *Regulatory Notice 21-21* (FINRA Eliminates the Order Audit Trail System (OATS) Rules)
- ▶ *Regulatory Notice 20-41* (FINRA Amends Its Equity Trade Reporting Rules Relating to Timestamp Granularity)
- ▶ *Regulatory Notice 20-31* (FINRA Reminds Firms of Their Supervisory Responsibilities Relating to CAT)
- ▶ *Regulatory Notice 20-20* (FINRA Provides Updates on Regulatory Coordination Concerning CAT Reporting Compliance)
- ▶ *Regulatory Notice 19-19* (FINRA Reminds Firms to Register for CAT Reporting by June 27, 2019)
- ▶ *Regulatory Notice 17-09* (The National Securities Exchanges and FINRA Issue Joint Guidance on Clock Synchronization and Certification Requirements Under the CAT NMS Plan)

[Click here](#) for the full 2023 FINRA Annual Regulatory Oversight Report

¹ FINRA, 2023 FINRA Annual Regulatory Oversight Report, 2023, p.50 ,51, 52

¹FINRA Annual Regulatory Oversight Report | January 2024

MARKET INTEGRITY | CONSOLIDATED AUDIT TRAIL (CAT)

Market Integrity

Consolidated Audit Trail (CAT)

Regulatory Obligations and Related Considerations

Regulatory Obligations

FINRA and the national securities exchanges have adopted rules requiring their members to comply with Exchange Act Rule 613 and the CAT NMS Plan FINRA Rule [6800 Series](#) (Consolidated Audit Trail Compliance Rule) (collectively, CAT Rules), which cover reporting to the CAT; clock synchronization; time stamps; connectivity and data transmission; development and testing; recordkeeping; and timeliness, accuracy and completeness of data requirements. [Regulatory Notice 20-31](#) (FINRA Reminds Firms of Their Supervisory Responsibilities Relating to CAT) describes practices and recommended steps member firms should consider when developing and implementing their CAT Rules compliance program and related supervisory responsibilities pursuant to FINRA Rule [3110](#) (Supervision).

Related Considerations

- ▶ Do your firm's CAT-related WSPs: (1) identify the individual, by name or title, responsible for the review of CAT reporting; (2) describe specifically what type of review(s) your firm will conduct of the data posted on the CAT Reporter Portal; (3) specify how often your firm will conduct the review(s); and (4) describe how your firm will evidence the review(s)?
- ▶ Does your firm periodically evaluate its supervisory controls to ensure they are reasonably designed to ensure compliance with CAT requirements, including, but not limited to, recordkeeping, reporting and clock synchronization?
- ▶ How does your firm confirm that the data your firm reports, or data that is reported on your firm's behalf, is transmitted in a timely fashion and is complete and accurate?
- ▶ How does your firm determine how and when clocks are synchronized; are the firm's procedures clear as to who is responsible for clock synchronization; how does your firm evidence that clocks have been synchronized; and how will your firm self-report clock synchronization violations?
- ▶ Does your firm conduct daily reviews of the Industry Member CAT Reporter Portal (CAT Reporter Portal) to review its file status to confirm the file(s) sent by the member or by its reporting agent was accepted by CAT, and to identify and address any file submission or integrity errors?
- ▶ Does your firm conduct periodic comparative reviews across all business lines of accepted CAT data against order and trade records and the [CAT Reporting Technical Specifications](#)?
- ▶ Are the number of periodic comparative reviews performed sufficiently representative of the firm's overall CAT reporting volume?
- ▶ Does your firm communicate regularly with its CAT reporting agent, review relevant CAT guidance and announcements, and report CAT reporting issues to the FINRA CAT Help Desk?
- ▶ For any firms that have an agreement with a CAT reporting agent, has the firm confirmed that such agreement is evidenced in writing that specifies the respective functions and responsibilities of each party?
- ▶ Does your firm maintain the required CAT order information as part of its books and records in compliance with FINRA Rule [6890](#) (Recordkeeping)?
- ▶ How does your firm oversee its clearing firm and third-party vendors to maintain CAT compliance, including clock synchronization?

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MARKET INTEGRITY | CONSOLIDATED AUDIT TRAIL (CAT)

- ▶ When your firm identifies a reporting issue (e.g., reporting of erroneous events and CAT reporting errors that are not identified in data integrity validations, and that fall outside the scope of sections 7.6 (Corrections) and 6.4.3 (Deadline for Firm Initiated Corrections and Deletions) of the CAT Reporting Technical Specifications for Industry Members), does your firm self-report the issue identified via the Self-Reporting Erroneous Events form?
- ▶ Does your firm conduct periodic reviews of its compliance metrics (e.g., CAT Report Cards, error rates, CAT Compliance Thresholds)?
- ▶ Does your firm participate in testing related to the Central Repository, including any industry-wide disaster recovery testing following the schedule established under the CAT NMS Plan?

Findings and Effective Practices

Findings

- ▶ **Incomplete Submission of Reportable Events:** Failing to report certain Reportable Events, as defined by CAT, in a timely manner to the Central Repository (e.g., new order events, route events, execution events).
- ▶ **Failure to Repair Errors Timely:** Not repairing errors by the T+3 correction deadline.
- ▶ **Failure to Submit Corrections:** Not submitting corrections for previously inaccurately reported data, including data that did not generate error feedback from CAT.
- ▶ **Inaccurate or Incomplete Reporting of CAT Orders:** Submitting information that was incorrect, incomplete or both to the Central Repository, including but not limited to Event Timestamp, Event Type Code, Time in Force, Account Holder Type, Handling Instructions, Trading Session ID and Firm Designated ID (FDID).
- ▶ **Unreasonable Vendor Supervision:** Not establishing and maintaining reasonable WSPs or supervisory controls regarding both CAT reporting and clock synchronization that are performed by third-party vendors.
- ▶ **Recordkeeping:** Not maintaining or providing to regulators upon request, data reported to CAT, including but not limited to Time in Force (TIF), Customer Handling Instructions, Department Type, Trading Session, Firm Designated ID, Order ID and Route Destination.

Effective Practices

- ▶ **Mapping Internal Records to CAT-Reported Data:** Maintaining a "map" that shows how the firm's internal records and blotters correspond to various fields reported to CAT.
- ▶ **Archiving CAT Feedback:** Archiving CAT feedback within a 90-day window so that firms can submit corrections, if necessary.
- ▶ **CAT Supervision:** Implementing WSPs requiring a comparative review of CAT submissions versus firm order and trade records (including for firms that rely on third-party submitters), conducting a daily review of the CAT Reporter Portal, regardless of the error rate percentage; utilizing CAT Report Cards and CAT FAQs to design an effective and reasonable supervision process; and, when relying on a CAT reporting agent, maintaining a written agreement that specifies the respective functions and responsibilities for exception management and error correction.
- ▶ **CAT Clock Synchronization:** When relying on third-party non-broker-dealer vendors for synchronization of business clocks, obtaining synchronization logs daily from such parties and reviewing them to ensure that the clock drifts are within acceptable thresholds (i.e., 50 milliseconds).³²
- ▶ **Customer and Account Information System (CAIS) Supervision:** Establishing reasonable supervisory processes and procedures that address, for example:
 - monitoring both CAIS Reporter Portal and CAIS notifications for data formatting and inconsistencies;
 - monitoring that customer and account information is reported in an appropriately secure manner pursuant to CAT reporting requirements (e.g., customer input identifiers are not submitted to CAT or CAIS unless they have been properly transformed into a "hashed" Transformed Input ID (TID) prior to submission, customer account identifiers (FDIDs) do not reflect actual account numbers);

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- confirming that CAIS data is consistent with prior submissions for the same customer; and
- repairing CAIS inconsistencies within the required time period (i.e., no later than 5 p.m. ET on the third CAT Trading Day after the Customer or Account Information became available to the firm).

CAIS Reporting Deadline Extension

- ▶ In August 2023, CAT NMS announced revised CAIS reporting deadlines of May 24, 2024, for Interim Reporting Obligation 4; and May 31, 2024, for Full CAIS Compliance.
- ▶ Firms can find updates and additional information related to the CAIS reporting and compliance schedule on the [CAT NMS Plan website](#).
- ▶ **Self-Reporting:** Self-reporting CAT reporting issues when your firm discovers them via the [FINRA CAT Self-Reporting Erroneous Events Form](#) or through the FINRA CAT Help Desk.

Additional Resources

- ▶ [Consolidated Audit Trail \(CAT\) Key Topics Page](#)
- ▶ [CAT NMS Plan Website](#)
- ▶ **Regulatory Notices**
 - [Regulatory Notice 21-21](#) (FINRA Eliminates the Order Audit Trail System (OATS) Rules)
 - [Regulatory Notice 20-41](#) (FINRA Amends Its Equity Trade Reporting Rules Relating to Timestamp Granularity)
 - [Regulatory Notice 20-31](#) (FINRA Reminds Firms of Their Supervisory Responsibilities Relating to CAT)
 - [Regulatory Notice 20-20](#) (FINRA Provides Updates on Regulatory Coordination Concerning CAT Reporting Compliance)
 - [Regulatory Notice 19-19](#) (FINRA Reminds Firms to Register for CAT Reporting by June 27, 2019)
 - [Regulatory Notice 17-02](#) (The National Securities Exchanges and FINRA Issue Joint Guidance on Clock Synchronization and Certification Requirements Under the CAT NMS Plan)
- ▶ [CAT NMS Clock Synchronization](#)

SEC Establishes T+1 Settlement Date

- ▶ On February 15, 2023, the [SEC adopted rule changes](#) to shorten the standard settlement cycle for most broker-dealer transactions from two business days after the trade date (T+2) to one business day after the trade date (T+1). The SEC set May 28, 2024, as the compliance date for the rule changes.
- ▶ May 28, 2024, also will be the date for firms to begin to comply with [updates to FINRA rules](#) conforming to the T+1 settlement cycle.
- ▶ The move to T+1 has implications for compliance with numerous rules and regulations, including, but not limited to, Regulation SHO, SEC financial responsibility rules, the payment period for purchases under Regulation T, FINRA rules related to clearly erroneous transactions, FINRA's Uniform Practice Code (UPC) and recordkeeping requirements.
- ▶ FINRA encourages all member firms to review closely the rule changes related to the move to the T+1 settlement cycle and to take all necessary steps—technological or otherwise—to ensure they are prepared to comply with all applicable rule changes on May 28, 2024.
- ▶ For additional guidance related to Regulation T and extension of time requests under Exchange Act Rule 15c3-3 under T+1, please see [Regulatory Notice 23-15](#) (Regulation T and SEA Rule 15c3-3 Extension of Time Requests Under a T+1 Settlement Cycle).

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¹ FINRA, 2024 FINRA Annual Regulatory Oversight Report, 2024, p.59, 60, 61

¹FINRA Annual Regulatory Oversight Report | January 2025

MARKET INTEGRITY | CONSOLIDATED AUDIT TRAIL (CAT)

Market Integrity

Consolidated Audit Trail (CAT)

Regulatory Obligations

FINRA and the national securities exchanges have adopted rules requiring their members to comply with SEA Rule 613 and the CAT NMS Plan, which cover reporting to the CAT; clock synchronization; time stamps; connectivity and data transmission; development and testing; recordkeeping; and timeliness, accuracy and completeness of data requirements.

Regulatory Notice 20-31 (FINRA Reminds Firms of Their Supervisory Responsibilities Relating to CAT) notes that firms' WSPs also must be reasonably designed to ensure that the data reported by them or on their behalf is transmitted in a timely fashion and that it is complete and accurate.

Findings and Effective Practices

Findings

- ▶ **Incomplete Submission of Reportable Events:** Failing to report certain Reportable Events, as defined by CAT, in a timely manner to the Central Repository (e.g., new order events, route events, execution events).
- ▶ **Failure to Repair Errors Timely:** Not repairing errors by the T+3 correction deadline.
- ▶ **Failure to Submit Corrections:** Not submitting corrections for previously inaccurately reported data, including data that did not generate error feedback from CAT.
- ▶ **Inaccurate or Incomplete Reporting of CAT Orders:** Submitting information that was incorrect, incomplete or both to the Central Repository.
- ▶ **Unreasonable Supervision:**
 - Not establishing and maintaining reasonable WSPs or supervisory controls regarding CAT reporting and clock synchronization that are performed by the firm, third-party vendors, or both.
 - Not implementing an accuracy review (as described in [Regulatory Notice 20-31](#) (FINRA Reminds Firms of Their Supervisory Responsibilities Relating to CAT)).
 - Not using a reasonable sample size when selecting firm CAT reports for review.
 - Not supervising Reporting Agents that report to CAT on the firm's behalf.
 - Not promptly remediating CAT reporting issues when brought to the firm's attention either through its own reviews or regulatory inquiries from FINRA.
- ▶ **Recordkeeping:** Not maintaining underlying books and records to support transactional data reported to CAT.

Effective Practices

- ▶ **Mapping Internal Records to CAT-Reported Data:** Maintaining a "map" that shows how the firm's internal records and blotters correspond to various fields reported to CAT.
- ▶ **Archiving CAT Feedback:** Archiving CAT feedback within a 90-day window so that firms can submit corrections, if necessary.
- ▶ **CAT Supervision:** Implementing WSPs requiring a comparative review of CAT submissions versus firm order and trade records (including for firms that rely on third-party submitters), conducting a daily review of the CAT Reporter Portal, regardless of the error rate percentage; utilizing CAT Report Cards and CAT FAQs to design an effective and reasonable supervision process; and, when relying on a CAT reporting agent, maintaining a written agreement that specifies the respective functions and responsibilities for exception management and error correction.

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- ▶ **CAT Clock Synchronization:** When relying on third-party, non-broker-dealer vendors for synchronization of business clocks, obtaining synchronization logs daily from such parties and reviewing them to ensure that the clock drifts are within acceptable thresholds (i.e., 50 milliseconds).⁴⁴
- ▶ **Customer and Account Information System (CAIS) Supervision:** Establishing reasonable supervisory processes and procedures that address, for example:
 - monitoring both the CAIS Reporter Portal and CAIS notifications for data formatting and inconsistencies;
 - monitoring that customer and account information is reported in an appropriately secure manner pursuant to CAT reporting requirements (e.g., customer input identifiers are not submitted to CAT or CAIS unless they have been properly transformed into a "hashed" Transformed Input ID (TID) prior to submission; customer account identifiers (FDIDs) do not reflect actual account numbers);
 - confirming that CAIS data is consistent with prior submissions for the same customer; and
 - repairing CAIS inconsistencies within the required time period (i.e., no later than 5 p.m. ET on the third CAT Trading Day after the Customer or Account Information became available to the firm).
- ▶ **Self-Reporting:** When your firm discovers CAT reporting issues, self-reporting them via the appropriate form (available in the [Forms](#) section of the [CAT NMS Plan website](#)) or through the FINRA CAT Help Desk.

CAIS Reporting Obligations (Updated for 2025)

- ▶ As of May 31, 2024, all Industry Members (Large and Small) must be fully compliant with the CAIS reporting obligations set forth in the [CAT Reporting Customer and Account Technical Specifications for Industry Members-Full CAIS](#).
- ▶ Firms can find the latest updates and additional information related to CAIS reporting and the compliance schedule on the [CAT NMS Plan website](#).

Additional Resources

- ▶ FINRA
 - [Consolidated Audit Trail \(CAT\) Key Topics Page](#)
 - [Regulatory Notices](#)
 - [Regulatory Notice 20-41](#) (FINRA Amends Its Equity Trade Reporting Rules Relating to Timestamp Granularity)
 - [Regulatory Notice 20-31](#) (FINRA Reminds Firms of Their Supervisory Responsibilities Relating to CAT)
 - [Regulatory Notice 17-09](#) (The National Securities Exchanges and FINRA Issue Joint Guidance on Clock Synchronization and Certification Requirements Under the CAT NMS Plan)
- ▶ [CAT NMS Plan Website](#)
- ▶ [CAT NMS Clock Synchronization](#)

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¹ FINRA, 2025 FINRA Annual Regulatory Oversight Report, 2025, p.51, 52, 53



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