

MEMO# 33750

September 1, 2021

ICI Files Comment Letter to SEC on Consolidated Audit Trail Funding Model

[33750]

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TO: ICI Members
Chief Information Security Officer Committee
Equity Markets Advisory Committee
ETF (Exchange-Traded Funds) Committee
Technology Committee SUBJECTS: Exchange-Traded Funds (ETFs)
Trading and Markets RE: ICI Files Comment Letter to SEC on Consolidated Audit Trail Funding Model

ICI has filed a comment letter with the SEC on the proposed amendment to the Consolidated Audit Trail National Market System Plan ("CAT NMS Plan") to revise the CAT funding model.[\[1\]](#) ICI recommends that the SEC disapprove the proposed amendment and encourage the SROs to work with Industry Members, i.e., broker-dealers, and other non-SRO participants to devise an alternative funding approach that is more fair and equitable. ICI's letter is attached and summarized below.

ICI's comment letter:

- expresses concern that the proposed message-based cost allocation methodology, which also requires Industry Members to assume a significantly larger burden of the CAT's costs, may harm overall market quality and liquidity for all NMS securities, including ETFs; and
- strongly recommends that the Commission amend the CAT NMS Plan to include non-SRO representation on the CAT Operating Committee, such as representatives of registered funds. This would provide a more meaningful opportunity for non-SRO market participants to provide input into how the CAT is administered.

Nhan Nguyen
Assistant General Counsel, Securities Regulation

endnotes

[1] Joint Industry Plan; Order Instituting Proceedings to Determine Whether to Approve or Disapprove an Amendment to the National Market System Plan Governing the Consolidated Audit Trail, Release No. 34-92451, 86 Fed. Reg 40114 (July 26, 2021); Joint Industry Plan; Notice of Filing of Amendment to the National Market System Plan Governing the Consolidated Audit Trail by BOX Exchange LLC; Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe C2 Exchange, Inc. and Cboe Exchange, Inc., Financial Industry Regulatory Authority, Inc., Investors Exchange LLC, Long-Term Stock Exchange, Inc., Miami International Securities Exchange LLC, MEMX, LLC, MIAX Emerald, LLC, MIAX PEARL, LLC, Nasdaq BX, Inc., Nasdaq GEMX, LLC, Nasdaq ISE, LLC, Nasdaq MRX, LLC, Nasdaq PHLX LLC, The NASDAQ Stock Market LLC; and New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., NYSE Chicago, Inc., and NYSE National, Inc., Release No. 34-91555, 86 Fed. Reg. 21050 (Apr. 21, 2021) ("Proposed Amendment"), available at <https://www.govinfo.gov/content/pkg/FR-2021-04-21/pdf/2021-08049.pdf>.

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