to the Commission’s issuance of the Phase Three Extension Order, FIF and SIFMA requested a permanent exemption or alternatively a five year deferment of the compliance date for Phase Three.\(^5\) In the Phase Three Extension Order, the Commission provided a two year exemption, until November 1, 2017. At that time, the Commission stated its belief that “two years will give the Commission enough time to evaluate future developments, including any investment in or progress on a CAT.” Further, FIF and SIFMA now have requested a permanent exemption, or alternatively a three or five year deferment of the compliance date for Phase Three.\(^4\) The Commission believes at this time that an extension to November 15, 2018 responds to requests from FIF and SIFMA to extend the Phase Three compliance date, but having a short exemption instead will allow broker-dealers to focus on implementing the CAT in the near term and will allow the Commission to revisit the implementation of Phase Three as it evaluates future developments during this period, including progress in implementing the CAT.\(^5\) During that time, the Commission will consider progress in implementing the CAT as it determines implementation of Phase Three.

Accordingly, the Commission finds that it is consistent with the purposes of the Exchange Act to extend the compliance date for Phase Three by temporarily exempting broker-dealers until November 15, 2018 from compliance with specified provisions of the Rule. Thus, the Recordkeeping and Reporting Responsibilities under Rule 13h–1 will continue to apply with respect to: (1) The clearing broker-dealer for a large trader, with respect to (a) proprietary transactions by a large trader broker-dealer; (b) transactions effected pursuant to a “sponsored access” arrangement; and (c) transactions executed pursuant to a “direct market access” arrangement; and, for other types of transactions, (2) broker-dealers that carry an account for a large trader for Transaction Data other than execution time.

IV. Conclusion

It is hereby ordered, pursuant to Section 13(h)(6) of the Exchange Act and Rule 13h–1(g) thereunder, that broker-dealers are exempted temporarily until November 15, 2018 from the recordkeeping and reporting requirements of Rule 13h–1(d) and (e) except for: (1) Clearing broker-dealers for large traders with respect to (a) proprietary transactions by a large trader broker-dealer, (b) transactions executed pursuant to a “sponsored access” arrangement, and (c) transactions executed pursuant to a “direct market access” arrangement; and, for other types of transactions, (2) broker-dealers that carry an account for a large trader for Transaction Data other than execution time.

By the Commission.

Jill M. Peterson,
Assistant Secretary.

\[^5\] The Commission notes that November 15, 2018 currently is the date by which large industry SRO members are required to begin reporting to the CAT central repository. See CAT NMS Plan Order, supra note 8, at Ex. A, Sec. 6.7(a)(v), 81 FR at 84963.

\[^4\] See supra note 7 (citing to the SIFMA and FIF letters).


