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July 13, 2023

Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE.,
Washington, DC 20549

Re: *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; File No. 4-698*

Dear Ms. Countryman:

DASH Financial Technologies ("DASH") is writing to the U.S. Securities and Exchange Commission (the "Commission") to respectfully reiterate our concerns with the revised funding model (the "Funding Proposal") for the consolidated audit trail ("CAT NMS Plan" or "Plan") based on the request for comments in the order instituting proceedings submitted by the Commission on June 16, 2023¹. Our team's original concerns regarding the operational and competitive burdens this Proposal will cause Broker-Dealers, as well as the industry-wide invoicing inefficiencies this will present, are unchanged.²

Executing Brokers should not be required to act as collection intermediaries for this Regulatory Fee on behalf of Industry Members. Respectfully, we do not agree that "charging the CAT Executing Broker is simple and straightforward and leverages a one-to-one relationship between billable events (trades) and billable parties."³ In our opinion, this statement more accurately describes the options Clearing Firm (or Giveup Firm). As such, billing the CAT Executing Brokers as currently defined in the revised model remains an unproductive exercise that inordinately burdens the subset of Broker-Dealers in the industry which serve as exchange members. There is ample precedent to follow with other Regulatory Fees, such as ORF and OCC, to streamline the workflow and reduce the number of counterparties involved in the payment/collection process.

Interestingly, the Option Regulatory Fee (ORF) and Section 31 fee are cited as examples of Regulatory Fees which bill subsets of Broker-Dealers in which the billed Broker-Dealers "have established processes with regard to the pass-through of such fees."⁴ However, it should be noted that the operational paths, defining which subset of Broker-Dealers are actually assessed these Regulatory Fees, have been omitted. To be clear, in the options industry, ORF and Section 31 fees are not consistently billed to the exchange facing member; in fact, most of the time, these fees follow the Clearing Firm associated with the order. This is not consistent with the proposed CAT Executing Broker concept. Given this precedent, Clearing Firms are still best suited to process the collection of fees as it can occur at trade settlement and the cost is ultimately borne by the end beneficiary of each transaction. This seems prudent from a logistical perspective and offers synergies by tying into processes and systems already in place to support such billing workflows at the Clearing Firm level.

Furthermore, the newly established concept of a CAT Executing Broker does not appear to be universally defined or accepted by Option Industry Members or Participants. This alone is not inconceivable, given that options clearing is multi-dimensional and Transaction/Regulatory Fees can be attributed through various mechanics. While the operational criterion has been defined via the Participant Technical Specifications as to whom the CAT Executing Broker may be⁵, when discussing the usage of the field vs. the attribution of the value, the responses across the industry were not consistent with the definition of a CAT Executing Broker noted within the revised proposal. The lack of uniformity in responses should be a cause for reflection to ensure the industry is indeed on the most effective path to assess CAT Fees under the currently supported infrastructure across Industry Members.

The Executed Share Model affords the industry with a straightforward rate to be applied across buyers and sellers. The process of charging this rate should take place at settlement, by the ultimate clearing firm, aligned with the operational attributes of the Regulatory Fees discussed. This provides the most transparency to the end beneficiary of the transaction and takes advantage of efficiencies already in place today.

In conclusion, we strongly object to the suggested mechanics of the revised funding model and believe the impact this proposed model will have on Executing Brokers will cause significant strain on an otherwise effective process in place today. DASH strongly suggests that the Commission considers the structures already in place for Regulatory Fees and the effectiveness of the payment mechanics. Furthermore, DASH welcomes the opportunity to be actively involved in SRO/Participant conversations and advisory committees on this topic as there has been little meaningful industry collaboration with Executing Brokers thus far.

Sincerely,



Timothy Miller
Chief Operating Officer
DASH Financial Technologies LLC

¹ See Release No. 34-97750 (June 16, 2023), 88 FR 17086 (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).

² DASH Financial Technologies Comment Letter January 3, 2023 (Notice of Filing of Amendment to the National Market System Plan Governing the Consolidated Audit Trail regarding CAT Funding Model; File No. 4-698)

³ See Release No. 34-97750 (June 16, 2023), 88 FR 41142 (June 23, 2023), page 59.

⁴ See Release No. 34-97750 (June 16, 2023), 88 FR 41142 (June 23, 2023), page 58.

⁵ See Release No. 34-97750 (June 16, 2023), 88 FR 41142 (June 23, 2023), page 8.