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July 1, 2024

Ms. Vanessa A. Countryman Secretary
Securities and Exchange Commission 100
F Street NE
Washington, DC 20549-1090

Re: Joint Industry Plan; Filing of Amendment to the National Market System Plan Governing the Consolidated Audit Trail Regarding Cost Savings Measures, File No. 4-698

Dear Ms. Countryman:

The current and projected costs of the Consolidated Audit Trail (“CAT”) are unsustainable and must be rationalized. The proposed amendments filed by the Consolidated Audit Trail, LLC (“CAT LLC), on behalf of Nasdaq on other self-regulatory organizations are prudent, measured and incremental measures that will save the industry and investors millions of dollars while preserving the substantial regulatory benefits that all regulators desire from the CAT. Nasdaq respectfully urges the Commission to approve the proposed amendments immediately and prevent further delay of the potential savings.

The CAT LLC submitted the Cost Savings Amendments on March 27, 2024, which was published in the Federal Register on April 16, 2024.¹ Pursuant to statutory guidelines, within 90 days of publication, the Commission is required to approve or disapprove the Cost Savings Amendments or institute proceedings to determine whether the amendment should be disapproved.² For the reasons discussed below, Nasdaq respectfully urges the Commission to approve the Cost Savings Amendments as quickly as possible to minimize any further delays in future cost-saving measures.

The Proposal Will Result in Significant Cost Savings. The Cost Savings Amendments are aimed at optimizing the processing and storage requirements for Options Market Maker³ quotes in Listed Options⁴ (“Options Market Maker Quotes”). These quotes are the single largest data source for the CAT

¹ See Securities Exchange Act Release No. 99938 (April 16, 2024), 89 FR 26983 (April 10, 2024) (“Cost Savings Amendments Notice”).

² See 17 CFR 242.608(b)(2)(i).

³ Section 1.1 of the CAT NMS Plan defines an “Options Market Maker” as “a broker-dealer registered with an exchange for the purpose of making markets in options contracts on the exchange.”

⁴ Section 1.1 of the CAT NMS Plan defines a “Listed Option” as having “the meaning set forth in Rule 600(b)(35) of Regulation NMS.” Rule 600(b)(35) has since been redesignated as Rule 600(b)(43), which defines a “Listed Option” as “any option traded on a registered national securities exchange or automated facility of a national securities association.”

and the cost impact of storing and processing Options Market Maker Quotes remains a significant percentage of overall CAT costs.⁵ The CAT is expected to save approximately \$20 million related to options quotes if this proposed amendment is adopted. Two other changes are included in the proposed cost savings amendment, \$1 million to move unprocessed and interim operational data older than 15 days to a more cost-effective storage tier, and \$2 by changing the availability of the interim CAT-Order-ID from a daily basis to an as requested basis. In total, the Cost Savings Amendments will lower the CAT costs by approximately \$23 million per year.

Limited Impact on Regulatory Usage or to Industry Members. As discussed in the Proposal, the amendments will significantly reduce CAT costs and have minimal impact on regulatory usage and market participants. Moreover, Participants believe that the expected savings associated with the Proposal substantially outweigh the minimal regulatory impact of the proposed changes. Given the limited impact, Nasdaq strongly encourages the Commission to move quickly in taking action on the Proposal. The Participants believe that the anticipated savings associated with these proposed amendments will substantially outweigh the minimal regulatory impact.

Industry Members Support Approval. Reducing the escalating CAT fees is critical to both Industry Members and Participants. While the Securities Industry and Financial Markets Association (“SIFMA”) urges Participants to seek more extensive cost saving measures, SIFMA is in full support of the proposed Cost Savings Amendments and recommends that the Commission approve the Proposal.⁶ Similarly, the Financial Information Forum (“FIF”) supports the Participants’ first steps in aiming to manage and reduce CAT operating costs.⁷

Similar to SIFMA and FIF, Nasdaq believes that reducing CAT costs requires more work and exploration of other methods. This Cost Savings Amendment is the beginning of what Nasdaq expects will be a range of strategies to lessen the increasing costs. The substantial savings that would result from modifications to CAT and the Plan requirements would benefit all participants in the markets for NMS Securities and OTC Equity Securities, including Participants, Industry Members, and most importantly, investors.

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⁵ Cost Savings Amendments at 26984. The cost of Options Market Maker Quotes on the CAT would be reduced by approximately 84 percent.

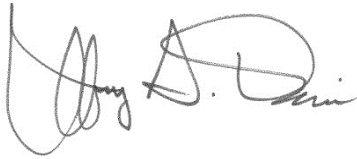
⁶ See Letter from the Securities Industry and Financial Markets Association, (May 31, 2024) available at <https://www.sec.gov/comments/4-698/4698-479631-1372454.pdf>.

⁷ See Letter from the Securities Industry and Financial Markets Association, (May 7, 2024) available at <https://www.sec.gov/comments/4-698/4698-467591-1256394.pdf>.

As discussed above, Nasdaq strongly encourages the Commission to not delay its approval of the Cost Savings Amendments. The proposed amendments will provide substantial savings in CAT costs while providing minimal impact on the regulatory use of CAT Data. The proposed changes have no impact to Industry Members. Nasdaq, along with the other Participants have met with most of the Commissioners and their staff to convey the importance of providing immediate cost savings relief to market participants by expeditiously approving the proposed Cost Savings Amendments. Participants are proposing these changes as a first step in their efforts to reduce CAT costs while exploring further cost-saving measures.

If you have any questions regarding these comments, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey S. Davis". The signature is fluid and cursive, with the first name "Jeffrey" being more prominent and the last name "Davis" following in a similar style.

Jeffrey S. Davis
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