

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-100627; File No. SR-FINRA-2024-003)

July 31, 2024

Self-Regulatory Organizations; Financial Industry Regulatory Authority; Notice of Designation of Longer Period for Commission Action on Proceedings to Determine Whether to Approve or Disapprove Proposed Rule Change to Establish Fees for Industry Members Related to Certain Historical Costs of the National Market System Plan Governing the Consolidated Audit Trail

On January 2, 2024, the Financial Industry Regulatory Authority filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change³ to establish fees for Industry Members⁴ related to certain historical costs of the National Market System Plan Governing the Consolidated Audit Trail (“CAT NMS Plan”).⁵ The proposed rule change was immediately effective upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act.⁶ On February 13, 2024, the proposed rule change was published in the Federal Register and the Commission temporarily suspended and instituted proceedings to determine whether to

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 99372 (January 17, 2024), 89 FR 11153 (February 13, 2024).

⁴ The CAT NMS Plan defines “Industry Member” as “a member of a national securities exchange or a member of a national securities association.” See CAT NMS Plan, infra note 5, at Section 1.1.

⁵ Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth in the CAT NMS Plan. The CAT NMS Plan is a national market system plan approved by the Commission pursuant to Section 11A of the Act and the rules and regulations thereunder. See Securities Exchange Act Release No. 79318 (November 15, 2016), 81 FR 84696 (November 23, 2016). The CAT NMS Plan functions as the limited liability company agreement of the jointly owned limited liability company formed under Delaware state law through which the Participants conduct the activities of the CAT (“Company”). On August 29, 2019, the Participants replaced the CAT NMS Plan in its entirety with the limited liability company agreement of a new limited liability company named Consolidated Audit Trail, LLC, which became the Company. See Securities Exchange Act Release No. 87149 (September 27, 2019), 84 FR 52905 (October 3, 2019).

⁶ 15 U.S.C. 78s(b)(3)(A). A proposed rule change may take effect upon filing with the Commission if it is designated by the exchange as “establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization.” 15 U.S.C. 78s(b)(3)(A)(ii).

approve or disapprove the proposed rule change.⁷ The Commission received four comments on the proposed rule change.⁸

Section 19(b)(2) of the Act⁹ provides that, after instituting proceedings, the Commission shall issue an order approving or disapproving a proposed rule change not later than 180 days after the date of publication of notice of filing of the proposed rule change.¹⁰ The Commission may, however, extend the period for issuing an order approving or disapproving the proposed rule change by not more than 60 days if the Commission determines that a longer period is appropriate and publishes the reasons for such determination.¹¹ The 180th day for the proposed rule change is August 11, 2024.

The Commission is extending the 180-day time period for Commission action on the proposed rule change. The Commission finds it appropriate to designate a longer period within which to issue an order approving or disapproving the proposed rule change so that it has sufficient time to consider the proposed rule change.

⁷ See supra note 3.

⁸ See letters from: Howard Meyerson, Managing Director, Financial Information Forum, to Vanessa Countryman, Secretary, Commission, dated March 4, 2024; Thomas M. Merritt, Deputy General Counsel, Virtu Financial, Inc., to Vanessa Countryman, Secretary, Commission, dated March 5, 2024; Stephen John Berger, Managing Director, Global Head of Government & Regulatory Policy, Citadel Securities, to Vanessa Countryman, Secretary, Commission, dated March 5, 2024; and Joanna Mallers, Secretary, FIA Principal Traders Group, to Vanessa Countryman, Secretary, Commission, dated March 9, 2024.

⁹ 15 U.S.C 78s(b)(2).

¹⁰ 15 U.S.C. 78s(b)(2)(B)(ii)(I).

¹¹ 15 U.S.C. 78s(b)(2)(B)(ii)(II)(aa).

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,¹² designates October 10, 2024 as the date by which the Commission shall either approve or disapprove the proposed rule change (File No. SR-FINRA-2024-003).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Sherry R. Haywood,

Assistant Secretary.

¹² 15 U.S.C. 78s(b)(2).

¹³ 17 CFR 200.30-3(a)(57).