EXECUTE SUCCESS℠

CBOE Regulatory Circular RG13-032
C2 Regulatory Circular RG13-010

DATE: **February 25, 2013**

To: CBOE, C2 and CBSX Trading Permit Holders
From: Regulatory Services Division
RE: SROs Announce Formation of CAT Development Advisory Group

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The national securities exchanges and FINRA (collectively the SROs) are pleased to announce the formation of the Development Advisory Group to advise the SROs in creating and implementing a consolidated audit trail (CAT).

The role of the CAT Development Advisory Group will be to advise the SROs on various aspects of the CAT including impact upon CAT participant firms and the broader industry. The Development Advisory Group sessions will be convened periodically at the direction of the SROs and will focus on specific CAT-related topics. The SROs will look to the Development Advisory Group for input on, among other things, the technical and operational solutions that will be included in the NMS Plan to be submitted to the Securities and Exchange Commission by the SROs pursuant to Rule 613. The Development Advisory Group will serve in an advisory capacity only.

The SROs will identify up to nine individual firms to serve on the Development Advisory Group, as well as three industry trade organizations (FIF, SIFMA and STA). Each participating firm or organization will be able to send one representative to the Development Advisory Group.

The SROs encourage broker-dealers of all sizes to submit requests to join the CAT Development Advisory Group by sending an email to feedback@catnmsplan.com no later than **Friday, March 8, 2013**. The SROs will select Development Advisory Group participants from a range of business and operating models in order to obtain a diversity of industry input into the development of the CAT. Industry vendors that transmit or report transaction data on behalf of broker-dealers are also encouraged to submit requests to participate in the Development Advisory Group. Firms submitting an Intent to Bid form for the RFP will not be considered for Development Advisory Group membership.

When submitting a request to join, please include the following information, where applicable:

- Firm name
- Number of registered representatives
- Approximate number of retail customer accounts
- Approximate number of institutional customer accounts

- Is the firm approved by a national securities exchange to: (a) effect transactions on the trading floor of such exchange as a specialist, market maker or floor broker; or (b) act as an institutional broker on such exchange?
- Does the firm have proprietary trading operations?
- Is the firm a clearing or self-clearing firm?
- Does the firm transmit or report transaction data on behalf of other broker-dealers?

The final composition of the Development Advisory Group will depend on the number of applications received. The SROs will select organizations to serve as members of the group based on the SROs' obligations under Rule 613 and with the goal of optimizing effective input from the industry on the development of the CAT.

Please note that the CAT Development Advisory Group is not related to the Advisory Committee mandated by Rule 613. The Advisory Committee will be formed once the NMS Plan is in effect. Selection to the Development Advisory Group is not indicative of selection to the Advisory Committee.

The SROs have compiled a list of proposed topics that may be discussed at Development Advisory Group sessions. Industry participants are encouraged to suggest additional topics for discussion. Depending on the topics to be discussed at a particular Development Advisory Group session, the SROs will identify and contact those Development Advisory Group members that they would like to participate.

Proposed Topics
Sections of NMS Plan for Public Comment in March
Customer ID
Order Scenarios (including equity and option)
CAT Reporter ID
Sub-Account Allocations
Conflicts of Interest
Funding Alternatives
CAT Industry Impact
Overall CAT Structure

Participation in the Development Advisory Group may require a significant time commitment, including regular participation in meetings and review of associated materials. It is envisioned that most Development Advisory Group sessions will be conducted via conference call, but in the event of an in-person session, Development Advisory Group participants should not expect the SROs to reimburse expenses associated with travel

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Any questions regarding this circular may be directed to the Regulatory Interpretations and Guidance team by telephone at (312) 786-8141 or by email at RegInterps@cboe.com.