

# FINANCIAL INFORMATION FORUM

July 21, 2025

**By electronic mail to PaperworkReductionAct@sec.gov**

Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090  
Attn: Austin Gerig, Director/Chief Data Officer

**Re: Proposed Collection; Comment Request; Extension: Rule 17a-25**

Dear Mr. Gerig,

The Financial Information Forum (“FIF”)<sup>1</sup> appreciates the opportunity to comment on the May 16, 2025 request for comment by the Securities and Exchange Commission (the “Commission”) on the proposed collection of information provided for pursuant to Rule 17a-25 under the Securities Exchange Act of 1934 (the “request for comment”).<sup>2</sup> The request for comment was published in the Federal Register on May 21, 2025.<sup>3</sup> In the request for comment, the Commission provides that “... Rule 17a-25(c) requires broker-dealers to submit, and keep current, contact person information for electronic blue sheets (“EBS”) requests.”<sup>4</sup>

The following are key points discussed in this letter:

- The EBS system must be retired because of its dangerous lack of security (any references to “EBS” in this letter refer to EBS for equities and options, except where otherwise expressly indicated). Customer personally-identifiable information (“PII”) is transmitted to EBS unencrypted. EBS poses far more risk to investors than the same data collected by the consolidated audit trail (“CAT”).

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<sup>1</sup> FIF ([www.fif.com](http://www.fif.com)) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the securities industry across the order lifecycle. Our participants include broker-dealers, exchanges, back office service bureaus, and market data, regulatory reporting and other technology vendors in the securities industry. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes. This is a [list of FIF members](#).

<sup>2</sup> OMB Control No. 3235-0540, 90 FR 21814 (May 21, 2025).

<sup>3</sup> Ibid.

<sup>4</sup> Id. at 90 FR 21814.

- The EBS system is antiquated, obsolete and duplicative of CAT. The format, scope and usability of the transactional data in CAT is far superior to EBS.
- EBS cannot be used to append customer information to CAT transactional data and should be replaced with a “request and response” system that can perform this function.
- This request and response system would incorporate the data structure of the CAT Customer and Account Information System (“CAIS”), which is far superior to the data structure of EBS. For example, EBS only allows one customer (i.e., natural person or legal entity) to be associated to an account, while the CAIS record format allows multiple customers to be associated to an account (for example, a beneficial holder and an investment adviser).

This letter provides background on Rule 17a-25 and then responds to each of the four topics for comment set forth in the request for comment.

### ***Background on Rule 17a-25***

Rule 17a-25(a)(1) requires every broker-dealer to submit to the Commission upon request specified information relating to securities transactions.<sup>5</sup> If the broker-dealer traded on behalf of a customer, Rule 17a-25(a)(2) also requires that the broker-dealer report specified customer information, including the customer’s name, address and tax identification number.<sup>6</sup> Rule 17a-25 further requires every broker-dealer to record and maintain the information that is subject to reporting pursuant to Rule 17a-25.<sup>7</sup> Rule 17a-25 also requires each broker-dealer to comply with the formatting requirements established by its designated self-regulatory organization for responding to Rule 17a-25 requests.<sup>8</sup> Pursuant to Rule 17a-25, FINRA has adopted EBS.<sup>9</sup>

#### **A. Whether the proposed collection of information is necessary for the proper performance of the functions of the SEC, including whether the information will have practical utility**

#### ***The Commission should amend the provisions of Rule 17a-25 that are duplicative of CAT***

With the CAT system now operational, certain provisions of Rule 17a-25 are duplicative of CAT with respect to transactions that are reported to CAT and these provisions should be amended accordingly. The collections under these provisions are not necessary for the proper performance of the functions of the Commission and have no practical utility because they are duplicative of CAT. Accordingly, the Commission should update Rule 17a-25 with respect to transactions that are reported to CAT to remove any duplicative requirements. These transactions are all transactions in equities and options from the date that CAT became operational.

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<sup>5</sup> 17 CFR §240.17a-25(a).

<sup>6</sup> 17 CFR §240.17a-25(a)(2).

<sup>7</sup> 17 CFR §240.17a-25(c).

<sup>8</sup> 17 CFR §240.17a-25(d).

<sup>9</sup> See, for example, FINRA Regulatory Notice 20-19 FINRA Regulatory Notice 20-19, Electronic Blue Sheet Submissions (June 23, 2020), available at <https://www.finra.org/sites/default/files/2020-06/Regulatory-Notice-20-19.pdf> (“FINRA Regulatory Notice 20-19”).

***The Commission should retire EBS as soon as possible with respect to transactions that are reported to CAT***

EBS should be retired as soon as possible for transactions that are reported to CAT because EBS is duplicative of CAT, is not necessary for the proper performance of the functions of the Commission, and has no practical utility.

***EBS contains large amounts of PII, including plaintext SSNs***

EBS contains large amounts of PII. The response to a single EBS request could contain tens or hundreds of thousands of plaintext SSNs. FIF members have been concerned for many years that the transmission of SSNs and account numbers through EBS in plaintext risks the unauthorized disclosure of personal data. FIF members also are not aware of any EBS controls to require the encrypted storage of SSNs and other PII. In addition, in contrast to CAT, which provides for separate reporting of transaction and customer data, the EBS system provides for the reporting of SSNs and other PII in association to specific transactions.

***Deficiencies of EBS***

There are two potential regulatory arguments for retaining EBS (in this letter, we are specifically focused on EBS for equities and options)<sup>10</sup>:

- Collection of transaction data
- Collection of customer and account data.

***Using EBS for collection of transaction data is fully duplicative of CAT***

Regarding the use of EBS for collection of transaction data:

- EBS transaction data is fully duplicative of CAT; all transaction data provided in response to EBS requests is already in CAT.
- When approving the CAT NMS Plan in 2016, the Commission made clear its understanding that EBS would be redundant of CAT for equities and options and should be retired for these two asset classes upon the CAT Transaction Reporting system becoming operational. Annex 1 to this letter provides an excerpt from the Commission's 2016 approval order in which the Commission discussed the expectation of EBS being retired upon CAT Transaction Reporting becoming operational.<sup>11</sup>

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<sup>10</sup> While this letter is focused on EBS for equities and options, the Commission, the SROs and broker-dealers should also consider potential approaches to modernize or replace EBS for other asset classes, such as fixed income.

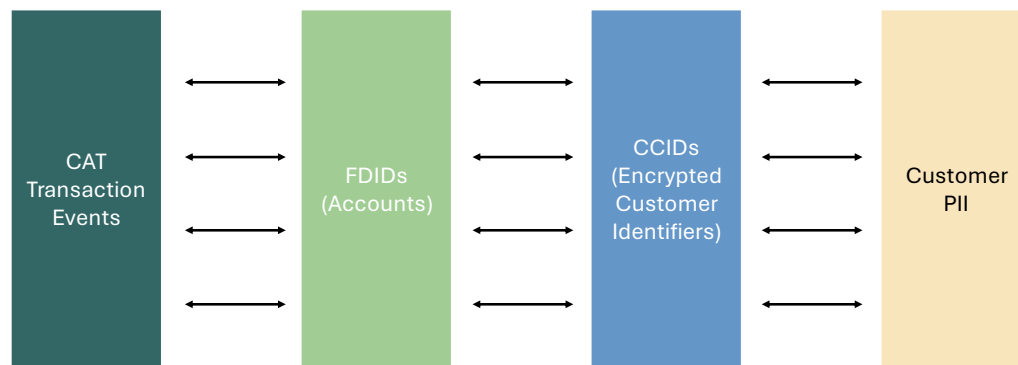
<sup>11</sup> While Annex 1 refers to amending Commission Rule 17a-25, EBS could be retired and replaced with a request and response system without amending Rule 17a-25. FIF members recommend as a separate initiative that the Commission amend Rule 17a-25 with respect to transactions that are reported to CAT to remove any duplicative requirements.

- The transaction data in EBS is far inferior to CAT; for example, CAT includes order events and trade executions, while EBS includes trade executions but does not include order events. In addition, CAT trade executions are linked to trades reported to the Trade Reporting Facilities and OTC Reporting Facility, while EBS does not provide this linkage.

***With CAT being operational, EBS is no longer useful for collecting customer and account data***

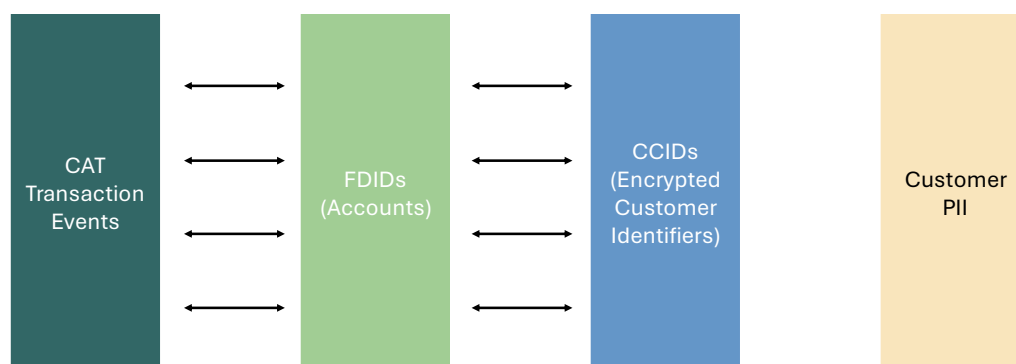
With CAT being operational, EBS is no longer useful for collecting customer and account data. Prior to the removal of PII from CAIS, the Commission and FINRA and the exchanges (the “SROs”) were able to access the CAIS system to link transaction data to customer PII. This is illustrated in Diagram 1.

## Diagram 1



With the removal of PII from CAIS, the Commission and the SROs can no longer access the CAIS system to link transaction data to customer PII. This is illustrated in Diagram 2.

## Diagram 2



With the removal of PII from CAIS, the Commission and the SROs must implement a process to link CCIDs (unique customer identifiers in CAT) to customer PII. Because EBS does not include FDIDs (unique account identifiers in CAT) or CCIDs, EBS is not the right solution for linking CCIDs to customer PII.

Regarding the use of EBS for collection of customer data:

- EBS does not contain FDIDs or CCIDs, so it cannot be used to link CAT transaction data to customer information. A request and response approach based on FDIDs, as discussed below, would achieve this objective that EBS cannot achieve.
- EBS is intended to be a transaction reporting system; EBS includes PII but is not intended to function as a database for customer information
- EBS provides for the plaintext transmission of SSNs and account numbers, as discussed above
- The PII transmitted to EBS in plaintext is associated to specific transactions
- FIF members are not aware of any controls for EBS to require the encrypted storage of SSNs and other PII
- FIF members are not aware of any controls for PII in EBS to be deleted after the closing of an investigation
- EBS queries are unstructured (i.e., sent by email); as a result, responding to EBS queries is manually intensive (notwithstanding the fact that EBS responses are structured)
- EBS does not take advantage of the structured PII data that broker-dealers now generate to comply with their CAIS reporting obligations
- The record format of EBS is inferior to the CAIS record format in many respects; for example, EBS only allows one customer (i.e., natural person or legal entity) to be associated to an

account,<sup>12</sup> while the CAIS record format allows multiple customers to be associated to an account (for example, a beneficial holder and an investment adviser).<sup>13</sup>

***The Commission should follow the same approach as was followed by FINRA in FINRA's retirement of the Order Audit Trail System***

Since EBS is duplicative of CAT and does not allow for linkage of FDIDs to customer PII, EBS should be retired. The Commission should follow the same approach as was followed by FINRA when FINRA retired the Order Audit Trail System, which was similarly duplicative of CAT.<sup>14</sup>

***Alternative proposed by FIF members***

Currently, the SROs send inquiries to broker-dealers where the requesting SRO specifies one or more FDIDs (obtained by the SRO from the CAT system) and requests that the broker-dealer provide the customer information associated to these FDIDs. These requests are targeted at obtaining customer information. In the immediate near-term, the SROs should continue to utilize this process to obtain customer information. If the Commission is currently using this process to obtain customer information, the Commission should continue to do so. If the Commission is not currently using this process, the Commission should commence doing so in place of sending EBS requests. Given the ability of the Commission and the SROs to send these requests for customer information, EBS is no longer necessary and should be retired.

The Commission and the SROs should look to enhance this current request and response process through establishing a standardized, published data format for responses and providing a secure means for broker-dealers to submit responses.

As a second phase, FIF members recommend that the Commission and the SROs implement a system whereby the Commission and the SROs could obtain, through a request and response approach, the data fields containing PII that are no longer reported to CAIS. These requests would be based on one or more FDIDs specified by the Commission or an SRO, as applicable. This type of system would address each of the deficiencies of EBS identified above. While there would be a cost to implement this type of system, these costs would be recovered over a short period of time through automation, increased clarity as to the data to be reported, and the ability for broker-dealers to rely on the systems and data structures that they have developed to enable CAIS reporting. These costs savings would then continue on an ongoing basis for the foreseeable future. FIF members would support the implementation of this type of system on an expedited basis.

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<sup>12</sup> See, for example, FINRA Regulatory Notice 20-19, at 9-10.

<sup>13</sup> See, for example, CAT Reporting Customer & Account Technical Specifications for Industry Members, Version 2.2.0 r3 (Mar. 25, 2025), available at [https://catnmsplan.com/sites/default/files/2025-03/03.25.25\\_Full\\_CAIS\\_Technical\\_Specifications\\_2.2.0\\_r3\\_CLEAN.pdf](https://catnmsplan.com/sites/default/files/2025-03/03.25.25_Full_CAIS_Technical_Specifications_2.2.0_r3_CLEAN.pdf), at 44-51.

<sup>14</sup> See, for example, Securities Exchange Act Release No. 92239 (June 23, 2021), 86 FR 34293 (Jun. 29, 2021).

FIF members believe that the requests in this system could be centralized through FINRA, as is the case with current EBS requests. FINRA could then forward the responses to the requesting party, which would be the Commission, FINRA or an exchange (as applicable).

As proposed:

- The responses by broker-dealers would include all customer information for an FDID for the applicable historical period being requested by the Commission or SRO
- A request identifier would be associated to each request
- FINRA would provide a secure method for broker-dealers to respond to these requests
- The data elements and format for these responses would be based on the current CAIS data elements and format, including data elements that include PII
- The requested data would not be centrally stored by FINRA or any other party but would be delivered to the requesting party (the Commission or an SRO, as applicable) to be maintained in the requesting party's own secured storage environment
- The requesting party (the Commission or an SRO, as applicable) would delete the data collected in response to a request identifier upon the termination of the applicable investigation
- The Commission and SROs would implement oversight processes to monitor for compliance with the obligation described in the preceding bullet.

FIF members support this approach because it achieves the following objectives:

- Low-touch (i.e., highly automated) for broker-dealers to implement and operate
- Takes advantage of costs and efforts already incurred by the Commission, the SROs and broker-dealers to implement CAT and CAIS
- Avoids the risk of PII being stored centrally; reduces risk by decentralizing the secured storage of PII
- Eliminates the PII in the CAIS system managed by FINRA CAT, LLC.

On February 10, 2025, the Commission published an order granting exemptive relief from reporting certain PII to CAIS.<sup>15</sup> In this exemptive order, the Commission discusses the benefits of having an automated request and response process:

... technological advances such as more efficient computing and networking, could result in the development of an automated or partially automated system for requesting information from broker-dealers and for responding to regulator requests for information held by broker-dealers.<sup>16</sup>

FIF members agree with the Commission that any solution to link CAT transaction data to customer information should be automated and efficient.

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<sup>15</sup> Securities Exchange Act Release No. 102386 (Feb. 10, 2025), 90 FR 9642 (Feb. 14, 2025).

<sup>16</sup> Id. at 90 FR 9645.

Broker-dealers would require a reasonable period of time to update their systems to conform to the requirements of a new request and response system.

In connection with their collection of PII, the Commission and SROs should implement policies that address the following issues:

- Categories of personnel that can access the data in the system and for what purpose
- Access controls
- Surveillance and audit to be conducted relating to this access
- Deleting PII data reported by broker-dealers after an investigation has closed
- Notification of security breaches.

**B. The accuracy of the SEC's estimate of the burden imposed by the proposed collection of information, including the validity of the methodology and the assumptions used**

In the view of FIF members, the Commission's estimates of the burden for compliance with Rule 17a-25 do not reflect the actual compliance burden. The following comments from FIF members provide additional detail on this point:

- The Commission provides an estimate of hours but does not provide any cost estimates for complying with Rule 17a-25.
- The Commission does not consider the costs of having duplicative CAT and EBS systems.
- The Commission considers EBS requests by the Commission but omits any consideration of the significant volume of EBS requests by FINRA and the exchanges.
- The Commission considers time required per response but does not consider the overhead (time or costs) that broker-dealers must incur to be in a position to respond to EBS requests within the required timeframe, including ongoing technology, development and operational costs.
- This overhead includes the storage of significant volumes of data. The Commission does not consider these storage costs or the costs to manage this storage.
- Given that the data reported in EBS responses includes a significant volume of PII, broker-dealers must incur additional security costs to protect this data. The Commission does not consider this burden.
- This storage of data involves ongoing overhead costs for personnel who manage this data. The Commission does not consider this burden.
- The Commission's estimate of eight minutes as an average time to respond to an EBS request is well below the actual average response time required for a broker-dealer to respond to these requests. In many cases where a broker-dealer uses the structured EBS format to respond electronically to an EBS request, the broker-dealer still undertakes significant manual effort to interpret the request, collect the necessary data, and perform supervisory oversight for the responses that are submitted.
- The Commission does not provide any support or rationale for its eight-minute estimate.
- The Commission should provide any estimates as a range reflecting varying assumptions as opposed to a single time estimate.
- The Commission does not consider processing costs.



- Broker-dealers that have acquired other broker-dealers often must incur additional costs when responding to requests that require access to data stored in multiple systems. The Commission does not consider this burden.

**C. Ways to enhance the quality, utility, and clarity of the information to be collected**

Please see the discussion in Section A above under “Alternative proposed by FIF members”.

**D. Ways to minimize the burden of the collection of information on respondents, including through the use of automated, electronic collection techniques or other forms of information technology**

Please see the discussion in Section A above under “Alternative proposed by FIF members”.

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FIF appreciates the opportunity to comment on the proposed extension of Rule 17a-25. If you would like clarification on any of the items discussed in this letter or would like to discuss further, please contact me at [howard.meyerson@fif.com](mailto:howard.meyerson@fif.com).

Very truly yours,

/s/ Howard Meyerson

Howard Meyerson  
Managing Director, Financial Information Forum

## **Annex 1**

### **Excerpt on Retirement of EBS from 2016 Commission Approval of CAT NMS Plan**

Specifically, the Commission believes that, going forward, CAT will provide Commission Staff with much of the equity and option data that is currently obtained through equity and option cleared reports and EBS, including the additional transaction data captured in connection with Rule 13h–1 concerning large traders. Accordingly, Commission Staff is directed to develop a proposal for Commission consideration, within six months of the Effective Date, to: (i) Amend Rule 17a–25 to eliminate the components of EBS that are redundant of CAT, and (ii) amend Rule 13h–1, the large trader Rule, to eliminate its transaction reporting requirements, in each case effective at such time as CAT Data meets minimum standards of accuracy and reliability. In addition, as part of this proposal, Commission Staff will recommend whether there will continue to be any need for the Commission to make requests for equity and option cleared reports, except for historical data, once CAT is fully operational and CAT Data meets minimum standards of accuracy and reliability. The Commission notes that the EBS system will still be used to collect historical equity and options data—i.e., for executions occurring before CAT is fully operational—and data on asset classes not initially covered by CAT, such as fixed income, municipal, or other government securities, and that the components of the EBS system necessary to enable such usage will need to be retained. However, to the extent that CAT is expanded to include data on additional asset classes, the Commission will consider whether the components of the EBS system related to the retention and reporting of data on these asset classes can also be eliminated [footnotes omitted].<sup>17</sup>

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<sup>17</sup> Securities Exchange Act Release No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016), at 81 FR 84777-84778.