



How a major broker-dealer reduced its Consolidated Audit Trail reporting error rate to 0.0004%

The challenge

A major broker-dealer obligated to report under Consolidated Audit Trail (CAT) and facing a complex and expensive long-term implementation project needed an effective solution from a certified CAT reporting agent (CRA).

CAT reporting requires an agile approach to manage different project phases simultaneously, and financial institutions are less familiar with this.

The solution

Gresham's Connect which provides financial institutions with fully managed intelligent connectivity to trading partners, clients, regulators and other venues across the financial services ecosystem, is certified as a CRA and provided an end-to-end reporting and connectivity solution with exceptionally low error rates.

Results

- Reduced spend on error management.
- CAT reporting error rate reduced to just **0.0004%**.
- Exemption from additional regulatory reporting requirements.

With CAT, the volume of in-scope trades mean that even a 0.1% error rate incurs significant costs, making pursuit of an ultra-low error rate important.

CAT will become one of world's largest databases of securities transactions for Equities and Options. Hundreds of millions of order messages that need to be ingested leads to potentially millions of errors. Firms unused to reporting on this scale, and at this pace are likely to find that their existing systems and processes make timely, accurate compliance impossible.

A major broker-dealer with a complex Equity and Options trading environment utilising multiple exchanges and dealers found itself facing a challenging and lengthy road to compliance, with large volumes of order data and no existing technology in place to deal with the scale of the new regulation. A value-add solution from their existing Order Management System (OMS) would not be suitable – these static solutions make the degree of customisation required to achieve accurate high quality reporting impossible.

Connect for regulatory was selected for its ability to ingest and consolidate large volumes of disparate data sources. This enables it to produce CAT submissions and control exception management for ingestion and linkage errors.

Connect provides a fully managed service enabling firms to connect, validate, reconcile and report all from one end-to-end solution. It supports end-to-end reporting and connectivity through to FINRA CAT in AWS, providing an efficient and cost-effective compliance option that also guarantees timely, quality reporting.

Now the broker-dealer's CAT reporting error rate has been reduced to just 0.0004%. The volume of reportable trades means that even incremental reductions are important as they translate to significant time and cost savings.

This increased accuracy meant that the firm gained exemption from FINRA's Order Audit Trail System reporting, as their CAT reports alone are now deemed by the regulator to be sufficiently accurate, complete and timely.