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Submitted Electronically

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

Re: Concept Release on Consolidated Audit Trail and Other Audit Trails and Data Sources (File No. S7-2026-12)

Dear Ms. Countryman:

Cboe Global Markets, Inc. (“Cboe”)¹ appreciates the opportunity to provide input in response to the Commission’s concept release related to its comprehensive review of the Consolidated Audit Trail (“CAT”) and other audit trails and related data sources currently used in the regulation of the U.S. securities markets.² Cboe applauds the Commission’s and Staff’s recent efforts to work with Cboe and the other CAT Participants to reduce the costs of operating CAT by eliminating or modifying requirements that are not necessary to fulfill CAT’s regulatory purposes. Cboe has been actively engaged in efforts to address the scope and expense of CAT and, as discussed below, believes that additional improvements can be made. In addition, Cboe appreciates the Commission’s willingness to undertake a comprehensive review of CAT and to expeditiously consider how CAT might be reshaped and improved for the benefit of all regulatory users and the markets as a whole.

This letter provides Cboe’s views as to the guiding principles that it believes should be at the forefront of any review of the existing CAT structure and the consideration of any potential revisions to that structure. In addition, in the attached Appendix, Cboe provides additional comments in response to other issues raised in the Concept Release.

Full, Fair and Equal Regulatory Access Must Be Maintained: Regardless of whether CAT’s current operational and management structures are maintained or new structures are implemented, it is critical that the Cboe Exchanges and all other self-regulatory organizations (“SROs”) utilizing the CAT database continue to have full, fair and equal access to the database. Full access, in terms of scope and functionality, must be maintained because the Cboe Exchanges and other SROs now rely on CAT Data to fulfill their statutory regulatory responsibilities and, at the Commission’s mandate, other legacy cross-market audit trails were phased out as CAT became operational. Fair access, in terms of reasonable, non-burdensome and fit-for purpose, must be provided to the SROs and

¹ The following Cboe Global Markets, Inc. exchanges are Participants in the CAT Plan: Cboe Exchange, Inc., Cboe C2 Exchange, Inc., Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe EDGA Exchange, Inc., and Cboe EDGX Exchange, Inc. (collectively, the “Cboe Exchanges”).

² See Concept Release on Consolidated Audit Trail and Other Audit Trails and Data Sources, Securities Exchange Act Release No. 34-105251 (Apr. 16, 2026), 91 Fed. Reg. 20945 (Apr. 20, 2026) (“Concept Release”).

Commission on terms that are reasonable, transparent, and not structured in a way that creates unnecessary impediments for regulatory use, including avoiding excessing operational constraints, delays, approvals or fees that would hinder effective regulatory oversight. Equal access, in terms of parity among regulators, requires that access be provided to all SROs and the Commission on the same reasonable terms and conditions, without favoring any SRO or the Commission over others or providing preferential treatment, differentiated functionality, access, tools or other structures relative to others. In addition, access should be provided on a cost-free basis to ensure there are no impediments to effective regulatory oversight. Cboe does not believe that there is any regulatory or practical basis that would justify favoring any regulator over others, and the imposition of any access or other fees on SROs in connection with their regulatory activities could have the effect of creating a disincentive for SROs to engage in robust regulatory efforts.

A Permanent And Sustainable Funding Model Must Be Implemented: The Concept Release raises the possibility of the Commission taking over ownership and operation of the CAT, with CAT thereafter being funded through Section 31 fees. Cboe is open to pursuing such an approach. However, if that approach is pursued, a fundamental element must be to develop and implement a permanent and sustainable funding model that will ensure that CAT's operations are not imperiled by a funding shortfall if, for example, CAT costs increase beyond an appropriated amount or its budget. In addition, care must be taken to ensure that CAT is adequately funded both now and during any periods CAT's operational and management structure are in transition.

A Repayment Mechanism For Historical Developmental Costs Must Be Included: Any amendments to the existing CAT Plan must include a mechanism to address the repayment of the loans that the CAT Participants extended to CAT LLC over more than a decade in order to fund CAT's historical development, implementation, and operations. After the Commission mandated that the Participants create CAT, the Cboe Exchanges and other CAT Participants voluntarily extended hundreds of millions of dollars in interest-free loans to CAT LLC, with the understanding that a portion of those loans would be repaid by CAT LLC through fees imposed on Industry Members. Those loan obligations should not be overlooked during the review process, and instead the Commission should ensure that an equitable process is put in place to ensure the prompt and full collection of fees to cover the Industry Member-allocated portion of the loans so that CAT LLC can repay the Participants.

CAT Data Must Continue To Be Used Only For Regulatory Purposes: As the concept release notes, Rule 613 and the CAT NMS Plan require that CAT Data only be used for regulatory purposes and prohibit its use for commercial purposes, as well as by parties who are not regulators and in non-regulatory contexts – for example, by private litigants. Cboe supports efforts by the Commission to further reinforce or enhance these restrictions on how CAT Data can be used. Since CAT's inception, a bedrock principle has been that CAT Data would be used solely for regulatory purposes. Cboe believes this principle should be preserved to maintain the underlying intent and integrity of accessing and utilizing CAT Data.

The SROs Must Retain a Significant Role in CAT Governance: If the Commission assumes primary responsibility for funding, operating, and maintaining CAT, the CAT governance structure must include meaningful representation by the SROs that are responsible for regulatory market oversight of the U.S. securities markets. In any voting structure, the principle of one vote per SRO should be preserved so that SRO expertise regarding data reporting mechanisms and the functionality needed to ensure that CAT Data remains useful for the SROs to fulfil their regulatory responsibilities can be brought to bear on CAT management and operational issues. Likewise, SRO

representation remains equally important in any non-voting advisory framework because the same regulatory oversight considerations and underlying audit trail objectives apply regardless of the formal voting or governance structure. As co-regulators, the SROs must continue to have a meaningful role that ensures full, fair and equal access to CAT Data, systems, and related operational decision-making.

Cboe thanks the Commission for its thoughtful consideration of the important issues raised in the Concept Release and we welcome the opportunity to discuss those issues further. Cboe remains committed to working collaboratively with the Commission and other stakeholders to determine how CAT can be thoughtfully reimagined, enhanced and sustained in a manner that effectively supports our regulatory oversight responsibilities over the long term.

Sincerely,

/s/ Patrick Sexton _____

Patrick Sexton
EVP, General Counsel, and Corporate Secretary
Cboe Global Markets, Inc.

/s/ Greg Hoogasian _____

Greg Hoogasian
EVP, Chief Regulatory Officer
Cboe Global Markets, Inc.

APPENDIX

1) Should the Commission amend the CAT NMS Plan to implement a different voting structure? (Concept Release Question 6)

If CAT remains as a National Market System (“NMS”) plan going forward, Cboe does not see a need to alter the existing voting structure, where each SRO is provided with a vote and certain matters require approval by either a majority, supermajority, or unanimous vote. Maintaining the concept of one vote per Participant SRO aligns with the fact that each SRO is statutorily obligated to regulate its market pursuant to the provisions of the Securities Exchange Act of 1934. If the existing governance structure is altered, steps should be taken to ensure that SROs who materially fund CAT and actively rely on CAT for regulatory activities have sufficient authority to participate meaningfully in decisions regarding CAT’s operations, functionality, and future development. This would help ensure that governance decisions appropriately reflect the perspectives of those most directly responsible for supporting and using CAT, while also helping to avoid changes that could unnecessarily increase CAT costs or negatively impact CAT’s regulatory utility.

2) Is there sufficient transparency with respect to CAT costs and expenses? (Concept Release Question 14)

Cboe believes the current CAT LLC structure, budgeting process, reports, and fee filings provide significant cost and expense transparency to the industry and the public. Cboe, however, is not opposed to the consideration of specific proposals as to how additional transparency might be reasonably provided, but the need to protect the confidentiality of vendor and security-related information must be a primary consideration when evaluating any additional proposals.

3) Are there any additional cost management controls that should be required for the CAT? (Concept Release Question 15)

Cboe strongly supported and recommended the recent addition of Section 11.1(a)(iii) to the CAT Plan, which imposes a spending cap on CAT functionality and operational changes that would materially increase CAT’s operating expenses, unless those changes have been approved by a CAT Plan amendment or by an order of the Commission (with limited exceptions). Regardless of whether CAT continues to operate as an NMS plan or another framework is implemented, no material change to CAT’s functionality or operations should proceed unless there is a clear demonstration of regulatory need, the anticipated regulatory benefits justify the additional expense, and the change is approved through an appropriate process, such as a CAT Plan amendment or Commission order. In addition, the budgeting process, including the reserve budget, along with mid-year reviews and fee adjustments, also foster expense discipline and those processes should be maintained.

4) Should a new funding model explicitly allow the SROs to directly pass through the fees allocated to the SROs that are related to the build or operation of CAT to their members, subject to Commission review of Rule 19b-4 fee filings? (Concept Release Question 17)

Cboe believes that, for any new funding model that is introduced under the existing NMS plan or another framework, an explicit statement that SROs are permitted to directly pass through the CAT fees allocated to them to their members would be appropriate to address any ambiguity related to direct pass-throughs that might arise from the recent addition of Section 11.3(e) to the CAT NMS Plan. Section 11.3(e) relates to the temporary funding model in place through March 31, 2028, and it currently prohibits a CAT Participant from making a rule filing that would establish a new fee for directly passing through to its members the CAT fee charged to the CAT Participant by CAT LLC. Section 11.3(a), however, does not prohibit Participants from funding their share of CAT costs through other mechanisms that may *indirectly* result in Industry Members (or others, including investors) ultimately bearing those costs. See Joint Industry Plan; Order Approving an Amendment to the National Market System Plan Governing the Consolidated Audit Trail, as Modified by the Commission, Regarding Implementation of a Revised Funding Model, Exchange Act Rel. No. 34-105003, 91 Fed. Reg. 13410, 13412-13, (Mar. 19, 2026) (“2026 Funding Approval Order”)

With regard to direct pass throughs, Cboe’s position is consistent with the Commission’s repeated recognition that SROs “have traditionally recovered their regulatory costs through the collection of fees from their members, and such fees are specifically contemplated by the Exchange Act.” Joint Industry Plan; Order Approving the National Market System Plan Governing the Consolidated Audit Trail, Exchange Act Rel. No. 34-79318, 81 Fed. Reg. 84696, 84794 (Nov. 23, 2016) (emphasis added); see *also id.* at 84795 (“Participants are permitted to recoup their regulatory costs under the Exchange Act through the collection of fees from their members” so long as those fees satisfy Exchange Act standards), 84796 (“the Commission reiterates that the Exchange Act permits the Participants to assess fees among their members to recoup their regulatory costs”); 2026 Funding Approval Order, 91 Fed. Reg. at 13413 (recognizing “that the Exchange Act expressly permits the Participants to recover their regulatory costs—including the portion of costs that the Plan allocates to them—from their members through fee filings, subject to the requirements of the Act.”); Joint Industry Plan; Order Approving an Amendment to the National Market System Plan Governing the Consolidated Audit Trail, Notice, Exchange Act Rel. No. 34-98290, 88 Fed. Reg. 62628, 62636 (Sept. 12, 2023) (where the Commission emphasized that “the Exchange Act expressly contemplates the ability of Participants to recoup their costs to fulfill their statutory obligations under the Exchange Act”). Moreover, no provision in Section 11A of the Exchange Act or NMS Rule 608 empowers CAT to restrict fee filings made by individual SROs, including fee filings seeking to directly pass through regulatory costs. If the Commission were to confirm that SROs can directly pass through the CAT fees allocated to SROs, each SRO could then decide whether to make a rule filing seeking to pass through those fees. Affirming the ability of SROs to make their own decisions about whether to seek to directly pass through their CAT fees to their members would be consistent with broker-dealers, who have the ability to pass through their CAT fees and expenses that they incur from any source to their customers.

If the Commission decides to implement a Section 31 funding model, it should be noted that all SROs have in place existing “sales value” fee programs that allow for the direct pass-through of Section 31 fees by the SROs to their members. In that scenario, the Commission could address the pass-through topic by simply confirming that the existing sales value fee programs would continue and apply to the CAT-related portion of Section 31 fees.

5) How should fees be allocated to and among SROs and/or Industry Members? (Concept Release Question 18)

Cboe believes the current CAT fee allocation among SROs and Industry Members represents a reasonable approach and is an equitable and operationally efficient way to fund CAT. In addition, Cboe does not believe that an SRO that is a non-profit entity should be treated any differently than an SRO that may be part of a diverse corporate structure which itself is a for-profit entity because SRO regulatory obligations do not depend on whether an SRO is structured as a for-profit or a non-profit entity. Cboe is, however, willing to consider specific alternative funding proposals so long as a stable and equitable funding model remains in place while any alternatives are vetted. Simply put, Cboe is opposed to any scenario that jeopardizes CAT's ongoing operations by leaving it without a sustainable funding model in place or which would attempt to require that the SROs revert to unilaterally funding CAT for any period of time.

6) Should the SROs be allowed to collect a reserve to fund CAT's operations? (Concept Release Question 20)

Cboe believes that CAT LLC should be permitted to establish and maintain an appropriate operating reserve. Such a reserve is critical to support CAT's continued operations in the event of unforeseen increases in expenses or timing delays in collecting fees owed to CAT LLC. In addition, Cboe believes the current reserve cap of not more than 25% of CAT's operating budget remains appropriate, and it is important to recognize that any excess reserves are not distributed to the CAT Participants, but are instead used to reduce future CAT fees. If the Commission were to adopt a Section 31-based model, incorporating a CAT-related reserve into the budgeting process may similarly help to mitigate the risk of funding shortfalls.

7) Should the Commission own and operate CAT itself? (Concept Release Question 24)

Cboe is open to considering an alternative structure where the Commission would own and operate CAT and CAT would be funded through Section 31 fees. Cboe does not believe it would be appropriate for a single SRO to own CAT and contract with other SROs to provide access to CAT. Such a scenario could lead to SRO regulation being overly reliant on the single SRO that owns CAT and allow that owner to effectively veto the collective wisdom of the other SROs on CAT operational issues. This, in turn, could undermine the strength and effectiveness of the robust regulatory framework that currently governs the U.S. securities markets today.

8) Should the Commission permanently exclude information about verbal activity on exchange floors from CAT reporting requirements? (Concept Release Question 46)

Consistent with its decision related to off-floor activity, the Commission should permanently exclude verbal activity on exchange trading floors from the CAT reporting requirements. Cboe does not believe that verbal quotes were intended to be included within CAT or that any regulatory purpose is

served by requiring the reporting of information about verbal activity on exchange trading floors to CAT. In addition, the costs associated with developing reporting technology and monitoring to ensure that any verbal activity reports are accurate would be substantial (if not impossible), and there is no reason to incur those costs and divert finite resources from projects with a clear regulatory benefit.

9) Does the regulatory value of two-sided reporting for port-level settings that communicate Material Terms of the Order justify the difficulty and costs associated with collecting and reporting such information? (Concept Release Question 52)

Cboe supports the elimination of any requirement to provide two-sided reporting of port level settings. The two-sided reporting requirement requires that broker-dealers create an order-by-order record of port level settings that does not currently exist—effectively requiring broker-dealers to reverse engineer those settings in a manner that undermines their purpose—and imposing that significant compliance burden on broker-dealers is not justified. If information about port level settings is necessary in connection with a particular regulatory inquiry, that information can be obtained from the port setting records maintained at the receiving level. Accordingly, Cboe welcomes continued discussions with the Commission on the issue of the reporting of port level settings.

10) Will CAT data be sufficiently accurate and reliable to prove an adequate substitute data source for transactional data otherwise obtainable through the EBS system? (Concept Release Question 60)

The CAT order and trade database is an adequate data source for transactional data otherwise obtainable through the EBS systems for the securities currently subject to CAT reporting (NMS stocks, listed options and OTC equities). With the Customer and Account Information System (“CAIS”) soon to be decommissioned, however, a mechanism to allow SROs to timely obtain access to underlying customer identifying information derived from masked account (FDID) and customer (CCID) information available in the CAT order and trade database is essential to facilitate effective regulation. The precise nature and structure of that mechanism will likely be dependent on whether CAT remains as an NMS plan or if another structure is implemented, such as a Commission takeover of CAT’s operations. If CAT remains an NMS plan, it might make sense to create a request and response system as part of the CAT Plan that might utilize some of the formats that had been developed for CAIS. If CAT moves from an NMS plan format to another form of governance and operation, the existing electronic blue sheet rules could likely be modified to leverage the formats that were developed for the CAIS system. In either scenario, Cboe believes that full, fair and equal access to customer and account identification information must continue to be available to all SROs. In addition, in light of the data security considerations noted by the Commission in recent orders, Cboe does not believe that a central database to store all requests and responses for customer and account information should be created. Instead, the requested information should be provided to the requesting regulator on an ad hoc basis.