

XINTHESYS ADEPT

The solution for sell-side regulatory trade reporting

The regulatory reporting landscape across broker-dealers, both large and small, is fraught with dislocation and outdated technology solutions that are unable to keep up with the rapid pace of regulatory change.

Plus, sell-side firms are facing cost pressures and there is a need to reduce the burden of interfacing with regulators and managing regulatory change.

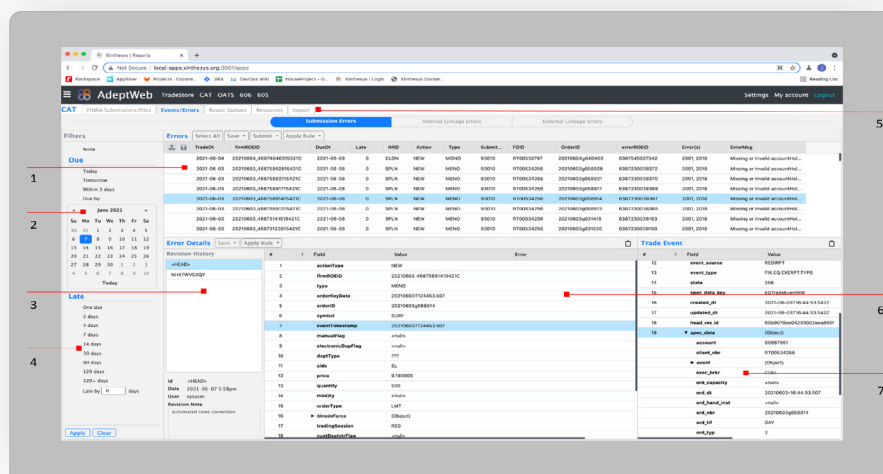
Refinitiv has partnered with Xinthesys ADEPT to give broker-dealers a 360-degree view of their trading and reporting data, which is critical to managing risk.

How does it work?

Xinthesys is a cloud-based Software as a Service (SaaS) platform for post-trade reporting. It is built to report on multiple-asset trading streams and to multiple regulatory agencies. Integrated into this platform is a trade repository that holds

all trading activity along with the regulatory reporting, so trading data can be coupled with post-trade data. This is all stored in a customer-accessible data store that uses the most recent technological advances in big data storage.

Xinthesys is used in conjunction with Refinitiv market data as well as desktop and connectivity capabilities, offering a single solution. It works alongside the Refinitiv® REDI® EMS as well as Quod Financial's sell-side OMS capabilities and is integrated with Refinitiv® Autex® Trade Route, in order to leverage FIX connectivity at no additional cost.



1. **Trade Blotter:** Comprehensive blotter of all trade events
2. **Date Filter:** Historical data will be kept for years and can be accessed anytime
3. **Audit:** All changes are fully tracked and stored for the life of the data
4. **Overdue Corrections:** Manage reporting errors and resubmissions with this quick filter
5. **Workflow View Tabs:** Give quick views or reports on the data depending different aspects of the data
6. **Reporting Event:** Detailed breakdown of the report line that was submitted so issues can be spotted and resolved at the most granular levels
7. **Trade Event:** The breakdown of the underlying trade event from which the report line was generated

Key benefits

- Integrate across technology providers to save costs by consolidating regulatory reporting requirements through a single, cloud-based platform
- Access to a team of professionals should the user need assistance with regulatory requirements
- Changes to reporting requirements from Financial Industry Regulatory Authority (FINRA) and/or the Securities and Exchange Commission (SEC) are immediately implemented, without having to wait for an upgrade, at no additional cost

Which regulatory reports can Xinthesys produce?

- Consolidated Audit Trail (CAT)
- Electronic Blue Sheets (EBS)
- Large Option Position Reporting (LOPR)
- Rule 605 and Rule 606
- Trade Reporting and Compliance Engine (TRACE)
- Over-the-Counter Reporting Facility (ORF)
- Trade Reporting Facility (TRF)

Simplify your complex regulatory reporting process today.

APPENDIX

Consolidated Audit Trail

The CAT applies to all US exchanges and firms, including Alternative Trading Systems (ATSs), registered with a Self-Regulatory Organisation (SRO) and unlike the OATS, there are no broker-dealer exemptions from reporting requirements. Any broker-dealer that is a member of a national securities exchange or FINRA and handles orders must report to CAT. Eligible securities include National Market System (NMS) stocks, listed options, and over-the-counter (OTC) equity securities. Firms need to report market transaction data (reportable events) that cover the end-to-end lifecycle of a trade, including, but not limited to, quotes, original receipts or originations of an order, modifications, cancellations, routing, receipts of a routed order execution (in whole or in part), and ultimately order allocations.

The reporting of order and trade data to the CAT will be carried out in a phased manner.

Phase 2(a) – Equities Part 1, 20 April 2020

- All events and scenarios covered by OATS
- All proprietary orders including market maker orders
- Firm designated IDs
- All street-side representative orders (both agency and proprietary)
- Linkage is required between the representative street-side order and the order being represented when the representative order was originated specifically to represent a single order (received either from a customer or another broker-dealer) and there is:
 1. An existing direct electronic link in the firm's system between the order being represented and the representative order, and
 2. Any resulting executions are immediately and automatically applied to the represented order in the Firm's system
- Quotes in NMS stocks sent to a national securities exchange or facility of a national securities association

- Unlisted quotes (OTC Equity Securities) received by a broker-dealer operating an inter-dealer quotation system (e.g., Global OTC, OTC Link)
- Unlisted quotes that meet the definition of bid or offer under the plan sent by a broker-dealer to a quotation venue not operated by an SRO or broker-dealer
- Electronic capture time for manual orders

Phase 2(b) Options Part 1, 18 May 2020

- Simple options electronic orders, excluding electronic paired orders

Phase 2(c) Equities Part 2, April 2021

- Linkages to the customer order(s) being represented for all representative order scenarios, including agency average price, net trading, aggregated orders, OMS-EMS scenarios
- Sub-account allocations
- Rejected external routes with flag indicating route was not accepted by receiving destination
- Internal route modifications and cancels
- Unlisted quotes sent to an inter-dealer quotation system operated by a CAT reporter
- Revisit application of OATS guidance to CAT for firm modifications to previously routed orders (as outlined in OATS FAQ C35)
- Special handling instructions on route reports (limited to a defined set of values)
- Quote ID on trade events
- Order effective time for orders that are received by an industry member and do not become effective until a later time

Phase 2(d) Options Part 2, December 2021

- Simple options manual orders
- Electronic and manual paired orders
- All complex orders with linkage to all CAT-reportable legs

Blue Sheets

EBS data files, which contain both trading and account holder information, provide regulatory agencies with the ability to analyse a firm's trading activity. Firms are expected to provide complete, accurate and timely Blue Sheet data in response to regulatory requests. Incomplete, inaccurate and untimely Blue Sheet data compromises regulators' ability to identify individuals engaging in insider trading schemes and other fraudulent activity

Large Option Position Reporting

LOPR (FINRA Rule 2360(b)(5)) requires a firm to report (or have reported on its behalf) any options position in an account in which the firm has an interest and each customer, non-member broker, or non-member dealer account that has established, acting alone or in concert, an aggregate options position of 200 or more option contracts (whether long or short) of the put class and the call class on the same side of the market, covering the same underlying security or index. These positions must be reported to the LOPR system no later than the close of business on the next day following the day on which the transaction or transactions requiring the filing of such report occurred.

Rule 605 – Market Centre Reporting

Rule 605 requires 'market centres' to prepare and make available to the public monthly reports in electronic form that categorise their order executions and include statistical measures of execution quality. In order to facilitate comparisons across market centres, the rule sets forth basic measures of execution quality (e.g., effective spread, rate of price improvement and disimprovement, fill rates and speed of execution) and specific instructions on how the measures are to be calculated.

Rule 606

Rule 606 requires broker-dealers who route customer orders in equities and option securities to publish quarterly reports that provide a general overview of their routing practices. In this report, the venues to which non-directed customer orders in US exchange-listed equity securities and options were routed for execution must be disclosed, as well as the nature of any relationship the broker-dealer has with each venue.

Report 606(a)(1)

- In-depth information regarding venues, orders and executions
- Held NMS equity and option orders less than \$50,000 must be disclosed
- Marketability of security at route time
- Detailed fee and rebate disclosure
- Required to be in XML and PDF Format

Report 606(b)(1)

- Upon request, XML and PDF reports for held, exempt not-held and options orders
- Detailed order execution data, including execution venue and time for any customer order
- Firms must begin collecting data 1 October 2019

Report 606(b)(3)

- Upon request, XML and PDF reports for not-held orders must be provided within seven days
- Includes information on:
 - Actionable Indications of Interest (IOIs) including venues that received the IOI
 - Order routing, including size and further routable instructions
 - Order execution, including volumes, fees, rebates, spread position
 - Liquidity, including whether liquidity was provided or removed, fees and rebates associated with time or execution
- Firms must begin collecting data 1 January 2020

The Trade Reporting and Compliance Engine

TRACE is the FINRA-developed vehicle that facilitates the mandatory reporting of OTC transactions in eligible fixed income securities. All broker-dealers who are FINRA member firms have an obligation to report transactions in TRACE-eligible securities under an SEC-approved set of rules.

Over-the-Counter Reporting Facility

ORF is the service provided by FINRA for the reporting of trades in OTC equity securities executed other than on or through an exchange, and for trades in restricted equity securities effected under Securities Act Rule 144A and dissemination of last sale reports.

For those OTC equity securities and restricted equity securities that are not eligible for clearance and settlement through the facilities of the National Securities Clearing Corporation, the ORF comparison function will not be available. However, the ORF will support the entry and dissemination of last sale data on such securities.

Trade Reporting Facility

TRF provides FINRA members with a mechanism for the reporting of transactions effected otherwise than on an exchange. FINRA members are required to report trades to the TRF in Nasdaq-listed and other exchange-listed securities, as approved by the SEC, executed otherwise than on an exchange, to a FINRA TRF.

There are currently three active TRFs:

1. FINRA/Nasdaq TRF Carteret
2. FINRA/Nasdaq TRF Chicago
3. FINRA/NYSE TRF

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