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SEC Approves Consolidated Audit Trail Plan

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On November 15, 2016, the SEC approved a plan to create a consolidated audit trail (the "**CAT**") that will contain a record of order events for most equity and listed options transactions in the United States. When implemented, the CAT will dramatically enhance the ability of the SEC and the securities exchanges and FINRA (the "**SROs**") to investigate and analyze market anomalies and potential misconduct.

These improvements, however, will require significant financial and technological investment—especially by broker-dealers—both in terms of fees to fund the SROs' development and operation of the CAT and to develop their own supporting technology, processes and controls to facilitate reporting.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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