

Accurate Trade Reporting and Compliance for Broker-Dealers

Regulators, including the SEC and FINRA, rely on accurate trade reports to monitor compliance, investigate misconduct, and enforce compliance through regulatory actions. These reports are essential to investigate concerns such as insider trading, market manipulation, and other violations.

However, broker-dealers often face challenges in submitting accurate and reliable trade data. In its 2025 Regulatory Oversight Report, FINRA disclosed that firms are struggling with Consolidated Audit Trail (CAT) reporting and specifically found that firms have not been conducting data accuracy reviews as required under Reg Notice 20-31 by failing to review a reasonable sample size. Additionally, FINRA called out deficiencies as a result of firms not mapping internal records to CAT reported data.¹

Several factors contribute to these challenges such as business acquisitions, technology migrations, upstream technology changes, and loss of historical institutional knowledge due to turnover. Common issues—ranging from formatting errors to missing or inaccurate data—have hindered investigations and resulted in fines, penalties, and reputational damage to firms. Recurring issues often stem from disjointed trading systems, outdated technologies, high volumes of transactions,

data complexities, human error, and a lack of compliant supervisory systems.

As a result, regulators have imposed substantial fines, reaching millions of dollars, for failures to accurately submit trade information. While some of these reporting regimes have been around for decades, issues continue to plague the industry, with notable enforcement actions as recently as 2024^{2,3} and 2025.^{4,5} Penalty amounts are driven by firm size, the volume of transactions affected, and the severity of the reporting deficiencies. Beyond fines, firms also incur significant costs related to investigations, remediation efforts, and compliance enhancements to address regulatory concerns and prevent future violations. These financial and operational burdens highlight the importance of proactively addressing these persistent challenges to ensure compliance and avoid costly consequences.



What Should Your Organization Do?

Start implementing a proactive testing framework to identify and address potential reporting issues before the issues become systemic. Regulators have emphasized the critical need for firms to adopt more robust data management practices to ensure accurate, timely, and complete reporting. Taking a proactive approach is essential to avoid costly penalties and maintain trust and integrity in the financial markets. Firms that proactively identify and self-disclose reporting issues to regulators often receive more favorable treatment including extraordinary cooperation credit, when applicable,⁶ as regulators view this self-disclosure as a sign of strong compliance practices. Conversely, the longer an issue persists without being addressed, the greater the risk, and likelihood, of increased penalties.

How We Help

FTI Consulting has assisted brokerage firms with trade reporting matters involving CAT, Electronic Blue Sheets (EBS), and Large Options Position Reporting (LOPR), among others. These trade reports are essential components of regulatory compliance and trade oversight. Many trade reporting functions rely on the same underlying source data; therefore, it is critical to understand how these repositories are derived from upstream order management systems and designed to conform to each individual reporting regime's technical reporting requirements. Proactive testing and quality control reviews are key to ensure data integrity.

Our Expertise

Our team consists of former financial institution legal and compliance professionals, former regulators, data experts, and consultants with direct experience in both reporting requirements and complex trading scenarios. The depth of our experience allows us to investigate and resolve issues efficiently.

Leveraging our deep industry knowledge, we partner with our client's in-house counsel, outside counsel, technology partners, and business units in an efficient manner to minimize disruption and ensure compliance.

FTI Consulting provides comprehensive support for proactive testing and quality control reviews to ensure data accuracy and regulatory compliance. Whether you need a one-time evaluation to ensure the integrity or reliability of your reporting processes or ongoing periodic testing, we tailor

our approach to your needs. Our expertise enables us to investigate and resolve any anomalies or discrepancies in your data effectively.

If you or a regulator identifies an issue, our team provides expert assistance with the investigation, impact analysis, and subsequent remediation effort including data resubmission. With our expertise, firms can confidently meet regulatory expectations, mitigate risk, and uphold their reputation.



Credentials

Large Option Position Reporting (LOPR) Remediation

A client identified issues with its over-the-counter (OTC) LOPR and engaged FTI Consulting to investigate. Our team conducted a technical review of the reporting code, uncovered multiple issues, and performed a historical impact analysis spanning ten years. FTI Consulting also developed a tool to help the client detect and address reporting anomalies. As a result, the client successfully self-reported to FINRA an assessment of historical impact and implemented critical technology updates to enhance reporting accuracy on a go-forward basis.

Electronic Blue Sheet (EBS) Remediation

SA client self-disclosed potential EBS reporting issues to FINRA and engaged FTI Consulting to investigate. Our team conducted a comprehensive review of reporting deficiencies, extracting and analyzing over six billion trade records, identified root causes, and quantified the impact. We assisted in remediating identified issues, implementing controls to prevent future inaccuracies, and ensuring go-forward compliance. FTI Consulting determined the trade records and EBS reports impacted, and worked with the client and regulators to resolve the historically inaccurate reported transactions.



Footnote

¹ Financial Industry Regulatory Authority (FINRA). *2025 FINRA Annual Regulatory Oversight Report*. FINRA.org, 2025, <https://www.finra.org/rules-guidance/guidance/reports/2025-finra-annual-regulatory-oversight-report>

² Financial Industry Regulatory Authority (FINRA). *Letter of Acceptance, Waiver and Consent No. 2019062573101: Wells Fargo Clearing Services, LLC*. FINRA.org, 2024, <https://www.finra.org/sites/default/files/2025-02/disciplinary-actions-february-2025.pdf>

³ Financial Industry Regulatory Authority (FINRA). *Letter of Acceptance, Waiver, and Consent No. 2020067449801: LPL Financial LLC*. FINRA.org, 2024, <https://www.finra.org/sites/default/files/2025-02/disciplinary-actions-february-2025.pdf#:~:text=December%2011%2C%202024%20%E2%80%93%20A%20Letter%20of%20Acceptance%2C%20Waiver%20and%20Consent>

⁴ Financial Industry Regulatory Authority (FINRA). *Letter of Acceptance, Waiver and Consent No. 2019061777501: UBS Financial Services Inc*. FINRA.org, 2025, <https://www.finra.org/sites/default/files/2025-03/disciplinary-actions-March-2025.pdf>

⁵ U.S. Securities and Exchange Commission (SEC). *“Two Robinhood Broker-Dealers to Pay \$35 Million in Combined Penalties for Violating More Than 10 Separate Securities Law Provisions.”* SEC.gov, 2025, <https://www.sec.gov/newsroom/press-releases/2025-5>

⁶ Financial Industry Regulatory Authority (FINRA). *Sanction Guidelines*. FINRA.org, 2022, <https://www.finra.org/sites/default/files/2024-03/2022-sanction-guidelines.pdf>

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