

December 2011

## Large Trader Reporting

### OVERVIEW

On July 27, 2011 the SEC adopted Rule 13h-1 and Form 13H establishing large trader reporting requirements. Rule 13h-1 will enhance the SEC's ability to identify large market participants, collect information on their trading, and analyze their trading activity. This will allow the Commission to reconstruct market events, such as the May 6, 2010 "flash crash", conduct investigations, and bring enforcement actions as appropriate.

Large traders and the broker-dealers who are responsible for the traders' transactions in NMS securities both have obligations under the new requirements. Beginning **December 1, 2011**, large traders are responsible for obtaining a large trader identification number (LTID) from the Commission by filing Form 13H on a confidential basis through EDGAR. Once the LTID has been obtained, large traders are required to promptly provide the number to each US registered broker-dealer through which they effect transactions in NMS securities.

Beginning **April 30, 2012**, broker-dealers will be required to submit data on large traders' transactions upon the SEC's request. Broker-dealers will be responsible for certain record keeping and monitoring obligations for both self-identified and unidentified large traders.

A large trader is considered any person with discretion over securities transactions who meet the following thresholds set by the SEC:

- 2 million shares or \$20 million worth of securities in **one trading day**, or
- 20 million shares or \$200 million worth of securities in **one calendar month**.
- Disclose to its broker-dealers their identification number and the accounts through which the large trader trades

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