CAT NMS, LLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018 AND PERIOD FROM NOVEMBER 21, 2016 (INCEPTION) THROUGH DECEMBER 31, 2017

CAT NMS, LLC

INDEX TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018 AND PERIOD FROM NOVEMBER 21, 2016 (INCEPTION) THROUGH DECEMBER 31, 2017

GRANT THORNTON LLP
757 Third Ave., 9th Floor
New York, NY 10017-2013

D +1 212 599 0100
F +1 212 370 4520

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Chairman, Operating Committee
CAT NMS, LLC

We have audited the accompanying financial statements of CAT NMS, LLC (a Delaware Limited Liability Company), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the year ended December 31, 2018 and the period from November 21, 2016 (inception) through December 31, 2017, and the related notes to the financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Grant Thornton

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CAT NMS, LLC as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the year ended December 31, 2018 and the period from November 21, 2016 (inception) through December 31, 2017, in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
April 28, 2020

CAT NMS, LLC

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

A S S E T S

	December 31, 2018	December 31, 2017
Assets:		
Cash	**$ 1,553,892**	$ -
Cash held in escrow	**325,000**	-
Developed technology	**75,205,874**	32,812,500
Total Assets	**$ 77,084,766**	$ 32,812,500

LIABILITIES AND NET DEFICIT WITHOUT RESTRICTIONS

	December 31, 2018	December 31, 2017
Liabilities:		
Accounts payable and accrued expenses	**$ 2,578,735**	$ 1,466,682
Notes payable to SROs (members) - Operational	**8,679,654**	-
Notes payable to SROs (members) - Thesys CAT	**75,530,874**	32,812,500
Total Liabilities	**86,789,263**	34,279,182
Net Deficit Without Restrictions	**(9,704,497)**	(1,466,682)
Total Liabilities and Net Deficit Without Restrictions	**$ 77,084,766**	$ 32,812,500

See Notes to the Financial Statements.

CAT NMS, LLC

STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018 AND
PERIOD FROM NOVEMBER 21, 2016 (INCEPTION) THROUGH DECEMBER 31, 2017

	Year Ended December 31, 2018	November 21, 2016 (Inception) through December 31, 2017
Revenues	**$ -**	$ -
Operating Expenses		
Advertising and promotion	**99,271**	41,631
Consulting	**4,346,089**	3,487,921
Legal	**6,299,399**	5,025,624
Professional and administration	**360,324**	-
Total Operating Expenses	**11,105,083**	8,555,176
Change in Net Deficit from Operating Activities	**(11,105,083)**	(8,555,176)
Capital Activities:		
Contributions from SROs (members)	**2,867,268**	7,088,494
Change in net deficit from capital activities	**2,867,268**	7,088,494
Change in net deficit without restrictions	**(8,237,815)**	(1,466,682)
Net deficit without restrictions, beginning of year	**(1,466,682)**	-
Net deficit without restrictions, end of year	**$ (9,704,497)**	$ (1,466,682)

See Notes to the Financial Statements.

CAT NMS, LLC

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018 AND
PERIOD FROM NOVEMBER 21, 2016 (INCEPTION) THROUGH DECEMBER 31, 2017

	Year Ended December 31, 2018	November 21, 2016 (Inception) through December 31, 2017
Cash Flows from Operating Activities:		
Change in net deficit	**$ (11,105,083)**	$ (8,555,176)
Adjustments to reconcile change in net deficit to net cash used in operating activities:		
Increase in:		
Accounts payable and accrued expenses	**1,112,053**	1,466,682
Net Cash Used In Operating Activities	**(9,993,030)**	(7,088,494)
Cash Flows from Investing Activities:		
Investment in developed technology	**(42,393,374)**	(32,812,500)
Cash held in escrow for CISO	**(325,000)**	-
Net Cash Used In Investing Activities	**(42,718,374)**	(32,812,500)
Cash Flows from Financing Activities:		
Proceeds from notes payable to SROs (members) - Operational	**8,679,654**	-
Proceeds from notes payable to SROs (members) - Thesys CAT	**42,718,374**	32,812,500
Contributions from SROs (members)	**2,867,268**	7,088,494
Net Cash Provided by Financing Activities	**54,265,296**	39,900,994
Net Increase in Cash	**1,553,892**	-
Cash:		
Beginning of year	**-**	-
End of year	**$ 1,553,892**	$ -

See Notes to the Financial Statements.

NOTE 1 - ORGANIZATION BACKGROUND AND DESCRIPTION

Securities and Exchange Commission Rule 613

Effective October 1, 2012, the Securities and Exchange Commission ("SEC") adopted Rule 613 under the Securities Exchange Act of 1934 ("Rule 613") to create a consolidated audit trail (the "CAT System") that would allow regulators to efficiently and accurately track all activity throughout the U.S. markets in National Market System ("NMS") securities. Among other things, the rule required the national securities exchanges and the Financial Industry Regulatory Authority ("FINRA"), collectively the self-regulatory organizations, ("SROs" or "members") to jointly submit a plan, called an NMS plan, to create, implement and maintain a consolidated audit trail of the NMS activity. Rule 613 specifies the type of data to be collected and when the data is to be reported to a central repository.

On September 30, 2014, the SROs submitted to the SEC the proposed NMS plan in accordance with Rule 613 which was eventually amended and replaced in its entirety on February 27, 2015 with the amended and restated CAT NMS Plan ("CAT NMS Plan"). On November 15, 2016, the SEC voted to approve the amended and restated CAT NMS Plan.

Nature of Organization

Subsequent to the SEC's approval of the CAT NMS Plan, CAT NMS, LLC (the "Organization") was formed by the SROs on November 21, 2016 as a not-for-profit organization, under Internal Revenue Code ("IRC") Section 501(c)(6), in response to SEC Rule 613 to create, implement and maintain the CAT System. The Organization is a limited liability company which was formed pursuant to the laws of the State of Delaware, and shall continue in perpetuity, unless dissolved as outlined in the Organization's operating agreement. The Organization's sole members are the SROs.

The SROs all have the same rights, powers, preferences and privileges, and shall be subject to the same restrictions, qualifications and limitations to the Organization. Each SRO is entitled to one vote, and has equal interest in the Organization.

To develop the CAT System and pay for operating and support expenditures of the Organization, the Organization is funded by each of the SROs through notes payable (Note 4) and capital contributions. Total contributions amounted to $2,867,268 and $7,088,494 for the year ended December 31, 2018 and the period from November 21, 2016 (inception) through December 31, 2017, respectively. Once the SROs implement a tiered fee structure, industry members, defined in the CAT NMS Plan as members of a national securities exchange or association ("Industry Members"),

NOTE 1 - ORGANIZATION BACKGROUND AND DESCRIPTION (CONTINUED)

Nature of Organization (Continued)

will be required to pay such tiered fees to the Organization. The fees established will be filed with the SEC under Section 19(b) of the Securities Exchange Act of 1934.

The Organization has formed an operating committee (the "Operating Committee") to manage the Organization. The Operating Committee shall have the general charge and supervision of the business, and shall be the sole manager of the Organization. The Operating Committee is comprised of one voting member and one alternate member from each of the SROs, with one elected Chair, who will serve a two year term. No later than three months prior to the expiration of the then current term, the Operating Committee will elect a successor. No person shall serve as Chair for more than two successive full terms. The current Chair was re-elected for another two year term on January 22, 2019. Actions of the Operating Committee are outlined in the Organization's operating agreement.

Plan Processor Agreements

On January 17, 2017, the Organization selected Thesys CAT LLC ("Thesys CAT") as the plan processor to develop the CAT System. Effective April 6, 2017, the Organization and Thesys CAT entered into the Consolidated Audit Trail Plan Processor Agreement ("Thesys PPA"), pursuant to which Thesys CAT will provide services in connection with the creation, implementation and maintenance of the CAT System. The initial term of the Thesys PPA was for seven years with automatic renewals for successive three-year periods, unless terminated, and also provided for development and implementation fees amounting to $37,500,000 based on achieving milestones as defined, until November 15, 2017, after which a quarterly recurring fee was required in the amount of $9,375,000.

In May 2018, the Organization and Thesys CAT approved a term sheet that amended the payment provisions of the Thesys PPA. Pursuant to this term sheet, the parties agreed to revised payment terms, by replacing quarterly payments with time-based and milestone payments ending on November 15, 2018, aggregating $37,500,000. All other terms and conditions of the Thesys PPA remained in full force and effect, including recurring quarterly fees.

Effective January 30, 2019, the Thesys PPA was terminated for non-performance (Note 6).

NOTE 1 - ORGANIZATION BACKGROUND AND DESCRIPTION (CONTINUED)

Plan Processor Agreements (Continued)

On February 26, 2019, FINRA CAT, LLC ("FINRA CAT"), an affiliate of FINRA, formally replaced Thesys CAT as the successor plan processor. Effective March 29, 2019 (the "Effective Date"), FINRA CAT and the Organization entered into a Consolidated Audit Trail Plan Processor Agreement ("FINRA PPA"), to create, implement and maintain a consolidated audit trail with respect to the trading of national market system securities and which has been extended to OTC equity securities as approved by the SEC. Beginning with the initiation of the billing of Industry Members, the FINRA PPA provides for the Organization to retain and not transfer or otherwise distribute any profits, revenue or other funds it has or receives, until it has built up a reserve, prior to the first anniversary of the Effective Date of at least $2,000,000 and, after the first anniversary of the Effective Date, a reserve of at least $6,000,000 and, thereafter, shall maintain such reserve during the term to be used as a non-exclusive source to fund its payment obligations under the FINRA PPA. The initial term of the FINRA PPA is for seven years and shall be automatically renewed for successive three-year periods, unless terminated, and provides for fixed price recurring operating fees, milestone fees, and variable fees as defined, until 2029 (Note 5).

Risks and Uncertainties

The Organization's principal purpose is to create, implement and maintain a consolidated audit trail pursuant to Rule 613. The Organization is currently developing technology to meet this principal purpose. The Organization is subject to risks and uncertainties that such technology may not meet its required functionality and intended purpose.

Chief Information Security Officer ("CISO")

In connection with the Thesys PPA, an employee of Thesys CAT was designated as the CISO who was responsible for creating and enforcing appropriate policies, procedures, standards and control structures to monitor and address data security issues for Thesys CAT and the CAT System. A total of $643,750 was placed in escrow as compensation of the CISO beginning in April 2018. The remaining balance of the escrow account of $325,000 is included in cash held in escrow in the accompanying statement of financial position at December 31, 2018. The FINRA PPA also provides for a CISO, an employee of FINRA CAT, who has the same responsibilities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, prepared in accordance with generally accepted accounting principles in the United States of America and are presented pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 958, *Not-for-Profit Entities.*

Program Services and Supporting Activities

Program services consist of the application development stage costs of the developed technology, which costs have been capitalized. Expenses relating to supporting activities are presented by their natural expense classification in the accompanying statements of activities.

Recent Accounting Pronouncements

Adopted

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's financial performance, cash flows, and liquidity. The Organization early adopted ASU 2016-14 effective November 21, 2016 (inception).

In August 2018, the FASB issued ASU No. 2018-15, *Customer's Accounting Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract,* which requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance in Accounting Standards Codification 350-40 to determine which implementation costs to defer and recognize as an asset. ASU 2018-15 generally aligns the guidance on recognizing implementation costs incurred in a cloud computing arrangement that is a service contract with that for implementation costs incurred to develop or obtain internal-use software, including hosting arrangements that include an internal-use software license. The Organization early adopted ASU 2018-15 in August 2018, on a retrospective basis to April 6, 2017, the effective date of the Thesys PPA.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (continued)

Not Yet Adopted

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* which affects virtually all aspects of an entity's revenue recognition. The core principle of the new standard is that revenue should be recognized to depict the transfer of promised goods or service to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for the Organization's 2019 fiscal year. The Organization is evaluating the impact of ASU 2014-09 on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The amendments in this ASU establish a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. ASU 2016-02, as amended, is effective for the Organization's 2021 fiscal year. The Organization is evaluating the impact of ASU 2016-02 on the financial statements.

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash*. ASU 2016-18 clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows with the objective of reducing the existing diversity in practice. The amendments in ASU 2016-18 require restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for the Organization's 2019 fiscal year. The amendments of this ASU should be applied using a retrospective transition method to each period presented. The Organization does not expect the adoption of ASU 2016-18 to have a significant impact on the financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This guidance clarifies

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (continued)

how an entity determines (1) whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance, and (2) whether a contribution is conditional. ASU 2018-08 is effective for the 2019 fiscal year. The Organization is currently evaluating the impact of ASU 2018-08 on the financial statements.

Developed Technology

The developed technology asset, which represents capitalizable application development stage costs incurred in the development of the CAT System, is stated at cost. At the inception of the Thesys PPA, the developed technology was in the application development stage, and accordingly such costs were capitalized. Application development stage costs should be amortized over the term of the associated developed technology on a straight-line basis commencing at the point when the software is ready for its intended use, after all substantial testing is completed and ending at the expiration of the initial contract term. The Organization evaluates the remaining useful life of the developed technology asset that is being amortized each reporting period to determine whether events or circumstances warrant a revision to the remaining period of amortization. If the estimate of the remaining life is changed, the remaining carrying amount of the developed technology assets will be amortized prospectively over the revised remaining useful life. Preliminary project stage costs are expensed in the period incurred.

Impairment of Long-Lived Assets

The Organization reviews the carrying value of its long-lived assets, namely the developed technology asset, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. When it is no longer probable that software being developed will be completed and placed in service, the asset shall be reported at the lower of the carrying amount or fair value, if any. Indications that the software may no longer be expected to be completed and placed in service include circumstances when the software is not expected to provide substantive service potential or significant changes are made to the software. An impairment loss is recognized if the carrying amount of the asset exceeds its fair value. There was no impairment loss during the year ended December 31, 2018 and the period from November 21, 2016 (inception) through December 31, 2017 (Note 6).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Organization is exempt from federal income tax under IRC section 501(c)(6), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated business income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. In addition, the Organization has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - DEVELOPED TECHNOLOGY

The CAT System, or the software, is comprised of its main component, the Background Technology, along with Foreground Technology, and Intellectual Property Rights of each. Application development stage costs incurred to develop the CAT System amounted to $75,205,874 and $32,812,500 as of December 31, 2018 and 2017, respectively, which have been presented as developed technology in the statements of financial position. All such costs were paid directly to Thesys CAT by the SROs.

In January 2019, an impairment loss of the full carrying amount of $75,205,874 was recorded (Note 6).

NOTE 4 - NOTES PAYABLE TO SROs (MEMBERS)

The Organization is funded by each of the SROs through notes payable. The Organization has issued various unsecured, non-interest bearing notes payable. The notes are payable on demand, if requested in writing by the holders of the notes representing at least two-thirds of the outstanding principal amount of indebtedness represented by all notes. Any repayment shall be concurrent with a corresponding pro rata repayment of all other notes.

The notes payable, by issuance date, are summarized as follows as of December 31, 2018:

Notes payable to SROs - Thesys CAT:	
April 2017	$ 9,375,000
July 2017	9,375,000
October 2017	9,375,000
December 2017	4,687,500
February 2018	5,208,633
March 2018	4,687,500
April 2018	122,618
May 2018	12,495,833
June 2018	725,000
July 2018	725,000
August 2018	5,571,535
September 2018	1,086,798
November 2018	9,041,666
December 2018	3,053,791
	$ 75,530,874

Notes payable to SROs - Operational:	
June 2018	$ 6,425,541
September 2018	1,864,502
December 2018	389,611
	$ 8,679,654

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Cash Credit Concentration Risk

The Organization maintains cash accounts with a bank located in New York. The excess of deposit balances over amounts that would have been covered by federal insurance was approximately $1,304,000 at December 31, 2018. The Organization did not maintain a cash account during the period from November 21, 2016 (inception) through December 31, 2017.

Available Resources and Liquidity

The Organization's financial assets consist of cash of $1,553,892 and cash in escrow of $325,000 at December 31, 2018 which are available to meet the Organization's operational needs.

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. Through an ongoing budgeting process, the Operating Committee reviews projected expenditures and funds the Organization's future operating needs through the issuance of promissory notes to the SROs. The Organization generally strives to maintain liquid financial assets sufficient to cover 90 days of expenditures.

Arbitration

In 2019, the Organization engaged legal counsel to file an arbitration claim against Thesys CAT to recoup certain damages incurred by the Organization as a result of Thesys CAT failing to meet various specifications and deadlines set forth in the Thesys PPA. Thesys CAT has also filed a counterclaim against the Organization for wrongful termination of the Thesys PPA. At this time, this legal matter is in its pre-hearing stages, with the hearing scheduled in July 2020.

NOTE 5 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

FINRA CAT Commitments

The FINRA PPA became effective on March 29, 2019, with an initial term of seven years. The FINRA PPA provides for build and operating milestone fees, as defined, of $16,500,000, $20,700,000, and $1,500,000 for the years ending December 31, 2019, 2020, and 2021, respectively, and provides for recurring operating fees, as defined, as follows:

Years Ending December 31:	
2019	$ 5,000,000
2020	8,800,000
2021	23,700,000
2022	24,200,000
2023	24,700,000
Thereafter	159,850,000
	$ 246,250,000

In addition, the FINRA PPA provides for other variable fees commencing in 2019.

NOTE 6 - SUBSEQUENT EVENTS

Impairment of Long-Lived Asset

On November 15, 2018, Thesys CAT delivered a CAT System that lacked a variety of functions required by the Thesys PPA. On November 30, 2018, the Organization notified Thesys CAT of their material breach of the Thesys PPA and failure to cure previously noticed material breaches of the Thesys PPA, including the failure to meet the initial go-live deadline of November 15, 2017, and failure to deliver a CAT System that complied with the Phase I requirements of the Thesys PPA by November 15, 2018, among others. Thesys CAT was given 60 days to address the breaches noticed in the November 30, 2018 letter. Thesys CAT was unable to cure its breaches within the 60 day period and as a result, in January 2019, the Operating Committee concluded that the software could no longer be expected to be completed and placed in service pursuant to the specifications set forth in the Thesys PPA. On January 23, 2019, the Organization notified Thesys CAT that it was terminating the Thesys PPA, effective January 30, 2019. Consequently, on January 23, 2019, the Operating Committee determined that the developed technology was impaired with a fair value of zero, and thus recorded an impairment loss of the full carrying amount of $75,205,874.

NOTE 6 - SUBSEQUENT EVENTS (CONTINUED)

Transition Services

In connection with the replacement of Thesys CAT as plan processor, Thesys CAT performed transition services from January 30, 2019 through April 15, 2019 for a total fee of $10,075,000.

Admission of New SRO

In February 2019, a new SRO was admitted to the Organization for a participation fee of $12,415.

Formation of Consolidated Audit Trail, LLC

On August 29, 2019, the Operating Committee filed an amendment to the CAT NMS Plan forming a new Delaware limited liability company named Consolidated Audit Trail, LLC ("CAT LLC"), an exempt organization under IRC Section 501(c)(6), for the purpose of conducting activities relating to the CAT System. The SROs are the limited liability company members of CAT LLC and have the same rights, powers, preferences and privileges, and are subject to the same restrictions, qualifications and limitations. Each SRO is entitled to one vote, and has an equal interest in CAT LLC. The limited liability company agreement of CAT LLC serves as the CAT NMS Plan, with the limited liability company agreement of CAT NMS, LLC no longer serving as the CAT NMS Plan. As a result of the limited liability company agreement of CAT NMS, LLC no longer serving as the CAT NMS Plan, on April 14, 2020, the Organization amended its operating agreement to eliminate and modify certain provisions that are no longer applicable to the Organization.

The language of the limited liability company agreement of CAT LLC is the same as the language of the limited liability company agreement of CAT NMS, LLC, except for changes related to the name of the new limited liability company and the date of the agreement. Accordingly, the revisions to the CAT NMS Plan are limited only to those that are necessary to accommodate the creation of the new limited liability company, not to change any of the substantive provisions of the CAT NMS Plan that govern the way activities with regard to the CAT System are performed. In addition, CAT NMS, LLC has assigned its agreement with the Plan Processor, FINRA CAT, and the technical specifications for the CAT System to CAT LLC. CAT LLC has agreed to guarantee the payment obligations under the notes payable made by CAT NMS, LLC to the SROs for development costs related to the CAT System for the period prior to the creation of CAT LLC. CAT LLC has also taken the necessary steps to enter into new contracts with other third parties performing administrative and other functions on behalf of CAT LLC.

NOTE 6 - SUBSEQUENT EVENTS (CONTINUED)

Assignment and Assumption Agreement

Pursuant to an Assignment and Assumption Agreement effective August 30, 2019, the Organization assigned, transferred and conveyed to CAT LLC all rights, title and interest in the FINRA PPA, and CAT LLC assumed all obligations, duties, liabilities, losses, rights, powers and remedies of the Organization arising out of or relating to the FINRA PPA. As part of the aforementioned Assignment and Assumption Agreement, notes payable in the amount of $8,414,725 arising as a result of the FINRA PPA were transferred to CAT LLC.

Additional Funding

In 2019, the Organization has been funded by issuing additional notes payable to the SROs in the aggregate amount of $33,437,278.

Subsequent events have been evaluated through April 28, 2020, which is the date the financial statements were available to be issued. The COVID-19 outbreak in the United States has caused business disruptions. While the disruptions are currently expected to be temporary, there is considerable uncertainty around the duration of the outbreak. While it is not expected that the Organization will be negatively impacted, the financial impact cannot be reasonably estimated at this time.