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May 22, 2014

Office of the Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: Proposed Distribution Plan for G-Trade Services LLC, Convergenx Global Markets Limited and Convergenx Execution Solutions LLC (Admin. Proc. File No. 3-15654)

To Whom it May Concern:

Neuberger Berman LLC (“Neuberger”) appreciates this opportunity to comment regarding the proposed distribution plan (the “Distribution Plan”) for G-Trade Services LLC, Convergenx Global Markets Limited and Convergenx Execution Solutions LLC (“Convergenx”) dated May 9, 2014. Neuberger respectfully requests that payments for trades executed for wrap fee program clients (“Wrap Clients”) be sent directly to the sponsors of the wrap fee program who cleared the trades and have the direct contractual relationship with the affected clients instead of the adviser (Neuberger) for the wrap fee program who submitted the order to Convergenx. Additionally, Neuberger respectfully requests that American Depositary Receipts (“ADRs”) be treated as U.S. Securities (as defined below) under the Distribution Plan.

I. PAYMENTS TO WRAP FEE PROGRAM CLIENTS SHOULD BE MADE TO WRAP SPONSORS, NOT ADVISERS

Neuberger was informed that it may be considered the “customer” for a number of trades that it introduced to Convergenx on behalf of Wrap Clients. In a wrap fee program, the Wrap Client pays a single fee for discretionary investment advisory, execution, clearing and custodial services. Often multiple entities make arrangements to provide one or more of those services to the Wrap Client for a portion of the overall fee.¹ The sponsors of a Wrap Program (the “Wrap Sponsors”) are typically broker-dealers, financial institutions or other investment advisers that establish, operate and administer the wrap fee programs.

¹ SEC Division of Investment Management, *General Information on the Regulation of Investment Advisers*, available at <http://www.sec.gov/divisions/investment/iaregulation/memoia.htm>.

In a typical wrap fee program, the Wrap Client opens an account and signs a contract with the Wrap Sponsor or an affiliate that also serves as custodian. The Wrap Sponsors are responsible for determining the financial circumstances, investment objectives, risk tolerances and investment restrictions of each client. The Wrap Sponsor typically hires or appoints investment advisers as sub-advisors (“Wrap Advisers”) to handle specific strategies for the accounts. The Wrap Advisers typically do not communicate with clients directly, but rather implement changes in the accounts based on the investment strategy chosen by the client. As the Wrap Adviser, Neuberger does not custody any of the assets of the Wrap Clients.

Subject to its duty of best execution, Neuberger may select the Wrap Sponsor to execute trades for Wrap Clients. Where other broker-dealers are chosen to execute trades, the executing broker (in this case Convergex), will step out of the trade and the Wrap Sponsor² will clear the trade. This allows the Wrap Sponsor, who is typically the custodian and is most familiar with the Wrap Clients, to handle allocations to the Wrap Clients as the clearing broker.

In the Distribution Plan, a “customer” is defined as “entities that had a direct contractual account or trading relationship with one or more of the Respondents.” In the case of Wrap Clients at issue, both Neuberger and the Wrap Sponsor will have had a “trading relationship” with Convergex with respect to the trades executed for the Wrap Clients. Specifically, Neuberger introduced the trade to Convergex and the trade executed by Convergex was cleared through the Wrap Sponsor.

Given that both Neuberger and the Wrap Sponsor fit the definition of a “customer” under the Distribution Plan, Neuberger requests that a common-sense approach be used to determine where to send the payments ordered under the Distribution Plan. In a wrap fee program, it is the Wrap Sponsor that: (a) entered into a contractual relationship with Wrap Clients; (b) has the most information about the Wrap Clients; (c) made the allocations for the affected trades and therefore can determine the amounts owed to each Wrap Client; and (d) as custodian will ultimately need to receive the payment in order to deposit the amount in the Wrap Client’s account or send the payment to the impacted client. Conversely, if the payments from the Distribution Plan were sent to a Wrap Adviser such as Neuberger, the Wrap Adviser would need to forward the payment to the appropriate Wrap Sponsor as it does not have enough information about the allocations to the Wrap Clients and does not have custody of the Wrap Clients’ accounts.

In addition, as Convergex is the entity that stepped out the trades to the Wrap Sponsors and charged the commissions that are being reimbursed under the Distribution Plan, Convergex is uniquely well suited to calculate the amount that should be distributed to each Wrap Sponsor. For all of these reasons, the payments should be sent directly by Convergex to the Wrap Sponsors instead of unnecessarily routing the payments through the Wrap Advisers.

² In some cases, the Wrap Sponsor may choose another firm, usually an affiliate, to clear trades for the wrap fee clients. In either case, the Wrap Sponsor or its delegate, and not the Wrap Adviser, will be handling the allocations to the Wrap Clients.

II. ADRs Should be Treated as U.S. Securities

A number of the trades introduced by Neuberger to Convergenx involved ADRs. ADRs are negotiable instruments that represent an interest in shares of non-U.S. companies that are held by a U.S. depository bank outside of the United States. ADRs are traded in U.S. dollar denominations on U.S. exchanges and clear through U.S. settlement systems.³

Under the Distribution Plan, clients that placed orders involving securities traded in U.S. markets (“U.S. Securities”) would be provided with full refunds of the trading profits earned by Convergenx. On the other hand, clients that placed orders in securities traded in non-U.S. markets (“Non-U.S. Securities”) would receive only a *pro rata* share of Convergenx’s trading profits.

Although the underlying securities of an ADR are foreign, the ADR itself is a negotiable instrument that is traded and settled in U.S. markets. Similar to a mutual fund share, the separation between the negotiable instrument and the underlying shares comprising that instrument should be respected. Therefore, the ADRs should be treated as being traded in U.S. markets and clients who placed orders involving ADRs should be entitled to the refund of the entire trading profit earned by Convergenx.

Should you have additional questions or need additional information regarding our comment, please do not hesitate to contact the undersigned at 646-497-4791.

Very truly yours,



Joshua Blackman
Vice President

³ SEC Office of Investor Education and Advocacy, *Investor Bulletin: American Depositary Receipts*, available at <http://www.sec.gov/investor/alerts/adr-bulletin.pdf> (“The bank will issue ADRs to the investor in the U.S. and the investor will be able to re-sell the ADRs on a U.S. exchange or the over-the-counter market.”).