

MEMORANDUM

TO: File No. S7-06-11 and File No. S7-27-10

FROM: Iliana Lundblad

RE: Implementation of Dodd-Frank Wall Street Reform and Consumer Protection Act

DATE: February 23, 2011

On February 16, 2011, Thomas Eady and Steven Varholik from the Division of Trading and Markets, met with Ben Macdonald (Bloomberg), Greg Dumark (Bloomberg), George Harrington (Bloomberg), Nathan Jenner (Bloomberg), Greg Babyak (Bloomberg) and George Baker (Williams & Jensen).

The agenda for the meeting is attached.

Bloomberg Meeting with the SEC Agenda - Feb 16, 2011 (4:00 p.m.)

I. Proposed SEF Definition and Requirements

- Executable vs. Indicative Prices – definitions
- Definition of SB Based Swap
- SEF requirements for non SEF listed securities (not subject to clearing)
- Multiple CCP listing requirement
- SEF Interconnectivity requirements
- Commingled SEF and Non SEF Trades
- Including all responses to a RFQ in a real-time composite
- Mandatory to show executable prices to all

II. Swap Data Repositories

- Likely candidates
- Communication protocol
- Consolidated tape

III. Regulatory Services Provided by a Third-Party (Form SB SEF, Exhibit G reference)

Would it be acceptable to Use a Third-Party Regulatory Service Provider for:

- To meet the SB SEF requirement to have resources for effective rule enforcement
- Oversight for rule enforcement program including enforcing SB SEF rules and detecting, investigating and prosecuting rule violations and/or manipulative activity
- Maintain certain SB SEF related records (records related to grants of access, etc.)
- Administer and or participate in the Swap Review Committee (with appropriate composition)
- Electronic Monitoring of Trading (Surveillance)

IV. Clarification of Other Core Principle Rules

- Impartial Access - Is it appropriate for DCO status to be taken into consideration for determining access to quotes and ability to execute?
- Jurisdiction - What authority would a SEF have over non-US members particularly where the member may be subject to different regulatory oversight?
- Financial Resources – What financial obligations to participants would have to be considered in calculating financial resources?
- System Safeguards - Must a backup facility be located in the U.S.?

V. Mitigation of Conflicts of Interest and Governance

- Waiver of governance requirements where ownership does not give rise to enumerated conflicts
- Necessity of Risk Oversight Committee in light of CCO requirement