



DIVISION OF  
TRADING AND MARKETS

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

November 24, 2015

Sarah Osborn  
Counsel  
Bloomberg L.P.  
731 Lexington Avenue  
New York, NY 10022

**Re: Bloomberg L.P.**

Dear Ms. Osborn:

In your letter dated November 11, 2015, on behalf of Bloomberg L.P. (“Bloomberg”), you request assurance that the staff of the Division of Trading and Markets would not recommend enforcement action against broker-dealers executing transactions with or on behalf of their institutional customers in fixed-income and equity securities, including in connection with repurchase agreements, if the broker-dealers rely on electronic trade confirmations generated by and delivered through an electronic platform provided by Bloomberg, as described in your letter (“Bloomberg confirmations”), to satisfy their confirmation delivery obligations under Rule 10b-10 of the Securities Exchange Act of 1934.

Based on the facts and representations set forth in your letter, and without necessarily concurring in your analysis, the staff of the Division of Trading and Markets will not recommend enforcement action to the Commission against broker-dealers using Bloomberg confirmations to satisfy their Rule 10b-10 confirmation delivery obligations to institutional customers as described in your letter. In taking this position, we note in particular your representation that each confirmation provided through Bloomberg’s electronic platform will include all of the information required by Rule 10b-10. We also note that broker-dealers using the platform will obtain the prior written, informed consent of their institutional customers to delivery of electronic confirmations through the platform, and that if a customer revokes this consent, the broker-dealer will give or send any future Rule 10b-10 confirmations to that customer through other means. In addition, we note that the institutional customers will have the ability to view, download, and print their confirmations through the platform, and that they will be able to establish default procedures for downloading or printing such confirmations automatically.

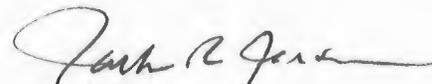
This position concerns enforcement action under Rule 10b-10 only and is based solely upon the representations you have made and limited strictly to the facts and conditions described in your letter. Any different facts or circumstances, including any change to the operation of the Bloomberg’s electronic platform, may require a different response. We express no view with respect to other questions the proposed activities of Bloomberg and broker-dealers using its electronic platform may raise, including the

applicability of any other federal or state laws or the applicability of self-regulatory organization rules concerning customer account confirmations.

Finally, the Division has long taken the view that broker-dealers may use electronic media to satisfy their Rule 10b-10 delivery obligations, provided that the medium used to send the information is not "so burdensome that the intended recipients cannot effectively access the information provided."<sup>1</sup> In this respect, we emphasize that broker-dealers relying on a vendor's electronic platform to fulfill their Rule 10b-10 obligations must ensure that their customers can effectively access all of the information required by Rule 10b-10 in a format that is understandable but not burdensome for the customer to access. Also, customers to whom confirmations "are sent electronically should have an opportunity to retain the information through the selected medium or have ongoing access equivalent to personal retention."<sup>2</sup> To the extent that customers are not able to effectively access and retain confirmations delivered through a vendor's electronic platform, broker-dealers may not be able to rely on that vendor's electronic platform to fulfill their Rule 10b-10 obligations. We also note that responsibility for compliance with Rule 10b-10 remains with a broker-dealer using the Bloomberg platform, or any similar platform, to deliver electronic confirmations.

Please contact Joseph Furey, Shauna Sappington Vlosich, Brice Prince, or me at (202) 551-5550 if you have any questions regarding this letter.

Sincerely,



Paula Jensen  
Deputy Chief Counsel

cc: Larry Bergmann, Murphy & McGonigle, P.C.

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<sup>1</sup> Letter re: *Omgeo LLC* (Nov. 19, 2010) (citing *Use of Electronic Media by Broker-Dealers, Transfer Agents and Investment Advisers for Delivery of Information*, Securities Exchange Act Release No. 37182 (May 9, 1996), 61 FR 24644, 46-47 (May 15, 1996)).

<sup>2</sup> Release No. 37182, 61 FR at 24647.

November 11, 2015

Ms. Paula Jenson, Deputy Chief Counsel  
Division of Trading and Markets  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549

Dear Ms. Jenson,

We write to request your assurance that the staff of the Securities and Exchange Commission (the "Commission") would not recommend that the Commission take any enforcement action against broker-dealers ("BDs") executing trades with or on behalf of their institutional customers in fixed-income and equity securities trades and/or repurchase ("repo") transactions, if the BDs rely on electronic trade confirmations ("Bloomberg Electronic 10b-10 Confirmation Messages") generated by and delivered through an electronic platform provided by Bloomberg,<sup>1</sup> to satisfy the BDs' obligations pursuant to Rule 10b-10 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The Commission's Staff has previously issued no-action letters addressing electronic delivery of Rule 10b-10 trade confirmations.<sup>2</sup> Bloomberg's system for electronic confirmation is an integrated part of a platform supporting the entirety of the trading lifecycle, from pre-trade analytics, order management and trade execution to electronic trade confirmations through to post-trade fails management. In addition, Bloomberg's system would enable BDs to provide

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<sup>1</sup> References to "Bloomberg" herein refer to Bloomberg Finance L.P. together with its affiliate Bloomberg L.P., which operates the BLOOMBERG PROFESSIONAL service. "Bloomberg" also includes Bloomberg STP LLC (which has filed a Form CA-1 exemptive application with the Commission to provide certain post-trade matching services; *see* Notice of Filing of Application for Exemption from Registration as a Clearing Agency (Securities Exchange Act Release No. 74394 (Feb. 27, 2015), 80 FR 12048)) where the context requires.

<sup>2</sup> *See, e.g.*, MarketAxess Corporation (pub. avail. Jan. 26, 2015); Society for Worldwide Interbank Financial Telecommunication (pub. avail. May 27, 2010); Omgeo LLC (pub. avail. Mar. 12, 2008); SS&C Technologies, Inc. (pub. avail. Aug. 13, 2008); SunGard Institutional Brokerage, Inc. (pub. avail. July 3, 2007).

customers electronic confirmations for fixed-income and equity trades as well as repo transactions, and would provide flexible trade-by-trade confirmation backer functionality. Further information regarding the proposed Bloomberg Electronic 10b-10 Confirmation Messages is provided below.

## **I. Description of Bloomberg and the Bloomberg Electronic 10b-10 Confirmation Messages**

Bloomberg provides financial market information, data, news and analytics to broker-dealers, institutional investors and other professional investors through the BLOOMBERG PROFESSIONAL service. In addition, Bloomberg offers products and services that promote efficiency across the trading lifecycle, including pre-trade analytics, order management systems, trade execution, post-trade processing, exception management, and fails management. As a new service that would complement and be integrated with its existing array of services, Bloomberg proposes to offer trade confirmation functionality to BDs. The proposed service would permit BDs electronically to generate and provide to their customers trade confirmations for the customers' fixed-income and equity securities trades as well as repo transactions.

The proposed trade confirmations would consist of electronic trade confirmation messages transmitted by BDs through Bloomberg's post-trade systems to their institutional customers for purposes of reviewing, correcting, and affirming the details of the institutional customers' transactions (e.g., allocation information, fees and taxes, and settlement instructions), after execution and prior to settlement. Bloomberg also plans to offer a post-trade repo transaction system that will enable counterparties to a repo transaction to input, compare, amend, and affirm repo transaction details, as well as reflect adjustments to transaction terms during the term of the repo.

## **II. Summary of Proposed Rule 10b-10 Confirmation Delivery Service**

Exchange Act Rule 10b-10 requires that a BD provide certain written disclosures to a customer at or before the completion of a transaction. Bloomberg proposes to make available to BDs a service that generates electronic trade confirmations in accordance with the following guidelines:

- i. Each confirmation provided through Bloomberg's electronic confirmation functionality will include all of the information required under Rule 10b-10. This information will be provided to Bloomberg by the BD. Bloomberg will accept and incorporate terms and conditions relating specifically to the BD that would not change on a trade-by-trade basis, and will accept information required by Rule 10b-10 on a trade-by-trade basis from a BD. Bloomberg also will permit BDs to include additional disclosures as they deem necessary on the electronic confirmation, including disclosures not specifically required under Rule 10b-10.
- ii. BDs will be allowed to provide with each electronic confirmation all information normally appearing on the back of a paper confirmation, including

any additional disclosures not required under Rule 10b-10 that a BD wishes to provide. Bloomberg will offer BDs the ability to store within Bloomberg's system multiple backers per securities product type. Also, Bloomberg will offer BDs the ability to provide such backer content to Bloomberg via FIX messages on a trade-by-trade basis, eliminating the need for BDs to store such backer content within Bloomberg's system. Confirmations will be provided in a single, contiguous form regardless of the manner in which they are provided.

- iii. The confirmation will indicate that the customer should contact the BD with whom it effected a transaction with any questions, and that Bloomberg will not answer any questions or otherwise become involved in post-transaction discussions between customers and BDs.
- iv. Customers and BDs will have the ability to view, download, and print their confirmations through the Bloomberg system, and will be able to establish default procedures pursuant to which such confirmations are downloaded and/or printed automatically. Confirmations will be stored electronically by Bloomberg and be available to BDs for not less than the period required by Rules 17a-3 and 17a-4 under the Exchange Act.
- v. The BDs will obtain the prior written, informed consent of their customers (which may be electronic) to the receipt of trade confirmations electronically using Bloomberg Electronic 10b-10 Confirmation Messages. If the customer revokes this consent, then the BD will send any future Rule 10b-10 confirmations to that customer through means other than Bloomberg Electronic 10b-10 Confirmation Messages.

### **III. Considerations in Support of Bloomberg**

The Bloomberg Electronic 10b-10 Confirmation Messages will function in a manner consistent with previous systems that have received no-action relief.

#### *A. Broad Asset Class Coverage*

The Bloomberg Electronic 10b-10 Confirmation Messages will cover both fixed-income and equity securities trades and repo transactions, constituting a wider range of transaction types than those supported by any of the systems described in prior no-action relief. The confirmation disclosures on repo transactions will include all information required under Rule 10b-10.

#### *B. Additional Functionality for Confirmation Backers*

The Bloomberg Electronic 10b-10 Confirmation Messages will also have additional functionality related to confirmation backers. As described above, Bloomberg plans to offer BDs both the ability to store within Bloomberg's system multiple backers per securities product type, and the

ability to provide such backer content to Bloomberg via FIX messages on a trade-by-trade basis, eliminating the need for BDs to store such backer content within Bloomberg's system.

*C. Comprehensive Straight-Through-Processing Supporting Move to Shortened Settlement Cycles*

The proposed Bloomberg Electronic 10b-10 Confirmation Messages would benefit BDs and their customers by providing a fast, efficient, and cost-effective means to deliver Rule 10b-10 trade confirmations. Importantly, the Bloomberg Electronic 10b-10 Confirmation Messages would also provide an additional benefit to market participants that we believe will be helpful to facilitate the security industry's move to shortened settlement cycles. Specifically, the Bloomberg Electronic 10b-10 Confirmation Messages will be seamlessly integrated with Bloomberg's suite of services supporting the full lifecycle of trades from pre-trade analytics through post-trade fails management. Bloomberg's comprehensive service offering is designed to increase the speed at which trades may be processed after execution by employing straight-through-processing that eliminates the need for manual workflows and information re-entry and reduces operational risk to BDs. Further, the service offering includes post-trade exceptions and fails management functionality that provides for efficient resolution of settlement issues.

The Commission's Investor Advisory Committee<sup>3</sup> recently advised the Commission that reducing the settlement period is critical to reducing systemic risk in the financial system and recommended moving to a T+1 settlement period "as soon as possible." The Committee stated that, "Technological and operational advances in the last two decades have made a move to T+2 generally and T+1, at least for US equities and ETFs and the minority of mutual funds that remain at T+3, both feasible and desirable for market participants."<sup>4</sup> As an integral component of a comprehensive straight-through-processing service offering, the Bloomberg Electronic 10b-10 Confirmation Messages would help facilitate the move to shortened settlement cycles.

**IV. Conclusion**

Based on the foregoing, Bloomberg respectfully requests that the Staff confirm that it will not recommend any enforcement action to the Commission if BDs rely on Bloomberg Electronic

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<sup>3</sup> The Dodd-Frank Wall Street Reform and Consumer Protection Act established the Investor Advisory Committee to advise the Commission on regulatory priorities, the regulation of securities products, trading strategies, fee structures, the effectiveness of disclosure, and on initiatives to protect investor interests and to promote investor confidence and the integrity of the securities marketplace.

<sup>4</sup> See "Recommendation of the Investor Advisory Committee: Shortening the Trade Settlement Cycle in U.S. Financial Markets (February 12, 2015)" (*available at* <http://www.sec.gov/spotlight/investor-advisory-committee-2012/settlement-cycle-recommendation-final.pdf>).

Ms. Paula Jenson, Deputy Chief Counsel  
Securities and Exchange Commission  
November 11, 2015  
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10b-10 Confirmation Messages to satisfy their confirmation delivery obligations under Rule 10b-10 of the Exchange Act.

We welcome the opportunity to discuss this request with you. If you have any questions regarding this request, please contact me at (212) 617-0790 or our outside counsel, Larry Bergmann of Murphy & McGonigle, P.C., at (202) 661-7032.

Sincerely,



Sarah Osborn  
Counsel  
Bloomberg L.P.