



DIVISION OF
TRADING AND MARKETS

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

January 26, 2015

Scott Pintoff
General Counsel
MarketAxess Corporation
299 Park Avenue
10th Floor
New York, NY 10171

Re: MarketAxess Corporation

Dear Mr. Pintoff,

In your letter dated December 30, 2014, on behalf of MarketAxess Corporation (“MarketAxess”), you request assurance that the staff of the Division of Trading and Markets would not recommend enforcement action under Rule 10b-10 of the Securities Exchange Act of 1934 (“Exchange Act”) against broker-dealers effecting repurchase transactions on behalf of their institutional customers (the “Broker-Dealer Subscribers”) that rely on MarketAxess’ electronic platform (“TraxMatch System”) to satisfy their confirmation delivery obligations to their institutional investors (“Customers”), if all of the disclosures required by Rule 10b-10 are provided electronically, as discussed in your letter.

Response:

Based on the facts and representations set forth in your letter, the staff of the Division of Trading and Markets will not recommend enforcement action to the Commission under Exchange Act Rule 10b-10 against the Broker-Dealer Subscribers if they rely on the TraxMatch System to satisfy their confirmation delivery obligations to Customers under Rule 10b-10(a). In taking this position, we note in particular that each electronic trade confirmation will contain all of the information required by Rule 10b-10.¹ We also note that when a Customer to whom a confirmation must be given or sent is other than a TraxMatch System participant, or when a Customer elects to alter the terms of an outstanding repurchase transaction without entering any

¹ MarketAxess also represents that all customers will consent in writing to the use of the TraxMatch system.

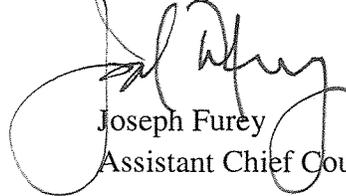
transaction details into the TraxMatch System, Broker-Dealer Subscribers will continue to give or send trade confirmations to such Customers, pursuant to Rule 10b-10.

This position concerns enforcement action under Rule 10b-10 only and is based solely upon the representations you have made and is limited strictly to the facts and conditions described in your letter. Any different facts or circumstances, including any change to the operation of TraxMatch System, may require a different response. Finally, we express no view with respect to other questions the proposed activities of MarketAxess may raise, including the applicability of any other federal or state laws or the applicability of self-regulatory organization rules concerning customer account confirmations.

The staff of the Division of Trading and Markets, on a number of occasions, has expressed its views with respect to Rule 10b-10 and electronic confirmations for institutional customers.² Having stated our views, we will no longer respond to letters in this area unless they present novel or unusual issues.³

If you have any questions regarding this letter, please call Paula Jenson, Acting Chief Counsel, Timothy White, Special Counsel, or me at (202) 551-5550.

Sincerely,



Joseph Furey
Assistant Chief Counsel

² See e.g., SEC No-Action Letter, Omgeo LLC, November 19, 2010; SEC No-Action Letter to Omgeo LLC, March 12, 2008; SEC No-Action Letter to TradeWeb LLC, July 22, 2003.

³ The Commission has previously stated that broker-dealers may deliver confirmations electronically with the informed consent of the customer, provided they meet the basic requirements of notice, access and evidence of delivery. See Securities Act Release No. 37182 (May 9, 1996); see also Securities Exchange Act Release No. 42728 (April 28, 2000).



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December 30, 2014

Ms. Paula Jenson
Deputy Chief Counsel
Division of Trading and Markets
Securities and Exchange Commission
450 Fifth Street, N.W.
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 effecting repurchase transactions ("Repos") on behalf of their institutional customers ("Broker-Dealer Subscribers") if the Broker-Dealer Subscribers rely on electronic trade confirmations generated by and delivered through an electronic platform ("TraxMatch" or the "System") operated by MarketAxess Corporation ("MarketAxess") to satisfy their obligations pursuant to Rule 10b-10 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

I. Description of MarketAxess and the TraxMatch System

MarketAxess, a broker-dealer registered with the United States Securities and Exchange Commission (the "SEC" or the "Commission"), operates electronic trading systems supporting fully-disclosed electronic trading in a number of classes of securities, including high-grade corporate bonds, high yield/crossover bonds, emerging markets bonds, U.S. agency securities, structured products, preferred stock and credit default swaps. Provided that the no-action relief sought by MarketAxess is given, MarketAxess will also operate TraxMatch, an electronic system that will enable U.S. registered broker-dealers and institutional investors ("Customers") effecting Repos to view details for matched trades, resolve any differences or errors, and then affirm Repo transactions. TraxMatch is not available to retail investors.

The TraxMatch System works by allowing Customers on both sides of a Repo to enter, compare and affirm transaction details. The TraxMatch System uses proprietary technology to review the entered details and pair both sides of a transaction. Once a transaction is paired, the TraxMatch System generates and sends a match notification to both counterparties displaying the details of the transaction. Thereafter, the counterparties utilize the match notification to resolve any details or errors¹ and then affirm the details of the Repo. Once both parties have affirmed the Repo, the

¹ Issues relating to "mismatched" transaction details are identified in the System, but resolved directly between Broker-Dealer Subscribers outside of the System. MarketAxess employees will not be involved in addressing discrepancies relating to transaction details.

transaction is matched and the TraxMatch System generates an electronic confirmation (the “Trax Confirmation”) that provides the full details to the trade. All Customers will be required to consent in writing to provision of the Trax Confirmation before they utilize the System.

II. Summary of Proposed Confirmation Delivery Service

Exchange Act Rule 10b-10 requires that a broker-dealer provide certain written disclosures to a customer at or before the completion of a transaction. MarketAxess proposes to make available to Broker-Dealer Subscribers of TraxMatch a service that generates an electronic confirmation that will provide all details and disclosures required under Rule 10b-10 of the Exchange Act.

The information in the Trax Confirmation will be generated from information provided to the TraxMatch System by the parties to each transaction. Separately, and as the staff may be aware, in the Repo market, transaction details tend to change after a Repo is effected, but before it is unwound. When that occurs, provided that Customers enter the amended transaction details into TraxMatch, the System will generate and send updated confirmations to the relevant Customers, while retaining the initial and preceding versions.²

For users that are broker-dealers, the TraxMatch System will accept and incorporate terms and conditions specific to each broker-dealer user that would not change on a trade-by-trade basis. The TraxMatch System will also permit broker-dealer users to add additional disclosures to the confirmation, including disclosures not required under Rule 10b-10 of the Exchange Act. At a minimum, the additional information provided in the Trax Confirmation will be information that normally appears on the back of a paper confirmation. The Trax Confirmation will also indicate that the broker-dealer user is available to answer any questions related to the transaction and that MarketAxess will not answer any questions related to the transaction or become involved in any post-transaction discussions between the parties to the transaction. The Trax Confirmation will be stored electronically by MarketAxess and will be available for broker-dealer users to view and download for a period of time not less than the period required by Exchange Act Rule 17a-4. Finally, similar to the Staff’s guidance in 2008 and 2010 to Omgeo LLC,³ the Trax Confirmation(s) will be provided to Customers electronically on behalf of broker-dealer users, eliminating the need for paper confirmations.

III. Considerations in Support of TraxMatch

² Customers may also elect to alter the terms of an outstanding Repo without entering any transaction details into the System. In that event, any required confirmations would be the sole responsibility of the parties to the transaction.

³ See SEC, Division of Trading and Markets, *Letter re: No Action Request of Omgeo LLC* (Mar. 12, 2008) [hereinafter *Omgeo 2008 Letter*]; SEC, Division of Trading and Markets, *Letter re: Omgeo LLC* (Nov. 19, 2010) [hereinafter *Omgeo 2010 Letter*].

The proposed Trax Confirmation benefits Customers by providing them with a fast, efficient, and cost-effective means to match and affirm Repos. Electronic matching and confirmation for Repos, a product traded in the OTC market and subject to manual negotiation, will decrease operational risk and provide increased reliability in this market. In addition, the electronic nature of the Trax Confirmation will allow Broker-Dealer users to quickly make any changes necessitated by changes to laws and regulations regarding customer disclosures.

TraxMatch operates in manner consistent with systems that have received no-action relief.⁴ The Staff has provided no-action guidance to third-party trading platform services providing confirmations as early as 1974, when it granted relief to DTC, allowing DTC to confirm securities transactions on behalf of broker-dealer participants, electronically and otherwise.⁵ The TraxMatch system and Trax Confirmations are similar to the TradeSuite product and confirmations described in Omgeo LLC's requests for no-action relief that were granted by the Staff.⁶ Like the Omgeo confirmation, the Trax Confirmation will not include "confirmation backer" disclosures obtained from broker-dealer users on a trade-by-trade basis. Instead, broker-dealer users will load confirmation backer information into the TraxMatch System that will be appended to all Trax Confirmations and that can be updated at any time. MarketAxess will maintain and preserve copies of all Trax Confirmations it generates for its broker-dealer users, as well as all of the disclosures required by Rule 10b-10, and any additional disclosures made by the broker-dealer users. As required under Rule 17a-4(f)(3)(vii) of the Exchange Act, MarketAxess will undertake, upon reasonable request, to promptly provide Trax Confirmations to the SEC, any self-regulatory organization of which the broker-dealer user is a member, and any state securities regulator with jurisdiction over the broker-dealer user.

IV. Conclusion

Based on the foregoing, MarketAxess respectfully requests that the Staff confirm that it will not recommend any enforcement action to the Commission if Broker-Dealer Subscribers rely on Trax Confirmations to satisfy their confirmation delivery obligations under Rule 10b-10 of the Exchange Act.

⁴ See, e.g., SEC, Division of Trading and Markets, *Letter re: Request for No-Action Relief from 10b-10 by TradeWeb LLC* (Jul. 22, 2003); *Omgeo 2008 Letter*, supra; *Omgeo 2010 Letter*, supra.

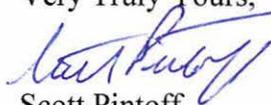
⁵ See SEC, Division of Trading and Markets, *Letter re: The Depository Trust Company*, (Oct. 29, 1974).

⁶ *Omgeo 2008 Letter*; *Omgeo 2010 Letter*.

Paula Jenson, Esq.
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We welcome the opportunity to discuss this request with you. If you have any questions regarding this request, please contact our outside counsel, David Sieradzki, of Bracewell & Giuliani at 202.828.5826.

Very Truly Yours,



Scott Pintoff
General Counsel
MarketAxess Corporation