

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 11390 / September 18, 2025

ADMINISTRATIVE PROCEEDING
File No. 3-22551

In the Matter of

**BLOOMBERG TRADEBOOK
LLC,**

Respondent.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 8A OF THE SECURITIES ACT
OF 1933, MAKING FINDINGS AND
IMPOSING A CEASE-AND-DESIST
ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) against Bloomberg Tradebook LLC (“Tradebook” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

SUMMARY

1. Tradebook is a registered broker-dealer that also displays market data to its paying customers. This matter concerns Tradebook's materially false and misleading statements during the period September 2018 through at least June 2019 (the "Relevant Period") relating to the speed of certain market data from U.S. options exchanges ("U.S. Options Market Data").²

2. Tradebook distributed marketing materials to its customers and potential customers stating that market data was provided to customers at speeds "in fractions of seconds." During the Relevant Period, however, these statements were misleading because Tradebook was displaying U.S. Options Market Data to customers that the firm knew was subject to regular delays lasting as long as several minutes during periods of high data volumes. Thus, certain U.S. Options Market Data was at times displayed to customers at speeds that were much slower than "fractions of seconds." When U.S. Options Market Data was delayed, those delays averaged approximately 23 seconds. Despite Tradebook's knowledge of those delays, the firm failed to adequately inform customers of the delays or correct the marketing statements about data speeds that it continued to distribute.

3. As a result of these false and misleading statements, certain Tradebook customers placed orders through Tradebook to purchase and sell U.S. options at prices that may have been based on untimely market information. While Tradebook made some efforts to notify customers of the delays, the firm did not disclose the delays to all of its customers who may have been viewing U.S. Options Market Data.

4. As a result of the conduct described above, Tradebook violated Section 17(a)(2) of the Securities Act.

RESPONDENT

5. Tradebook is a Delaware limited liability company headquartered in New York, New York and is a wholly-owned subsidiary of Bloomberg L.P. ("Bloomberg"). Tradebook has been registered with the Commission as a broker-dealer since November 1996. Bloomberg is a global financial, software, data, and media company headquartered in New York, New York.

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

² U.S. Options Market Data contains multiple data fields, including: (i) contract month; (ii) strike price; (iii) settlement price; (iv) theoretical price; (v) days until maturity; and (vi) name and price or index value of the underlying security. New quotes are often automatically generated every time that there is a change in the price or index value of the underlying security.

BACKGROUND

A. Tradebook Displayed U.S. Options Market Data to Its Customers

6. During the Relevant Period, Tradebook provided its customers with U.S. Options Market Data that it received from Bloomberg. Bloomberg's source for U.S. Options Market Data was the Options Pricing Reporting Authority, LLC ("OPRA"), a securities information processor, or SIP, that consolidates data from U.S. options exchanges.

7. During the Relevant Period, OPRA consolidated market data from approximately 15 U.S. options exchanges. Because multiple options series typically exist for a given security, the prices of which are often automatically updated upon changes in the price or index value of the underlying security, OPRA generates millions of messages per second. For example, OPRA peak messages almost doubled during the Relevant Period from between 10.5 and 12.9 million messages per second to nearly 20 million messages.³ Bloomberg and Tradebook monitored these volumes closely and, as described in more detail below, were aware of the impact this increase in volume had on the speed of the U.S. Options Market Data delivered to Tradebook customers and of the possibility that delays would persist without an upgrade to hardware infrastructure for parsing data.

8. After Bloomberg received U.S. Options Market Data through a connection with OPRA, computer software programs known as parsers processed (or "parsed") the data by aggregating, normalizing, and transforming the data into a format that was compatible with Bloomberg's systems. Once processed, Bloomberg delivered the U.S. Options Market Data to Tradebook, which then displayed the U.S. Options Market Data to its customers.

9. Tradebook customers could access U.S. Options Market Data in two primary ways: first, by viewing it on the Bloomberg Terminal (the "Terminal"), including on Tradebook's front-end order entry screens, and, second, through application program interfaces ("APIs") provided by Bloomberg.

10. The Terminal is a hosted software subscription service distributed by Bloomberg (and/or its affiliates) that provides market information and data, including U.S. Options Market Data. Tradebook likewise displayed U.S. Options Market Data on its order entry screens, and its customers were able to manually submit trade orders based on the U.S. Options Market Data they were viewing.

11. Tradebook or Bloomberg made certain automated trading functionality available through APIs, which allowed customers to submit trade orders at prices that could be based on U.S. Options Market Data through their own order management systems.

12. Tradebook customers could also use, through the Terminal or APIs, trading algorithms such as "PAIR," a multi-security cross-asset spread trading algorithm that incorporates U.S. Options Market Data.

³ OPRA, Key Operating Metrics of U.S. Options Securities Information Processor (OPRA SIP), 1Q16-1Q20.

B. Tradebook Claimed in Marketing Materials that Customers Would Receive “Current” Market Data in “Fractions of Seconds”

13. During the Relevant Period, Tradebook distributed to customers and potential customers various marketing materials stating that it provided current U.S. Options Market Data. For example, Tradebook’s website stated that customers would receive “[u]ndisrupted access to the Bloomberg Terminal’s real-time data.”

14. In another example, Help Pages for Tradebook’s order entry screens stated that the screens allow customers to “monitor . . . primary market updates, and key market information,” and that the information would be “current.” Other marketing materials stated that customers received “real-time pricing updates delivered in fractions of seconds” and that they could retrieve updates “as they occur at the source.”

15. These statements, combined with the nature of Tradebook’s services, gave Tradebook customers the misimpression that non-delayed (also referred to as “real-time”) market data displayed on Tradebook’s screens would be updated near-contemporaneously as relevant trading activity occurred, such that latencies would not exceed fractions of a second.

C. Tradebook Displayed Untimely U.S. Options Market Data Due to Delays During Periods of High Data Volumes

16. During the Relevant Period, Tradebook displayed U.S. Options Market Data that was regularly delayed for periods as long as several minutes during periods of high data volumes, such as market open. These delays occurred on approximately half of the trading days during the Relevant Period and affected some of the most heavily-traded options series. The average delay was approximately 23 seconds, and the delays lasted in many cases for over one minute and in some cases for several minutes.

17. In some cases, the delays in delivery of certain U.S. Options Market Data resulted in observable differences between then-current options prices and the options prices displayed to Tradebook customers. For example, on May 8, 2019, prices for one heavily-traded options series were delayed by 77 seconds in the first 10 minutes following market open. During this period, the price differential between the then-current midpoint of the National Best Bid and Offer (“Midpoint Price”) and the delayed price displayed by Tradebook was as much as \$0.38, or approximately 7%. Similarly, on May 20, 2019, Tradebook employees tracking U.S. Options Market Data delays identified a “huge delay” of up to 123 seconds for the same options series that persisted for 15 minutes following market open. During this period, the price differential between the then-current Midpoint Price and the delayed price displayed by Tradebook was as much as \$0.12, or approximately 13%.

18. Tradebook first became aware of significant U.S. Options Market Data delays in August and September 2018, when the delays had at times reached several minutes in duration during periods of high data volumes for certain heavily-traded securities. The delays were widely known among Tradebook personnel. In September 2018, a period when U.S. Options Market Data was delayed for several minutes for certain securities, Tradebook’s then-Head of Global Risk

repeatedly warned colleagues that the delays were inconsistent with customers' expectations regarding the firm's trade execution services and would negatively affect trading customers, writing to colleagues, for example, that: "[f]eed appear[s] to be perpetually seconds behind - which is of course unacceptable [*sic*] for real time trading."

19. By September 2018, Tradebook also knew that certain customers were being negatively impacted by the display of delayed prices, and Tradebook personnel received complaints from customers who noticed the delays. Tradebook personnel shared these complaints with Tradebook executives.

20. Throughout the fall of 2018, Tradebook's then-Head of Compliance repeatedly warned Tradebook colleagues that the delays in U.S. Options Market Data were continuing, were occurring nearly daily, and had exceeded 10 seconds in certain instances.

21. The delays continued during periods of high data volumes through the spring and summer of 2019, while various fixes including technological upgrades were being developed and implemented. On March 19, 2019, Tradebook's then-Head of Risk wrote: "12-13 second OPRA delays at the close – Whoever THINKS naked eye traders don't feel these delays needs to be educated on the business they are responsible for."

22. By early fall 2019, the fixes were completed, and the delays in U.S. Options Market Data were largely resolved.

D. Tradebook Made Materially False and Misleading Statements Relating to the Speed of Its Options Pricing Data

23. As described above, Tradebook distributed and promoted certain marketing materials to customers and potential customers during the Relevant Period that stated market data would be "current" and delivered in "real time ... in fractions of seconds." These representations were misleading because Tradebook was displaying U.S. Options Market Data to paying customers that the firm knew was subject to regular delays lasting as long as several minutes during periods of high data volumes. These delays could be remedied only through extensive technological upgrades and other fixes that had not yet been made.

24. Tradebook's false and misleading statements resulted from the firm's negligence. Tradebook did not take reasonable steps to ensure the accuracy of its representations that the data its customers were using in connection with options trading was "current" and delivered in "fractions of seconds." As a result, Tradebook made false and misleading statements to customers who placed orders to purchase and sell securities through Tradebook based on the delayed data and paid commissions for these orders.

25. While Tradebook made efforts to notify some customers about the U.S. Options Market Data delays, those efforts were not reasonable. For example, when the delays first arose in fall of 2018, Tradebook sales representatives contacted customers whom they believed were most likely to be trading in impacted securities, and also temporarily disabled trading in an impacted security after a period of particularly heightened delays. The firm did not, however, notify all

customers who could have been potentially impacted. As another example, in late January 2019, Tradebook took further steps to notify certain Tradebook customers of the delays in an automated fashion, by implementing a pop-up notification that warned customers, upon customers' attempts to place orders through Tradebook's single-security order entry screen (OTMQ), when the firm observed two seconds of U.S. Options Market Data delays. Tradebook, however, did not institute a pop-up notification for customers using more infrequent methods of trading such as APIs, the PAIR algorithm, or Tradebook's multi-leg order entry screen (OTSQ).

26. In addition, while Tradebook customers had access to several timestamp fields that allowed them to measure data delivery speeds and identify the source of any delays, certain customers may not have been aware of those fields, and Tradebook did not inform customers that these fields could help them detect delays.

27. Tradebook's false and misleading statements were material to customers' trading because the delays in some cases caused significant differences between the prices displayed to Tradebook customers when they sought to make a trade and the then-current prices.

VIOLATIONS

28. As a result of the conduct described above, Respondent Tradebook violated Section 17(a)(2) of the Securities Act, which prohibits, directly or indirectly, in the offer or sale of securities, obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

TRADEBOOK'S REMEDIAL EFFORTS

29. In determining to accept the Offer, the Commission considered remedial acts undertaken by Tradebook. During the Relevant Period, Tradebook took steps to notify certain Tradebook customers of the delays in U.S. Options Market Data. After the Relevant Period, Tradebook (and its affiliates) published a disclosure on various Tradebook (and other) screens that display U.S. Options Market Data, which clarifies that data delivery speeds can vary depending on many factors and further publicizes the timestamp fields customers can use to ascertain and monitor potential delays in data delivery speeds.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Tradebook's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, Respondent cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) of the Securities Act; and

B. Respondent shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$5,000,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Tradebook as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Joseph G. Sansone, Chief, Market Abuse Unit, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004-2616.

Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the

Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman
Secretary