



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
TRADING AND MARKETS

February 27, 2026

Derek Kleinbauer
President
Bloomberg SEF LLC
731 Lexington Avenue
New York, NY 10022

Re: Order Book and Annual Compliance Report Data Structuring for Security-Based Swap Execution Facilities

Dear Mr. Kleinbauer:

Based on the facts and circumstances set forth in your letter dated February 25, 2026 (“Letter”),¹ the staff of the Division of Trading and Markets (“Division”) will not recommend enforcement action to the Securities and Exchange Commission (“Commission”) under Section 3D of the Securities Exchange Act of 1934 (“Exchange Act”)² against a security-based swap execution facility (“SBSEF”) that: (1) does not maintain an order book,³ as set forth in Rule 803(a)(2),⁴ for security-based swaps executed on an SBSEF that are not subject to the trade execution requirement set forth in Section 3C(h) of the Exchange Act,⁵ which are defined in Rule 815(c)(1) as “permitted transactions”⁶; and (2) does not submit its annual compliance report (“ACR”) electronically to the Commission using the EDGAR system as an Interactive Data File, as set forth in Rule 831(j)(2),⁷ and instead opts to submit its ACR in PDF format electronically via email, a Commission portal, the Commission’s Electronic Form Filing System, or any other means designated by the Commission.

¹ A copy of the Letter is attached.

² 15 U.S.C. 78c-4.

³ See 17 CFR 242.802 (defining the term “order book”).

⁴ 17 CFR 242.803(a)(2).

⁵ 15 U.S.C. 78c-3(h).

⁶ 17 CFR 242.815(c)(1).

⁷ 17 CFR 242.831(j)(2).

This Division staff position is based strictly on the facts and circumstances stated in the Letter. Any different facts or circumstances from those set forth in the Letter may require a different response. This response, furthermore, expresses the Division staff's position regarding enforcement action only and does not purport to express any legal conclusions on the question presented. The Division staff expresses no view with respect to any other questions that the proposed activities discussed above may raise, including the applicability of any other federal or state laws, or rules of an SBSEF. This position is subject to modification or revocation at any time.

Sincerely,



Eric Juzenas

Associate Director

Division of Trading and Markets

February 25, 2026

Mr. Eric Juzenas
Associate Director
Division of Trading and Markets
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Order Book and Annual Compliance Report Data Structuring for Security-Based Swap Execution Facilities

Dear Mr. Juzenas:

Bloomberg SEF LLC (“BSEF”)¹ respectfully requests that the staff of the Division of Trading and Markets (“Staff”) of the Securities and Exchange Commission (“SEC” or “Commission”) not recommend that the Commission commence an enforcement action against a security-based swap execution facility (“SBSEF”) that does not maintain an “Order Book,”² as set forth in Commission Rule 803(a)(2),³ for security-based swaps (“SBS”) executed on an SBSEF that are not subject to the trade execution requirement in section 3C(h) of the Securities Exchange Act of 1934 (“Permitted Transactions”).

BSEF also respectfully requests that Staff not recommend that the Commission commence an enforcement action against an SBSEF that does not submit its annual compliance report (“ACR”) electronically to the Commission using the EDGAR system as an Interactive Data File in accordance with Commission Rule 831(j)(2), and which instead opts to submit its ACR in PDF format electronically via email, a Commission portal, the Commission’s Electronic Form Filing System (“EFFS”), or any other means designated by the Commission.

¹ Bloomberg SEF LLC is a wholly owned subsidiary of Bloomberg L.P. operating a swap execution facility that is registered with, and regulated by, the CFTC. BSEF provides its participants with access to liquidity across credit, interest rate, and foreign exchange swaps. In January 2025, BSEF became registered with the SEC as the operator of an SBSEF. In the security-based swaps market, BSEF provides its market participants with access to trade single-name credit default swaps.

² Order Book is defined in Commission Rule 802 to mean “an electronic trading facility, a trading facility, or a trading system or platform in which all market participants in the trading system or platform have the ability to enter multiple bids and offers, observe or receive bids and offers entered by other market participants, and transact on such bids and offers.”

³ 17 C.F.R. § 242.803.

Background on BSEF

BSEF has over 10 years of experience operating a CFTC-registered swap execution facility (“SEF”). BSEF has also operated an SEC-registered SBSEF since January 2025 which initially began operating in August 2024 pursuant to certain exemptions. BSEF provides multiple execution protocols for SBS, including request for quote functionality, a disclosed Order Book, and an anonymous Order Book. Prior to BSEF becoming SEC-registered, BSEF’s affiliates in the Bloomberg group operated security-based swap trading venues for over a decade under temporary exemptions from registration. This request is grounded in extensive market experience in operating trading venues for both swaps and security-based swaps and is closely analogous to relief recently afforded to SEFs by the Commodity Futures Trading Commission’s (“CFTC”) staff.⁴

Although BSEF’s SBSEF maintains an Order Book to address the Commission’s minimum trading functionality requirement, it has seen little use to date. BSEF anticipates, based on BSEF’s similar experience in operating a SEF with an order book for credit default swaps on broad-based security indices (“CDS”), that participants on its SBSEF will rarely, if ever, utilize the SBSEF’s Order Book in the future for Permitted Transactions.

Requests for Relief

The Commission finalized Regulation SE in 2023 to stand up the regime for the registration and regulation of SBSEFs.⁵ Within Regulation SE, Commission Rule 803 governs the requirement and procedures for SBSEF registration. Commission Rule 803(a)(2) specifically requires an SBSEF to, at a minimum, offer an Order Book in connection with each SBS listed on the platform (the “Order Book Requirement”).⁶

In January 2025, the Commission approved the first SBSEF registration applications, thereby standing up an important part of the regulatory framework that enables market participants to trade SBS on SEC-regulated platforms.⁷ Therefore, under Commission Rule 803(a)(2), SBSEFs are currently required to maintain an Order Book for all Permitted Transactions.⁸

⁴ CFTC Letter No. 25-24 (July 30, 2025) (“No-Action Letter 25-24”). The CFTC Staff will not recommend that the Commission commence an enforcement action against a SEF for failure to satisfy the Minimum Trading Functionality Requirement in connection with Permitted Transactions. The no-action position granted under No-Action Letter 25-24 will continue until the adoption of a Commission action addressing the Minimum Trading Functionality Requirement in connection with Permitted Transactions.

⁵ See Securities Exchange Act Release No. 98845 (Nov. 2, 2023), 88 FR 87156 (Dec. 15, 2023) (“Final Rule”).

⁶ 17 C.F.R. § 242.803(a)(2).

⁷ See Securities Exchange Act Release No. 102305 (January 29, 2025), 90 FR 8946 (Feb. 4, 2025).

⁸ “Permitted Transaction” is defined under Commission Rule 815(c) to mean “any transaction not involving a security-based swap that is subject to the trade execution requirement in section 3C(h) of the Act.” 17 C.F.R. § 242.815(c)(1). There are currently no SBS that are subject to the trade execution requirement.

As discussed in greater detail below, based on BSEF’s experience in the SBS market and its extensive experience operating a SEF for CDS, we do not believe the Order Book Requirement for Permitted Transactions will increase trading on SBSEFs nor will it lead to greater pre-trade price transparency in the SBS market. Instead, maintaining an Order Book for all listed instruments has led, and will continue to lead, to significant ongoing resource costs to maintain unused functionality. In light of similar circumstances with respect to swaps, the CFTC staff recently issued no-action relief from the CFTC’s Order Book Requirement for swaps executed on a SEF that are not subject to the trade execution requirement in section 2(h)(8) of the Commodity Exchange Act (“CFTC Permitted Transactions”).⁹

To permit the same treatment of the Order Book Requirement for SEFs and SBSEFs, BSEF believes the Staff should take the same position as the CFTC staff and issue no-action relief from Commission Rule 803(a)(2)’s Order Book Requirement in connection with Permitted Transactions. BSEF further believes that any no-action relief should continue until such time that the Commission reaches a determination whether to remove the Order Book Requirement altogether for Permitted Transactions.

BSEF also believes Staff should issue no-action relief from Commission Rule 242.831(j)(2) and allow an SBSEF to submit its ACR in compliance with Commission Rule 242.831(j)(2) by submitting its ACR in PDF format (as permitted by the CFTC) electronically via email, a Commission portal, the Commission’s EDFS, or any other means designated by the Commission.

Discussion

A. The Trade Execution Requirement

Section 3C(h) of the Securities Exchange Act of 1934, added by the Dodd-Frank Act of 2010, sets out requirements around SBS trading, specifically dealing with the trade execution mandate’s made available to trade (“MAT”) requirement.

If a swap is required to be cleared¹⁰ (*i.e.*, must go through a clearing agency under the clearing mandate) and has been MAT,¹¹ then it *must* be executed on either a national securities exchange or an SBSEF (a “Required Transaction”), subject to certain exceptions. The goals of Section 3C(h) were to: (i) increase transparency in swaps markets;

⁹ CFTC Letter No. 25-24 (July 30, 2025).

¹⁰ Before making an SBS subject to the clearing mandate, the Commission is required to take into account a number of factors, including the existence of significant outstanding notional exposures, trading liquidity, and the adequacy of pricing data.

¹¹ In order to make an SBS “available to trade,” an SBSEF would, under Commission Rule 816(a)(1), have to make a filing with the Commission addressing a number of relevant factors about the SBS, which will then be considered by the Commission, including: (i) whether there are ready and willing buyers and sellers; (ii) the frequency or size of transactions; (iii) the trading volume; (iv) the number and types of market participants; (v) the bid/ask spread; and (vi) the usual number of resting firm or indicative bids and offers. 17 C.F.R. § 242.816(b).

(ii) promote competition among trading venues; (iii) reduce systemic risk by pushing standardized swaps onto clearinghouses and electronic platforms; and (iv) move swaps trading away from opaque bilateral negotiations toward more open, regulated markets.

As noted above, an Order Book is one of the trading protocols that an SBSEF must offer to its participants, but participants do not have an obligation to use it. With respect to BSEF's CFTC-regulated SEF, the Order Book is almost never used for Permitted Transactions. We anticipate similar extremely intermittent usage for SBS trading on SBSEFs. In the relatively limited amount of time under the current SBSEF registration regime, there has been virtually no demand for an Order Book.

Yet SBSEFs are currently required, under Commission Rule 803(a)(2), to maintain an Order Book for all SBS, including Permitted Transactions. This requirement has proved costly, as the ongoing operational expenses to maintain an SBSEF Order Book for every listed SBS is significant. In addition to the initial costs to build the Order Book functionality, each SBSEF continues to incur ongoing costs to maintain the Order Book functionality, including compliance and testing.

B. Recent CFTC No-Action Letter

On July 30, 2025, the CFTC's Division of Market Oversight ("DMO") issued No-Action Letter 25-24 granting relief to SEFs from the obligation under CFTC Regulation 37.3(a)(2) to maintain an Order Book for CFTC Permitted Transactions. In granting the relief, DMO noted the rule was originally intended to promote transparency and shift liquidity onto SEFs, but that it had not achieved those goals. In over a decade of operation, broader market evidence showed extremely low Order Book usage for swaps. Maintaining this infrastructure imposed significant costs and diverted resources from developing execution methods that market participants actually use.

Accordingly, DMO stated that it would not recommend enforcement against SEFs that do not maintain an Order Book for CFTC Permitted Transactions until the Commission takes further action on the rule. The no-action position applies only to CFTC Permitted Transactions, and does not affect swaps subject to MAT determinations.

BSEF's request for no-action relief from the Staff mirrors that logic for SBS under SEC oversight where no execution mandate currently exists.

C. Commission Justification for the Order Book Requirement

The Commission's decision to impose the Order Book Requirement appears to be based on three distinct goals: (i) promoting SBS trading on SBSEFs; (ii) facilitating pre-trade price transparency; and (iii) harmonizing with the CFTC's rules. For the reasons set forth below, we believe the Order Book Requirement currently achieves none of these goals.

(i) Promoting SBS Trading on SBSEFs.

In proposing Regulation SE, the Commission noted that a key goal of the Dodd-Frank Act was to bring trading of swaps and SBS onto regulated markets.¹² The CFTC has acknowledged in the past how infrequently Order Books in general are used for trading of swaps. This is consistent with the reasoning received by the CFTC and incorporated into its decision to issue No-Action Letter 25-24. In the CFTC’s 2018 proposed rule to amend certain aspects of the SEF regulations, for example, the CFTC wrote that “[d]epending on the product involved . . . order book trading typically ranges between ‘less than [one percent] to less than [three percent] of total CDS transactions’ on SEFs, while order book trading constitutes between ‘less than [one percent] to approximately [twenty percent] of total IRS transactions.”¹³ While this statistic pertains to the CFTC-regulated market, it illustrates the broader reality that over-the-counter derivatives liquidity generally coalesces around request-for-quote and voice-intermediated workflows and not Order Books. In SBSEF’s experience, since 2015, over 96% of Order Book trading has been in MAT swaps, and less than 4% of Order Book trades have been in non-MAT swaps.

We also note there is considerably more liquidity in index CDS than single name CDS (i.e. SBS that are credit default swaps on single names or narrow-based security indices) (“SNCDS”). Therefore, Order Book trading for SBSEFs in SBS is likely lower or significantly lower, with a lower likelihood of future voluntary trading of SBS Permitted Transactions through an Order Book on SBSEFs.

Therefore, it is clear from the available data for SBS and for SEFs that facilitate trading of CDS (which are similar to SNCDS), that the Order Book Requirement is unlikely to promote trading on SBSEFs while nonetheless imposing unnecessarily burdensome and overly restrictive trading protocol requirements that will potentially discourage market participants from executing Permitted Transactions on SBSEFs.¹⁴

Given the costs associated with the operation and maintenance of an Order Book, and the lack of any meaningful benefit to the SBS market, we believe the Order Book requirement for Permitted Transactions should be removed. SBSEF resources could be better deployed elsewhere to provide services that are more useful, innovative, and responsive to customer needs.

(ii) *Facilitating Pre-Trade Price Transparency.*

¹² *Proposed Rules Relating to Security-Based Swap Execution and Registration and Regulation of Security-Based Swap Execution Facilities*, Securities Exchange Act Release No. 94615 (April 6, 2022), 87 Fed. Reg. 28872, 28894 (May 11, 2022).

¹³ *Swap Execution Facilities and Trade Execution Requirement*, 83 Fed. Reg. 61946, 61964 (proposed Nov. 30, 2018).

¹⁴ Final Rule, at 87178-79 (Dec. 15, 2023) (One commenter suggested applying the order interaction requirement to all transactions on the SBSEF, not only Required Transactions, or to require that firm interest outside an SBSEF’s Order Book be communicated in response to RFQs. The Commission responded that “applying such requirements to Permitted Transactions . . . would be likely to have the undesirable effect of discouraging market participants from voluntarily executing Permitted Transactions on SBSEFs . . .”).

Among other provisions, the Commission anticipated that Commission Rule 803(a)(2)'s Order Book Requirement would increase pre-trade transparency in the SBS market. The Commission reasoned that the pre-trade transparency requirements would allow an increased number of market participants to better see the trading interest of other market participants prior to trading, which in turn would lead to increased price competition among market participants, more efficient pricing, and reduced transaction costs.¹⁵ The Commission correctly noted that the benefits of pre-trade transparency would not come without costs. Specifically, the Commission noted that the pre-trade transparency requirements could cause market participants to reveal valuable information about their trading interests, which could potentially discourage participation in the SBS market and if too burdensome, would cause SBS dealers to be less willing to supply liquidity for SBS trades on SBSEFs.¹⁶

BSEF's experience indicates that Order Book trading, or the complete lack thereof, has not materially advanced pre-trade transparency or execution quality for swaps, which we anticipate will also be the experience for SBS. Request-based and negotiation-supported protocols better fit episodically liquid SBS markets. We have no reason to anticipate that these circumstances will change in the foreseeable future for SBS that are not subject to MAT determinations.

Building and maintaining an Order Book imposes significant initial and ongoing costs—engineering, infrastructure, market-surveillance integration, and periodic upgrades—and similar to SEF Order Books, SBSEF Order Books are anticipated to rarely be used for Permitted Transactions, and are not anticipated to meaningfully contribute to pre-trade price transparency. These resources could otherwise be directed to protocols SBSEF participants actually use and to innovations that promote transparency and enhanced execution quality.

(iii) Harmonizing with the CFTC.

In establishing rules for the registration and regulation of SBSEFs, the Commission sought to closely harmonize the Commission's SBSEF rules with analogous CFTC SEF rules, except where differences in either the underlying statutory authority or differences in the SBS market relative to the swaps market necessitated differences between the rules of the Commission and the CFTC.

The Commission observed a number of key benefits in favor of harmonization, including facilitating the ability of entities to dually register and minimize costs by allowing SEFs to use their existing systems, policies, and procedures to comply with SBSEF requirements. The Commission also observed that, since the CFTC adopted the SEF rules in 2013, the swaps market had grown and matured within the framework established by the CFTC, and therefore market participants were familiar with the CFTC's requirements, comfortable

¹⁵ Final Rule, at 87249.

¹⁶ Final Rule, at 87255.

with the overall framework, and have additional experience with aspects of the rules that either work well or require improvement.¹⁷

At the time the Commission adopted Commission Rule 803(a)(2) (and prior to the CFTC's issuance of No-Action Letter 25-24), the Order Book requirement was fully aligned with and harmonized to the CFTC's corresponding minimum trading functionality requirement. In light of the CFTC's recent no-action relief granted under No-Action Letter 25-24, SEFs do not have to offer any minimum trading functionality for CFTC Permitted Transactions. Instead, each SEF will be free to offer (or not offer) any method of execution for Permitted Transactions. The CFTC's decision to provide no-action relief from the minimum trading functionality requirement for CFTC Permitted Transactions recognized the fact that SEF Order Books have not been effective in attracting liquidity onto SEFs.

However, as a result of the CFTC's no-action relief, SEFs and SBSEFs are now treated differently with respect to the Order Book requirement. Consequently, SBSEFs will need to maintain differing systems, policies, and procedures to comply with the Commission's SBSEF rules as compared with the SEF framework. This duplicative and burdensome divergence in the regulatory framework is one of the very things the Commission sought to avoid in standing up the SBSEF framework.

For Permitted Transactions in SBS, we believe that, similar to CDS under the CFTC's remit, request-for-quote protocols will prove more effective for attracting participation and concentrating liquidity than maintaining a dormant Order Book. A targeted, interim approach would allow SBSEFs to focus on execution methods that are more effective in enhancing price discovery and transparency in the SBS markets.

D. Consistency with the purposes of Title VII.

It is worth noting that the underlying statute does not require SBSEFs to offer an Order Book, and so the requirement in Regulation SE for an SBSEF to offer an Order Book appears on its face to have been the product of an interpretation of the statute that was not required by the Securities Exchange Act of 1934. In addition, the Commission recognized in the Final Rule that “[t]he Dodd-Frank Act does not require . . . that all SBS be subject to mandatory clearing or mandatory trade execution, and it does not impose any execution requirements for transactions in an SBS unless the SBS is subject to mandatory clearing and it has been made available to trade.”¹⁸ Therefore, a Staff no-action position with respect to the Order Book Requirement for Permitted Transactions would be in keeping with the statute and the Commission's intent to provide flexibility for Permitted Transactions.

E. Filing SBSEF ACRs in PDF format electronically via email, a Commission portal, the Commission's EFFS, or any other means designated by the Commission harmonizes with CFTC filing protocols for submitting SEF ACRs

¹⁷ Final Rule, at 87157.

¹⁸ Final Rule, at 87176.

To harmonize the Commission's filing approach with the approach taken by the CFTC, which permits SEFs to file ACRs in PDF format and not as an Interactive Data File and via a dedicated CFTC portal or via email, the Commission should allow SBSEFs to submit ACRs in PDF format electronically via email, a Commission portal, the Commission's EFFF, or any other means designated by the Commission.

Specifically, the CFTC permits a SEF's filings (including initial registration filings, quarterly financial filings and rulebook filings) to be made in PDF format via a dedicated portal or via email. By contrast, an SBSEF's filings submitted to EDGAR in the form and manner specified by the Commission must be prepared, formatted, and submitted in accordance with a very particular set of requirements to the Commission. Most filers, in order to comply with these specifications, retain a third-party vendor, and incur substantial costs. Requiring an SBSEF to submit its ACR as an Interactive Data File via the EDGAR filing system is substantially more onerous and costly than the corresponding CFTC filing process for a SEF's ACR.

Conclusion

For the foregoing reasons, BSEF respectfully requests that the Division not recommend enforcement action if an SBSEF does not offer or maintain an Order Book to satisfy any minimum trading functionality requirement with respect to Permitted Transactions in SBS executed on an SBSEF. The requested relief would be temporary and targeted, remaining in effect until the earlier of: (i) Commission action addressing order-book or minimum trading-functionality requirements for Permitted Transactions in SBS on SBSEFs, or (ii) staff modification, withdrawal, or supersession of the relief.

Furthermore, BSEF respectfully requests that the Division not recommend enforcement action if an SBSEF does not electronically submit its ACR using the EDGAR system as an Interactive Data File in accordance with Commission Rule 831(j)(2) and opts instead to file its ACR in PDF format electronically via email, a Commission portal, the Commission's EFFF, or any other means designated by the Commission.

Granting this limited relief would allow BSEF to focus resources on execution protocols that market participants use and improving participation and transparency for Permitted Transactions in SBS without sacrificing investor protection or market oversight. Granting the limited relief with respect to submission methods for an SBSEF's ACR will also harmonize the Commission's submission protocols with those of the CFTC.

Please contact Jennifer Borzooyeh, Counsel at (212) 617-2894 with any questions. We would be pleased to provide additional data or meet with Staff to discuss.

Sincerely,

/s/ Derek Kleinbauer

Derek Kleinbauer
President
Bloomberg SEF LLC