

(FISMA)

From: [REDACTED] (MARKT)
Sent: 28 February 2014 16:17
To: MARKT LIST G3
Cc: PEARSON Patrick (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Subject: For info: Meeting with Bloomberg - SEFs & equivalence

On 28/2-2014 Maite Fabregas, [REDACTED] and [REDACTED] met with [REDACTED] and [REDACTED] of Bloomberg .

Bloomberg outlined that while widely known for its data service activities, it also provides execution services (SEF registration obtained in the US). In the US Bloomberg is market leader in several segments of derivative trading (CDS (ITRX), FX etc. Bloomberg also provides other pre- and post-trade services such as pre-trade credit checks (connected to LCH, ICE, CME) and trade repository services. Bloomberg is also considering entering into the EU with trade repository services.

The problem that has emerged following SEF registration in the US is legal uncertainty as to the status of SEF across EU jurisdictions. While in some EU member states its status as US SEF is recognised as equivalent, in other Member States Bloomberg's regulatory status is unclear or it is prevented from providing access to EU customers fully or partially absent an MTF authorisation. MTF registration would defeat the objective of providing access for EU customers to its US/global liquidity pool, since separate EU pools would have to be established. This problem will be addressed by MIFID II with the equivalence rules for third country trading venues for the purposes of the derivative trading obligation; but Bloomberg would like to find an interim solution allowing it to operate in the EU on the basis of a temporary SEF equivalence recognition. They said Australia and Canada have recognised SEFs. Europe is also an important market and they want it to be a part of a global pool of liquidity.

Bloomberg has contacted all major jurisdictions on this including DE, UK, IT, FR ES with very different response. It queried what the Commission can do to help and has also tried to engage ESMA in the process. We explained that absent EU jurisdiction, the Commission is prevented from acting on this issue. This will be the case until the trading obligation takes effect, ie end 2016. We asked however to be kept informed about further developments.

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