[redacted] (FISMA)

From: [redacted] (MARKT)
Sent: 09 July 2013 17:38
To: MARKT LIST G3
Subject: MiFID meeting with Barclays

On Monday, July 7, Maite, [redacted] and [redacted] met with [redacted] and [redacted] of Barclays.

They discussed the state of US rule making, and explained some of the differences between US and EU approaches to market structure.

In order to break the club structure of derivatives markets, the SEC is considering a full sweep the book rule. The CFTC only requires that the order book is considered when providing a response to an RFQ.
Instruments on a DCM have to be cleared. On a DCM, an RFQ has to go to all participants. On a SEF, there does not need to be an automatic matching engine, non-cleared swaps can trade there on a voluntary basis, and an RFQ will have to go to three people. A DCM can trade swaps, but they hardly ever do.
Anonymous trading means you do not know your counterparty. A SEF can trade on a name disclosed basis (as for instance Bloomberg AllQ now operates).

The CCP decides what to clear, and the SEF decides what to trade.
Block sizes are set on a formula requiring 67 percent of notional traded amount to take place on SEFs.
The remainder is still traded subject to SEF rules.
The 67 percent amounts to 93 percent of ticket volume.

The US pursues a venue specific approach, which will presumably allow equivalence assessments on a venue by venue (rather than by jurisdiction) basis.
The SEC can use substituted compliance, and has the concept of an exempt SEF in its cross-border guidance. The CFTC has the FBOT regime.
Barclays expect that a number of EU venues will pursue dual registration in order to avoid liquidity fragmentation.

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