

November 1, 2022

Submitted via Portal

Melissa Jurgens  
Office of the Secretariat  
U.S. Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

Re: Bloomberg SEF LLC – Certification 2022-R-06 (Notice to Participants)

Dear Sir or Madam:

Pursuant to Section 5c(c) of the Commodity Exchange Act (the “Act”) and Section 40.6(a) of the regulations of the U.S. Commodity Futures Trading Commission (the “CFTC”, or the “Commission”), Bloomberg SEF LLC (“BSEF”) hereby notifies the Commission that Bloomberg SEF released the Participant Bulletin attached hereto on September 22, 2022 (the “Notice”).

The Notice informed Participants about actions that Participants may be required to take resulting from the CFTC revisions to Parts 43 and 45 SDR Reporting Rules effective December 5, 2022.

BSEF hereby certifies that: (i) the Participant Bulletin complies with the Act and the Commission’s regulations thereunder, and (ii) a notice and copy of this submission is being concurrently posted on BSEF’s website. There were no substantive opposing views to the Notice.

Please contact the undersigned at (212) 617-7331 with any questions regarding this matter.

Very truly yours,



Dan Glatter

Chief Compliance Officer

Bloomberg SEF LLC  
731 Lexington Avenue  
New York, NY 10022

cc: Marilee Dalman, Division of Market Oversight, U.S. Commodity Futures Trading  
Commission

**PARTICIPANT BULLETIN SEPTEMBER 22, 2022**

**CFTC SDR Reporting Rules Effective December 5, 2022 (New SDR Reporting Rules) and Participants' Obligation to Review and Update Their ENFB Fields.**

BSEF and other market participants are required to comply with the New SDR Reporting Rules by December 5, 2022. As a result of these new rules, BSEF is implementing several new enhancements to its ENFB system, which, for many Participants, may require them to confirm existing information maintained in ENFB and/or provide additional information in ENFB. This communication outlines these new requirements and the actions that Participants may be required to take.

Capitalized terms used, but not defined herein, have the meanings assigned to them in the BSEF Rulebook, which is available at <https://www.bloomberg.com/professional/product/sef-compliance/>.

All changes described in this Bulletin will take effect upon Rule certifications with the CFTC.

**A. TRADING STATUS AND ALLOCATION INDICATOR**

BSEF will be required to assign a new type of "allocation indicator" to each Trade executed by BSEF.<sup>1</sup> To comply with this requirement, BSEF is establishing a workflow that is designed to determine the appropriate allocation indicator for each Trade executed on the SEF operated by BSEF. To achieve this, BSEF will use the information a Participant has provided in the "Trading Status" field in ENFB. The assignment of the new allocation indicator will take effect on December 5, 2022.

All Participants are required to select one of the options indicated below as their Trading Status. Please contact a BSEF representative if your firm will be using BSEF in more than one trading capacity. It is important that a Participant establishes a separate ENFB page for each Trading Status if needed based on the Participant's facts and circumstances. This will help ensure that the Participant executes each Trade using the appropriate Trading Account and such Trade has the accurate allocation indicator. Participants will be able to make new elections starting on August 15, 2022.

- Agent - Asset Manager
- Agent - Direct Market Access Customer
- Agent - FCM
- Agent - Inter-Dealer Broker (not CFTC-registered)
- Agent - Introducing Broker
- Agent – Corporate Treasury
- Principal - Swap Dealer/MSP
- Principal - Non Swap Dealer/MSP
- Principal - Direct Market Access Customer
- Principal - FCM
- Sponsoring Broker

If a Participant has already elected its Trading Status, and provided it does not amend such Trading Status, then on December 5, 2022, its Trading Status will be re-assigned as shown in Table 1 below:

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<sup>1</sup> See Appendix 1 to Part 45, Data Element 91 (Allocation indicator). The definition of this Data Element requires an "[i]ndicator of whether the swap transaction is intended to be allocated, will not be allocated, or is a post-allocation transaction." The CFTC Technical Specification dated September 30, 2021 prescribes the use of one of the following appropriate indicators: POST = An indication that the transaction is the result of an allocation; PREA = An indication that the transaction is to be allocated; or UNAL = An indication that the transaction is not a post-allocated transaction and/or is not to be allocated.

**Table 1.**

<b>If currently selected:</b>	<b>Then the new value will be:</b>
Unspecified	Agent - Asset Manager if Participant's Reporting Status is Financial Entity Principal - Swap Dealer/MSP if Participant's Reporting Status is Swap Dealer or MSP Principal - Non Swap Dealer/MSP if Participant's Reporting Status is Other
Agent	Agent - Asset Manager
Asset Manager	Agent - Asset Manager
Direct Market Access Customer	Agent - Direct Market Access Customer
FCM	Agent - FCM
Inter-Dealer Broker	Agent-Inter-Dealer Broker (not CFTC-registered)
Introducing Broker	Agent - Introducing Broker
Principal - Non Swap Dealer/MSP	Principal - Non Swap Dealer/MSP
Principal - Swap Dealer/MSP	Principal - Swap Dealer/MSP
Sponsoring Broker	Sponsoring Broker

Please note that “unspecified” Trading Status selection exists for the initial set-up purpose only and no Participant will be approved for trading on BSEF if it selected “unspecified” as its Trading Status.

In addition to verifying or updating their Trading Status on ENFB, Participants that plan to “allocate” transactions to a single Account must provide the LEI of that Account. Allocation to a single Account is not considered an “allocation” within the meaning of CFTC Rules 45.1 and 45.3(c) and cannot be reported with the allocation indicator PREA and the LEI of a Participant acting as an agent. Failure to provide the LEI of the Account will result in inaccurate SDR reporting and a potential violation of the BSEF Rulebook by a Participant acting as an agent. Participants should refer to CFTC Rules 45.3(c), 45.4(c) and 45.5 (e) with respect to the reporting obligations for allocated swaps.

Based on the Trading Status that a Participant selects, BSEF will report to an SDR the Allocation Status for a Participant's Trade as follows:

**Participants Trading in an Agent Capacity:**

*Reporting a Trade with a Participant LEI and an allocation indicator of “UNAL” will not be permitted.*

- If no allocations are provided, the Trade will be reported with the allocation indicator “PREA” and the LEI of the Participant.
- If multiple allocations are provided, the Trade will be reported with the allocation indicator “PREA” and the LEI of the Participant.
- If only one allocation is provided, the Trade will be reported with the allocation indicator “UNAL” and the LEI of the Account.

### **Participants Trading in a Principal Capacity:**

*Multiple allocations will not be permitted. Reporting of a trade with Participant LEI and allocation indicator "PREA" will not be permitted.*

- All Trades will be reported with the allocation indicator "UNAL" and the LEI of the Participant.

### **Participants Acting as a Sponsoring Broker:**

The allocation indicator will be calculated based on the Trading Status of Participant's Direct Market Access Customers.

### **Participants Trading Foreign Exchange Asset Class Using a Prime Broker:**

Participants trading foreign exchange asset class through a prime broker must provide to BSEF the LEI of the prime broker. A Trade executed by BSEF will be reported with an allocation indicator UNAL and LEIs of the liquidity provider and the prime broker.

In light of these changes, Participants are directed to visit ENFB to verify and update their Trading Status as soon as possible. BSEF Participants are required under Rules 301(e) and 524 of BSEF's Rulebook to keep their records current and up to date in BSEF's onboarding and Participant records database. Failure to provide up-to-date and accurate Participant information may result in inaccurate reporting of the allocation status to an SDR and a disciplinary action by BSEF.

## **B. FEDERAL ENTITY INDICATOR**

New SDR Reporting Rules will require BSEF to indicate whether each counterparty to a Trade is a "federal entity".<sup>2</sup> To comply with this requirement BSEF requests each Participant to indicate its status as a federal entity in ENFB (YES/NO).

BSEF will set the default value of the federal entity indicator to "NO". A Participant will be able to change the value to "YES". It is an obligation of a Participant to change it to "YES" if the Participant is a federal entity.

In light of these changes, Participants are directed to visit ENFB to verify and update their Federal Entity Indicator as soon as possible. BSEF Participants are required under Rules 301(e) and 524 of BSEF's Rulebook to keep their records current and up to date in BSEF's onboarding and Participant records database. Failure to provide up-to-date and accurate Participant information may result in inaccurate SDR reporting and a disciplinary action by BSEF.

## **C. CLEARING EXEMPTION INDICATOR AND NEW CLEARING EXEMPTION CATEGORIES**

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<sup>2</sup> See Appendix 1 to Part 45, Data Elements 23 (Counterparty 1 federal entity indicator) and 24 (Counterparty 2 federal entity indicator).

New SDR Reporting Rules have amended the requirements for reporting clearing exemptions and exceptions to an SDR. Please see below in Table 2 the corresponding old and new values. No action is required by Participants with respect to these changes.

**Table 2**

<b>ENFB Display</b>	
<b>Old Value</b>	<b>New Value</b>
None	None
Cooperative	Cooperative (COOP)
End User /Affiliate - Agent Entity	Affiliate - Agent Entity (OTHR)
End User /Bank Holding Company	Bank Holding Company (OTHR)
End User /Captive Finance Company	Captive Finance Company (OTHR)
End User /Community Development Financial Entity	Community Development Financial Institution (OTHR)
End User /Credit Union	Credit Union (SMBK)
End User /Eligible Treasury Affiliate	Eligible Treasury Affiliate (NOAL)
End User /Farm Credit System Institution	Farm Credit System Institution (SMBK)
End User /Insured Small Bank	FDIC-Insured Small Bank (SMBK)
End User /Not a Financial Entity	End User /Not a Financial Entity (ENDU)
End User /Savings and Loan Holding Company	Savings and Loan Holding Company (OTHR)
End User /Savings Association	Savings Association (SMBK)
Inter-Affiliate	Inter-Affiliate (AFFL)
	Central Bank/Sovereign (OTHR)
	International Financial Institution (OTHR)

Per CFTC Rules 50.75 and 50.76, BSEF added two new categories of Participants eligible for a clearing exemption: Central Bank/Sovereign and International Financial Institution.

Participants can select these new clearing exemptions on the ENFB Clearing tab if they would like to take advantage of them starting from December 5, 2022.

### **DELAYED REPORTING OF TRADES ABOVE THE APPROPRIATE BLOCK SIZE**

To streamline compliance with CFTC Rule 43.6(h)(Required Notifications), BSEF will introduce a new rule regarding the Block Trade Election Indicator.<sup>3</sup> Under the new rule BSEF will report to an SDR any trade that is equal to or greater than the minimum size designated for a Block Trade<sup>4</sup> that is executed outside

<sup>3</sup> See Appendix 1 to Part 45, Data Element 93 (Block trade election indicator). The definition of this Data Element is: “Indicator whether an election has been made to report the swap transaction as a block transaction by the reporting counterparty or as calculated either by the swap data repository acting on behalf of the reporting counterparty or by using a third party.”

<sup>4</sup> See the definition of a Block Trade in Chapter 1 of BSEF’s Rulebook: “Block Trade” means a single Swap transaction publicly reportable under Part 43 of the CFTC Regulations that: (a) Involves a Swap that is listed on BSEF; (b) Occurs away from the SEF Platform or is executed using functionality on the SEF Platform that is not the

an Order Book with the Block Trade Election Indicator. By assigning to such Block Trades the Block Trade Election indicator, BSEF will request an SDR to apply the appropriate reporting delay<sup>5</sup> to any Participant's Block Trade that is not executed on an Order Book.

#### **D. OTHER DATA ELEMENTS REQUIRED TO BE REPORTED BY NEW PART 45 OF CFTC RULES**

BSEF continues to evaluate if it is necessary to obtain any additional data elements required to be reported to an SDR. Specifically, BSEF is evaluating if it will request certain Participants to provide an Initial Margin Collateral Portfolio Code and Variation Margin Portfolio Collateral Code and will inform Participants if any additional action is required in connection with these data elements.

**Effective Date:** November 16, 2022

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Order Book; (c) Has a notional or principal amount at or above the Appropriate Minimum Block Size applicable to such Swap; and (d) Is reported as set forth in Rule 532.

<sup>5</sup> See CFTC Rule 43.6. Pursuant to CFTC Rule 43.5(d), as of the date of this Bulletin, the time delay is 15 minutes.