

Bloomberg SEF, LLC

Answers to frequently asked questions regarding BSEF's implementation efforts for CFTC revisions to Part 43/45 Reporting Rules

Version 2.1

Updated: 11/16/2022

Reader's Note: This FAQ is designed to provide Participants with information regarding select topics and information which BSEF Participants may find helpful in their understanding of BSEF's and its independent software vendor's, Bloomberg Finance L.P., approach to the revised CFTC reporting requirements which become effective on December 5, 2022. To the extent necessary, this FAQ will be updated periodically to reflect new information and answers to questions. Participants should note that this FAQ is not intended to create new or amended requirements nor is it intended to contradict any Applicable Law as defined in the BSEF Rulebook. p

Uniform Transaction Identifiers ("UTI")

FAQ 1: How will BSEF implement the use of the new requirements to report using a Unique Transaction Identifier?

From December 5th, 2022, BSEF will produce a Global UTI (Unique Transaction Identifier) for all new transactions in conformance with the standards laid out in CFTC SDR Specifications Data Element # 103, and will comprise the 20-character LEI representing BSEF (below) as generating entity plus a unique alphanumeric code of up to 32 characters

FAQ 2: What is BSEF's LEI?

Bloomberg SEF LLC's LEI is 5493003IUYOH354SNS58

FAQ3: How will BSEF disseminate UTI information for each transaction?

The UTI value will be available in our post-trade FIX feeds split into the following two FIX tags:

1905 (RegulatoryTradeIDSource) = 5493003IUYOH354SNS58

1903 (RegulatoryTradeID) = unique alphanumeric code of up to 32 characters

The UTI value will also be available in BLOT for Fixed Income and FXTB for Foreign Exchange.

FAQ 3: Will BSEF make UTI data available for consumption to other parties that require such information, such as clearing houses and middleware providers?

Yes, BSEF will transmit this UTI value to relevant DCOs and market infrastructure providers in their required formats

Trade Allocation LEIs

FAQ 4: Why is BSEF requesting Participants to provide LEI information for all allocation accounts to which it may allocate trades executed on BSEF?

In general, transactions that have been executed and allocated to multiple accounts are subject to the requirement to include the LEIs of the accounts to which such transactions have been allocated. Although most trades are allocated to a single account, this is not always the case, therefore BSEF must be prepared to provide LEI information for trades with multiple allocations.

FAQ 5: How will BSEF address reporting allocations where a trade is allocated to a single account?

Where a BSEF Participant has executed a trade in a swap, and allocates such trade to a single account, (e.g. a fund manager trading for a single fund), BSEF will report the swap between Fund LEI and Dealer LEI with the UTI value present in the FIX allocation messages and Allocation Indicator = UNAL (CFTC SDR Specifications Data Element # 91).

(Also note that for cleared swaps this UTI will also be present in our submissions to DCOs which have the responsibility to exit this same UTI at the SDR to which BSEF reports.)

FAQ 6: Where can Participants populate LEI information for accounts to which they will allocate trades?

Participants must populate LEI values for each of their client's account against field 'Account LEI' in Participant's Terminal function ALOB<GO> for rates and credit and in Terminal function ALOC<GO> for foreign exchange and precious metals.

To assist you in identifying this field, below is a sample screenshot from ALOB<GO> and ALOC<GO> where a Participant would enter LEIs for your client's accounts.

ALOB:

<Menu> to Return, 1<GO> to Edit, 2<GO> to Delete										
% Options ▾		% Permissions		% Account Groups		% Tools ▾		Allocation Acct Setup		
Name	↑Descrip...	DTCCID	ALERT...	BLP SUB ID	CUSTOMID	SWIREID	Notes	Street Name	Account LEI	Account LEI Name Av
DEMO1										
DEMO1				000002292		GIGA_CCTE		DEMO1	54930009PUG5E51	Bloomberg Global U
DEMO13				000022056		DUMMYDATA		DEMO13		

ALOC:

Account Set-up

1) Add Account		2) Manage Acct		3) Import/Export		4) Setup		Account Setup	
BGN	FX	Commodities							
Account	Description			Custodian	Account LEI				
accta									
ACCTA	ACCTA			Cust acc num	549300ROEJDDAXM6LU05				

Prime Broker Assignment

BGN		FX		Commodities			
Account	Description			Custodian	Account LEI		
accta	Prime Broker Assignment						
ACCTA							

Account **ACCTA** ☐ Apply to All Accounts

Prime Broker Legal Name	Prime Broker Alias	Default PB
Bloomberg L.P.	Bloomberg L.P.	<input type="checkbox"/>

Package Transactions

FAQ 7: How will BSEF report package transactions in accordance with data elements 47-52 of the CFTC SDR specification?

Package transactions executed on BSEF will be reported as follows:

CFTC	Products	FIX tag	FIX tag 423 (PriceType)	BLOT	CFTC Notation
Package Identifier	All	961 (HostCrossID)		MultInqID	
Spread (bp)	IRS: (Curves, Rolls, Basis 2x) CDS: IG Rolls	218 (Spread)	6 = SPREAD	SwitchSpread	Spread (Price- Decimal)
Spread (%)	CDS (HY Rolls)	31 (LastPx)	1 = PERCENTAGE	SwitchSpread	Spread (Price- Decimal)

Monetary Amount	IRS: (MAC Curves, MAC, Rolls, MAC Butterflies)	218 (Spread)	3 = FIXED_AMOUNT	SwitchSpread	Spread (Monetary Amount)
Spread (bp)	IRS: (Butterflies)	218 (Spread)	6 = SPREAD	SwitchSpread	Price (Price-Decimal)
Monetary Amount	IRS: BOLT	708 (PosAmount)	3 = FIXED_AMOUNT	NPV (Package)	Price (Monetary Amount)

FIX tags MultiLegReportingType (442) and TotNumReports (911) may be used to identify the number of reports which form part of the same package along with the single HostCrossID (961) identifier value.

The following products in foreign exchange asset class are classified as packages:

- 2-legged NDF instruments known as FX Swaps – package of 2 NDF
- Multi-legged NDF instruments known as FX Batch– package of multiple NDF
- Multi-leg FX Options structures – package of Vanilla or Exotic options

FIX tag 2489 is used in standard FX Liquidity Provision and STP specs. Please reach out to FXGO integration specialist if you are using custom or legacy connectivity specs.

FAQ 8: How will BSEF report the swap component of a Covered Package Transaction?

Where Participants process the MAT swap component of a Covered Package Transaction (Rule 522.C.) using RFQ Min Excp dropdown, BSEF will report the single leg with Package transaction details as follows:

Package Identifier: Fix Tag 961 (HostCrossID) = MultiInqID

Package Spread/Price: Defined in BSEF RFQ Ticket by Requesting Participant

Timing and Implementation

FAQ 9: When does BSEF anticipate that development work will be complete for accommodate the changes necessary for Participants' transactions to be reported pursuant to the revised CFTC requirements?

FX, IRS and CDS assets classes:

- BETA environment is currently targeting to be available on October 17th, 2022 ▫
- PROD environment is currently targeting to be available on December 5th, 2022

FAQ10: What actions do I need to take prior to December 5 to accommodate the changes BSEF will be introducing to its reporting processes?

- The following are items that you will need to action and/or review:

(1) ENFB updates for Federal Entity & Trading Status

On the FIT Participant onboarding screen, filter by Execution Venue set to "SEF". For each entity shell you administer or want to review, click on the grey toolbar tab labelled "Trading" and thereafter:

1. review the field labelled "Federal Entity". New SDR Reporting Rules require BSEF to indicate whether each counterparty to a Trade is a "Federal Entity". We have set the default value to "NO". If your firm is a Federal Entity, you can change this value to "YES" to comply with this new rule. (NOTE: Please consult your internal legal and compliance staff if you are unsure whether your entity is classified under applicable CFTC rules as a Federal Entity).
2. review the field labelled "SEF Trading Status". Participants' SEF Trading Status elections will dictate the manner in which BSEF will report the Allocation Status field to the SDR. Please verify that this value is correct. BSEF has utilized the following logic to preliminarily set values for this field for you to confirm:

Old Value SEF Trading Status	New Value SEF Trading Status
Financial Entity	Agent - Asset Manager
Swap Dealer	Principal - Swap Dealer/MSP
MSP	Principal - Swap Dealer/MSP
Other	Principal - Non Swap Dealer/MSP

(2) Account LEI Information

Please verify that any accounts to which you will allocate have the correct LEI values populated under ""Account LEI" in {ALOB <GO>} for rates and credit (FIT) trading, and {ALOC <GO>} for foreign exchange and precious metals (FXGO) trading. This is especially important to ensure that BSEF captures the correct LEIs for trades conducted by Agents on behalf of underlying principals.

FAQ11: CFTC rules require BSEF to report the LEIs of counterparties to transactions executed on its platform, including the LEIs of any underlying counterparties when transactions are allocated to one or more such parties. The following highlights how BSEF will handle acceptance of trades, as well as transaction reporting requirements with respect to such allocated trades:

**FAQ11a: I am a fund manager and will be executing a trade for one account.
What will happen if I do not provide an allocation LEI on an order ticket?**

If an allocation LEI is not provided for a trade (cleared or uncleared), BSEF will not accept the order ticket from the fund manager.

**FAQ11b: I am a fund manager and will be executing a cleared trade for multiple accounts.
What will happen if I do not provide an LEI for each allocation on an order ticket?**

If an LEI for each allocation is not provided for a cleared trade, BSEF will not accept the order ticket from the fund manager.

**FAQ11c: I am a fund manager and will be executing an uncleared trade for multiple accounts.
What will happen if I do not provide an LEI for each allocation on an order ticket?**

If an allocation LEI is not provided for an uncleared trade, the trade will be reported to an SDR with allocation indicator "PREA" and the reporting counterparty on the trade (e.g., swap dealer) will have to report the allocation to the SDR.

Please direct any questions to your SEF sales representative