

**BLOOMBERG SEF LLC**

**NOTICE OF DISCIPLINARY ACTION**

---

<b>PARTICIPANT:</b>	Morgan Stanley Capital Services LLC (“ <b>MS</b> ”)
<b>RULE VIOLATION:</b>	<p>RULE 516 Trade Cancellation, Correction, Offset and Adjustment – General</p> <p>516 (a) Any Trade executed on the SEF Platform operated by BSEF or in accordance with BSEF Rules can be canceled, corrected, adjusted or offset only in accordance with this Rule 516.</p>
<b>FINDINGS:</b>	<p>On October 1, 2024, MS, in executing offsetting and correcting trades in the CDX HY CDSI S43 5 YR swap contract on BSEF with another Participant, violated BSEF Rule 516. Specifically, BSEF determined that the parties had engaged in an offsetting trade and correcting trade of a partial notional, and at an adjusted price, of an initial trade executed between MS and the Participant on September 27, 2024.</p> <p>Pursuant to the BSEF Rulebook, an “Offsetting Trade” means “a Trade executed and submitted for clearing to a Clearing House, with terms and conditions that economically reverse an Error Trade that was accepted for clearing.” Similarly, a “Correcting Trade” means “a Trade executed and submitted for clearing to a Clearing House, with the same terms and conditions as an Error Trade other than any corrections to any operational or clerical error and the time of execution.” MS violated BSEF Rule 516 when it engaged in offsetting and correcting trades that, respectively, (i) did not economically reverse the Error Trade and (ii) did not have the same terms and conditions as the Error Trade. The violation did not result in financial harm to customers.</p>
<b>PENALTY:</b>	On February 5, 2025, pursuant to Rule 621, a summary fine in the amount of \$1,250 was assessed against MS for its violation of BSEF Rule 516.
<b>EFFECTIVE DATE:</b>	March 7, 2025