February 7, 2011

1177 Avenue of the Americas
New York, NY 10036

direct: (646) 430-6000
fax: (646) 430-6250
e-mail: help@tradeweb.com
www.tradeweb.com

David A. Stawick
Secretary to the Commission
Commodity Futures Trading Commission
1155 21st Street, N.W.
Washington, DC 20581

Re: Real-Time Public Reporting of Swap Transaction Data – RIN: 3038-AD08
Swap Data Recordkeeping and Reporting Requirements – RIN: 3038–AD19

Dear Mr. Stawick:

Tradeweb Markets LLC (***"Tradeweb"***) welcomes the opportunity to comment on proposed new Part 43 and Part 45 of the Commission's regulations (the ***"Proposed Rules"***), implementing the requirements of Section 727 and Sections 727 – 729, respectively, of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the ***"Dodd-Frank Act"***).

Tradeweb strongly supports the goals of the Dodd-Frank Act and the Commission to reduce risk, increase transparency, and promote market integrity within the financial system, and believes that the proposed regulations represent an important step toward those goals.

As the Commission is aware, the Securities and Exchange Commission (the ***"SEC"***) also recently proposed Regulation SBSR regarding reporting of swap transaction data under Sections 763 and 766 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the ***"Dodd-Frank Act"***). Tradeweb has provided comments on proposed Regulation SBSR; a copy of our comment letter is attached.

I. Background on Tradeweb

Tradeweb is a leading global provider of electronic trading platforms and related data services for the OTC fixed income and derivatives marketplaces. Tradeweb operates three separate electronic trading platforms: (i) a global electronic multi-dealer to institutional customer platform through which institutional investors access market information, request bids and offers, and effect transactions with, dealers that are active market makers in fixed income securities and derivatives, (ii) an inter-dealer platform, called Dealerweb, for U.S. Government bonds and mortgage securities, and (iii) a platform for retail-sized fixed income securities.[1]

---

[1] Tradeweb operates the dealer-to-customer and odd-lot platforms through its registered broker-dealer, Tradeweb LLC, which is also registered as an alternative trading system ("ATS") under Regulation ATS promulgated by the SEC under the Securities Exchange Act of 1934. Tradeweb operates its inter-dealer platform through its subsidiary, Hilliard Farber & Co., Inc., which is also a registered broker-dealer and operates Dealerweb as an ATS. In Europe, Tradeweb offers its institutional dealer-to-customer platform through Tradeweb Europe Limited, which is authorized and regulated by the UK Financial Services Authority as an investment firm with permission to operate as a Multilateral Trading Facility. In addition, Tradeweb Europe Limited has registered branch offices in Hong Kong, Singapore and Japan and holds an exemption from registration in Australia.

Founded as a multi-dealer online marketplace for U.S. Treasury securities in 1998, Tradeweb has been a pioneer in providing market data, electronic trading and trade processing in OTC marketplaces for over 10 years, and has offered electronic trading in OTC derivatives on its institutional dealer-to-customer platform since 2005. Active in 20 global fixed income, money market and derivatives markets, with an average daily trading volume of $250 billion, Tradeweb's leading institutional dealer-to-customer platform enables more than 2,000 institutional buy-side clients to access liquidity from more than 40 sell-side liquidity providers by putting the dealers in real-time competition for client business in a fully-disclosed auction process. These buy-side clients comprise the majority of the world's leading asset managers, pension funds, and insurance companies, as well as most of the major central banks.

Since the launch of interest rate swap (***"IRS"***) trading in 2005, the notional amount of interest rate derivatives traded on Tradeweb has exceeded $5 trillion from more than 65,000 trades. Tradeweb has spent the last 5 years building on its derivatives functionality to enhance real-time execution, provide greater price transparency and reduce operational risk. Today, the Tradeweb system provides its institutional clients with the ability to (i) view live, real-time IRS (in 6 currencies, including U.S., Euro, Sterling, Yen), and Credit Default Swap Indices (CDX and iTraxx) prices from swap dealers throughout the day; (ii) participate in live, competitive auctions with multiple dealers at the same time, and execute an array of trade types (*e.g.*, outrights, spread trades, or rates switches); and (iii) automate their entire workflow with integration to Tradeweb so that trades can be processed in real-time from Tradeweb to customers' middle and back offices, to third-party affirmation services like Markitwire and DTCC Deriv/SERV, and to all the major derivatives clearing organizations. Indeed, in November 2010, Tradeweb served as the execution facility for the first fully electronic dealer-to-customer interest rate swap trade to be cleared in the U.S. Tradeweb's existing technology maintains a permanent audit trail of the millisecond-by-millisecond details of each trade negotiation and all completed transactions, and allows parties (and will allow SDRs) to receive trade details and access post-trade affirmation and clearing venues.

With such tools and functionality in place, Tradeweb is providing the OTC marketplace with a front-end swap execution facility. Moreover, given that it has the benefit of offering electronic trading solutions to the buy-side and sell-side, Tradeweb believes that it can provide the Commissions with a unique and valuable perspective on the proposed rules.

Tradeweb intends to register as soon as possible as both a swap execution facility (***"SEF"***) pursuant to Section 5h(a) of the Commodity Exchange Act and as a security-based swap execution facility (***"SEF"***) pursuant to Section 3D of the Securities Exchange Act of 1934.

II. Comments to the Proposed Rules

Central role of SEFs. As the Commission has recognized, SEFs will play a key role in creating the transparent derivatives markets envisioned by the Congress. In addition to trading capabilities, SEFs will offer fully automated, straight-through reporting systems, capable of reporting large amounts of data accurately and virtually instantaneously. To that end, they will use sophisticated protocols for reporting information real-time to clearinghouses and counterparties, capable of meeting the most stringent real-time reporting requirements.

Accordingly, we applaud the Commission for recognizing that parties to a swap transaction can discharge their reporting obligations through a swap market and would encourage the Commission to go farther in respect of this rulemaking to take full advantage of the capabilities of SEFs and other swap markets. By doing so, the Commission will better serving the goals of the Dodd-Frank Act, and will allow for earlier implementation and adoption of these reporting rules.

Required reporting by SEFs. We strongly support the requirements in Sections 43.3 and 45.3 of the Proposed Rules that SEFs and DCMs report transaction pricing and volume information and "all primary economic terms data" in their possession as soon as technologically practicable. SEFs and DCMs should have the technological capability to effect real-time electronic reporting of data corresponding to all of the data fields currently set out in Appendices 1 and 2 to the Commission's release regarding *Swap Data Recordkeeping and Reporting Requirements*, and this reporting capability will play a key role in providing the transparency to the derivatives markets envisioned by Congress.

However, unlike the Commission's proposed real-time reporting rules (proposed Part 43), Section 45.3 also requires that the reporting party in a transaction report primary economic terms data "that is not reported by the SEF." We are unsure what types of data the Commission envisions would not be reported by a SEF and believe that the Proposed Rules could be strengthened by requiring that the parties to any swap transaction provide all primary economic terms data to the SEF/DCM to enable the SEF/DCM to provide complete reporting to the relevant SDR and DCO. Section 45.3 might then be revised to bring it more closely in line with proposed Section 43.3(a)(2)(i), providing that a reporting party meets its reporting obligation by executing on a swap market's trading system or platform[2], or the reporting requirement might be strictly limited only to those elements of primary economic terms data the reporting party knows not to have been reported by the swap market. The Commission might also consider making clear in any commentary on the final Rules that it expects that any such separate reporting by a reporting party would be the unusual case in light of the technological capabilities of the swap markets and the central role they will play in the reporting process.

Swap market role in reporting for transactions effected away; third-party service providers. For similar reasons, even if a transaction is not required to be executed on a SEF or DCM, there would nonetheless be important benefits to *requiring* that information be reported through those entities – the SDR or DCM receiving the data will have the assurance that the entity providing the data has the technological capability to effect accurate reporting, in a format familiar to it, and the SEF or DCM will provide a record-keeping function independent of the parties to the transaction. In addition, the SEF or DCM would be in a position to assign the Unique Swap Identifier (***"USI"***) to the transaction at this early stage in the process.

---

[2] Section 43.3(a)(2)(i) provides that, if a swap is executed on a swap market's trading system or platform, the reporting party satisfies its reporting obligation by executing the transaction on the swap market.

For these reasons, we believe that the Commission should also consider limiting the use of third-party reporting service providers to SEFs and DCMs. An open-ended authorization to reporting parties to use unregulated third parties with potentially limited experience in the reporting of swap transactions may well lead to sub-optimal, and even incomplete or inaccurate, reporting.

Affirmation and verification. SEFs and other swap markets will be highly automated, and there is unlikely to be any distinction of substance in respect of the transaction details between the execution and affirmation/verification of transactions executed through them. We believe that it would eliminate the potential for confusion and bring the Proposed Rules more closely in line with anticipated technological capabilities of SEFs and other swap markets if references to affirmation and verification were eliminated from the transaction reporting requirements for transactions effected through SEFs or other swap markets and all timing requirements were to be measured from the time of execution on the swap market alone.

Standardized reporting times. Consistent with the Dodd-Frank Act, the Proposed Rules require generally that information be reported "as soon as technologically practicable." However, the Proposed Part 45 Rules stipulate different timeframes for certain transaction data. We would encourage the Commission, to the extent practicable, to standardize reporting times for all swap transactions, and between swap transactions regulated by the Commission and security-based swaps regulated by the SEC, in order to avoid unintended incentives potentially at odds with the goals of the Dodd-Frank Act. For example, the significant differences under Part 45 between the reporting times for transactions executed privately, not on a SEF or other swap market, depending on whether the transactions are effected electronically or not, create potentially perverse incentives for the parties not to take advantage of available technology – a result at odds with the goals of the Dodd-Frank Act. In addition, aligning reporting times for swap transactions regulated by the Commission and those for security-based swaps regulated by the SEC would help to limit the opportunities for arbitrage between different types of swap products and reporting regimes. For similar reasons, we believe that both the Commission and the SEC should strive for consistency in its rules generally and reporting obligations specifically with non-US reporting regimes – thus eliminating regulatory arbitrage.

Aggregation of orders to satisfy block trade size requirement. Under the Proposed Rules, a block trade "involves a swap that is made available for trading or execution on a swap market [and] [o]ccurs off the swap market's trading system or platform." Proposed Section 43.5(m) of the Proposed Rules would generally permit commodity trading advisors and investment advisors with more than $25 million in assets under management to aggregate client orders for purposes of satisfying the block trade size requirement. Section 43.5 imposes a single set of obligations on both DCMs and SEFs in respect of block trades. The Commission's commentary on the Proposed Rule, however, might be read to say that aggregation is only permissible "if done on a DCM." We believe that this limitation – if intentional on the part of the Commission -- is inconsistent with the scheme for regulating block trades set out in the Proposed Rules, and unnecessary. SEFs will almost certainly have technological capabilities to report block trades comparable or superior to those of DCMs, and there is nothing in the nature of aggregated trades that would make SEFs an inappropriate venue for their reporting. In addition, limiting aggregated trades to DCMs for categories of transactions that may also be traded or executed

through one or more SEFs would be contrary to the Commission's desire "to create conditions favorable to sustained competition between DCMs and SEFs with respect to the same swap contract."[3] We propose that the Commission make clear in the final rules, or the related release, that the Commission's reference to DCMs in the release relating to the Proposing Rules was not intended as a limitation on the ability of commodity trading advisors or investment advisors to report aggregated trades through SEFs under Proposed Rule 43.5(m).

SDR data charges and availability. The Commission has recognized a number of potential conflicts of interest relating to the use of swap data received by SDRs. The Commission therefore has appropriately proposed significant limits on the ability of SDRs to make commercial use of data they receive (other than real-time reporting information) and on the ability of SDRs to discriminate against reporting parties based on their willingness to allow SDRs to use their confidential information for the SDRs' own commercial purposes.[4] In light of the unique position of SDRs in the reporting scheme, we believe that the Commission should consider imposing additional requirements and safeguards, including that SDRs (i) make available any data they collect and may properly use for commercial purposes (i.e., the real time reporting information) to all market participants, including swap markets and DCOs, on reasonable terms and pricing, and on a non-discriminatory basis, and (ii) share, on commercially reasonable terms, revenue it generates from redistributing such data with parties providing the data to the SDRs (e.g., the swaps markets). Without such requirements, the Commission is effectively taking away from market participants, including swaps markets and DCOs, a potentially significant and valuable component of their market data services. In that regard, although we do not believe there is any legal uncertainty as to the issue, we recommend that the Commission make clear in the final Rules or in its commentary on the final Rules that nothing in the Rules is intended to impose or to imply any limit on the ability of market participants, including transaction parties, swap markets, and DCOs, to use and/or commercialize data they create or receive in connection with the execution or reporting of swap data, consistent with their important confidentiality obligations under the Commodity Exchange Act and the Commission's rules. These provisions will help to ensure a robust and competitive market among market participants, as envisioned by the Congress, and would help to limit the possibility of overreaching by SDRs due to their unique position in the data-reporting regime.

---

[3] *Requirements for Derivatives Clearing Organizations, Designated Contract Markets, and Swap Execution Facilities Regarding the Mitigation of Conflicts of Interest,* Federal Register Vol. 75, No. 200, p. 63732 (October 18, 2010), at 63737.
[4] *See* proposed Sections 49.17 and 49.27.

* * * * * *

If you have any questions concerning our comments, please feel free to contact us. We welcome the opportunity to discuss these issues further with the Commission and its staff.

Sincerely,

Lee H. Olesky
Chief Executive Officer

Douglas L. Friedman
General Counsel