

BLOOMBERG VAULT

Dodd-Frank Act: Recordkeeping for Swaps

Financial services firms are struggling to meet a broad range of global regulatory and legal demands on data across the enterprise. The implementation of the Dodd-Frank Act has broadened these demands such as the new Commodity Futures Trading Commission (CFTC) requirements for the recordkeeping of swaps trading records (Regulations 23.201-203). Firms are now required to have the ability to quickly and accurately reconstruct trades, including related pre- and post-trade communications (across all electronic communication modes such as voice, emails, instant messages, Bloomberg communications, files, and third-party messages) and to stamp records with the UTC time to the nearest minute. Many firms impacted by these new regulations are concerned about their ability to meet – and the cost of meeting – the regulatory intent.

In response to these challenges, Bloomberg Vault offers an end-to-end solution for real-time policy management, enterprise archiving and eDiscovery to help address the needs of legal and compliance professionals. Bloomberg Vault is a secure and fully hosted platform that consolidates compliance, legal search and retention management processes, into a single system, eliminating the struggle to maintain different platforms at your firm.

This brief highlights how Bloomberg Vault can assist firms with their swap trade recordkeeping demands by improving transparency and streamlining regulatory investigations, thus reducing the cost of compliance.

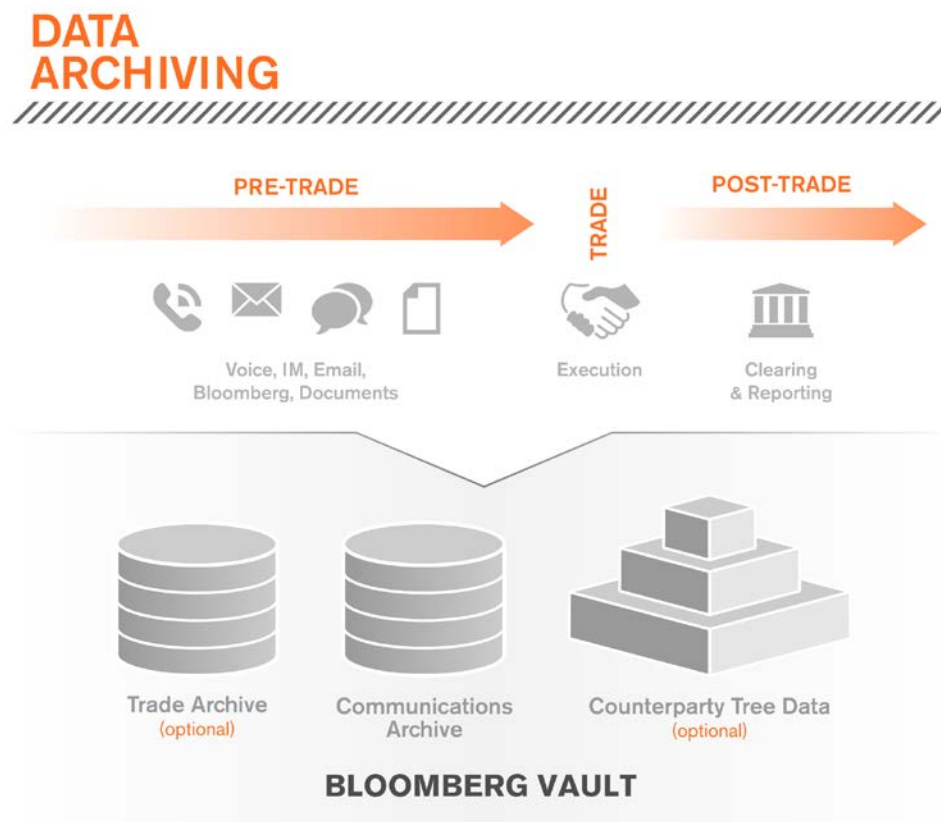


Figure 1 – Dodd-Frank Act Recordkeeping Solution

Wide Range of Trading Records

Rule: Swaps Dealers (SD) and Major Swaps Participants (MSP) are required to maintain all communications leading to the execution of swaps, including electronic mail, instant messages, and oral communications.

Solution: Bloomberg Vault provides a native integration to the proprietary Bloomberg Message and Instant Bloomberg communication tools, via which a large volume of the industry's transactions are discussed or executed. In addition, Bloomberg Vault is capable of ingesting and archiving communication data created outside of Bloomberg such as corporate email (Microsoft Exchange and IBM Domino), instant messages, social media, mobile communications, and voice recordings.

Bloomberg Vault is also uniquely positioned to offer trade archive solutions as well. Trade data can be delivered to Bloomberg using industry standard methods (such as FpML via MQ) and stored in the trade archive for search and retrieval alongside all communication data.

Identifiable and Searchable by Transaction and Counterparty

Rule: Trading records for swaps need to be identifiable and searchable by transaction and counterparty.

Response: Bloomberg Vault has the unique ability to leverage the Bloomberg Directory to facilitate identification of participants involved in pre- or post-trade communications. The counterparty can be identified as a specific individual, a Customer Account, or even an entire Firm. This facilitates inclusion of a counterparty in search criteria for retrieval of records from the archive. Additionally, Bloomberg Vault provides the option for customers to upload counterparty tree and customer contact mappings to facilitate tagging of ingested data. This ensures all records throughout the trade life cycle can be retrieved using a normalized counterparty identifier.

Search is also available by transaction by utilizing the full-text search provided across all communication and attachment text. Simple keyword or advanced Boolean expressions can be used to identify details of a specific transaction included in the conversation. Customers that take advantage of Bloomberg's Fixed Income Trading platform have the added benefit of being able to reconstruct the trade data from initial pricing to reporting of the trade to the SDR. Data in the trade archive can be retrieved based on transaction ID/USI or counterparty identifier.

Voice Recordings

Rule: Pre-trade, trade and post-trade voice communications relating to a swap need to be captured, tagged, retained, and searchable.

Response: Bloomberg Vault offers integrated voice recording and archiving solutions through integrations with leading voice recording service providers. The solution allows for customer on-site voice recording systems (such as Nice Systems) to deliver archived data directly to Bloomberg Vault for recordkeeping. The archived voice recordings can be retrieved based on the call metadata associated with the recording and future development effort is planned to provide search across the conversation content as well.

VOICE ARCHIVING



- Bloomberg Vault integrates with leading voice recording vendors ○
- Direct integration for delivery of voice data ○
- Chain of Custody tracking & reporting ○
- Extract metadata and WAV files for ingestion ○

Figure 2: Bloomberg Vault supports voice archiving through a partnerships with leading voice recording service providers

“Readily Accessible”

Rule: Swap records must be readily accessible to the SDs and MSPs.

Response: Bloomberg Vault provides industry leading search and retrieval technology across all archived data to ensure regulatory requests can be fulfilled within the expected response times. There are some indications that in some cases only the first two years of the data’s applicable retention period need to be readily accessible, but Bloomberg Vault exceeds that requirement to ensure that data is readily accessible regardless of the age of the data.

Time-stamped in Coordinated Universal Time (UTC)

Rule: Swap trade records must be stamped in UTC to the nearest minute.

Response: The Bloomberg Vault retrieval tools provide the ability to search using UTC and to specify date/time search parameters to the nearest minute. The results can also be returned in UTC and will provide the date/time for the data in the format it was created, typically to the nearest second.

Explore how Bloomberg Vault can play a role in meeting your compliance, record-keeping, and eDiscovery needs by visiting: <http://www.bloomberg.com/bvault/>. To learn more about what Bloomberg Vault can do for your company, email us at vaultsales@bloomberg.net or call us at +1 212 617 6580.

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