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Case Study: Trade Archiving.

Bloomberg Vault's Trade Archiving Solution Helps Asset Manager Prepare for CTA Registration

An institutional asset manager needed to establish a more rigorous way to archive trade data from many different platforms in a consistent, highly secure format. Bloomberg offered a trade archiving solution through Bloomberg Vault that uses compliance archiving for trades, retrieves trade records quickly through a user-friendly interface and allows the firm to rely on Bloomberg Vault to attest to these features to regulators.

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CHALLENGE

In today's more stringent regulatory environment, many financial services firms are re-examining recordkeeping for trades and transactions. Electronic communications have been archived on immutable, "write once, read many" (WORM) storage for many years. But most firms are still not managing trade data according to SEC and CFTC mandates.

Specifically, SEC Rule 17a-3 and Rule 17a-4 require regulated firms to create and preserve a comprehensive, easily accessible record of every securities transaction. These records are the primary means for the SEC to monitor compliance with antifraud provisions and financial responsibility standards. The CFTC mirrors these demands in 17 CFR 1.31.

While these rules have been in place since 2003, adoption has been slow and regulators are taking notice. Today, firms are taking the wise path by reviewing and reassessing best practices for storing documentation and trades, particularly for OTC derivatives. Firms are required to move trade data into a consolidated compliance archive with both WORM storage and an easy interface for accessing the data during an audit.

SOLUTION

Aegon USA Investment Management, LLC (AUIM) is an institutional asset manager in the process of registering with the CFTC as a commodity trading advisor (CTA). To meet trade archiving requirements as a CTA, the firm needed to put in place a reliable means of archiving trades in the

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WORM format before registration was complete. AUIM looked to Bloomberg.

"Being able to provide WORM storage was integral in our decision," said Uday Kiran Bolusani, Lead, Derivative Operations Strategy & Middle Office at Aegon Asset Management. "Based on the existing architecture of Bloomberg Vault, we felt it was a good fit for us due to our desired formatting of records for retention and retrieval. Additionally, the established franchise of Bloomberg being an industry leader in safeguarding financial data gives us assurance around these records in disaster situations."

AUIM deployed the trade archive module of Bloomberg Vault, which normalizes trades and transactions originating from a variety of trading platforms (e.g., Murex, Tradeweb, Calypso and others) and spans all asset classes (derivatives, fixed income, equities and FX). Most critically, Bloomberg Vault will attest to regulators that trades meet SEC, FINRA and CFTC recordkeeping mandates, are kept in compliance storage and can be quickly retrieved through an intuitive interface.

RESULTS

Bloomberg Vault Trade Archive provides the capabilities AUIM needs to satisfy strict regulatory requirements. It also improves efficiency with its ability to correlate trade data with relevant communications data. This correlation capability is an important advantage, because integrating structured and unstructured data in a meaningful way can be extraordinarily difficult in a financial services context.

"Bloomberg was an effective partner to work with during this process," Bolusani said. "They functionally demonstrated their ability to meet our needs relating to technical requirements, and they were able to provide us with clear guidance on the roles and responsibilities of both AUIM and Bloomberg to achieve this storage. This partnership was invaluable to AUIM as we sought to roll out this function in a timely manner."

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Learn more about Bloomberg Vault, visit bloomberg.com/vault or reach us at vaultsales@bloomberg.net.

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