



May 3, 2011

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Via Email at CommentLetters@msrb.org

Ms. Peg Henry
Deputy General Counsel
Municipal Securities Rulemaking Board
1900 Duke Street
Alexandria, VA 22314

Re: MSRB Notice 2011-18 (February 14, 2011) -- Request for Comment on Draft Rule G-43 and Associated Amendments to Rules G-8, G-9 and G-18

Dear Ms. Henry:

Tradeweb Markets LLC ("**Tradeweb**") welcomes the opportunity to respond to MSRB Notice 2011-18 (February 14, 2011) and comment on the MSRB's proposed Draft Rules G-43 and associated amendments to Rules G-8, G-9 and G-18.

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) a platform for retail-sized fixed income securities, known as Tradeweb Retail, and (iii) an inter-dealer platform, called Dealerweb, for U.S. Government bonds and mortgage securities. 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. Tradeweb LLC is a member of the MSRB, but does not act as a municipal securities dealer; municipal securities are only available for trading on the Tradeweb Retail system and are not available on the other Tradeweb platforms.

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 12 years. Since 2006, Tradeweb has offered the Tradeweb Retail system, which enables contributing broker-dealers ("**Contributors**") to post their inventory of securities and other instruments it has available to sell in "retail-size" quantities (generally odd-lot trades less than \$1 million notional), together with quantity and firm offer prices. Broker-dealers who submit orders versus the inventory of Contributors (known as "**Distributors**") are able to search and view all posted inventory and request to purchase inventory from a Contributor within certain minimum and maximum size intervals set by the Contributor. At the outset, each

Contributor and Distributor has the ability/choice to enable the other for trading over the Tradeweb Retail system, but once enabled, the trading is anonymous until such time as a trade is effected (at which time, the parties' identities are revealed). A Distributor will, however, be able to identify a Contributor's advertisements if the Distributor and Contributor are part of the same firm, or affiliated. In addition to the foregoing, a Distributor can offer a security it has for sale simultaneously to multiple Contributors in a bid-wanted model. Tradeweb's bid-wanted process is anonymous until the point of execution, and if a transaction is effected, only the counterparties of the transaction are disclosed to each other. In the bid inquiry process, Distributors can set a "Due In" time (i.e., bid collection time period). Contributors have the opportunity to bid or pass within the "Due In" period including access to real-time MSRB transaction data. Distributors can manage the bid-wanted process electronically, including viewing all bids submitted, dealer passes and real-time reported trades from MSRB. Following the transaction, all participants who submit bids in response to a bid-wanted are notified of the winning bid and their bids ranking in the bid-wanted process. Each Contributor and Distributor is responsible for compliance with all applicable laws, as well as the rules of any applicable self-regulatory organization, in connection with any information provided or offer displayed, or transaction effected using such platform.

Tradeweb Retail is designed to give participants the ability to share liquidity and price transparency across a range of fixed income markets. The system was created to allow broker-dealers to more efficiently execute and effect transactions with both their internal sales force as well as on a broker-to-broker basis. By moving the interaction of trading participants onto an electronic network via the internet and modern electronic communication protocols, Tradeweb has created a marketplace with ease of price discovery, transparency of price dissemination, greater speed of execution and liquidity for the entire marketplace to benefit. Distributors have a means to see vast inventories of bonds in a competitively priced market that has improved liquidity and driven down the cost of execution for the end client, and Contributors have a means to reach hundreds if not thousands of market participants with the capital they have at risk, rather than being limited to a narrow scope of liquidity takers based upon relationships or bias.

Tradeweb does not make markets, take positions, or act as a principal or riskless principal in transactions effected on the Tradeweb Retail platform. Moreover, Tradeweb does not participate in the clearance or settlement of trades between Contributors and Distributors; rather, completed transactions are cleared and settled through the customary clearance and settlement procedures of the Contributor and Distributor. As such, the Tradeweb Retail system does not act as a broker's broker and does not offer any such functionality to its participants.

We have reviewed the MSRB's Notice 2011-18 and the draft rules incorporated therein, and respectfully submit that the draft rules do not and are not intended to apply to the Tradeweb Retail system as it currently operates, or the manner in which its participants interact with each other. Moreover, we do not read the reference to electronic systems to be intended to any electronic system offering municipal securities, but rather to those operating a system that offers a broker's broker model – which Tradeweb does not. Nevertheless, we write to seek confirmation (and/or clarification) that Draft Rule G-43 and the associated amendments to Rules G-8, G-9, and G-18 do not apply to (and are not intended to apply to) the current Tradeweb Retail business model.

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If you have any questions concerning our comments, please feel free to contact me. Tradeweb welcomes the opportunity to discuss these issues further with the MSRB and its staff.

Respectfully submitted,



John Cahalane
Managing Director, Head of Tradeweb Retail

Cc: Douglas Friedman, General Counsel