

## &lt;STRATEGIES&gt;

Using the Bloomberg  
Professional Service

- 132 **TRADE SECRETS**  
Research  
**WILMERHALE'S**  
**BRANDON BECKER**
- 136 **TRADE SECRETS**  
Equities  
**ROLF ELGETI OF ABN AMRO**
- 138 **INSIDE LEGAL RESEARCH**
- 139 **FOLLOWING ANALYST**  
**RECOMMENDATIONS**

FOCUS Energy

- 140 **ANALYZING NETBACKS**
- 141 **LEARNING ABOUT LPG**  
**AND LNG**
- 142 **EVALUATING ENERGY**  
**ANALYSTS**
- 143 **HELP DESK**  
Learning Launchpad  
**TRACKING ENERGY**  
**MARKETS**

Metals

16 COMEX Gold  
16 COMEX Silver  
16 LME Copper  
16 LME Aluminum

Agriculture

15 CBOT Corn  
16 CBOT Soybeans  
16 CBOT Wheat  
16 Dallas Soybeans  
16 Dallas Corn

Commodities

16 NYMEX Crude Oil vs. Brent Crude Oil  
16 NYMEX Heating Oil vs. NYMEX Gasoline  
16 NYMEX Heating Oil vs. ICE Diesel

- 144 **MONITORING METALS**
- 144 **CHEAT SHEET**  
**ENERGY MARKETS**
- 146 **HELP DESK**  
**ENERGY PRICES**
- 144 **WHAT'S NEW**
- 148 **TRADING FUTURES**  
**OPTION STRATEGIES**

**TRADE SECRETS** Research

# Keeping the SEC 'Cops' Away

*Securities lawyer Brandon Becker uses price data and BLAW to help clients avoid conflict with regulators.*

By John Dixon

◆ THE U.S. SECURITIES and Exchange Commission says it boosted enforcement actions for insider trading, market manipulation and broker-dealer violations by 25 percent from fiscal 1999 to 2004. That's kept the phone ringing at the office of Brandon Becker, co-chairman of the securities regulation practice at Wilmer Cutler Pickering Hale & Dorr LLP in Washington.

Becker's clients, including banks, hedge funds and brokers, often call him as SEC investigators dig through their files. "The cops are here; what are we going to do to answer their questions?" Becker says, explaining a typical request from a company under investigation.

The attorney knows how to handle the SEC because he worked there for almost 18 years. He began working at the SEC in 1978 and rose to lead its policy-setting market regulation division. Becker's initiatives included increased oversight of derivatives traded over the counter and policies to ensure that individual stock investors received the same pricing and order handling as institutional shareholders.

Becker, who has two sons, says he left the agency in 1996 to join WilmerHale, as the firm is called, because of the potential for higher pay. He brought with him a keen sense of how the agency interprets its regulations and analyzes cases. "You can't duplicate what the SEC has, but what we can do is try to get

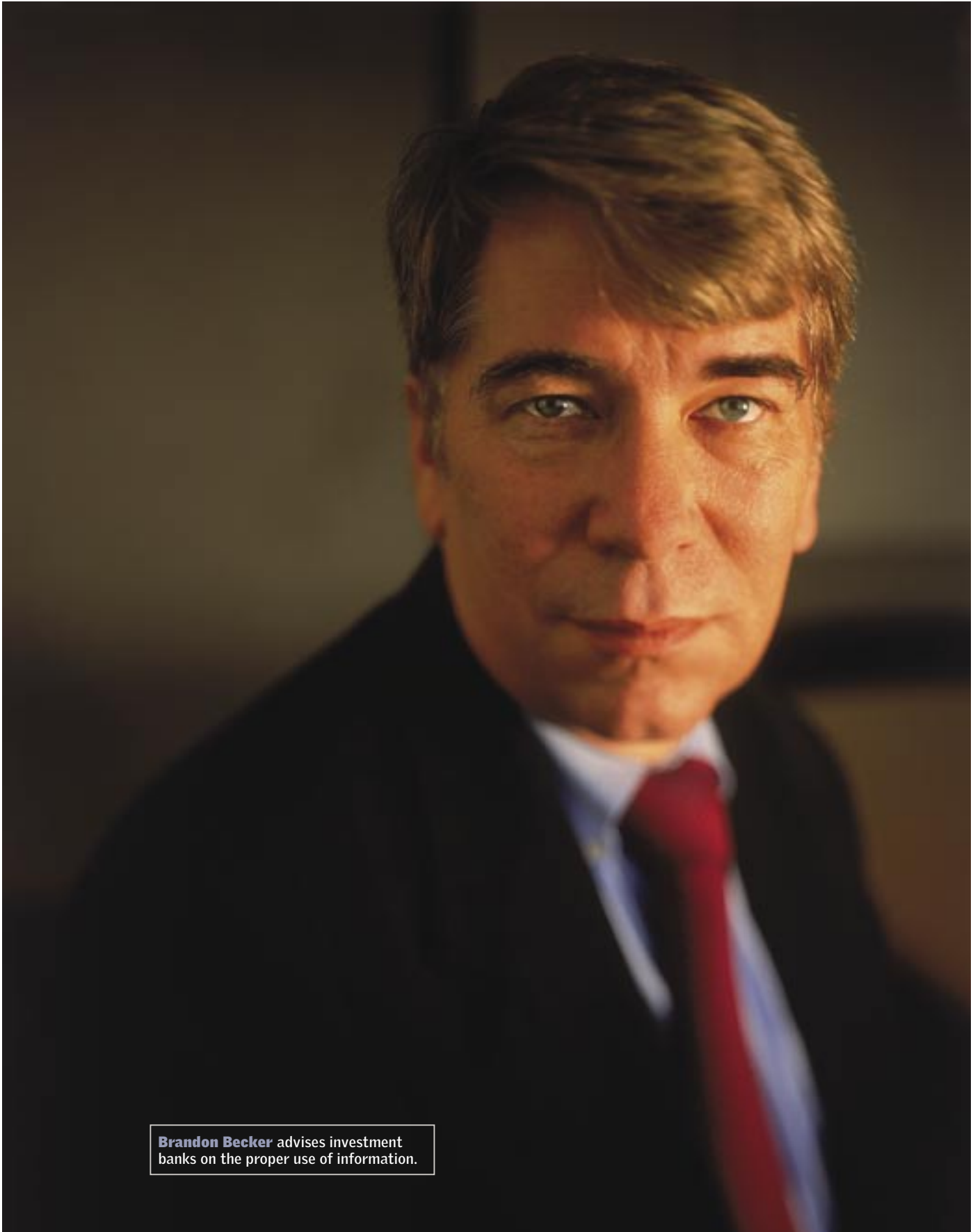
a better understanding of what they're looking at," says Becker, 51, who earned a J.D. degree from the University of San Diego School of Law and a master of laws from Columbia University.

Becker's cases involve equities, fixed-income securities or derivatives, and his clients include Bear Stearns Cos., Citigroup Inc. and Deutsche Bank AG. When handling insider trading and other cases, the challenge facing Becker and his colleagues is to determine whether the information that inspired the trade was public or private. Trading on information that's not publicly available is illegal. "Much of securities law is dominated by questions about the use and abuse of nonpublic information," Becker says.

THE ATTORNEY LOOKS at the tick-by-tick movements in the price of the security and news events around the time of the trade. He also examines trading patterns of shares belonging to companies in the same industry to see if prices reacted similarly.

Becker, a partner at WilmerHale, uses Launchpad to monitor share prices and news at the same time in one window. Type BLP <Go> to start Launchpad. Press <Help> twice to ask questions about creating monitor components in Launchpad.

For headlines and news stories related to Apple Computer Inc., for



**Brandon Becker** advises investment banks on the proper use of information.

**Brandon Becker****Wilmer Cutler Pickering  
Hale & Dorr**Co-chairman of securities  
regulation practice**Current job:** Advises clients, including broker-dealers, banks and hedge funds, on trading policy and defends clients involved in regulatory inquiries.**Background:** Earned a bachelor's degree in American studies from the University of Minnesota in 1974. Received a law degree from the University of San Diego School of Law in 1977 and a master of laws from Columbia University in 1978. Joined the SEC in 1978, becoming director of market regulation. Left in 1996 for WilmerHale in Washington to head its broker-dealer group.**Personal:** Age 51. Married, with two sons. Lives in Silver Spring, Maryland. Enjoys playing chess and reading about structural anthropology. Works on the corporate campaign fund for the Benedictine School for Exceptional Children in Maryland.**Favorite Bloomberg tools:** Securities Law Monitor (SECM), Bloomberg Law Search (BLS) and Bloomberg Launchpad

instance, type AAPL US <Equity> CN BN <Go>. Each headline and story has a time stamp indicating when it was electronically published. The publication time on headlines and articles provides a good indication of when a news item is considered publicly available, Becker says. "You want to quickly do both a news search and a price search so that you can take a look at where the stock was moving and what news was happening when," he says.

To see a graph of intraday trading patterns for the past three days in shares of Apple Computer, type GIP3 <Go>. For trade data in finer time increments, click on the Zoom button on the tool bar and use your mouse to outline an area on the graph that you'd like to examine in more detail.

REGULATORS RECENTLY BEGAN to take a closer look at the bond market, probing whether dealers are boosting the markup on bonds they sell to customers. Becker says the trend is partly due to the increasing availability of current bond prices. The sources include NASD's Trade Reporting and Compliance Engine, which started providing real-time trade data for corporate debt in 2002. Type TRAC <Go> to set up a search for corporate bonds with trade data provided by Trace. "Increasingly, you see the kinds of concerns that were articulated in the context of equities brought into the debt markets," Becker says, referring to issues such as insider trading.

For municipal bonds, Becker looks at pricing from the Municipal Securities Rulemaking Board. He types MSRB <Go> to use the MSRB Transaction Reports function to find MSRB pricing for municipal debt. MSRB searches for bond trades by date or by the state in which the municipal issuer is located.

Becker also monitors court rulings and developments in securities law that could affect his clients and his practice. He types SECM <Go> for headlines related to SEC releases, legislative activity, cases and policy making. To keep on top of the big legal stories of the day, he types TLAW <Go>.

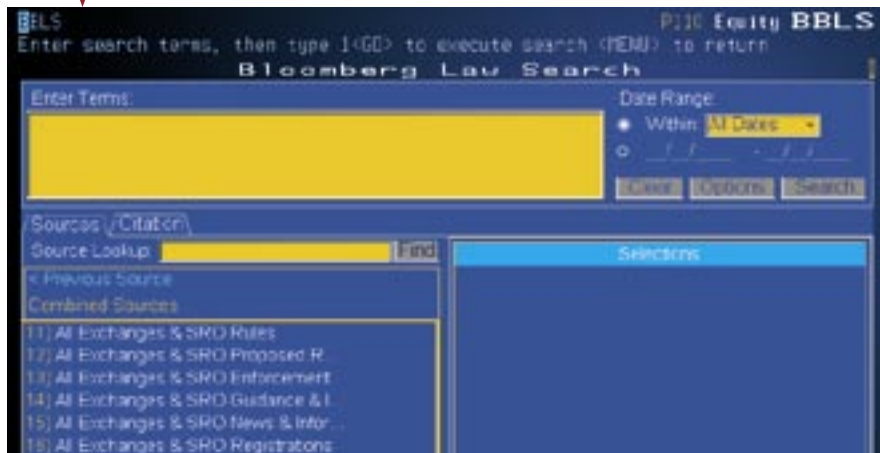
Becker uses the Bloomberg Law Search (BLS) function to search for legal documents, including court and legislative rulings and findings from the SEC and self-regulatory organizations. Type BLS <Go> to start setting the search criteria. To look through documents issued by U.S. stock exchanges' self-regulatory organizations, for example, click on United States on the left side of the screen and then select Regulatory & Administrative. Click on Exchanges & SROs and then on Organizations. Select an exchange and then the type of document you wish to search.

All of these tools help Becker work faster. When traders call him asking whether they should push the button on a trade, the attorney not only has to provide sound legal advice; he also must act fast, sometimes within 15 minutes, before the market changes. "Questions as discrete and focused as 'Can I do this trade?' need to be sorted out quickly," Becker says. ♦

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**The Bloomberg Law Search Function**

Type BLS <Go> to set up a search for a key word or phrase over a selected date range from sources you can define.

**Tip Box**

Type SLDR <Go> to list headlines for daily summaries and updates related to proposed and final rule changes from securities regulators. Click on a headline to read the full text.