

BGC Derivative Markets, L.P
Rule Amendment Submission 2015-09
October 6, 2015

1. The texts of the amended Rules are appended as Attachment A. Any additions are underlined and any deletions are struck through. Only amended sections of rules are included.
2. The date of intended implementation for these rules is ten business days following the filing of this submission.
3. Attached, please find a certification that: (1) these rules comply with the Commodity Exchange Act (“Act”), and the Commission’s regulations thereunder; and (2) concurrent with this submission, BGC Derivative Markets, L.P. (“BGCDMLP”) posted on its website: (i) a notice of pending certification of the rule amendments with the Commission; and (ii) a copy of this submission.
4. A concise explanation and analysis of the operation, purpose, and effect of each of the amended rules appears below.
5. There were no opposing views expressed regarding these amended rules.
6. Confidential treatment is not requested.

CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND EFFECT OF THE
RULE AMENDMENT AND ITS COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT,
INCLUDING CORE PRINCIPLES AND THE COMMISSION’S REGULATIONS THEREUNDER

Pursuant to Commission Rule 40.6(a)(7)(vi), the following is a concise explanation and analysis of the operation, purpose, and effect of the amended rules. BGCDMLP is amending Rule 1302, which established the process for determining speculative position limits or position accountability rules with uniform language that will be adopted by a number of SEFs. That rule provides that BGCDMLP “shall adopt for each of the contracts of the Facility, as is deemed necessary and appropriate by the Facility, position limitations or position accountability levels for speculators.”

BGCDMLP is not adopting specific speculative position limits or position accountability levels at this time based on its conclusion that such limits or accountability levels are neither necessary or appropriate at this time for the following reasons.

1. The information to administer limits or accountability levels cannot be readily ascertained. Position limits or accountability levels apply market-wide to a trader’s overall position in a given swap. To monitor this position, a SEF must have access to information about a trader’s overall position. However, a SEF only has information about swap transactions that take place on its own Facility and has no way of knowing whether a particular trade on its facility adds to or reduces a trader’s position. And because swaps may trade on a number of facilities or, in many cases, over-the-counter, a SEF does not know the size of the trader’s overall swap position and thus cannot ascertain whether the trader’s position relative to any position limit. Such information would be required to be supplied to a SEF from a variety of independent sources, including SDRs, DCOs, and market participants themselves. Unless coordinated by the Commission operating a centralized reporting system,

such a data collection requirement would be duplicative as each separate SEF required reporting by each information sources.

Until the Commission provides for a centralized reporting system that is available to the SEFs, BGCDMLP is unable to perform the necessary analysis to set meaningful position limits or accountability levels. Alternatively, the Commission may set industry-wide position limit levels or position accountability levels for swaps.

2. Position accountability levels at this time may not be necessary to address the goal of Core Principle 6. In this regard, the National Futures Association (“NFA”) conducted a statistical study on behalf of the SEFs in an effort to determine whether large transaction size might be a trigger for SEF position or accountability levels. Based on that study, the NFA concluded that

While the initial driver of the SEF-JCC March 2015 Swap Accountability Levels study was to determine appropriate SEF accountability levels pursuant to CFTC Core Principle 6, the study itself suggested that the swap market might not lend itself to notional transaction size accountability levels at the SEF level. While this study does not offer an official disposition as to the necessity or appropriateness of position accountability levels at the SEF level, it presents data which suggests that such accountability levels will do little to ‘*reduce the potential threat of market manipulation or congestion,*’ the stated goal of the Core Principle.

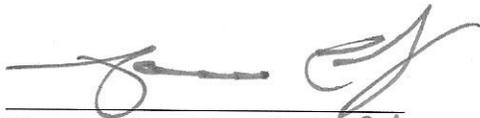
Based upon the findings of the NFA Swap Accountability Levels Study and the limitations on BGCDMLP’s individual ability to access information to establish meaningful position limit or position accountability levels, BGC has concluded that it is neither appropriate or necessary to set such limit levels at this time. However, BGCDMLP will continue to reassess its current conclusion and will submit amendments to rule 1302 at such time that such limits are necessary and appropriate.

Notwithstanding its conclusion that limit and position accountability levels are not appropriately set at this time, to meet the requirements of Core Principle 6, BGCDMLP will continue to transmit full transaction details for all transactions to SDRs daily under their Part 43 and Part 45 confirmation and reporting obligations. Additionally, BGCDMLP will continue to monitor trading on its facility as required for unusual activity such as concentrated transactions or transactions in a volume or pattern that is out of character for a participant’s usual activity. BGCDMLP will also conduct a review of such activity. If the CFTC notifies BGCDMLP of any concerns of a particular participant or account, BGCDMLP will cooperate to facilitate a CFTC order to freeze trading or allow liquidation-only transactions for participants in the contract noted.

**CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE
ACT, 7 U.S.C. §7A-2 AND COMMODITY FUTURES TRADING COMMISSION RULE
40.6, 17 C.F.R. §40.6**

I hereby certify that:

- (1) the foregoing Rule amendments comply with the Commodity Exchange Act, and the Commodity Futures Trading Commission's regulations thereunder; and
- (2) concurrent with this submission, BGC Derivative Markets, L.P. posted on its website: (a) a notice of pending certification of the above Rules with the Commission; and (b) a copy of this submission



By: JAMES CAWLEY

Title: CEO

Date: 10/6/15

ATTACHMENT A

The following rule amendments are hereby certified under Commission Rule 40.6.

BGC Derivative Markets, L.P. Rule Amendments

1302. Position Limits or Position Accountability.

To reduce the potential threat of market manipulation or congestion, the Facility shall adopt for each of the contracts of the Facility, as is necessary and appropriate, position limitations or position accountability levels for speculators. The Facility shall on an on-going basis monitor positions established on or through the Facility for unusual activity, including but not limited to, unusual volumes, patterns or concentrations of transactions.

- (a) ~~The Facility may establish speculative position limits for any Swap listed for trading on the Facility.~~
 - (i) ~~for any contract that is subject to position limits established by the Commission pursuant to Section 4a(a) of the Commodity Exchange Act, the Facility may~~
 - (A) ~~set its position limit at a level no higher than the Commission limit;~~
 - (B) ~~monitor positions established on or through the Facility for compliance with the limit set by the Commission and the limit, if any, set by the Facility; or~~
 - (C) ~~reduce a Participant's ability to place Bids or Offers on the Facility to ensure compliance with said limit.~~
- (b) ~~Except as otherwise provided by the Rules, no Person, may hold or control a position in excess of such position limits, and a Participant may not maintain a position in excess of such position limits for a Customer if such Participant knows, or with reasonable care should know, that such position will cause such Customer to exceed the applicable position limits.~~
- (c) ~~Position limits shall apply to: (i) all positions in accounts for which any Person, by power of attorney or otherwise, directly or indirectly holds positions or controls trading, and (ii) positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by, or the trading of the positions were done by, a single Person.~~

- (d) Swaps offered for trading on the Facility that are subject to speculative position limits are as follows:

(i) Reserved.

1303. Reserved. Exemptions from Position Limits.

~~Any Person seeking an exemption from the position limits referred to in Rule 1302 must file an application with the Facility in the manner and within the time limits prescribed by the Facility. The Facility shall notify the Applicant whether the exemption has been approved and whether the Facility has imposed any limitations or conditions on the exemption. The decision of the Facility shall be final.~~

1304. Reserved. Position Accountability.

- (a) ~~The Facility may establish a Position Accountability level for any Swap contract executed on the Facility. Any Person who owns or controls Swap contracts in excess of the applicable Position Accountability level shall provide to the Facility at its request any information regarding the nature of the position, trading strategy, or hedging activities, if applicable, and if ordered by the Facility, shall not increase the size of any such position.~~
- (b) ~~For purposes of this Rule, all positions in accounts for which a Person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such Person. The provisions of this Rule shall apply to positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by a single Person.~~