

**BGC Derivative Markets, L.P**  
**Rule Implementation Submission 2014-01**  
**November 3, 2014**

1. The texts of the amended Rules are appended as Attachment A. Any additions are underlined and any deletions are struck through.
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, 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. The attached amendments are cumulative and in response to suggestions and guidance from the staff during the course of the staff review of the BGCDMLP application for registration as a Swap Execution Facility. These amendments are either:

- (1) technical corrections to align the rules more closely with the language of Commission Rules; and/or
- (2) amendments made in response to guidance of Commission staff.

The following chart identifies the changed rules and notes the effect of the change and an explanation of the operation, purpose, and effect of the change.

CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND  
EFFECT OF THE RULE AMENDMENT AND ITS COMPLIANCE WITH APPLICABLE  
PROVISIONS OF THE ACT

Rule	Rule Title	Effect
Cover Page		Clarify that the Rulebook applies to Customers, including Authorized Customers.
101	Execution Specialist	Change "BGC Broker" to "Execution Specialist"; clarify role of Execution Specialists in connection with various Trading Facility sessions.
101	Control Desk	Delete language that Execution Specialists may carry out Control Desk functions.
101	Customer Match Trading Facility	Add definition
101	Participant Agreement	Deleted
101	Regular Voice Trading Facility	Conforming change – "BGC Broker" to "Execution Specialist"
101	Request for Quote ('RFQ') Matching Trading Facility	Deleted
101	Technology-Assisted Voice Trading Facility	Conforming change – "BGC Broker" to "Execution Specialist"
101	Voice Functionality	Conforming change – "BGC Broker" to "Execution Specialist"
101	Voice Trading	Conforming change – "BGC Broker" to "Execution Specialist"
101	Volume Match Trading Facility	Clarify that the auction is operated by the Facility rather than the Control Desk
206	Prohibition on Admission as Participant	Conforming change – "BGC Broker" to "Execution Specialist"
207(b)	Restrictions on Trading by Officers and Employees	Clarify that provision applies to any corporate affiliate
207(c)	Eligibility for Service on Boards and Committees	Amend the language to track the language of Commission Rule 1.63(b)
207(d)	Restrictions on Participation on Board and Committees.	Add text conforming to language of Commission Rule 1.69; Add proviso to business relationship provision;

		Substitute CCO in place of CEO.
208	Restrictions on Participants with an Ownership Interest	Delete and reserve Rule 208.
209(b)(i)	Conflicts of interest	Delete “knowingly;” conforming change of “Clearing Privilege Holder” to “Clearing Participant.”
209(b)(iv)(B)	Conflicts of interest	Revise text to conform to Rule 1.69(b)(1)(iii)(B).
209(c)(ii) and (iii)	Conflicts of Interest	Amend to track the language of 1.69(b)(2)(iii).
210	Chief Compliance Officer	Adds rule incorporating text of Commission Rule 37.1501
301(d)	Status of Participants	Delete subsection (d) relating to existing customers.
304(a)(ix)	Denial of Admission	Adds clarifying language that denial for best interest of the Facility is consistent with obligations of the Facility under the Act.
307	Payment of Facility Fees	Delete provision honoring existing fee arrangements.
309(c)	Market Data	Clarifies that written notice for marketing or business use of personal information obtained for regulatory obligations of the Facility is required.
403(a)	Commission Reporting Requirement for Swaps	Clarify that reporting is “after execution;” clarify determination of reporting counterparty.
403(b)	Reporting of Errors	Add provisions clarifying how errors or omissions in publicly-disseminated real-time data shall be corrected.
403(c)	Commission Record Keeping Requirement	Add provision specifying records relating to trading in instruments relating to indexes must be kept.
403(e)	Facility Record-keeping Requirements	Add language clarifying scope of reasonable security policies.
403(g)	Employee Supervision and Training	Clarify provisions specifying Participant responsibility for ensuring training regarding Rules and trading systems.
403(h)	Rules Violation by Employees	Delete Participant Agreement
405	Cooperation in Investigations	Add Customer to list of persons who shall cooperate with Facility investigations.
407(d)	Confidentiality of Trading System	Clarify scope of confidentiality rule

410	Compliance by Participants	Add Customers to list of persons agreeing to be bound by Rules.
505	Pre-Execution Discussions and Cross Trades	Conforming change – “BGC Broker” to “Execution Specialist”
506	Allocation and Priority of Orders; No Withholding of Orders	Conforming change – “BGC Broker” to “Execution Specialist”
510(c) and 510 (d)	Block Trades	Clarifies that participants elect a Block Trade through trade entry window or via an Execution Specialist; clarifies that Block Trades must be reported to the Facility as soon as practicable after execution.
511(b) and 511(c)	Public Disclosure of Data	Clarifies operation of CFTC’s “embargo rule.”
512(e)	Off-Facility Transactions by Brokers	Add provision clarifying steps to be taken by Clearing Participants with respect to risk-based limits.
602	Trade Execution via Electronic Order Book	Clarify operation of Volume Match Trading Facility and Customer Match Trading Facility.
603	Orders	Conforming change – “BGC Broker” to “Execution Specialist”
604	Confirmations and Objections	Clarifies that the confirmation is at time of execution, that it is written and that it legally supersedes prior agreement; clarifies procedure to object to a transaction confirmation.
606	Trade Cancellation and Price Adjustments	Adds language stating that adjustments shall be clear, fair and publicly available and that notification of a price adjustment will be made by the Control Desk.
607(a) and 607(b)	Assisted Order Entry	Conforming change – “BGC Broker” to “Execution Specialist”
607(c)	Assisted Order Entry	Add procedure for objection to transaction confirmation.
702	Trade Execution via Voice Functionality	Conforming change – “BGC Broker” to “Execution Specialist”
703	Voice Trading Facility	Conforming changes.
704	Confirmation of Voice Transactions and Objections	Clarifies that the confirmation is at time of execution, that it is written and that it legally supersedes prior agreement; clarifies rules on objections and authority to adjust

		trades in the case of clear clerical error.
705	Record-keeping and Reporting	Conforming change – “BGC Broker” to “Execution Specialist”
702a	Trade Execution via RFQ Functionality	Conforming change – “BGC Broker” to “Execution Specialist”; clarify responsibilities of Execution Specialists; add language referring to provisions for confirmations and objections.
802	Relation to Clearing Organization	Adds rule providing that a Participant must comply with margin requirements.
804	Voluntary Clearing of Swaps	Same addition as in rule 802.
805	Trades Not Accepted for Clearing	Add provision prohibiting Participants from requiring breakage agreements; delete provision for submission of rejected trades.
901	Violation of Law	Add Customer to list of persons prohibited from violating Act, Regulations, or any other law applicable to trading on Facility.
902	Rule Violation	Add Customer to list of persons covered by the Rule.
908	Abusive Trading Practice Prohibited	Adds prohibition of “accommodation trading, any other manipulative or disruptive trading practice prohibited by the Act or Commission regulation”; add Customer to list of persons to whom the Rule applies.
1002	Investigation Report	Clarify that the written report shall include an analysis and recommendation as to disciplinary action.
1009(j)	Hearings	Clarification of transcription of the record.
1010(d)	Decisions	Clarification of information required in the decision.
1014	Minor Penalties	Specifies a minimum fine of \$1,000; add Authorized Customers and Customers to list of persons to whom the Rule applies.
1016	Action Against Non-Participants	Delete language on finding of likelihood of manipulation or threat to integrity or liquidity.

1204	Emergency Power	Clarifies delegation to CEO.
1209	Enforceability	Incorporates the text of Rule 37.6.
1210	Audit Trail	Incorporates the text of Rule 37.406
1306	Swaps Listed for Trading	Incorporates procedures of Commission, Rule 40.2 and 40.3.

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 amended Rules above 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: Michael Sulfaro  
Title: Chief Compliance Officer  
Date: October 20, 2014