

BGC Derivative Markets, L.P
Rule Implementation Submission 2023-3
August 1, 2023

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
101	Definitions: Prime Broker and Prime Broker Trade	Added the definition to clarify the role of a Prime Broker and what is considered a Prime Broker trade.
518(a)	Prime Broker Trades	Added Rule that outlines what a Prime Broker trade is
518(b)	Participant Cancellation Requests	Added Rule that outlines the process for Participants to cancel a trade when using a Prime Broker.
518(c)	Prime Broker Cancellation	Added Rule that outlines the process for a Prime Broker to request to cancel a trade and their responsibility for notification to the Participant and facility.
518(d)	Confirmation of Prime Broker Trades	Added Rule that outlines the responsibilities of the Participants and SEF in the trade confirmation process.

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 C. Sulfaro
Title: Chief Compliance Officer
Date: August 1, 2023

RULES

PART 1. MEANING OF TERMS.

101. Definitions.

“Pre-execution Communication” means on or more communications between market participants for the purpose of discerning interest in the execution of a transaction prior to exposure of such market participants’ Orders (*i.e.*, price, size and other terms) to the Facility.

‘Prime Broker Trade’ shall mean any trade where at least one party to the trade is a Prime Broker and the other is a participant with which the Prime Broker has a Non-Cleared Swap Agreement. A Prime Broker Trade can only occur on a Permitted Transaction.

‘Prime Broker’ shall mean an Entity that acts as credit counterparty by extending credit to Participant(s) of the SEF to facilitate transactions occurring on or being introduced to the SEF in the name and on behalf of such Person by its client or an agent of its client that is a SEF Participant and has authorized a Participant to place orders or enter trades in the name and on behalf of such person.

“Proprietary Account” means a “proprietary account” as defined in Section 1.3(y) of the Commission Regulations.

“Proprietary Data or Personal Information” for the purpose of Rule 309(c) means information that would separately disclose business transactions, market positions, or the trade secrets of a Participant or Authorized Customer or provide non-public information about a natural person.”

518. Prime Broker Trade

- (a) Prime Broker trades: The Prime Broker becomes a participant of the facility and provides a credit limit for its customer(s). The Prime Broker allows the customer(s) to execute as agent on behalf of the Prime Broker on the SEF. The Prime Broker handles the clearing and settlement with the counterparty to the transactions (primarily Swap Dealers) based on standard ISDA agreements in place with the counterparty.
- (b) Participant Cancellation Requests – With respect to Permitted Transactions, a Participant shall have the right to request the cancellation of any executed Prime Broker Trade. The cancellation request from the Participant must include the reason for the cancellation and the contact information of the Participant and relevant Prime Broker. Upon confirmation and agreement of the cancellation by both parties to the trade, SEF will cancel the trade.
- (c) Prime Broker Cancellation Requests – With respect to Permitted Transactions, a Prime Broker shall have the right to request the cancellation of any Prime Broker Trade (i) that is executed in excess of the limit established by the Prime Broker with respect to such Prime Broker Trade, (ii) because the Prime Broker Trade was executed by a Person that was not authorized by the Prime Broker, or (iii) because the Prime Broker Trade was executed for an unauthorized product. Both sides of the transaction must agree to the cancellation of the transaction. The Prime Broker shall communicate the cancellation request directly to SEF within 48 hours after the execution of the Prime Broker Trade. The cancellation request and the reason for the cancellation request should be directed to SEF-trade-entry@bgcpartners.com. The cancellation request must contain the UTI of the relevant trade, and the contact information of the requestor. If the SEF determines that the request for cancellation meets the requirements of Rule “518”; the SEF will cancel the trade.
- (d) Confirmation of Prime Broker Trades: Each Participant involved in a Prime Broker Trade must notify the Prime Broker as soon as technologically possible of each Prime Broker Trade executed pursuant to the Rules of the SEF to which the Prime Broker is a counterparty, and the SEF must issue and provide a trade confirmation to the Prime Broker.