

BGC Derivative Markets, L.P
Rule Implementation Submission 2015-01
January 14, 2015

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	Named Party in Interest	Amend text to track the language of Rule 209(a)(iv).
204(a)	Disciplinary Committee	Clarify that composition of disciplinary committee meets the provisions of CFTC Rule 1.64, insofar as it would apply.
207	Restrictions on Directors, Officers, Committee Members, Employees and Consultants	Amend text to track the language of Commission Regulation 1.59(b).
209(a)(iv)	Conflicts of Interest	Amend definition of “named party in interest” to incorporate by reference the definition of Commission Regulation 1.69.
304(a)(iii)	Denial of Admission	Delete redundant language.
403(f)	Record-keeping and Reporting Requirements	Add provision addressing BGC’s Audit Trail Review Program, conducted by NFA.
803(a)	Clearing Authorization Required	Clarify that Clearing Participants are subject to the SEF’s jurisdiction.
1001	Scope	Clarify scope shall apply to any Person subject to and bound by Rules of the Facility.
1011	Penalties	Add provision specifying monetary sanctions; clarify that all sanctions take into account the respondent’s disciplinary history as required by 37.206(e).
1016(b)	Action Against Non-Participants	Conforming change – add “impose any Penalty authorized under Rule 1011”.
1017	Conflicts of Interest or Bias	Conforming change – “Chief Executive Officer” to “Chief Compliance Officer”.

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: January 14, 2015

BGC Derivative Markets, L.P. Rules

PART 1. MEANING OF TERMS.

101. Definitions.

* * *

“Named Party in Interest” means a “named party in interest” as defined in Rule 209(a)(iv).
~~Section 1.69 of the Commission Regulations.~~

PART 2. GOVERNANCE.

204. Disciplinary Committee.

- (a) Establishment of the Disciplinary Committee. The Disciplinary Committee is a committee of the Facility whose members shall consist of such members appointed by the Chief Executive Officer. The members of the Disciplinary Committee shall constitute the Facility’s Review Panel(s) and Hearing Panel(s). A member of a Hearing Panel may not serve as a member of the Review Panel in the same matter and each Hearing Panel and each Review Panel must include a member that is not a Participant of the Facility.

207. Restrictions on Directors, Officers, Committee Members, Employees and Consultants.

- (a) * * *

~~(iii) — Restrictions on Trading by Officers and Employees. If any officer or employee of the Facility, or of any corporate affiliate that has access to material non public information concerning any commodity interest, such person shall not trade, directly or indirectly, in that commodity interest traded on any registered entity operated by the Facility or cleared by any one of the Facility’s clearing organizations; in such commodity interest traded on any other Swap market or cleared by any other clearing organization; or in any related commodity interest.~~

- (b) Restrictions on Trading by Officers and Employees. No employee or officer of the Facility, or of any corporate affiliate, may trade, directly or indirectly in:

(i) Any commodity interest traded on or cleared by the Facility;

(ii) Any related commodity interest;

(iii) A commodity interest traded on contract markets or swap executions facilities or cleared by derivative clearing organizations other than the Facility if the person

has access to material, non-public information concerning such commodity interest; or

- (iv) A commodity interest traded on or cleared by a linked exchanged if the person has access to material, non-public information concerning such commodity interest.

[Subsections (b) and (c) are renumbered as (c) and (d) respectively.]

209. Conflicts of Interest.

(a) * * *

- (iv) the term “named party in interest” shall mean a “named party in interest” as defined in Section 1.69 of the Commission Regulations. ~~a Person or entity that is identified by name as a subject of any matter of a Rule enforcement nature or any disciplinary matter or appeal being considered by the Board, a disciplinary committee or oversight panel.~~

PART 3. PARTICIPANTS.

304. Denial of Admission.

(a) * * *

- (iii) has had any fine, cease and desist order, denial of trading privileges, censure or other ~~sanction or discipline~~ (whether through an adverse determination, voluntary settlement or otherwise) imposed on such Person by any Governmental Agency;

PART 4. OBLIGATIONS OF PARTICIPANTS.

403. Record-keeping and Reporting Requirements.

* * *

- (f) Responding to Information Requests. (i) Each Participant, and as applicable, Broker, shall timely furnish the information relating to the Facility as may from time to time be requested by any representative of the Facility acting within the scope of the jurisdiction of the Facility and in the course of its, his or her duties, including the NFA acting in its capacity as a regulatory services provider, except to the extent prohibited by Applicable Law. Any representative of the Facility, and the NFA, when engaged in the examination of any subject within the Facility’s jurisdiction, has the power to summon and examine any Participant or Broker and any employee, officer, partner, or agent thereof in order to carry out the Facility’s functions, except to the extent prohibited by Applicable Law. The

representative of the Facility may require such individual to submit a sworn statement of his or her information.

(ii) The NFA, acting in its capacity as regulatory services provider to the Facility, from time-to-time shall review each Participant's and each Broker's compliance with the applicable recordkeeping and audit trail requirements of the Facility, including, but not limited to the requirements of this Rule 403, Rule 407, Rule 510, Rule 512 and Rule 603.

[Subsections (f), (g), (h), (i), (j), (k), (l), and (m) are renumbered as (g), (h), (i), (j), (k), (l), (m) and (n) respectively.]

PART 8. CLEARING AND FINANCIAL INTEGRITY OF CONTRACTS.

803. Clearing Authorization Required.

- (a) Clearing Participant Authorization. (i) Every cleared trade executed on the Trading System or subject to the rules of the Facility shall be cleared through a Clearing Participant authorized by the designated Clearing Organization for the given product. (ii) Each Clearing Participant by entering into a relationship to intermediate clearing on behalf of a Trading Participant as provided in subsection (b) of this Rule 803, shall be subject to, and shall be considered to have consented to, the jurisdiction of the Facility, in respect of such transactions, including the jurisdiction of the Facility to impose sanctions for violations under Rule 1016.

PART 10. DISCIPLINARY PROCEEDINGS.

1001. Scope.

The procedures of this Part 10 shall apply to any Person that is subject to, and that is bound by, the Rules of the Facility.

1011. Penalties.

- (a) The Hearing Panel of the Disciplinary Committee may impose any one or more of the following penalties for violation of the Rules against any Person that is subject to the jurisdiction of the Facility, including but not limited to, any Participant, Clearing Participant or Customer:
- (i) a censure or reprimand;
 - (ii) suspension of trading privileges;

- (iii) termination as a Participant or its acceptability as a Clearing Participant;
- (iv) a fine of up to \$100,000 per violation; or
- (v) such other penalty (excluding fines) as the hearing panel in its discretion shall deem appropriate.

(b) In the case of any penalty imposed on a Respondent denying access in whole or in part to the Facility's market, the Hearing Panel shall issue an order to all Participants prohibiting them from granting such access, directly or indirectly, and any knowing violation of such an order shall constitute a violation of the Rules.

~~(b)~~(c) Any penalty imposed under Rule 1011, 1012, 1013, 1014, 1015 or 1016 shall be commensurate with the violation committed, shall take into account the respondent's disciplinary history and where applicable, shall include full customer restitution, except where the amount of restitution or to whom it should be provided cannot be reasonably determined.

1016. Action Against Non-Participants.

- (a) * * *
- (b) If, after hearing, the Disciplinary Committee determines that the actions of the non-Participant violate the Commodity Exchange Act, the Commission Rules or these Rules, the Disciplinary Committee may: 1) issue a censure or reprimand; 2) order any Clearing Participant to liquidate all or any portion of such non-Participant's position; 3) order that no Participant accept new positions on behalf of any such non-Participant; 4) deny or terminate access of such non-Participant to the Trading System and the Facility; ~~or~~ 5) impose any Penalty authorized under Rule 1011, or 6) order such other action as is necessary to prevent a threat to the Swap or further violations of the Commodity Exchange Act or these Rules.

1017. Conflicts of Interest or Bias.

- (a) * * *
- (b) Prior to the consideration of any matter involving a named party-in-interest, each member of a committee of the Facility must disclose to the Chief ~~Executive Compliance~~ Officer of the Facility (or to his or her designee) whether he or she has any one of the relationships listed in Rules 207 and 209 with the named party-in-interest.
- (c) Any Respondent which is a named party-in-interest in any proceeding under this Part of the Rules may serve a written request on the Chief ~~Executive Compliance~~ Officer of the Facility for disqualification of any member of any committee of the Facility on the

grounds that such member has one of the relationships listed in Rules 207 or 209 or that any other cause exists which might cause the member to have a bias against such Respondent.

- (d) The Chief ~~Executive~~ Compliance Officer (or his or her designee) shall determine whether or not any member of a committee of the Facility will be disqualified from deliberating, voting or otherwise participating in any matter based upon:
 - (i) information provided by such Participant pursuant to paragraph (b) of this Rule;
 - (ii) information provided by a Respondent which is a named party-in-interest pursuant to paragraph (c) of this Rule; and
 - (iii) any other source of information that is reasonably available to the Facility.
- (e) The Chief ~~Executive~~ Compliance Officer (or his or her designee) shall promptly serve written notice of his or her determination on the member of the committee and on the Respondent which is the named party-in-interest, and such determination shall be final and not subject to appeal within the Facility.

No employee of the Compliance Department or any other employee of the Facility may serve in any investigatory, prosecutorial or decision-making capacity relating to any matter involving a named party-in-interest if he or she would be precluded from participating in deliberations and voting on such matters pursuant to Part 2 if he or she were a member of a committee of the Facility. The provisions of paragraphs (b) through (e) of this Rule shall be applicable to such employee of the Facility as though such person were a member of a committee of the Facility.