

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional): 2013-03(2R) Date: January 30, 2014

IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.

ORGANIZATION

BGC Derivative Markets, L.P.

FILING AS A:

DCM

SEF

DCO

SDR

ECM/SPDC

TYPE OF FILING

• **Rules and Rule Amendments**

Certification under § 40.6 (a) or § 41.24 (a)

“Non-Material Agricultural Rule Change” under § 40.4 (b)(5)

Notification under § 40.6 (d)

Request for Approval under § 40.4 (a) or § 40.5 (a)

Advance Notice of SIDCO Rule Change under § 40.10 (a)

• **Products**

Certification under § 39.5(b), § 40.2 (a), or § 41.23 (a)

Swap Class Certification under § 40.2 (d)

Request for Approval under § 40.3 (a)

Novel Derivative Product Notification under § 40.12 (a)

RULE NUMBERS

“BGC Derivative Markets, L.P. Contract Specifications.” *See* Attachment A.
Rule 505. *See* Attachment B.

DESCRIPTION

(1) BGC Derivative Markets, L.P. (“BGCDMLP”) is filing this rule amendment by adding language to its “BGC Derivative Markets, L.P. Contract Specifications” (“Contract Specifications”) to indicate the Interest Rate Swaps and Credit Default Swaps that are subject to the trade execution requirement of section 2(h)(8) of the CEA.

(2) The Rule amendments provide that persons entering into pre-discussed trades or cross trades in the specified Interest Rate Swaps and Credit Default Swaps, pursuant to BGC SEF Rule 505, must wait at least 5 seconds after the Initial Order is submitted to the Trading System or BGC Broker before submitting the opposite side. As described herein, BGC SEF believes that, given the increased liquidity as discussed infra of the particular swaps described in the rule filing, the 5-second time frame is appropriate.

(3) Amendments to Rule 505, which applies to Pre-execution Discussions and Cross Trades, were certified to the Commission on Nov. 1, 2013. For the avoidance of doubt, BGCDMLP is re-certifying Rule 505 without change.

BGC Derivative Markets, L.P.
Rule Implementation Submission 2013-03(2R)
January 31, 2014

1. The text of the amended Rules are appended as Attachment A. Additions are underlined in black. The text of Rule 505, which is not being modified from the amended version certified on November 1, 2013, is appended as Attachment B.
2. The effective date of these rules is ten business days following the filing of this submission. The dates that the respective trading mandates will become effective on BGCDMLP are the same dates on which the Commission's Made Available to Trade determination becomes effective.
3. Attached, please find a certification that: (1) these rules comply with the Commodity Exchange Act, and the Commission's regulations thereunder; and (2) concurrent with this submission, BGC SEF 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 AMENDMENTS AND THEIR 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.

Between January 16, 2014 and January 28, 2014, the Commodity Futures Trading Commission ("Commission") Division of Market Oversight announced that, on February 15, 2014 and thereafter, the swaps described in the chart below will become subject to the trade execution requirement under section 2(h)(8) of the Commodity Exchange Act.

Fixed-to-Floating Interest Rate Swap (USD)			
Currency	U.S. Dollar (USD)	U.S. Dollar (USD)	U.S. Dollar (USD)
Floating Rate Indexes	USD LIBOR	USD LIBOR	USD LIBOR
Trade Start Type	Spot Starting (T+2)	IMM Start Date (next two quarterly IMM start dates)	IMM Start Date (next two quarterly IMM start dates)
Optionality	No	No	No
Fixed Leg			
Payment Frequency	Semi-Annual, Annual	Semi-Annual, Annual	Semi-Annual
Day Count Convention	30/360, Actual/360	30/360, Actual/360	30/360
Floating Leg			
Reset Frequency	Quarterly, Semi-Annual	Quarterly, Semi-Annual	Quarterly
Day Count Convention	Actual/360	Actual/360	Actual/360
Dual Currencies	No	No	No
Notional	Fixed Notional	Fixed Notional	Fixed Notional
Fixed Rate	Par	Par	Standard Coupon ¹
Tenors ²	2, 3, 4, 5, 6, 7, 10, 12, 15, 20, 30 years	2, 3, 4, 5, 6, 7, 10, 12, 15, 20, 30 years	1, 2, 3, 4, 5, 7, 10, 15, 20, 30 years

Fixed-to-Floating Interest Rate Swap (Non-USD)		
Currency	Euro (EUR)	Sterling (GBP)
Floating Rate Indexes	EURIBOR	GBP LIBOR
Trade Start Type	Spot Starting (T+2)	Spot Starting (T+0)
Optionality	No	No
Fixed Leg		
Payment Frequency	Semi-Annual, Annual	Quarterly, Semi-Annual

¹ Standard Coupon refers to the then-current fixed coupon rates for Market Agreed Coupon (“MAC”) contracts.

² Par coupon swaps with a tenor of 4 or 6 years that are made available to trade are limited to the 3M USD LIBOR floating rate index; Quarterly Reset Frequency; and the following fixed leg conventions: (1) Semi-Annual and 30/360; or (2) Annual and Actual/360.

Day Count Convention	30/360, Actual/360	Actual/365F
Floating Leg		
Reset Frequency	Quarterly, Semi-Annual	Quarterly, Semi-Annual
Day Count Convention	Actual/360	Actual/365F
Dual Currencies	No	No
Notional	Fixed Notional	Fixed Notional
Fixed Rate	Par	Par
Tenors ³	2, 3, 4, 5, 6, 7, 10, 15, 20, 30 years	2, 3, 4, 5, 6, 7, 10, 15, 20, 30 years

Untranchd Credit Default Swap Indices		
Reference Entities	Corporate	Corporate
Region	North America	Europe
Indices	CDX.NA.IG CDX.NA.HY	iTraxx Europe iTraxx Europe Crossover
Tenor	CDX.NA.IG 5Y CDX.NA.HY 5Y	iTraxx Europe 5Y iTraxx Europe Crossover 5Y
Applicable Series	At any time, the then-current on-the-run series and the preceding series that was replaced by the current one	

Accordingly, BGC Derivative Markets, L.P. (“BGCDMLP”) is amending its rules by amending “BGC Derivative Markets, L.P. Contract Specifications” to indicate that these Swaps are Made Available to Trade and subject to the trade execution requirement. The implementation dates of the trade execution requirement on BGCDMLP are the same dates on which the Commission’s phased mandate become effective, February 15, 2014, February 21, 2014, and February 26, 2014, respectively.

In addition, the Rules are amended to provide that persons entering into pre-discussed and cross trades for the specified Made Available to Trade contracts, pursuant to BGCDMLP Rule 505, must wait at least 5 seconds after the Initial Order is submitted to the Trading System or BGC Broker before submitting the opposite side. This provision is consistent with BGCDMLP Rule 505(a)(ii) which contemplates that the Facility may publish from time to time specified waiting

³ Euro (EUR)-denominated, par coupon swaps with a tenor of 4 or 6 years that are made available to trade are limited to the following fixed leg conventions: Annual and 30/360.

times for particular contracts. As discussed below, it is also consistent with Commission Rule 37.9(b)(2), which permits a SEF to adjust the time delay based upon liquidity considerations.

Liquidity Demonstration

Commission Rule 37.9(b)(2) permits a SEF to adjust the time period of the 15 second delay based upon a swap's liquidity. BGCDMLP believes that the 5-second time frame is appropriate for these specific Swaps because, as they will be subject to the trade execution requirement, they will be traded through a confluence of voice originated orders and streaming electronic price feeds. As such, 5 seconds is an appropriate waiting time given the resultant high volumes, increased speed of price changes, tighter bid/offer spreads and the ease of electronic order book interaction with exposed orders.

The Made Available to Trade designations are on Benchmark swaps of the most liquid tenors for Interest Rate Swaps and on the most recent series for Credit Default Swap Indices. These "on-the-run" instruments attract Swap Dealer interest from hedging and market making and act as visible markers for yield and credit curve building analytics for all Participants. The additional electronic liquidity catalyzed by the Trade Execution Mandate in these Swaps creates a liquidity equivalence to Interest Rate Futures due to comparatively large sizes of SEF based orders, and more liquidity in Credit Indices than any existing futures product.

When comparing Interest Rate Swaps to Interest Rate Futures, Bid/Offer spreads in MAT swaps are composed of individual orders of mostly more than 10 times the size of equivalent or related futures contracts. As such, tradable sizes in the interest rate swaps market give the market depth over more tenors than futures accommodate. In Credit Default Swaps markets, there are no comparably liquid futures contracts. Accordingly, all of the liquidity in trading Credit Default Swaps on centralized markets will be concentrated in trading on the SEFs and DCMs where listed.

This change will only apply to the contracts specified in the rule amendment. It should be noted that a five second delay is common among futures designated contract markets.

BGCDMLP certified amendments to Rule 505 on November 1, 2013.⁴ (See BGCDMLP 2013-02). In response to a letter dated January 28, 2014 from Vincent McGonagle, Director of the Division of Market Oversight, and for the avoidance of doubt, BGCDMLP is certifying BGCDMLP Rule 505 anew. The language of Rule 505 as submitted herein for certification under Commission Rule 40.6 is unchanged from the amended language submitted for certification on November 1, 2013. As submitted for certification on November 1, 2013 and as hereby resubmitted for certification, Rule 505 provides that the Person entering the initial Order of a pre-discussed or cross trade into the Trading System or SEF employee broker wait 15 seconds (or such other time as the Facility may publish from time to time for particular contracts)

⁴ We also note that Rule 510, the Block Trading Rule was certified as part of the November 1, 2013, as well.

before submitting the opposite order to the trading system or SEF employee broker. As noted above, the BGCDMLP is also certifying an adjustment to the 15 second waiting period to 5 seconds for specified contracts, as permitted under Commission Rule 37.9(b)(2).

CERTIFICATIONS PURSUANT TO SECTION 5c OF THE
COMMODITY EXCHANGE ACT, AND COMMODITY
FUTURES TRADING COMMISSION RULE 40.6, 17 C.F.R.
§40.6

I hereby certify that:

- (1) the amended “BGC Derivative Markets, L.P. Contract Specifications” comply with the Commodity Exchange Act, and the Commodity Futures Trading Commission’s regulations thereunder;
- (2) Rule 505, which is being resubmitted herein, complies with the Commodity Exchange Act, and the Commodity Futures Trading Commission’s regulations thereunder; and
- (3) concurrent with this submission, BGC Derivative Markets, L.P. posted on its website:
(a) a notice of pending certification of these rules with the Commission; and (b) a copy of this submission.



By: Michael Sulfaro
Title: Chief Compliance Officer
Date: January 13, 2014