

BGC Derivative Markets, L.P
Rule Implementation Submission 2021-01
February 16, 2021

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 February 16, 2021.
3. Attached, please find a certification that: (1) these rules comply with the Commodity Exchange Act (“Act”), and the Commission’s regulations thereunder.
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(d)(2)(i), 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
513(d)	Package Transactions	To reflect codification of rule.
513(e)	Package Transactions	To reflect codification of rule.
513(f)	Package Transactions	To update rule with MAT/Futures and reflect relief reference to 20-31.
513(g)	Package Transactions	To update rule with MAT/Non-CFTC Swap and reflect codification of rule.
515(a)	Error Trades	To reflect codification of rule.
515(d)	Error Trades	To make rule more concise on notification to the Facility.

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 copy of this submission.



By: Michael C. Sulfaro
Title: Chief Compliance Officer
Date: February 16, 2021

BGC Derivative Markets, L.P. Rules

PART 5. TRADING.

513. Package Transactions.

- (d) MAT/Non-MAT (Uncleared). Until November 15, 2022, or such later time as the relief in CFTC Letter No. 20-31 may be extendedAs permitted under Commission Rules 37.9(d) and 37.9(a)(2) and as pursuant to 37.9(c)(2), a package transaction consisting of one or more Swaps that include both a Required Transaction and an uncleared Permitted Transaction shall be subject to the procedures of Rule 512.

513. Package Transactions.

- (e) MAT/Non-Swap Instruments. As permitted under Commission Rules 37.9(d) and 37.9(a)(2) and as pursuant to 37.9(c)(2)~~Until November 15, 2022, or such later time as the relief in CFTC Letter No. 20-31 may be extended,~~ the Required Transaction leg or legs of a package transaction that consists of one or more Required Transaction and one or more non-Swap instrument, shall be subject to the procedures of Rule 512; *provided however*, this provision shall not apply to U.S. Dollar Spreads which shall be subject to the procedures of paragraph (a).

513. Package Transactions.

- (f) MAT/Futures. Until November 15, 2022, or such later time as the relief in CFTC Letter No. 20-31 may be extended, the Required Transaction leg or legs of a package transaction that consists of one or more Required Transaction and one or more are contracts for the purchase or sale of a commodity for future delivery, shall be subject to the procedures of Rule 512.

513. Package Transactions.

- (g) MAT/Non-CFTC Swap. As permitted under Commission Rules 37.9(d) and 37.9(a)(2) and as pursuant to 37.9(c)(2), the Required Transaction leg or legs of a package transaction that consists of one or more Required Transaction and one or more of the components is a swap over which the CFTC does not have exclusive jurisdiction, shall be subject to the procedures of Rule 512.

515. Error Trades.

- (a) **Scope.** ~~In accordance with Commission Rules 37.9(e)(1)(ii) and 37.9(e)2(i) until the effective date of any changes in the regulations, as relief is provided in CFTC Letter No. 20-01,~~ Rule 515 shall apply where an operational or clerical error or omission made by the Facility, one of the counterparties, or an agent of the counterparty, causes a trade to be rejected from clearing, where one leg of a Package Transaction is rejected from clearing due to the sequencing of the submission of the legs (“Rejected Error Trade”), or is identified after the trade has been cleared (“Cleared Error Trade”)(together “Error Trades”). Legs of a Package Transaction that have been accepted for clearing are not within the scope of this Rule.

515. Error Trades.

- (d) **Consent to correction of Error Trades.** In the event that an error comes to the attention of the Facility, the Facility may correct obvious errors under the procedures of paragraph (b) or (c) of this Rule 515 without the consent or knowledge of the counterparties to the transaction. In the event that the Facility is unable to determine how to correct an Error Trade on its face, the Facility shall inform the counterparties to the trade and request their assistance in determining the nature and the substance of the error. The Facility may not correct such non-obvious errors unless the parties shall agree.
- i. Alternatively, for cleared swaps, the Facility may use an *ex post facto* review process in which the counterparties determine that an error has occurred and correct the error. The offsetting trade and the correct transaction must be executed and submitted for clearing as quickly as technologically practicable, but no later than 24 hours after the erroneous cleared swap was executed.

The Participant must notify the Facility in writing, using the Facility contact email addresses located in www.bgcsef.com, no later than 24 hours after the error trade was executed. The Facility shall conduct an *ex post facto* review of the error trade, offsetting trade, and correct trade on a T+1 basis. Such review will consider whether a transaction cancellation or price adjustment will adversely impact market integrity, facilitate market manipulation or other illegitimate activity, or otherwise violate the CEA, Commission regulations, or the SEF’s rules.

The SEF must make an affirmative finding that there was an error as part of its *ex post facto* review.