

BGC Derivative Markets, L.P
Rule Implementation Submission 2022-01
June 7, 2022

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
201(a)	Composition of the Board of Directors	Amend rule to more closely align with CFTC Regulations.
201(b)	Role of the Board of Directors	Amend rule to more closely align with CFTC Regulations.
203(a)	Establishment of Regulatory Oversight Committee	Amend rule to more closely align with CFTC Regulations.
203(b)	Role of the ROC	Amend rule to more closely align with CFTC Regulations.
204(b)	Disciplinary Committee - Composition	Amend rule for an incorrect CFTC Rule number.

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: June 7, 2022

BGC Derivative Markets, L.P. Rules

PART 2. GOVERNANCE.

201. Board of Directors.

The Board shall have all the powers and authority permitted by law, the Facility's Rules and its formation Partnership Agreement. The Board of Directors shall be appointed by the general partner of BGC Derivative Markets, L.P. The Board shall be composed in accordance with the standards set forth in Commission Rule 1.64(b)(1) and (b)(3), which are incorporated herein by reference.

(a) Composition of the Board of Directors.

- (i) At least thirty-five percent of the directors of the Facility shall be Public Directors;
- (ii) To qualify as a Public Director of the Facility, an individual must first be found, by the Board of Directors, on the record, to have no material relationship with the Facility. A "material relationship" is one that reasonably could affect the independent judgment or decision making of the director.
- (iii) In addition, a director shall be considered to have a "material relationship" with the Facility if any of the following circumstances exist:
 - (A) The director is an officer or employee of the Facility or an officer or employee of its affiliate. In this context, "affiliate" includes parents or subsidiaries of the Facility or entities that share a common parent with the Facility;
 - (B) The director is a member of the Facility, or an officer or director of a member. "Member" is defined according to section 1a(34) of the Commodity Exchange Act and Commission Regulation 1.3;
 - (C) The director, or a firm with which the director is an officer, director, or partner, receives more than \$100,000 in combined annual payments from the Facility, or any affiliate of the Facility (as defined in subsection (a)(iii)(A)), for legal, accounting, or consulting services. Compensation for services as a director of the Facility or as a director of an affiliate of the

Facility does not count toward the \$100,000 payment limit, nor does deferred compensation for services prior to becoming a director, so long as such compensation is in no way contingent, conditioned, or revocable;

- (D) Any of the relationships above apply to a member of the director's "immediate family," i.e., spouse, parents, children and siblings.
- (iv) All of the disqualifying circumstances described in subsection (a)(iii) shall be subject to a one-year look back.
- (v) The Facility's Public Directors may also serve as directors of the Facility's affiliate (as defined in subsection (a)(iii)(A)) if they otherwise meet the definition of public director in section (a)(ii-iv).
- (vi) The Facility shall disclose to the Commission which members of its board are Public Directors, and the basis for those determinations.

(b) Role of the Board of Directors.

- (i) The Board will approve which Swaps are Available to Trade on the Facility in accordance with the Rules of the Facility;
- (ii) The Board will approve new rules, rule amendments and changes to the contract specifications of the Facility, provided, further, that certifications or applications with respect to such Rules will be submitted to the CFTC as required by Applicable Law and any regulations thereunder.

203. Regulatory Oversight Committee

- (a) **Establishment of Regulatory Oversight Committee.** The Regulatory Oversight Committee ("ROC") is a subcommittee of the Board of Directors of the Facility, and shall be composed of Public Directors, as defined in Rule 201(a)(ii-iv) only, those of which would not be disqualified from serving as a Public Director under Commission Rule 1.63(c). In the event of an even number of Public Directors in the ROC, the chair of the ROC shall have the tie breaker vote. The ROC shall be appointed by the Board of Directors.

(b) Role of the ROC.

The Regulatory Oversight Committee shall:

- (i) monitor the regulatory program of the ~~registered entity~~ Facility for sufficiency, effectiveness, and independence;
- (ii) oversee the regulatory program, including trade practice and market surveillance; audits, examinations, and other market surveillance and regulatory responsibilities with respect to member firms (including ensuring compliance with financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of investigations;
- (iii) review the size and allocation of the regulatory budget and the performance of the Chief Compliance Officer;
- (iv) recommend changes that would ensure fair, vigorous, and effective regulation; and
- (v) review all regulatory proposals and recommend changes to the program.

204. Disciplinary Committee.

- (b) **Composition.** At least one member of the Disciplinary Committee, who shall be chair, must be a Public Participant, a person that would not be disqualified from serving as a Public Director under Commission Rule ~~1.3(eee)(3)~~ 1.63(c). The Disciplinary Committee may include as members Facility officers and employees. However, no employee of the Compliance Department of the Facility may serve on the Disciplinary Committee.