

BGC Derivative Markets, L.P
Rule Implementation Submission 2018-01
June 7, 2018

1. The text of the proposed amendment to BGC SEF Contract Specifications Attachment A is appended as Attachment 1.
2. The date of intended implementation of the proposed amendment 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, BGC Derivative Markets, L.P. (“BGC”) posted on its website: (i) a notice of pending certification of the rule submissions with the Commission; and (ii) a copy of this submission.
4. A concise explanation and analysis of the operation, purpose, and effect of the amended rule appears below.
5. There were no opposing views expressed regarding the amended rules.
6. Confidential treatment is not requested.

**CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND
EFFECT OF THE CERTIFIED RULE AND ITS COMPLIANCE WITH APPLICABLE
PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE
COMMISSION’S REGULATIONS THEREUNDER**

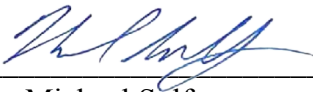
Pursuant to Commission Rule 40.6(a)(7)(vi), the following is a concise explanation and analysis of the operation, purpose, and effect of the amended rules.

BGC is amending the terms and conditions of “BGC SEF Contract Specifications Attachment A” to reflect the availability of swap contracts using as a reference price the Secured Overnight Financing Rate (SOFR), which is published by the New York Federal Reserve as an alternative to the London Interbank Offered Rate (LIBOR).

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 Rule complies 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 Sulfaro
Title: Chief Compliance Officer
Date: June 7, 2018

Attachment 1
BGC Derivative Markets, L.P. Contract Specifications

(Additions are underscored, deletions are struck through)

Product Descriptions

Mandatorily Cleared CEA 2(h)(1) Products as of 2nd October 2013

BGC Derivative Markets, L.P. Contract Specifications

Product Descriptions

Mandatorily Cleared Products

The following list of Products required to be cleared under Commodity Futures Trading Commission rules is included here for the convenience of the reader.

Mandatorily Cleared Spot starting, Forward Starting and IMM dated Interest Rate Swaps by Clearing Organization, including LCH.Clearnet Ltd., LCH.Clearnet LLC, and CME, Inc., having the following characteristics:

Specification	Fixed-to-Floating Swap Class			
1. Currency	U.S. Dollar (USD)	Euro (EUR)	Sterling (GBP)	Yen (JPY)
2. Floating Rate Indexes	LIBOR/ <u>SOFR</u>	EURIBOR	LIBOR	LIBOR

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Specification	Basis Swap Class			
1. Currency	U.S. Dollar (USD)	Euro (EUR)	Sterling (GBP)	Yen (JPY)
2. Floating Rate Indexes	LIBOR/ <u>SOFR</u>	EURIBOR	LIBOR	LIBOR

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Specification	Forward Rate Agreement Class			
1. Currency	U.S. Dollar (USD)	Euro (EUR)	Sterling (GBP)	Yen (JPY)
2. Floating Rate Indexes	LIBOR/ <u>SOFR</u>	EURIBOR	LIBOR	LIBOR

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Specification	Overnight Index Swap Class		
1. Currency	U.S. Dollar (USD)	Euro (EUR)	Sterling (GBP)
2. Floating Rate Indexes	FedFunds/ <u>SOFR</u>	EONIA	SONIA

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Made Available to Trade CEA 2(h)(8) Products

Under a Commodity Futures Trading Commission notice, and pursuant to these Swap contract specifications, the following products in less than block trade size are Made Available to Trade on the Facility.

Specification	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/ <u>SOFR</u>	USD LIBOR/ <u>SOFR</u>	USD LIBOR/ <u>SOFR</u>

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Notes

Interest Rate Swaps of the above Tenors will be Made Available to Trade as of trade date 17th February 2014, except Interest Rate Swaps with a tenor of 4 or 6 years that are Made Available to Trade as of trade date February 26th 2014.

The 4 and 6 year par swap tenors Made Available to Trade are also limited to Swaps of ...

a) 3M USD LIBOR/**SOFR** floating rate index; Quarterly Reset Frequency; and fixed leg conventions of (1) Semi-Annual an 30/360 ("Semi-Bond basis") ; or (2) Annual and Actual/360 ("Annual Money basis").

b) 3M and 6M EURIBOR floating rate index; fixed leg conventions of Annual and 30/360 ("Annual Bond basis")

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Interest Rate Swaps

Overview

An instrument in which two parties agree to exchange cash flows in the same or two different currencies, based on a notional amount, from fixed to floating or from one floating rate to another. The fixed rate is typically reset monthly, quarterly, semi-annually or annually though in some cases such as zero coupon Inflation Swaps, there is only one exchange of cash flows at maturity. The fixed rate may also be an off-market level whereupon payer and receiver agree an upfront payment to accommodate such, such as in ISDA Market Agreed Coupon swaps. In general, the floating rate can be almost any kind of index fixed asset price, but in the OTC markets we focus on interest rate instruments only, including but not limited to:

- Deposit indices such as Libor, **Euribor**, **SOFR** etc.
- Constant Maturity indices, e.g. 5Y IRS
- Inflation indices, e.g. UK RPI, French HICP, US CPI

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Rate Index Swaps

Interest Rate Swap (IRS), Fixed/Float	
Contract Definition	An agreement to exchange a stream of cash flows by applying a fixed and floating interest rate to a specified notional over a term to maturity.
IRS Types	Fixed Rate v Floating Rate (X)ibor Index, SOFR (e.g. 3m Libor, 6m Euribor)

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Swap Conventions	<p>Fixed Leg:</p> <p>Payment: Annual, Semi-Annual, Quarterly or as agreed by Participants.</p> <p>Day Count Conventions: as agreed by Participants and suitable to the Currency's market standards, e.g. 30/360, Act/365 etc (see Appendix C)</p> <p>Holiday Calendar: as agreed by Participants and suitable to the Currency's market standards</p> <p>Business Day Conventions: Modified Following with adjustment to period end dates or as agreed by Participants and suitable to the Currency's market standards</p>
	<p>Floating Leg</p> <p>Index: As agreed by participants and suitable to the Currency's market standards, e.g. Libor, SOFR, Euribor etc.</p> <p>Payment/Resets: Semi-Annual, Quarterly, Monthly, Daily or as agreed by Participants.</p> <p>Day Count Conventions: As dictated by Market Standard for the Floating Index, e.g. Act/360, Act/365 etc (see Appendix C)</p> <p>Holiday Calendar: As agreed by participants and suitable to the Currency's market standards.</p> <p>Fixing Calendar: As agreed by participants and suitable to the Currency's market standards.</p> <p>Business Day Conventions: Modified Following with adjustment to period end dates or as agreed by Participants and suitable to the Currency's market standards.</p>

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Currency Basis Swap, Float/Float	
Contract Definition	An agreement to exchange two streams of floating cash flows on a specified notional over a term to maturity.
Basis Spread	A spread between two Floating Rate Indices (e.g. 3m Libor, 6m Libor, OIS Index, SOFR Index - See Appendix E) of the same currency (Super-Major, Major & Non-Major Currencies - see Appendix B).

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Swap Conventions	<p>Floating Legs 1 & 2:</p> <p>Index: As agreed by participants and suitable to the Currency's market standards (e.g. 3m Libor, 6m Libor, OIS Index, SOFR Index - See Appendix E)</p> <p>Payment/Resets: Annual, Semi-Annual, Quarterly, Monthly, Daily or as agreed by Participants.</p> <p>Day Count Conventions: As dictated by Market Standard for each Index, e.g. Act/360, Act/365 etc (see Appendix C)</p> <p>Holiday Calendar: As agreed by participants and suitable to the Currency's market standards.</p> <p>Fixing Calendar: As agreed by participants and suitable to the Currency's market standards.</p> <p>Business Day Conventions: Modified Following with adjustment to period end dates or as agreed by Participants and suitable to each Currency's market standards.</p>
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Cross-Currency Basis Swap, Float/Float	
Contract Definition	An agreement to exchange a stream of cash flows by applying a floating interest rate on leg 1 and a floating interest rate on leg 2 to a specified notional over a term to maturity.
Basis Spread	A spread between the Floating Rate Indices (e.g. 3m Libor, 6m Libor, OIS Index, SOFR Index - See Appendix E) of two different currencies (Super-Major, Major & Non-Major Currencies - see Appendix B)
Basis Swap Types	Floating Rate (X)ibor Index (e.g. 3m Libor) v Floating Rate (X)ibor Index (e.g. 3m Euribor), usually with the same Payment frequency, e.g. Q/Q Floating Rate OIS Index (e.g. Eonia) v Floating Rate OIS Index (e.g. FedFunds, SOFR), usually with the same Payment frequency, e.g. Q/Q

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Swap Conventions	<i>Floating Legs 1 & 2</i> <i>Indices:</i> As agreed by participants and suitable to each Currency's market standard (e.g. 3m Libor, 6m Libor, OIS Index, SOFR Index - See Appendix E) <i>Payment/Resets:</i> Semi-Annual, Quarterly, Monthly or as agreed by Participants. <i>Day Count Conventions:</i> As dictated by Market Standard for each Index, e.g. Act/360, Act/365 (see Appendix C) <i>Holiday Calendar:</i> As agreed by participants and suitable to the Currency's market standards. <i>Fixing Calendar:</i> As agreed by participants and suitable to the Currency's market standards. <i>Business Day Conventions:</i> Modified Following with adjustment to period end dates or as agreed by Participants and suitable to each Currency's market standards.
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Cross-Currency Swap, Fixed/Float	
Contract Definition	An agreement to exchange a stream of cash flows by applying a fixed interest rate on leg 1 and a floating interest rate on leg 2 to a specified notional over a term to maturity.
Spread	A spread between the fixed rate of one currency and the Floating Rate Index (e.g. 3m Libor, 6m Libor, OIS Index, SOFR Index - See Appendix E) of a second currency (Super-Major, Major & Non-Major Currencies - see Appendix B)

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Swap Conventions	<p>Fixed Leg, Currency 1</p> <p>Payment: Annual, Semi-Annual, Quarterly or as agreed by Participants</p> <p>Day Count Conventions: as agreed by Participants and suitable to the Currency's market standards, e.g. 30/360, Act/365 etc (see Appendix C)</p> <p>Holiday Calendar: as agreed by Participants and suitable to the Currency's market standards</p> <p>Business Day Conventions: Modified Following with adjustment to period end dates or as agreed by Participants and suitable to the Currency's market standards</p>
	<p>Floating Leg, Currency 2</p> <p>Index: As agreed by participants and suitable to the Currency's market standards (e.g. 3m Libor, 6m Libor, OIS Index, SOFR Index - See Appendix E)</p> <p>Payment/Resets: Annual, Semi-Annual, Quarterly, Monthly, Daily or as agreed by Participants.</p> <p>Day Count Conventions: As dictated by Market Standard for the Floating Index, e.g. Act/360, Act/365 etc (see Appendix C)</p> <p>Holiday Calendar: As agreed by participants and suitable to the Currency's market standards.</p> <p>Fixing Calendar: As agreed by participants and suitable to the Currency's market standards.</p> <p>Business Day Conventions: Modified Following with adjustment to period end dates or as agreed by Participants and suitable to the Currency's market standards.</p>

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Non-Deliverable IRS, Fixed/Float

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Swap Conventions	<p>Fixed Leg, Currency 1</p> <p>Payment: Annual, Semi-Annual, Quarterly or as agreed by Participants</p> <p>Day Count Conventions: as agreed by Participants and suitable to the Currency's market standards, e.g. 30/360, Act/365 etc (see Appendix C)</p> <p>Holiday Calendar: as agreed by Participants and suitable to the Currency's market standards</p> <p>Business Day Conventions: Modified Following with adjustment to period end dates or as agreed by Participants and suitable to the Currency's market standards</p>
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Floating Leg, Currency 2

Index: As agreed by participants and suitable to the Currency's market standards (e.g. 3m Libor, 6m Libor, OIS Index, [SOFR Index](#) - See Appendix E)

Payment/Resets: Annual, Semi-Annual, Quarterly, Monthly, Daily or as agreed by Participants.

Day Count Conventions: As dictated by Market Standard for the Floating Index, e.g. Act/360, Act/365 etc (see Appendix C)

Holiday Calendar: As agreed by participants and suitable to the Currency's market standards.

Fixing Calendar: As agreed by participants and suitable to the Currency's market standards.

Business Day Conventions: Modified Following with adjustment to period end dates or as agreed by Participants and suitable to the Currency's market standards.

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Appendix E - Market Fixing Indices

<i>Interbank Indices</i>	Description	Currencies	Day Count	Fixings Calendar
BBA LIBOR	London Interbank Offered Rate	USD JPY CHF GBP EUR	Act/360 Act/360 Act/360 Act/365 Act/365	London London London London London
EURIBOR	Euro Interbank Offered Rate	EUR	Act/360	TARGET
SOFR	Secured Overnight Financing Rate	USD	Act/360	New York

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Appendix F - Interest Rate Swap & Option Tenors (Super-Major Currencies)

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Vanilla Interest Rate Swaps (IRS)			
Currency	Day Count Conventions	Standard Tenors	Non-Standard Tenors

GBP 1w-21m Short-Term	Fixed: Annual Act/365 Float: Quarterly Act/365 Index: 3m Libor/ <u>SOFR</u> (Also A/M 1m Libor)	3m 6m 9m 12m 15m 18m 21m, 2y, 2½y, 3y, IMM Dates N.B 1m Libor swaps are also traded usually up to no more than 2y in 1m intervals.	1d-60y Any start / end date. As agreed by participants.
GBP 6m-60y Medium-Term	Fixed: Semi Act/365 Float: Semi Act/365 Index: 6m Libor/ <u>SOFR</u> (Also Q/Q 3m Libor)	6m 1y 18m 2y 2½y 3y 4y 5y 6y 7y 8y 9y 10y 11y 12y 13y 14y 15y 20y 25y 30y 35y 40y 45y 50y Spreads (e.g. 2x10), Butterflies (e.g. 2x5x10), Forwards (e.g. 5y/5y). IMM dates. N.B. S/Q v 3m Libor swaps also trade, though infrequently.	1d-60y Any start / end date. As agreed by participants.

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USD 3m-21m Short-Term	Fixed: Annual Act/360 Float: Quarterly Act/360 Index: 3m Libor/ <u>SOFR</u>	3m 6m 9m 12m 15m 18m 21m, IMM Dates (including serials) N.B 1m Libor swaps are also traded usually up to no more than 2y in 1m intervals.	1d-60y Any start / end date. As agreed by participants.
USD 1y-60y Medium-Term	Fixed: Semi 30l/360 Float: Quarterly Act /360 Index: 3m Libor/ <u>SOFR</u>	1y 18m 2y 2½y 3y 4y 5y 6y 7y 8y 9y 10y 11y 12y 13y 14y 15y 20y 25y 30y 35y 40y 45y 50y Spreads (e.g. 2x10), Butterflies (e.g. 2x5x10), Forwards (e.g. 5y/5y)	1d-60y Any start / end date. As agreed by participants.

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JPY 1m-2y Short-Term	Fixed: Annual Act/3 60 Float: Monthly Act/3 60 Index: 1m Libor/ <u>SOFR</u>	1m 2m 3m 4m 5m 6m 7m 8m 9m 10m 11m 12m IMM Dates	1d-2y Any start / end date. As agreed by participants.
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JPY 3m-30y Medium-Term	Fixed: Semi Act/365 Float: Semi A ct/360 Index: 6m Libor/ <u>SOFR</u>	3m 6m 9m 1y 18m 2y 2½y 3y 4y 5y 6y 7y 8y 9y 10y 12y 1 5y 20y 25y 30y Spreads (e.g. 2x10), Butterflies (e.g. 2x5x10), Forwards (e.g. 5y/5y)	1d-30y Any start / end date. As agreed by participants.
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Vanilla Cross-Currency Currency Basis Swaps

Currency	Day_Count_Conventions	Standard Tenors	Non Standard Tenors
USD/EUR Q/Q	USD = 3m Libor/ <u>SOFR</u> Act/360 EUR = 3m Euribor Act/360	3m 6m 9m 12m 18m 2y 3y 4y 5y 6y 7y 8y 9y 10y 11y 12y 13y 14y 15y 20y 25y 30y 40y 50y	3m-60y Any start / end date. As agreed by participants.

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USD/JPY Q/Q	USD = 3m Libor/ <u>SOFR</u> Act/360 JPY = 3m Libor/ <u>SOFR</u> Act/360	3m 6m 9m 12m 18m 2y 3y 4y 5y 6y 7y 8y 9y 10y 11y 12y 13y 14y 15y 20y 25y 30y 35y 40y 50y	3m-60y Any start / end date. As agreed by participants.
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USD/GBP Q/Q	USD = 3m Libor/ <u>SOFR</u> Act/360 GBP = 3m Libor/ <u>SOFR</u> Act/365	3m 6m 9m 12m 18m 2y 3y 4y 5y 6y 7y 8y 9y 10y 11y 12y 13y 14y 15y 20y 25y 30y 40y 50y	3m-60y Any start / end date. As agreed by participants.
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GBP/EUR Q/Q	GBP = 3m Libor/ <u>SOFR</u> Act/365 EUR = 3m Euribor Act/360	3m 6m 9m 12m 2y 3y 4y 5y 6y 7y 8y 9y 10y 11y 12y 13y 14y 15y 20y 25y 30y	3m-60y Any start / end date. As agreed by participants.
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JPY/EUR Q/Q	JPY = 3m Libor/ <u>SOFR</u> Act/360 EUR = 3m Euribor Act/360	1y 2y 3y 4y 5y 6y 7y 8y 9y 10y 12y 15y 20y 25y 30y	3m-60y Any start / end date. As agreed by participants.
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Interest Rate Caps & Floors			
Currency	Underlying Index	Standard Tenors	Off-The-Run Tenors
GBP	Up to 18m - 3m Libor 2y+ - 6m Libor/ <u>SOFR</u>	Option Tenors: 1y 18m 2y 3y 4y 5y 6y 7y 8y 9y 10y 12y 15y 20y 25y 30y, IMM Expiries Strikes from -1% to +20%	3m-60y any expiry. As agreed by participants
USD	All Tenors - 3m Libor/ <u>SOFR</u>	Option Tenors: 1y 18m 2y 3y 4y 5y 6y 7y 8y 9y 10y 12y 15y 20y 25y 30y, IMM Expiries Strikes from -1% to +20%	3m-60y any expiry. As agreed by participants

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JPY	Up to 18m - 3m Libor/ <u>SOFR</u> 2y+ - 6m Libor/ <u>SOFR</u>	Option Tenors: 1y 18m 2y 3y 4y 5y 6y 7y 8y 9y 10y 12y 15y 20y 25y 30y, IMM Expiries Strikes from -1% to +20%	3m-30y any expiry. As agreed by participants
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