BGC Derivative Markets, L.P
Rule Implementation Submission 2020-01
October 19, 2020

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.
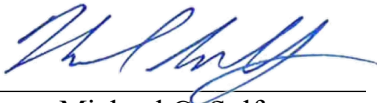
CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND
EFFECT OF THE RULE AMENDMENT AND ITS COMPLIANCE WITH APPLICABLE
PROVISIONS OF THE ACT

Rule	Rule Title	Effect
101	Package Transaction	Add definition of a Package Transaction.
510(g)	Block trades	Amend text to update relief reference to CFTC Letter No. 17-60 and date of expiration of relief.
513(d)	Package Transactions	Amend text to update relief reference to CFTC Letter No. 20-31 and date of expiration of relief.
513(e)	Package Transactions	Amend text to update relief reference to CFTC Letter No. 20-31 and date of expiration of relief.
515(a)	Error Trades	Amend text to update relief reference to CFTC Letter No. 20-01 and date of expiration of relief.
515(c)	Error Trades	Amend text to clarify an exception to this rule.
515(d)(i)	Error Trades	Amend text to add no-action relief from CFTC Letter No. 20-01 to allow an alternative method for correcting swaps with errors.
517(a) 517(b) 517(c)	Post-Trade Anonymity	Add rule to explain post trade anonymity in reference to CFTC final rule §37.9(d)

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

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By: Michael C. Sulfaro
Title: Chief Compliance Officer
Date: October 19, 2020

PART 1.   MEANING OF TERMS.

101.   Definitions.

* * *

<u>"Package Transaction" means any transaction which consists of two or more component transactions executed between two or more counterparties where: 1. execution of each component transaction is contingent upon the execution of all other component transactions, and 2. the component transactions are priced or quoted together as one economic transaction with simultaneous or near-simultaneous execution of all components.</u>

PART 2. TRADING.

510. Block Trades.

(g)   Notwithstanding anything to the contrary in this Rule 510, until ~~December 15, 2015~~<u>November 15, 2020</u>, or such later time as the relief in CFTC Letter No. ~~14-118~~<u>17-60</u> shall be extended, the Facility may facilitate the execution of Block Trades within the scope of this Rule 510 that are intended to be cleared by enabling the applicable

513. Package Transactions.

(d)   *MAT/Non-MAT (Uncleared)*. Until ~~February 12, 2016~~<u>November 15, 2022</u>~~2020~~, or such later time as the relief in CFTC Letter No. <u>20-31</u>~~17-55~~<u>14-13</u>~~7~~ may be extended, 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*. Until <u>November 15, 2022</u>~~2020~~~~February 12, 2016~~, or such later time as the relief in CFTC Letter No. <u>20-31</u>~~17-55~~<u>14-13</u>~~7~~ 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).

515. Error Trades.

(a)   **Scope.** Until <u>the effective date of any changes in the regulations,</u> ~~June 15, 2016, or such later time as the relief in~~ <u>as relief is provided in</u> CFTC Letter No. <u>20-01</u> ~~17-27 15-24 shall be extended, this~~ Rule 515 shall apply where an operational or clerical error or omission made by the Facility,

515. Error Trades.

(c)   Such correcting trades must be executed and submitted for clearing no later than three days from the execution of the Cleared Error Trade, <u>with the exception provided in (d) (i).</u> The new trade shall be subject to the procedures of Rule 501(d) or Rule 502(b), as applicable.

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)   <u>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.</u>

        <u>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.</u>

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

517. Post-Trade Anonymity.

(a)   Pursuant to the Commission issuing final rule § 37.9(d), it is prohibited to disclose, directly or indirectly, including through a third-party service provider, the identity of a counterparty for swaps executed, pre-arranged or pre-negotiated anonymously on or pursuant to the rules of a SEF and intended to be cleared at the time of execution.

(b)   Prohibition on post-trade name give-up shall not apply to components of a package transaction that are uncleared swaps or non-swap instruments. Examples include, but are not limited by, swaps executed with a US Treasury hedge cleared bilaterally between the counterparties, swaps executed as part of a hedge to an Interest Rate Option or Credit Option and swaps executed as part of a package with an uncleared swap.

(c)   The compliance date for swaps subject to the trade execution requirement under section 2(h)(8) of the CEA is November 1, 2020. The compliance date for swaps not subject to the trade execution requirement under section 2(h)(8) of the CEA is July, 5, 2021.