

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of:

BGC Derivative Markets, L.P.,

Respondent.

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) **CFTC Docket No. 24-35**
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**ORDER INSTITUTING PROCEEDINGS PURSUANT TO
SECTION 6b OF THE COMMODITY EXCHANGE ACT, MAKING
FINDINGS, AND IMPOSING REMEDIAL SANCTIONS**

I. INTRODUCTION

The Commodity Futures Trading Commission (“Commission”) has reason to believe that from December 2022 to April 2024 (“Relevant Period”), Respondent BGC Derivative Markets, L.P. (“BGC SEF”) violated Sections 2(a)(13) and 5h(f)(9)-(10) and (14) of the Commodity Exchange Act (“Act”), 7 U.S.C. §§ 2(a)(13), 7b-3(f)(9)-(10), (14), and Commission Regulations (“Regulations”) 16.01, 37.900, 37.901, 37.1000, 37.1400, 37.1401, and 43.3(a), 17 C.F.R. §§ 16.01, 37.900, 37.901, 37.1000, 37.1400, 13.1401, 43.3(a) (2023), and in so doing also violated a prior Commission Order. Therefore, the Commission deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted to determine whether BGC SEF engaged in the violations set forth herein and to determine whether any order should be issued imposing remedial sanctions.

In anticipation of the institution of an administrative proceeding, BGC SEF has submitted an Offer of Settlement (“Offer”) that the Commission has determined to accept. BGC SEF admits the facts set forth in Section II below, acknowledges that its conduct violated the Act and Regulations, and consents to the entry of this Order Instituting Proceedings Pursuant to Section 6b of the Commodity Exchange Act, Making Findings, and Imposing Remedial Sanctions (“Order”), and acknowledges service of this Order.¹

¹ BGC SEF agrees that the findings of fact and conclusions of law in this Order shall be taken as true and correct and be given preclusive effect without further proof in this proceeding and any other proceeding brought by the Commission or to which the Commission is a party or claimant, including but not limited to, a proceeding in bankruptcy or receivership. BGC SEF does not consent to the use of the Offer or this Order, or the findings or conclusions in this Order, by any other party in any other proceeding.

II. FINDINGS

The Commission finds the following:

A. Summary

As a registered swap execution facility (“SEF”), BGC SEF is required to comply with certain reporting and publication requirements related to the swap transactions executed on or pursuant to the rules of BGC SEF and to establish and maintain a program to identify and minimize sources of operational risk through development of appropriate controls and procedures. During the Relevant Period, as the result of five separate reporting systems issues, BGC SEF failed to report or accurately report or publish data related to thousands of transactions executed on or pursuant to the rules of BGC SEF. Additionally, BGC SEF real-time reported erroneous execution times to a swap data repository (“SDR”) for thousands of voice-executed interest rate swap transactions executed on or pursuant to the rules of BGC SEF. BGC SEF’s swap reporting failures and inaccurate reports, as well as its failure to promptly identify and correct the underlying causes, were the result of BGC SEF’s swap reporting system design and its inadequate system of internal controls and procedures. These violations occurred after the Commission had issued an order against BGC SEF, on September 30, 2022, charging BGC SEF with swap reporting and Core Principle violations under the Act and Regulations (the “September 2022 Order”).² This conduct violated Sections 2(a)(13) and 5h(f)(9)-(10) and (14) of the Act, 7 U.S.C. §§ 2(a)(13), 7b-3(f)(9)-(10), (14), and Regulations 16.01, 37.900, 37.901, 37.1000, 37.1400, 37.1401, and 43.3(a), 17 C.F.R. §§ 16.01, 37.900, 37.901, 37.1000, 37.1400, 37.1401, 43.3(a) (2023), as well as violated the September 2022 Order.

In accepting BGC SEF’s Offer, the Commission recognizes BGC SEF’s self-reporting and substantial cooperation in connection with the Division of Enforcement’s (the “Division”) investigation of this matter. The Commission also acknowledges BGC SEF’s representations concerning remediation in connection with this matter. The Commission’s recognition of BGC SEF’s self-reporting, substantial cooperation, and appropriate remediation is further reflected in the form of a substantially reduced penalty.

B. Respondent

BGC Derivative Markets, L.P. is a Delaware limited partnership, with its principal place of business in New York, New York. BGC SEF was granted temporary registration as a SEF with the Commission on September 19, 2013. On January 22, 2016, BGC SEF was granted full SEF registration status.

C. Facts

On September 30, 2022, BGC SEF was charged and settled with the Commission for swap reporting and Core Principle violations under the Act and Regulations. As detailed in the September 2022 Order, from 2017 to 2022, BGC SEF failed to report or accurately report thousands of swap transactions due to more than a dozen separate swap reporting system issues, many of which reporting errors went undetected by BGC SEF for months and even years. The

² *In re BGC Derivative Markets, L.P.*, CFTC Docket No. 22-52, 2022 WL 6063657 (Sept. 30, 2022) (consent order).

September 2022 Order ordered BGC SEF to cease and desist from further violations of Sections 2(a)(13) and 5h(f)(9)-(10) of the Act, 7 U.S.C. §§ 2(a)(13), 7b-3(f)(9)-(10), and Regulations 16.01, 37.900, 37.901, 37.1000, and 43.3, 17 C.F.R. §§ 16.01, 37.900, 37.901, 37.1000, 43.3 (2023). The September 2022 Order also imposed, among other things, an undertaking on BGC SEF to implement a swap reporting reconciliation process to allow for quick identification and correction of any future swap reporting errors. BGC SEF designed and implemented a swap reporting reconciliation system.

In January 2023, BGC SEF also implemented a redesigned swap transaction and reporting system. The redesigned system was intended, in part, to address many of BGC SEF's swap reporting issues that were the subject of the September 2022 Order. However, BGC SEF did not perform thorough and sufficient testing of the redesigned system before implementation. Nor did it perform thorough and sufficient testing of subsequent updates and changes to the system. Consequently, BGC SEF failed to detect coding errors and erroneous data mapping present at the system's implementation and failed to correct or detect additional errors introduced during a subsequent system update.

During the Relevant Period, these coding/mapping errors caused five different swap reporting issues that resulted in BGC SEF failing to accurately report data related to thousands of swap transactions. Specifically, between January 2023 and February 2024, as a result of four of these issues, BGC SEF failed to report or accurately report certain swap data transaction information to the Commission and, in some instances, also on its public website for over 26,000 swap transactions executed on the SEF. These four reporting issues included: (1) reporting inaccurate notional values of certain foreign exchange ("FX") swaps, (2) failing to report data fields related to the delta-adjusted notional values of certain FX swaps, (3) failing to report a delta for certain FX Options and Non-Deliverable Options, and (4) failing to report a price for certain exotic swaps.

Further, BGC SEF's newly-implemented swap reporting reconciliation process did not timely detect these four reporting issues. The reconciliation process, as initially implemented by BGC SEF, only reconciled the accuracy of a limited number of swap data fields, none of which included the data fields erroneously reported as a result of these issues. Consequently, BGC SEF did not detect these four issues for several months, with two of these four issues going undetected for approximately one year.

BGC SEF's fifth swap reporting issue involved real-time reporting of swap transaction data. Between December 2022 and April 2024, BGC SEF initially erroneously reported the transaction submission time for certain voice-executed swaps as both the swap execution and submission times. This system issue caused BGC SEF to misreport in its real-time reporting to an SDR the execution times for all of its nearly 8,000 voice-executed interest rate swap transactions executed on the SEF during this time period.

BGC SEF's reconciliation process did quickly identify these real-time reporting errors, and as a result, BGC SEF typically sent corrected information to the SDR within minutes. However, BGC SEF did not identify this was a repeated reporting issue. BGC SEF's failure to recognize the existence of an underlying coding/mapping error that generated these misreports

resulted in BGC SEF continuing to initially misreport the execution time for every voice-executed interest rate swap executed on the SEF for over seventeen months.

BGC SEF represents that it has corrected its reporting related to these issues. Additionally, BGC SEF represents that in May 2024 it expanded its swap reporting reconciliation system to reconcile the accuracy of 61 data fields, representing all data fields currently utilized by BGC SEF in reporting swap data to the Commission, to its regulatory services provider, to its SDR, and on its website.

III. LEGAL DISCUSSION

A. BGC SEF Failed to Report and Accurately Report Swap Data to the Commission and/or to the Public in Violation of Regulation 16.01.

Part 16 of the Regulations sets forth the information that SEFs and other reporting markets are required to record and report to the Commission on a daily basis. *See* 17 C.F.R. pt. 16 (2023). For swaps, required reporting includes such items as the total trading volume by product type and term life of the swap and various prices. *See* Regulation 16.01(a)(1)(iii) and (2)(iv) and (b). “The accuracy and completeness of swap reporting are critical to the Commission’s mission to protect market participants and to ensure market integrity.” *Commodity Futures Trading Comm’n v. Deutsche Bank AG*, 2020 WL 4611985, at *8 (S.D.N.Y. June 17, 2020) (consent order) (citation omitted); *see also In re ICE Futures U.S., Inc.*, CFTC No. 15-17, 2015 WL 1276463, *5 (March 16, 2015) (consent order) (recognizing that accuracy and completeness of Part 16 reports are critical to this mission).

In addition to reporting this information to the Commission, SEFs and other reporting markets are required daily to publish this same information for the prior day’s trading activity in a manner that is accessible to the general public. *See* Regulation 16.01(e). Market transparency cannot exist if the information provided to the public is inaccurate. It is inherent in the reporting requirements that the reports provided to the Commission and the public be accurate and complete. *See ICE Futures*, 2015 WL 1276463, at *5; *In re JP Morgan Securities LLC*, CFTC No. 14-19, 2014 WL 3817865, *4 (July 29, 2014) (consent order).

BGC SEF violated Regulation 16.01 when it failed to report or accurately report data related to thousands of swap transactions in its data submissions to the Commission and on its public website during the Relevant Period.

B. BGC SEF Failed to Report Accurate Swap Data to an SDR in Violation of Section 2(a)(13) of the Act and Regulation 43.3(a).

The Act requires all swaps (whether cleared or uncleared) to be reported to a registered SDR and establishes specific requirements for real-time public reporting of swap transaction data. *See* Section 2(a)(13) of the Act, 7 U.S.C. § 2(a)(13). Pursuant to these requirements and as provided for under the Act, the Commission adopted implementing regulations requiring that all publicly reportable swap transactions be reported to a registered SDR. *See generally* 17 C.F.R. § 43.3 (2023). Inherent in BGC SEF’s reporting obligations under the Act and Regulations is the obligation to report accurate information. BGC SEF violated Section 2(a)(13) of the Act and

Regulation 43.3(a), when repeatedly, for over seventeen months, it initially reported to an SDR an inaccurate execution time for all voice-executed interest rate swap transactions executed on the SEF.

C. BGC SEF's Conduct Violated SEF Core Principles 9, 10, and 14.

Section 5h of the Act, 7 U.S.C. § 7b-3, creates a regulatory regime for SEFs that is implemented by the Commission's Part 37 Regulations, 17 C.F.R. pt. 37 (2023) (collectively, "SEF Core Principles"). As a condition of registration, SEFs are required to comply with the SEF Core Principles. Section 5h(f)(1) of the Act. The SEF Core Principles, along with other provisions of the Act governing SEFs, are intended to promote swaps trading on SEFs and to promote pre-trade price transparency in the swaps market. *See* Section 5h(e) of the Act.

1. BGC SEF's Conduct Violated SEF Core Principles 9 and 10 and Associated Regulations.

SEF Core Principles 9 and 10 set forth a SEF's reporting and publication obligations. *See* Section 5h(f)(9)-(10) of the Act, 7 U.S.C. § 7b-3(f)(9)-(10). Specifically, SEF Core Principle 9 requires SEFs to "make public timely information on price, trading volume, and other trading data on swaps" as prescribed by the Commission and to have "the capacity to electronically capture and transmit trade information with respect to transactions executed on the facility." Section 5h(f)(9) of the Act; Regulation 37.900, 17 C.F.R. § 37.900 (2023). The Commission has prescribed that for swaps traded on or through a SEF, a SEF must report the specified swap data required under Parts 43 and 45 and meet the requirements of Part 16. *See* Regulation 37.901, 17 C.F.R. § 37.901 (2023). Among other things, SEF Core Principle 10 requires that SEFs report to the Commission such information as the Commission determines is necessary or appropriate for the Commission to perform its duties under the Act. *See* Regulation 37.1000, 17 C.F.R. § 37.1000 (2023).

During the Relevant Period, BGC SEF had inadequate processes and procedures for the accurate reporting of swap data and for identifying and remediating swap reporting system issues as they arose. Each of BGC SEF's five swap reporting issues resulted in BGC SEF's failure to report or misreport required swap data. Four of these issues went undetected by BGC SEF for months, preventing the possibility of quick and timely correction. And, for the one issue where errors were quickly identified and corrected, BGC SEF did not identify or timely correct the root cause of the errors to avoid further misreports in real-time public data.

BGC SEF's recurrent reporting and publication failures and inadequate processes and procedures for reporting accurate data related to swap transactions violated Core Principles 9 and 10 and associated Regulations 37.900, 37.901, and 37.1000.

2. BGC SEF's Conduct Violated SEF Core Principle 14 and Associated Regulations.

SEF Core Principle 14 sets forth a SEF's system safeguard obligations. *See* Section 5h(f)(14) of the Act, 7 U.S.C. § 7b-3(f)(14). Among other things, SEF Core Principle 14 requires SEFs to "[e]stablish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate controls and

procedures, and automated systems, that – (i) are reliable and secure . . .” Section 5h(f)(14)(A) of the Act; *see also* Regulation 37.1400(a); 17 C.F.R. § 37.1400(a) (2023). This program of risk analysis and oversight is required to address, among other things:

- (5) *Systems operations*. This category includes, but is not limited to: System maintenance; configuration management (including baseline configuration, configuration change and patch management, least functionality, inventory of authorized and unauthorized devices and software); event and problem response and management; and any other elements of system operations included in generally accepted best practices.
- (6) *Systems development and quality assurance*. This category includes, but is not limited to: Requirements development; pre-production and regression testing; change management procedures and approvals; outsourcing and vendor management; training in secure coding practices; and any other elements of systems development and quality assurance included in generally accepted best practices.

Regulation 37.1401(a); 17 C.F.R. § 37.1401(a) (2023).

As detailed herein, BGC SEF’s redesigned swap transaction and reporting system was not designed properly or tested sufficiently before implementation. BGC SEF’s redesigned system resulted in inaccurate reporting to the Commission, BGC SEF’s SDR, and on BGC SEF’s website. These reporting errors were the direct result of inaccurate mapping and erroneous coding, demonstrating flaws in BGC SEF’s design and pre-implementation testing of the system. Further, BGC SEF implemented additional system coding changes post-implementation that were likewise not sufficiently tested, resulting in additional swap reporting errors. Consequently, BGC SEF’s failure to design and sufficiently test its swap transaction and reporting system to ensure compliance with its swap reporting obligations and a lack of sufficient processes and procedures surrounding the design, testing, implementation, and operation of its swaps transaction and reporting system violated SEF Core Principle 14 and associated Regulations 37.1400 and 37.1401.

D. BGC SEF Violated the September 2022 Order.

The Commission has authority to bring an action for a violation of the September 2022 Order under Section 6b of the Act, 7 U.S.C. § 13a. As noted above, the September 2022 Order, effective as of September 30, 2022, ordered BGC SEF to cease and desist from further violating Sections 2(a)(13) and 5h(f)(9)-(10) of the Act, 7 U.S.C. §§ 2(a)(13), 7b-3(f)(9)-(10), and Regulations 16.01, 37.900, 37.901, 37.1000, and 43.3, 17 C.F.R. §§ 16.01, 37.900, 37.901, 37.1000, 43.3 (2021). *See* September 2022 Order, 2022 WL 6063657 at *6. As described above, BGC SEF failed to report or accurately report data related to swap transactions to the Commission, its SDR, and to the public and violated SEF Core Principles 9 and 10 in violation of Sections 2(a)(13) and 5h(f)(9)-(10) of the Act and Regulations 16.01, 37.900, 37.901,

37.1000, and 43.3 on several occasions after the effective date of the September 2022 Order. Therefore, BGC SEF violated the September 2022 Order.³

IV. FINDINGS OF VIOLATIONS

Based on the foregoing, the Commission finds that, during the Relevant Period, BGC SEF violated Sections 2(a)(13) and 5h(f)(9)-(10) and (14) of the Act, 7 U.S.C. §§ 2(a)(13), 7b-3(f)(9)-(10), (14), and Regulations 16.01, 37.900, 37.901, 37.1000, 37.1400, 37.1401, and 43.3(a), 17 C.F.R. §§ 16.01, 37.900, 37.901, 37.1000, 37.1400, 37.1401, 43.3(a) (2023).

The Commission also finds that that, during the Relevant Period, BGC SEF violated Section VI.A of the Commission's September 2022 Order.

V. OFFER OF SETTLEMENT

BGC SEF has submitted the Offer in which it knowingly and voluntarily:

- A. Consents to the resolution of this matter in an administrative proceeding;
- B. Acknowledges service of this Order;
- C. Admits the jurisdiction of the Commission with respect to all matters set forth in this Order and for any action or proceeding brought or authorized by the Commission based on violation of or enforcement of this Order;
- D. Admits the facts described in Section II above and acknowledges that its conduct violated the Act, Regulations, and the September 2022 Order;
- E. Waives:
 - 1. The filing and service of a complaint and notice of hearing;
 - 2. A hearing;
 - 3. All post-hearing procedures;
 - 4. Any and all rights or defenses that it has or might have for the matter to be adjudicated in a federal district court in the first instance, including any associated right to a jury trial;
 - 5. Judicial review by any court;
 - 6. Any and all objections to the participation by any member of the Commission's staff in the Commission's consideration of the Offer;

³ The conduct described herein differs from the conduct described in the September 2022 Order in terms of the specific swap data that BGC SEF failed to report or accurately report. The conduct described in both of these orders violated Regulations 16.01 and 43.3.

7. Any and all claims that it may possess under the Equal Access to Justice Act, 5 U.S.C. § 504, and 28 U.S.C. § 2412, and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Regulations, 17 C.F.R. pt. 148 (2023), relating to, or arising from, this proceeding;
 8. Any and all claims that it may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, tit. II, §§ 201-53, 110 Stat. 847, 857-74 (codified as amended at 28 U.S.C. § 2412 and in scattered sections of 5 U.S.C. and 15 U.S.C.), relating to, or arising from, this proceeding; and
 9. Any claims of Double Jeopardy based on the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief, including this Order;
- F. Agrees for purposes of the waiver of any and all rights under the Equal Access to Justice Act specified in Paragraph E.7 above, that BGC SEF is not the prevailing party in this action;
- G. Stipulates that the record basis on which this Order is entered shall consist solely of the findings contained in this Order to which BGC SEF has consented in the Offer;
- H. Consents, solely on the basis of the Offer, to the Commission's entry of this Order that:
1. Makes findings by the Commission that BGC SEF violated Sections 2(a)(13) and 5h(f)(9)-(10) and (14) of the Act, 7 U.S.C. §§ 2(a)(13), 7b-3(f)(9)-(10), (14), and Regulations 16.01, 37.900, 37.901, 37.1000, 37.1400, 37.1401, and 43.3(a), 17 C.F.R. §§ 16.01, 37.900, 37.901, 37.1000, 36.1400, 37.1401, 43.3(a) (2023);
 2. Makes findings that BGC SEF violated the September 2022 Order;
 3. Orders BGC SEF to cease and desist from violating Sections 2(a)(13) and 5h(f)(9)-(10) and (14) of the Act and Regulations 16.01, 37.900, 37.901, 37.1000, 37.1400, 37.1401, and 43.3(a);
 4. Orders BGC SEF to pay a civil monetary penalty in the amount of seven hundred and fifty thousand dollars (\$750,000), plus any post-judgment interest; and
 5. Orders BGC SEF and its successors and assigns to comply with the conditions and undertakings consented to in the Offer and as set forth in Part VI of this Order; and
- I. Represents that it has:

1. Remediated the coding/mapping errors that caused these five swap reporting issues;
2. Corrected its reporting to the Commission or SDR, as applicable, and that it has corrected or removed any inaccurate reports published on the SEF website related to these violations; and
3. Expanded its post-execution reconciliation process for all products traded on the SEF to reconcile for completeness and accuracy all data fields from which information reported to the Commission, its SDR, its regulatory services provider, and on its website is derived by BGC SEF (“Expanded Reconciliation Process”).

Upon consideration, the Commission has determined to accept the Offer.

VI. ORDER

Accordingly, IT IS HEREBY ORDERED THAT:

- A. BGC SEF shall cease and desist from violating Sections 2(a)(13) and 5h(f)(9)-(10) and (14) of the Act, 7 U.S.C. §§ 2(a)(13), 7b-3(f)(9)-(10), (14), and Regulations 16.01, 37.900, 37.901, 37.1000, 37.1400, 37.1401, and 43.3(a), 17 C.F.R. §§ 16.01, 37.900, 37.901, 37.1000, 37.1400, 37.1401 & 43.3(a) (2023).
- B. BGC SEF and its successors and assigns shall cease and desist from violating the September 2022 Order.
- C. BGC SEF shall pay a civil monetary penalty in the amount of seven hundred and fifty thousand dollars (\$750,000) (“CMP Obligation”), within ten business (10) days of the date of the entry of this Order. If the CMP Obligation is not paid in full within ten (10) business days of the date of the entry of this Order, then post-judgment interest shall accrue on the unpaid portion of the CMP Obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of the entry of this Order pursuant to 28 U.S.C. § 1961.

BGC SEF shall pay the CMP Obligation and any post-judgment interest by electronic funds transfer, U.S. postal money order, certified check, bank cashier’s check, or bank money order. If payment is to be made other than by electronic funds transfer, then the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

MMAC/ESC/AMK326
Commodity Futures Trading Commission
6500 S. MacArthur Blvd.
HQ Room 266
Oklahoma City, OK 73169
9-AMC-AR-CFTC@faa.gov

If payment is to be made by electronic transfer, BGC SEF shall contact the Federal Aviation Administration at the above email address to receive payment instructions and shall fully comply with those instructions. BGC SEF shall accompany payment of the CMP Obligation with a cover letter that identifies BGC SEF and the name and docket number of this proceeding. BGC SEF shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

D. BGC SEF and its successors and assigns shall comply with the following conditions and undertakings set forth in the Offer:

1. Public Statements: BGC SEF agrees that neither it nor any of its successors and assigns, agents or employees under its authority or control shall take any action or make any public statement denying, directly or indirectly, any findings or conclusions in the Order or creating, or tending to create, the impression that the Order is without a factual basis; provided, however, that nothing in this provision shall affect BGC SEF's: (i) testimonial obligations; or (ii) right to take legal positions in other proceedings to which the Commission is not a party. BGC SEF and its successors and assigns shall comply with this agreement, and shall undertake all steps necessary to ensure that all of its agents and/or employees under its authority or control understand and comply with this agreement.
2. Remediation: BGC SEF represents and agrees that:
 - a. BGC SEF will maintain, including through any subsequent update of its systems, an Expanded Reconciliation Process for all asset classes of products traded on the SEF that will reconcile for completeness and accuracy all swap data fields reported to the Commission, an SDR, its regulatory services provider, or on its website and will maintain records of the reconciliations;
 - b. BGC SEF will develop and implement written processes and procedures related to: (1) BGC SEF's Expanded Reconciliation Process; (2) the identification, review, escalation, performance of root cause analyses, and remediation related to any reporting discrepancies; and (3) implementation and testing of any updates or changes to its swap transaction and reporting system.
3. Independent Compliance Consultant:
 - a. BGC SEF will select and retain an Independent Compliance Consultant ("Consultant") for the purpose of conducting the review described in paragraph c below. The Consultant will advise BGC SEF regarding BGC SEF's implementation of the remediation-related undertakings described in this Order, to specifically address and reduce the risk of any recurrence of BGC SEF's misconduct set forth in this Order;

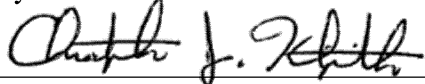
- b. Within fourteen (14) calendar days of entry of this Order, BGC SEF shall select the Consultant and submit a written certification to the Division of its selection and that the Consultant has, at a minimum, the following qualifications: (1) a demonstrated expertise with respect to the Act, and in particular Parts 16, 43, and 45 of Commission Regulations and SEF Core Principles 9, 10, and 14; (2) a thorough understanding of swaps, swap reporting, supervision, compliance, and SEF system controls; (3) experience designing and/or reviewing corporate compliance policies, procedures, and internal controls, including swap reporting and systems design, implementation, and testing; (4) the ability to access and deploy resources as necessary to discharge the Consultant's duties as described in this Section; and (5) sufficient independence from BGC SEF (and its parents, subsidiaries, and affiliates) to ensure effective and impartial performance of the Consultant's duties;
- c. The Consultant shall conduct a review of BGC SEF's policies, procedures, and controls relating to: (1) BGC SEF's swap transaction and reporting system; (2) BGC SEF's Expanded Reconciliation Process; (3) BGC SEF's design, implementation, and testing of new systems and changes to systems; (4) BGC SEF's staffing and funding with respect to swap data reporting functions; and (5) BGC SEF's compliance and continued compliance with Parts 16, 43, and 45 of the Regulations and SEF Core Principles 9, 10, and 14, and prepare a written report setting forth the Consultant's findings and, as necessary making recommendations reasonably designed to improve the effectiveness of BGC SEF's system of supervision, internal controls, policies, and procedures based on its review ("Consultant's Report"). The Consultant should consult with BGC SEF on its findings and recommendations on an ongoing basis during the review, and BGC SEF shall address findings identified by the Consultant on an ongoing basis. The Consultant's Report should specifically focus on areas the Consultant identifies as requiring improvement or which the Consultant concludes merit particular attention;
- d. The Consultant shall provide the Consultant's Report to BGC SEF within two hundred and ten (210) calendar days of the entry of this Order;
- e. The Consultant thereafter shall assess the sufficiency of BGC SEF's response to the Consultant's recommendations, make additional recommendations, as necessary, and within three hundred and thirty (330) calendar days of the entry of this Order provide BGC SEF a supplemental report setting forth the findings of its further assessment and any additional recommendations ("Consultant's Supplemental Report");
- f. Within three hundred and sixty-five (365) calendar days of the entry of this Order, BGC SEF shall make a written report to the Commission ("Respondent's Report") through the Division explaining the remedial

actions taken to comply with the terms of the Order. The Respondent's Report shall include a copy of the Consultant's Report, a copy of the Consultant's Supplemental Report, and the steps taken by BGC SEF to implement the recommendations of the Consultant. Respondent's Report shall also include a certification signed by BGC SEF's Chief Compliance Officer ("CCO") and Chief Executive Officer ("CEO"), attesting to the Commission: (1) BGC SEF's steps taken to implement the recommendations; and, to the extent any recommendation has not been fully implemented, attesting to BGC SEF's reasons for not fully implementing the recommendations and what, if any, alternative steps BGC SEF has taken to address the underlying issue; and (2) that BGC SEF is in compliance with the terms of the Order and with the specific provisions of the Act and Regulations at issue therein.

4. Cooperation, in General: BGC SEF shall cooperate fully and expeditiously with the Commission, including the Division, in this action, and in any current or future Commission investigation or action related thereto. BGC SEF shall also cooperate in any investigation, civil litigation, or administrative matter related to, or arising from, the subject matter of this action.
5. Partial Satisfaction: BGC SEF understands and agrees that any acceptance by the Commission of any partial payment of BGC SEF's CMP Obligation shall not be deemed a waiver of its obligation to make further payments pursuant to the Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.
6. Deadlines: For good cause shown, as determined in the sole discretion of the Division, Division staff may extend any of the procedural dates of the undertakings. Unless otherwise specified, deadlines for procedural dates shall be counted as calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered to be the last day.
7. Change of Address/Phone: Until such time as BGC SEF satisfies in full its CMP Obligation as set forth in the Order, BGC SEF shall provide written notice to the Commission by certified mail of any change to its telephone number and mailing address within ten (10) calendar days of the change.

The provisions of this Order shall be effective as of this date.

By the Commission.



Christopher J. Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission

Dated: September 30, 2024