

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110283528-01

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: BGC Financial, L.P., Respondent
Broker-Dealer
CRD No. 19801

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, BGC Financial, L.P. (the "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

The firm became a member of FINRA on July 25, 1987, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has the following relevant disciplinary history:

On August 18, 2008, FINRA accepted an AWC in which the firm was censured and fined \$23,000 of which \$18,000 related to violations of NASD Rule 6230.

On August 11, 2009, FINRA accepted an AWC in which the firm was censured and fined \$20,000 for violations of NASD Rule 6230, SEC Rule 17a-3 and NASD Rule 3110.

On September 4, 2009, FINRA accepted an AWC in which the firm was censured and fined \$10,000 for violations of NASD Rule 4632, NASD Rule 2110 and NASD Rule 6130.

SUMMARY

In connection with matter 20110283528, the Trade Reporting staff of the Department of Market Regulation reviewed the firm's trade reporting to the FINRA/Nasdaq Trade Reporting Facility ("FNTRF") during the January 1 through April 30, 2011 review period.

In connection with matter 20110283603, the Trade Reporting staff of the Department of Market Regulation reviewed the firm's trade reporting to the OTC Reporting Facility ("OTCRF") during the January 1 through April 30, 2011 review period.

In connection with matter 20120316874, the Fixed Income staff of the Department of Market Regulation reviewed the firm's trade reporting to the Trade Reporting and Compliance Engine ("TRACE") during the October 1, 2011 through February 3, 2012 review period.

In connection with matter 20120317643, the Fixed Income staff of the Department of Market Regulation reviewed the firm's trade reporting to the TRACE during the October 1, 2011 through February 3, 2012 review period.

In connection with matter 20120317702, the Fixed Income staff of the Department of Market Regulation reviewed the firm's trade reporting to TRACE during the October 1, 2011 through February 3, 2012 review period.

FACTS AND VIOLATIVE CONDUCT

In connection with review 20110283528:

1. During the period January 1 through April 30, 2011, the firm failed, within 30 seconds after execution, to transmit to the FNTRF 104 last sale reports of transactions in designated securities. These transactions constituted 24 percent of the transactions reviewed that the firm reported to the FNTRF during the reviewed period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6380A(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.
2. The firm failed, within 30 seconds after execution, to transmit to the FNTRF 45 last sale reports of transactions in designated securities and failed to designate through the FNTRF such last sale reports as late. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6380A(a).

In connection with review 20110283603:

3. During the period January 1 through April 30, 2011, the firm failed, within 30 seconds after execution, to transmit to the OTCRF 201 last sale reports of transactions in OTC Equity securities. These transactions constitute 38 percent of the transactions reviewed that the firm reported to the OTCRF during the reviewed period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6622(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.
4. The firm failed, within 30 seconds after execution, to transmit to the OTCRF 100 last sale reports of transactions in OTC Equity securities and failed to designate to the OTC Reporting Facility such last sale reports as late. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6622(a).

In connection with matter 20120316874:

5. During the period October 1, 2011 through February 3, 2012, the firm failed to report the correct time of trade execution for 2,095 transactions in TRACE-eligible securities. These inaccurate reports constituted 11 percent of the 18,847 inter-dealer reports that the firm reported to TRACE during the reviewed period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(8).
6. The firm failed to report to TRACE 2,011 transactions in TRACE-eligible securities within 15 minutes of the time of execution. These transactions constituted 11 percent of the inter-dealer transactions in TRACE-eligible securities that the firm reported to TRACE during the reviewed period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.
7. The firm failed to show the correct time of execution on the memorandum of 2,095 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3, NASD Rule 3110 (for conduct prior to December 5, 2011) and FINRA Rule 4511(a) (for conduct on or after December 5, 2011).

In connection with review 20120317643:

8. During the period October 1, 2011 through February 3, 2012, the firm failed to report to TRACE the correct contra-party's identifier for 83 transactions in TRACE-eligible securities. These transactions constituted eight percent of the inter-dealer transactions in TRACE-eligible securities that the firm reported to TRACE during the reviewed period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(6).

In connection with review 20120317702:

9. During the period October 1, 2011 through February-3, 2012, the firm failed to report to TRACE 1,536 transactions in TRACE-eligible securities within 15 minutes of the time of execution. These transactions constituted four percent of the transactions in TRACE-eligible securities that the firm reported to TRACE during the reviewed period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.

- B. The firm also consents to the imposition of the following sanctions:

A censure and a fine of \$40,000 (consisting of a \$15,000 combined fine for the equity trade reporting violations identified in 20110283528 and 20110283603; and a \$25,000 combined fine for the TRACE trade reporting and books and records violations identified in 20120316874, 20120317643 and 20120317702).

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. The firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the

firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

APRIL 4, 2013
Date

Respondent

BGC Financial, L.P.

By: [Signature]

Name: LOUIS J. SCOTTO

Title: CHIEF EXECUTIVE OFFICER

Reviewed by:

N/A

Counsel for Respondent

Accepted by FINRA:

4/25/13
Date

Signed on behalf of the
Director of ODA, by delegated authority

TLR.A.

Thomas R. Gira
Executive Vice President
Department of Market Regulation