

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130378519 - 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

On August 31, 2012, FINRA accepted an AWC in which the firm was censured and fined \$100,000, \$85,000 of which related to violations of FINRA Rule 6730 during the period from October 1, 2009 through March 31, 2011.

On April 25, 2013, FINRA accepted an AWC in which the firm was censured and fined \$40,000, \$25,000 of which related to violations of FINRA Rule 6730, SEC Rule 17a-3 and NASD Rule 3110 during the period from October 1 through February 3, 2012 and \$15,000 of which related to violations of equity trade reporting rules during the period from January 1 through April 30, 2011.

SUMMARY

In connection with matter 20130378519, the Trade Reporting staff of the Department of Market Regulation reviewed the firm's equity trade reporting to the OTC Reporting Facility ("OTCRF") during the period from January 1 through April 30, 2013.

In connection with matters 20130387419 and 20130389999, 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 period from July 1 through September 30, 2013.

In connection with matter 20140401091, the Order Audit Trail System ("OATS") staff reviewed the firm's compliance with OATS reporting rules during the period from October 1 through December 31, 2013.

FACTS AND VIOLATIVE CONDUCT

In connection with review 20130378519:

1. During the period January 1 through April 30, 2013, the firm failed, within 30 seconds after execution, to transmit to the OTCRF 425 last sale reports of transactions in designated securities and failed to designate through the OTCRF 20 such last sale reports as late. 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.

In connection with matters 20130387419 and 20130389999:

2. During the period July 1 through September 30, 2013, the firm failed to report to TRACE under the MPID EBKR the correct time of trade execution for 578 S1 transactions in TRACE-eligible Corporate Debt Securities. These 578 inaccurate reports constituted 5.37 percent of the 10,753 matched inter-dealer reports that the firm submitted to TRACE during the reviewed period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(8).
3. The firm failed to report to TRACE under the MPID EBKR 560 S1 transactions in TRACE-eligible Corporate Debt Securities within 15 minutes of execution. These 560 violations constituted 5.20 percent of the S1 matched 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(a).
4. The firm failed to show the correct time of execution on the memorandum of 575 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and FINRA Rule 4511(a).

5. The firm failed to report to TRACE under the MPIDs BGCF, EBKR, EBKD, MAXC and WHBB 1,709 S1 transactions in TRACE-eligible securities within 15 minutes of the time of execution. These transactions constituted 5.75 percent of the inter-dealer transactions in TRACE-eligible Corporate Debt 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.

In connection with matter 20140401091:

6. During the period October 1 through December 31, 2013, the firm transmitted Execution or Combined Order/Execution reports to OATS that contained inaccurate, incomplete or improperly formatted data. Specifically, the firm transmitted to OATS: (a) 67 Execution or Combined Order/Execution Reports with a Reporting Exception Code (REC) that were required to be matched to a trade report in a FINRA transaction reporting system; (b) 17 Combined Order/Execution Reports that contained a REC of "M" rather than the required "A" for orders executed on an agency average price basis; and (c) three Execution or Combined Order/Execution Reports for orders that were routed away for execution. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450(a).

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

A censure and a fine of \$45,000 (consisting of a \$7,500 fine for the equity trade reporting violations; a \$30,000 fine for the TRACE trade reporting and books and records violations; and a \$7,500 fine for the OATS reporting violations).

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 Chief Legal Officer, 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.

12/18/2014
Date

By: [Signature]

Name: Louis Scott

Title: CEO

Counsel for Respondent

11/21/15
Date


Gerard P. Finn
Chief Counsel
Department of Market Regulation