

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140393963-01**

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

RE: BGC Financial, L.P., Respondent
BD No. 19801

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent BGC Financial, L.P. ("BGC" or 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, 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

BGC has been a member of FINRA since 1987 and is headquartered in New York, New York. The Firm is also registered as a broker-dealer with the Municipal Securities Rulemaking Board ("MSRB"). BGC employs approximately 320 registered individuals working from ten branch offices.

RELEVANT DISCIPLINARY HISTORY

BGC does not have any relevant disciplinary history with the Securities and Exchange Commission, FINRA, any other self-regulatory organization or any state securities regulator.

OVERVIEW

During a period from April 1, 2014, through June 30, 2014 (the "Relevant Period"), BGC submitted 73 transaction reports to the MSRB Real-time Transaction Reporting System ("RTRS") that contained inaccurate information. Also during the Relevant Period, 129 trades reported to the RTRS by BGC were

given a questionable status by the MSRB, but BGC failed to review these trades. Finally, with respect to 40 trades during the Relevant Period in which BGC acted as a broker's broker, BGC failed to create and maintain a record of the analysis that it was required to conduct to identify bids for those securities that might not represent the fair market value.

As a result of the foregoing, BGC violated MSRB Rules G-14(b), G-27(b) and G-8(a).

FACTS AND VIOLATIVE CONDUCT

1. MSRB Rule G-14 provides that municipal securities dealers have an ongoing obligation to report information about each purchase and sale transaction effected in municipal securities promptly, accurately, and completely to the RTRS.

During the Relevant Period, BGC submitted 73 transaction reports to the RTRS that contained inaccurate information, including inaccurate information regarding time of execution and interest rate. Approximately 1.2% of the Firm's municipal securities transaction reports made during the Relevant Period included inaccurate information.

By reason of the foregoing, BGC violated MSRB Rule G-14(b).

2. MSRB Rule G-27(b) requires municipal securities dealers to, among other things, establish and maintain a system to supervise its municipal securities activities that is reasonably designed to achieve compliance with MSRB rules, including rules regarding the reporting of municipal securities transactions.

During the Relevant Period, 129 municipal securities transactions reported by BGC (including the 73 inaccurately-reported trades) were identified on MSRB data quality reports as having a "questionable status." The RTRS assigns a "questionable status" to transaction reports that present exceptional conditions but were not necessarily reported in error. Although BGC had access to this data quality information, the Firm's supervisory system did not include a requirement to review this information or otherwise provide for a reasonable process to identify transaction reporting errors. As a result, the Firm failed to review its questionable trade reports during the Relevant Period.

By reason of the foregoing, BGC violated MSRB Rule G-27(b).

3. MSRB Rule G-8(a)(xxv) requires municipal securities dealers acting as a broker's broker to make and maintain, among other things, an analysis of why its predetermined parameters were reasonably designed to identify most bids that might not represent the fair market value of municipal securities that are the subject of bid-wanted. "Predetermined parameters" are defined by MSRB Rule G-43 as formulaic parameters based on objective pricing criteria that are

determined by the broker's broker in advance of the acceptance of bids in such bid-wanted, and are systematically applied to all such bids.

With respect to 40 trades during the Relevant Period in which BGC acted as a broker's broker, BGC provided its customers with screenshots containing historical prices that supported the Firm's predetermined parameters, but did not retain the screenshots or otherwise document the price information that the Firm used to calculate its predetermined parameters.

By reason of the foregoing, BGC violated MSRB Rule G-8(a).

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

- a censure; and
- a fine in the amount of \$40,000 (\$40,000 of which pertains to the violations of MSRB Rules G-14(b), G-27(b), and G-8(a)).

The Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. The Respondent has submitted an Election of Payment form showing the method by which the Respondent proposes to pay the fine imposed.

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

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

II.

WAIVER OF PROCEDURAL RIGHTS

The Respondent 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 Respondent;
- 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 Respondent 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 Respondent 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 Respondent 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 Respondent; and
- C. If accepted:
 - 1. this AWC will become part of the Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. The Respondent 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 Respondent 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 Respondent's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal

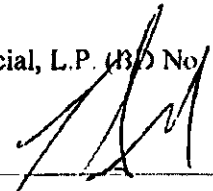
proceedings in which FINRA is not a party.

- D. The Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Respondent 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 the Firm has agreed to its 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 me the Firm to submit it.

11/20/2015
Date (mm/dd/yyyy)

Respondent
BGC Financial, L.P. (BIO No 19801)

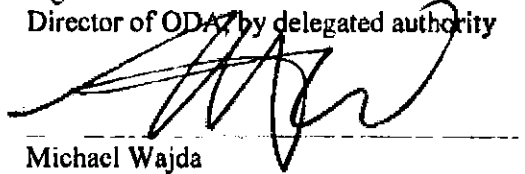
By: 
Louis Scotto
Chief Executive Officer

Accepted by FINRA:

December 7, 2015

Date

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

A handwritten signature in black ink, appearing to read 'Wajda', is written over a horizontal dashed line.

Michael Wajda
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