

NASDAQ GEMX, LLC
Attn: John Zecca, Chief Regulatory Officer
60 Broad Street, 26th Floor
New York, NY 10004

Re: LETTER OF ACCEPTANCE, WAIVER AND CONSENT
GEMX File No. 20170539365
BGC Financial, L.P. (CRD No. 19801)

Chief Regulatory Officer and Business Conduct Committee Members:

Pursuant to GEMX Rule 1603, BGC Financial, L.P. ("BGCF" or the "firm") submits this Letter of Acceptance, Waiver, and Consent ("AWC") to Nasdaq GEMX, LLC ("GEMX" or "Exchange") to propose a settlement of the alleged rule violations described in Section II below. This AWC is submitted to resolve this proceeding and on the condition that, if accepted, GEMX will not bring any future actions against BGCF based on the same alleged violations.

BGCF understands that signing this AWC is a voluntary action on its part and that the AWC will not resolve this matter unless and until it has been reviewed and accepted by both the Chief Regulatory Officer ("CRO") and then the Business Conduct Committee ("BCC"), who must decide if it is appropriate in view of the facts and allegations involved. BGCF also understands that if either the CRO or the BCC decides to decline this AWC, it will not be used against BGCF to prove that any violations occurred.

BGCF understands that if this AWC is accepted by both the CRO and the BCC, it will become a part of its permanent disciplinary records and may be considered in any future actions brought by the GEMX. BGCF also understands that its experience in the securities industry and any disciplinary history may be factors which the CRO and BCC will consider in deciding whether to accept this AWC. That experience and disciplinary history includes the following:

- BGCF has been a member of GEMX since January 7, 2014, and its registration remains in effect.
- BGCF has one prior relevant disciplinary action. On September 10, 2013, the Cboe Department of Member Firm Regulation issued the firm a Cautionary Action Letter. The letter stated that the firm had (1) failed to register 10 out of 10 of its Authorized Traders with the Cboe BZX Exchange, Inc. ("BZX"), (2) failed to register a Financial and Operations Principal with BZX, (3) failed to register its Chief Compliance Officer with BZX, and (4) failed to register the minimum number of principals with BZX, all in violation of BZX Rule 2.5.

I. Waiver of Procedural Rights

BGCF is advised of, and specifically and voluntarily waives, the following rights which are granted by the GEMX's disciplinary rules:

1. to have a Statement of Charges filed identifying the violations alleged in this matter;
2. to be notified of the Statement of Charges and have the opportunity to answer the allegations in writing;
3. to defend against the allegations in a hearing before a Panel consisting of a professional hearing officer and two members of the BCC and to be represented by an attorney at the hearing;
4. to have a written record of the hearing made and a written decision issued by the Panel; and
5. to appeal any such decision to the GEMX's Board of Directors, then to the U.S. Securities and Exchange Commission and to a U.S. Court of Appeals.

BGCF further waives any provision of the GEMX's disciplinary and other rules that may be interpreted as prohibiting any GEMX staff member from advising the CRO and BCC in their decision as to whether to accept this AWC.

II. Acceptance and Consent

Overview

This matter arose out of a 2016 cycle exam of the firm conducted by FINRA's Department of Member Regulation staff on behalf of various exchanges, including GEMX. As further described below, at various times between January 7, 2014 and July 12, 2016 (the "Relevant Period"), the firm failed to timely register six associated persons as General Securities Representatives ("GS"), ten associated persons as General Securities Principals ("GP"), one associated person as a Financial and Operations Principal ("FN"), and one associated person as a Compliance Officer ("CO") on the GEMX exchange. These violations involved a total of twelve associated persons. The firm's failure to register these associated persons meant that the firm failed to supervise its associated persons so as to assure compliance with the GEMX registration rules.

During the Relevant Period, GEMX Rule 306(a)(1) stated that "[i]ndividual associated persons engaged or to be engaged in the securities business of a Member shall be registered with the Exchange in the category of registration appropriate to the function to be performed as prescribed by the Exchange."

During the Relevant Period, GEMX Rule 306(b) stated that "[e]ach Member . . . shall designate a Financial/Operations Principal" and that "[e]ach Financial/Operations Principal designated by a

Trading Member shall be registered in that capacity with the Exchange as prescribed by the Exchange.”

During the Relevant Period, GEMX Rule 306(c) stated that “[e]ach Member shall designate a Chief Compliance Officer on Schedule A on Form BD . . . [a]n individual designated as a Chief Compliance Officer is required to register with the Exchange.”

Additionally, during the Relevant Period GEMX Rule 401 stated that “[n]o member shall engage in conduct in violation of . . . the Rules of the Exchange . . . [e]very member shall so supervise persons associated with the Member as to assure compliance therewith.”

As a result of the staff’s review, it was determined that BGCF violated GEMX Rule 306(a), (b), and (c), and GEMX Rule 401.

BGCF hereby accepts and consents, without admitting or denying the allegations, to the entry of findings by the GEMX of the following acts and violations:

1. At various times during the Relevant Period, the firm failed to timely register six associated persons as GSs, ten associated persons as GPs, one associated person as a FN, and one associated person as a CO on the GEMX exchange. These violations involved a total of twelve associated persons. The violations lasted from approximately ten months to approximately two and one-half years.
2. The conduct described in paragraph 1 violated GEMX Rule 306(a), (b), and (c).
3. The firm failed to supervise its associated persons so as to assure compliance with GEMX Rule 306(a), (b), and (c), leading to the aforementioned registration violations.
4. The conduct described in paragraph 3 violated GEMX Rule 401.

BGCF hereby consents to the GEMX imposing on it, at a maximum, the following sanction:

A censure and a fine in the amount of \$10,000.

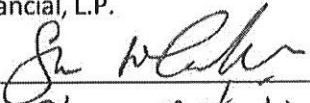
III. Corrective Action and Other Matters

1. If this AWC is accepted by the BCC, GEMX will take no further action against BGCF respecting the matters that are the subject of this AWC. If this AWC is rejected by the BCC, the matter shall proceed as though the letter had not been submitted. The BCC’s decision to accept or reject this AWC shall be final, and BGCF may not seek review thereof.
2. BGCF may attach to this AWC any statement it wishes to have the CRO and BCC consider in deciding whether to accept it, although it may not deny the existence of the violations or make any other statements inconsistent with the AWC.

3. BGCF agrees to pay the monetary sanctions imposed on it upon notice that this AWC has been accepted and that such payment is due and payable, and has attached the election form showing the method by which it proposes to pay any fine imposed.
4. BGCF understands that GEMX will make such public announcement concerning this agreement and the subject matter thereof as GEMX may deem appropriate.

BGCF certifies that it has read and understands all of the provisions of this AWC and has been given full opportunity to ask questions about it; that it understands and acknowledges that GEMX and FINRA do not represent or advise it and that it cannot rely on GEMX or FINRA staff members for legal advice; and that no offer, threat, inducement, or promise of any kind has been made to induce BGCF to submit it.

BGC Financial, L.P.

By: 
Name: Shawn McLaughlin
Title: CEO
Date: 7-20-18

THIS SECTION RESERVED FOR EXCHANGE USE ONLY

Decision of the GEMX Chief Regulatory Officer: Accept ___ Decline


Sept. 14, 2018
Date



John Zecca
Chief Regulatory Officer

Decision of the GEMX Business Conduct Committee: Accept ___ Decline

Sept. 14, 2018
Date



John Zecca
For the Business Conduct Committee

LETTER OF ACCEPTANCE, WAIVER AND CONSENT

GEMX Investigation No. 20170539365

Schedule A

Election of Payment Method

BGC Financial, L.P. proposes to pay the fine as described in Part II, *Acceptance and Consent*, of the AWC by:

- Automatic Deduction from the firm's Options Clearing Corporation account;
- A firm check or bank check for the full amount;
- Wire transfer;
- The installment payment plan¹ (if agreed between BGC Financial, L.P. and the Exchange staff, and approved by the BCC).

If the firm proposes to pay the fine by a firm check or a bank check for the full amount, or by wire transfer for the full amount, the Exchange must receive payment of the fine within 30 days of the AWC becoming final.

If the Exchange does not receive the firm check or a bank check for the full amount, or by wire transfer for the full amount, within 30 days of the AWC becoming final, the Exchange will deduct the fine from the firm's OCC account.

The Exchange will notify the firm by separate letter when the AWC is accepted and becomes final.

Respectfully submitted,

BGC Financial, L.P.

By: 

Name: Shawn McLaughlin

Title: CEO

Date: 7-20-2018

¹ The installment payment plan is only available for a fine of \$50,000 or more. Certain interest payments, minimum monthly payments and other requirements may apply. The firm should discuss this fully with counsel before requesting this method of payment.