

CBOE BZX EXCHANGE, INC.
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20170539365-01

TO: Cboe BZX Exchange, Inc.
c/o Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

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

Pursuant to Rule 8.3 of the Rules of Cboe BZX Exchange, Inc. ("BZX"), 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, BZX 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 BZX, or to which BZX 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 BZX:

BACKGROUND

The firm became a member of BZX on August 17, 2009, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

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 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.

SUMMARY

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 BZX.

As further described below, at various times during the period between December 10, 2009 and July 12, 2016, the firm violated BZX Rule 2.5, Interpretation .01(c) by failing to timely register six associated persons as General Securities Representatives (“GS”) on the BZX exchange. At various times during the period between July 16, 2010 and July 12, 2016, the firm violated BZX Rule 2.5, Interpretation .01(d) by failing to timely register seven associated persons as General Securities Principals (“GP”) on the BZX exchange. The GS and GP registration violations involved a total of eight associated persons. The firm also violated BZX Rule 5.1 by failing to enforce its written procedures requiring associated persons to be properly registered on the BZX exchange, leading to the aforementioned registration deficiencies.

FACTS AND VIOLATIVE CONDUCT

Between December 10, 2009 and July 12, 2016, BZX Rule 2.5, Interpretation .01(c) required a firm’s Authorized Traders to register with the exchange via the Uniform Application for Securities Registration or Transfer Form (“Form U4”). BZX Rule 1.5(d) defined an Authorized Trader as “a person who may submit orders (or who supervises a routing engine that may automatically submit orders) to the Exchange’s trading facilities on behalf of his or her Member or Sponsored Participant.”

At various times between December 10, 2009 and July 12, 2016, the firm failed to timely register six associated persons as GSs on the BZX exchange. This conduct violated BZX Rule 2.5, Interpretation .01(c)

Between July 16, 2010 and July 12, 2016, BZX Rule 2.5, Interpretation .01(d) required a Member to register its Principals with the Exchange using Form U4. Principal was defined as “any individual responsible for supervising the activities of a Member’s Authorized Traders and each person designated as a Chief Compliance Officer on Schedule A of Form BD.”

At various times between July 16, 2010 and July 12, 2016, the firm failed to timely register seven associated persons as GPs on the BZX exchange. This conduct violated BZX Rule 2.5, Interpretation 01(d).

The GS and GP registration violations involved a total of eight associated persons. The GS and GP registration violations lasted from approximately ten months to approximately six and one-half years.

Between December 10, 2009 and July 12, 2016, BZX Rule 5.1 provided that “[e]ach Member shall establish, maintain, and enforce written procedures which will enable it to supervise properly the activities of associated persons of the Member and to ensure their compliance . . . with Exchange Rules.”

The firm did not establish, maintain, and enforce written procedures that would have enabled it to supervise properly the activities of its Authorized Traders and Principals and ensure their compliance with BZX registration rules, leading to the aforementioned registration violations. As a result, the firm also violated BZX Rule 5.1.

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

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

The firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is 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 imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under BZX Rules:

- A. To have a Statement of Charges issued specifying the allegations against the firm;
- B. To be notified of the Statement of Charges 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 Appeals Committee of the BZX's Board of Directors 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 Regulatory Officer ("CRO"), in connection with the CRO'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 BZX Rule 8.16, 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:

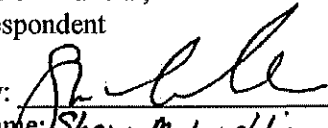
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the CRO, pursuant to BZX Rule 8.3;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by BZX or any other regulator against the firm;
 - 2. this AWC will be published on a website maintained by BZX in accordance with BZX Rule 8.18. In addition, this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record; and
 - 3. 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 BZX, or to which BZX 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 BZX 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 BZX, nor does it reflect the views of BZX 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 understands and acknowledges that FINRA does not represent or advise it and that it cannot rely on FINRA or FINRA staff members for legal advice; 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.

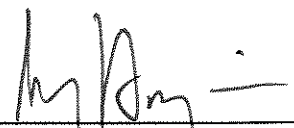
7-20-2018
Date

BGC Financial, L.P.

Respondent

By: 
Name: Shawn McLoughlin
Title: CEO

7/27/2018
Date


Greg Hodgasian
Senior Vice President & Chief Regulatory Officer
Cboe BZX Exchange, Inc.

ELECTION OF PAYMENT FORM

The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A firm check or bank check for the full amount; or
- Wire transfer.

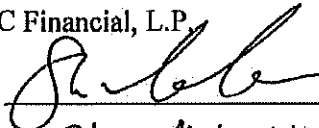
Respectfully submitted,

7-20-2018
Date

Respondent

BGC Financial, L.P.

By:



Name:

Shawn McLaughlin

Title:

CEO