

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**

**FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-28191

**BGC Partners, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

499 Park Avenue , New York , NY  
(Address of Principal Executive Offices)

13-4063515  
(I.R.S. Employer  
Identification No.)

10022  
(Zip Code)

(212) 610-2200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.01 par value	BGCP	The Nasdaq Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of voting common equity held by non-affiliates of the registrant, based upon the closing price of the Class A common stock on June 30, 2021 as reported on NASDAQ, was approximately \$1,929,824,116.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

On February 24, 2022, the registrant had 321,093,235 shares of Class A common stock, \$0.01 par value, and 45,884,380 shares of Class B common stock, \$0.01 par value, outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE.**

Portions of the registrant's definitive proxy statement for its 2022 annual meeting of stockholders (the "2022 Proxy Statement") are incorporated by reference in Part III of this Annual Report on Form 10-K. We anticipate that we will file the 2022 Proxy Statement with the SEC on or before May 2, 2022.



**BGC Partners, Inc.**

**2021 FORM 10-K ANNUAL REPORT**

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## GLOSSARY OF TERMS, ABBREVIATIONS AND ACRONYMS

The following terms, abbreviations and acronyms are used to identify frequently used terms and phrases that may be used in this report:

<b><u>TERM</u></b>	<b><u>DEFINITION</u></b>
3.750% Senior Notes	The Company's \$300.0 million principal amount of 3.750% senior notes maturing on October 1, 2024 and issued on September 27, 2019
4.375% Senior Notes	The Company's \$300.0 million principal amount of 4.375% senior notes maturing on December 15, 2025 and issued on July 10, 2020
5.125% Senior Notes	The Company's original \$300.0 million principal amount of 5.125% senior notes which matured on May 27, 2021 and were issued on May 27, 2016, of which \$44.0 million was redeemed through a cash tender offer by the Company on August 14, 2020
5.375% Senior Notes	The Company's \$450.0 million principal amount of 5.375% senior notes maturing on July 24, 2023 and issued on July 24, 2018
Adjusted Earnings	A non-GAAP financial measure used by the Company to evaluate financial performance, which primarily excludes (i) certain non-cash items and other expenses that generally do not involve the receipt or outlay of cash and do not dilute existing stockholders, and (ii) certain gains and charges that management believes do not best reflect the ordinary results of BGC
ADV	Average daily volume
Algomi	Algomi Limited, a wholly owned subsidiary of the Company, acquired on March 6, 2020
API	Application Programming Interface
April 2008 distribution rights shares	Cantor's deferred stock distribution rights provided to current and former Cantor partners on April 1, 2008
Aqua	Aqua Securities L.P., an alternative electronic trading platform, which offers new pools of block liquidity to the global equities markets and is a 49%-owned equity method investment of the Company and 51% owned by Cantor
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Audit Committee	Audit Committee of the Board
BEAT	Base Erosion and Anti-abuse Tax
Berkeley Point	Berkeley Point Financial LLC, a wholly owned subsidiary of the Company acquired on September 8, 2017 and contributed to Newmark in the Separation
Besso	Besso Insurance Group Limited, formerly a wholly owned subsidiary of the Company, acquired on February 28, 2017 and sold to The Ardonagh Group on November 1, 2021 as part of the Insurance Business Disposition
BGC	BGC Partners, Inc. and, where applicable, its consolidated subsidiaries
BGC or our Class A common stock	BGC Partners Class A common stock, par value \$0.01 per share

<b><u>TERM</u></b>	<b><u>DEFINITION</u></b>
BGC or our Class B common stock	BGC Partners Class B common stock, par value \$0.01 per share
BGC Credit Agreement	Agreement between the Company and Cantor, dated March 19, 2018, that provides for each party or its subsidiaries to borrow up to \$250.0 million, as amended on August 6, 2018 to increase the facility to \$400.0 million
BGC Financial or BGCF	BGC Financial, L.P
BGC Global OpCo	BGC Global Holdings, L.P., an operating partnership, which is owned jointly by BGC and BGC Holdings and holds the non-U.S. businesses of BGC
BGC Group	BGC, BGC Holdings, and BGC U.S. OpCo, and their respective subsidiaries (other than, prior to the Spin-Off, the Newmark Group), collectively
BGC Holdings	BGC Holdings, L.P., an entity owned by Cantor, Founding Partners, BGC employee partners and, after the Separation, Newmark employee partners
BGC Holdings Distribution	Pro-rata distribution, pursuant to the Separation and Distribution Agreement, by BGC Holdings to its partners of all of the exchangeable limited partnership interests of Newmark Holdings owned by BGC Holdings immediately prior to the distribution, completed on the Distribution Date
BGC OpCos	BGC U.S. OpCo and BGC Global OpCo, collectively
BGC Partners	BGC Partners, Inc. and, where applicable, its consolidated subsidiaries
BGC U.S. OpCo	BGC Partners, L.P., an operating partnership, which is owned jointly by BGC and BGC Holdings and holds the U.S. businesses of BGC
Board	Board of Directors of the Company
Brexit	Exit of the U.K. from the EU
Cantor	Cantor Fitzgerald, L.P. and, where applicable, its subsidiaries
Cantor group	Cantor and its subsidiaries other than BGC Partners, including Newmark
Cantor units	Limited partnership interests of BGC Holdings or Newmark Holdings held by the Cantor group, which units are exchangeable into shares of BGC Class A common stock or BGC Class B common stock, or Newmark Class A common stock or Newmark Class B common stock, as applicable
CCRE	Cantor Commercial Real Estate Company, L.P.
CECL	Current Expected Credit Losses
CEO Program	Controlled equity offering program
CF&Co	Cantor Fitzgerald & Co., a wholly owned broker-dealer subsidiary of Cantor
CFGM	CF Group Management, Inc., the general partner of Cantor
CFS	Cantor Fitzgerald Securities, a wholly owned broker-dealer subsidiary of Cantor
CFTC	Commodity Futures Trading Commission

<b><u>TERM</u></b>	<b><u>DEFINITION</u></b>
Charity Day	BGC's annual event held on September 11th where employees of the Company raise proceeds for charity
Class B Issuance	Issuance by BGC of 10,323,366 and 712,907 shares of BGC Class B common stock to Cantor and CFGM, respectively, in exchange for an aggregate of 11,036,273 shares of BGC Class A common stock under the Exchange Agreement, completed on November 23, 2018
CLOB	Central Limit Order Book
CME	CME Group Inc., the company that acquired NEX in November 2018
Company	BGC Partners, Inc. and, where applicable, its consolidated subsidiaries
Company Debt Securities	The 5.125% Senior Notes, 5.375% Senior Notes, 3.750% Senior Notes, 4.375% Senior Notes and any future debt securities issued by the Company
Compensation Committee	Compensation Committee of the Board
Contribution Ratio	Equal to a BGC Holdings limited partnership interest multiplied by one, divided by 2.2 (or 0.4545)
Corant	Corant Global Limited, BGC's former Insurance brokerage business
Corporate Conversion	The Company's exploration of converting its umbrella partnership C corporation (Up-C) into a simpler corporate structure
COVID-19	Coronavirus Disease 2019
CRD	Capital Requirements Directive
Credit Facility	A \$150.0 million credit facility between the Company and an affiliate of Cantor entered into on April 21, 2017, which was terminated on March 19, 2018
CSC	CSC Commodities UK Limited
Distribution Date	November 30, 2018, the date that BGC and BGC Holdings completed the Spin-Off and the BGC Holdings Distribution, respectively
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
ECB	European Central Bank
Ed Broking	Ed Broking Group Limited, formerly a wholly owned subsidiary of the Company, acquired on January 31, 2019 and sold to The Ardonagh Group on November 1, 2021 as part of the Insurance Business Disposition
EMIR	European Market Infrastructure Regulation
EPS	Earnings Per Share
Equity Plan	Seventh Amended and Restated Long Term Incentive Plan, approved by the Company's stockholders at the annual meeting of stockholders on June 22, 2016
ESG	Environmental, social and governance, including sustainability or similar items
eSpeed	Various assets comprising the Fully Electronic portion of the Company's former benchmark on-the-run U.S. Treasury brokerage, market data and co-location service businesses, sold to Nasdaq on June 28, 2013

<b><u>TERM</u></b>	<b><u>DEFINITION</u></b>
ETR	Effective Tax Rate
EU	European Union
Exchange Act	Securities Exchange Act of 1934, as amended
Exchange Agreement	A letter agreement by and between BGC Partners and Cantor and CFGM, dated June 5, 2015, that grants Cantor and CFGM the right to exchange shares of BGC Class A common stock into shares of BGC Class B common stock on a one-to-one basis up to the limits described therein
Exchange Ratio	Ratio by which a Newmark Holdings limited partnership interest can be exchanged for shares of Newmark Class A or Class B common stock
FASB	Financial Accounting Standards Board
FCA	Financial Conduct Authority of the U.K.
FCM	Futures Commission Merchant
February 2012 distribution rights shares	Cantor's deferred stock distribution rights provided to current and former Cantor partners on February 14, 2012
Fenics	BGC's group of electronic brands, offering a number of market infrastructure and connectivity services, Fully Electronic marketplaces, and the Fully Electronic brokerage of certain products that also may trade via Voice and Hybrid execution, including market data and related information services, Fully Electronic brokerage, connectivity software, compression and other post-trade services, analytics related to financial instruments and markets, and other financial technology solutions; comprised of Fenics Growth Platforms and Fenics Markets
Fenics Growth Platforms	Consists of Fenics UST, Fenics GO, Lucera, Fenics FX and other newer standalone platforms
Fenics Integrated	Represents Fenics businesses that utilize sufficient levels of technology such that significant amounts of their transactions can be, or are, executed without broker intervention and have expected pre-tax margins of at least 25%
Fenics Markets	Consists of the Fully Electronic portions of BGC's brokerage businesses, data, software and post-trade revenues that are unrelated to Fenics Growth Platforms, as well as Fenics Integrated revenues
FINRA	Financial Industry Regulatory Authority
FMX	BGC's combined U.S. Treasury and Futures electronic marketplace
Founding Partners	Individuals who became limited partners of BGC Holdings in the mandatory redemption of interests in Cantor in connection with the 2008 separation and merger of Cantor's BGC division with eSpeed, Inc. (provided that members of the Cantor group and Howard W. Lutnick (including any entity directly or indirectly controlled by Mr. Lutnick or any trust with respect to which he is a grantor, trustee or beneficiary) are not founding partners) and became limited partners of Newmark Holdings in the Separation
Founding/Working Partners	Holders of FPU's
FPU's	Founding/Working Partners units in BGC Holdings or Newmark Holdings that are generally redeemed upon termination of employment
Freedom	Freedom International Brokerage Company, a 45%-owned equity method investment of the Company

<b><u>TERM</u></b>	<b><u>DEFINITION</u></b>
Fully Electronic	Broking transactions intermediated on a solely electronic basis rather than by Voice or Hybrid broking
Futures Exchange Group	CFLP CX Futures Exchange Holdings, LLC, CFLP CX Futures Exchange Holdings, L.P., CX Futures Exchange Holdings, LLC, CX Clearinghouse Holdings, LLC, CX Futures Exchange, L.P. and CX Clearinghouse, L.P.
FX	Foreign exchange
GDPR	General Data Protection Regulation
GFI	GFI Group Inc., a wholly owned subsidiary of the Company, acquired on January 12, 2016
GILTI	Global Intangible Low-Taxed Income
Ginga Petroleum	Ginga Petroleum (Singapore) Pte Ltd, a wholly owned subsidiary of the Company, acquired on March 12, 2019
GUI	Graphical User Interface
HDUs	LPU's with capital accounts, which are liability awards recorded in "Accrued compensation" in the Company's statements of financial condition
Hybrid	Broking transactions executed by brokers and involving some element of Voice broking and electronic trading
ICAP	ICAP plc, a part of TP ICAP group, and a leading markets operator and provider of execution and information services
ICE	Intercontinental Exchange
IMO	Initial Margin Optimization
Incentive Plan	The Company's Second Amended and Restated Incentive Bonus Compensation Plan, approved by the Company's stockholders at the annual meeting of stockholders on June 6, 2017
Insurance brokerage business	The insurance brokerage business of BGC, including Corant, Ed Broking, Besso, Piiq Risk Partners, Junge, Cooper Gay, Global Underwriting and Episilon, which business was sold to The Ardonagh Group on November 1, 2021
Insurance Business Disposition	The sale of the Insurance brokerage business for \$534.9 million in gross cash proceeds after closing adjustments, subject to limited post-closing adjustments, completed on November 1, 2021
LCH	London Clearing House
Legacy BGC Holdings Units	BGC Holdings LPU's outstanding immediately prior to the Separation
Legacy Newmark Holdings Units	Newmark Holdings LPU's issued in connection with the Separation
LGD	Loss Given Default
LIBOR	London Interbank Offering Rate

<b><u>TERM</u></b>	<b><u>DEFINITION</u></b>
LPU	Certain limited partnership units in BGC Holdings or Newmark Holdings held by certain employees of BGC Partners or Newmark and other persons who have provided services to BGC Partners or Newmark, which units may include APSIs, APSUs, AREUs, ARPSUs, HDUs, U.K. LPUs, N Units, PLPUs, PPSIs, PPSUs, PSEs, PSIs, PSUs, REUs, and RPUs, along with future types of limited partnership units in BGC Holdings or Newmark Holdings
Lucera	A wholly owned subsidiary of the Company, also known as “LFI Holdings, LLC” or “LFI,” is a software defined network offering the trading community direct connectivity
March 2018 Sales Agreement	CEO sales agreement, by and between the Company and CF&Co, dated March 9, 2018, pursuant to which the Company could offer and sell up to an aggregate of \$300.0 million of shares of BGC Class A common stock, which agreement expired in September 2021
MEA	Middle East and Africa region
MiFID II	Markets in Financial Instruments Directive II, a legislative framework instituted by the EU to regulate financial markets and improve protections for investors by increasing transparency and standardizing regulatory disclosures
Mint Brokers	A wholly owned subsidiary of the Company, acquired on August 19, 2010, registered as an FCM with both the CFTC and the NFA
Nasdaq	Nasdaq, Inc., formerly known as NASDAQ OMX Group, Inc.
NDF	Non-deliverable forwards
Newmark	Newmark Group, Inc. (NASDAQ symbol: NMRK), a publicly traded and former majority-owned subsidiary of BGC until the Distribution Date, and, where applicable, its consolidated subsidiaries
Newmark Class A common stock	Newmark Class A common stock, par value \$0.01 per share
Newmark Class B common stock	Newmark Class B common stock, par value \$0.01 per share
Newmark Group	Newmark, Newmark Holdings, and Newmark OpCo and their respective subsidiaries, collectively
Newmark Holdings	Newmark Holdings, L.P.
Newmark IPO	Initial public offering of 23 million shares of Newmark Class A common stock by Newmark at a price of \$14.00 per share in December 2017
Newmark OpCo	Newmark Partners, L.P., an operating partnership, which is owned jointly by Newmark and Newmark Holdings and holds the business of Newmark
NYAG	New York Attorney General’s Office
NEX	NEX Group plc, an entity formed in December 2016, formerly known as ICAP
NFA	National Futures Association
Non-GAAP	A financial measure that differs from the most directly comparable measure calculated and presented in accordance with U.S. GAAP, such as Adjusted Earnings and Adjusted EBITDA
N Units	Non-distributing partnership units of BGC Holdings or Newmark Holdings that may not be allocated any item of profit or loss, and may not be made exchangeable into shares of Class A common stock, including NREUs, NPREUs, NLPUs, NPLPUs, NPSUs, and NPPSUs

<b><u>TERM</u></b>	<b><u>DEFINITION</u></b>
OCI	Other comprehensive income (loss), including gains and losses on cash flow and net investment hedges, unrealized gains and losses on available for sale securities (in periods prior to January 1, 2018), certain gains and losses relating to pension and other retirement benefit obligations and foreign currency translation adjustments
OECD	Organization for Economic Cooperation and Development
OTC	Over-the-Counter
OTF	Organized Trading Facility, a regulated execution venue category introduced by MiFID II
PCD assets	Purchased financial assets with deterioration in credit quality since origination
PD	Probability of Default
Period Cost Method	Treatment of taxes associated with the GILTI provision as a current period expense when incurred rather than recording deferred taxes for basis differences
Poten & Partners	Poten & Partners Group, Inc., a wholly owned subsidiary of the Company, acquired on November 15, 2018
Preferred Distribution	Allocation of net profits of BGC Holdings or Newmark Holdings to holders of Preferred Units, at a rate of either 0.6875% (i.e., 2.75% per calendar year) or such other amount as set forth in the award documentation
Preferred Units	Preferred partnership units in BGC Holdings or Newmark Holdings, such as PPSUs, which are settled for cash, rather than made exchangeable into shares of Class A common stock, are only entitled to a Preferred Distribution, and are not included in BGC's or Newmark's fully diluted share count
Real Estate L.P.	CF Real Estate Finance Holdings, L.P., a commercial real estate-related financial and investment business controlled and managed by Cantor, of which Newmark owns a minority interest
Real GDP	Real Gross Domestic Product is a macroeconomic measure of the value of economic output adjusted for price changes (i.e., inflation or deflation), which transforms the money-value measure, nominal GDP, into an index for quantity of total output
Record Date	Close of business on November 23, 2018, in connection with the Spin-Off
Repurchase Agreements	Securities sold under agreements to repurchase that are recorded at contractual amounts, including interest, and accounted for as collateralized financing transactions
Revolving Credit Agreement	The Company's unsecured senior revolving credit facility with Bank of America, N.A., as administrative agent, and a syndicate of lenders, dated as of November 28, 2018, that provides for a maximum revolving loan balance of \$350.0 million, bearing interest at either LIBOR or a defined base rate plus additional margin, amended on December 11, 2019 to extend the maturity date to February 26, 2021 and further amended on February 26, 2020 to extend the maturity date to February 26, 2023
ROU	Right-of-Use
RSUs	BGC or Newmark unvested restricted stock units, payable in shares of BGC Class A common stock or Newmark Class A common stock, respectively, held by certain employees of BGC Partners or Newmark and other persons who have provided services to BGC Partners or Newmark, or issued in connection with certain acquisitions
SaaS	Software as a Service
SEC	U.S. Securities and Exchange Commission

<b><u>TERM</u></b>	<b><u>DEFINITION</u></b>
Securities Act	Securities Act of 1933, as amended
SEF	Swap Execution Facility
Separation	Principal corporate transactions pursuant to the Separation and Distribution Agreement, by which BGC, BGC Holdings and BGC U.S. OpCo and their respective subsidiaries (other than the Newmark Group) transferred to Newmark, Newmark Holdings and Newmark OpCo and their respective subsidiaries the assets and liabilities of the BGC Group relating to BGC's real estate services business, and related transactions, including the distribution of Newmark Holdings units to holders of units in BGC Holdings and the assumption and repayment of certain BGC indebtedness by Newmark
Separation and Distribution Agreement	Separation and Distribution Agreement, by and among the BGC Group, the Newmark Group, Cantor and BGC Global OpCo, originally entered into on December 13, 2017, as amended on November 8, 2018 and amended and restated on November 23, 2018
SMCR	Senior Managers Certification Regime
SOFR	Secured Overnight Financing Rate
SPAC	Special Purpose Acquisition Company
SPAC Investment Banking Activities	Aurel's investment banking activities with respect to SPACs
Spin-Off	Pro-rata distribution, pursuant to the Separation and Distribution Agreement, by BGC to its stockholders of all the shares of common stock of Newmark owned by BGC Partners immediately prior to the Distribution Date, with shares of Newmark Class A common stock distributed to the holders of shares of BGC Class A common stock (including directors and executive officers of BGC Partners) of record on the Record Date, and shares of Newmark Class B common stock distributed to the holders of shares of BGC Class B common stock (Cantor and CFGM) of record on the Record Date, completed on the Distribution Date
Tax Act	Tax Cuts and Jobs Act enacted on December 22, 2017
The Ardonagh Group	The Ardonagh Group Limited; the U.K.'s largest independent insurance broker and purchaser of BGC's Insurance brokerage business completed on November 1, 2021
Tower Bridge	Tower Bridge International Services L.P., a subsidiary of the Company, which is 52%-owned by the Company and 48%-owned by Cantor
TP ICAP	TP ICAP plc, an entity formed in December 2016, formerly known as Tullett
Tradition	Compagnie Financière Tradition (which is majority owned by Viel & Cie)
Tullett	Tullett Prebon plc, a part of TP ICAP group and an interdealer broker, primarily operating as an intermediary in the wholesale financial and energy sectors
U.K.	United Kingdom
U.S. GAAP or GAAP	Generally Accepted Accounting Principles in the United States of America
UBT	Unincorporated Business Tax
VIE	Variable Interest Entity
Voice	Voice-only broking transactions executed by brokers over the telephone

## SPECIAL NOTE ON FORWARD-LOOKING INFORMATION

This Annual Report on Form 10-K contains forward-looking statements. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, words such as “may,” “will,” “should,” “estimates,” “predicts,” “possible,” “potential,” “continue,” “strategy,” “believes,” “anticipates,” “plans,” “expects,” “intends,” and similar expressions are intended to identify forward-looking statements. The information included herein is given as of the filing date of this Form 10-K with the SEC, and future results or events could differ significantly from these forward-looking statements. The Company does not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

## RISK FACTOR SUMMARY

The following is a summary of material risks that could affect our businesses, each of which may have a material adverse effect on our businesses, financial condition, results of operations and prospects. This summary may not contain all of our material risks, and it is qualified in its entirety by the more detailed risk factors set forth in Item 1A “Risk Factors.”

- *The ongoing COVID-19 pandemic has significantly disrupted and adversely affected the environment in which we and our customers and competitors operate, including the global economy, the U.S. economy, the global financial markets, our businesses, financial condition, results of operations and prospects.*
- *The U.K. exit from the EU could materially adversely impact our customers, counterparties, businesses, financial condition, results of operations and prospects.*
- *We may pursue opportunities, including strategic alliances, acquisitions, dispositions, joint ventures or other growth opportunities (including hiring new brokers and salespeople), which could present unforeseen integration obstacles or costs and could dilute our stockholders. We may also face competition in our acquisition strategy, and such competition may limit such opportunities.*
- *We may be adversely affected by the transition away from LIBOR and the use of SOFR or other alternative reference rates.*
- *We are subject to certain risks relating to our indebtedness, including constraints on our ability to raise additional capital, declines in our credit ratings and limitations on our financial flexibility to react to changes in the economy or the financial services industry. We may need to incur additional indebtedness to finance our growth strategy, including in connection with the re-positioning of aspects of our business to adapt to changes in market conditions in the financial services industry.*
- *The loss of one or more of our key executives, the development of future talent and the ability of certain key employees to devote adequate time and attention to us are a key part of the success of our businesses, and failure to continue to employ and have the benefit of these executives, may adversely affect our businesses and prospects.*
- *If we fail to implement and maintain an effective internal control environment, our operations, reputation, and stock price could suffer, we may need to restate our financial statements, and we may be delayed or prevented from accessing the capital markets.*
- *The financial services industry in general faces potential regulatory, litigation and/or criminal risks that may result in damages or fines or other penalties as well as costs, and we may face damage to our professional reputation and legal liability if our products and services are not regarded as satisfactory, our employees do not adhere to all applicable legal and professional standards, or for other reasons, all of which could have a material adverse effect on our businesses, financial condition, results of operations and prospects.*
- *Because competition for the services of brokers, salespeople, managers, technology professionals and other front-office personnel, in the financial services industry is intense, it could affect our ability to attract and retain a sufficient number of highly skilled brokers or other professional services personnel, in turn adversely impacting our revenues, resulting in a material adverse effect on our businesses, financial condition, results of operations and prospects.*

- *We are a holding company with dual class common stock. Holders of our Class A common stock are subject to certain risks resulting from our structure, including our dependence upon distributions from the BGC OpCos and the concentration of our voting control among the holders of our Class B common stock, which may materially adversely affect the market price of our Class A common stock.*
- *We are controlled by Cantor and Mr. Lutnick, who have potential conflicts of interest with us and may exercise their control in a way that favors their interests to our detriment. Cantor's interests may conflict with our interests, and Cantor may exercise its control in a way that favors its interests to our detriment, including in competition with us for acquisitions or other business opportunities. In addition, agreements between us and Cantor are between related parties, and the terms of these agreements may be less favorable to us than those that we could negotiate with third parties and may subject us to litigation.*
- *If there is a determination that the Spin-Off (as defined below) was taxable for U.S. federal income tax purposes, then we and our stockholders could incur significant U.S. federal income tax liabilities, and we could incur significant liabilities.*
- *Purchasers, as well as existing stockholders, may experience significant dilution as a result of offerings of shares of our Class A common stock. Our management will have broad discretion as to the timing and amount of sales of our Class A common stock, as well as the application of the net proceeds of any such sales.*

#### WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. These filings are available to the public from the SEC's website at [www.sec.gov](http://www.sec.gov).

Our website address is [www.bgcpartners.com](http://www.bgcpartners.com). Through our website, we make available, free of charge, the following documents as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC: our Annual Reports on Form 10-K; our proxy statements for our annual and special stockholder meetings; our Quarterly Reports on Form 10-Q; our Current Reports on Form 8-K; Forms 3, 4 and 5 and Schedules 13D with respect to our securities filed on behalf of Cantor, CFGM, our directors and our executive officers; and amendments to those documents. Our website also contains additional information with respect to our industry and businesses. The information contained on, or that may be accessed through, our website is not part of, and is not incorporated into, this Annual Report on Form 10-K.

## PART I

### ITEM 1. BUSINESS

*Throughout this document, BGC Partners, Inc. is referred to as “BGC” and, together with its subsidiaries, as the “Company,” “BGC Partners,” “we,” “us,” or “our.”*

#### Our Businesses

We are a leading global financial brokerage and technology company servicing the global financial markets.

Through brands including BGC®, GFI®, Sunrise Brokers™, Poten & Partners®, RP Martin™ and Fenics® among others, our businesses specialize in the brokerage of a broad range of products, including fixed income such as government bonds, corporate bonds, and other debt instruments, as well as related interest rate derivatives and credit derivatives. We also broker products across FX, equity derivatives and cash equities, energy and commodities, shipping and futures and options. We have also recently announced the leveraging of our infrastructure and assets for cryptocurrency initiatives. Our businesses also provide a wide variety of services, including trade execution, connectivity solutions, brokerage services, clearing, trade compression and other post-trade services, information, and other back-office services to a broad assortment of financial and non-financial institutions.

Our integrated platform is designed to provide flexibility to customers with regard to price discovery, execution and processing of transactions, and enables them to use voice, hybrid or, in many markets, fully electronic brokerage services in connection with transactions executed either OTC or through an exchange. Through our Fenics® group of electronic brands, we offer a number of market infrastructure and connectivity services, fully electronic marketplaces, and the fully electronic brokerage of certain products that also may trade via voice and hybrid execution. The full suite of Fenics® offerings includes fully electronic and hybrid brokerage, market data and related information services, trade compression and other post-trade services, analytics related to financial instruments and markets, and other financial technology solutions. Fenics® brands also operate under the names Fenics®, FMX™, BGC Trader™, CreditMatch®, Fenics Market Data™, Fenics GO™, BGC Market Data™, kACE²®, Capitalab®, Swaptioniser®, CBID®, Lucera® and LumeAlfa™.

BGC, BGC Partners, BGC Trader, GFI, GFI Ginga, CreditMatch, Fenics, Fenics.com, FMX, Sunrise Brokers, Poten & Partners, RP Martin, kACE², Capitalab, Swaptioniser, CBID, Aqua, Lucera and LumeAlfa are trademarks/service marks and/or registered trademarks/service marks of BGC Partners, Inc. and/or its affiliates.

Our customers include many of the world’s largest banks, broker-dealers, investment banks, trading firms, hedge funds, governments, corporations, and investment firms. We have dozens of offices globally in major markets, including New York and London, as well as in Bahrain, Beijing, Bermuda, Bogotá, Brisbane, Buenos Aires, Chicago, Copenhagen, Dubai, Dublin, Frankfurt, Geneva, Hong Kong, Houston, Istanbul, Johannesburg, Madrid, Melbourne, Mexico City, Miami, Milan, Monaco, Moscow, Nyon, Paris, Rio de Janeiro, Santiago, São Paulo, Seoul, Shanghai, Singapore, Sydney, Tel Aviv, Tokyo, Toronto, and Zurich.

As of December 31, 2021, we had approximately 2,100 brokers, salespeople, managers, technology professionals and other front-office professional personnel across our businesses.

#### Our History

Our businesses originated from one of the oldest and most established inter-dealer or wholesale brokerage franchises in the financial intermediary industry. Cantor started our wholesale intermediary brokerage operations in 1972. In 1996, Cantor launched its eSpeed system, which revolutionized the way government bonds are traded in the inter-dealer market by providing a fully electronic trading marketplace. eSpeed completed an initial public offering in 1999 and began trading on Nasdaq, yet it remained one of Cantor’s controlled subsidiaries.

Following eSpeed’s initial public offering, Cantor continued to operate its inter-dealer Voice/Hybrid brokerage business separately from eSpeed. In August 2004, Cantor announced the reorganization and separation of its inter-dealer Voice/Hybrid brokerage business into a subsidiary called “BGC,” in honor of B. Gerald Cantor, the pioneer in screen brokerage services and fixed income market data products. In April 2008, BGC and certain other Cantor assets merged with and into eSpeed, and the combined company began operating under the name “BGC Partners, Inc.”

In June 2013, we sold certain assets relating to our U.S. Treasury benchmark business and the name “eSpeed” to Nasdaq. In 2011, we also acquired and built up a commercial real estate services business called “Newmark,” which we spun-off to BGC’s stockholders in November 2018. In addition, we acquired and built-up an insurance brokerage business, which we

sold in November 2021. We also acquired the Futures Exchange Group from Cantor in July 2021, which represents our futures exchange and related clearinghouse.

Prior to the events of September 11, 2001, our financial brokerage business was widely recognized as one of the leading full-service wholesale financial brokers in the world, with a rich history of developing innovative technological and financial solutions. After September 11, 2001 and the loss of the majority of our U.S.-based employees, our voice financial brokerage business operated primarily in Europe.

Since 2001, we have substantially rebuilt our U.S. presence and have continued to expand our global footprint through the acquisition and integration of established brokerage companies and the hiring of experienced brokers. Through these actions, we have been able to expand our presence in key markets and position our business for sustained growth. Since 2015, our acquisitions have included those of GFI., Sunrise Brokers Group, Poten & Partners, Perimeter Markets Inc., Lucera, Micromega Securities Proprietary Limited, Ginga Petroleum, Emerging Markets Bond Exchange Ltd, Kalahari Ltd and Algomi.

Since the founding of eSpeed, we have continued to pioneer advances in electronic trading across the wholesale capital markets. Fenics, BGC's financial brokerage and technology businesses, has grown significantly, supported by our investment in new trading technologies and platforms, as well as from trends of proliferating electronic execution across the capital markets and the demand for electronic data services.

Fenics is the foundation for our fully electronic and associated hybrid transactions across all asset classes. For the purposes of this document and subsequent SEC filings, all of our fully electronic businesses may be collectively referred to as "Fenics." These offerings include fully electronic financial brokerage products and services, as well as offerings in market data, software solutions, and post-trade services across the Company.

We currently operate electronic marketplaces in multiple financial markets through numerous products and services, including Fenics, BGC Trader, and several multi-asset hybrid offerings for voice and electronic execution, including BGC's Volume Match and GFI's CreditMatch. We also operate a number of newer standalone, fully electronic platforms such as Fenics UST, Fenics FX, Fenics GO, and Portfolio Match, among others. These electronic marketplaces offer electronic trading of numerous OTC and listed financial products, including government bonds, interest rate derivatives, spot foreign exchange, foreign exchange derivatives, corporate bonds, and credit derivatives. We believe that we offer a comprehensive application providing volume, access, connectivity, speed of execution and ease of use. Our trading platform establishes a direct link between our brokers and customers and occupies valuable real estate on traders' desktops, which is difficult to replicate.

We believe that we can leverage our platform to offer fully electronic trading as additional products transition from Voice/Hybrid trading to fully electronic execution and additional electronic data services. We intend to continue to invest in these fully electronic businesses. Going forward, we expect Fenics to become an even more valuable part of BGC as it continues to grow. We continue to analyze how to optimally configure our Voice/Hybrid and fully electronic businesses.

In recent years, we have been adversely affected as a result of COVID-19 and its impact on the macroeconomic environment. For example, surges in global COVID-19 cases caused market-wide disruptions, particularly across our Voice/Hybrid business in December 2021. During the COVID-19 pandemic, our fully electronic businesses have been a key growth driver and competitive advantage as many of our brokers and clients have adapted to working remotely. Additional information with respect to the impact of COVID-19 on our businesses, results of operations and human capital resources is contained elsewhere in this Annual Report on Form 10-K.

## **Overview of Our Products and Services**

### ***Financial Brokerage and Technology***

#### **Financial Brokerage**

While Voice/Hybrid brokerage revenues still represent the majority of BGC's overall revenues, we continue to convert our Voice/Hybrid brokerage to our higher margin, technology-driven Fenics brokerage, which has grown to represent 23% of total BGC revenues, excluding the Insurance brokerage business, during the fourth quarter of 2021. Over the past several years, we have invested in, and developed, new state-of-the-art trading platforms, including Fenics UST, Fenics FX, Fenics GO, and Portfolio Match, across Rates, FX, Equities, and Credit, respectively. We have also invested in, and deployed, trading technology solutions across our entire business, including our Voice/Hybrid brokerage desks, with an aim to increase our average broker productivity and to accelerate trends of electronic conversion. Underpinning our efforts to automate and electrify our overall brokerage businesses are macro trends across the capital markets, where the adoption of electronic trading has accelerated in recent years.

In the first quarter of 2021, we began to categorize our Fenics business as Fenics Markets and Fenics Growth Platforms:

- Fenics Markets includes the fully electronic portion of BGC’s brokerage businesses, data, software and post-trade revenues that are unrelated to Fenics Growth Platforms, as well as Fenics Integrated revenues. Fenics Integrated, introduced during the second quarter of 2020, seamlessly integrates hybrid liquidity with customer electronic orders either by GUI and/or API. Desks are categorized as “Fenics Integrated” if they utilize sufficient levels of technology such that significant amounts of their transactions can be or are executed without broker intervention and have expected pre-tax margins of at least 25%.
- Fenics Growth Platforms includes Fenics UST, Fenics GO, Lucera, Fenics FX and other newer standalone platforms. Revenues generated from data, software and post-trade attributable to Fenics Growth Platforms are included within their related businesses.

We have leveraged our hybrid platform to provide real-time product and price discovery information through applications such as BGC Trader. We also provide straight-through processing to our customers for an increasing number of products. Our end-to-end solution includes real-time and auction-based transaction processing, credit and risk management tools and back-end processing and billing systems. Customers can access our trading application through our privately managed global high speed data network, over the Internet, or through third-party communication networks.

On November 3, 2021, the Company announced FMX, which combines Fenics UST’s leading U.S. Treasury business with a state-of-the-art U.S. Rates futures platform in development. Following the announcement and consultation with BGC’s global clients and strategic partners, FMX will expand the scope of its futures product offering to cover the entire U.S. Rates Futures complex. For more information about FMX, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Overview and Business Environment.”

During the quarter, the Company continued to expand its cryptocurrency offerings within Lucera and kACE. Furthermore, we will be launching additional cryptocurrency and digital asset trading offerings throughout 2022, which will be underpinned by Fenics’ state-of-the-art technology. BGC’s futures exchange, acquired during the third quarter, was among the first exchanges to be permitted to list cryptocurrency derivative contracts. For more information about our cryptocurrency initiatives as well as the Futures Exchange Group acquisition, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Overview and Business Environment.”

The following table identifies some of the key products that we broker:

Rates	Interest rate derivatives
	Benchmark U.S. Treasuries
	Off-the-run U.S. Treasuries
	Other global government bonds
	Agencies
	Futures
	Inflation derivatives
	Repurchase agreements
	Non-deliverable swaps
	Interest rate swaps and options
Credit	Credit derivatives
	Asset-backed securities
	Convertibles
	Corporate bonds
	High yield bonds

Foreign Exchange	Emerging market bonds
	Foreign exchange forwards and options
	G-10
	Emerging markets
	Cross currencies
	Exotic options
	Spot FX
	Emerging market FX options
	Non-deliverable forwards
Energy and Commodities (OTC and listed derivatives)	Environmental products and emissions
	Electricity
	Natural Gas
	Coal
	Base and precious metals
	Refined and crude oil
	Soft commodities
	Shipping brokerage
Equity Derivatives and Cash Equities	Equity derivatives
	Cash equities
	Index futures
	Other derivatives and futures

Certain categories of trades settle for clearing purposes with CF&Co, one of our affiliates. CF&Co is a member of FINRA and the Fixed Income Clearing Corporation (“FICC”), a subsidiary of the Depository Trust & Clearing Corporation (“DTCC”). In addition, certain affiliated entities are subject to regulation by the CFTC, including CF&Co and BGCF. In certain products, we, CF&Co, BGC Financial and other affiliates act in a matched principal or principal capacity in markets by posting and/or acting upon quotes for our account. Such activity is intended, among other things, to assist us, CF&Co and other affiliates in managing proprietary positions (including, but not limited to, those established as a result of combination of trades and errors), facilitating transactions, framing markets, adding liquidity, increasing commissions and attracting order flow.

### ***Technology Offerings***

Our market data, software, and post-trade offerings provide a range of trade lifecycle services which include market data and analytics services, infrastructure and connectivity solutions, and post-trade services, such as trade compression, matching and other post-trade optimization services. These businesses have highly recurring and compounding revenue bases, which are reported within our overall Fenics business. We have invested in the growth of our Data, Software and Post-trade businesses, which continues to scale and represent record levels of overall revenue contribution to our overall business.

Fenics Market Data™ is a supplier of real-time, tradable, indicative, end-of-day and historical market data. Our market data product suite includes fixed income, interest rate derivatives, credit derivatives, foreign exchange, foreign exchange options, money markets, energy, metals, and equity derivatives and structured market data products and services. The data are

sourced from the voice, hybrid and electronic broking operations, as well as the market data operations, including BGC, GFI, RP Martin and Fenics, among others. The data are made available to financial professionals, research analysts and other market participants via direct data feeds and BGC-hosted FTP environments, as well as via information vendors such as Bloomberg, Refinitiv, ICE Data Services, QUICK Corp., and other select specialist vendors. In the fourth quarter of 2020, we began delivering our innovative new data product created for compliance and surveillance departments.

Through our Software Solutions business, we provide customized screen-based market solutions to both related and unrelated parties. Our clients are able to develop a marketplace, trade with their customers and access our network and our intellectual property. We can add advanced functionality to enable our customers to distribute branded products to their customers through online offerings and auctions, including private and reverse auctions, via our trading platform and global network.

Through kACE<sup>2</sup>, our analytics brand, we offer a derivative price discovery, pricing analysis, risk management and trading software used by over 200 institutions across over 20 countries. Our clients include mid-tier banks, financial institutions and corporate clients. In 2019 we launched our Gateway module that links our client base with their counterparties, trading venues and regulators, enabling clients to automate order flow, straight through processing, data distribution and regulatory reporting.

As part of our Software Solutions business, our Lucera® brand delivers high-performance technology solutions designed to be secure and scalable and to power demanding financial applications across several offerings: LumeFX® (distributed FX platform with managed infrastructure and software stack), LumeMarkets™ (multi-asset class aggregation platform), Connect™ (global SDN for rapid provisioning of connectivity to counter-parties), and Compute™ (on-demand, co-located compute services in key financial data centers). In 2020, we acquired Algomi (a buy-side focused platform that allows bond market participants to improve their workflow and liquidity by data aggregation, pre-trade information analysis, and execution facilitation) that was folded into Lucera and rebranded as LumeAlfa.

Our Post-Trade Services include post-trade risk mitigation services provided using our Capitalab® brand. Capitalab, a division of BGC Brokers L.P. (“BGC Brokers”), provides compression, matching and optimization services that are designed to bring greater capital and operational efficiency to the global derivatives market. Capitalab assists clients in managing the growing cost of holding derivatives, while helping them to meet their regulatory mandates. Through the Swaptioniser® service for portfolio compression of Interest Rate Swaptions, Interest Rate Swaps, Caps and Floors, and through the Capitalab FX, with CLS service offering portfolio compression of FX Forwards, FX Swaps and FX Options, as well as Initial Margin Optimization services complete with fully automated trade processing and connection with LCH SwapAgent, Capitalab looks to simplify the complexities of managing large quantities of derivatives to promote sustainable growth and lower systemic risk and to improve resiliency in the industry.

#### ***Aqua Business***

Cantor owns 51% and we own 49% of Aqua, a business that provides access to new block trading liquidity in the equities markets. The SEC has granted approval for Aqua to operate an Alternative Trading System in compliance with Regulation ATS.

#### ***Shipping Brokerage***

In November 2018, we acquired Poten & Partners, a leading ship brokerage, consulting and business intelligence firm specializing in LNG, tanker and LPG markets. Founded over 80 years ago and with 170 employees worldwide, Poten & Partners provides its clients with valuable insight into the international oil, gas and shipping markets.

#### ***Energy Brokerage***

In March 2019, we acquired Ginga Petroleum, which complements our existing energy brokerage businesses within BGC, GFI, and Poten & Partners. Ginga Petroleum provides a comprehensive range of broking services for physical and derivative energy products including naphtha, liquefied petroleum gas, fuel oil, biofuels, middle distillates, petrochemicals and gasoline.

#### ***Disposition of Insurance Brokerage (Corant)***

On November 1, 2021, the Company successfully completed the Insurance Business Disposition and, after closing adjustments, received \$534.9 million in gross cash proceeds, subject to limited post-closing adjustments. The investment in the Insurance brokerage business generated an internal rate of return of 21.2% for our shareholders.

## Industry Recognition

Our businesses have consistently won global industry awards and accolades in recognition of their performance and achievements. Recent examples include:

- BGC won Best Broker for Options at the FX Markets Best Bank Awards 2021
- Capitalab was named Compression Service of the Year at the GlobalCapital Americas Derivatives Awards 2021
- Fenics Market Data was named Best Market Data Newcomer (Vendor or Product) at Inside Market Data & Inside Reference Data Awards 2021
- Fenics Market Data named Best Market Data Provider at FX Markets e-FX Awards 2021
- Fenics GO was named OTC Trading Platform of the Year by Risk.net and Risk magazine at the Risk Awards 2021
- Capitalab was named OTC Infrastructure Service of the Year by Risk.net and Risk magazine at the Risk Awards 2021

## Customers and Clients

We primarily serve the wholesale financial markets, with clients including many of the world's largest banks, brokerage houses, investment firms, hedge funds, and investment banks. Customers using our products and services also include professional trading firms, futures commission merchants, and other professional market participants and financial institutions. Our market data products and services are available through many platforms and are available to a wide variety of capital market participants, including banks, investment banks, brokerage firms, asset managers, hedge funds, investment analysts and financial advisors. We also license our intellectual property portfolio and offerings in Software Solutions to various financial markets participants. For the year ended December 31, 2021, our top ten customers, collectively, accounted for approximately 41.9% of our total revenue on a consolidated basis, and our largest customer accounted for approximately 8.4% of our total revenue on a consolidated basis.

## Sales and Marketing

Our brokers and salespeople are the primary marketing and sales resources to our customers. Thus, our sales and marketing program is aimed at enhancing the ability of our brokers to cross-sell effectively in addition to informing our customers about our product and service offerings. We also employ product teams and business development professionals. We leverage our customer relationships through a variety of direct marketing and sales initiatives and build and enhance our brand image through marketing and communications campaigns targeted at a diverse audience, including traders, potential partners and the investor and media communities. We may also market to our existing and prospective customers through a variety of co-marketing/co-branding initiatives with our partners.

Our brokerage product team is composed of product managers who are each responsible for a specific part of our brokerage business. The product managers seek to ensure that our brokers, across all regions, have access to technical expertise, support and multiple execution methods in order to grow and market their business. This approach of combining marketing with our product and service strategy has enabled us to turn innovative ideas into both deliverable fully electronic and hybrid solutions, such as CreditMatch, our multi-asset hybrid offering to our customers for voice and electronic execution.

Our team of business development professionals is responsible for growing our global footprint through raising awareness of our products and services. The business development team markets our products and services to new and existing customers. As part of this process, they analyze existing levels of business with these entities in order to identify potential areas of growth and also to cross-sell our multiple offerings.

Our market data, software solutions, and post-trade products and services are promoted to our existing and prospective customers through a combination of sales, marketing and co-marketing campaigns.

These efforts are supported by a central team of professionals across marketing, design, event planning, public relations, and corporate communications.

## Technology

**Pre-Trade Technology.** Our financial brokers use a suite of pricing and analytical tools that have been developed both in-house and in cooperation with specialist software suppliers. The pre-trade software suite combines proprietary market data, pricing and calculation libraries, together with those outsourced from external providers. The tools in turn publish to a normalized, global market data distribution platform, allowing prices and rates to be distributed to our proprietary network, data vendor pages, secure websites and trading applications as indicative pricing.

**Inter-Dealer and Wholesale Trading Technology.** We utilize a sophisticated proprietary electronic trading platform to provide execution and market data services to our customers. The services are available through our proprietary API, FIX and a

multi-asset proprietary trading platform, operating under brands including BGC Trader™, CreditMatch®, Fenics®, FMX™ GFI ForexMatch®, BGCForex™, BGCCredit™, BGCRates™, FenicsFX™, FenicsUST™, FenicsDirect™, Fenics GO™, and MidFX. This platform presently supports a wide and constantly expanding range of products and services, which includes FX options, corporate bonds, credit derivatives, OTC interest rate derivatives in multiple currencies, US REPO, TIPS, MBS, government bonds, spot FX, NDFs, and other products. Every product on the platform is supported in either view-only, hybrid/managed or fully electronic mode, and can be transitioned from one mode to the next in response to market demands. The flexible BGC technology stack is designed to support feature-rich workflows required by the hybrid mode as well as delivering high throughput and low transaction latency required by the fully-electronic mode. Trades executed by our customers in any mode are, when applicable, eligible for immediate electronic confirmation through direct straight-through processing (“STP”) links as well as STP hubs. The BGC trading platform services are operated out of several globally distributed data centers and delivered to customers over BGC’s global private network, third-party connectivity providers as well as the Internet. BGC’s proprietary graphical user interfaces and the API/FIX connectivity are deployed at hundreds of major banks and institutions and service thousands of users.

**Post-Trade Straight Through Processing Technology.** Our platform automates previously paper and telephone-based transaction processing, confirmation and other functions, substantially improving and reducing the cost of many of our customers’ back offices and enabling STP. In addition to our own system, confirmation and trade processing is also available through third-party hubs, including MarkitWIRE, ICElink, Reuters RTNS, and STP in FIX for various banks.

We have electronic connections to most mainstream clearinghouses, including DTCC, CLS Group, Euroclear, Clearstream, Monte Titoli, LCH.Clearnet, Eurex Clearing, CME Clearing and the Options Clearing Corporation (“OCC”). As more products become centrally cleared, and as our customers request that we use a particular venue, we expect to expand the number of clearinghouses to which we connect in the future.

**Systems Architecture.** Our systems consist of layered components, which provide matching, credit management, market data distribution, position reporting, customer display and customer integration. The private network currently operates from six concurrent core data centers (three of which are in the U.K., one each in Trumbull, Connecticut, Weehawken, New Jersey and Secaucus, New Jersey) and many hub cities throughout the world acting as distribution points for all private network customers. The redundant structure of our system provides multiple backup paths and re-routing of data transmission in the event of failure.

In addition to our own network system, we also receive and distribute secure trading information from customers using the services of multiple, major Internet service providers throughout the world. These connections enable us to offer our products and services via the Internet to our global customers.

## **Software Development**

We devote substantial efforts to the development and improvement of our hybrid and electronic marketplaces and licensed software products and services. We work with our customers to identify their specific requirements and make modifications to our software, network distribution systems and technologies that are responsive to those needs. Our efforts focus on internal development, strategic partnering, acquisitions and licensing.

## **Our Intellectual Property**

We regard our technology and intellectual property rights, including our brands, as a critical part of our businesses. We hold various trademarks, trade dress and trade names and rely on a combination of patent, copyright, trademark, service mark and trade secret laws, as well as contractual restrictions, to establish and protect our intellectual property rights. We own numerous domain names and have registered numerous trademarks and/or service marks in the United States and foreign countries. Our trademark registrations must be renewed periodically, and, in most jurisdictions, every 10 years.

We have adopted a comprehensive intellectual property program to protect our proprietary technology and innovations. We currently have licenses covering various patents from related parties. We also have agreements to license technology that may be covered by several pending and/or issued U.S. patent applications relating to various aspects of our electronic trading systems, including both functional and design aspects. We have filed a number of patent applications to further protect our proprietary technology and innovations and have received patents for some of those applications. We will continue to file additional patent applications on new inventions, as appropriate, demonstrating our commitment to technology and innovation.

Our patent portfolio continues to grow and we continue to look for opportunities to license and/or otherwise monetize the patents in our portfolio.

### **Credit Risk**

For a description of our exposure to credit risk, see “Item 7A — Quantitative and Qualitative Disclosures About Market Risk — Credit Risk.”

### **Principal Transaction Risk**

For a description of our exposure to principal transaction risk, see “Item 7A — Quantitative and Qualitative Disclosures About Market Risk — Principal Transaction Risk.”

### **Market Risk**

For a description of our exposure to market risk, see “Item 7A — Quantitative and Qualitative Disclosures About Market Risk — Market Risk.”

### **Operational Risk**

For a description of our exposure to operational risk, see “Item 7A — Quantitative and Qualitative Disclosures About Market Risk — Operational Risk.”

### **Foreign Currency Risk**

For a description of our exposure to foreign currency risk, see “Item 7A — Quantitative and Qualitative Disclosures About Market Risk — Foreign Currency Risk.”

### **Interest Rate Risk**

For a description of our exposure to interest rate risk, see “Item 7A — Quantitative and Qualitative Disclosures About Market Risk — Interest Rate Risk.”

### **Disaster Recovery**

For a description of our disaster recovery processes, see “Item 7A — Quantitative and Qualitative Disclosures About Market Risk — Disaster Recovery.”

### **Competition**

We encounter competition in all aspects of our businesses. We compete primarily with other inter-dealer or wholesale financial brokers for brokers, salespeople, and suitable acquisition candidates. Our existing and potential competitors are numerous and include other wholesale financial brokerage and inter-dealer brokerage firms, multi-dealer trading companies, financial technology companies, market data and information vendors, securities and futures exchanges, electronic communications networks, crossing systems, software companies, financial trading consortia, shipping brokers, business-to-business marketplace infrastructure companies, as well as niche market energy and other Internet-based commodity trading systems.

#### ***Inter-Dealer or Wholesale Financial Brokers***

We primarily compete with three publicly traded, diversified inter-dealer and/or wholesale financial brokers. These are TP ICAP, Tradition, and Dealerweb, an inter-dealer and wholesale financial brokerage business within Tradeweb Markets, Inc. (“Tradeweb”). Other competitors include a number of smaller, private firms that tend to specialize in specific product areas or geographies, such as Marex Spectron Group Limited in energy and commodities, XP Inc. in fixed income and foreign exchange, and Gottex Brokers Holding SA, which is an affiliate of Tradition, in OTC interest rate derivatives.

Demand for wholesale brokerage services is directly affected by the overall level of economic activity, international and domestic economic and political conditions, including central bank policies, broad trends in business and finance, including employment levels, the level and volatility of interest rates, changes in and uncertainty regarding tax laws and substantial fluctuations in the volume and price levels of securities transactions. Other significant factors affecting competition in the brokerage industry are the quality and ability of professional personnel, the depth and pricing efficiency of the markets in which the brokers transact, the strength of the technology used to service and execute on those markets and the relative prices of products and services offered by the brokers and by competing markets and trading processes.

Business development is another highly competitive component of wholesale financial brokerage. During the COVID-19 pandemic, traditional business development efforts were adversely impacted for both us and our competitors. Competition for new and existing client business remains high, as does developing new ways to execute successful business development efforts in the current environment.

#### ***Market Data, Financial Software and Post-Trade Solution Vendors***

The majority of our large inter-dealer and wholesale financial broker competitors also sell proprietary market data and information, which competes with our market data offerings. In addition to direct sales, we resell market data through large market data and information providers. These companies have established significant presences on the vast majority of trading desks in our industry. Some of these market data and information providers, such as Bloomberg L.P. and Refinitiv, include in their product mix electronic trading and execution of both OTC and listed products in addition to their traditional market data offerings. In January 2021, Refinitiv was acquired by the London Stock Exchange Group, (“LSEG”), which also sells proprietary market data and information.

Growth in new trading venues has led to fragmentation of liquidity across the financial markets. Our software solutions business helps aggregate liquidity and connect counterparties across these marketplaces. We compete with other market infrastructure and connectivity providers, such as ION Group, in this space.

Our post-trade services that offer derivative compression, matching and optimization services operate in an industry which has benefitted from increased regulatory requirements. Competition in this space includes OSSTRA, a joint venture between CME Group Inc. and IHS Markit Ltd, Parameta Solutions, TP ICAP’s data and analytics business, Quantile Group Limited (“Quantile”) and Capitolis. Quantile was acquired by the LSEG in December 2020 for a maximum aggregate consideration of £274 million.

#### ***Exchanges and Other Trading Platforms***

Although our businesses will often use exchanges to execute transactions brokered in both listed and OTC markets, we believe that exchanges have sought and will seek to migrate products traditionally traded in OTC markets by inter-dealer and/or wholesale financial brokers to exchanges. However, we believe that when a product goes from OTC to exchange-traded, the underlying or related OTC market often continues to experience growth in line with the growth of the exchange-traded contract. In addition, ICE operates both regulated exchanges and OTC execution services, and in the latter, it competes directly with inter-dealer and/or wholesale financial brokers in energy, commodities, and credit products. ICE entered these OTC markets primarily by acquiring independent OTC brokers. We also compete with CME via its acquisition of NEX and our expected launch of U.S. Rates Futures in the fourth quarter of 2022. We believe that it is likely ICE, CME, or other exchange operators may seek to compete with us in the future by acquiring other such brokers, by creating listed products designed to mimic OTC products, or through other means.

In addition to exchanges, other electronic trading platforms which primarily operate in the dealer-to-client markets, including those run by MarketAxess Holdings Inc. (“MarketAxess”) and Tradeweb now compete with us in the inter-dealer markets. At the same time, we have begun to offer an increasing number of our products and services to the customers of firms like MarketAxess and Tradeweb. Further, ICE also operates a SEF, as does Tradeweb, and we expect that other exchanges and trading platforms may also seek to do so.

#### ***Banks and Broker-Dealers***

Banks and broker-dealers have in the past created and/or funded consortia to compete with exchanges and inter-dealer brokers. For example, CME’s wholesale businesses for fully electronic trading of U.S. Treasuries and spot foreign exchange both began as dealer-owned consortia before being acquired by CME’s NEX platform. An example of a current and similar consortium is Tradeweb. Several large banks continue to hold public equity stakes in Tradeweb. Refinitiv, which was acquired by the LSEG in January 2021, is Tradeweb’s single largest shareholder. Although Tradeweb operates primarily as a dealer to customer platform, some of its offerings include a voice and electronic inter-dealer platform and a SEF. Tradeweb’s management has previously said that it would like to further expand into other inter-dealer markets, and in June 2021, it acquired Nasdaq’s U.S. fixed income electronic trading platform, formerly known as eSpeed. In 2013, BGC sold the eSpeed platform to Nasdaq, and subsequently launched a competing platform, Fenics UST.

In addition, certain investment management firms that traditionally deal with banks and broker-dealers have expressed a desire to have direct access to certain parts of the wholesale financial markets via firms such as ours. We believe that over time, interdealer-brokers will therefore gain a small percentage of the sales and trading market currently dominated by banks and broker-dealers. Since their collective revenues are many times those of the global inter-dealer market, we believe that gaining even a small share of banks and broker-dealers’ revenues could lead to a meaningful increase in our revenues.

Additionally, wholesale financial brokers have aimed to grow their agency brokerage businesses, which typically serve a broader client set, including banks, broker-dealers, and institutional clients. Recent actions taken by wholesale financial brokers to expand their agency businesses include our acquisition of Algomi in March 2020 and TP ICAP's acquisition of Liquidnet in March 2021.

Overall, we believe that we may also face future competition from market data and technology companies and some securities brokerage firms, some of which are currently our customers, as well as from any future strategic alliances, joint ventures or other partnerships created by one or more of our potential or existing competitors.

### **Seasonality**

Traditionally, the financial markets around the world generally experience lower volume during the late summer and at the end of the year due to a slowdown in the business environment around holiday seasons. Therefore, our revenues tend to be strongest in the first quarter and lowest in the fourth quarter. For the year 2021, we earned approximately 28.2% of our revenues in the first quarter, while in 2020 we earned 29.3% of such revenues in the first quarter.

### **Partnership Overview**

Many of our key brokers, salespeople, managers, technology professionals and other front office professionals have a substantial amount of their own capital invested in our business, aligning their interests with our stockholders. Limited partnership interests in BGC Holdings and Newmark Holdings (received in connection with the Spin-Off) consist of: (i) "founding/working partner units" held by limited partners who are employees; (ii) "limited partnership units," which consist of a variety of units that are generally held by employees such as REUs, RPUs, PSUs, PSIs, PSEs, HDUs, U.K. LPUs, APSUs, APSIs, APSEs, AREUs, ARPUs and NPSUs; (iii) "Cantor units" which are the exchangeable limited partnership interests held by Cantor entities; and (iv) Preferred Units, which are working partner units that may be awarded to holders of, or contemporaneous with, the grant of certain limited partnership units. For further details, see "Our Organizational Structure." NPSUs are partnership units that are not entitled to participate in partnership distributions, not allocated any items of profit or loss and may not be exchangeable into shares of our common stock. On terms and conditions determined by the General Partner of the Partnership in its sole discretion, NPSUs are expected to be replaced by a grant of limited partnership units, which may be set forth in a written schedule and subject to additional terms and conditions, provided that, in all circumstances such grant of limited partnership units shall be contingent upon our, including our affiliates, earning, in aggregate, at least \$5 million in gross revenues in the calendar quarter in which the applicable award of limited partnership units is to be granted. In addition, we have N Units which are non-distributing partnership units that may not be allocated any item of profit or loss and may not be made exchangeable into shares of our Class A common stock. Subject to the approval of the Compensation Committee or its designee, the N Units are expected to be converted into the underlying unit type (i.e., an NREU will be converted into an REU) and then participate in Partnership distributions, subject to terms and conditions determined by the General Partner of the Partnership in its sole discretion, including that the recipient continue to provide substantial services to us and comply with his or her partnership obligations.

We believe that our emphasis on equity-based compensation promotes recruitment, motivation of our brokers and employees and alignment of interest with shareholders. Virtually all of our executives and front-office employees have equity or partnership stakes in us and our subsidiaries and generally receive grants of deferred equity or LPUs as part of their compensation. A significant percentage of BGC's fully diluted shares are owned by its executives, partners and employees. While BGC Holdings limited partnership interests generally entitle our partners to participate in distributions of income from the operations of our business, upon leaving BGC Holdings (or upon any other redemption or purchase of such limited partnership interests as described below), any such partners are only entitled to receive over time, and provided he or she does not violate certain partner obligations, an amount for his or her BGC Holdings limited partnership interests that reflects such partner's capital account or compensatory grant awards, excluding any goodwill or going concern value of our business unless Cantor, in the case of the founding partners, and we, as the general partner of BGC Holdings, otherwise determine. We may effect redemptions of BGC Holdings LPUs and FPU, and concurrently grant shares of our Class A common stock, or may grant our partners the right to exchange their BGC Holdings limited partnership interests for shares of our Class A common stock (if, in the case of founding partners, Cantor so determines and, in the case of working partners and limited partnership unit holders, the BGC Holdings general partner, with Cantor's consent, determines otherwise) and thereby realize any higher value associated with our Class A common stock. Similar provisions with respect to Newmark Holdings limited partnership interests are contained in the Newmark Holdings limited partnership agreement. We believe that having invested in us, partners feel a sense of responsibility for the health and performance of our business and have a strong incentive to maximize our revenues and profitability.

## **Relationship Between BGC Partners and Cantor**

See “Risk Factors — Risks Related to our Relationship with Cantor and its Affiliates.”

## **Debt**

For information about our credit agreements and senior notes, see “Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources.”

## **Newmark Spin-Off**

On November 30, 2018, we completed the Spin-Off of the shares of Newmark Class A and Class B common stock held by us to our stockholders as of the close of business on the Record Date through a special pro-rata stock dividend pursuant to which shares of Newmark Class A common stock held by BGC were distributed to holders of BGC Class A common stock and shares of Newmark Class B common stock held by BGC were distributed to holders of BGC Class B common stock (which holders of BGC Class B common stock were Cantor and CFGM). Following the Spin-Off, BGC no longer holds any interest in Newmark.

## **Regulation**

### ***U.S. Regulation***

The financial services industry in the United States is subject to extensive regulation under both federal and state laws. As registered broker-dealers, introducing brokers and FCMs, and other types of regulated entities as described below, certain of our subsidiaries are subject to laws and regulations which cover all aspects of financial services, including sales methods, trade practices, use and safekeeping of customers’ funds and securities, minimum capital requirements, recordkeeping, business practices, securities lending and financing of securities purchases and the conduct of associated persons. We and our subsidiaries also are subject to the various anti-fraud provisions of the Securities Act, the Exchange Act, the Commodity Exchange Act, certain state securities laws and the rules and regulations thereunder. We also may be subject to vicarious and controlling person liability for the activities of our subsidiaries and our officers, employees and affiliated persons.

The SEC is the federal agency primarily responsible for the administration of federal securities laws, including adopting rules and regulations applicable to broker-dealers (other than government securities broker-dealers) and enforcing both its rules regarding broker-dealers and the Treasury’s rules regarding government securities broker-dealers. In addition, we operate a number of platforms that are governed pursuant to SEC Regulation ATS. Broker-dealers are also subject to regulation by state securities administrators in those states in which they conduct business or have registered to do business. In addition, Treasury rules relating to trading government securities apply to such activities when engaged in by broker-dealers. The CFTC is the federal agency primarily responsible for the administration of federal commodities future laws and other acts, including the adoption of rules applicable to FCMs, Designated Contract Markets (“DCM”) and SEFs such as BGC Derivative Markets, L.P. (“BGC Derivative Markets”) and GFI Swaps Exchange LLC.

Much of the regulation of broker-dealers’ operations in the United States has been delegated to self-regulatory organizations. These self-regulatory organizations adopt rules (which are subject to approval by the SEC) that govern the operations of broker-dealers and government securities broker-dealers and conduct periodic inspections and examinations of their operations. In the case of our U.S. broker-dealer subsidiaries, the principal self-regulatory organization is FINRA. FINRA was formed from the consolidation of the NASD’s member regulation operations and the regulatory arm of the NYSE Group to act as the self-regulatory organization for all broker-dealers doing business within the United States. Accordingly, our U.S. broker-dealer subsidiaries are subject to both scheduled and unscheduled examinations by the SEC and FINRA. In our futures-related activities, our subsidiaries are also subject to the rules of the CFTC, futures exchanges of which they are members and the NFA, a futures self-regulatory organization. See the section entitled “2019 Settlement” below for a description of the September 2019 settlement between two of our subsidiaries and the CFTC and NYAG.

The changing regulatory environment, new laws that may be passed by Congress, and rules that may be promulgated by the SEC, the Treasury, the Federal Reserve Bank of New York, the CFTC, the NFA, FINRA and other self-regulatory organizations, or changes in the interpretation or enforcement of existing laws and rules, if adopted, may directly affect our operations and profitability and those of our competitors and customers and of the securities markets in which we participate in a way that could adversely affect our businesses.

The SEC, self-regulatory organizations and state securities administrators conduct informal and formal investigations of possible improprieties or illegal action by broker-dealers and their “associated persons,” which could be followed by the institution of administrative, civil and/or criminal proceedings against broker-dealers and/or “associated persons.” Among the

sanctions that may result if administrative, civil or criminal proceedings were ever instituted against us or our “associated persons” are injunctions, censure, fines, penalties, the issuance of cease-and-desist orders or suspension or expulsion from the industry and, in rare instances, even imprisonment. The principal purpose of regulating and disciplining broker-dealers is to protect customers and the securities markets, rather than to protect broker-dealers or their creditors or equity holders. From time to time, our “associated persons” have been and are subject to routine investigations, none of which to date have had a material adverse effect on our businesses, financial condition, results of operations or prospects.

In light of recent events in the U.S. and global financial markets, regulators and legislators in the U.S. and EU continue to craft new laws and regulations for the global OTC derivatives markets. The Dodd-Frank Act mandates or encourages several reforms regarding derivatives, including new regulations for swaps markets creating impartiality considerations, additional pre- and post-trade transparency requirements, and heightened collateral or capital standards, as well as recommendations for the obligatory use of central clearing for most standardized derivatives. The law also requires that standardized OTC derivatives be traded in an open and non-exclusionary manner on a DCM or a SEF. The SEC is still in the process of finalizing rules for the implementation of many of these requirements, however the SEC has not indicated when they may release their rule set surrounding security-based SEFs. The actual implementation of such rules may be phased in over a longer period.

As these rules require authorized execution facilities to maintain robust front-end and back-office IT capabilities and to make large and ongoing technology investments, and because these execution facilities may be supported by a variety of voice and auction-based execution methodologies, we expect our hybrid and fully electronic trade and execution capability to perform strongly in such an environment.

Similarly, while the Volcker Rule does not apply directly to us, the Volcker Rule may have a material impact on many of the banking and other institutions with which we do business or compete. There may be continued uncertainty regarding the Volcker Rule, its impact on various affected businesses, how those businesses will respond to it, and the effect that it will have on the markets in which we do business.

BGC Derivative Markets and GFI Swaps Exchange, our subsidiaries, operate as SEFs. Mandatory Dodd-Frank Act compliant execution on SEFs by eligible U.S. persons commenced in February 2014 for “made available to trade” products, and a wide range of other rules relating to the execution and clearing of derivative products were finalized with implementation periods in 2016 and beyond. We also own ELX, which became a dormant contract market on July 1, 2017 and in July 2021, we completed the purchase of the Futures Exchange Group from Cantor, which represents our futures exchange and related clearinghouse. As these rules require authorized execution facilities to maintain robust front-end and back-office IT capabilities and to make large and ongoing technology investments, and because these execution facilities may be supported by a variety of voice and auction-based execution methodologies, we expect our Hybrid and Fully Electronic trading capability to perform strongly in such an environment.

On June 25, 2020, the CFTC approved a final rule prohibiting post-trade name give-up for swaps executed, prearranged or prenegotiated anonymously on or pursuant to the rules of a SEF and intended to be cleared. The rule provides exemptions for package transactions that include a component transaction that is not a swap that is intended to be cleared. The rule went into effect on November 1, 2020 for swaps subject to the trade execution requirement under the Commodity Exchange Act Section 2(h)(8) and July 5, 2021 for swaps not subject to the trade execution requirement, but intended to be cleared.

In addition, several state laws that have recently come into effect, and may come into effect in the future, have created and will create new compliance obligations in related to personal data.

While we continue to have a compliance framework in place to comply with both existing and proposed rules and regulations, it is possible that the existing regulatory framework may be amended, which amendments could have a positive or negative impact on our businesses, financial condition, results of operations and prospects.

### ***Recent Settlements***

In September 2019, two of the Company’s subsidiaries, BGCF and GFI Securities LLC, settled investigations conducted jointly by the CFTC and the NYAG. The CFTC and NYAG alleged that, in 2014 and 2015, certain emerging markets foreign exchange options (EFX options) brokers in the U.S. misrepresented that certain prices posted to their electronic platform were immediately executable when in fact they were not and that such brokers had communicated that transactions had been matched when they had not. On October 9, 2019, the Company paid an aggregate of \$25.0 million in connection with the settlements and agreed to a monitor for two years to assess regulatory compliance, which monitorship concluded in October 2021. The NYAG settlements include a non-prosecution agreement, and there was no criminal penalty from either agency.

In September 2020, the SEC announced a settlement with BGC regarding alleged negligent disclosure violations related to one of BGC’s non-GAAP financial measures for periods beginning with the first quarter of 2015 through the first quarter of 2016. All of the relevant disclosures related to those periods and pre-dated the SEC staff’s May 2016 detailed

compliance and disclosure guidance with respect to non-GAAP presentations. BGC revised its non-GAAP presentation beginning with the second quarter of 2016 as a result of the SEC's guidance, and the SEC has made no allegations with regard to any periods following the first quarter of 2016. In connection with the SEC settlement, BGC was ordered to cease and desist from any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act, Section 13(a) of the Exchange Act and Rule 13a-11 thereunder, and Rule 100(b) of Regulation G, and agreed to pay a civil penalty of \$1.4 million without admitting or denying the SEC's allegations.

### ***U.K. and European Regulation***

The FCA is the relevant statutory regulator for the United Kingdom financial services industry. The FCA's objectives are to protect customers and financial markets, protect and enhance the integrity of the United Kingdom financial system and promote competition between financial services providers. It has broad rule-making, investigative and enforcement powers derived from the Financial Services and Markets Act 2000 and subsequent and derivative legislation and regulations. The FCA's recent focus has been on financial and operational resilience, and promoting market integrity. Currently, we have subsidiaries and branches regulated by the FCA (some include BGC Brokers L.P., the U.K. branch of Aurel BGC, GFI Securities Ltd., and GFI Brokers Limited.).

From time to time, we have been and are subject to periodic examinations, inspections and investigations, including periodic risk assessment and related reviews of our U.K. group. As a result of such reviews, we may be required to include or enhance certain regulatory structures and frameworks in our operating procedures, systems and controls. When acquiring control of regulated entities, we may be required to obtain the consent of their applicable regulator.

The FCA has in the past developed a practice of requiring senior officers of regulated firms to provide individual attestations or undertakings as to the status of a firm's control environment, compliance with specific rules and regulations, or the completion of required tasks. Officers of BGC Brokers L.P. and GFI Brokers Limited have previously given such attestations or undertakings, and may do so again in the future. Similarly, the FCA can seek a voluntary requirement notice, which is a voluntary undertaking on behalf of a firm that is made publicly available on the FCA's website. The SMCR came into effect in the U.K. on December 9, 2019 for FCA solo-regulated firms. Personal accountability requirements fall on senior managers, and a wider population of U.K. staff are subject to certification requirements and conduct rules. SMCR has increased the cost of compliance, and will potentially increase financial penalties for non-compliance.

### ***Recent European Regulatory Developments***

The EMIR on OTC derivatives, central counterparties and trade repositories was adopted in July 2012. EMIR fulfills several of the EU's G20 commitments to reform OTC derivatives markets. The reforms are designed to reduce systemic risk and bring more transparency to both OTC and listed derivatives markets.

Along with the implementation of EMIR reporting requirements, the Regulation on Wholesale Energy Markets Integrity and Transparency ("REMIT") Implementation Acts became effective on January 7, 2015. The REMIT Implementing Acts developed by the European Commission define the details of reporting under REMIT, drawing up the list of reportable contracts and derivatives; defining details, timing and form of reporting, and establishing harmonized rules to report that information to the Agency for the Cooperation of Energy Regulators ("ACER"). They enable ACER to collect information in relation to wholesale energy market transactions and fundamentals through the Agency's REMIT Information System (ARIS), to analyze this data to detect market abuse and to report suspicious events to the National Competent Authorities, which are responsible for investigating these matters further, and if required, imposing sanctions. Market participants and third parties reporting on their behalf have had to: (i) report transactions executed at organized marketplaces and fundamental data from the central information transparency platforms; and (ii) report transactions in the remaining wholesale energy contracts (OTC standard and non-standard supply contracts, transportation contracts) and additional fundamental data.

To achieve a high level of harmonization and convergence in regular supervisory reporting requirements, the Committee of European Banking Supervisors issued guidelines on prudential reporting with the aim of developing a supervisory reporting framework based on common formats, known as COREP. COREP has become part of European Banking Authorities' implementing technical standards on reporting under Basel III. Basel III (or the Third Basel Accord) is a global regulatory standard on bank capital adequacy, stress testing and market liquidity risk introduced by bank regulators in most, if not all, of the world's major economies. Basel III is designed to strengthen bank capital requirements and introduces new regulatory requirements on bank liquidity and bank leverage. The ongoing adoption of these rules could restrict the ability of our large bank and broker-dealer customers to operate proprietary trading businesses and to maintain current capital market exposures under the present structure of their balance sheets, and will cause these entities to need to raise additional capital in order to stay active in our marketplaces. Meanwhile, global "Basel IV" standards are expected to be adopted in the years to come.

Much of our global derivatives volumes continue to be executed by non-U.S. based clients outside the U.S. and subject to local prudential regulations. As such, we will continue to operate a number of European regulated venues in accordance with EU or U.K. legislation and licensed by the FCA or EU-based national supervisors. These venues are also operated for non-derivative instruments for these clients. MiFID II was published by the European Securities and Markets Authority in September 2015, and implemented in January 2018 and introduced important infrastructural changes.

MiFID II requires a significant part of the market in these instruments to trade on trading venues subject to transparency regimes, not only in pre- and post-trade prices, but also in fee structures and access. In addition, it has impacted a number of key areas, including corporate governance, transaction reporting, pre- and post-trade transparency, technology synchronization, best execution and investor protection.

MiFID II is intended to help improve the functioning of the EU single market by achieving a greater consistency of regulatory standards. By design, therefore, it is intended that EU member states should have very similar regulatory regimes in relation to the matters addressed to MiFID. MiFID II has also introduced a new regulated execution venue category known as an OTF that captures much of the Voice-and Hybrid-oriented trading in EU. Much of our existing EU derivatives and fixed income execution business now take place on OTFs. Further to its decision to leave the EU, the U.K. has implemented MiFID II's requirements into its own domestic legislation. Brexit may impact future market structures and MiFID II rulemaking and implementation due to potential changes in mutual passporting and equivalence arrangements between the U.K. and EU member states. See “— Brexit” below

In addition, the GDPR came into effect in the EU on May 25, 2018 and creates new compliance obligations in relation to personal data. The GDPR may affect our practices, and will increase financial penalties for non-compliance significantly.

In 2019, a new European Commission took office which may over the course of its five-year mandate or introduce new legislative proposals for the Financial Services Sector and change the Brexit landscape for EU and UK financial firms alike. We are unable to predict how any of these new laws and proposed rules and regulations in the U.S. or the U.K. will be implemented or in what form, or whether any additional or similar changes to statutes or rules and regulations, including the interpretation or implementation thereof or a relaxation or other amendment of existing rules and regulations, will occur in the future. Any such action could affect us in substantial and unpredictable ways, including important changes in market infrastructure, increased reporting costs and a potential rearrangement in the sources of available revenue in a more transparent market. Certain enhanced regulations could subject us to the risk of fines, sanctions, enhanced oversight, increased financial and capital requirements and additional restrictions or limitations on our ability to conduct or grow our businesses, and could otherwise have an adverse effect on our businesses, financial condition, results of operations and prospects. We believe that uncertainty and potential delays around the final form of such new rules and regulations may negatively impact our customers and trading volumes in certain markets in which we transact, although a relaxation of existing rules and requirements could potentially have a positive impact in certain markets. Increased capital requirements may also diminish transaction velocity.

We believe that it remains premature to know conclusively the specific aspects of the U.S. and EU proposals that may directly affect our businesses, as some proposals have not yet been finalized and others which have been proposed remain subject to supervisory debate. While we generally believe the net impact of the rules and regulations may be positive for our businesses, it is possible that unintended consequences of the rules and regulations may materially adversely affect us in ways yet to be determined.

### ***Brexit***

On January 1, 2021, the U.K. formally left the EU and U.K.-EU trade became subject to a new agreement that was concluded in December of 2020. The exit from the EU is commonly referred to as Brexit. Financial services fall outside of the scope of this trade agreement. Instead, the relationship will largely be determined by a series of “equivalence decisions,” each of which would grant mutual market access for a limited subset of financial services where either party finds the other party has a regulatory regime that achieves similar outcomes to its own. It is currently unknown if or when equivalence decisions will be taken. In March 2021, the U.K. and EU agreed a Memorandum of Understanding on Financial Services Regulatory Cooperation which creates a structure for dialogue but does not include commitments on equivalence.

In light of ongoing uncertainties, market participants are still adjusting. The exact impact of Brexit on the U.K.-EU flow of financial services therefore remains unknown. This same uncertainty applies to the consequences for the economies of the U.K. and the EU member states as a result of the U.K.'s withdrawal from the EU.

We implemented plans to ensure continuity of service in Europe and continue to have regulated offices in place in many of the major European markets. As part of our Brexit strategy, ownership of BGC Madrid, Copenhagen and Frankfurt & GFI Paris, Madrid and Dublin branches was transferred to Aurel BGC SAS (a French-based operation and therefore based in the EU) in July 2020. We have been generally increasing our footprint in the EU which includes the establishment of a new branch office of Aurel BGC SAS in Milan and a new office in Monaco under a new local Monaco subsidiary.

Regardless of these and other mitigating measures, our European headquarters and largest operations are in London, and market access risks and uncertainties have had and could continue to have a material adverse effect on our customers, counterparties, businesses, prospects, financial condition and results of operations. Furthermore, in the future the U.K. and EU's regulation may diverge, which could disrupt and increase the costs of our operations, and result in a loss of existing levels of cross-border market access.

### ***Other Regulation***

Our subsidiaries that have foreign operations are subject to regulation by the relevant regulatory authorities and self-regulatory organizations in the countries in which they do business. The following table sets forth certain jurisdictions, other than the U.S., in which we do business and the applicable regulatory authority or authorities of each such jurisdiction:

<b>Jurisdiction</b>	<b>Regulatory Authorities/Self-Regulatory Organizations</b>
Argentina	Comisión Nacional de Valores
Australia	Australian Securities and Investments Commission and Australian Securities Exchange
Bahrain	The Central Bank of Bahrain
Bermuda	Bermuda Monetary Authority
Brazil	Brazilian Securities and Exchange Commission, the Central Bank of Brazil, BM&F BOVESPA and Superintendencia de Seguros Privados
Canada	Ontario Securities Commission, Autorite des Marches Financiers (Quebec), Investment Industry Regulatory Organization of Canada (IIROC)
Cayman	Cayman Islands Monetary Authority
Chile	Superintendencia de Valores y Seguros
China	China Banking Regulatory Commission, State Administration of Foreign Exchange and China Insurance Regulatory Commission
Columbia	Superintendencia Financiera de Columbia
Cyprus	Superintendent of Insurance
Denmark	Finanstilsynet
Dubai	Dubai Financial Supervisory Authority
France	ACPR (L'Autorité de Contrôle Prudentiel et de Résolution), AMF (Autorité des Marchés Financiers)
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht (BAFIN)
Hong Kong	Hong Kong Securities and Futures Commission and The Hong Kong Monetary Authority
Ireland	Central Bank of Ireland
Italy	Commissione Nazionale Per Le Società E La Borsa (CONSOB)
Japan	Japanese Financial Services Agency, Japan Securities Dealers Association and the Securities and Exchange Surveillance Commission

Mexico	Banking and Securities National Commission, Comision Nacional Bancaria y de Valores (CNBV)
Peru	Ministerio de Economica y Finanzas
Philippines	Securities and Exchange Commission
Russia	Federal Service for Financial Markets
Singapore	Monetary Authority of Singapore
South Africa	Johannesburg Stock Exchange
South Korea	Ministry of Strategy and Finance, The Bank of Korea, The Financial Services Commission and The Financial Supervisory Service
Spain	Comision Nacional del Mercado de Valores (CNMV)
Switzerland	Financial Markets Supervisory Authority (FINMA), Swiss Federal Banking Commission
Turkey	Capital Markets Board of Turkey, The Financial Crimes Investigation Board of Turkey, the Undersecretariat of the Turkish Treasury and the Insurance Regulation and Supervision Authority
United Kingdom	Financial Conduct Authority

## Capital Requirements

### *U.S.*

Every U.S.-registered broker-dealer is subject to the Uniform Net Capital Requirements. FCMs, such as our subsidiary, Mint Brokers (“Mint”), are also subject to CFTC capital requirements. These requirements are designed to ensure financial soundness and liquidity by prohibiting a broker or dealer from engaging in business at a time when it does not satisfy minimum net capital requirements.

In the United States, net capital is essentially defined as net worth (assets minus liabilities), plus qualifying subordinated borrowings and less certain mandatory deductions that result from excluding assets that are not readily convertible into cash and from conservatively valuing certain other assets, such as a firm’s positions in securities. Among these deductions are adjustments, commonly referred to as “haircuts,” to the market value of securities positions to reflect the market risk of such positions prior to their liquidation or disposition. The Uniform Net Capital Requirements also impose a minimum ratio of debt to equity, which may include qualified subordinated borrowings.

Regulations have been adopted by the SEC that prohibit the withdrawal of equity capital of a broker-dealer, restrict the ability of a broker-dealer to distribute or engage in any transaction with a parent company or an affiliate that results in a reduction of equity capital or to provide an unsecured loan or advance against equity capital for the direct or indirect benefit of certain persons related to the broker-dealer (including partners and affiliates) if the broker-dealer’s net capital is, or would be as a result of such withdrawal, distribution, reductions, loan or advance, below specified thresholds of excess net capital. In addition, the SEC’s regulations require certain notifications to be provided in advance of such withdrawals, distributions, reductions, loans and advances that exceed, in the aggregate, 30% of excess net capital within any 30-day period. The SEC has the authority to restrict, for up to 20 business days, such withdrawal, distribution or reduction of capital if the SEC concludes that it may be detrimental to the financial integrity of the broker-dealer or may expose its customers or creditors to loss. Notice is required following any such withdrawal, distribution, reduction, loan or advance that exceeds, in the aggregate, 20% of excess net capital within any 30-day period. The SEC’s regulations limiting withdrawals of excess net capital do not preclude the payment to employees of “reasonable compensation.”

Four of our subsidiaries, BGCF, GFI Securities LLC, Fenics Execution, LLC and Mint, are registered with the SEC and are subject to the Uniform Net Capital Requirements. As a FCM, Mint is also subject to CFTC minimum capital requirements. In December of 2018, BGCF submitted an application with the CFTC to withdraw its FCM license which was approved. BGCF now conducts its business as an Introducing Broker registered with the NFA. BGCF is also a member of the

FICC, which imposes capital requirements on its members. We also hold a 49% limited partnership interest in Aqua, a U.S. registered broker-dealer and ATS. In addition, our SEFs, BGC Derivative Markets and GFI Swaps Exchange are required to maintain financial resources to cover operating costs for at least one year, keeping at least enough cash or highly liquid securities to cover six months' operating costs. The Company also operates a designated contract market (DCM) and derivatives clearing organization (DCO) through the Futures Exchange Group, which are required to maintain financial resources to cover operating costs for at least one year, keeping at least enough cash or highly liquid securities to cover six months' operating costs. Compliance with the Uniform Net Capital Requirements may limit the extent and nature of our operations requiring the use of our registered broker-dealer subsidiaries' capital, and could also restrict or preclude our ability to withdraw capital from our broker-dealer subsidiaries or SEFs.

### ***Non-U.S.***

Our international operations are also subject to capital requirements in their local jurisdictions. BGC Brokers L.P., BGC European Holdings, L.P., GFI Brokers Limited, and GFI Securities Limited, which are based in the U.K., are currently subject to capital requirements established by the FCA. The capital requirements of our French entities (and its EU branches) are predominantly set by ACPR and AMF. U.K. and EU authorities apply stringent provisions with respect to capital applicable to the operation of these brokerage firms, which vary depending upon the nature and extent of their activities. EU policymakers have introduced a new capital regime applicable to EU Investment Firms with a phased implementation beginning in June 2021. The U.K. has introduced a regime that, while applying different rules and methods, is largely similar in its objectives. This regime has commenced a phased implementation beginning in January 2022.

In addition, the majority of our other foreign subsidiaries are subject to similar regulation by the relevant authorities in the countries in which they do business. Additionally, certain other of our foreign subsidiaries are required to maintain non-U.S. net capital requirements. For example, in Hong Kong, BGC Securities (Hong Kong), LLC, GFI (HK) Securities LLC and Sunrise Brokers (Hong Kong) Limited are regulated by the Securities and Futures Commission. BGC Capital Markets (Hong Kong) Limited and GFI (HK) Brokers Ltd, are regulated by The Hong Kong Monetary Authority. All are subject to Hong Kong net capital requirements. In France, Aurel BGC and BGC France Holdings; in Australia, BGC Securities (Australia) Pty Limited, BGC (Securities) Pty Limited and GFI Australia Pty Ltd.; in Japan, BGC Shoken Kaisha Limited's Tokyo branch and BGC Capital Markets Japan LLC's Tokyo Branch; in Singapore, BGC Partners (Singapore) Limited, GFI Group Pte Ltd and Ginga Global Market Pte Ltd; in South Korea, BGC Capital Markets & Foreign Exchange Broker (Korea) Limited and GFI Korea Money Brokerage Limited; and in Turkey, BGC Partners Menkul Degerler AS, all have net capital requirements imposed upon them by local regulators. In addition, the LCH (LIFFE/LME) clearing organization, of which BGC Brokers L.P. is a member, also imposes minimum capital requirements. In Latin America, BGC Liquidez Distribuidora De Titulos E Valores Mobiliarios Ltda. (Brazil) has net capital requirements imposed upon it by local regulators.

We had net assets in our regulated subsidiaries of \$667.2 million and \$326.9 million for the years ended December 31, 2021 and 2020, respectively.

## **Human Capital Management**

### ***Human Capital Resources***

As of December 31, 2021, we employed approximately 3,920 employees in 27 countries spread across five continents. Within this total, 99% of our employee base was comprised of full-time employees. Brokers, salespeople, managers, technology professionals and other front-office personnel across our businesses comprise approximately 2,100 employees, representing 54% of the total workforce. Approximately 27% of our brokers, salespeople, managers, technology professionals and other front-office personnel were based in the Americas, and approximately 50% were based in Europe, the Middle East and Africa, with the remaining approximately 23% based in the Asia-Pacific region. On November 1, 2021, we completed the Insurance Business Disposition and approximately 519 front and back office employees in our insurance brokerage business were transferred in connection with the transaction. Various of our employees also work for Cantor and its affiliates and provide services to us pursuant to the Administrative Services Agreement and devote only a portion of their time to our business, and therefore have not been included in the counts above. Generally, our employees are not subject to any collective bargaining agreements, except for certain of our employees based in our European offices that are covered by the national, industry-wide collective bargaining agreements relevant to the countries in which they work.

We have invested significantly through acquisitions, and the hiring of new brokers, salespeople, managers, technology professionals and other front-office personnel. The business climate for these acquisitions and recruitment has been competitive, and it is expected that these conditions will persist for the foreseeable future. We have been able to attract businesses and brokers, salespeople, managers, technology professionals and other front-office personnel to our platform as we believe they recognize that we have the scale, technology, experience and expertise to succeed.

BGC is an organization built on strong values, employee engagement and ownership. At our core, we are committed to our employees by providing an opportunity to participate in our success. We believe that by cultivating a dynamic mix of people and ideas, we enrich the performance of our businesses, the experience of our increasingly diverse employee base and the dynamism of our communities.

### ***Human Capital Measures and Objectives***

In operating our businesses, we focus on certain human capital measures and objectives that are key drivers of our revenues and margins. We continually work to expand our trading across more asset classes and geographical regions and to grow our Fully Electronic businesses while seeking to manage our human capital resources to maximize our profitability in the face of shifting demands and conditions.

Our key human capital measures and objectives include front-office employee headcount (described above) and average revenue per front-office employee. Our average revenue per front-office employee has historically declined for the 12-month period immediately following significant headcount increases, and the additional brokers and salespeople generally achieve significantly higher productivity levels in their second or third year with the Company. While during 2021 and into the first quarter of 2022 we have experienced higher than normal turnover for our back office and operational employees due to recent wage pressures and the effects of COVID-19, our front office headcount taking into account the sale of our Insurance brokerage business has not been affected by these factors. As of December 31, 2021, our front-office revenue-generating headcount was approximately 2,100 brokers and salespeople, down 8% from 2,297 a year ago as we selectively reduced less productive front office headcount. These reductions were made alongside increased migration toward Fenics technology solutions, which helped drive average productivity. Compared to the prior year period, average revenue per front-office employee for the year ended December 31, 2021, increased by 8.1% to approximately \$811,000.

We invest heavily in developing our technology and new products and services in order to drive increased front-office productivity and generate higher margins, in particular with respect to our Fenics brokerage and other higher-margin businesses. For example, in our Fenics businesses, we aim to convert Voice and Hybrid trading to Fully Electronic trading in order to improve our margins. This is largely because automated and electronic trading efficiency allows the same number of employees to manage a greater volume of trades resulting in a decrease in the marginal cost of trading. Our Fully Electronic business has generally overcome challenges associated with remote working during the COVID-19 pandemic and productivity has remained high with average front office productivity increasing by 8.1% for the year ended December 31, 2021 compared to the prior year. From time to time, we also engage in cost-savings initiatives and restructurings in order to improve our margins.

### ***Retention Measures***

In order to retain and hire additional workforce, we have increased our flexible work arrangements, where appropriate, and made compensation adjustments, established additional corporate opportunities and provided additional benefits including a 401(k) match for many of our U.S. support employees.

We have taken significant measures to develop a safe work environment which is conducive to work in our office locations, particularly for front-office brokers and revenue generating employees, subject to applicable state and local regulatory requirements. We have established a more flexible hybrid approach in many instances for non-revenue generating roles or for roles which are not office dependent, where appropriate. We have established vaccination requirements in accordance with applicable laws, including time-off for vaccines, coverage for COVID-19 testing and enhanced sick leave. We continue to offer employee assistance programs and additional avenues for mental health consultation and wellness. We continue to take significant steps to protect our employees and encourage them all to get vaccinated.

### ***Performance-Based and Highly Retentive Compensation Structure***

Virtually all of our executives and front-office employees have equity or partnership stakes in the Company and its subsidiaries and generally receive grants of deferred equity or LPUs as part of their compensation. As of December 31, 2021, our employees, partners, executive officers and directors owned approximately 20% of our equity, on a fully diluted basis.

We issue LPUs as well as other forms of equity-based compensation, including grants of exchangeability into shares of Class A common stock and grants of shares of restricted stock, to provide liquidity to our employees, to align the interests of our employees and management with those of common stockholders, to help motivate and retain key employees, and to encourage a collaborative culture that drives cross-selling and revenue growth. These LPUs, which may be redeemed at any time for zero, and shares of restricted stock, which are subject to forfeiture if the non-compete, confidentiality or non-solicit provisions of the BGC Holdings, limited partnership agreement are violated, are also extremely retentive. In addition, we pay

amounts due to a partner upon termination of service over a number of years in order to ensure compliance with partner obligations.

We also enter into various agreements with certain of our employees and partners whereby these individuals receive loans which may be either wholly or in part repaid from the distributions that these individuals receive on some or all of their LPUs and from proceeds of the sale of the employees' shares of BGC Class A common stock, or may be forgiven over a period of time. From time to time, the Company may also enter into agreements with employees and partners to grant bonus and salary advances or other types of loans. These advances and loans are repayable in the timeframes outlined in the underlying agreements.

### ***Human Capital and Social Policies and Practices***

We have a variety of programs to incentivize and support our employees, from employee ownership to comprehensive benefits and training. We are also committed to equal opportunity, diversity and other policies and practices designed to fulfill our commitment to social and human capital development.

#### ***Employee Diversity, Inclusion and Equal Opportunity***

We are committed to equal opportunity, diversity and other policies and practices that seek to further our development of a diverse and inclusive workplace. We consider all qualified applicants for job openings and promotions without regard to race, color, religion or belief, sex, sexual orientation, gender identity or reassignment, national origin or ancestry, age, disability, service in the armed forces, pregnancy or maternity, familial status, marriage and civil partnership, genetic information or any other characteristic that has no bearing on the ability of employees to do their jobs well. We continue to develop initiatives to support these values.

Our recruitment, promotion and compensation processes are designed to enable us to treat employees fairly, and our compensation decisions are differentiated based on performance.

Talent remains at the core of who we are as a company, and we remain committed to having a culture built around inclusion and developing a diverse workforce. We continue to work to enhance our ability to attract, develop and retain top talent with an emphasis on increasing representation of traditionally underrepresented groups at all levels of the organization, encompassing early careers to experienced hiring, retention and development initiatives with a focus on diversity and inclusion. Our goal is to build an even more successful organization that more closely reflects the population at large.

Our Network of Women (“NOW”) program supports the recruitment, development and retention of women across our organization to advance our businesses and reputation. NOW offers a variety of opportunities, tools, events and workshops to help our employees make new professional contacts, find mentors, gain knowledge and develop their careers. These events and activities also allow our employees to support one another through a valuable exchange of experiences, advice and best practices for career success.

A number of initiatives across our geographic regions are in place to promote our corporate values and foster greater diversity and inclusion. Such examples include early career work experiences and internship programs focusing on diverse talent, mentorship programs, and initiatives to foster women’s leadership. In the U.K., we have signed up to HM Treasury’s Women in Finance Charter, which commits signatory firms to set percentage targets to increase the proportion of women in senior roles and publicly report on their progress in seeking to meet these targets.

#### ***Employee Engagement, Communication, Management and Leadership Training and Development***

We are investing in our employees’ long-term development and engagement by delivering training and development programs and a culture where our people can thrive and maximize their potential. We require annual regulatory training in anti-money laundering and anti-crime, cyber-security and workplace respect and inclusion, among other topics. We also provide or support periodic job-specific and other developmental training and support for our employees so they can maximize their potential, as well as a tuition reimbursement program to eligible employees.

We provide leadership training to managers on topics including management effectiveness, communication skills and delivering effective performance evaluations, unconscious bias and various other topics. This training is supplemented by a library of online training courses that managers and employees may access. Our individual business lines offer ongoing learning and development opportunities tied to deepening the subject matter expertise of their professionals. Further, we offer summer and fall intern and early career programs in various parts of our businesses, including technology, and within the businesses regionally.

Our success depends on employees understanding of how their work and engagement contribute to our strategy, culture, values, and regulatory environment. We use various channels to facilitate open and direct communication, including internal calls and meetings with employees, training and policy updates, employee resource groups, such as NOW, and social and family outings and events.

### ***Succession Planning***

From time to time, the Board discusses succession planning, including our consideration of succession strategy, the impact of any potential absence due to illness or leave of certain key executive officers or employees, as well as competing demands on the time of certain of our executive officers who also provide services to Cantor, Newmark, and various other ventures and investments sponsored by Cantor. Our Board also discusses from time to time, as part of its succession planning, engagement and encouragement of future business leaders and the process of introducing directors to leaders in the Company's business lines. The Board also considers hiring and retention of leaders required for the changing business landscape and to lead future business lines. At the business and departmental levels, managers discuss and identify potential talent, opportunities for employee growth, successors, and future leaders.

### ***Environmental, Social and Governance (ESG) / Sustainability Information***

We believe that our environmental, social and governance ("ESG") policies and practices will create sustainable long-term value for BGC, our stockholders and other stakeholders, our clients and our employees while also helping us mitigate risks, reduce costs, protect brand value, and identify market opportunities. We are embedding social and human capital, employment, environmental, sustainability, charitable and corporate governance policies and practices into our corporate strategy, compensation, disclosure, and goals to maintain and advance long-term stockholder value.

### ***Our Environmental Focus, Environmental Markets and Sustainable Business Practices***

We are focused on the environment and recognize the importance of treating our natural resources with the greatest respect, so that they are available to future generations. As a socially responsible business operating within financial services, we are actively aware of climate change and other major issues affecting the environment. Our BGC Environmental Brokerage Services is a leader in the world's environmental and green energy markets. Our environmental brokerage services business provides expert innovative carbon offset solutions and advice to the world's green energy markets, from transactions and financing to technology and consulting. For decades, we have helped clients worldwide navigate the complex financial requirements in order to achieve their environmental initiatives, in the process contributing to dramatically reduced emissions and the promotion of renewable energy. For more information on BGC Environmental Brokerage Services, please visit [www.bgcebs.com](http://www.bgcebs.com).

In our workplaces, we are studying how to make our own contribution to state, national and global environmental initiatives and to require the same of our vendors and suppliers when doing business with us. As part of this, we are considering how to minimize our future carbon footprint when planning office renovations and will continue to focus our attention in the near term on methods of reducing our greenhouse gas emissions, increasing use of renewable energy, conserving water, and reducing waste generation.

BGC supports sustainable business practices and is focused on the steps necessary to establish a sustainability program internally as we focus on our own real estate usage. Building operations have a significant impact on the environment, and as technology continues to place greater demands on building systems for power and cooling, energy consumption is expected to continue to rise at an unsustainable rate. We believe it is our responsibility to improve energy efficiency and reduce energy consumption to protect the environment through continuous improvement of building practices. We understand that sustainable buildings provide a better work environment, increase building efficiency and reduce the environmental impact of our own building operations. We continue to work on these initiatives.

To learn more about policies and practices and our continuing efforts related to human capital, as well as environmental, social and governance matters, please refer to the ESG / sustainability section of our website at [www.bgcpartners.com/esg](http://www.bgcpartners.com/esg) for further information. You will also find our Corporate Governance Guidelines, our Code of Business Conduct and Ethics, the charters of the committees of our Board of Directors, our Hedging Policy, information about our charitable initiatives and other sustainability and ESG policies and practices on our website and in our annual proxy statement. The information contained on, or that may be accessed through, our website, is not part of, and not incorporated into, this Annual Report on Form 10-K.

## Legal Proceedings

See Note 20—“Commitments, Contingencies and Guarantees” to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K and the section under the heading “Derivative Suit” included in Part I, Item 7 of this Annual Report on Form 10-K, Management’s Discussion and Analysis of Financial Condition and Results of Operations for a description of our legal proceedings.

## OUR ORGANIZATIONAL STRUCTURE

### *Stock Ownership*

As of December 31, 2021, there were 317.0 million shares of BGC Class A common stock outstanding. On June 21, 2017, Cantor pledged 10.0 million shares of BGC Class A common stock in connection with a partner loan program. On November 23, 2018, those shares of BGC Class A common stock were converted into 10.0 million shares of BGC Class B common stock and remain pledged in connection with the partner loan program. On November 23, 2018, BGC Partners issued 10.3 million shares of BGC Class B common stock to Cantor and 0.7 million shares of BGC Class B common stock to CFGM, an affiliate of Cantor, in each case in exchange for shares of BGC Class A common stock from Cantor and CFGM, respectively, on a one-to-one basis pursuant to Cantor’s and CFGM’s right to exchange such shares under the letter agreement, dated as of June 5, 2015, by and between BGC Partners and Cantor. Pursuant to the Exchange Agreement, no additional consideration was paid to BGC Partners by Cantor or CFGM for the Class B Issuance. The Class B Issuance was exempt from registration pursuant to Section 3(a)(9) of the Securities Act. As of December 31, 2021, Cantor and CFGM did not own any shares of BGC Class A common stock. Each share of BGC Class A common stock is entitled to one vote on matters submitted to a vote of our stockholders.

In addition, as of December 31, 2021, Cantor and CFGM held 45.9 million shares of BGC Class B common stock (which represents all of the outstanding shares of BGC Class B common stock), representing approximately 59.1% of our voting power on such date. Each share of BGC Class B common stock is generally entitled to the same rights as a share of BGC Class A common stock, except that, on matters submitted to a vote of our stockholders, each share of Class B common stock is entitled to ten votes. The BGC Class B common stock generally votes together with the BGC Class A common stock on all matters submitted to a vote of our stockholders.

Through December 31, 2021, Cantor has distributed to its current and former partners an aggregate of 20.9 million shares of BGC Class A common stock, consisting of (i) 19.4 million April 2008 distribution rights shares, and (ii) 1.5 million February 2012 distribution rights shares. As of December 31, 2021, Cantor is still obligated to distribute to its current and former partners an aggregate of 15.8 million shares of BGC Class A common stock, consisting of 14.0 million April 2008 distribution rights shares and 1.8 million February 2012 distribution rights shares.

From time to time, we may actively continue to repurchase shares of our Class A common stock including from Cantor, Newmark, our executive officers, other employees, partners and others.

### *BGC Partners, Inc. Partnership Structure*

We are a holding company with no direct operations, and our business is operated through two operating partnerships, BGC U.S. OpCo, which holds our U.S. businesses, and BGC Global OpCo, which holds our non-U.S. businesses. The limited partnership interests of the two operating partnerships are held by us and BGC Holdings, and the limited partnership interests of BGC Holdings are currently held by LPU holders, Founding Partners, and Cantor. We hold the BGC Holdings general partnership interest and the BGC Holdings special voting limited partnership interest, which entitle us to remove and appoint the general partner of BGC Holdings, and serve as the general partner of BGC Holdings, which entitles us to control BGC Holdings. BGC Holdings, in turn, holds the BGC U.S. OpCo general partnership interest and the BGC U.S. OpCo special voting limited partnership interest, which entitle the holder thereof to remove and appoint the general partner of BGC U.S. OpCo, and the BGC Global OpCo general partnership interest and the BGC Global OpCo special voting limited partnership interest, which entitle the holder thereof to remove and appoint the general partner of BGC Global OpCo, and serves as the general partner of BGC U.S. OpCo and BGC Global OpCo, all of which entitle BGC Holdings (and thereby us) to control each of BGC U.S. OpCo and BGC Global OpCo. BGC Holdings holds its BGC Global OpCo general partnership interest through a company incorporated in the Cayman Islands, BGC Global Holdings GP Limited.

As of December 31, 2021, we held directly and indirectly, through wholly-owned subsidiaries, 362.9 million BGC U.S. OpCo limited partnership units and 362.9 million BGC Global OpCo limited partnership units, representing approximately 75.8% of the outstanding limited partnership units in both BGC U.S. OpCo and BGC Global OpCo. As of that date, BGC Holdings held 116.0 million BGC U.S. OpCo limited partnership units and 116.0 million BGC Global OpCo limited

partnership units, representing approximately 24.2% of the outstanding limited partnership units in both BGC U.S. OpCo and BGC Global OpCo.

LPU holders, Founding Partners, and Cantor directly hold BGC Holdings limited partnership interests. Since BGC Holdings in turn holds BGC U.S. OpCo limited partnership interests and BGC Global OpCo limited partnership interests, LPU holders, Founding Partners, and Cantor indirectly have interests in BGC U.S. OpCo limited partnership interests and BGC Global OpCo limited partnership interests. Further, in connection with the Separation and Distribution Agreement, limited partnership interests in Newmark Holdings were distributed to the holders of limited partnership interests in BGC Holdings, whereby each holder of BGC Holdings limited partnership interests who at that time held a BGC Holdings limited partnership interest received a corresponding Newmark Holdings limited partnership interest, equal in number to a BGC Holdings limited partnership interest divided by 2.2 (i.e., 0.4545 of a unit in Newmark Holdings). Accordingly, existing partners at the time of the Separation in BGC Holdings are also partners in Newmark Holdings and hold corresponding units issued at the applicable ratio. Thus, such partners now also have an indirect interest in Newmark OpCo.

As of December 31, 2021, excluding Preferred Units and NPSUs described below, outstanding BGC Holdings partnership interests included 62.4 million LPUs, 8.1 million FPUUs and 56.8 million Cantor units.

We may in the future effect additional redemptions of BGC Holdings LPUs and FPUUs, and concurrently grant shares of BGC Class A common stock. We may also continue our earlier partnership restructuring programs, whereby we redeemed or repurchased certain LPUs and FPUUs in exchange for new units, grants of exchangeability for BGC Class A common stock or cash and, in many cases, obtained modifications or extensions of partners' employment arrangements. We also generally expect to continue to grant exchange rights with respect to outstanding non-exchangeable LPUs and FPUUs, and to repurchase BGC Holdings partnership interests from time to time, including from Cantor, our executive officers, and other employees and partners, unrelated to our partnership restructuring programs.

Cantor units in BGC Holdings are generally exchangeable under the Exchange Agreement for up to 23.6 million shares of BGC Class B common stock (or, at Cantor's option or if there are no such additional authorized but unissued shares of our Class B common stock, BGC Class A common stock) on a one-for-one basis (subject to adjustments). Upon certain circumstances, Cantor may have the right to acquire additional Cantor units in connection with the redemption of or grant of exchangeability to certain non-exchangeable BGC Holdings FPUUs owned by persons who were previously Cantor partners prior to our 2008 acquisition of the BGC business from Cantor. Cantor has exercised this right from time to time.

As of December 31, 2021, there were no FPUUs remaining which BGC Holdings had the right to redeem or exchange and with respect to which Cantor had the right to purchase an equivalent number of Cantor units following such redemption or exchange. On October 28, 2021, Cantor purchased from BGC Holdings an aggregate of 460,929 Cantor units for an aggregate consideration of \$715,605 as a result of the redemption of 460,929 FPUUs, and 1,179,942 Cantor units for aggregate consideration of \$2,033,838 as a result of the exchange of 1,179,942 FPUUs. On March 31, 2021, Cantor purchased from BGC Holdings an aggregate of 1,149,684 Cantor units for aggregate consideration of \$2,104,433 as a result of the redemption of 1,149,684 FPUUs, and 1,618,376 Cantor units for aggregate consideration of \$3,040,411 as a result of the exchange of 1,618,376 FPUUs. Each Cantor unit in BGC Holdings held by Cantor is exchangeable by Cantor at any time on a one-for-one basis (subject to adjustment) for shares of BGC Class A common stock.

In order to facilitate partner compensation and for other corporate purposes, the BGC Holdings limited partnership agreement provides for Preferred Units, which are Working Partner units that may be awarded to holders of, or contemporaneous with the grant of, PSUs, PSIs, PSEs, LPUs, APSUs, APSIs, APSEs, REUs, RPUUs, AREUs, and ARPUUs. These Preferred Units carry the same name as the underlying unit, with the insertion of an additional "P" to designate them as Preferred Units.

Such Preferred Units may not be made exchangeable into BGC Class A common stock and accordingly will not be included in the fully diluted share count. Each quarter, the net profits of BGC Holdings are allocated to such Units at a rate of either 0.6875% (which is 2.75% per calendar year) of the allocation amount assigned to them based on their award price, or such other amount as set forth in the award documentation, before calculation and distribution of the quarterly Partnership distribution for the remaining Partnership units. The Preferred Units will not be entitled to participate in Partnership distributions other than with respect to the Preferred Distribution. As of December 31, 2021, there were 20.1 million such units granted and outstanding in BGC Holdings.

On June 5, 2015, we entered into an agreement with Cantor providing Cantor, CFGM and other Cantor affiliates entitled to hold BGC Class B common stock the right to exchange from time to time, on a one-to-one basis, subject to adjustment, up to an aggregate of 34.6 million shares of BGC Class A common stock now owned or subsequently acquired by such Cantor entities for up to an aggregate of 34.6 million shares of BGC Class B common stock. Such shares of BGC Class B common stock, which currently can be acquired upon the exchange of exchangeable LPUs owned in our Holdings, are already included in the Company's fully diluted share count and will not increase Cantor's current maximum potential voting power in the common equity. The Exchange Agreement will enable the Cantor entities to acquire the same number of shares of BGC

Class B common stock that they were already entitled to acquire without having to exchange their exchangeable LPUs in our Holdings.

Under the Exchange Agreement, Cantor and CFGM have the right to exchange shares of BGC Class A common stock owned by them for the same number of shares of BGC Class B common stock. As of December 31, 2021, Cantor and CFGM do not own any shares of BGC Class A common stock. Cantor and CFGM would also have the right to exchange any shares of BGC Class A common stock subsequently acquired by either of them for shares of BGC Class B common stock, up to 23.6 million shares of BGC Class B common stock.

We and Cantor have agreed that any shares of BGC Class B common stock issued in connection with the Exchange Agreement would be deducted from the aggregate number of shares of BGC Class B common stock that may be issued to the Cantor entities upon exchange of exchangeable LPUs in BGC Holdings. Accordingly, the Cantor entities will not be entitled to receive any more shares of BGC Class B common stock under this agreement than they were previously eligible to receive upon exchange of exchangeable LPUs.

Non-distributing partnership units, or N Units, carry the same name as the underlying unit with the insertion of an additional “N” to designate them as the N Unit type and are designated as NREUs, NPREUs, NLPUs, NPLPUs and NPPSUs. The N Units are not entitled to participate in Partnership distributions, will not be allocated any items of profit or loss and may not be made exchangeable into shares of BGC Class A common stock. Subject to the approval of the Compensation Committee or its designee, certain N Units may be converted into the underlying unit type (i.e., an NREU will be converted into an REU) and will then participate in Partnership distributions, subject to terms and conditions determined by the general partner of BGC Holdings, in its sole discretion, including that the recipient continue to provide substantial services to the Company and comply with his or her partnership obligations.

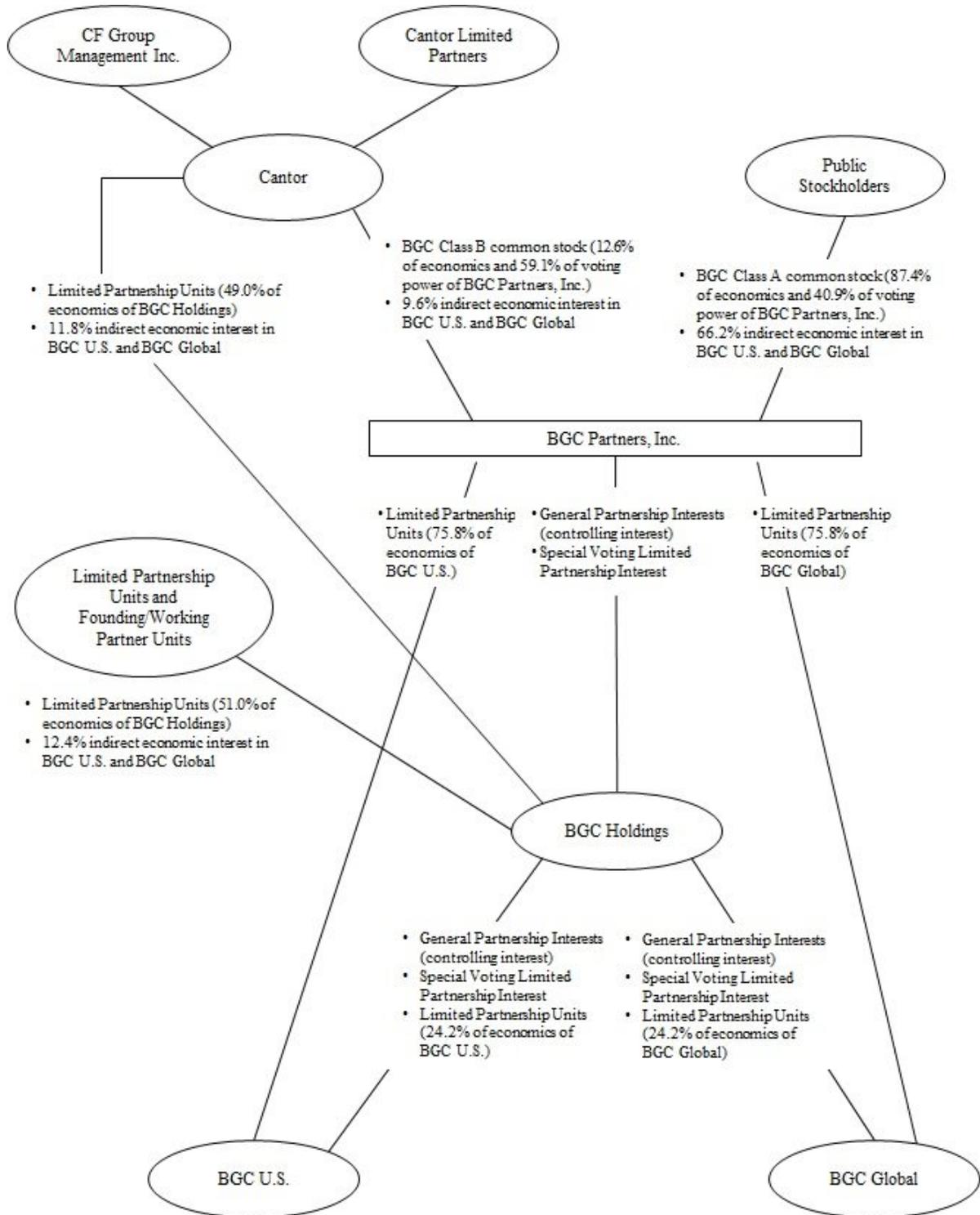
On December 13, 2017, the Amended and Restated BGC Holdings Partnership Agreement was amended and restated a second time to include prior standalone amendments and to make certain other changes related to the Separation. The Second Amended and Restated BGC Holdings Partnership Agreement, among other things, reflects changes resulting from the division in the Separation of BGC Holdings into BGC Holdings and Newmark Holdings, including:

- an apportionment of the existing economic attributes (including, among others, capital accounts and post-termination payments) of each BGC Holdings LPU outstanding immediately prior to the Separation between such Legacy BGC Holdings Unit and the 0.4545 of a Newmark Holdings LPU issued in the Separation in respect of each such Legacy BGC Holdings Unit, based on the relative value of BGC and Newmark as of after the Newmark IPO; and
- a right of the employer of a partner to determine whether to grant exchangeability with respect to Legacy BGC Holdings Units held by such partner.

The Second Amended and Restated BGC Holdings Partnership Agreement also removes certain classes of BGC Holdings units that are no longer outstanding, and permits the general partner of BGC Holdings to determine the total number of authorized BGC Holdings units. The Second Amended and Restated BGC Holdings Limited Partnership Agreement was approved by the Audit Committee of the Board of Directors of the Company.

The following diagram illustrates our organizational structure as of December 31, 2021. The diagram does not reflect the various subsidiaries of BGC, BGC U.S. OpCo, BGC Global OpCo, or Cantor, or the noncontrolling interests in our consolidated subsidiaries other than Cantor’s units in BGC Holdings.\*

#### **STRUCTURE OF BGC PARTNERS, INC. AS OF DECEMBER 31, 2021**



\* Shares of BGC Class B common stock are convertible into shares of BGC Class A common stock at any time in the discretion of the holder on a one-for-one basis. Accordingly, if Cantor and CFGM converted all of their BGC Class B common stock into BGC Class A common stock, Cantor would hold 12.4% of the voting power, CFGM would hold 0.2% of the voting power, and the public stockholders would hold 87.4% of the voting power (and Cantor and CFGM's indirect economic interests in BGC U.S. and BGC Global would remain unchanged). The diagram does not reflect certain BGC Class A common stock and BGC Holdings partnership units as follows: (a) any shares of BGC Class A common stock that may become issuable upon the

conversion or exchange of any convertible or exchangeable debt securities that may in the future be sold under our shelf Registration Statement on Form S-3 (Registration No. 333-180331); (b) 20.1 million Preferred Units granted and outstanding to BGC Holdings partners (see “BGC Partners, Inc. Partnership Structure” herein); and (c) 54.7 million N Units granted and outstanding to BGC Holdings partners.

The diagram reflects BGC Class A common stock and BGC Holdings partnership unit activity from January 1, 2021 through December 31, 2021 as follows: (a) 68.3 million shares of BGC Class A common stock repurchased by us; (b) 8.3 million LPUs redeemed for Newmark employees and executives; (c) 12.1 million LPUs for vested N Units; (d) 11.5 million LPUs granted by BGC Holdings; (e) 4.8 million LPUs and FPU redeemed or repurchased by us for cash; (f) 4.5 million LPUs forfeited; (g) 2.2 million shares of BGC Class A common stock issued for vested restricted stock units; (h) 0.9 million LPUs related to prior period adjustments; (i) 1.8 million shares of Class A common stock issued by us under our acquisition shelf Registration Statement on Form S-4 (Registration No. 333-169232), but not the 4.0 million of such shares remaining available for issuance by us under such Registration Statement; and (j) 17 thousand shares issued by us under our Dividend Reinvestment and Stock Purchase Plan shelf Registration Statement on Form S-3 (Registration No. 333-173109), but not the 9.2 million of such shares remaining available for issuance by us under shelf Registration Statement on Form S-3 (Registration No. 333-196999). No shares of BGC Class A common stock were sold by us during the year ended December 31, 2021 under the March 2018 Sales Agreement pursuant to our previous Registration Statement on Form S-3 (Registration No. 333-223550). The March 2018 Sales Agreement expired in September 2021. As December 31, 2021, we have not issued any shares of BGC Class A common stock under our 2019 Form S-4 Registration Statement (Registration No. 333-233761).

### ***Possible Corporate Conversion***

The Company continues to explore a possible conversion into a simpler corporate structure. Our board and committees have hired advisors and are reviewing the potential structure and details of such conversion.

## **ITEM 1A. RISK FACTORS**

*Any investment in shares of our Class A common stock, our 5.375% Senior Notes, our 3.750% Senior Notes, our 4.375% Senior Notes or our other securities involves risks and uncertainties. The following are important risks and uncertainties that could affect our businesses, but we do not ascribe any particular likelihood or probability to them unless specifically indicated. Any of the risks and uncertainties set forth below, should they occur, could significantly and negatively affect our businesses, financial condition, results of operations, and prospects and/or the trading price of our Class A common stock, our 5.375% Senior Notes, our 3.750% Senior Notes, our 4.375% Senior Notes or our other securities.*

## **RISKS RELATED TO OUR BUSINESSES GENERALLY**

### **Risks Related to the COVID-19 Pandemic**

**The ongoing COVID-19 pandemic has significantly disrupted and adversely affected the environment in which we and our customers and competitors operate, including the global economy, the U.S. economy, the global financial markets, and our businesses, financial condition, results of operations and prospects.**

The ongoing COVID-19 pandemic has significantly disrupted and adversely affected the environment in which we and our customers and competitors operate, including the global economy, the U.S. economy, the global financial markets, and our businesses, financial condition, results of operations and prospects. The spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reduction in business activity and financial transactions, labor shortages, supply chain disruptions and overall economic and financial market instability. The ongoing effects of COVID-19 remain challenging to predict due to multiple uncertainties, including the transmissibility, severity, duration and resurgences of the outbreak; new virus variants and the potential extent of their spread; the application and effectiveness of health and safety measures that are voluntarily adopted by the public or required by government or public health authorities, including vaccines and treatments and public resistance thereto; the speed and strength of an economic recovery and the effect thereon of rising inflation and the increase in interest rates in response thereto; and the impact on our employees, operations, suppliers, and vendors, and our clients' operations.

We have taken, and continue to take, necessary and recommended precautions to protect the safety and well-being of our employees, including by means of conducting certain business activities and operations remotely. However, no assurance can be given that the steps being taken will be adequate, nor can we predict the level of disruption which will occur to our employees' ability to provide client support and service. We will continue to evaluate the nature and extent of the impact on our businesses.

The COVID-19 pandemic has continued to adversely affect us in certain respects. The full extent to which the COVID-19 pandemic, or the emergence of new variants or another pandemic, and measures taken in response thereto, could continue to negatively affect the global economy, the United States economy, and global financial markets and, in turn,

materially adversely affect our businesses, financial condition, results of operations and prospects will depend on future developments, which are highly uncertain and cannot be predicted. Any increase in the duration or impact of the pandemic, including any new variants or another pandemic, as well as measures taken in response thereto, could have a material adverse effect on our businesses, financial condition, results of operations and prospects.

#### **Risks Related to Global Economic and Market Conditions**

**Our businesses, financial condition, results of operations and prospects have been and may continue to be affected both positively and negatively by conditions in the global economy and financial markets generally.**

Our businesses and results of operations have been and may continue to be affected both positively and negatively by conditions in the global economy and financial markets generally. Difficult market and economic conditions and geopolitical uncertainties have in the past adversely affected and may in the future adversely affect our businesses. Such conditions and uncertainties include financial pressures exacerbated by the COVID-19 pandemic, fluctuating levels of economic output, interest and inflation rates, employment levels, consumer confidence levels, and fiscal and monetary policy. Economic policies of the current administration and Congress, potential increases in interest rates and potential changes to existing tax rates and infrastructure spending plans may change the regulatory and economic landscape. These conditions may directly and indirectly impact a number of factors in the global markets that may have a positive or negative effect on our operating results, including the levels of trading, investing, and origination activity in the financial markets, the valuations of financial instruments, changes in interest rates, changes in benchmarks, changes in and uncertainty regarding laws and regulations, substantial fluctuations in volume and commissions on securities and derivatives transactions, the absolute and relative level of currency rates and the actual and the perceived quality of issuers, borrowers and investors. For example, the actions of the U.S. Federal Reserve and international central banking authorities directly impact our cost of funds and may impact the value of financial instruments we hold. In addition, changes in monetary policy may affect the credit quality of our customers. Changes in domestic and international monetary policy are beyond our control and difficult to predict.

Our revenues and profitability are likely to decline significantly during periods of low trading volume in the financial markets in which we offer our products and services.

The global financial services markets are, by their nature, risky and volatile and are directly affected by many national and international factors that are beyond our control. Any one of these factors may cause substantial changes in the U.S. and global financial markets, resulting in reduced transactional volume and profitability for our businesses. These factors include:

- pandemics and other international health emergencies;
- economic and geopolitical conditions and uncertainties in the United States, Europe, Asia and elsewhere in the world, including government deficits, debt and possible defaults, austerity measures, changes in interest rates, and changes in central bank and/or fiscal policies, including the level and timing of government debt issuances, purchases and outstanding amounts;
- possible political turmoil with respect to the U.S. government, the U.K, the EU and/or its member states, Hong Kong, China, or other major economies around the world;
- the effect of Federal Reserve Board and other central banks' monetary policies, increased capital requirements for banks and other financial institutions, and other regulatory requirements;
- terrorism, war and other armed hostilities, such as Russia's invasion of Ukraine and the impact of it and measures taken in response thereto, including sanctions imposed by governments and related counter-sanctions;
- the impact of short-term or prolonged U.S. government shutdowns, elections or other political events;
- inflation, deflation and wavering institutional and consumer confidence levels;
- the availability of capital for borrowings and investments by our clients and their customers;
- the level and volatility of interest rates, foreign currency exchange rates and trading in certain equity, debt and commodity markets;
- the level and volatility of the difference between the yields on corporate securities being traded and those on related benchmark securities, which we refer to as "credit spreads"; and
- margin requirements, capital requirements, credit availability, and other liquidity concerns with respect to our business, its clients, and the customers of its clients.

Low transaction volumes for any of our brokerage asset classes generally result in reduced revenues. Under these conditions, our profitability is adversely affected since many of our costs are fixed. In addition, although less common, some of

our transaction revenues are determined on the basis of the value of transactions or on spreads. For these reasons, substantial decreases in trading volume, declining prices, and/or reduced spreads could have material adverse effects on our businesses, financial condition, results of operations and prospects.

Any downgrades of the U.S. sovereign credit rating by one or more of the major credit rating agencies could have material adverse effects on financial markets and economic conditions in the U.S. and throughout the world. This in turn could have a material adverse impact on our businesses, financial condition, results of operations, and prospects. Because of the unprecedented nature of any negative credit rating actions with respect to U.S. government obligations, the ultimate impacts on global financial markets and our businesses, financial condition, results of operations, and prospects are unpredictable and may not be immediately apparent. Additionally, the negative impact on economic conditions and global financial markets from further sovereign debt matters with respect to the U.K., the EU and/or its member states, Japan, China, or other major economies could adversely affect our businesses, financial condition, results of operations and prospects. Concerns about the sovereign debt of certain major economies have caused uncertainty and disruption for financial markets globally, and continued uncertainties loom over the outcome of the various governments' financial support programs and the possibility that EU member states or other major economies may experience similar financial troubles. Any downgrades of the long-term sovereign credit rating of the U.S. or additional sovereign debt crises in major economies could cause disruption and volatility of financial markets globally and have material adverse effects on our businesses, financial condition, results of operations and prospects.

Over the past year, the COVID-19 pandemic has led to uncertainties about global economic growth, which may impact the stability of financial markets and lead to uncertainty with respect to the likely responses of governments and central banks. Any one of these factors, or others, could have a material adverse effect on our businesses, financial condition, results of operations and prospects.

### **Risks Related to the Geographic Locations of Our Business**

#### **Our businesses are geographically concentrated and could be significantly affected by any adverse change in the regions in which we operate.**

Historically, our business operations have been substantially located in the U.S. and the U.K. While we are expanding our businesses to new geographic areas, we are still highly concentrated in these areas. Because we derived approximately 41.5% and approximately 25.7% of our total revenues on a consolidated basis for the year ended December 31, 2021 from our operations in the U.K. and the U.S., respectively, our businesses are exposed to adverse regulatory and competitive changes, economic downturns and changes in political conditions in these countries. If we are unable to identify and successfully manage or mitigate these risks, our businesses, financial condition, results of operations and prospects could be materially adversely affected.

#### **The U.K. exit from the EU could materially adversely impact our customers, counterparties, businesses, financial condition, results of operations and prospects.**

On January 1, 2021, the U.K. formally left the EU and U.K.-EU trade became subject to a new agreement that was concluded in December of 2020. The exit from the EU is commonly referred to as Brexit. Financial services fall outside of the scope of this trade agreement. Instead, the relationship will largely be determined by a series of "equivalence decisions," each of which would grant mutual market access for a limited subset of financial services where either party finds the other party has a regulatory regime that achieves similar outcomes to its own. It is currently unknown if or when equivalence decisions will be taken. In March 2021, the U.K. and EU agreed a Memorandum of Understanding on Financial Services Regulatory Cooperation which creates a structure for dialogue but does not include commitments on equivalence.

In light of ongoing uncertainties, market participants are still adjusting. The exact impact of Brexit on the U.K.-EU flow of financial services therefore remains unknown. This same uncertainty applies to the consequences for the economies of the U.K. and the EU member states as a result of the U.K.'s withdrawal from the EU.

We implemented plans to ensure continuity of service in Europe and continue to have regulated offices in place in many of the major European markets. As part of our Brexit strategy, ownership of BGC Madrid, Copenhagen and Frankfurt & GFI Paris, Madrid and Dublin branches was transferred to Aurel BGC SAS (a French-based operation and therefore based in the EU) in July 2020. We have been generally increasing our footprint in the EU which includes the establishment of a new branch office of Aurel BGC SAS in Milan and a new office in Monaco under a new local Monaco subsidiary.

Regardless of these and other mitigating measures, our European headquarters and largest operations are in London, and market access risks and uncertainties have had and could continue to have a material adverse effect on our customers, counterparties, businesses, financial condition, results of operations and prospects. Furthermore, in the future the U.K. and EU's regulation may diverge, which could disrupt and increase the costs of our operations, and result in a loss of existing levels of cross-border market access.

### **Risks Related to New Opportunities/Possible Transactions and Hires**

**If we are unable to identify and successfully exploit new product, service and market opportunities, including through hiring new brokers, salespeople, managers, technology professionals and other front-office personnel, our businesses, financial condition, results of operations, cash flows and prospects could be materially adversely affected.**

Because of significant competition in our market, our strategy is to broker more transactions, increase our share of existing markets and seek out new clients and markets. We may face enhanced risks as these efforts to expand our businesses result in our transacting with a broader array of clients and expose us to new products and services and markets. Pursuing this strategy may also require significant management attention and hiring expense and potential costs and liability in any litigation or arbitration that may result. We may not be able to attract new clients or brokers, salespeople, managers, technology professionals or other front-office personnel or successfully enter new markets. If we are unable to identify and successfully exploit new product, service and market opportunities, our business, financial condition, results of operations and prospects could be materially adversely affected.

**We may pursue opportunities including strategic alliances, acquisitions, dispositions, joint ventures or other growth opportunities (including hiring new brokers and salespeople), which could present unforeseen integration obstacles or costs and could dilute our stockholders. We may also face competition in our acquisition strategy, and such competition may limit such opportunities.**

We have explored and continue to explore a wide range of strategic alliances, acquisitions and joint ventures with other financial services companies that have interests in related businesses or other strategic opportunities. Such transactions may be necessary in order for us to enter into or develop new products or services or markets, as well as to strengthen our current ones.

These opportunities and activities involve a number of risks and challenges, including:

- potential disruption of our ongoing business and product, service and market development and distraction of management;
- difficulty retaining and integrating personnel and integrating administrative, operational, financial reporting, internal control, compliance, technology and other systems;
- the necessity of hiring additional managers and other critical professionals and integrating them into current operations;
- increasing the scope, geographic diversity and complexity of our operations;
- to the extent that we pursue these opportunities internationally, exposure to political, economic, legal, regulatory, operational and other risks that are inherent in operating in a foreign country, including risks of possible nationalization and/or foreign ownership restrictions, expropriation, price controls, capital controls, foreign currency fluctuations, regulatory and tax requirements, economic and/or political instability, geographic, time zone, language and cultural differences among personnel in different areas of the world, exchange controls and other restrictive government actions, as well as the outbreak of hostilities;
- the risks relating to integrating accounting and financial systems and accounting policies and the related risk of having to recast our historical financial statements;
- potential dependence upon, and exposure to liability, loss or reputational damage relating to systems, controls and personnel that are not under our control;
- addition of business lines in which we have not previously engaged;
- potential unfavorable reaction to our strategy by our customers, counterparties, and employees;
- the upfront costs associated with pursuing transactions and recruiting personnel, which efforts may be unsuccessful in the increasingly competitive marketplace for the most talented producers and managers;
- conflicts or disagreements between any strategic alliance or joint venture partner and us;
- exposure to potential unknown liabilities of any acquired business, strategic alliance or joint venture that are significantly larger than we anticipate at the time of acquisition, and unforeseen increased expenses or delays associated with acquisitions, including costs in excess of the cash transition costs that we estimate at the outset of a transaction;
- reduction in availability of financing due to tightened credit markets or credit ratings downgrades or defaults by us, in connection with these opportunities;

- a significant increase in the level of our indebtedness in order to generate cash resources that may be required to effect acquisitions;
- dilution resulting from any issuances of shares of our Class A common stock or limited partnership units in connection with these opportunities;
- a reduction of the diversification of our businesses resulting from any dispositions;
- the necessity of replacing certain individuals and functions that are sold in dispositions;
- the cost of rebranding and the impact on our market awareness of dispositions;
- adverse effects on our liquidity as a result of payment of cash resources and/or issuance of shares of our Class A common stock or limited partnership units;
- the impact of any reduction in our asset base resulting from dispositions on our ability to obtain financing or the terms thereof; and
- a lag in the realization of financial benefits from these transactions and arrangements.

We face competition for acquisition targets, which may limit our number of acquisitions and growth opportunities and may lead to higher acquisition prices or other less favorable terms. As we grow internationally, we may experience additional expenses or obstacles. There can be no assurance that we will be able to identify, acquire or profitably manage additional businesses or integrate successfully any acquired businesses without substantial costs, delays or other operational or financial difficulties.

In addition, the acquisition of regulated firms generally requires the consent of the home jurisdiction regulator in which the target and regulated subsidiaries are domiciled. In certain circumstances, one or more of these regulators may withhold their consent, impose restrictions or make their consent subject to conditions which may result in increased costs or delays.

Any future growth will be partially dependent upon the continued availability of suitable transactional candidates at favorable prices and upon advantageous terms and conditions, which may not be available to us, as well as sufficient liquidity to fund these transactions. Future transactions and any necessary related financings also may involve significant transaction-related expenses, which include payment of break-up fees, assumption of liabilities, including compensation, severance, lease termination, and other restructuring costs, and transaction and deferred financing costs, among others. In addition, there can be no assurance that such transactions will be accretive or generate favorable operating margins. The success of these transactions will also be determined in part by the ongoing performance of the acquired companies and the acceptance of acquired employees of our equity-based compensation structure and other variables which may be different from the existing industry standards or practices at the acquired companies.

We will need to successfully manage the integration of recent acquisitions and future growth effectively. The integration and additional growth may place a significant strain upon our management, administrative, operational, financial reporting, internal control and compliance infrastructure. Our ability to grow depends upon our ability to successfully hire, train, supervise and manage additional employees, expand our management, administrative, operational, financial reporting, compliance and other control systems effectively, allocate our human resources optimally, maintain clear lines of communication between our transactional and management functions and our finance and accounting functions, and manage the pressure on our management, administrative, operational, financial reporting, compliance and other control infrastructure. Additionally, managing future growth may be difficult due to our new geographic locations, markets and business lines. We may not realize the full benefits that we anticipate from strategic alliances, acquisitions, joint ventures or other growth opportunities. There can be no assurance that we will be able to accurately anticipate and respond to the changing demands we will face as we integrate and continue to expand our operations, and we may not be able to manage growth effectively or to achieve growth at all.

From time to time, we may also seek to dispose of portions of our businesses, or otherwise reduce our ownership, each of which could materially affect our cash flows and results of operations. Dispositions involve significant risks and uncertainties, such as ability to sell such businesses on satisfactory price and terms and in a timely manner (including long and costly sales processes and the possibility of lengthy and potentially unsuccessful attempts by a buyer to receive required regulatory approvals), or at all, disruption to other parts of the businesses and distraction of management, loss of key employees or customers, exposure to unanticipated liabilities or ongoing obligations to support the businesses following such dispositions. In addition, if such dispositions are not completed for any reason, the market price of our Class A common stock may reflect a market assumption that such transactions will occur, and a failure to complete such transactions could result in a decline in the market price of our Class A common stock. Any of these factors could have a material adverse effect on our businesses, financial condition, results of operations and prospects.

**We have offerings linked to cryptocurrencies that could expose us to technology, regulatory and financial risks.**

We have offerings linked to cryptocurrencies in certain jurisdictions, and may expand the types of these offerings, the associated types of cryptocurrencies and the jurisdictions in which these offerings are offered. Specifically, BGC continues to expand its cryptocurrency offerings through Lucera by providing connectivity and through kACE, its Analytics, Pricing and Distribution software. Furthermore, BGC intends to launch additional cryptocurrency and digital asset trading offerings in 2022.

The distributed ledger technology underlying cryptocurrencies and other similar financial assets is evolving at a rapid pace and may be vulnerable to cyberattacks or have other inherent weaknesses that are not yet apparent. There is currently no broadly accepted regulatory framework for cryptocurrencies, and the regulation of cryptocurrencies is developing and changing rapidly in the U.S. and other countries around the world. If any of the offerings we transact in are linked to cryptocurrencies and there is a new regulatory framework, it may delay, harm or change our opportunity or outlook. In addition, cryptocurrency markets, including Bitcoin, have experienced significant historical material price fluctuations, and if markets for any cryptocurrencies linked to the offerings we transact in suffer severe fluctuations, our customers could experience significant losses and we could lose their business.

In the U.S. the SEC, CFTC state and federal agencies are reviewing virtual currency business and have and or may enact regulations that restrict the business and or require additional licenses to conduct certain businesses. In addition, many foreign regulators and legislatures have taken action against virtual currency businesses or have enacted restrictive regulations. These regulations may negatively impact our ability to offer different products in different regions and/or negatively impact our ability to deal with certain customers depending on where they are located. If licenses are required, it may take a considerable amount of time to obtain the necessary approvals from the respective regimes. Any of these factors could have a material adverse effect on our businesses, financial condition, results of operations and prospects in the future.

**Risks Related to Change in LIBOR**

**We may be adversely affected by the transition away from LIBOR and the use of SOFR or other alternative reference rates.**

Our \$350 million Revolving Credit Agreement is indexed to LIBOR. LIBOR is a basic rate of interest used in lending between banks on the London interbank market and historically has been widely used as a reference for setting the interest rate on loans globally. The United Kingdom's Financial Conduct Authority and the administrator of LIBOR have announced that the publication of the most commonly used U.S. dollar LIBOR settings will cease to be published or cease to be representative after June 30, 2023, and the publication of all other LIBOR settings will cease to be published as of December 31, 2021. Starting January 1, 2022, banks in the United States have ceased entering into new credit and other contractual agreements using US dollar LIBOR as a reference rate, and instead began incorporating alternative reference rates, such as SOFR, within such agreements. We have begun working and will continue to work with our funding providers to incorporate alternative reference rates (such as SOFR) within our credit facility and other funding arrangements, as opportunities arise to do so.

The expected withdrawal and replacement of LIBOR with alternative benchmarks also introduces risks for our clients and the financial services industry. Various financial instruments are linked to the LIBOR benchmark, and any failure by market participants and regulators to successfully introduce benchmark rates to replace LIBOR and implement effective transitional arrangements to address the discontinuation of LIBOR could negatively affect our clients and the global financial markets. While we have taken steps to minimize the consequences of the transition from LIBOR on our businesses and believe that this transition has currently not had nor is expected to have a material effect on us, there can be no assurance that the withdrawal and replacement of LIBOR will not have a material adverse effect on our businesses, financial condition, results of operations and prospects in the future.

**Risks Related to Liquidity, Funding and Indebtedness**

**We have debt, which could adversely affect our ability to raise additional capital to fund our operations and activities, limit our ability to react to changes in the economy or our businesses, expose us to interest rate risk, impact our ability to obtain or maintain favorable credit ratings and prevent us from meeting or refinancing our obligations under our indebtedness, which, depending on the impact of the COVID-19 pandemic, could have a material adverse effect on our business, financial condition, results of operations and prospects.**

Our indebtedness, which at December 31, 2021 was \$1,052.8 million, may have important, adverse consequences to us and our investors, including:

- it may limit our ability to borrow money, dispose of assets or sell equity to fund our working capital, capital expenditures, dividend payments, debt service, strategic initiatives or other obligations or purposes;

- it may limit our flexibility in planning for, or reacting to, changes in the economy, the markets, regulatory requirements, our operations or businesses;
- our financial leverage may be higher than some of our competitors, which may place us at a competitive disadvantage;
- it may make us more vulnerable to downturns in the economy or our businesses;
- it may require a substantial portion of our cash flow from operations to make interest payments;
- it may make it more difficult for us to satisfy other obligations;
- it may increase the risk of a future downgrade of our credit ratings or otherwise impact our ability to obtain or maintain investment-grade credit ratings, which could increase future debt costs and limit the future availability of debt financing;
- we may not be able to borrow additional funds or refinance existing debt as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase shares of our Class A common stock and purchase limited partnership units; and
- there would be a material adverse effect on our businesses, financial condition, results of operations and prospects if we were unable to service our indebtedness or obtain additional financing or refinance our existing debt on terms acceptable to us.

To the extent that we incur additional indebtedness or seek to refinance our existing debt, or the COVID-19 pandemic continues to negatively affect the local, national and global economies, the risks described above could increase. In addition, our actual cash requirements in the future may be greater than expected and may impact the rate at which we make payments of obligations or occur additional obligations. Our cash flow from operations may not be sufficient to service our outstanding debt or to repay the outstanding debt as it becomes due, and we may not be able to borrow money, dispose of assets or otherwise raise funds on acceptable terms, or at all, to service or refinance our debt.

Some of our borrowings have variable interest rates. As a result, a change in market interest rates could have a material adverse effect on our interest expense. In periods of rising interest rates, our cost of funds will increase, which could reduce our net income. In an effort to limit our exposure to interest rate fluctuations, we may rely on interest rate hedging or other interest rate risk management activities. These activities may limit our ability to participate in the benefits of lower interest rates with respect to the hedged borrowings. Adverse developments resulting from changes in interest rates or hedging transactions could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are dependent upon availability of adequate funding and liquidity to meet our clearing margin requirements, among other financial needs. Clearing margin is the amount of cash, guarantees or similar collateral that we must provide or deposit with our third-party clearing organizations in support of our obligations under contractual clearing arrangements with these organizations. Historically, these needs have been satisfied from internally generated funds and proceeds from debt and equity financings. We have also relied on arrangements with Cantor to clear certain of our transactions under the clearing agreement we entered into with Cantor in November 2008 which was amended in June 2020. Our next bond maturity is in July 2023 and the Company's senior unsecured revolving credit facility matures in February 2023. Although we have historically been able to raise debt on acceptable terms, the impact of the COVID-19 pandemic on the world's credit markets could make it more difficult for us to refinance or replace such indebtedness in a timely manner or on acceptable terms. Further, if for any reason we need to raise additional funds, including in order to meet regulatory capital requirements and/or clearing margin requirements arising from growth in our brokerage businesses, to complete acquisitions or otherwise, we may not be able to obtain additional financing when needed. If we cannot raise additional funds on acceptable terms, we may not be able to develop or enhance our businesses, take advantage of future growth opportunities or respond to competitive pressure or unanticipated requirements.

**Our Revolving Credit Agreement contains restrictions that may limit our flexibility in operating our businesses.**

Our Revolving Credit Agreement contains covenants that could impose operating and financial restrictions on us, including restrictions on our ability to, among other things and subject to certain exceptions:

- create liens on certain assets;
- incur additional debt;
- make significant investments and acquisitions;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;

- dispose of certain assets;
- pay additional dividends on or make additional distributions in respect of our capital stock or make restricted payments;
- repurchase shares of our Class A common stock or purchase limited partnership units;
- enter into certain transactions with our affiliates; and
- place restrictions on certain distributions from subsidiaries.

Indebtedness that we may enter into in the future, if any, could also contain similar or additional covenants or restrictions. Any of these restrictions could limit our ability to adequately plan for or react to market conditions and could otherwise restrict certain of our corporate activities. Any material failure to comply with these covenants could result in a default under the Revolving Credit Agreement as well as instruments governing our future indebtedness. Upon a material default, unless such default were cured by us or waived by lenders in accordance with the Revolving Credit Agreement, the lenders under such agreement could elect to invoke various remedies under the agreement, including potentially accelerating the payment of unpaid principal and interest, terminating their commitments or, however unlikely, potentially forcing us into bankruptcy or liquidation. In addition, a default or acceleration under such agreement could trigger a cross default under other agreements, including potential future debt arrangements. Although we believe that our operating results will be more than sufficient to meet all of these obligations, including potential future indebtedness, no assurance can be given that our operating results will be sufficient to service our indebtedness or to fund all of our other expenditures or to obtain additional or replacement financing on a timely basis and on reasonable terms in order to meet these requirements when due.

## **Risks Related to Our Senior Notes**

### **Credit ratings downgrades or defaults by us could adversely affect us.**

Our credit ratings and associated outlooks are critical to our reputation and operational and financial success. Our credit ratings and associated outlooks are influenced by a number of factors, including: operating environment, regulatory environment, earnings and profitability trends, the rating agencies' view of our funding and liquidity management practices, balance sheet size/composition and resulting leverage, cash flow coverage of interest, composition and size of the capital base, available liquidity, outstanding borrowing levels, our competitive position in the industry, our relationships in the industry, our relationship with Cantor, acquisitions or dispositions of assets and other matters. A credit rating and/or the associated outlook can be revised upward or downward at any time by a rating agency if such rating agency decides that circumstances of that company or related companies warrant such a change. Any adverse ratings change or a downgrade in the credit ratings of BGC, Cantor or any of their other affiliates, and/or the associated ratings outlooks could adversely affect the availability of debt financing to us on acceptable terms, as well as the cost and other terms upon which we may obtain any such financing. In addition, our credit ratings and associated outlooks may be important to clients of ours in certain markets and in certain transactions. A company's contractual counterparties may, in certain circumstances, demand collateral in the event of a credit ratings or outlook downgrade of that company. Further, interest rates, including with respect to our 5.375% Senior Notes, 3.750% Senior Notes and 4.375% Senior Notes, may increase in the event that our ratings decline.

As of December 31, 2021, BGC Partners' public long-term credit ratings were BBB- from Fitch Ratings Inc. and Standard & Poor's, BBB from Kroll Bond Rating Agency and BBB+ from Japan Credit Rating Agency, Ltd. and the associated outlooks on all the ratings were stable. No assurance can be given that the credit ratings will remain unchanged in the future. Any additional indebtedness that we incur, as well as any negative change to our credit ratings and associated outlooks, may restrict our ability to raise additional capital or refinance debt on favorable terms, and consequently, any resulting impacts on our funding access, liquidity or creditworthiness perception among our clients, counterparties, lenders, investors, or other market participants, could have a material adverse effect on our businesses, financial condition, results of operations and prospects.

### **Our acquisitions may require significant cash resources and may lead to a significant increase in the level of our indebtedness.**

Potential future acquisitions may lead to a significant increase in the level of our indebtedness. We may enter into short- or long-term financing arrangements in connection with acquisitions which may occur from time to time. In addition, we may incur substantial non-recurring transaction costs, including break-up fees, assumption of liabilities and expenses and compensation expenses and we would likely incur similar expenses. The increased level of our consolidated indebtedness in connection with potential acquisitions may restrict our ability to raise additional capital on favorable terms, and such leverage, and any resulting liquidity or credit issues, could have a material adverse effect on our businesses, financial condition, results of operations and prospects.

**We may incur substantially more debt or take other actions which would intensify the risks discussed herein.**

We may incur substantial additional debt in the future, some of which may be secured debt. We are not restricted under the terms of the indentures governing our 5.375% Senior Notes, 3.750% Senior Notes and 4.375% Senior Notes from incurring additional debt, securing existing or future debt (with certain exceptions, including to the extent already secured), recapitalizing our debt or taking a number of other actions that are not limited by the terms of our debt instruments that could have the effect of diminishing our ability to make payments on our debt when due.

**We may not have the funds necessary to repurchase our 5.375% Senior Notes, 3.750% Senior Notes or 4.375% Senior Notes upon a change of control triggering event as required by the indentures governing these notes.**

Upon the occurrence of a “change of control triggering event” (as defined in the indentures governing the 5.375% Senior Notes, the 3.750% Senior Notes and the 4.375% Senior Notes), unless we have exercised our right to redeem such notes, holders of the notes will have the right to require us to repurchase all or any part of their notes at a price in cash equal to 100% of the then-outstanding aggregate principal amount of the notes repurchased plus accrued and unpaid interest, if any. There can be no assurance that we would have sufficient, readily available financial resources, or would be able to arrange financing, to repurchase the 5.375% Senior Notes, the 3.750% Senior Notes or the 4.375% Senior Notes upon a “change of control triggering event.” A failure by us to repurchase the notes when required would result in an event of default with respect to the notes. In addition, such failure may also constitute an event of default and result in the effective acceleration of the maturity of our other then-existing indebtedness.

**The requirement to offer to repurchase the 5.375% Senior Notes, the 3.750% Senior Notes and the 4.375% Senior Notes upon a “change of control triggering event” may delay or prevent an otherwise beneficial takeover attempt of us.**

The requirement to offer to repurchase the 5.375% Senior Notes, the 3.750% Senior Notes and the 4.375% Senior Notes upon a “change of control triggering event” may in certain circumstances delay or prevent a takeover of us and/or the removal of incumbent management that might otherwise be beneficial to investors in our Class A common stock.

#### **Risks Related to the Spin-Off**

**If there is a determination that the Spin-Off was taxable for U.S. federal income tax purposes because the facts, assumptions, representations or undertakings underlying the tax opinion with respect to the Spin-Off were incorrect, or for any other reason, then we and our stockholders could incur significant U.S. federal income tax liabilities.**

We received an opinion of outside counsel to the effect that the Spin-Off, together with certain related transactions, qualified as a transaction that is described in Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the “Code”). The opinion relied on certain facts, assumptions, representations and undertakings from us and Newmark regarding the past and future conduct of the companies’ respective businesses and other matters. If any of these facts, assumptions, representations or undertakings are incorrect or not otherwise satisfied, we and our stockholders may not be able to rely on the opinion of tax counsel.

Moreover, notwithstanding the opinion of counsel, the Internal Revenue Service (“IRS”) could determine that the Spin-Off is taxable if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated, or if it disagrees with the conclusions in the opinion, or for any other reasons. In addition, certain events occurring after the Spin-Off may not be in our control, including certain significant changes in the stock ownership of us or Newmark after the Spin-Off. If the Spin-Off or a related transaction is determined to be taxable for U.S. federal income tax purposes, we and our stockholders could incur significant U.S. federal income tax liabilities. Any such liabilities could be substantial and could have a negative impact on our financial results and operations.

#### **Risks Related to Our Intellectual Property**

**We may not be able to protect our intellectual property rights or may be prevented from using intellectual property necessary for our businesses.**

Our success is dependent, in part, upon our intellectual property, including our proprietary technology. We rely primarily on trade secret, contract, patent, copyright, and trademark law in the U.S. and other jurisdictions as well as confidentiality procedures and contractual provisions to establish and protect our intellectual property rights to proprietary technologies, products, services or methods, and our brands. For example, we regularly file patent applications to protect inventions arising from our research and development, and we are currently pursuing patent applications around the world. We also control access to our proprietary technology and enter into confidentiality and invention assignment agreements with our

employees and consultants and confidentiality agreements with other third parties. Protecting our intellectual property rights is costly and time consuming.

Unauthorized use of our intellectual property could make it more expensive to do business and harm our operating results. We cannot ensure that our intellectual property rights are sufficient to protect our competitive advantages or that any particular patent, copyright or trademark is valid and enforceable, and all patents ultimately expire. In addition, the laws of some foreign countries may not protect our intellectual property rights to the same extent as the laws in the U.S., or at all. Any significant impairment of our intellectual property rights could harm our business or our ability to compete.

Many companies, including those in the computer and financial services industries own large numbers of patents, copyrights, and trademarks and sometimes file lawsuits based on allegations of infringement or other violations of intellectual property rights. In addition, there has been a proliferation of patents applicable to these industries and a substantial increase in the number of such patent applications filed. Under current law, U.S. patent applications typically remain secret for 18 months or, in some cases, until a patent is issued. Because of technological changes in these industries, patent coverage, and the issuance of new patents, it is possible certain components of our products and services may unknowingly infringe existing patents or other intellectual property rights of others. Although we have taken steps to protect ourselves, there can be no assurance that we will be aware of all patents, copyrights or trademarks that may pose a risk of infringement by our products and services. Generally, it is not economically practicable to determine in advance whether our products or services may infringe the present or future rights of others.

Accordingly, we may face claims of infringement or other violations of intellectual property rights that could interfere with our ability to use intellectual property or technology that is material to our businesses. In addition, restrictions on the distribution of some of the market data generated by our brokerage desks could limit the comprehensiveness and quality of the data we are able to distribute or sell. The number of such third-party claims may grow. Our technologies may not be able to withstand such third-party claims or rights against their use.

We may have to rely on litigation to enforce our intellectual property rights, protect our trade secrets, determine the validity and scope of the rights of others or defend against claims of infringement or invalidity. Any such claims or litigation, whether successful or unsuccessful, could result in substantial costs, and the diversion of resources and the attention of management, any of which could materially negatively affect our businesses. Responding to these claims could also require us to enter into royalty or licensing agreements with the third parties claiming infringement, stop selling or redesign affected products or services or pay damages on our own behalf or to satisfy indemnification commitments with our customers. Such royalty or licensing agreements, if available, may not be available on terms acceptable to us, and may negatively affect our business, financial condition, results of operations and prospects.

**If our licenses or services from third parties are terminated or adversely changed or amended or contain material defects or errors, or if any of these third parties were to cease doing business or if products or services offered by third parties were to contain material defects or errors, our ability to operate our businesses may be materially adversely affected.**

We license databases, software and services from third parties, much of which is integral to our systems and our businesses. The licenses are terminable if we breach or have been perceived to have breached our obligations under the license agreements. If any material licenses were terminated or adversely changed or amended, if any of these third parties were to cease doing business or if any licensed software or databases licensed by these third parties were to contain material defects or errors, we may be forced to spend significant time and money to replace the licensed software and databases, and our ability to operate our businesses may be materially adversely affected. Further, any errors or defects in third-party services or products (including hardware, software, databases, cloud computing and other platforms and systems) or in services or products that we develop ourselves, could result in errors in, or a failure of our services or products, which could harm our businesses. Although we take steps to locate replacements, there can be no assurance that the necessary replacements will be available on acceptable terms, if at all. There can be no assurance that we will have an ongoing license to use all intellectual property which our systems require, the failure of which could have a material adverse effect on our businesses, financial condition, results of operations and prospects.

## **Risks Related to Our IT Systems and Cyber-Security**

### **Defects or disruptions in our technology or services could diminish demand for our products and services and subject us to liability.**

Because our technology, products and services are complex and use or incorporate a variety of computer hardware, software and databases, both developed in-house and acquired from third party vendors, our technology, products and services may have errors or defects. Errors and defects could result in unanticipated downtime or failure and could cause financial loss

and harm to our reputation and our business. We have from time to time found defects and errors in our technology, products and service and defects and errors in our technology, products or services may be detected in the future. In addition, our customers may use our technology, products and services in unanticipated ways that may cause a disruption for other customers. As we acquire companies, we may encounter difficulty in incorporating the acquired technologies, products and services, and maintaining the quality standards that are consistent with our technology, products and services. Since our customers use our technology, products and services for important aspects of their businesses and for financial transactions, any errors, defects, or disruptions in such technology, products and services or other performance problems with our technology, products and services could subject our customers to financial loss and hurt our reputation.

**Malicious cyber-attacks and other adverse events affecting our operational systems or infrastructure, or those of third parties, could disrupt our businesses, result in the disclosure of confidential information, damage our reputation and cause losses or regulatory penalties.**

Our businesses require us to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex, across numerous and diverse markets in many currencies. Developing and maintaining our operational systems and infrastructure are challenging, particularly as a result of us and our clients entering into new businesses, jurisdictions and regulatory regimes, rapidly evolving legal and regulatory requirements and technological shifts. Our financial, accounting, data processing or other operating and compliance systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, including malicious cyber-attack or other adverse events, which may adversely affect our ability to process these transactions or provide services or products.

In addition, our operations rely on the secure processing, storage and transmission of confidential and other information on our computer systems and networks. Although we take protective measures, such as software programs, firewalls and similar technology, to maintain the confidentiality, integrity and availability of our and our customers' information, and endeavor to modify these protective measures as circumstances warrant, the nature of cyber threats continues to evolve. As a result, our computer systems, software and networks may be vulnerable to unauthorized access, loss or destruction of data (including confidential customer information), account takeovers, unavailability or disruption of service, computer viruses, acts of vandalism, or other malicious code, ransomware, hacking, phishing and other cyber-attacks and other adverse events that could have an adverse security impact. Despite the defensive measures we have taken, these threats may come from external forces, such as governments, nation-state actors, organized crime, hackers, and other third parties, including outsource or infrastructure-support providers and application developers, or may originate internally from within us. Given the high volume of transactions, certain errors may be repeated or compounded before they are discovered and rectified.

We also face the risk of operational disruption, failure, termination or capacity constraints of any of the third parties that facilitate our business activities, including vendors, customers, counterparties, exchanges, clearing agents, clearinghouses or other financial intermediaries. Such parties could also be the source of a cyber-attack on or breach of our operational systems, network, data or infrastructure. Malicious actors may also attempt to compromise or induce our employees, clients or other users of our systems to disclose sensitive information or provide access to our data, and these types of risks may be difficult to detect or prevent.

There have been an increasing number of ransomware, hacking, phishing and other cyber-attacks in recent years in various industries, including ours, and cyber-security risk management has been the subject of increasing focus by our regulators. Like other companies, we have on occasion experienced, and may continue to experience, threats to our systems, including viruses, phishing and other cyber-attacks. The number and complexity of these threats continue to increase over time. The techniques used in these attacks are increasingly sophisticated, change frequently and are often not recognized until launched. If one or more cyber-attacks occur, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our, as well as our customers' or other third parties' operations, which could result in reputational damage, financial losses, customer dissatisfaction and/or regulatory penalties, which may not in all cases be covered by insurance. If an actual, threatened or perceived cyber-attack or breach of our security occurs, our clients could lose confidence in our platforms and solutions, security measures and reliability, which would materially harm our ability to retain existing clients and gain new clients. As a result of any such attack or breach, we may be required to expend significant resources to repair system, network or infrastructure damage and to protect against the threat of future cyber-attacks or security breaches. We could also face litigation or other claims from impacted individuals as well as substantial regulatory sanctions or fines.

The extent of a particular cyber-attack and the steps that we may need to take to investigate the attack may not be immediately clear, and it may take a significant amount of time before such an investigation can be completed and full and reliable information about the attack is known. While such an investigation is ongoing, we may not necessarily know the full extent of the harm caused by the cyber-attack, and any resulting damage may continue to spread. Furthermore, it may not be clear how best to contain and remediate the harm caused by the cyber-attack, and certain errors or actions could be repeated or

compounded before they are discovered and remediated. Any or all of these factors could further increase the costs and consequences of a cyber-attack.

Our regulators in recent years have increased their examination and enforcement focus on all matters of our businesses, especially matters relating to cyber-security threats, including the assessment of firms' vulnerability to cyber-attacks. In particular, regulatory concerns have been raised about firms establishing effective cyber-security governance and risk management policies, practices and procedures that enable the identification of risks, testing and monitoring of the effectiveness of such procedures and adaptation to address any weaknesses; protecting firm networks and information; data loss prevention, identifying and addressing risk associated with remote access to client information and fund transfer requests; identifying and addressing risks associated with customers business partners, counterparties, vendors, and other third parties, including exchanges and clearing organizations; preventing and detecting unauthorized access or activities; adopting effective mitigation and business continuity plans to timely and effectively address the impact of cyber-security breaches; and establishing protocols for reporting cyber-security incidents. As we enter new jurisdictions or different product area verticals, we may be subject to new areas of risk or to cyber-attacks in areas in which we have less familiarity and tools. A technological breakdown could also interfere with our ability to comply with financial reporting requirements. The SEC has issued guidance stating that, as a public company, we are expected to have controls and procedures that relate to cybersecurity disclosure, and are required to disclose information relating to certain cyber-attacks or other information security breaches in disclosures required to be made under the federal securities laws. While any insurance that we may have that covers a specific cyber-security incident may help to prevent our realizing a significant loss from the incident, it would not protect us from the effects of adverse regulatory actions that may result from the incident or a finding that we had inadequate cyber-security controls, including the reputational harm that could result from such regulatory actions.

Additionally, data privacy is subject to frequently changing rules and regulations in countries where we do business. For example, the GDPR in the EU requires entities both in the European Economic Area and outside to comply with regulations regarding the handling of personal data. We are also subject to certain U.S. federal and state laws governing the protection of personal data. These laws and regulations are increasing in complexity and number. In addition to the increased cost of compliance, our failure to successfully implement or comply with appropriate processes to adhere to the GDPR and other laws and regulations relating to personal data could result in substantial financial penalties for non-compliance, expose us to litigation risk and harm our reputation.

### **Risks Relating to Our Key Personnel and Employee Turnover**

**The loss of one or more of our key executives, the development of future talent and the ability of certain key employees to devote adequate time and attention to us are a key part of the success of our businesses, and failure to continue to employ and have the benefit of these executives may adversely affect our businesses and prospects.**

Our people are our most important resource. We must retain the services of our key employees and strategically recruit and hire new talented employees to attract customer transactions. Further, as we diversify into future business lines or geographic regions, hiring and engagement of effective management in these areas will impact our future success. In addition, like other companies, we are experiencing turnover among operational and support staff as a result of wage pressures occurring throughout the economy. See "Item 1-Business-Human Capital Management." If our retention efforts are not successful or our turnover rate continues to increase in the future, our business, results of operations and financial condition could be materially adversely affected.

Effective succession planning is also important to our long-term success. Failure to transition smoothly and effectively transfer knowledge to future executive officers and key employees could hinder our strategic planning and execution. From time to time, senior management, outside directors or other key employees may leave our Company or be absent due to illness or other factors. While we strive to reduce the negative impact of such changes, losing certain key employees could result in significant disruptions to our operations. Hiring, training, and successfully integrating replacement critical personnel is time consuming and, if unsuccessful could disrupt our operations, and as a result could materially adversely affect our business, financial condition, results of operations and prospects.

Howard W. Lutnick, who serves as our Chief Executive Officer and as Chairman of us and Newmark, is also the Chairman of the Board, President and Chief Executive Officer of Cantor and President of CFGM, the managing general partner of Cantor. Stephen M. Merkel, our Executive Vice President and General Counsel, is employed as Executive Managing Director, General Counsel and Secretary of Cantor and Executive Vice President and Chief Legal Officer of Newmark. Steven Bisgay, our Chief Financial Officer, is also employed as Chief Financial Officer of Cantor. In addition, Messrs. Lutnick, Merkel and Bisgay also hold offices at various other affiliates of Cantor. These three key employees are not subject to employment agreements with us or any of our subsidiaries.

Currently, Mr. Lutnick and Mr. Merkel each typically spends at least 50% of his time on our matters, and Mr. Bisgay spends approximately 80% of his time on BGC matters. These percentages may vary depending on business developments at us

or Newmark or Cantor or any of our or Cantor's other affiliates, including SPACs. As a result, these key employees dedicate only a portion of their professional efforts to our businesses and operations, and there is no contractual obligation for them to spend a specific amount of their time with us and/or Cantor and its affiliates. These key employees may not be able to dedicate adequate time and attention to our businesses and operations, and we could experience an adverse effect on our operations due to the demands placed on our management team by their other professional obligations. In addition, these key employees' other responsibilities could cause conflicts of interest with us.

The BGC Holdings limited partnership agreement and the Newmark Holdings limited partnership agreement to the extent that our executive officers and employees continue to hold Newmark Holdings limited partnership units following the Spin-Off, which includes non-competition and other arrangements applicable to our key employees who are limited partners of BGC Holdings and/or Newmark Holdings, may not prevent our key employees, including Messrs. Lutnick, Merkel and Bisgay, whose employment by Cantor is not subject to these provisions in the limited partnership agreement, from resigning or competing against us.

In addition, our success has largely been dependent on the efforts of Mr. Lutnick and other executive officers. Should Mr. Lutnick or our other most senior executives leave or otherwise become unavailable to render services to us, their loss could disrupt our operations, adversely impact employee retention and morale, and seriously harm our businesses.

Should any of our key employees join an existing competitor, form a competing company, offer services to Cantor or any affiliates that compete with our products, services or otherwise leave us, some of our customers could choose to use the services of that competitor or another competitor instead of our services, which could adversely affect our revenues and as a result could materially adversely affect our businesses, financial condition, results of operations and prospects.

### **Internal Controls**

**If we fail to implement and maintain an effective internal control environment, our operations, reputation and stock price could suffer, we may need to restate our financial statements, and we may be delayed or prevented from accessing the capital markets.**

As a public company, we are required, under Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment is required to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. A material weakness is a control deficiency or combination of control deficiencies that results in more than a remote likelihood that a material misstatement of annual or interim financial statements will not be prevented or detected. To ensure compliance with Section 404, we will continue to evaluate our internal control over financial reporting, including with respect to acquisitions, which could be both costly and challenging.

Internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, internal controls determined to be effective can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect all misstatements. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. As such, we could lose investor confidence in the accuracy and completeness of our financial reports, which may have a material adverse effect on our reputation and stock price.

Our ability to identify and remediate any material weaknesses in our internal controls over financial reporting could affect our ability to prepare financial reports in a timely manner, control our policies, procedures, operations and assets, assess and manage our operational, regulatory and financial risks, and integrate our acquired businesses. Similarly, we need to effectively manage any growth that we achieve in such a way as to ensure continuing compliance with all applicable control, financial reporting and legal and regulatory requirements. Any material failure to ensure full compliance with control and financial reporting requirements could result in restatement, delay or prevent us from accessing the capital markets, and harm our reputation and the market price for our Class A common stock.

### **Risks Related to Seasonality**

**The financial markets in which we operate are generally affected by seasonality, which could have a material adverse effect on our results of operations in a given period.**

Traditionally, the financial markets around the world experience lower volume during the summer and at the end of the year due to a general slowdown in the business environment around holiday seasons, and, therefore, our transaction volume levels may decrease during those periods. The timing of local holidays also affects transaction volumes. These factors could have a material effect on our results of operations in any given period.

The seasonality of our businesses makes it difficult to determine during the course of the year whether planned results will be achieved, and thus to adjust to changes in expectations. To the extent that we are not able to identify and adjust for changes in expectations or we are confronted with negative conditions that inordinately impact seasonal norms, our businesses, financial condition, results of operations and prospects could be materially adversely affected.

### **Risks Related to General Market Conditions**

**Consolidation and concentration of market share in the banking, brokerage, exchange and financial services industries could materially adversely affect our businesses, financial condition, results of operations and prospects because we may not be able to compete successfully.**

In recent years, there has been substantial consolidation and concentration of market share among companies in the banking, brokerage, exchange, and financial services industries, resulting in increasingly large existing and potential competitors, and increased concentration in markets dominated by some of our largest customers. In addition, some of our large broker-dealer customers, such as Deutsche Bank, Barclays, Goldman Sachs, and Credit Suisse, have reduced their sales and trading businesses in fixed income, currency, and commodities. This is in addition to the reductions in these businesses already completed by customers, including Morgan Stanley, UBS, and The Royal Bank of Scotland.

The combination of this consolidation and concentration of market share and the reduction by large customers of certain businesses may lead to increased concentration among our brokerage customers, which may reduce our ability to negotiate pricing and other matters with our customers and lower volumes. Additionally, the sales and trading global revenue market share has generally become more concentrated over the past five years among five of the top investment banks across equities, fixed income, currencies, and commodities.

We also face existing and potential competition from large exchanges, which seek or may seek to migrate trading from the inter-dealer market to their own platform. Consolidation and concentration of market share are occurring in this area as well. For example, in recent years, CME acquired NEX; BATS Global Markets acquired the foreign-exchange trading venue, Hotspot, from KCG Holdings (“KCG”). KCG was itself acquired by Virtu in 2017, while BATS was acquired by CBOE. In early 2018, the Intercontinental Exchange acquired BondPoint, a provider of electronic fixed income trading solutions, from Virtu Financial. In addition, the Hong Kong Exchange and Clearing Limited acquired the London Metal Exchange, ICE completed the acquisition of NYSE Euronext, and London Stock Exchange completed its acquisition of Refinitiv in January 2021. Most recently, in June 2021, Tradeweb acquired Nasdaq’s U.S. fixed income electronic trading platform, formerly known as eSpeed. In 2013, BGC sold the eSpeed platform to Nasdaq, and subsequently launched a competing platform, Fenics UST. In addition, in April of 2019, Tradeweb completed its initial public offering, which may increase its ability to hire and acquire in competition with us. Finally, in March 2021, TP ICAP acquired Liquidnet, an electronic trading network. Consolidation among exchanges may increase their financial resources and ability to compete with us.

Continued consolidation and concentration of market share in the financial services industry and especially among our customers could lead to the exertion of additional pricing pressure by our customers, impacting the commissions and spreads we generate from our brokerage services. Further, the consolidation and concentration among exchanges, and expansion by these exchanges into derivative and other non-equity trading markets, will increase competition for customer trades and place additional pricing pressure on commissions and spreads. These developments have increased competition from firms with potentially greater access to capital resources than we have. Finally, consolidation among our competitors other than exchanges could result in increased resources and product or service offerings for our competitors. If we are not able to compete successfully in the future, our businesses, financial condition, results of operations and prospects could be materially adversely affected.

**Actions taken by central banks in major global economies may have a material negative impact on our businesses.**

In recent years, including in response to the COVID-19 pandemic, policies undertaken by certain central banks, such as the U.S. Federal Reserve, the ECB, and the Bank of England, have involved quantitative easing. Quantitative easing involves open market transactions by monetary authorities to stimulate economic activity through the purchase of assets of longer maturity and has the effect of lowering interest rates further out on the yield curve.

For example, as of January 5, 2022, the U.S. Federal Reserve held approximately \$6.8 trillion worth of long-dated U.S. Treasury and Federal Agency securities which are not being traded or hedged. This compares to \$2.9 trillion prior to the onset

of the COVID-19 pandemic, \$1.7 trillion at the beginning of 2011 and zero prior to September 2008. This has reduced volatility and volumes for listed and OTC interest rate products in the U.S. In addition, the Federal Reserve and other central banks may continue to use traditional methods to keep short-term interest rates low by historical standards.

Similarly, global FX volumes have been muted over various periods during the past several years, largely because low interest rates (themselves partially a result of quantitative easing) in most major economies make carry-trade strategies less appealing for FX market participants. In addition, increased capital requirements for banks and other financial institutions are likely to result in increased holdings of government securities, and these holdings will be less likely to be traded or hedged, thus reducing further transaction volumes in those securities. Since the new capital requirements make it more expensive for the banks and other financial institutions to hold assets other than government securities, the new requirements may also reduce their trading and hedging activities in corporate and asset-backed fixed income securities as well as in various other OTC cash and derivative instruments. Moreover, many of our large bank customers have faced increasing regulatory scrutiny of their rates and FX businesses, and this may negatively impact industry volumes. These central banking policies may materially adversely affect our businesses, particularly our rates and FX businesses.

**The migration of OTC swaps to SEF markets may adversely impact volumes, liquidity, and demand for our services in certain markets.**

BGC Derivative Markets and GFI Swaps Exchange, our subsidiaries, operate as SEFs. Mandatory Dodd-Frank Act compliant execution on SEFs by eligible U.S. persons commenced in February 2014 for “made available to trade” products, and a wide range of other rules relating to the execution and clearing of derivative products have been finalized.

Although we believe that BGC Derivative Markets and GFI Swaps Exchange are in compliance with applicable rules, no assurance can be given that this will always be the case, that the market for these products will not be less robust, that there may accordingly be less volume and liquidity in these markets, that there may be less demand for our services or the market in general or that the industry will not experience disruptions as customers or market participants transition to the rules associated with the Dodd-Frank Act. While we continue to have a compliance framework in place to comply with both existing and proposed rules and regulations, including any potential relaxation of rules and regulations, our businesses in these products could be significantly reduced and our businesses, financial condition, results of operations and prospects could be materially adversely affected by applicable regulations.

**Even after the award of permanent registration status to our SEFs, we will incur significant additional costs, our revenues may be lower than in the past and our financial condition and results of operations may be materially adversely affected by future events.**

The Dodd-Frank Act mandated that certain cleared swaps (subject to an exemption from the clearing requirement) trade on either a SEF or DCM. SEF and DCM core principles relate to trading and product requirements, compliance and audit-trail obligations, governance and disciplinary requirements, operational capabilities, surveillance obligations and financial information and resource requirements. While these principles may or may not be permanently enforced, we do know that we will be subject to a more complex regulatory framework going forward, and that there will be significant costs to prepare for and to comply with these ongoing regulatory requirements and potential amendments. We will incur increased legal fees, personnel expenses, and other costs, as we work to analyze and implement the necessary legal structure for full compliance with all applicable regulations. There will also be significant costs related to the development, operation and enhancement of our technology relating to trade execution, trade reporting, surveillance, compliance and back-up and disaster recovery plans designed to meet the requirements of the regulators.

In addition, it is not clear at this point what the impact of these rules and regulations will be on the markets in which we currently provide our SEF services. During the continued implementation of the Dodd-Frank Act and related rules, the markets for cleared and non-cleared swaps may continue to be less robust, there may be less volume and liquidity in these markets and there may be less demand for our services.

On June 25, 2020, the CFTC approved a final rule prohibiting post-trade name give-up for swaps executed, prearranged or prenegotiated anonymously on or pursuant to the rules of a SEF and intended to be cleared. The rule provides exemptions for package transactions that include a component transaction that is not a swap that is intended to be cleared. The rule went into effect on November 1, 2020 for swaps subject to the trade execution requirement under the Commodity Exchange Act Section 2(h)(8) and July 5, 2021 for swaps not subject to the trade execution requirement but intended to be cleared.

While we continue to have a compliance framework in place to comply with both existing and proposed rules and regulations, it is possible that the existing regulatory framework may be amended, which amendments could have a positive or negative impact on our businesses, financial condition, results of operations and prospects.

Certain banks and other institutions may continue to be limited in their conduct of proprietary trading and may be further limited from trading in certain derivatives. The new rules, including the proprietary trading restrictions for certain banks and other institutions, could materially impact transaction volumes and liquidity in these markets and our businesses, financial condition, results of operations and prospects could be materially adversely impacted as a result.

If we fail to continue to qualify as a SEF under any of these conditions, we may be unable to maintain our position as a provider of execution and brokerage services in the markets for many of the OTC products for which we have traditionally acted as an intermediary. This would have a broad impact on us and could have a material adverse effect on our businesses, financial condition, results operations, and prospects.

**Our commodities derivatives activities, including those related to electricity, natural gas and environmental interests, subject us to extensive regulation, potential catastrophic events and other risks that may result in our incurring significant costs and liabilities.**

We engage in the brokerage of commodities derivatives, including those involving electricity and natural gas, and related products and indices. These activities subject us and our customers to extensive regulatory oversight, involving federal, state, and local and foreign commodities, energy, environmental, and other governmental laws and regulations and may result in our incurring significant costs and liabilities.

We or our clients may incur substantial costs in complying with current or future laws and regulations relating to our commodities-related activities, including trading of electricity, natural gas, and environmental interests. New regulation of OTC derivatives markets in the U.S. and similar legislation proposed or adopted abroad will impose significant new costs and new requirements on the commodities derivatives activities of us and our customers. Therefore, the overall reputation of us or our customers may be adversely affected by the current or future regulatory environment. Failure to comply with these laws and regulations may result in substantial civil and criminal penalties and fines for market participants.

The commodities-related activities of us and our customers are also subject to the risk of unforeseen catastrophic events, many of which are outside of our control, which could result in significant liabilities for us or our customers. We may not be able to obtain insurance to cover these risks, and the insurance that we have may be inadequate to cover our liabilities. The occurrence of any of such events may prevent us from performing under our agreements with customers, may impair our operations, and may result in litigation, regulatory action, negative publicity or other reputational harm, which could have a material negative effect on our businesses, financial condition, results of operations and prospects.

**Risks Related to Regulatory and Legal Compliance**

**The financial services industry in which we operate is subject to significant regulation. We are subject to regulatory capital requirements on our regulated businesses, and a significant operating loss or any extraordinary charge against capital could materially adversely affect our ability to expand or, depending upon the magnitude of the loss or charge, even to maintain the current level of our businesses.**

Many aspects of our businesses, like those of other financial services firms, are subject to significant capital requirements. In the U.S., the SEC, FINRA, the CFTC, the NFA and various other regulatory bodies have stringent provisions with respect to capital applicable to the operation of brokerage firms, which vary depending upon the nature and extent of these entities' activities. Four of our subsidiaries, BGCF, GFI Securities LLC, Fenics Execution LLC and Mint are registered with the SEC and subject to the Uniform Net Capital Requirements. As a FCM, Mint is also subject to CFTC capital requirements. BGCF is also a member of the FICC, which imposes capital requirements on its members. We also hold a 49% limited partnership interest in Aqua, a U.S. registered broker-dealer and ATS. These entities are subject to SEC, FINRA, CFTC and NFA net capital requirements. In addition, our SEFs, BGC Derivative Markets and GFI Swaps Exchange, are required to maintain financial resources to cover operating costs for at least one year, keeping at least enough cash or highly liquid securities to cover six months' operating costs.

Our international operations are also subject to capital requirements in their local jurisdictions. BGC Brokers L.P., BGC European Holdings, L.P, GFI Brokers Limited and GFI Securities Limited, which are based in the U.K., are currently subject to capital requirements established by the FCA. The capital requirements of our French entities (and its EU branches) are predominantly set by ACPR and AMF. U.K. and EU authorities apply stringent provisions with respect to capital applicable to the operation of these brokerage firms, which vary depending upon the nature and extent of their activities. EU policymakers introduced a new capital regime applicable to EU Investment Firms with a phased implementation that began in June 2021. The U.K. has introduced a regime that, while applying different rules and methods, is largely similar in its objectives. This regime entered into force beginning in January 2022, with a similarly phased implementation. The impact of both regimes on our firm will be dependent on further detailed legislative requirements.

In addition, the majority of our other foreign subsidiaries are subject to similar regulation by the relevant authorities in the jurisdictions in which they do business, such as Australia and Hong Kong. These regulations often include minimum capital requirements, which are subject to change. Further, we may become subject to capital requirements in other foreign jurisdictions in which we currently operate or in which we may enter.

We expect to continue to maintain levels of capital in excess of regulatory minimums. Should we fail to maintain the required capital, we may be required to reduce or suspend our brokerage operations during the period that we are not in compliance with capital requirements, and may be subject to suspension or revocation of registration or withdrawal of authorization or other disciplinary action from domestic and international regulators, which would have a material adverse effect on us. In addition, should we fail to maintain the capital required by clearing organizations of which we are a member, our ability to clear through those clearing organizations may be impaired, which may materially adversely affect our ability to process trades.

If the capital rules are changed or expanded, or if there is an unusually large charge against capital, our operations that require the intensive use of capital would be limited. Our ability to withdraw capital from our regulated subsidiaries is subject to restrictions, which, in turn, could limit our ability to pay our indebtedness and other expenses, dividends on our Class A common stock, and distributions on our BGC Holdings limited partnership interests, and to repurchase shares of our Class A common stock or purchase BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor, our executive officers, other employees, partners and others, and pursue strategic acquisitions or other growth opportunities. It is possible that capital requirements may also be relaxed as a result of future changes in U.S. regulation, although no assurance can be given that such changes will occur. We cannot predict our future capital needs or our ability to obtain additional financing. No assurance can be given that required capital levels will remain stable or that we will not incur substantial expenses in connection with maintaining current or increased capital levels or engaging in business restructurings or other activities in response to these requirements.

In addition, financial services firms such as ours are subject to numerous conflicts of interests or perceived conflicts, including for example principal trading and trading to make markets. We have adopted various policies, controls, and procedures to address or limit actual or perceived conflicts, and we will regularly seek to review and update our policies, controls and procedures. However, these policies, controls and procedures may result in increased costs and additional operational personnel. Failure to adhere to these policies, controls and procedures may result in regulatory sanctions or customer claims.

**Our businesses, financial condition, results of operations and prospects could be materially adversely affected by new laws, rules, or regulations or by changes in existing law, rules or regulations or the application thereof.**

The financial services industry, in general, is heavily regulated. Proposals for additional legislation further regulating the financial services industry are periodically introduced in the U.S., the U.K., the EU, and other geographic areas. Moreover, the agencies regulating the financial services industry also periodically adopt changes to their rules and regulations, particularly as these agencies have increased the focus and intensity of their regulation of the financial services industry.

Changes in legislation and in the rules and regulations promulgated by the SEC, FINRA, the CFTC, the NFA, the U.S. Treasury, the FCA, the European Commission, ESMA and other domestic and international regulators and self-regulatory organizations, as well as changes in the interpretation or enforcement of existing laws and rules, often directly affect the method of operation and profitability of brokerage and could result in restrictions in the way we conduct our businesses. For example, the U.S. Congress, the U.S. Treasury, the Board of Governors of the Federal Reserve System, the SEC and the CFTC are continuing to review the nature and scope of their regulation and oversight of the government securities markets and U.S. securities and derivative markets. Furthermore, in Europe, MiFID II was implemented in January 2018. MiFID II requires a significant part of the market in these instruments to trade on trading venues subject to pre- and post-trade transparency regimes and non-discriminatory fee structures and access. In addition, it has had a particularly significant impact in several key areas, including corporate governance, transaction reporting, technology synchronization, best execution and investor protection. MiFID II also introduced a new regulated execution venue category to accompany the existing Multilateral Trading Facility regime. The new venue category is known as an OTF, and it captures much of the voice and hybrid trading in EU. Certain of our existing EU derivatives and fixed income execution business now take place on OTFs, and we currently operate one OTF for each of the U.K.-regulated entities, one in France at Aurel BGC and one MTF under GFI Securities Limited. In 2019, a new European Commission took office which may over the course of its five-year mandate or introduce new legislative proposals for the financial services sector. This will include various legislative reviews of MIFID, which have started in 2020.

Similarly, while the Volcker Rule will not apply directly to us, the Volcker Rule may have a material impact on many of the banking and other institutions with which we do business or compete. There may be a continued uncertainty regarding the application of the Volcker Rule, its impact on various affected businesses, how those businesses will respond to it, and the effect that it will have on the markets in which we do business.

Other regulatory initiatives include Basel III (or the Third Basel Accord), a global regulatory standard on bank capital adequacy, stress testing and market liquidity risk introduced by bank regulators in most, if not all, of the world's major economies. Basel III is designed to strengthen bank capital requirements and introduces new regulatory requirements on bank liquidity and bank leverage. The ongoing adoption of these rules could restrict the ability of our large bank and brokerage customers to operate proprietary trading businesses and to maintain current capital market exposures under the present structure of their balance sheets, and will cause these entities to need to raise additional capital in order to stay active in our marketplaces. Meanwhile, global "Basel IV" standards will be implemented across the globe in the years to come. Most of the requirements are expected to be implemented by national and regional authorities by around 2023, with certain delays announced by regulators recently due to COVID-19. The adoption of these proposed rules could restrict the ability of our large bank and broker-dealer customers to operate trading businesses and to maintain current capital market exposures under the present structure of their balance sheets, and will cause these entities to need to raise additional capital in order to stay active in our marketplaces. As a result, their businesses, results of operations, financial condition or prospects could be materially adversely affected, which might cause them to do less business. Such potential impact could materially adversely affect our revenues and profitability.

In the U.S., the SEC has proposed rules to expand Regulation ATS to cover ATS trading government securities. In addition, the proposed rules extend Regulation SCI to ATSS trading government securities.

Further, the authorities of the U.K. and certain EU countries may from time-to-time institute changes to tax law that, if applicable to us, could have a material adverse effect on our businesses, financial condition, results of operations and prospects. Similarly, the U.S. has proposed a series of changes to U.S. tax law, some of which could apply to us. It is not possible to predict if any of these new provisions will be enacted or, if they are, what form they may take. It is possible that one or more of such provisions could negatively impact our costs and our effective tax rate, which would affect our after-tax earnings. If any of such changes to tax law were implemented and/or deemed to apply to us, they could have a material adverse effect on our businesses, financial condition, results of operations and prospects, including on our ability to attract, compensate and retain brokers, salespeople, managers, technology professionals and other front-office personnel.

While we continue to have a compliance framework in place to comply with both existing and proposed rules and regulations, it is possible that the existing regulatory framework may be amended, which amendments could have a positive or negative impact on our businesses, financial condition, results of operations and prospects.

We believe that uncertainty and potential delays around the final form that such new laws and regulations might take may negatively impact trading volumes in certain markets in which we transact. Increased capital requirements may also diminish transaction velocity. We believe that it remains premature to know conclusively the specific aspects of the U.S., U.K. and EU proposals which may directly impact our businesses as some proposals have not yet been finalized and others which have been proposed remain subject to further debate. Additionally, unintended consequences of the laws, rules and regulations may adversely affect us in ways yet to be determined. We are unable to predict how any of these new laws, rules, regulations and proposals will be implemented or in what form, or whether any additional or similar changes to laws, rules or regulations, including the interpretation or implementation thereof, will occur in the future. Any such action could affect us in substantial and unpredictable ways and could have a material adverse effect on our businesses, financial condition, results of operations and prospects.

In addition, we are subject to tax risks inherent in operating a global business in various jurisdictions, including increased taxes and levies and future changes in income tax regulations.

**Extensive regulation of our businesses restricts and limits our operations and activities and results in ongoing exposure to potential significant costs and penalties, including fines, sanctions, enhanced oversight, increased financial and capital requirements, and additional restrictions or limitations on our ability to conduct or grow our businesses.**

The financial services industry, including our businesses, is subject to extensive regulation, which is very costly. The requirements imposed by regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with us and are not designed to protect the holders of our stock, notes or other securities. These regulations will often serve to restrict or limit our operations and activities, including through capital, customer protection and market conduct requirements.

Our businesses are subject to regulation by governmental and self-regulatory organizations in the jurisdictions in which we operate around the world. Many of these regulators, including U.S. and non-U.S. government agencies and self-regulatory organizations, as well as state securities commissions in the U.S., are empowered to bring enforcement actions and to conduct administrative proceedings and examinations, inspections, and investigations, which may result in costs, penalties, fines, enhanced oversight, increased financial and capital requirements, restrictions or limitations, and censure, suspension, or expulsion. Self-regulatory organizations such as FINRA and the NFA, along with statutory bodies such as the SEC, the CFTC, and the FCA, and other international regulators, require strict compliance with their rules and regulations. In addition, as a

result of regulatory actions, our registration statements under the Securities Act will be subject to SEC review prior to effectiveness, which may lengthen the time required for us to raise capital, reducing our access to the capital markets or increasing our cost of capital.

Firms in the financial services industry, including us, have experienced increased scrutiny in recent years, and penalties, fines and other sanctions sought by regulatory authorities, including the SEC, the CFTC, FINRA, the NFA, state securities commissions and state attorneys general in the U.S., and the FCA in the U.K. and other international regulators, have increased accordingly. This trend toward a heightened regulatory and enforcement environment can be expected to continue for the foreseeable future, and this environment may create uncertainty. From time to time, we have been and are subject to periodic examinations, inspections, and investigations, including periodic risk assessment and related reviews of our U.K. group. As a result of such reviews, we may be subject to increased monitoring and be required to include or enhance certain regulatory structures and frameworks in our operating procedures, systems, and controls.

Increasingly, the FCA has developed a practice of requiring senior officers of regulated firms to provide individual attestations or undertakings as to the status of the firm's control environment, compliance with specific rules and regulations, or the completion of required tasks. Officers of BGC Brokers L.P. and GFI Brokers Limited have given such attestations or undertakings in the past and may do so again in the future. Similarly, the FCA can seek a voluntary requirement notice, which is a voluntary undertaking on behalf of a firm that is made publicly available on the FCA's website. The SMCR came into effect in the U.K. on December 9, 2019. Accountability requirements now fall on senior managers, and a wider population of U.K. staff are subject to certification requirements. SMCR has increased the cost of compliance and will potentially increase financial penalties for non-compliance. These activities have resulted, and may in the future result, in significant costs and remediation expenses, and possible disciplinary actions by the SEC, the CFTC, the FCA, self-regulatory organizations and state securities administrators and have impacted, and may impact in the future, our acquisitions of regulated businesses or entry into new business lines.

**The financial services industry in general faces potential regulatory, litigation and/or criminal risks that may result in damages or fines or other penalties as well as costs, and we may face damage to our professional reputation and legal liability if our products and services are not regarded as satisfactory, our employees do not adhere to all applicable legal and professional standards, or for other reasons, all of which could have a material adverse effect on our businesses, financial condition, results of operations and prospects.**

Many aspects of our current businesses involve substantial risks of liability. The expansion of our businesses, including into new areas, imposes additional risks of liability.

In the normal course of business, we have been a party to investigations, administrative proceedings, lawsuits, arbitrations, and other actions involving primarily claims for damages. In certain circumstances, we could also face potential criminal investigations, enforcement actions or liability, including fines or other penalties. Examinations, inspections, regulatory inquiries and subpoenas or other requests for information or testimony may cause us to incur significant expenses, including fees for legal representation and other professional advisors and costs associated with document production and remediation efforts. Such regulatory, legal, or other actions may also be directed at certain executives or employees who may be critical to our businesses or to particular brokerage desks. The risks associated with such matters often may be difficult to assess or quantify, and their existence and magnitude often remain unknown for substantial periods of time.

A settlement of, or judgment related to, any such matters could result in regulatory, civil or criminal liability, fines, penalties, restrictions or limitations on our operations and activities and other sanctions and could otherwise have a material adverse effect on our businesses, results of operations, financial condition and prospects. Any such action could also cause us significant reputational harm, which, in turn, could seriously harm us. In addition, regardless of the outcome of such matters, we may incur significant legal and other costs, including substantial management time, dealing with such matters, even if we are not a party to the litigation or a target of the inquiry. For example, in September 2020, the SEC announced a settlement with BGC regarding alleged negligent disclosure violations related to one of BGC's non-GAAP financial measures for periods beginning with the first quarter of 2015 through the first quarter of 2016. All of the relevant disclosures related to those periods and pre-dated the SEC staff's May 2016 detailed compliance and disclosure guidance with respect to non-GAAP presentations. BGC revised its non-GAAP presentation beginning with the second quarter of 2016 as a result of the SEC's guidance, and the SEC has made no allegations with regard to any periods following the first quarter of 2016. In connection with the SEC settlement, BGC was ordered to cease and desist from any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act, Section 13(a) of the Exchange Act and Rule 13a-11 thereunder, and Rule 100(b) of Regulation G, and agreed to pay a civil penalty of \$1.4 million without admitting or denying the SEC's allegations. During the fourth quarter of 2020, management identified the theft of UK tax payment related funds from the Company. The theft, which occurred over several years ending September 2020, was perpetrated by two individuals associated with the Company, and did not involve the operations or business of the Company. Litigation has commenced against the two individuals seeking recovery of stolen amounts. The cumulative impact to the Company's "Consolidated net income (loss)" as a result of the theft was determined to be \$35.2

million. The Company expects to recover most or substantially all of the stolen funds through a combination of insurance and return of assets through litigation.

We depend to a large extent on our relationships with our customers and our reputation for integrity and high-caliber professional services to attract and retain customers. We are subject to the risk of failure of our employees to comply with applicable laws, rules and regulations or to be adequately supervised by their managers, and to the extent that such individuals do not meet these requirements, we may be subject to the risk of fines or other penalties as well as reputational risk. As a result, if our customers are not satisfied with our products or services, or our employees do not adhere to all applicable legal and professional standards, such matters may be more damaging to our businesses than to other types of businesses. Significant regulatory action or substantial legal liability against us could have a material adverse effect on our businesses, financial condition, results of operations and prospects, or cause significant reputational damage to us, which could seriously harm us.

### **Risks Related to Competition**

**Because competition for the services of brokers, salespeople, managers, technology professionals and other front-office personnel, in the financial services industry is intense, it could affect our ability to attract and retain a sufficient number of highly skilled brokers or other professional services personnel, in turn adversely impacting our revenues, resulting in a material adverse effect on our businesses, financial condition, results of operations and prospects.**

Our ability to provide high-quality brokerage and other professional services and maintain long-term relationships with our customers depends, in large part, upon our brokers, salespeople, managers, technology professionals and other front-office personnel. As a result, we must attract and retain highly qualified personnel.

Competition for talent is intense, especially for brokers with experience in the specialized businesses in which we participate or we may seek to enter. If we are unable to hire or retain highly qualified professionals, including retaining those employed by businesses we acquire in the future, we may not be able to enter new brokerage markets or develop new products or services. If we lose one or more of our brokers in a particular market in which we participate, our revenues may decrease, and we may lose market share.

In addition, recruitment and retention of qualified professionals could result in substantial additional costs, including costs and management time associated with litigation, arbitration or other claims related to employee hires and/or departures.

If we fail to attract new personnel, or fail to retain and motivate our current personnel, or if we incur increased costs or restrictions associated with attracting and retaining personnel (such as lawsuits, arbitrations, sign-on or guaranteed bonuses or forgivable loans), our businesses, financial condition, results of operations and prospects could be materially adversely affected.

**We face strong competition from brokerages, exchanges, and other financial services firms, many of which have greater market presence, marketing capabilities and financial, technological and personnel resources than we have, which could lead to pricing pressures that could adversely impact our revenues and as a result could materially adversely affect our businesses, financial condition, results of operations and prospects.**

The financial services industry is intensely competitive and is expected to remain so. We primarily compete with three major, diversified inter-dealer brokers and financial intermediaries. These include CME, TP ICAP and Tradition, TP ICAP and Tradition are currently publicly traded companies. Other inter-dealer broker and financial intermediary competitors include a number of smaller, privately held firms that tend to specialize in specific products and services or geographic areas.

We also compete with companies that provide alternative products and services, such as contracts traded on futures exchanges, and trading processes, such as the direct dealer-to-dealer market for government securities and stock exchange markets for corporate equities, debt and other securities. We increasingly compete, directly or indirectly, with exchanges for the execution of trades in certain products, mainly in derivatives such as futures, swaps, options, and options on futures. Certain exchanges have made and will likely continue to make attempts to move certain OTC-traded products to exchange-based execution, or to create listed derivatives products that mimic the qualities of similar OTC-traded products. We also compete with consortia, which are created or funded from time to time by banks, broker-dealers and other companies involved in financial services to compete in various markets with exchanges and inter-dealer brokers. We may compete in OTC-traded products with platforms, such as those owned by MarketAxess Holdings Inc. and Tradeweb Markets, in fixed income products or various OTC FX platforms owned by exchanges such as CBOE and Deutsche Börse. In addition, financial data and information firms such as Refinitiv and Bloomberg L.P. operate trading platforms for both OTC and listed products and may attempt to compete with us for trade execution in the future.

Some of our competitors have greater market presence, marketing capabilities and financial, technological and personnel resources than we have and, as a result, our competitors may be able to:

- develop and expand their network infrastructures and product and service offerings more efficiently or more quickly than we can;
- adapt more swiftly to new or emerging technologies and changes in customer requirements;
- identify and consummate acquisitions and other opportunities more effectively than we can;
- hire our brokers, salespeople, managers, technology professionals and other front-office personnel;
- devote greater resources to the marketing and sale of their products and services;
- more effectively leverage existing relationships with customers and strategic partners or exploit more recognized brand names to market and sell their products and services;
- provide a lower cost structure and lower commissions and fees;
- provide access to trading in products or a range of products that at any particular time we do not offer; and
- develop services that are preferred by our customers.

In addition, new competitors may emerge, and our product and service lines may be threatened by new technologies or market trends that reduce the value of our existing product and service lines or we may enter new businesses, including crypto-currency and similar opportunities for which there are high barriers to entry or for which we may be regulated. If we are not able to compete successfully in the future, our revenues could be adversely impacted, and as a result our businesses, financial condition, results of operations and prospects could be materially adversely affected.

Competition for financial brokerage transactions also has resulted in substantial commission discounting by brokers that compete with us for business. Further discounting could adversely impact our revenues and margins and as a result could materially adversely affect our businesses, financial condition, results of operations and prospects.

Our operations also include the sale of pricing and transactional data and information produced by our brokerage operations to securities information processors and/or vendors. There is a high degree of competition in pricing and transaction reporting products and services, and such businesses may become more competitive in the future. Competitors and customers of our financial brokerage businesses have together and individually offered market data and information products and services in competition with those offered and expected to be offered by us.

### **Risks Related to Our International Operations**

**We are generally subject to various risks inherent in doing business in the international financial markets, in addition to those unique to the regulated brokerage industry, and any failure to identify and manage those risks could materially adversely affect our businesses, financial condition, results of operations and prospects.**

We currently provide products and services to customers in many foreign countries, and we may seek to further expand our operations into additional jurisdictions. On a consolidated basis, revenues from foreign countries were approximately \$1.5 billion, or approximately 74% of total revenues for the year ended December 31, 2021. In many countries, the laws and rules and regulations applicable to the financial services industry are uncertain and evolving, and it may be difficult for us to determine the exact requirements of local regulations in every jurisdiction. Our inability to remain in compliance with local laws and rules and regulations in a particular foreign jurisdiction could have a significant and negative effect not only on our businesses in that market but also on our reputation generally. If we are unable to manage any of these risks effectively, our businesses, financial condition, results of operations and prospects could be adversely affected.

There are also certain additional political, economic, legal, operational, and other risks inherent in doing business in international financial markets, particularly in the regulated financial services industry. These risks include:

- less developed automation in exchanges, depositories and national clearing systems;
- additional or unexpected changes in regulatory requirements, capital requirements, tariffs and other trade barriers;
- the impact of the laws, rules and regulations of foreign governmental and regulatory authorities of each country in which we conduct business, including initiatives such as Brexit;
- possible nationalization, expropriation and regulatory, political and price controls;
- difficulties in staffing and managing international operations;
- capital controls, exchange controls and other restrictive governmental actions;

- failure to develop effective compliance and reporting systems, which could result in regulatory penalties in the applicable jurisdiction;
- fluctuations in currency exchange rates;
- reduced protections for intellectual property rights;
- adverse labor and employment laws, including those related to compensation, tax, health insurance and benefits, and social security;
- outbreak of hostilities or mass demonstrations, pandemics, etc.; and
- potentially adverse tax consequences arising from compliance with foreign laws, rules, and regulations to which our international businesses are subject and the repatriation of overseas earnings.

## **Credit Risk**

### **Credit ratings downgrades or defaults by us, Cantor or another large financial institution could adversely affect us or financial markets generally.**

The commercial soundness of many financial institutions may be closely interrelated as a result of interconnectedness arising from credit, trading, clearing or other relationships between the institutions. A default by one of our customers could lead to liquidity concerns in our business and, to the extent that Cantor or another entity that clears for us has difficulty meeting capital requirements or otherwise meeting its obligations, we may need to provide our own liquidity.

As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity problems, losses, or defaults by other institutions. This is sometimes referred to as “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which we transact on a regular basis, and therefore could adversely affect us. Similarly, our vendors, including insurance companies and other providers, are subject to normal business risks as well as risks related to changes in U.S. and international economic and market conditions. Failure of any of these vendor institutions could also materially, adversely affect us.

Our credit ratings and associated outlooks are critical to our reputation and operational and financial success. Our credit ratings and associated outlooks are influenced by a number of factors, including: operating environment, regulatory environment, earnings and profitability trends the rating agencies’ view of our funding and liquidity management practices, balance sheet size/composition and resulting leverage, cash flow coverage of interest, composition and size of the capital base, available liquidity, outstanding borrowing levels, our competitive position in the industry, our relationships in the industry, including with Cantor, acquisitions or dispositions of assets and other matters. Our credit ratings and/or the associated rating outlooks can be revised upward or downward at any time by a rating agency if such rating agency decides circumstances of BGC or related companies warrant such a change. Any negative change or a downgrade in credit ratings and/or the associated rating outlooks could adversely affect the availability of debt financing on acceptable terms, as well as the cost and other terms upon which any such financing can be obtained. In addition, credit ratings and associated outlooks may be important to customers or counterparties in certain markets and in certain transactions. Additional collateral may be required in the event of a negative change in credit ratings or rating outlooks.

### **Our activities are subject to credit and performance risks, which could result in us incurring significant losses that could materially adversely affect our businesses, financial condition, results of operations and prospects.**

Our activities are subject to credit and performance risks. For example, our customers and counterparties may not deliver securities to one of our operating subsidiaries which has sold those securities to another customer. If the securities due to be delivered have increased in value, there is a risk that we may have to expend our own funds in connection with the purchase of other securities to consummate the transaction. While we will take steps to ensure that our customers and counterparties have high credit standings and that financing transactions are adequately collateralized, the large dollar amounts that may be involved in our broker-dealer and financing transactions could subject us to significant losses if, as a result of customer or counterparty failures to meet commitments, we were to incur significant costs in liquidating or covering our positions in the open market.

We have adopted policies and procedures to identify, monitor and manage credit and market risks, in both agency and principal transactions, leveraging risk reporting and control procedures and by monitoring credit standards applicable to our customers and counterparties. These policies and procedures, however, may not be fully effective, particularly against fraud, unauthorized trading, and similar incidents. Some of these risk management methods depend upon the evaluation of information regarding markets, customers, counterparties, or other matters that are publicly available or otherwise accessible by us. That information may not, in all cases, be accurate, complete, up-to-date, or properly evaluated. If our policies and

procedures are not fully effective or we are not always successful in monitoring or evaluating the risks to which we are, or may be, exposed, our businesses, financial condition, results of operations and prospects could be materially adversely affected. In addition, our insurance policies do not provide coverage for these risks.

Transactions executed on a matched principal basis where the instrument has the same or similar characteristics to the counterparty may expose us to correlation risk. In this case, the counterparty's inability to meet its obligations will also result in the value of the instrument declining. For example, if we were to enter into a transaction to sell to a customer a bond or structured note where the issuer or credit support provider was such customer's affiliate, the value of the instrument would decline in value in tandem with the default. This correlation has the potential effect of magnifying the credit loss.

We are subject to financing risk because, if a transaction does not settle on a timely basis, the resulting unmatched position may need to be financed, either directly by us or through one of the clearing organizations, at our expense. These charges may be recoverable from the failing counterparty, but sometimes they are not. In addition, in instances where the unmatched position or failure to deliver is prolonged or widespread due to rapid or widespread declines in liquidity for an instrument, there may also be regulatory capital charges required to be taken by us, which, depending on their size and duration, could limit our business flexibility or even force the curtailment of those portions of our businesses requiring higher levels of capital. Credit or settlement losses of this nature could materially adversely affect our businesses, financial condition, results of operations and prospects.

Disruptions in the financial markets have also led to the exposure of several cases of financial fraud. If we were to have trading activity on an agency or principal basis with an entity engaged in defrauding investors or counterparties, we could bear the risk that the counterparty would not have the financial resources to meet their obligations, resulting in a credit loss. Similarly, we may engage in financial transactions with third parties that have been victims of financial fraud and, therefore, may not have the financial resources to meet their obligations to us.

In agency transactions, we charge a commission for connecting buyers and sellers and assisting in the negotiation of the price and other material terms of the transaction. After all material terms of a transaction are agreed upon, we identify the buyer and seller to each other and leave them to settle the trade directly. We are exposed to credit risk for commissions, as we bill customers for our agency brokerage services. Our customers may default on their obligations to us due to disputes, bankruptcy, lack of liquidity, operational failure, or other reasons. Any losses arising from such defaults could materially adversely affect our businesses, financial condition, results of operations and prospects.

**In emerging market countries, we primarily conduct our businesses on an agency and matched principal basis, where the risk of counterparty default, inconvertibility events and sovereign default is greater than in more developed countries.**

We enter transactions in cash and derivative instruments primarily on an agency and matched principal basis with counterparties domiciled in countries in Latin America, Eastern Europe and Asia. Transactions with these counterparties are generally in instruments or contracts of sovereign or corporate issuers located in the same country as the counterparty. This exposes us to a higher degree of sovereign or convertibility risk than in more developed countries. In addition, these risks may entail correlated risks. A correlated risk arises when the counterparty's inability to meet its obligations also corresponds to a decline in the value of the instrument traded. In the case of a sovereign convertibility event or outright default, the counterparty to the trade may be unable to pay or transfer payment of an instrument purchased out of the country when the value of the instrument has declined due to the default or convertibility event. The global financial crisis of recent years has heightened the risk of sovereign or convertibility events in emerging markets similar to the events that occurred in previous financial downturns. Our risk management function monitors the creditworthiness of emerging countries and counterparties on an ongoing basis and, when the risk of inconvertibility or sovereign default is deemed to be too great, correlated transactions or all transactions may be restricted or suspended. However, there can be no assurance that these procedures will be effective in controlling these risks.

## **Concentration and Market Risk**

**The rates business is our largest product category, and we could be significantly affected by any downturn in the rates product market.**

We offer our brokerage services in five broad product categories: rates, credit, FX, energy and commodities, and equity derivatives and cash equities. Our brokerage revenues are strongest in our rates products, which accounted for approximately 29.9% of our total brokerage revenues on a consolidated basis for the year ended December 31, 2021. While we focus on expanding and have successfully diversified our product offerings, we may currently be exposed to any adverse change or condition affecting the rates product market. Accordingly, the concentration of our brokerage businesses on rates products subjects our results to a greater market risk than if we had more diversified product offerings.

**Due to our current customer concentration, a loss of one or more of our significant customers could materially harm our businesses, financial condition, results of operations and prospects.**

For the year ended December 31, 2021, on a consolidated basis, our top ten customers, collectively, accounted for approximately 41.9% of our total revenues. We have limited long-term contracts with certain of these customers. If we were to lose one or more of these significant customers for any reason, including as a result of further consolidation and concentration in the financial services industry, and not be compensated for such loss by doing additional business with other customers or by adding new customers, our revenues would decline significantly and our businesses, financial condition, results of operations and prospects would materially suffer.

**Our revenues and profitability could be reduced or otherwise materially adversely affected by pricing plans relating to commissions and fees on our trading platform.**

We negotiate from time to time with certain customers (including many of our largest customers) to enter into customized volume discount pricing plans. While the pricing plans are designed to encourage customers to be more active on our Fully Electronic trade execution platform, they reduce the amount of commissions and fees payable to us by certain of our most active customers for certain products, which could reduce our revenues and constrain our profitability. From time to time, these pricing plans come up for renewal. Failure of a number of our larger customers to enter into renewed agreements, or agreements on terms as favorable as existing agreements, could have a material adverse effect on volumes on our Fully Electronic trade execution platform, the commissions payable to us, our revenues and our profitability.

**Reduced spreads in pricing, levels of trading activity and trading through market makers and/or specialists could materially adversely affect our businesses, financial condition, results of operations and prospects.**

Computer-generated buy/sell programs and other technological advances and regulatory changes in the marketplace may continue to tighten securities spreads. In addition, new and enhanced alternative trading systems, such as electronic communications networks, have emerged as alternatives for individual and institutional investors, as well as brokerage firms. As such systems do not direct trades through market makers, their use could result in reduced revenues for us or for our customers. In addition, reduced trading levels could lead to lower revenues which could materially adversely affect our businesses, financial condition, results of operations and prospects.

**We have market risk exposure from unmatched principal transactions entered into by some of our desks, as well as holdings of marketable equity securities, which could result in losses and have a material adverse effect on our businesses, financial condition, results of operations, and prospects for any particular reporting period. In addition, financial fraud or unauthorized trading activity could also adversely impact our businesses, financial condition, results of operations and prospects.**

On a limited basis, our desks enter into unmatched principal transactions in the ordinary course of business to facilitate transactions, add liquidity, improve customer satisfaction, increase revenue opportunities and attract additional order flow or, in certain instances, as the result of an error. As a result, we have market risk exposure on these unmatched principal transactions.

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices or other factors will result in losses for a specified position. We may allow certain of our desks to enter into unmatched principal transactions in the ordinary course of business and hold long and short inventory positions. These transactions are primarily for the purpose of managing proprietary positions, facilitating customer execution needs, adding liquidity to a market or attracting additional order flow. As a result, we may have market risk exposure on these transactions. Our exposure varies based on the size of the overall position, the terms and liquidity of the instruments brokered and the amount of time the position is held before we dispose of the position. Although we have limited ability to track our exposure to market risk and unmatched positions on an intra-day basis, we attempt to mitigate market risk on these positions by strict risk limits, extremely limited holding periods and active risk management, including hedging our exposure. These positions are intended to be held short term, and generally to facilitate customer transactions. However, due to a number of factors, including the nature of the position and access to the market on which it trades, we may not be able to unwind the position and we may be forced to hold the position for a longer period than anticipated. All positions held longer than intra-day are marked to market.

Certain categories of trades settle for clearing purposes with CF&Co, one of our affiliates. CF&Co is a member of FINRA and the FICC, a subsidiary of the Depository Trust & Clearing Corporation. In addition, certain affiliated entities are subject to regulation by the CFTC, including CF&Co and BGC Financial. In certain products we, CF&Co, BGC Financial and other affiliates act in a matched principal or principal capacity in markets by posting and/or acting upon quotes for our account. Such activity is intended, among other things, to assist us, CF&Co, and other affiliates in managing proprietary positions

(including, but not limited to, those established as a result of combination trades and errors), facilitating transactions, framing markets, adding liquidity, increasing commissions and attracting order flow.

From a risk management perspective, we monitor risk daily, on an end-of-day basis, and desk managers generally monitor such exposure on a continuous basis. Any unmatched positions are intended to be disposed of in the short term. However, due to a number of factors, including the nature of the position and access to the markets on which we trade, we may not be able to match the position or effectively hedge its exposure and often may be forced to hold a position overnight that has not been hedged. To the extent these unmatched positions are not disposed of intra-day, we mark these positions to market. Adverse movements in the market values of assets or other reference benchmarks underlying these positions or a downturn or disruption in the markets for these positions could result in a loss. In the event of any unauthorized trading activity or financial fraud that is not detected by management, it is possible that these unmatched positions could be outstanding for a long period. At the time of any sales and settlements of these positions, the price we ultimately realize will depend on the demand and liquidity in the market at that time and may be materially lower than their current fair values. In addition, our estimates or determinations of the values of our various positions, assets or businesses are subject to the accuracy of our assumptions and the valuation models or multiples used. Any principal losses and gains resulting from these positions could on occasion have disproportionate effects, negative or positive, on our businesses, financial condition, results of operations and prospects for any particular reporting period.

In addition, in recent years we have had considerable holdings of marketable securities received by us as consideration for the sale of certain businesses. We may seek to manage the market risk exposure inherent in such holdings by minimizing the effect of price changes on a portion of such holdings, including through the use of derivative contracts. There can, however, be no assurance that our hedging activities will be adequate to protect us against price risks associated with these holdings, or that the costs of such hedging activities will not be significant. Further, any such hedging activities and other risk management techniques may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk, including unpredicted price movements, counterparty defaults or other risks that are unidentified or unanticipated. Any such events could have a material adverse effect on our businesses, financial condition, results of operations and prospects.

**We may have equity investments or profit sharing interests in entities whose primary business is proprietary trading. These investments could expose us to losses that could adversely affect our net income and the value of our assets.**

We may have equity investments or profit sharing interests in entities whose primary business is proprietary trading. The accounting treatment applied for these investments varies depending on a number of factors, including, but not limited to, our percentage ownership or profit share and whether we have any influence or control over the relevant entity. Under certain accounting standards, any losses experienced by these entities on their investment activities could adversely impact our net income and the value of our assets. In addition, if these entities were to fail and cease operations, we could lose the entire value of our investment and the stream of any shared profits from trading.

#### **Other General Risks**

**Our operations are global and exchange rate fluctuations and international market events could materially adversely impact our businesses, financial condition, results of operations and prospects.**

Because our operations are global, we are exposed to risks associated with changes in FX rates. Changes in foreign currency rates create volatility in the U.S. dollar equivalent of revenues and expenses, in particular with regard to British Pounds and Euros. In addition, changes in the remeasurement of our foreign currency denominated net assets are recorded as part of our results of operations and fluctuate with changes in foreign currency rates. We monitor our net exposure in foreign currencies on a daily basis and hedge our exposure as deemed appropriate with major financial institutions. However, potential movements in the U.S. dollar against other currencies in which we earn revenues could materially adversely affect our financial results.

Furthermore, our revenues derived from non-U.S. operations are subject to risk of loss from social or political instability, changes in government policies or policies of central banks, downgrades in the credit ratings of sovereign countries, expropriation, nationalization, confiscation of assets and unfavorable legislative, political developments, and other events in such non-U.S. jurisdictions. Revenues from the trading of non-U.S. securities may be subject to negative fluctuations as a result of the above factors. The impact of these fluctuations on our results could be magnified because generally non-U.S. trading markets, particularly in emerging market countries, are smaller, less liquid and more volatile than U.S. trading markets.

**Employee misconduct, fraud, miscommunication or error could harm us by impairing our ability to attract and retain customers and subjecting us to significant financial losses, legal liability, regulatory sanctions and penalties and reputational harm; moreover, misconduct is difficult to detect and deter, and error is difficult to prevent.**

Employee misconduct, fraud or error could subject us to financial losses, legal liability, and regulatory sanctions and penalties and could seriously harm our reputation and negatively affect us. Misconduct or fraud by employees could include engaging in improper or unauthorized transactions or activities, failing to properly supervise other employees or improperly using confidential information.

Employee errors and miscommunication, including mistakes in executing, recording or processing transactions for customers, could cause us to enter into transactions that customers may disavow and refuse to settle, which could expose us to the risk of material losses even if the errors and miscommunication are detected and the transactions are unwound or reversed. If our customers are not able to settle their transactions on a timely basis, the time in which employee errors and miscommunication are detected may be increased and our risk of material loss could be increased. The risk of employee error and miscommunication may be greater for products or services that are new or have non-standardized terms.

It is not always possible to deter and detect employee misconduct or fraud or prevent errors and miscommunications. While we have various supervisory systems and compliance processes and procedures in place, and seek to mitigate applicable risks, the precautions we take to deter and detect and prevent this activity may not be effective in all cases.

**Although portions of our compensation structure are variable, significant parts of our cost structure are fixed, and if our revenues decline and we are unable to reduce our costs in the amount that our revenues decline, our profitability could be materially adversely affected.**

Although portions of our compensation structure are variable, significant parts of our cost structure are fixed. We base our overall cost structure on historical and expected levels of demand for our products and services. If demand for these products and services and our resulting revenues decline, we may not be able to adjust our cost structure on a timely basis. If we are unable to reduce our costs in the amount that our revenues decline, our profitability could be materially adversely affected.

## **RISKS RELATED TO OUR CORPORATE AND PARTNERSHIP STRUCTURE**

### **Risks Related to Our Corporate Structure**

**Because our voting control is concentrated among the holders of our Class B common stock, the market price of our Class A common stock may be materially adversely affected by its disparate voting rights.**

As of February 24, 2022, Cantor (including CFGM) beneficially owned all of the outstanding shares of our Class B common stock, representing approximately 58.8% of our total voting power. In addition, Cantor has the right to exchange exchangeable partnership interests in BGC Holdings into additional shares of our Class B common stock, and pursuant to an exchange agreement with us, Cantor has the right to exchange shares of our Class A common stock for additional shares of our Class B common stock.

As long as Cantor beneficially owns a majority of our total voting power, it will have the ability, without the consent of the public holders of our Class A common stock, to elect all of the members of our Board and to control our management and affairs. In addition, it will be able to determine the outcome of matters submitted to a vote of our stockholders for approval and will be able to cause or prevent a change of control of us. In certain circumstances, such as when transferred to an entity controlled by Cantor or Mr. Lutnick, the shares of our Class B common stock issued to Cantor may be transferred without conversion to our Class A common stock.

The holders of our Class A common stock and Class B common stock have substantially identical rights, except that holders of Class A common stock are entitled to one vote per share, while holders of Class B common stock are entitled to 10 votes per share on all matters to be voted on by stockholders in general. BGC Class B common stock is controlled by Cantor and is not subject to conversion or termination by our Board or any committee thereof, or any other stockholder or third party. This differential in the voting rights of our Class B common stock could adversely affect the market price of our Class A common stock.

**The possible restructuring of our partnership into a corporation is subject to various risks and uncertainties, may not be completed in the anticipated timeline, or at all, may not achieve the anticipated benefits, and will involve significant time and expense, potential tax or accounting charges and management attention, which could negatively impact our businesses, financial condition, results of operations and prospects.**

We continue to explore a possible conversion into a simpler corporate structure. Our board and committees have hired advisors and are reviewing the potential structure and details of such conversion.

There can be no assurance as to whether management will make a proposal or whether the Board will accept management's proposal, whether the restructuring will be completed in accordance with the expected timeline or whether it will achieve its anticipated benefits. Other factors such as changes in legal, tax, regulatory, political or other regimes could impact the potential transaction. If such transaction is completed, there can be no assurance that (i) our brokers and other employees, the rating agencies, our lenders, our bondholders, our investors, our counterparties, our clients, or others will view our new structure favorably, (ii) that the new structure will have the expected retentive effect on said employees or (iii) it will have the expected impact on our GAAP or non-GAAP results, cash position, cash or non-cash accounting charges, or other factors. Furthermore, the restructuring will involve significant time, expense and management attention. Any of these factors or others could negatively affect our businesses, financial condition, results of operations and prospects.

**Delaware law may protect decisions of our Board that have a different effect on holders of our Class A common stock and Class B common stock.**

Stockholders may not be able to challenge decisions that have an adverse effect upon holders of our Class A common stock compared to holders of our Class B common stock if our Board acts in a disinterested, informed manner with respect to these decisions, in good faith and in the belief that it is acting in the best interests of our stockholders. Delaware law generally provides that a Board owes an equal duty to all stockholders, regardless of class or series, and does not have separate or additional duties to different groups of stockholders, subject to applicable provisions set forth in a corporation's certificate of incorporation and general principles of corporate law and fiduciary duties.

**Delaware law, our corporate organizational documents and other requirements may impose various impediments to the ability of a third party to acquire control of us, which could deprive investors in our Class A common stock of the opportunity to receive a premium for their shares.**

We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change of control would be beneficial to our Class A stockholders. Some provisions of the Delaware General Corporation Law (the "DGCL"), our restated certificate of incorporation, and our amended and restated bylaws could make the following more difficult:

- acquisition of us by means of a tender offer;
- acquisition of us by means of a proxy contest or otherwise; or
- removal of our incumbent officers and directors.

These provisions, summarized below, may discourage coercive takeover practices and inadequate takeover bids. These provisions may also encourage persons seeking to acquire control of us to first negotiate with our Board. We believe that the benefits of increased protection give us the potential ability to negotiate with the initiator of an unfriendly or unsolicited proposal to acquire or restructure us and outweigh the disadvantages of discouraging those proposals because negotiation of them could result in an improvement of their terms.

Our amended and restated bylaws provide that special meetings of stockholders may be called only by the Chairman of our Board, or in the event the Chairman of our Board is unavailable, by the Chief Executive Officer or by the holders of a majority of the voting power of our Class B common stock, which is held by Cantor and CFGM. In addition, our restated certificate of incorporation permits us to issue "blank check" preferred stock.

Our amended and restated bylaws require advance written notice prior to a meeting of our stockholders of a proposal or director nomination which a stockholder desires to present at such a meeting, which generally must be received by our Secretary not later than 120 days prior to the first anniversary of the date of our proxy statement for the preceding year's annual meeting. In the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of the 120th day prior to the date of such proxy statement or the tenth day following the day on which public announcement of the date of such meeting is first made by us. Our bylaws provide that all amendments to our bylaws must be approved by either the holders of a majority of the voting power of all of our outstanding capital stock entitled to vote or by a majority of our Board.

We are subject to Section 203 of the DGCL. In general, Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the date the person became an interested stockholder, unless the "business combination" or the transaction in which the person became an "interested stockholder" is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the "interested stockholder." An "interested

stockholder” is a person who, together with affiliates and associates, owns 15% or more of a corporation’s outstanding voting stock, or was the owner of 15% or more of a corporation’s outstanding voting stock at any time within the prior three years, other than “interested stockholders” prior to the time our Class A common stock was traded on Nasdaq. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by our Board, including discouraging takeover attempts that might result in a premium over the market price for shares of our Class A common stock.

In addition, our brokerage businesses are heavily regulated and some of our regulators require that they approve transactions which could result in a change of control, as defined by the then-applicable rules of our regulators. The requirement that this approval be obtained may prevent or delay transactions that would result in a change of control.

Further, our Equity Plan contains provisions pursuant to which grants that are unexercisable or unvested may automatically become exercisable or vested as of the date immediately prior to certain change of control events. Additionally, change in control and employment agreements between us and our named executive officers also provide for certain grants, payments, and grants of exchangeability, and exercisability in the event of certain change of control events.

The foregoing factors, as well as the significant common stock ownership by Cantor, including shares of our Class B common stock, and rights to acquire additional such shares, and the provisions of the indentures for our outstanding notes discussed above, could impede a merger, takeover or other business combination or discourage a potential investor from making a tender offer for our Class A common stock, which, under certain circumstances, could reduce the market value of the Class A common stock.

**The dual class structure of our common stock may adversely affect the trading market for our Class A common stock.**

S&P Dow Jones and FTSE Russell previously announced changes to their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, to exclude companies with multiple classes of shares of common stock from being added to such indices or limit their inclusion in them. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our common stock may prevent the inclusion of our Class A common stock in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for our Class A common stock. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A common stock.

**We are a holding company, and accordingly we are dependent upon distributions from BGC U.S. OpCo and BGC Global OpCo to pay dividends, taxes and indebtedness and other expenses and to make repurchases.**

We are a holding company with no direct operations and will be able to pay dividends, taxes and other expenses, and to make repurchases of shares our Class A common stock and purchases of BGC Holdings limited partnership interests or other equity interests in us or in our subsidiaries, only from our available cash on hand and funds received from distributions, loans or other payments, primarily from BGC U.S. OpCo and BGC Global OpCo. As discussed above, regulatory, tax restrictions or elections, and other legal or contractual restrictions may limit our ability to transfer funds freely from our subsidiaries. In addition, any unanticipated accounting, tax or other charges against net income could adversely affect our ability to pay dividends and to make repurchases.

BGC U.S. OpCo and BGC Global OpCo intend to distribute to their limited partners, including us, on a pro rata and quarterly basis, cash that is not required to meet BGC U.S. OpCo’s and BGC Global OpCo’s anticipated business and regulatory needs. As a result, BGC U.S. OpCo’s and BGC Global OpCo’s ability, and in turn our ability, to pay dividends, taxes and indebtedness and other expenses and to make repurchases will depend upon the continuing profitability and strategic and operating needs of our businesses, including various capital adequacy and clearing capital requirements promulgated by federal, self-regulatory, and other authorities to which our subsidiaries are subject.

Traditionally, our dividend policy provides that we expect to pay a quarterly cash dividend to our common stockholders based on our post-tax Adjusted Earnings per fully diluted share. Please see below for a detailed definition of post-tax Adjusted Earnings per fully diluted share. Beginning in the first quarter of 2020, and for all of the quarterly periods in 2020 and 2021, the Board reduced the quarterly dividend to \$0.01 per share out of an abundance of caution in order to strengthen the Company’s balance sheet as the global capital markets faced difficult and unprecedented macroeconomic conditions related to the global pandemic. Additionally, during 2020, BGC Holdings, L.P. reduced its distributions to or on behalf of its partners. We plan to continue to prioritize share and unit repurchases over dividends and distributions. Investors seeking a high short-term dividend yield may find our Class A common stock less attractive than securities of issuers continuing to pay larger dividends.

Any dividends, if and when declared by our Board, will be paid on a quarterly basis. The dividend to our common stockholders is expected to be calculated based on post-tax Adjusted Earnings allocated to us and generated over the fiscal quarter ending prior to the record date for the dividend. No assurance can be made, however, that a dividend will be paid each quarter. The declaration, payment, timing, and amount of any future dividends payable by us will be at the sole discretion of our Board. With respect to any distributions which are declared, amounts paid to or on behalf of partners will at least cover their related tax payments. Whether any given post-tax amount is equivalent to the amount received by a stockholder also on an after tax basis depends upon stockholders' and partners' domiciles and tax status.

We are a holding company, with no direct operations, and therefore we are able to pay dividends only from our available cash on hand and funds received from distributions from BGC U.S. OpCo and BGC Global OpCo. Our ability to pay dividends may also be limited by regulatory considerations as well as by covenants contained in financing or other agreements. In addition, under Delaware law, dividends may be payable only out of surplus, which is our net assets minus our capital (as defined under Delaware law), or, if we have no surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. Accordingly, any unanticipated accounting, tax, regulatory or other charges against net income may adversely affect our ability to declare and pay dividends. While we intend to declare and pay dividends quarterly, there can be no assurance that our Board will declare dividends at all or on a regular basis or that the amount of our dividends will not change.

Our Board and our Audit Committee have authorized repurchases of shares of BGC Class A common stock and purchases of BGC Holdings limited partnership interests or other equity interests in us or in subsidiaries, from Cantor, our executive officers, other employees, partners and others. On August 3, 2021, the Company's Board and Audit Committee increased our share repurchase and unit redemption authorization to \$400.0 million, which may include purchases from Cantor, its partners or employees or other affiliated persons or entities. As of December 31, 2021, we had approximately \$191.8 million remaining under this authorization and may continue to actively make repurchases or purchases, or cease to make such repurchases or purchases, from time to time. In addition, from time to time, we may reinvest all or a portion of the distributions we receive from BGC U.S. OpCo and BGC Global OpCo in our businesses. Accordingly, there can be no assurance that future dividends will be paid or that dividend amounts will be maintained or that repurchases and purchases will be made at current or future levels.

**If our dividend policy is materially different than the distribution policy of BGC Holdings, upon the exchange of any BGC Holdings limited partnership interests such BGC Holdings limited partners could receive a disproportionate interest in the aggregate distributions by BGC U.S. OpCo and BGC Global OpCo that have not been distributed by us.**

To the extent BGC Holdings distributes to its limited partners a greater share of that income that it receives from BGC U.S. OpCo and BGC Global OpCo than we distribute to our stockholders, then as founding/working partners, limited partnership unit holders and/or Cantor exercise any exchange right to acquire our Class A common stock or Class B common stock, as applicable, exchanging partners may receive a disproportionate interest in the aggregate distributions by BGC U.S. OpCo and BGC Global OpCo that have not been distributed by us. The reason is that the exchanging partner could receive both (1) the benefit of the distribution that has not been distributed by us that we received from BGC U.S. OpCo and BGC Global OpCo to BGC Holdings (in the form of a distribution by BGC Holdings to its limited partners) and (2) the benefit of the distribution from BGC U.S. OpCo and BGC Global OpCo to us (in the form of a subsequent cash dividend paid by us, a greater percentage indirect interest in BGC U.S. OpCo and BGC Global OpCo following a repurchase of BGC Class A common stock by us or a greater value of assets following a purchase of assets by us with the cash that otherwise would be distributed to our stockholders). Consequently, if our dividend policy does not match the level of the distribution policy of BGC Holdings, other holders of BGC Class A common stock and BGC Class B common stock as of the date of an exchange could experience a reduction in their interest in the profits previously distributed by BGC U.S. OpCo and BGC Global OpCo that have not been distributed by us. Our current dividend policy could result in distributions to our common stockholders that are different from the distributions made by BGC Holdings to its unit holders.

**If we or BGC Holdings were deemed an "investment company" under the Investment Company Act, the Investment Company Act's restrictions could make it impractical for us to continue our businesses and structure as contemplated and could materially adversely affect our businesses, financial condition, results of operations, and prospects.**

Generally, an entity is deemed an "investment company" under Section 3(a)(1)(A) of the Investment Company Act if it is primarily engaged in the business of investing, reinvesting, or trading in securities, and is deemed an "investment company" under Section 3(a)(1)(C) of the Investment Company Act if it owns "investment securities" having a value exceeding 40% of the value of its total assets (exclusive of U.S. Government Securities and cash items) on an unconsolidated basis. We believe that neither we nor BGC Holdings should be deemed an "investment company" as defined under Section 3(a)(1)(A)

because neither of us is primarily engaged in the business of investing, reinvesting, or trading in securities. Rather, through our operating subsidiaries, we and BGC Holdings are primarily engaged in the operation of various types of brokerage businesses as described in this report. Neither we nor BGC Holdings is an “investment company” under Section 3(a)(1)(C) because more than 60% of the value of our total assets on an unconsolidated basis are interests in majority-owned subsidiaries that are not themselves “investment companies.” In particular, our BGC brokerage subsidiaries are entitled to rely on, among other things, the broker-dealer/market intermediary exemption in Section 3(c)(2) of the Investment Company Act.

To ensure that we and BGC Holdings are not deemed “investment companies” under the Investment Company Act, we need to be primarily engaged, directly or indirectly, in the non-investment company businesses of our operating subsidiaries. If we were to cease participation in the management of BGC Holdings, if BGC Holdings, in turn, were to cease participation in the management of the BGC OpCos, or if the BGC OpCos, in turn, were to cease participation in the management of our BGC operating subsidiaries, that would increase the possibility that we and BGC Holdings could be deemed “investment companies.” Further, if we were deemed not to have a majority of the voting power of BGC Holdings (including through our ownership of the Special Voting Limited Partnership Interest), if BGC Holdings, in turn, were deemed not to have a majority of the voting power of the BGC OpCos (including through its ownership of Special Voting Limited Partnership Interests), or if the BGC OpCos, in turn, were deemed not to have a majority of the voting power of our BGC operating subsidiaries, that would increase the possibility that we and BGC Holdings could be deemed “investment companies,” our interests in BGC Holdings and the BGC OpCos could be deemed “investment securities,” and we and BGC Holdings could be deemed “investment companies.”

We expect to take all legally permissible action to ensure that we and BGC Holdings are not deemed investment companies under the Investment Company Act, but no assurance can be given that this will not occur.

The Investment Company Act and the rules thereunder contain detailed prescriptions for the organization and operations of investment companies. Among other things, the Investment Company Act and the rules thereunder limit or prohibit transactions with affiliates, limit the issuance of debt and equity securities, prohibit the issuance of stock options, and impose certain governance requirements. If anything were to happen that would cause us or BGC Holdings to be deemed to be an “investment company” under the Investment Company Act, the Investment Company Act would limit our or its capital structure, ability to transact business with affiliates (including Cantor, BGC Holdings or the BGC OpCos as the case may be), and ability to compensate key employees. Therefore, if we or BGC Holdings became subject to the Investment Company Act, it could make it impractical to continue our businesses in this structure, impair agreements and arrangements, and impair the transactions contemplated by those agreements and arrangements, between and among us, BGC Holdings and the BGC OpCos, or any combination thereof, and materially adversely affect our businesses, financial condition, results of operations, and prospects.

## **Risks Related to Our Partnership and Equity-Based Compensation Structure**

### **Our equity-based compensation structure may adversely affect our ability to recruit, retain, compensate and motivate some employee partners.**

While we believe that our emphasis on equity-based compensation promotes recruitment, motivation of our brokers and other employees and alignment of interest with shareholders, such employee may be more attracted to the benefits of working at a privately controlled partnership, or at a public company with a different compensation structure than our own, which may adversely affect our ability to recruit, retain, compensate and motivate these persons. While BGC Holdings limited partnership interests entitle founding/working and other limited partners to participate in distributions of income from the operations of our businesses, upon leaving BGC Holdings (or upon any other purchase of such limited partnership interests, as described below), any such founding/working or other limited partners are, unless Cantor, in the case of the founding partners, and us, as the general partner of BGC Holdings, otherwise determine, only entitled to receive over time, and provided he or she does not violate certain partner obligations, an amount for his or her BGC Holdings limited partnership interests that reflects such partner’s capital account or post-termination amount, if any, and not any goodwill or going concern value of our businesses. Further, certain partner units have no right to a post-termination payment, receive a preferred but fixed distribution amount, and/or cannot be made exchangeable into shares of our Class A common stock. Moreover, unless and until units are made exchangeable, limited partners have no unilateral right to exchange their BGC Holdings limited partnership interests for shares of BGC Class A common stock.

The BGC Holdings limited partnership interests are also subject to redemption, and subject founding/working and other limited partners to non-competition and non-solicitation covenants, as well as other obligations. In addition, the exercise of Cantor’s right to purchase from BGC Holdings exchangeable limited partnership interests generally when FPU are redeemed or granted exchangeability will result in the share of distributions of income from the operations of our businesses on other outstanding BGC Holdings limited partnership interests, including those held by founding/working and other limited partners, to remain the same rather than increasing as would be the case if such interests were redeemed or granted exchangeability without such Cantor right to purchase. In addition, any purchase of exchangeable limited partnership units by

Cantor from BGC Holdings following Cantor's decision to grant exchangeability on FPU's will result in additional dilution to the other partners of BGC Holdings.

The terms of the BGC Holdings limited partnership interests held by founding/working and limited partners also provide for the following:

- such units are not entitled to reinvest the distributions on their BGC Holdings limited partnership interests in additional BGC Holdings limited partnership interests at preferential or historical prices or at all; and
- Cantor is entitled to receive any amounts from selected extraordinary transactions that are withheld from distributions to certain partners and forfeited by partners leaving BGC Holdings prior to their interests in such withheld distributions fully vesting, rather than any such forfeited amounts accruing to the benefit of all BGC Holdings limited partners on a pro rata basis.

In addition, the ability to acquire shares of our Class A common stock underlying BGC Holdings exchangeable units is not dependent upon the partner's continued employment with us or compliance with partner obligations, and such partners are therefore not restricted from leaving us by the potential loss of such shares. In the event that we complete a transaction to simplify our organizational structure by restructuring our partnership into a corporation there is no assurance that the retention and motivation features of our new structure will be as beneficial as those of our partnership structure.

**We may be required to pay Cantor for a significant portion of the tax benefit, if any, relating to any additional tax depreciation or amortization deductions we claim as a result of any step up in the tax basis of the assets of BGC U.S. OpCo or BGC Global OpCo resulting from Cantor's exchanges of interests in BGC Holdings (together with, prior to the Spin-Off, interests in Newmark Holdings) for our common stock.**

Certain partnership interests in BGC Holdings may be exchanged for shares of BGC Partners common stock. In the vast majority of cases, the partnership units that become exchangeable for shares of BGC common stock are units that have been granted as compensation, and, therefore, the exchange of such units will not result in an increase in BGC's share of the tax basis of the tangible and intangible assets of BGC U.S. OpCo, BGC Global OpCo and/or Newmark OpCo. However, exchanges of other partnership units – including non-tax-free exchanges of units by Cantor – could result in an increase in the tax basis of such tangible and intangible assets that otherwise would not have been available, although the IRS may challenge all or part of that tax basis increase, and a court could sustain such a challenge by the IRS. These increases in tax basis, if sustained, may reduce the amount of tax that BGC would otherwise be required to pay in the future. In such circumstances, the tax receivable agreement that BGC entered into with Cantor provides for the payment by BGC to Cantor of 85% of the amount of cash savings, if any, in the U.S. federal, state and local income tax or franchise tax that BGC actually realizes as a result of these increases in tax basis and certain other tax benefits related to its entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. It is expected that BGC will benefit from the remaining 15% cash savings, if any, in income tax that we realize.

## **RISKS RELATED TO OUR RELATIONSHIP WITH CANTOR AND ITS AFFILIATES**

**We are controlled by Cantor and Mr. Lutnick, who have potential conflicts of interest with us and may exercise their control in a way that favors their interests to our detriment.**

Cantor, and Mr. Lutnick, indirectly through his control of Cantor, are each able to exercise control over our management and affairs and all matters requiring stockholder approval, including the election of our directors and determinations with respect to acquisitions and dispositions, as well as material expansions or contractions of our businesses, entry into new lines of businesses and borrowings and issuances of our Class A common stock and Class B common stock or other securities. This control is subject to the approval of our Audit Committee on those matters requiring such approval. Cantor's voting power may also have the effect of delaying or preventing a change of control of us.

Cantor's and Mr. Lutnick's ability to exercise control over us could create or appear to create potential conflicts of interest. Conflicts of interest may arise between us and Cantor in a number of areas relating to our past and ongoing relationships, including:

- potential acquisitions and dispositions of businesses;
- the issuance, acquisition or disposition of securities by us;
- the election of new or additional directors to our Board;
- the payment of dividends by us (if any), distribution of profits by BGC U.S. OpCo, BGC Global OpCo and/or BGC Holdings and repurchases of shares of our Class A common stock or purchases of BGC Holdings

limited partnership interests or other equity interests in our subsidiaries, including from Cantor, our executive officers, other employees, partners, and others;

- any loans to or from us or Cantor;
- business operations or business opportunities of ours and Cantor's that would compete with the other party's business opportunities, including Cantor's and our brokerage and financial services;
- intellectual property matters;
- business combinations involving us;
- conflicts between our agency trading for primary and secondary bond sales and Cantor's investment banking bond origination business;
- competition between our and Cantor's other equity derivatives and cash equity inter-dealer brokerage businesses;
- the nature, quality and pricing of administrative services to be provided to or by Cantor and/or Tower Bridge; and
- provision of clearing capital pursuant to the Clearing Agreement and potential and existing loan arrangements.

We also expect Cantor to manage its ownership of us so that it will not be deemed to be an investment company under the Investment Company Act, including by maintaining its voting power in us above a majority absent an applicable exemption from the Investment Company Act. This may result in conflicts with us, including those relating to acquisitions or offerings by us involving issuances of shares of our Class A common stock, or securities convertible or exchangeable into shares of our Class A common stock, which would dilute Cantor's voting power in us.

In addition, Cantor has from time to time in the past and may in the future consider possible strategic realignments of its own businesses and/or of the relationships that exist between and among Cantor and its other affiliates and us. Any related-party transaction or arrangement between Cantor and its other affiliates and us is subject to the prior approval by our Audit Committee, but generally does not otherwise require the separate approval of our stockholders, and if such stockholder approval is required, Cantor may retain sufficient voting power to provide any such requisite approval without the affirmative consent of the other stockholders. There is no assurance that such consolidation or restructuring would not result in a material expense or disruption to our businesses.

Moreover, the service of officers or partners of Cantor as our executive officers and directors, and those persons' ownership interests in and payments from Cantor and its affiliates, SPACs and similar investments or other entities, could create conflicts of interest when we and those directors or executive officers are faced with decisions that could have different implications for us and Cantor. Our ability to retain our key employees and the ability of certain key employees to devote adequate time and attention to us are critical to the success of our businesses, and failure to do so may adversely affect our businesses, financial condition, results of operations and prospects.

Our agreements and other arrangements with Cantor may be amended upon agreement of the parties to those agreements upon approval of our Audit Committee. During the time that we are controlled by Cantor, Cantor may be able to require us to agree to amendments to these agreements. We may not be able to resolve any potential conflicts, and, even if we do, the resolution may be less favorable to us than if we were dealing with an unaffiliated party.

In order to address potential conflicts of interest between Cantor and its representatives and us, our restated certificate of incorporation contains provisions regulating and defining the conduct of our affairs as they may involve Cantor and its representatives, and our powers, rights, duties and liabilities and those of our representatives in connection with our relationship with Cantor and its affiliates, officers, directors, general partners or employees. Our certificate of incorporation provides that no Cantor Company, as defined in our certificate of incorporation, or any of the representatives, as defined in our certificate of incorporation, of a Cantor Company will owe any fiduciary duty to, nor will any Cantor Company or any of their respective representatives be liable for breach of fiduciary duty to, us or any of our stockholders, including with respect to corporate opportunities. In addition, Cantor and its respective representatives have no duty to refrain from engaging in the same or similar activities or lines of business as us or doing business with any of our customers. The corporate opportunity policy that is included in our certificate of incorporation is designed to resolve potential conflicts of interest between us and Cantor and its representatives.

If any Cantor Company or any its representatives acquires knowledge of a potential transaction or matter that may be a corporate opportunity (as defined in our restated certificate of incorporation) for any such person, on the one hand, and us or any of our representatives, on the other hand, such person will have no duty to communicate or offer such corporate opportunity to us or any of our representatives, and will not be liable to us, any of our stockholders or any of our representatives for breach

of any fiduciary duty by reason of the fact that they pursue or acquire such corporate opportunity for themselves, direct such corporate opportunity to another person or do not present such corporate opportunity us or any of our representatives, subject to the requirement described in the following sentence. If a third party presents a corporate opportunity to a person who is both our representative and a representative of a Cantor Company, expressly and solely in such person's capacity as our representative, and such person acts in good faith in a manner consistent with the policy that such corporate opportunity belongs to us, then such person will be deemed to have fully satisfied and fulfilled any fiduciary duty that such person has to us as our representative with respect to such corporate opportunity, provided that any Cantor Company or any of its representatives may pursue such corporate opportunity if we decide not to pursue such corporate opportunity.

The BGC Holdings limited partnership agreement contains similar provisions with respect to us and/or Cantor and each of our respective representatives, and the BGC U.S. OpCo and BGC Global OpCo limited partnership agreements, contain similar provisions with respect to us and/or BGC Holdings and each of our respective representatives.

This policy, however, could make it easier for Cantor to compete with us. If Cantor competes with us, it could materially harm our businesses, financial condition, results of operations and prospects.

**Agreements between us and Cantor are between related parties, and the terms of these agreements may be less favorable to us than those that we could have negotiated with third parties and may subject us to litigation.**

Our relationship with Cantor results in agreements with Cantor that are between related parties. As a result, the prices charged to us or by us for services provided under agreements with Cantor or sales or purchases of assets or other similar transactions may be higher or lower than prices that may be charged by third parties, and the terms of these agreements may be less favorable to us than those that we could have negotiated with third parties. In addition, Cantor has an unlimited right to internally use market data from us without any cost. Any related-party transactions or arrangements between us and Cantor are subject to the prior approval by our Audit Committee, but generally do not otherwise require the separate approval of our stockholders, and if such stockholder approval were required, Cantor may retain sufficient voting power to provide any such requisite approval without the affirmative consent of the other stockholders.

These related-party relationships may from time to time subject us to litigation. For example, a purported derivative action, was filed alleging the Berkeley Point Acquisition and our investment in Real Estate L.P. were unfair to us. While the Company believes that these allegations are without merit and is defending against them vigorously, as in any litigated matter, the outcome cannot be determined with certainty.

**We are controlled by Cantor, which in turn controls its wholly owned subsidiary, CF&Co, which has acted and may continue to act as our sales agent in our CEO program from time to time and provides us with additional investment banking services. In addition, other affiliates of Cantor may provide us with advice and services from time to time.**

We are controlled by Cantor, which in turn controls its wholly owned subsidiary, CF&Co, which has acted in the past and may continue to act as our sales agent in our CEO program, and received fees in connection therewith. We may enter into similar agreements in the future.

In addition, Cantor, CF&Co and their affiliates have provided investment banking services to us and our affiliates in the past, and may be expected to do so in the future, including acting as our financial advisor in connection with business combinations, dispositions, or other transactions, including the acquisition of GFI and the disposition of the Insurance brokerage business, and placing or recommending to us various investments, stock loans or cash management vehicles. They receive customary fees and commissions for these services in accordance with our investment banking engagement letter with CF&Co. They may also receive brokerage and market data and analytics products and services from us and our respective affiliates. From time to time, CF&Co may make a market in our notes. We also provide to and receive from Cantor and its affiliates various administrative services.

## **RISKS RELATED TO OUR CLASS A COMMON STOCK**

**Purchasers, as well as existing stockholders, may experience significant dilution as a result of offerings of shares of our Class A common stock, which may occur from time to time through a CEO Program or otherwise, as well as other potential forms of employee share monetization, including issuance of shares to employees and partners which may be sold through broker transactions. Our management will have broad discretion as to the timing and amount of sales of our Class A common stock, as well as the application of the net proceeds of any such sales.**

As we have done in the past, we may enter into a sales agreement with CF&Co to assist us with partner and employee sales of shares of Class A common stock, which may occur from time to time, as well as other potential forms of employee share monetization including issuance of shares to employees and partners which may be sold through broker transactions.

We have an effective registration statement on Form S-4 filed on September 3, 2010 (the “2010 Form S-4 Registration Statement”), with respect to the offer and sale of up to 20 million shares of BGC Class A common stock from time to time in connection with business combination transactions, including acquisitions of other businesses, assets, properties or securities. As of December 31, 2021, we have issued an aggregate of 16.0 million shares of BGC Class A common stock under the 2010 Form S-4 Registration Statement. Additionally, on September 13, 2019, we filed a registration statement on Form S-4 (the “2019 Form S-4 Registration Statement”), with respect to the offer and sale of up to 20 million shares of BGC Class A common stock from time to time in connection with business combination transactions, including acquisitions of other businesses, assets, properties or securities. As of December 31, 2021, we have not issued any shares of BGC Class A common stock under the 2019 Form S-4 Registration Statement. We also have an effective shelf Registration Statement on Form S-3 pursuant to which we can offer and sell up to 10 million shares of BGC Class A common stock under the BGC Partners, Inc. Dividend Reinvestment and Stock Purchase Plan. As of December 31, 2021, we have issued 0.8 million shares of BGC Class A common stock under the Dividend Reinvestment and Stock Purchase Plan. We have filed a number of registration statements on Form S-8 pursuant to which we have registered the shares underlying our Equity Plan. As of December 31, 2021, there were 164.5 million shares remaining for sale under such registration statements.

Because future sales of our Class A common stock may be made in the markets at prevailing market prices or at prices related to such prevailing market prices, the prices at which these shares have been sold and may be sold in the future will vary, and these variations may be significant. Purchasers of these shares may suffer significant dilution if the price they pay is higher than the price paid by other purchasers of shares of our Class A common stock in any future offerings of shares of our Class A common stock.

Our management will have broad discretion as to the timing and amount of sales of our Class A common stock in any offering, as well as application of the net proceeds of any such sale. Accordingly, purchasers in any such offering will be relying on the judgment of our management with regard to the use of such net proceeds, and purchasers will not have the opportunity, as part of their investment decision, to assess whether the proceeds are being used appropriately. It is possible that the proceeds will be invested in a way that does not yield a favorable, or any, return for us and cause the price of our Class A common stock to decline.

We cannot predict the effect, if any, of future sales of our Class A common stock, or the availability of shares for future sales, on the market price of our Class A common stock. Sales of substantial amounts of our Class A common stock, or the perception that such sales could occur, could dilute existing holders of our Class A common stock and may adversely affect prevailing market prices for our Class A common stock.

In addition, the sale by us of any shares of our Class A common stock may decrease our existing Class A common stockholders’ proportionate ownership interest in us, reduce the amount of cash available per share for dividends payable on shares of our Class A common stock and diminish the relative voting strength of each previously outstanding share of our Class A common stock.

**Because we may use the net proceeds from future offerings, for general corporate purposes, which, among other things, are expected to include repurchases of shares of our Class A common stock and purchases of BGC Holdings units or other equity interests in us or in our subsidiaries from Cantor, our executive officers, other employees, partners, and others, and/or to replenish cash used to effect such repurchases and purchases, investors should be aware that such net proceeds will not be available for other corporate purposes, and that, depending upon the timing and prices of such repurchases of shares and purchases of units and of the sales of our shares in future offerings and the liquidity and depth of our market, we may sell a greater aggregate number of shares, at a lower average price per share in future offerings than the number of shares or units repurchased or purchased, thereby increasing the aggregate number of shares and units outstanding and potentially decreasing our EPS.**

In the event that we make any such sales, we may use the net proceeds from any future offerings, for general corporate purposes, which among other things, are expected to include repurchases of shares of our Class A common stock and purchases of BGC Holdings units or other equity interests in us or in our subsidiaries, from Cantor, our executive officers, other employees, partners, and others, and/or to replenish cash used to effect such repurchases and purchases. From January 1, 2021 to December 31, 2021, we repurchased an aggregate of 68.3 million shares of our Class A common stock at an aggregate purchase price of approximately \$365.4 million, with a weighted-average repurchase price of \$5.35 per share. During that period, we redeemed for cash an aggregate of 4.7 million limited partnership units at a weighted-average price of \$5.83 per unit and an aggregate of 0.1 million founding/working partner units at a weighted-average price of \$4.86 per unit. In the future, we

may continue to repurchase shares of our Class A common stock and purchase partnership units from Cantor, our executive officers, other employees, partners, and others, and these repurchases and purchases may be significant.

While we believe that we can successfully manage our strategy, and that our share price may in fact increase as we increase the amount of cash available for dividends and share repurchases and unit purchases by paying a portion of the compensation of our employees in the form of partnership units and restricted stock, gradually lowering our compensation expenses for purposes of Adjusted Earnings, and lowering our long-term effective tax rate for Adjusted Earnings, there can be no assurance that our strategy will be successful or that we can achieve any or all of such objectives.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

Not Applicable

**ITEM 2. PROPERTIES**

We have offices in the United States, Canada, Europe, United Kingdom, Latin America, Asia, Africa and the Middle East. Our principal executive offices are located at 499 Park Avenue, New York, New York. We also occupy space at 199 Water Street, New York, New York and space at 55 Water Street, New York, New York. Under the Administrative Services Agreement with Cantor, we are obligated to Cantor for our pro rata portion (based on square footage used) of rental expense during the terms of the leases for such spaces.

Our largest presence outside of the New York metropolitan area is in London, located at Five Churchill Place, London, E14 5RD.

We currently occupy concurrent computing centers in Weehawken, New Jersey, Secaucus, New Jersey and Trumbull, Connecticut. In addition, we occupy three data centers in the United Kingdom located in Canary Wharf, Romford and City of London, respectively. Our U.S. operations also have office space in Iselin, New Jersey, Palm Beach Gardens, Florida, Garden City, New York, Sugar Land, Texas, Louisville, Kentucky and Chicago, Illinois.

**ITEM 3. LEGAL PROCEEDINGS**

See Note 20—"Commitments, Contingencies and Guarantees" to the Company's consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K and the section under the heading "Derivative Suit" included in Part I, Item 7 of this Annual Report on Form 10-K, Management's Discussion and Analysis of Financial Condition and Results of Operations for a description of our legal proceedings, which are incorporated by reference herein.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not Applicable.

## PART II

### ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our Class A common stock is traded on the NASDAQ Global Select Market under the symbol "BGCP." There is no public trading market for our Class B common stock, which is held by Cantor and CFGM.

As of February 24, 2022, there were 960 holders of record of our Class A common stock and two holders of record of our Class B common stock.

#### Capital Deployment Priorities, Dividend Policy and Repurchase and Redemption Program

BGC's 2022 capital allocation priorities are to use the remaining proceeds from the Insurance Business Disposition and other sources of liquidity to return capital to stockholders and to continue investing in its high growth Fenics businesses. BGC plans to prioritize share and unit repurchases over dividends and distributions. We have repurchased or redeemed 73.1 million shares or units during the year ended December 31, 2021.

Traditionally, our dividend policy provides that we expect to pay a quarterly cash dividend to our common stockholders based on our post-tax Adjusted Earnings per fully diluted share. Please see below for a detailed definition of post-tax Adjusted Earnings per fully diluted share. Beginning in the first quarter of 2020, and for all of the quarterly periods in 2020 and 2021, the Board reduced the quarterly dividend to \$0.01 per share out of an abundance of caution in order to strengthen the Company's balance sheet as the global capital markets faced difficult and unprecedented macroeconomic conditions related to the global pandemic. Additionally, during 2020 and 2021, BGC Holdings, L.P. reduced its distributions to or on behalf of its partners. We plan to continue to prioritize share and unit repurchases over dividends and distributions. The Board will reevaluate whether to increase the dividend in the first quarter of 2022. BGC believes that these steps will allow the Company to maintain its financial strength.

Any dividends, if and when declared by our Board, will be paid on a quarterly basis. The dividend to our common stockholders is expected to be calculated based on post-tax Adjusted Earnings allocated to us and generated over the fiscal quarter ending prior to the record date for the dividend. No assurance can be made, however, that a dividend will be paid each quarter. The declaration, payment, timing, and amount of any future dividends payable by us will be at the sole discretion of our Board. With respect to any distributions which are declared, amounts paid to or on behalf of partners will at least cover their related tax payments. Whether any given post-tax amount is equivalent to the amount received by a stockholder also on an after-tax basis depends upon stockholders' and partners' domiciles and tax status.

We are a holding company, with no direct operations, and therefore we are able to pay dividends only from our available cash on hand and funds received from distributions from BGC U.S. OpCo and BGC Global OpCo. Our ability to pay dividends may also be limited by regulatory considerations as well as by covenants contained in financing or other agreements. In addition, under Delaware law, dividends may be payable only out of surplus, which is our net assets minus our capital (as defined under Delaware law), or, if we have no surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. Accordingly, any unanticipated accounting, tax, regulatory or other charges against net income may adversely affect our ability to declare and pay dividends. While we intend to declare and pay dividends quarterly, there can be no assurance that our Board will declare dividends at all or on a regular basis or that the amount of our dividends will not change.

#### Stock and Unit Repurchase and Redemption Program and 2021 Activity

Our Board of Directors and our Audit Committee have authorized repurchases of our Class A common stock and redemptions of BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor, our executive officers, other employees, partners and others, including Cantor employees and partners. On August 3, 2021, our Board of Directors and Audit Committee increased the authorized repurchases of stock or units, including from Cantor employees and partners to \$400 million. As of December 31, 2021 we had approximately \$191.8 million remaining under this authorization and may continue to actively make repurchases or purchases, or cease to make such repurchases or purchases, from time to time. We have not purchased shares in the open market in 2022 and have redeemed an immaterial amount of units in the normal course of business.

During the year ended December 31, 2021, we repurchased 68.3 million shares of our Class A common stock at an aggregate price of \$365.4 million for a weighted-average price of \$5.35 per share. During the year ended December 31, 2021, we redeemed 4.8 million limited partnership interests at an aggregate price of \$28.1 million for a weighted-average price of \$5.80 per unit.

During the fourth quarter of 2021, we repurchased 26.3 million shares of our Class A common stock at an aggregate price of \$130.8 million for a weighted-average price of \$4.97 per share. During the fourth quarter of 2021, we redeemed 38 thousand limited partnership interests at an aggregate price of \$203 thousand for a weighted-average price of \$5.37 per unit.

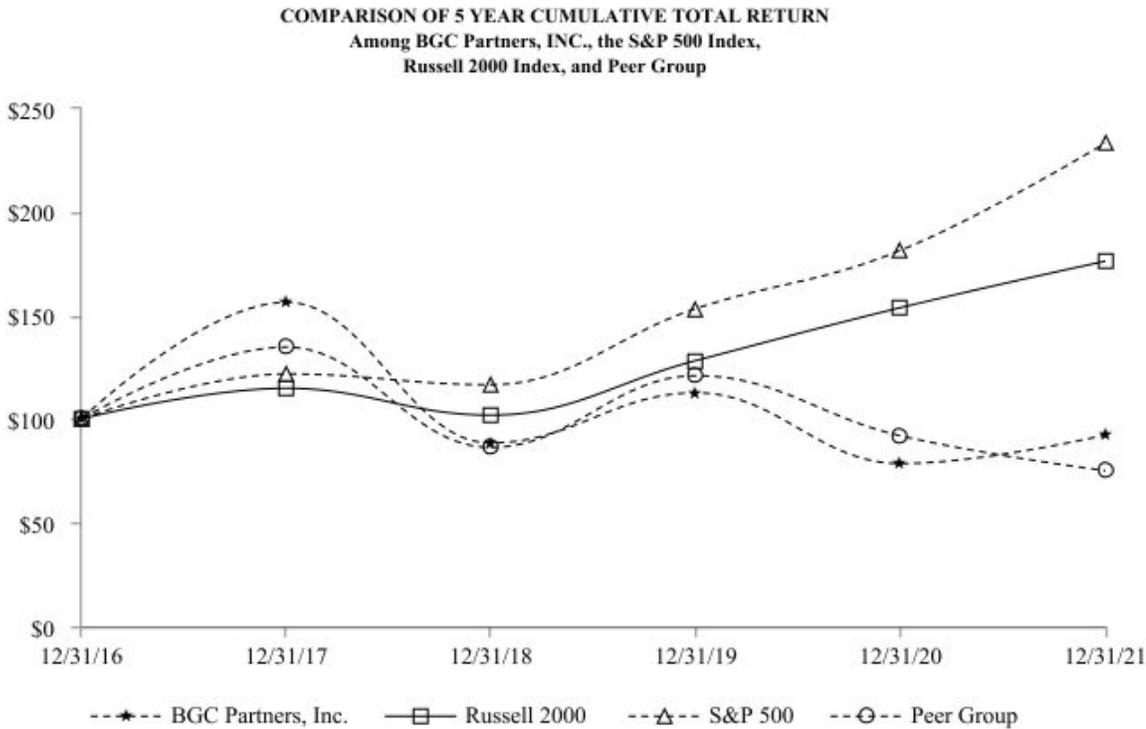
## Performance Graph

On November 30, 2018, all the shares of Newmark Group, Inc. (Nasdaq: NMRK) (“Newmark”) held by BGC Partners, Inc. (Nasdaq: BGCP) (“BGC Partners” or “BGC” or the “Company”) were distributed to stockholders of the Company (the “Spin-Off” or “Distribution”). The Spin-Off included the shares of Newmark Class A and Class B common stock owned by BGC, as well as the shares of Newmark common stock into which the limited partnership units of Newmark Holdings, L.P. and Newmark Partners, L.P. owned by BGC were exchanged prior to and in connection with the Spin-Off. Based on the number of shares of BGC common stock outstanding on the Record Date, BGC’s stockholders as of the Record Date received 0.463895 of a share of Newmark Class A common stock for each share of BGC Class A common stock held as of the Record Date, and 0.463895 of a share of Newmark Class B common stock for each share of BGC Class B common stock held as of the Record Date (the “Distribution Ratio”). No fractional shares of Newmark common stock were distributed in the Spin-Off. Instead, BGC stockholders received cash in lieu of any fraction of a share of Newmark common stock that they otherwise would have received in the Spin-Off. For more information, see the press release titled “BGC Partners Announces Completion of Spin-Off of Newmark” dated November 30, 2018, and the related filing on Form 8-K filed before market open on December 6, 2018.

Following the Spin-Off, all historical prices for BGCP were restated using an adjustment factor based on the closing prices of BGCP and NMRKV on November 18, 2018, with NMRKV being the when-issued market for the additional shares of Newmark Group, Inc. Class A common stock that traded on Nasdaq from November 20, 2018 until November 30, 2018. This formula for calculating the adjustment factor was  $1 - (\text{NMRKV Price on 11/30 times the final Distribution Ratio}) / (\text{BGCP closing price on 11/30})$ . All historical BGCP prices have been multiplied by this factor to determine their adjusted historical prices as if BGC had owned only its former Financial Services segment during the entire 5-year period covered by the BGCP performance graph.

The performance graph below shows a comparison of the cumulative total stockholder return, on a net dividend reinvestment basis (other than the dividend that effected the Spin-Off), of \$100 invested in shares of the Company (identified as “BGC Partners, Inc.”), and the effects of the restatement of historical prices on December 31, 2016, measured on December 31, 2017, December 31, 2018, December 31, 2019, December 31, 2020, and December 31, 2021. The Peer Group consists of Compagnie Financière Tradition SA and TP ICAP plc. The returns of the Peer Group have been weighted at the beginning of the period according to their U.S. dollar stock market capitalizations for purposes of arriving at a Peer Group average.

Total returns are shown on a “net dividend” basis, which reflects tax effects on dividend reinvestments from companies operating under certain U.K. and European tax jurisdictions, according to local tax laws.



Note: The above chart reflects \$100 invested on 12/31/16 in stock or index, including reinvestment of dividends.

An alternate scenario that is not depicted in the above chart represents a hypothetical situation in which BGC Partners, Inc. stockholders re-invested the dividends they received from both companies (the “Alternate Scenario”). In the Alternate Scenario, the total BGC Partners, Inc. return on \$100 would have resulted in approximately \$160 from 12/31/2016 - 12/31/2021.

In addition to the foregoing five-year returns, the 10-year total returns on \$100 calculated using the same methodology described above are as follows:

- The 10-year total return for BGC Partners, Inc. from 12/31/2011 through 12/31/2021 would have resulted in approximately \$237.
- The 10-year total return for BGC Partners, Inc. under the Alternate Scenario would have resulted in approximately \$412 from 12/31/2011 through 12/31/2021.
- In comparison, the 10-year total return for \$100 invested in the Peer Group, Russell 2000 Index, and S&P 500 Index from 12/31/2011 through 12/31/2021 would have resulted in approximately \$120, \$347, and \$463, respectively.

Note: Peer group indices use beginning of period market capitalization weighting. The above graph was prepared by Zacks Investment Research, Inc. and used with their permission, all rights reserved, Copyright 1980-2022. Index data provided by Copyright Standard and Poor's Inc. and Copyright Russell Investments. Used with permission. All rights reserved. The Alternate Scenario above was calculated by S&P Global.

**Certain Definitions**

We use non-GAAP financial measures that differ from the most directly comparable measures calculated and presented in accordance with U.S. GAAP. Non-GAAP financial measures used by the Company include “Adjusted Earnings before noncontrolling interests and taxes”, which is used interchangeably with “pre-tax Adjusted Earnings”; “Post-tax Adjusted Earnings to fully diluted shareholders”, which is used interchangeably with “post-tax Adjusted Earnings”; “Adjusted EBITDA”; and “Liquidity”. The definitions of these terms are below.

### **Adjusted Earnings Defined**

BGC uses non-GAAP financial measures, including “Adjusted Earnings before noncontrolling interests and taxes” and “Post-tax Adjusted Earnings to fully diluted shareholders”, which are supplemental measures of operating results used by management to evaluate the financial performance of the Company and its consolidated subsidiaries. BGC believes that Adjusted Earnings best reflect the operating earnings generated by the Company on a consolidated basis and are the earnings which management considers when managing its business.

As compared with “Income (loss) from operations before income taxes” and “Net income (loss) for fully diluted shares”, both prepared in accordance with GAAP, Adjusted Earnings calculations primarily exclude certain non-cash items and other expenses that generally do not involve the receipt or outlay of cash by the Company and/or which do not dilute existing stockholders. In addition, Adjusted Earnings calculations exclude certain gains and charges that management believes do not best reflect the ordinary results of BGC. Adjusted Earnings is calculated by taking the most comparable GAAP measures and adjusting for certain items with respect to compensation expenses, non-compensation expenses, and other income, as discussed below.

### **Calculations of Compensation Adjustments for Adjusted Earnings and Adjusted EBITDA**

#### **Treatment of Equity-Based Compensation Line Item for Adjusted Earnings and Adjusted EBITDA**

The Company’s Adjusted Earnings and Adjusted EBITDA measures exclude all GAAP charges included in the line item “Equity-based compensation and allocations of net income to limited partnership units and FPU’s” (or “equity-based compensation” for purposes of defining the Company’s non-GAAP results) as recorded on the Company’s GAAP Consolidated Statements of Operations and GAAP Consolidated Statements of Cash Flows. These GAAP equity-based compensation charges reflect the following items:

- Charges with respect to grants of exchangeability, which reflect the right of holders of limited partnership units with no capital accounts, such as LPUs and PSUs, to exchange these units into shares of common stock, or into partnership units with capital accounts, such as HDUs, as well as cash paid with respect to taxes withheld or expected to be owed by the unit holder upon such exchange. The withholding taxes related to the exchange of certain non-exchangeable units without a capital account into either common shares or units with a capital account may be funded by the redemption of preferred units such as PPSUs.
- Charges with respect to preferred units. Any preferred units would not be included in the Company’s fully diluted share count because they cannot be made exchangeable into shares of common stock and are entitled only to a fixed distribution. Preferred units are granted in connection with the grant of certain limited partnership units that may be granted exchangeability or redeemed in connection with the grant of shares of common stock at ratios designed to cover any withholding taxes expected to be paid. This is an alternative to the common practice among public companies of issuing the gross amount of shares to employees, subject to cashless withholding of shares, to pay applicable withholding taxes.
- GAAP equity-based compensation charges with respect to the grant of an offsetting amount of common stock or partnership units with capital accounts in connection with the redemption of non-exchangeable units, including PSUs and LPUs.
- Charges related to amortization of RSUs and limited partnership units.
- Charges related to grants of equity awards, including common stock or partnership units with capital accounts.
- Allocations of net income to limited partnership units and FPU’s. Such allocations represent the pro-rata portion of post-tax GAAP earnings available to such unit holders.

The amounts of certain quarterly equity-based compensation charges are based upon the Company’s estimate of such expected charges during the annual period, as described further below under “Methodology for Calculating Adjusted Earnings Taxes.”

Virtually all of BGC's key executives and producers have equity or partnership stakes in the Company and its subsidiaries and generally receive deferred equity or limited partnership units as part of their compensation. A significant percentage of BGC's fully diluted shares are owned by its executives, partners and employees. The Company issues limited partnership units as well as other forms of equity-based compensation, including grants of exchangeability into shares of common stock, to provide liquidity to its employees, to align the interests of its employees and management with those of common stockholders, to help motivate and retain key employees, and to encourage a collaborative culture that drives cross-selling and revenue growth.

All share equivalents that are part of the Company's equity-based compensation program, including REUs, PSUs, LPUs, HDUs, and other units that may be made exchangeable into common stock, as well as RSUs (which are recorded using the treasury stock method), are included in the fully diluted share count when issued or at the beginning of the subsequent quarter after the date of grant. Generally, limited partnership units other than preferred units are expected to be paid a pro-rata distribution based on BGC's calculation of Adjusted Earnings per fully diluted share. However, out of an abundance of caution and in order to strengthen the Company's balance sheet due the uncertain macroeconomic conditions with respect to the COVID-19 pandemic, BGC Holdings, L.P. has reduced its distributions of income from the operations of BGC's businesses to its partners.

Compensation charges are also adjusted for certain other cash and non-cash items, including those related to the amortization of GFI employee forgivable loans granted prior to the closing of the January 11, 2016 back-end merger with GFI.

### **Certain Other Compensation-Related Adjustments for Adjusted Earnings**

BGC also excludes various other GAAP items that management views as not reflective of the Company's underlying performance in a given period from its calculation of Adjusted Earnings. These may include compensation-related items with respect to cost-saving initiatives, such as severance charges incurred in connection with headcount reductions as part of broad restructuring and/or cost savings plans.

### **Calculation of Non-Compensation Adjustments for Adjusted Earnings**

Adjusted Earnings calculations may also exclude items such as:

- Non-cash GAAP charges related to the amortization of intangibles with respect to acquisitions;
- Acquisition related costs;
- Certain rent charges;
- Non-cash GAAP asset impairment charges; and
- Various other GAAP items that management views as not reflective of the Company's underlying performance in a given period, including non-compensation-related charges incurred as part of broad restructuring and/or cost savings plans. Such GAAP items may include charges for exiting leases and/or other long-term contracts as part of cost-saving initiatives, as well as non-cash impairment charges related to assets, goodwill and/or intangibles created from acquisitions.

### **Calculation of Adjustments for Other (income) losses for Adjusted Earnings**

Adjusted Earnings calculations also exclude certain other non-cash, non-dilutive, and/or non-economic items, which may, in some periods, include:

- Gains or losses on divestitures;
- Fair value adjustment of investments;
- Certain other GAAP items, including gains or losses related to BGC's investments accounted for under the equity method; and
- Any unusual, one-time, non-ordinary, or non-recurring gains or losses.

### **Methodology for Calculating Adjusted Earnings Taxes**

Although Adjusted Earnings are calculated on a pre-tax basis, BGC also reports post-tax Adjusted Earnings to fully diluted shareholders. The Company defines post-tax Adjusted Earnings to fully diluted shareholders as pre-tax Adjusted

Earnings reduced by the non-GAAP tax provision described below and net income (loss) attributable to noncontrolling interest for Adjusted Earnings.

The Company calculates its tax provision for post-tax Adjusted Earnings using an annual estimate similar to how it accounts for its income tax provision under GAAP. To calculate the quarterly tax provision under GAAP, BGC estimates its full fiscal year GAAP income (loss) from operations before income taxes and noncontrolling interests in subsidiaries and the expected inclusions and deductions for income tax purposes, including expected equity-based compensation during the annual period. The resulting annualized tax rate is applied to BGC's quarterly GAAP income (loss) from operations before income taxes and noncontrolling interests in subsidiaries. At the end of the annual period, the Company updates its estimate to reflect the actual tax amounts owed for the period.

To determine the non-GAAP tax provision, BGC first adjusts pre-tax Adjusted Earnings by recognizing any, and only, amounts for which a tax deduction applies under applicable law. The amounts include charges with respect to equity-based compensation; certain charges related to employee loan forgiveness; certain net operating loss carryforwards when taken for statutory purposes; and certain charges related to tax goodwill amortization. These adjustments may also reflect timing and measurement differences, including treatment of employee loans; changes in the value of units between the dates of grants of exchangeability and the date of actual unit exchange; variations in the value of certain deferred tax assets; and liabilities and the different timing of permitted deductions for tax under GAAP and statutory tax requirements.

After application of these adjustments, the result is the Company's taxable income for its pre-tax Adjusted Earnings, to which BGC then applies the statutory tax rates to determine its non-GAAP tax provision. BGC views the effective tax rate on pre-tax Adjusted Earnings as equal to the amount of its non-GAAP tax provision divided by the amount of pre-tax Adjusted Earnings.

Generally, the most significant factor affecting this non-GAAP tax provision is the amount of charges relating to equity-based compensation. Because the charges relating to equity-based compensation are deductible in accordance with applicable tax laws, increases in such charges have the effect of lowering the Company's non-GAAP effective tax rate and thereby increasing its post-tax Adjusted Earnings.

BGC incurs income tax expenses based on the location, legal structure and jurisdictional taxing authorities of each of its subsidiaries. Certain of the Company's entities are taxed as U.S. partnerships and are subject to the UBT in New York City. Any U.S. federal and state income tax liability or benefit related to the partnership income or loss, with the exception of UBT, rests with the unit holders rather than with the partnership entity. The Company's consolidated financial statements include U.S. federal, state, and local income taxes on the Company's allocable share of the U.S. results of operations. Outside of the U.S., BGC is expected to operate principally through subsidiary corporations subject to local income taxes. For these reasons, taxes for Adjusted Earnings are expected to be presented to show the tax provision the consolidated Company would expect to pay if 100% of earnings were taxed at global corporate rates.

#### **Calculations of Pre- and Post-Tax Adjusted Earnings per Share**

BGC's pre- and post-tax Adjusted Earnings per share calculations assume either that:

- The fully diluted share count includes the shares related to any dilutive instruments, but excludes the associated expense, net of tax, when the impact would be dilutive; or
- The fully diluted share count excludes the shares related to these instruments, but includes the associated expense, net of tax.

The share count for Adjusted Earnings excludes certain shares and share equivalents expected to be issued in future periods but not yet eligible to receive dividends and/or distributions. Each quarter, the dividend payable to BGC's stockholders, if any, is expected to be determined by the Company's Board of Directors with reference to a number of factors, including post-tax Adjusted Earnings per share. BGC may also pay a pro-rata distribution of net income to limited partnership units, as well as to Cantor for its noncontrolling interest. The amount of this net income, and therefore of these payments per unit, would be determined using the above definition of Adjusted Earnings per share on a pre-tax basis.

The declaration, payment, timing, and amount of any future dividends payable by the Company will be at the discretion of its Board of Directors using the fully diluted share count. For more information on any share count adjustments, see the table titled "Fully Diluted Weighted-Average Share Count under GAAP and for Adjusted Earnings" in the Company's most recent financial results press release.

### **Management Rationale for Using Adjusted Earnings**

BGC's calculation of Adjusted Earnings excludes the items discussed above because they are either non-cash in nature, because the anticipated benefits from the expenditures are not expected to be fully realized until future periods, or because the Company views results excluding these items as a better reflection of the underlying performance of BGC's ongoing operations. Management uses Adjusted Earnings in part to help it evaluate, among other things, the overall performance of the Company's business, to make decisions with respect to the Company's operations, and to determine the amount of dividends payable to common stockholders and distributions payable to holders of limited partnership units. Dividends payable to common stockholders and distributions payable to holders of limited partnership units are included within "Dividends to stockholders" and "Earnings distributions to limited partnership interests and noncontrolling interests," respectively, in our consolidated statements of cash flows.

The term "Adjusted Earnings" should not be considered in isolation or as an alternative to GAAP net income (loss). The Company views Adjusted Earnings as a metric that is not indicative of liquidity, or the cash available to fund its operations, but rather as a performance measure. Pre- and post-tax Adjusted Earnings, as well as related measures, are not intended to replace the Company's presentation of its GAAP financial results. However, management believes that these measures help provide investors with a clearer understanding of BGC's financial performance and offer useful information to both management and investors regarding certain financial and business trends related to the Company's financial condition and results of operations. Management believes that the GAAP and Adjusted Earnings measures of financial performance should be considered together.

For more information regarding Adjusted Earnings, see the section in the Company's most recent financial results press release titled "Reconciliation of GAAP Income (Loss) from Operations before Income Taxes to Adjusted Earnings and GAAP Fully Diluted EPS to Post-Tax Adjusted EPS", including the related footnotes, for details about how BGC's non-GAAP results are reconciled to those under GAAP.

### **Adjusted EBITDA Defined**

BGC also provides an additional non-GAAP financial performance measure, "Adjusted EBITDA", which it defines as GAAP "Net income (loss) available to common stockholders", adjusted to add back the following items:

- Provision (benefit) for income taxes;
- Net income (loss) attributable to noncontrolling interest in subsidiaries;
- Interest expense;
- Fixed asset depreciation and intangible asset amortization;
- Equity-based compensation and allocations of net income to limited partnership units and FPU's;
- Impairment of long-lived assets;
- (Gains) losses on equity method investments; and
- Certain other non-cash GAAP items, such as non-cash charges of amortized rents incurred by the Company for its new U.K. based headquarters.

The Company's management believes that its Adjusted EBITDA measure is useful in evaluating BGC's operating performance, because the calculation of this measure generally eliminates the effects of financing and income taxes and the accounting effects of capital spending and acquisitions, which would include impairment charges of goodwill and intangibles created from acquisitions. Such items may vary for different companies for reasons unrelated to overall operating performance. As a result, the Company's management uses this measure to evaluate operating performance and for other discretionary purposes. BGC believes that Adjusted EBITDA is useful to investors to assist them in getting a more complete picture of the Company's financial results and operations.

Since BGC's Adjusted EBITDA is not a recognized measurement under GAAP, investors should use this measure in addition to GAAP measures of net income when analyzing BGC's operating performance. Because not all companies use identical EBITDA calculations, the Company's presentation of Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Furthermore, Adjusted EBITDA is not intended to be a measure of free cash flow or GAAP cash flow from operations because the Company's Adjusted EBITDA does not consider certain cash requirements, such as tax and debt service payments.

For more information regarding Adjusted EBITDA, see the section in the Company's most recent financial results press release titled "Reconciliation of GAAP Net Income (Loss) Available to Common Stockholders to Adjusted EBITDA", including the footnotes to the same, for details about how BGC's non-GAAP results are reconciled to those under GAAP.

#### **Timing of Outlook for Certain GAAP and Non-GAAP Items**

BGC anticipates providing forward-looking guidance for GAAP revenues and for certain non-GAAP measures from time to time. However, the Company does not anticipate providing an outlook for other GAAP results. This is because certain GAAP items, which are excluded from Adjusted Earnings and/or Adjusted EBITDA, are difficult to forecast with precision before the end of each period. The Company therefore believes that it is not possible for it to have the required information necessary to forecast GAAP results or to quantitatively reconcile GAAP forecasts to non-GAAP forecasts with sufficient precision without unreasonable efforts. For the same reasons, the Company is unable to address the probable significance of the unavailable information. The relevant items that are difficult to predict on a quarterly and/or annual basis with precision and may materially impact the Company's GAAP results include, but are not limited, to the following:

- Certain equity-based compensation charges that may be determined at the discretion of management throughout and up to the period-end;
- Unusual, one-time, non-ordinary, or non-recurring items;
- The impact of gains or losses on certain marketable securities, as well as any gains or losses related to associated mark-to-market movements and/or hedging. These items are calculated using period-end closing prices;
- Non-cash asset impairment charges, which are calculated and analyzed based on the period-end values of the underlying assets. These amounts may not be known until after period-end; and
- Acquisitions, dispositions and/or resolutions of litigation, which are fluid and unpredictable in nature.

#### **Liquidity Defined**

BGC may also use a non-GAAP measure called "liquidity". The Company considers liquidity to be comprised of the sum of cash and cash equivalents, reverse repurchase agreements (if any), securities owned, and marketable securities, less securities lent out in securities loaned transactions and repurchase agreements (if any). The Company considers liquidity to be an important metric for determining the amount of cash that is available or that could be readily available to the Company on short notice.

For more information regarding Liquidity, see the section in the Company's most recent financial results press release titled "Liquidity Analysis", including any footnotes to the same, for details about how BGC's non-GAAP results are reconciled to those under GAAP.

#### **ITEM 6. [RESERVED]**

#### **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion of BGC Partners' financial condition and results of operations should be read together with BGC Partners, Inc.'s consolidated financial statements and notes to those statements, as well as the cautionary statements relating to forward-looking statements included in this report. When used herein, the terms "BGC Partners," "BGC," the "Company," "we," "us" and "our" refer to BGC Partners, Inc., including consolidated subsidiaries.

The objective of this Management's Discussion and Analysis is to allow investors to view the Company from management's perspective, considering items that would have a material impact on future operations. This discussion summarizes the significant factors affecting our results of operations and financial condition as of and during the years ended December 31, 2021, 2020, and 2019. This discussion is provided to increase the understanding of, and should be read in conjunction with, our consolidated financial statements and the notes thereto included elsewhere in this report.

#### **FORWARD-LOOKING CAUTIONARY STATEMENTS**

Our actual results and the outcome and timing of certain events may differ significantly from the expectations discussed in the forward-looking statements. Factors that might cause or contribute to such a discrepancy include, but are not limited to, the factors set forth below:

- the impact of the COVID-19 pandemic, including possible successive waves or variants of the virus, on our operations, including the continued ability of our executives, employees, customers, clients, third-party service providers, exchanges and other facilities to perform their functions at normal levels and the availability of the requisite technology to execute trades in certain Fully Electronic offerings while working remotely;
- macroeconomic and other challenges and uncertainties resulting from the COVID-19 pandemic, such as the distribution of effective vaccines, public acceptance of the vaccines, and governmental and public reactions thereto, the U.S. and global economies, financial markets and consumer and corporate clients and customers, including economic activity, employment levels and market liquidity, as well as the various actions taken in response to the challenges and uncertainties by governments, central banks and others, including us;
- market conditions, including trading volume and volatility in the demand for the products and services we provide, resulting from the effects of COVID-19 or otherwise, possible disruptions in trading, potential deterioration of equity and debt capital markets, impact of significant changes in interest rates and our ability to access the capital markets as needed or on reasonable terms and conditions;
- pricing, commissions and fees, and market position with respect to any of our products and services and those of our competitors;
- the effect of industry concentration and reorganization, reduction of customers, and consolidation;
- liquidity, regulatory, cash and clearing capital requirements and the impact of credit market events, including the impact of COVID-19 and actions taken by governments and businesses in response thereto on the credit markets and interest rates;
- our relationships and transactions with Cantor and its affiliates, including CF&Co, and CCRE, our structure, including BGC Holdings, which is owned by us, Cantor, our employee partners and other partners, and the BGC OpCos, which are owned jointly by us and BGC Holdings, any possible changes to our structure, any related transactions, conflicts of interest or litigation, any impact of Cantor's results on our credit ratings and associated outlooks, any loans to or from us or Cantor, BGC Holdings, or the BGC OpCos, including the balances and interest rates thereof from time to time and any convertible or equity features of any such loans, CF&Co's acting as our sales agent or underwriter under our CEO program or other offerings, Cantor's holdings of the Company's Debt Securities, CF&Co's acting as a market maker in the Company's Debt Securities, CF&Co's acting as our financial advisor in connection with potential acquisitions, dispositions, or other transactions and our participation in various investments, stock loans or cash management vehicles placed by or recommended by CF&Co;
- the integration of acquired businesses with our other businesses;
- the rebranding of our current businesses or risks related to any potential dispositions of all or any portion of our existing or acquired businesses;
- market volatility as a result of the effects of COVID-19, which may not be sustainable or predictable in future periods;
- economic or geopolitical conditions or uncertainties, the actions of governments or central banks, including the impact of COVID-19 on the global markets and governmental responses, and restrictions on business and commercial activity, uncertainty regarding the nature, timing and consequences of Brexit following the withdrawal process, including potential reduction in investment in the U.K., and the pursuit of trade, border control or other related policies by the U.S. and/or other countries (including U.S.-China trade relations), political and labor unrest in France, Hong Kong, China, and other jurisdictions, conflict in the Middle East, Russia, Ukraine or other jurisdictions, the impact of U.S. government shutdowns, elections, political unrest or stalemates in response to governmental mandates and other restrictions related to COVID-19 in the U.S. or abroad, and the impact of terrorist acts, acts of war or other violence or political unrest, as well as natural disasters or weather-related or similar events, including hurricanes as well as power failures, communication and transportation disruptions, and other interruptions of utilities or other essential services and the impacts of pandemics and other international health emergencies, including COVID-19;
- the effect on our businesses, our clients, the markets in which we operate, our possible restructuring, and the economy in general of changes in the U.S. and foreign tax and other laws, including changes in tax rates,

repatriation rules, and deductibility of interest, potential policy and regulatory changes in Mexico and other countries, sequestrations, uncertainties regarding the debt ceiling and the federal budget, and other potential political policies;

- the effect on our businesses of changes in interest rates, changes in benchmarks, including the transition away from LIBOR, the level of worldwide governmental debt issuances, austerity programs, government stimulus packages, including those related to COVID-19, increases or decreases in deficits and the impact of increased government tax rates, and other changes to monetary policy, and potential political impasses or regulatory requirements, including increased capital requirements for banks and other institutions or changes in legislation, regulations and priorities;
- extensive regulation of our businesses and customers, changes in regulations relating to financial services companies and other industries, and risks relating to compliance matters, including regulatory examinations, inspections, investigations and enforcement actions, and any resulting costs, increased financial and capital requirements, enhanced oversight, remediation, fines, penalties, sanctions, and changes to or restrictions or limitations on specific activities, including potential delays in accessing markets, including due to our regulatory status and actions, operations, compensatory arrangements, and growth opportunities, including acquisitions, hiring, and new businesses, products, or services;
- factors related to specific transactions or series of transactions, including credit, performance, and principal risk, trade failures, counterparty failures, and the impact of fraud and unauthorized trading;
- the effect on our businesses of any extraordinary transactions, including the possible restructuring of our partnership into a corporate structure, including potential dilution and other impacts;
- costs and expenses of developing, maintaining, and protecting our intellectual property, as well as employment, regulatory, and other litigation and proceedings, and their related costs, including judgments, indemnities, fines, or settlements paid and the impact thereof on our financial results and cash flows in any given period;
- certain financial risks, including the possibility of future losses, reduced cash flows from operations, increased leverage, and the need for short- or long-term borrowings, including from Cantor, our ability to refinance our indebtedness, and changes to interest rates and liquidity or our access to other sources of cash relating to acquisitions, dispositions, or other matters, potential liquidity and other risks relating to our ability to maintain continued access to credit and availability of financing necessary to support our ongoing business needs, on terms acceptable to us, if at all, and risks associated with the resulting leverage, including potentially causing a reduction in our credit ratings and the associated outlooks and increased borrowing costs as well as interest rate and foreign currency exchange rate fluctuations;
- risks associated with the temporary or longer-term investment of our available cash, including in the BGC OpCos, defaults or impairments on our investments, joint venture interests, stock loans or cash management vehicles and collectability of loan balances owed to us by partners, employees, the BGC OpCos or others;
- our ability to enter new markets or develop new products, offerings, trading desks, marketplaces, or services for existing or new clients, including our ability to expand our cryptocurrency offerings including the launch of additional cryptocurrency and digital asset trading offerings in 2022 and efforts to convert certain existing products to a Fully Electronic trade execution, and to induce such clients to use these products, trading desks, marketplaces, or services and to secure and maintain market share, including changes to the likelihood or timing of such efforts due to COVID-19 or other measures;
- the impact of any restructuring or similar transactions on our ability to enter into marketing and strategic alliances and business combinations or other transactions in the financial services and other industries, including acquisitions, tender offers, dispositions, reorganizations, partnering opportunities and joint ventures, the failure to realize the anticipated benefits of any such transactions, relationships or growth and the future impact of any such transactions, relationships or growth on our other businesses and our financial results for current or future periods, the integration of any completed acquisitions and the use of proceeds of any completed dispositions, and the value of and any hedging entered into in connection with consideration received or to be received in connection with such dispositions and any transfers thereof;
- our estimates or determinations of potential value with respect to various assets or portions of our businesses, such as Fenics, including with respect to the accuracy of the assumptions or the valuation models or multiples used;

- our ability to manage turnover and hire and retain personnel, including brokers, salespeople, managers, technology professionals and other front-office personnel, and departures of senior personnel;
- our ability to expand the use of technology for Hybrid and Fully Electronic trade execution in our product and service offerings;
- our ability to effectively manage any growth that may be achieved, while ensuring compliance with all applicable financial reporting, internal control, legal compliance, and regulatory requirements;
- our ability to identify and remediate any material weaknesses or significant deficiencies in our internal controls which could affect our ability to properly maintain books and records, prepare financial statements and reports in a timely manner, control our policies, practices and procedures, operations and assets, assess and manage our operational, regulatory and financial risks, and integrate our acquired businesses and brokers, salespeople, managers, technology professionals and other front-office personnel;
- the impact of unexpected market moves and similar events;
- information technology risks, including capacity constraints, failures, or disruptions in our systems or those of the clients, counterparties, exchanges, clearing facilities, or other parties with which we interact, including increased demands on such systems and on the telecommunications infrastructure from remote working during the COVID-19 pandemic, cyber-security risks and incidents, compliance with regulations requiring data minimization and protection and preservation of records of access and transfers of data, privacy risk and exposure to potential liability and regulatory focus;
- the effectiveness of our governance, risk management, and oversight procedures and impact of any potential transactions or relationships with related parties;
- the impact of our ESG or “sustainability” ratings on the decisions by clients, investors, ratings agencies, potential clients and other parties with respect to our businesses, investments in us or the market for and trading price of BGC Class A common stock, Company Debt Securities, or other matters;
- the fact that the prices at which shares of our Class A common stock are or may be sold in offerings, acquisitions, or other transactions may vary significantly, and purchasers of shares in such offerings or other transactions, as well as existing stockholders, may suffer significant dilution if the price they paid for their shares is higher than the price paid by other purchasers in such offerings or transactions;
- the impact of reductions to our dividends and distributions and the timing and amounts of any future dividends or distributions, including our ability to meet expectations with respect to payments of dividends and distributions and repurchases of shares of our Class A common stock and purchases or redemptions of limited partnership interests in BGC Holdings, or other equity interests in us or any of our other subsidiaries, including the BGC OpCos, including from Cantor, our executive officers, other employees, partners, and others, and the net proceeds to be realized by us from offerings of shares of BGC Class A common stock and Company Debt Securities; and
- the effect on the markets for and trading prices of our Class A common stock and Company Debt Securities due to COVID-19 and other market factors as well as on various offerings and other transactions, including offerings of our Class A common stock and convertible or exchangeable debt or other securities, our repurchases of shares of our Class A common stock and purchases or redemptions of BGC Holdings limited partnership interests or other equity interests in us or in our subsidiaries, any exchanges by Cantor of shares of our Class A common stock for shares of our Class B common stock, any exchanges or redemptions of limited partnership units and issuances of shares of our Class A common stock in connection therewith, including in corporate or partnership restructurings, our payment of dividends on our Class A common stock and distributions on limited partnership interests in BGC Holdings and the BGC OpCos, convertible arbitrage, hedging, and other transactions engaged in by us or holders of our outstanding shares, Company Debt Securities, share sales and stock pledge, stock loans, and other financing transactions by holders of our shares (including by Cantor or others), including of shares acquired pursuant to our employee benefit plans, unit exchanges and redemptions, corporate or partnership restructurings, acquisitions, conversions of shares of our Class B common stock and our other convertible securities into shares of our Class A common stock, stock pledge, stock loan, or other financing transactions, and distributions of our Class A common stock by Cantor to its partners, including the April 2008 and February 2012 distribution rights shares.

The foregoing risks and uncertainties, as well as those risks and uncertainties discussed under the headings “Item 1A—Risk Factors,” and “Item 7A—Quantitative and Qualitative Disclosures About Market Risk” and elsewhere in this Form 10-K, may cause actual results and events to differ materially from the forward-looking statements.

## OVERVIEW AND BUSINESS ENVIRONMENT

We are a leading global financial brokerage and technology company servicing the global financial markets.

Through brands including BGC®, GFI®, Sunrise Brokers™, Poten & Partners®, RP Martin™, and Fenics®, among others, our businesses specialize in the brokerage of a broad range of products, including fixed income such as government bonds, corporate bonds, and other debt instruments, as well as related interest rate derivatives and credit derivatives. We also broker products across FX, equity derivatives and cash equities, energy and commodities, shipping, and futures and options. We have also recently announced our plans to develop new and comprehensive cryptocurrency brokerage offerings. Our businesses also provide a wide variety of services, including trade execution, connectivity solutions, brokerage services, clearing, trade compression, and other post-trade services, information, and other back-office services to a broad assortment of financial and non-financial institutions.

Our integrated platform is designed to provide flexibility to customers with regard to price discovery, execution and processing of transactions, and enables them to use voice, hybrid, or in many markets, fully electronic brokerage services in connection with transactions executed either OTC or through an exchange. Through our Fenics® group of electronic brands, we offer a number of market infrastructure and connectivity services, fully electronic marketplaces, and the fully electronic brokerage of certain products that also may trade via voice and hybrid execution. The full suite of Fenics® offerings includes fully electronic and hybrid brokerage, market data and related information services, trade compression and other post-trade services, analytics related to financial instruments and markets, and other financial technology solutions. Fenics® brands also operate under the names Fenics®, FMX™, BGC Trader™, CreditMatch®, Fenics Market Data™, Fenics GO™, BGC Market Data™, kACE²®, Capitalab®, Swaptioniser®, CBID®, Lucera® and LumeAlfa™.

BGC, BGC Partners, BGC Trader, GFI, GFI Ginga, CreditMatch, Fenics, Fenics.com, FMX, Sunrise Brokers, Poten & Partners, RP Martin, kACE², Capitalab, Swaptioniser, CBID, Aqua, Lucera and LumeAlfa are trademarks/service marks, and/or registered trademarks/service marks of BGC Partners, Inc. and/or its affiliates.

Our customers include many of the world's largest banks, broker-dealers, investment banks, trading firms, hedge funds, governments, corporations, and investment firms. We have dozens of offices globally in major markets including New York and London, as well as in Bahrain, Beijing, Bermuda, Bogotá, Brisbane, Buenos Aires, Chicago, Copenhagen, Dubai, Dublin, Frankfurt, Geneva, Hong Kong, Houston, Istanbul, Johannesburg, Madrid, Melbourne, Mexico City, Miami, Milan, Monaco, Moscow, Nyon, Paris, Rio de Janeiro, Santiago, São Paulo, Seoul, Shanghai, Singapore, Sydney, Tel Aviv, Tokyo, Toronto, and Zurich.

As of December 31, 2021, we had approximately 2,100 brokers, salespeople, managers, technology professionals and other front-office personnel across our businesses.

### *Futures Exchange Group*

On July 30, 2021, the Company completed the purchase of the Futures Exchange Group for a purchase price of \$4.9 million at closing, plus the cash held at closing by the Futures Exchange Group, and an earn-out, only payable out of our portion of the profits of the Futures Exchange Group, capped at the amount Cantor contributed to the Futures Exchange Group prior to closing.

The Futures Exchange Group acquisition has been determined to be a combination of entities under common control that resulted in a change in the reporting entity. Accordingly, the financial results of the Company have been recast to include the financial results of the Futures Exchange Group in the current and prior periods as if the Futures Exchange Group had always been consolidated. The assets and liabilities of the Futures Exchange Group have been recorded in the Company's consolidated statements of financial condition at the seller's historical carrying value. The purchase of the Futures Exchange Group was accounted for as an equity transaction for the period ended September 30, 2021 (the period in which the transaction occurred).

The following tables summarize the impact of the Futures Exchange Group acquisition to the Company's consolidated statement of financial condition as of December 31, 2020, and to the Company's consolidated statements of operations for the years ended December 31, 2020 and 2019 (in thousands, except per share amounts):

	December 31, 2020		
	As Previously Reported	Retrospective Adjustments	As Adjusted
Total assets	\$ 3,949,300	\$ 3,942	\$ 3,953,242
Total liabilities	\$ 3,120,397	\$ 874	\$ 3,121,271
Total equity	\$ 808,229	\$ 3,068	\$ 811,297
Total liabilities, redeemable partnership interest, and equity	\$ 3,949,300	\$ 3,942	\$ 3,953,242

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	As Previously Reported	Retrospective Adjustments	As Adjusted	As Previously Reported	Retrospective Adjustments	As Adjusted
Income (loss) from operations before income taxes	\$ 77,905	\$ (5,684)	\$ 72,221	\$ 122,064	\$ (5,437)	\$ 116,627
Consolidated net income (loss)	\$ 56,602	\$ (5,684)	\$ 50,918	\$ 72,253	\$ (5,437)	\$ 66,816
Net income (loss) attributable to noncontrolling interest in subsidiaries	\$ 7,694	\$ (1,838)	\$ 5,856	\$ 24,691	\$ (1,776)	\$ 22,915
Net income (loss) available to common stockholders	\$ 48,908	\$ (3,846)	\$ 45,062	\$ 47,562	\$ (3,661)	\$ 43,901
Basic earnings (loss) per share	\$ 0.14	\$ (0.02)	\$ 0.12	\$ 0.14	\$ (0.01)	\$ 0.13
Diluted earnings (loss) per share	\$ 0.13	\$ (0.01)	\$ 0.12	\$ 0.13	\$ (0.01)	\$ 0.12

Additionally, the consolidated statements of comprehensive income (loss), consolidated statements of cash flows and consolidated statements of changes in equity have been adjusted to reflect these retrospective adjustments.

### *Fenics*

For the purposes of this document and subsequent SEC filings, all of our higher margin, technology driven businesses are referred to as Fenics. In the first quarter of 2021, we began to categorize our Fenics businesses as Fenics Markets and Fenics Growth Platforms and we have conformed our prior period comparisons of the components of our Fenics business to this new categorization. Fenics Markets includes the fully electronic portion of BGC's brokerage businesses, data, software and post-trade revenues that are unrelated to Fenics Growth Platforms, as well as Fenics Integrated revenues. Fenics Growth Platforms includes Fenics UST, Fenics GO, Lucera, Fenics FX and other newer standalone platforms. Revenue generated from data, software and post-trade attributable to Fenics Growth Platforms are included within their related businesses.

Historically, technology-based product growth has led to higher margins and greater profits over time for exchanges and wholesale financial intermediaries alike, even if overall Company revenues remain consistent. This is largely because automated and electronic trading efficiency allows the same number of employees to manage a greater volume of trades as the marginal cost of incremental trading activity falls. Over time, the conversion of exchange-traded and OTC markets to fully electronic trading has also typically led to an increase in volumes which offset lower commissions, and often lead to similar or higher overall revenues. We have been a pioneer in creating and encouraging hybrid and fully electronic execution, and we continually work with our customers to expand such trading across more asset classes and geographies.

Outside of U.S. Treasuries and spot FX, the banks and financial firms that dominate the OTC markets had, until recent years, been hesitant in adopting electronically traded products. However, banks, broker-dealers, and other professional trading firms are now much more active in hybrid and fully electronically traded markets across various OTC products, including credit derivative indices, FX derivatives, non-U.S. sovereign bonds, corporate bonds, and interest rate derivatives. These electronic markets have grown as a percentage of overall industry volumes for the past few years as firms like BGC have invested in the kinds of technology favored by our customers. Regulation across banking, capital markets, and OTC derivatives has accelerated the adoption of fully electronic execution, and we expect this demand to continue. We also believe that new clients, beyond our large bank customer base, will primarily transact electronically across our Fenics platforms.

The combination of wider adoption of hybrid and fully electronic execution and our competitive advantage in terms of technology and experience has contributed to our strong growth in electronically traded products. We continue to invest in our

high-growth, high-margin, technology-driven businesses, including our standalone fully electronic Fenics Growth Platforms. Fenics has exhibited strong growth over the past several years, and we believe that this growth has outpaced the wholesale brokerage industry. We expect this trend to accelerate as we continue to convert more of our Voice/Hybrid execution into higher-margin, technology-driven execution across our Fenics platforms and grow our Fenics Growth Platforms.

We expect to benefit from the trend towards electronic trading, increased demand for market data, and the need for increased connectivity, automation, and post-trade services. We continue to onboard new customers as the opportunities created by electronic and algorithmic trading continue to transform our industry. We continue to roll out our next-gen Fenics execution platforms across more products and geographies with the goal of seamlessly integrating voice liquidity with customer electronic orders either by a GUI, API, or web-based interface. We expect to have continued success converting Voice/Hybrid desks over time as we roll out these platforms across more products and geographies.

We continue to invest in our Fenics Growth Platforms, which currently include:

- Fenics UST, one of the largest CLOB platforms for U.S. Treasuries, had ADV growth of 65% during the fourth quarter of 2021, outpacing the overall market. Fenics UST CLOB market share increased approximately 600 basis points from a year ago to over 20% in the fourth quarter, and represented 21% of the CLOB market in December 2021. CLOB market share is from Greenwich Associates and BGC's internal estimates. From the third quarter onward, Greenwich Associates updated its methodology for calculating CLOB market share to more accurately reflect CLOB-only trading volumes. Fenics UST is estimated to have saved our clients over \$30 million in the fourth quarter and over \$269 million from January 2019 through December 2021. Fenics UST's revenue growth was driven by new product offerings, more traders using the platform and higher volumes. Additionally, Fenics UST saw robust demand for its newer electronic T-bills offering, with a five-fold increase in ADV quarter-over-quarter, which represented as estimated 15% of the electronic U.S. Treasury Bill market.
- Fenics GO, our global options electronic trading platform, provides live, real-time, and tradeable two-way electronic liquidity for exchange-listed futures and options, such as Eurex Euro Stoxx 50 Index Options, Euro Stoxx Banks Index Options, Nikkei 225 Index Options, Hang Seng Chinese Enterprise Index Options (HSCEI), DAX Index Options, and Korea Composite Stock Price Index Options (KOSPI). Fenics GO electronic liquidity providers include Susquehanna International Securities (SIG), which joined DRW, Lighthouse, Citadel Securities, IMC, Maven Securities, Optiver and Akuna Capital as electronic liquidity providers. Fenics GO has integrated Fenics' existing electronic platform MatchBox into its client offering. MatchBox is an online platform that automates the trading, booking, and lifecycle management of global equity derivatives contracts. The integration of these two electronic platforms provides Fenics GO's clients with a comprehensive electronic equity solution. Fenics GO is the only anonymous multilateral electronic platform for block-sized listed equity index options, giving it a unique advantage in helping clients satisfy their best execution requirements. Additionally, Fenics GO launched new MSCI index options products in January 2022, and expects to launch new cryptocurrency options later in the year.
- Lucera, our infrastructure and software business, offers the trading community direct connectivity to each other. Lucera has a fully built, scalable infrastructure that provides clients electronic trading connectivity with their counterparties within days, as opposed to months, and at a significantly lower cost. Lucera is comprised of two main business lines, LUMEMarkets and LuceraConnect. LUMEMarkets is our low latency aggregator, providing a single access point across multiple fragmented marketplaces and exchanges (FX, Rates, Futures and Credit markets). LuceraConnect provides on-demand connectivity to over one thousand endpoints across buy-side clients, trading firms, marketplaces, and exchanges. LuceraConnect has quickly become the industry standard for the FX market and is rapidly expanding in other asset classes. Lucera also supports the distribution of Fenics trading platforms, including Fenics UST, Fenics FX and Fenics MIDFX. In the fourth quarter, Lucera onboarded new institutional and large bank clients, including in Lucera's cryptocurrency infrastructure business, which launched in the third quarter. Winning new clients and expanding existing relationships adds to Lucera's highly recurring and compounding subscription revenue model. Lucera is providing connectivity to the world's deepest crypto liquidity pools via its world-class infrastructure.
- Fenics' Credit offering, Portfolio Match, our recently deployed session-based, matching platform, currently supports U.S. and European investment grade credit, as well as European high yield credit sessions.
- Fenics FX, our ultra-low latency electronic FX trading platform, generated strong double-digit volume and revenue growth during the quarter, outpacing FX ECN peers and the overall market.
- Our expanded Fenics FX platforms, which has businesses included under both Fenics Markets and Fenics Growth Platforms, including MIDFX, Spot FX and FX Options, and non deliverable forwards.

- Capitalab, which has businesses included under both Fenics Markets and Fenics Growth Platforms.

Revenue growth from Fenics Growth Platforms continued to significantly outpace the overall business. Fenics Growth Platforms revenue grew 89.3% to \$13.7 million in the fourth quarter of 2021 compared to the year prior and 60.2% to \$45.5 million for the year ended December 31, 2021. Collectively, our newer Fenics Growth Platform offerings, such as those listed above, are not yet fully up to scale, and are not yet generating significant revenues. Over time, we expect these new products and services to become profitable, high-margin businesses as their scale and revenues increase, all else equal.

Fenics Markets highlights for the fourth quarter of 2021 include:

- Fenics MIDFX, our leading wholesale FX hedging platform, grew its revenue by 20% versus the prior year, driven by strong volumes across spot FX and Asian NDFs. Fenics MID technology provides a highly efficient fully electronic platform for large global broker-dealers to hedge risk in a neutral environment.
- Fenics Market Data signed over 40 new contracts during the fourth quarter, with the total contracted value more than doubling compared to last year. Fenics Market Data has seen continued success in its new Regulatory Services offering, with a robust pipeline leading into 2022. Fenics Market Data which has a highly recurring and compounding subscription revenue model, continues to grow at a solid double-digit pace.
- Capitalab's NDF Match business, our advanced web-based matching platform that helps clients reduce foreign exchange exposure, more than doubled its ADV and revenue in the fourth quarter versus the prior year.

Fenics Markets revenue grew 13.7% to \$87.7 million in the fourth quarter of 2021 compared to the year prior and 22.6% to \$355.8 million for the year ended December 31, 2021.

Net Revenues in our Fenics businesses increased 20.2% to \$101.4 million in the fourth quarter and 25.9% to \$401.3 million for the year ended December 31, 2021 compared to the prior year period. Fenics revenue comprised 23.0% and 21.8% of overall revenue, excluding Insurance brokerage, for the fourth quarter of 2021 and for the year ended December 31, 2021, respectively.

Total revenues from our high-margin data, software, and post-trade business, which is predominately comprised of recurring revenue, were up 15.7% to \$24.1 million in the fourth quarter of 2021 and 9.8% to \$90.0 million for the year ended December 31, 2021 over the prior year period. Fenics brokerage revenues increased by 31.4% to \$311.2 million for the year ended December 31, 2021. Going forward, we expect Fenics to become an even more valuable part of BGC as it continues to grow. We continue to analyze how to optimally configure our Voice/Hybrid and fully electronic businesses.

### ***FMX***

On November 3, 2021, we announced FMX, which combines Fenics UST's leading cash U.S. Treasury business with a state-of-the-art U.S. Rates futures platform in development. Following the announcement and consultation with our global clients and potential strategic partners, FMX has expanded the scope of its futures product offering to cover the entire U.S. Rates Futures complex. This includes launching U.S. Treasury, Eurodollar, and SOFR futures contracts, concurrently, in the fourth quarter of 2022.

### ***Cryptocurrency Initiatives***

We continued to expand our cryptocurrency offerings during the quarter. Lucera onboarded new clients to its cryptocurrency connectivity and trade aggregation software. kACE, leveraging its award-winning Analytics, Pricing and Distribution software, onboarded new clients to its new cryptocurrency options offering. Furthermore, we will be launching additional cryptocurrency and digital asset trading products throughout 2022, which will be underpinned by Fenics' state-of-the-art technology. Our futures exchange was among the first exchanges to be permitted to list cryptocurrency derivative contracts. We are uniquely positioned to capitalize on the significant and growing cryptocurrency opportunity.

### ***Possible Corporate Conversion***

The Company continues to explore a possible conversion into a simpler corporate structure. Our board and committees have hired advisors and are reviewing the potential structure and details of such conversion.

### ***Cost Reduction Program***

The Company is continuing to examine how best to operate our business with the goal of creating efficiencies and reducing expenses. During the first quarter of 2020, we implemented a \$35.0 million cost reduction program to reduce our compensation-related cost base and streamline our operations, which resulted in \$33.5 million of U.S. GAAP compensation charges recorded under this program for the year ended December 31, 2020. In addition, the Company incurred \$32.1 million of U.S. GAAP compensation charges in the year ended December 31, 2021, as a result of continuing to examine how best to operate our business and working to further streamline our operations. U.S. GAAP items recorded include:

- Certain severance charges incurred in connection with headcount reductions as part of a broad cost reduction program; and
- Certain compensation and non-compensation-related charges incurred as part of a broad cost reduction program. Such U.S. GAAP items may include charges for exiting leases and/or other long-term contracts as part of cost-saving initiatives.

### ***Insurance Disposition***

On November 1, 2021, the Company successfully completed the Insurance Business Disposition and, after closing adjustments, received \$534.9 million in gross cash proceeds, subject to limited post-closing adjustments. The investment in the Insurance brokerage business generated an internal rate of return of 21.2% for our shareholders. As of December 31, 2021, we have repurchased and redeemed 71.5 million shares and units since announcing the sale on May 26, 2021. The sale of the business did not represent a strategic shift that would have a major effect on the Company's operations and financial results and was, therefore, not classified as discontinued operations. CF&Co served as advisor to the Company in connection with the transaction, and as a result, \$4.4 million of banking fees was paid to Cantor upon closing of the transaction. For further information regarding the sale of our Insurance brokerage business, please see our Current Report on Form 8-K filed with the SEC on November 1, 2021, as well as Note 5—"Divestitures" to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K.

The Insurance brokerage business contributed \$19.9 million and \$178.3 million in total revenues for the three and twelve months ended December 31, 2021, respectively. No impairment charge was recorded for the sale of the Insurance brokerage business for the three and twelve months ended December 31, 2021 as the carrying amount of the net assets was less than the fair value less costs to sell.

Unvested equity and other awards previously granted by BGC to employees of its Insurance brokerage business were converted into the right to receive a cash payment from BGC; a significant portion of these awards was 50% vested and paid in cash at closing, with the remaining 50% vesting and to be paid in cash two years after closing. The remaining portion of these awards will have been 100% vested and paid in cash by two years after the closing. The payments after closing are only made if the applicable employee remains an employee of the Insurance brokerage business.

### **Financial Services Industry**

The financial services industry has grown historically due to several factors. One factor was the increasing use of derivatives to manage risk or to take advantage of the anticipated direction of a market by allowing users to protect gains and/or guard against losses in the price of underlying assets without having to buy or sell the underlying assets. Derivatives are often used to mitigate the risks associated with interest rates, equity ownership, changes in the value of FX, credit defaults by corporate and sovereign debtors, and changes in the prices of commodity products. Over this same timeframe, demand from financial institutions, large corporations and other end-users of financial products have increased volumes in the wholesale derivatives market, thereby increasing the business opportunity for financial intermediaries.

Another key factor in the historical growth of the financial services industry has been the increase in the number of new financial products. As market participants and their customers strive to mitigate risk, new types of equity and fixed income securities, futures, options and other financial instruments have been developed. Most of these new securities and derivatives were not immediately ready for more liquid and standardized electronic markets, and generally increased the need for trading and required broker-assisted execution.

Due largely to the impacts of the global financial crisis of 2008-2009, our businesses faced more challenging market conditions from 2009 until the second half of 2016. Accommodative monetary policies were enacted by several major central banks, including the Federal Reserve, Bank of England, Bank of Japan and the European Central Bank, in response to the global financial crises. These policies resulted in historically low levels of volatility and interest rates across many of the financial markets in which we operate. The global credit markets also faced structural issues, such as increased bank capital

requirements under Basel III. Consequently, these factors contributed to lower trading volumes in our Rates and Credit asset classes across most geographies in which we operated.

From mid-2016 until the first quarter of 2020, the overall financial services industry benefited from sustained economic growth, lower unemployment rates in most major economies, higher consumer spending, the modification or repeal of certain U.S. regulations, and higher overall corporate profitability. The trend towards digitalization and electronification within the industry contributed to higher overall volumes and transaction count in fully electronic execution. From the second quarter of 2020 onward, concerns about the future trade relationship between the U.K. and the EU after Brexit, a slowdown in global growth driven by the outbreak of COVID-19, inflation expectation impact on U.S. rates volumes, and an increase in trade protectionism were tempered by monetary and fiscal stimulus. In addition, during 2021, as the global economy recovered from the COVID-19 pandemic, higher inflation across the U.S. and other G8 countries led central banks to begin and/or announce tapering of asset purchases under quantitative easing programs, as well as drive market expectations of future central bank rate hikes.

### ***Impact of COVID-19***

In recent years, we have been adversely affected as a result of COVID-19 and its impact on the macroeconomic environment. For example, surges in global COVID-19 cases caused market-wide disruptions, particularly across our Voice/Hybrid business in December 2021. During the COVID-19 pandemic, our fully electronic businesses have been a key growth driver and competitive advantage as many of our brokers and clients have adapted to working remotely. Additional information with respect to the impact of COVID-19 on our businesses, results of operations and human capital resources is contained elsewhere in this Annual Report on Form 10-K.

### **Impact of COVID-19 on Employees**

As a global intermediary to financial markets, BGC is considered an essential business in many of its various global locations where key employees are thus able to operate out of its primary offices around the world. We have nonetheless taken proactive measures intended to protect our employees and clients during this global pandemic. These policies and practices seek to protect the health, safety and welfare of our workforce while enabling employees to maintain a high level of performance. Certain of these items are summarized below:

- We activated our Business Continuity Plan in the first quarter of 2020. The vast majority of front-office personnel are working in a firm office and most BGC staff members are attending work in the office several days a week, while working remotely the other part of the week. We follow all applicable laws and regulations to ensure both compliance with the COVID-19 requirements and the safety of our employees.
- We provide ongoing informational COVID-19-related messages and notices. We disseminated our COVID-19 policies and FAQs on a regular basis; they are also posted on the Company's intranet sites.
- Where applicable, we are applying more frequent and vigorous cleaning and sanitation measures and providing personal protective equipment (PPE).
- Internal and external meetings are sometimes held in person, as well as conducted virtually and via phone calls.
- We have deferred some corporate events and participation in industry conferences.
- Our medical plans have waived applicable member cost sharing for all medically necessary diagnostic testing related to COVID-19.
- We have reminded employees about our Employee Assistance Program and the ways it can assist them during this challenging time.
- We provide paid leave in accordance with its policies and applicable COVID-19-related laws and regulations.

We continue to take significant steps to protect our employees and encourage them all to get vaccinated.

### **Impact of COVID-19 on the Company's Results**

#### ***Revenues***

#### **Voice/Hybrid and/or Higher-Margin, Technology-Driven Fenics Businesses**

We recorded total revenue of \$2,015.4 million for the year ended December 31, 2021, 2.0% lower than a year ago.

For the year ended December 31, 2021, Fenics net revenues of \$401.3 million, increased 25.9% driven by a \$65.5 million, or 22.6%, increase in Fenics Markets and a \$17.1 million, or 60.2%, increase in Fenics Growth Platforms.

Certain key items are summarized below:

- Revenues across Rates, Credit, FX, Equity derivatives and cash equities, Energy and commodities are generally correlated with corresponding industry volumes.
- Rates benefited from strong growth across BGC's U.S. government bonds, inflation products, listed rates, and emerging market rates.
- Energy & Commodities generated revenue growth, driven by strong performance in BGC's environmental brokerage business and heightened volatility across the energy markets.
- Concerns around U.S. inflation and the ease of asset purchases in the fourth quarter by the Federal Reserve, drove interest rate volatility higher and supported global Rates trading volumes.
- Conversely, quantitative easing measures taken by central banks around the world have lowered market volumes.
- Uncertainty around global energy supplies led to large price rallies and volatility in these products, which increased secondary market trading volumes.

We expect record levels of global debt issuance, interest rate volatility, tapering of central bank asset purchases, and an improving U.S. and global economy to provide tailwinds to our Rates business going forward.

### **Overall Fenics**

- BGC's Fenics net revenues increased 25.9% for the year ended December 31, 2021 compared to the prior year.
- Fenics has benefited and is expected to continue to benefit from trends towards electronic execution and opportunities created by algorithmic trading and automation.
- The dislocations caused by COVID-19 have resulted in an even greater demand for the Company's electronic execution. We believe that the driver of this demand is the best-in-class market liquidity that only integrated global firms like BGC can provide.
- This benefit may be tempered by temporary shifts by traders toward voice execution in certain markets during periods of extreme market turbulence.
- BGC's data, software, and post-trade businesses are predominantly comprised of recurring revenues.

### ***Expenses***

BGC's compensation expenses increased for the year ended December 31, 2021, due to the sale of the Insurance brokerage business, which included one-off compensation charges and sale-related expenses totaling \$168.6 million, the majority of which was non-cash. BGC's non-compensation expenses decreased due to lower interest expense, professional and consulting fees, and other expenses. These expense reductions were partially offset by higher selling and promotion charges, as COVID-19 restrictions have relaxed across many of the major geographies in which BGC operates.

BGC has recorded or may potentially record amounts for certain expenses that are higher than they otherwise would have been due to the overall impact of the pandemic. Some of these items include:

- Non-cash impairment charges with respect to assets;
- Non-cash mark-to-market adjustments for non-marketable investments;
- Certain severance charges incurred in connection with headcount reductions as part of a broad cost reduction program;
- Certain compensation and non-compensation-related charges incurred as part of a broad cost reduction program. Such U.S. GAAP items may include charges for exiting leases and/or other long-term contracts as part of cost-saving initiatives;
- Expenses relating to setting up and maintaining remote and/or back-up locations; and
- Communication expenses related to additional voice and data connections.

Some of the above items may be partially offset by certain tax benefits. It is difficult to predict the amounts of any these items or when they might be recorded because they may depend on the duration, severity, and overall impact of the pandemic.

### **Capital and Liquidity**

On February 15, 2022, our Board declared a \$0.01 dividend for the fourth quarter of 2021. Additionally, BGC Holdings continues to have reduced distributions to or on behalf of its partners. The distributions to or on behalf of partners will at least cover their related tax payments. Whether any given post-tax amount is equivalent to the amount received by a stockholder also on an after-tax basis depends upon stockholders' and partners' domiciles and tax status. Our 2022 capital allocation priorities are to return capital to stockholders and to continue investing in our high growth Fenics businesses. Previously, we were deeply dividend-centric; going forward, we plan to prioritize share and unit repurchases over dividends and distributions. The Board will reevaluate whether to increase the dividend in the first quarter of 2022.

For further information on the balance sheet, liquidity and capital, see "Liquidity and Capital Resources" herein.

### ***Brexit***

On January 1, 2021, the U.K. formally left the EU and U.K.-EU trade became subject to a new agreement that was concluded in December of 2020. The exit from the EU is commonly referred to as Brexit. Financial services fall outside of the scope of this trade agreement. Instead, the relationship will largely be determined by a series of "equivalence decisions," each of which would grant mutual market access for a limited subset of financial services where either party finds the other party has a regulatory regime that achieves similar outcomes to its own. It is currently unknown if or when equivalence decisions will be taken. In March 2021, the U.K. and EU agreed a Memorandum of Understanding on Financial Services Regulatory Cooperation which creates a structure for dialogue but does not include commitments on equivalence.

In light of ongoing uncertainties, market participants are still adjusting. The exact impact of Brexit on the U.K.-EU flow of financial services therefore remains unknown. This same uncertainty applies to the consequences for the economies of the U.K. and the EU member states as a result of the U.K.'s withdrawal from the EU.

We implemented plans to ensure continuity of service in Europe and continue to have regulated offices in place in many of the major European markets. As part of our Brexit strategy, ownership of BGC Madrid, Copenhagen and Frankfurt & GFI Paris, Madrid and Dublin branches was transferred to Aurel BGC SAS (a French-based operation and therefore based in the EU) in July 2020. We have been generally increasing our footprint in the EU which includes the establishment of a new branch office of Aurel BGC SAS in Milan and a new office in Monaco under a new local Monaco subsidiary.

Regardless of these and other mitigating measures, our European headquarters and largest operations are in London, and market access risks and uncertainties have had and could continue to have a material adverse effect on our customers, counterparties, businesses, prospects, financial condition and results of operations. Furthermore, in the future the U.K. and EU's regulation may diverge, which could disrupt and increase the costs of our operations, and result in a loss of existing levels of cross-border market access.

### ***Industry Consolidation***

In recent years, there has been significant consolidation among the interdealer-brokers and wholesale brokers with which we compete. We expect to continue to compete with the electronic markets, post-trade and information businesses of NEX, that are part of CME now, through the various offerings on our Fenics platform. We will also continue to compete with TP ICAP and Tradition across various Voice/Hybrid brokerage marketplaces as well as via Fenics.

Additionally, there has been an increase in acquisitions of OTC trading platforms by exchanges and electronic marketplaces such as ICE buying BondPoint, Deutsche Börse buying 360T, and CBOE buying Hotspot, MarketAxess buying LiquidityEdge, Tradeweb buying Nasdaq U.S. Fixed Income Electronic Trading Platform, etc. We view the recent consolidation in the industry favorably, as we expect it to provide additional operating leverage to our businesses in the future.

### ***Growth Drivers***

As a wholesale intermediary in the financial services industry, our businesses are driven primarily by secondary trading volumes in the markets in which we broker, the size and productivity of our front-office headcount including brokers, salespeople, managers, technology professionals and other front-office personnel, regulatory issues, and the percentage of our revenues we are able to generate by Fully Electronic means. BGC's revenues tend to have low correlation in the short and medium-term with global bank and broker-dealer sales and trading revenues, which reflect bid-ask spreads and mark-to-market movements, as well as industry volumes in both the primary and secondary markets.

Below is a brief analysis of the market and industry volumes for some of our products, including our overall Hybrid and Fully Electronic execution activities.

### ***Overall Market Volumes and Volatility***

Volume is driven by a number of factors, including the level of issuance for financial instruments, price volatility of financial instruments, macro-economic conditions, creation and adoption of new products, regulatory environment, and the introduction and adoption of new trading technologies. Historically, increased price volatility has often increased the demand for hedging instruments, including many of the cash and derivative products that we broker.

Rates volumes in particular are influenced by market volumes and, in certain instances, volatility. Historically low and negative interest rates across the globe have significantly reduced the overall trading appetite for rates products. As a result of central bank policies and actions, many sovereign bonds continue to trade at or close to negative yields, especially in real terms. Also, weighing on yields and rates volumes are global central bank quantitative easing programs. The programs depress rates volumes because they entail central banks buying government securities or other securities in the open market in an effort to promote increased lending and liquidity and bring down long-term interest rates. When central banks hold these instruments, they tend not to trade or hedge, thus lowering rates volumes across cash and derivatives markets industry-wide. Following the market dislocation and ongoing pandemic, major central banks such as the U.S. Federal Reserve, ECB, Bank of Japan, Bank of England, and Swiss National Bank restarted quantitative easing programs in 2020, and continue to maintain historically low interest rates, keep key short-term interest rates low, or a combination of both. Recent heightened levels of inflation in 2020, meant major central banks have begun and/or expect to begin tapering asset purchases and plan to hike interest rates, which historically has led to an increase in rates volumes.

Additional factors have weighed on market volumes in the products we broker. For example, the Basel III accord, implemented in late 2010 by the G-20 central banks, is a global regulatory framework on bank capital adequacy, stress testing and market liquidity risk that was developed with the intention of making banks more stable in the wake of the financial crisis by increasing bank liquidity and reducing bank leverage. The accord, which will take effect on January 1, 2023, has already required most large banks in G-20 nations to hold approximately three times as much Tier 1 capital as was required under the previous set of rules. These capital rules have made it more expensive for banks to hold non-sovereign debt assets on their balance sheets, and as a result, analysts say that banks have reduced their proprietary trading activity in corporate and asset-backed fixed income securities as well as in various other OTC cash and derivative instruments. We believe that this has further reduced overall market exposure and industry volumes in many of the products we broker, particularly in Credit.

For the year ended December 31, 2021, industry volumes were higher year-over-year across Rates and Energy and Commodities, mixed across Equity derivatives and cash equities and generally lower across FX and Credit. BGC's brokerage revenues, excluding Insurance, were down by 2.6% year-on-year. Below is an expanded discussion of the volume and growth drivers of our various brokerage product categories.

### ***Rates Volumes and Volatility***

Our Rates business is influenced by a number of factors, including global sovereign issuances, secondary trading and the hedging of these sovereign debt instruments. The amount of global sovereign debt outstanding remains at very high levels; the level of secondary trading and related hedging activity was higher during 2021, as the prior year was severely impacted by the COVID-19 pandemic, which led to the dislocations of traders and lower risk appetites. In addition, according to SIFMA and the Federal Reserve Bank of New York, the average daily volume of various U.S. Treasuries and Treasury bills, among primary dealers was 3% higher in 2021 as compared to a year earlier. Additionally, interest rate derivative volumes were up 13% and 15% at ICE and the CME, respectively, all according to company press releases. In comparison, our revenue from Fenics Rates increased 43.7%, while our overall Rates revenues were up 2.6% as compared to a year earlier to \$558.5 million.

Our Rates revenues, like the revenues for most of our products, are not fully dependent on market volumes and, therefore, do not always fluctuate consistently with industry metrics. This is largely because our Voice, Hybrid, and Fully Electronic Rates desks often have volume discounts built into their price structure, which results in our Rates revenues being less volatile than the overall industry volumes.

Overall, analysts and economists expect the absolute level of sovereign debt outstanding to remain at elevated levels for the foreseeable future as governments finance their future deficits and roll over their sizable existing debt. Additionally, yields on benchmark U.S. Treasuries exhibited volatility during the fourth quarter of 2021 on inflation concerns and central bank tapering plans. While most economists expect that the effects of various forms of quantitative easing being undertaken by the various major central banks will continue to negatively impact financial market volumes, the tapering of asset purchases by central banks, interest rate hikes, along with elevated levels of government debt issuance, are expected to provide tailwinds to our Rates business.

### ***FX Volumes and Volatility***

Global FX volumes were generally lower during 2021. Volumes for CME FX futures and options and CME EBS spot FX were down 7%, and 14%, respectively. In comparison, revenue from our Fenics FX platforms increased 47.3%, while our overall FX revenues decreased by 4.4% to \$301.3 million.

### ***Insurance Brokerage***

The overall Insurance brokerage business, which we sold to The Ardonagh Group on November 1, 2021, included Ed Broking and Besso, as well as our aviation and space insurance brokerage business, Piiq. The pre-tax loss relating to Insurance was \$53.9 million and \$25.6 million for the years ended December 31, 2021 and 2020, respectively. Insurance posted total revenues of \$19.9 million and \$178.3 million, respectively, for both the fourth quarter and full year 2021.

### ***Equity derivatives and cash equities***

Global equity volumes were higher during 2021. Research from Raymond James indicated that the average daily volumes of U.S. cash equities and U.S. options were up 4% and 33%, respectively, as compared to a year earlier, while average daily volume of European cash equities shares were down 6% (in notional value). Over the same timeframe, Eurex average daily volumes of equity derivatives were up 10%, while Euronext equity derivative index volumes decreased by 10%. BGC's equity business primarily consists of equity derivatives. Our overall revenues from Equity derivatives and cash equities decreased by 2.8% to \$247.7 million.

### ***Credit Volumes***

Our Credit business is impacted by the level of global corporate bond issuance and the direction of interest rates. Global credit derivative market turnover has declined over the last few years due to the introduction of rules and regulations around the clearing of credit derivatives in the U.S. and elsewhere, along with non-uniform regulation across different geographies. In addition, many of our large bank customers continue to reduce their inventory of bonds and other credit products in order to comply with Basel III and other international financial regulations. During 2021, primary dealer average daily volume for corporate bonds (excluding commercial paper) was down by 10% according to Bloomberg and the Federal Reserve Bank of New York. Total notional traded credit derivatives as reported by the International Swaps and Derivatives Association — a reflection of the OTC derivatives market — were down by 2%, from a year earlier. In comparison, our overall Credit revenues decreased by 12.8% to \$287.6 million.

### ***Energy and Commodities***

Energy and commodities volumes were generally higher during 2021 compared with the year earlier. CME and ICE energy futures and options volumes were up 16% and 7%, respectively, driven by heightened volatility across the energy markets. In comparison, BGC's energy and commodities revenues increased by 1.3% to \$296.5 million.

## **FINANCIAL OVERVIEW**

### ***Revenues***

Our revenues are derived primarily from brokerage commissions charged for either agency or matched principal transactions, fees from related parties, fees charged for market data, analytics and post-trade products, fees from software solutions, and interest income.

#### ***Brokerage***

We earn revenues from our brokerage services on both an agency and matched principal basis. In agency transactions, we charge a commission for connecting buyers and sellers and assisting in the negotiation of the price and other material terms of the transaction. After all material terms of a transaction are agreed upon, we identify the buyer and seller to each other and leave them to settle the trade directly. Principal transaction revenues are primarily derived from matched principal transactions, whereby revenues are earned on the spread between the buy and the sell price of the brokered security, commodity or derivative. Customers either see the buy or sell price on a screen or are given this information over the phone. The brokerage fee is then added to the buy or sell price, which represents the spread we earn as principal transactions revenues. On a limited basis, we enter into unmatched principal transactions to facilitate a customer's execution needs for transactions initiated by such customers. We also provide market data products for selected financial institutions.

We offer our brokerage services in five broad product categories: Rates, FX, Credit, Energy & commodities, Equity derivatives and cash equities classes. We previously offered Insurance brokerage services, however, we sold our Insurance brokerage business to The Ardonagh Group on November 1, 2021. The chart below details brokerage revenues by product category and by Voice/Hybrid versus Fully Electronic (in thousands):

	<b>For the Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Brokerage revenue by product:</b>			
Rates	\$ 558,507	\$ 544,094	\$ 594,884
FX	301,328	315,253	370,318
Energy and commodities	296,458	292,641	288,697
Credit	287,608	329,904	306,713
Equity derivatives and cash equities	247,673	254,702	251,339
Insurance	178,087	182,707	155,790
<b>Total brokerage revenues</b>	<b>\$ 1,869,661</b>	<b>\$ 1,919,301</b>	<b>\$ 1,967,741</b>
<b>Brokerage revenue by product (percentage):</b>			
Rates	29.9 %	28.3 %	30.2 %
FX	16.1	16.4	18.8
Energy and commodities	15.9	15.2	14.7
Credit	15.4	17.2	15.6
Equity derivatives and cash equities	13.2	13.3	12.8
Insurance	9.5	9.6	7.9
<b>Total brokerage revenues</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
<b>Brokerage revenue by type:</b>			
Voice/Hybrid	\$ 1,558,503	\$ 1,682,521	\$ 1,763,114
Fully Electronic	311,158	236,780	204,627
<b>Total brokerage revenues</b>	<b>\$ 1,869,661</b>	<b>\$ 1,919,301</b>	<b>\$ 1,967,741</b>
<b>Brokerage revenue by type (percentage):</b>			
Voice/Hybrid	83.4 %	87.7 %	89.6 %
Fully Electronic	16.6	12.3	10.4
<b>Total brokerage revenues</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Our position as a leading wholesale financial broker is enhanced by our Hybrid brokerage platform. We believe that the more complex, less liquid markets on which we focus often require significant amounts of personal and attentive service from our brokers. In more mature markets, we offer Fully Electronic execution capabilities to our customers through our platforms, including Fenics and BGC Trader. Our Hybrid platform allows our customers to trade on a Voice, Hybrid or, where available, Fully Electronic basis, regardless of whether the trade is OTC or exchange-based, and to benefit from the experience and market intelligence of our worldwide brokerage network. Our electronic capabilities include clearing, settlement, post-trade, and other back-office services as well as straight-through processing for our customers across several products. Furthermore, we benefit from the operational leverage in our Fully Electronic platform. We believe our Hybrid brokerage approach provides a competitive advantage over competitors who do not offer this full range of technology.

#### *Rates*

Our Rates business is focused on government debt, futures and currency, and both listed and OTC interest rate derivatives, which are among the largest, most global and most actively traded markets. The main drivers of these markets are global macroeconomic forces such as growth, inflation, government budget policies and new issuances.

#### *FX*

The FX market is one of the largest financial markets in the world. FX transactions can either be undertaken in the spot market, in which one currency is sold and another is bought, or in the derivative market in which future settlement of the identical underlying currencies are traded. We provide full execution OTC brokerage services in most major currencies, including all G8 currencies, emerging market, cross and exotic options currencies.

### *Credit*

We provide our brokerage services in a wide range of credit instruments, including asset-backed securities, convertible bonds, corporate bonds, credit derivatives and high yield bonds.

### *Energy and Commodities*

We provide brokerage services for most widely traded energy and commodities products, including futures and OTC products covering, refined and crude oil, liquid natural gas, coal, electricity, gold and other precious metals, base metals, emissions, and soft commodities. We also provide brokerage services associated with the shipping of certain energy and commodities products.

### *Insurance*

We provided wholesale insurance and reinsurance broking solutions and underwriting services across the global marketplace, operating through the brands Ed Broking, Besso, Piiq Risk Partners and Junge, as well as the group's managing general agents Cooper Gay, Globe Underwriting and Epsilon. We sold our Insurance brokerage business on November 1, 2021 (see Note 5—"Divestitures" to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information).

### *Equity Derivatives and Cash Equities*

We provide brokerage services in a range of markets for equity products, including cash equities, equity derivatives (both listed and OTC), equity index futures and options on equity products.

### *Fees from Related Parties*

We earn fees from related parties for technology services and software licenses and for certain administrative and back-office services we provide to affiliates, particularly from Cantor. These administrative and back-office services include office space, utilization of fixed assets, accounting services, operational support, human resources, legal services and information technology.

### *Data, software and post-trade*

Fenics Market Data is a supplier of real-time, tradable, indicative, end-of-day and historical market data. Our market data product suite includes fixed income, interest rate derivatives, credit derivatives, FX, FX options, money markets, energy and equity derivatives and structured market data products and services. The data are sourced from the Voice/Hybrid and fully electronic broking operations, as well as the market data operations, including BGC, GFI and RP Martin, among others. It is made available to financial professionals, research analysts and other market participants via direct data feeds and BGC-hosted FTP environments, as well as via information vendors such as Bloomberg, Thomson Reuters, ICE Data Services, QUICK Corp., and other select specialist vendors.

Through our software solutions business, we provide customized software to broaden distribution capabilities and provide electronic solutions to financial market participants. The software solutions business leverages our global infrastructure, software, systems, portfolio of intellectual property, and electronic trading expertise to provide customers with electronic marketplaces and exchanges and real-time auctions to enhance debt issuance and to customize trading interfaces. We take advantage of the scalability, flexibility and functionality of our electronic trading system to enable our customers to distribute products to their customers through online offerings and auctions, including private and reverse auctions, via our trading platform and global network. Using screen-based market solutions, customers are able to develop a marketplace, trade with their customers, issue debt, trade odd lots, access program trading interfaces and access our network and intellectual property. We provide option pricing and analysis tools that deliver price discovery that is supported with market data sourced from both our BGC, GFI, and Fenics trading systems.

Our Capitalab NDF Match business is an advanced matching platform that helps clients offset their fixing risk in non-deliverable forward portfolios. Additionally, Capitalab provides compression services that are designed to bring greater capital and operational efficiency to the global derivatives market. It assists clients in managing the growing cost of holding derivatives, while helping them to meet their regulatory mandates. Through the Swaptioniser service for portfolio compression of Bilateral and Cleared Interest Rate Swaptions, Interest Rate Swaps, Caps and Floors and FX Products, Capitalab looks to simplify the complexities of managing large quantities of derivatives, to help promote sustainable growth, lower systemic risk and improve resiliency in the industry. Furthermore, as an approved compression services provider at LCH, a combined

multiproduct Rates solution is provided across the entire cleared and non-cleared portfolio, increasing the overall efficiency, where delta offsets can be leveraged across Rates products and desks. Additionally, Capitalab's Initial Margin Optimization service allows participants to reduce their bilateral initial margin and CCP IM with the efficiency of automated trade processing.

#### *Interest Income*

We generate interest income primarily from the investment of our daily cash balances, interest earned on securities owned and reverse repurchase agreements. These investments and transactions are generally short-term in nature. We also earn interest income from employee loans, and we earn dividend income on certain marketable securities.

#### *Other Revenues*

We earn other revenues from various sources, including underwriting and advisory fees.

### **Expenses**

#### *Compensation and Employee Benefits*

The majority of our operating costs consist of cash and non-cash compensation expenses, which include base salaries, broker bonuses based on broker production, guaranteed bonuses, other discretionary bonuses, and all related employee benefits and taxes. Our employees consist of brokers, salespeople, executives and other administrative support. The majority of our brokers receive a base salary and a formula bonus based primarily on a pool of brokers' production for a particular product or sales desk, as well as on the individual broker's performance. Members of our sales force receive either a base salary or a draw on commissions. Less experienced salespeople typically receive base salaries and bonuses.

As part of our compensation plans, certain employees are granted LPUs in BGC Holdings which generally receive quarterly allocations of net income, that are cash distributed on a quarterly basis and generally contingent upon services being provided by the unit holders. As prescribed in U.S. GAAP guidance, the quarterly allocations of net income on such LPUs are reflected as a component of compensation expense under "Equity-based compensation and allocations of net income to limited partnership units and FPU's" in our consolidated statements of operations.

Certain of these LPUs entitle the holders to receive post-termination payments equal to the notional amount in four equal yearly installments after the holder's termination. These limited partnership units are accounted for as post-termination liability awards under U.S. GAAP guidance, which requires that we record an expense for such awards based on the change in value at each reporting period and include the expense in our consolidated statements of operations as part of "Equity-based compensation and allocations of net income to limited partnership units and FPU's." The liability for LPUs with a post-termination payout amount is included in "Accrued compensation" on our consolidated statements of financial condition.

Certain LPUs are granted exchangeability or are redeemed in connection with the grant of shares of our Class A common stock on a one-for-one basis (subject to adjustment). At the time exchangeability or redemption is granted, the Company recognizes an expense based on the fair value of the award on that date, which is included in "Equity-based compensation and allocations of net income to limited partnership units and FPU's" in our consolidated statements of operations.

Certain LPUs have a stated vesting schedule and do not receive quarterly allocations of net income. The grant-date fair value of these LPUs is amortized to expense ratably over the awards' expected vesting periods. The non-cash equity-based amortization expense is reflected as a component of "Equity-based compensation and allocations of net income to limited partnership units and FPU's" in our consolidated statements of operations.

In addition, Preferred Units are granted in connection with the grant of certain LPUs, such as PSUs, which may be granted exchangeability or redemption in connection with the grant of shares of common stock to cover the withholding taxes owed by the unit holder upon such exchange or redemption. This is an acceptable alternative to the common practice among public companies of issuing the gross amount of shares to employees, subject to cashless withholding of shares to pay applicable withholding taxes. Each quarter, the net profits of BGC Holdings and Newmark Holdings are allocated to Preferred Units at a rate of either 0.6875% (which is 2.75% per calendar year) or such other amount as set forth in the award documentation. The Preferred Distribution is deducted before the calculation and distribution of the quarterly partnership distribution for the remaining partnership interests. The Preferred Units are not entitled to participate in partnership distributions other than with respect to the Preferred Distribution. Preferred Units may not be made exchangeable into our Class A common stock and are only entitled to the Preferred Distribution, and accordingly they are not included in our fully diluted share count. The quarterly allocations of net income on Preferred Units are reflected in compensation expense under "Equity-based

compensation and allocations of net income to limited partnership units and FPU” in our consolidated statements of operations.

In addition, as part of our compensation plan, certain employees are granted RSUs. The grant-date fair value of RSUs is amortized to expense ratably over the awards’ stated vesting periods. The non-cash equity-based amortization expense is reflected as a component of “Equity-based compensation and allocations of net income to limited partnership units and FPU” in our consolidated statements of operations.

We have entered into various agreements with certain of our employees and partners, whereby these individuals receive loans which may be either wholly or in part repaid from the distribution earnings that the individual receives on some or all of their LPUs and from proceeds of the sale of the employees’ shares of BGC Class A common stock, or may be forgiven over a period of time. The forgivable portion of these loans is recognized as compensation expense over the life of the loan. From time to time, we may also enter into agreements with employees and partners to grant bonus and salary advances or other types of loans. These advances and loans are repayable in the timeframes outlined in the underlying agreements.

In addition, we also enter into deferred compensation agreements with employees providing services to us. The costs associated with such plans are generally amortized over the period in which they vest. See Note 19—“Compensation” to our consolidated financial statements.

#### *Other Operating Expenses*

We have various other operating expenses. We incur leasing, equipment and maintenance expenses for our businesses worldwide. We also incur selling and promotion expenses, which include entertainment, marketing and travel-related expenses. We incur communication expenses for voice and data connections with our clients, clearing agents and general usage; professional and consulting fees for legal, audit and other special projects; and interest expense related to short-term operational funding needs, and notes payable and collateralized borrowings.

Primarily in the U.S., we pay fees to Cantor for performing certain administrative and other support services, including charges for occupancy of office space, utilization of fixed assets and accounting, operations, human resources, legal services and technology infrastructure support. Management believes that these charges are a reasonable reflection of the utilization of services rendered. However, the expenses for these services are not necessarily indicative of the expenses that would have been incurred if we had not obtained these services from Cantor. In addition, these charges may not reflect the costs of services we may receive from Cantor in the future. We incur commissions and floor brokerage fees for clearing, brokerage and other transactional expenses for clearing and settlement services. We also incur various other normal operating expenses.

#### ***Other Income (Losses), Net***

##### *Gain (Loss) on Divestiture and Sale of Investments*

Gain (Loss) on divestiture and sale of investments represent the gain or loss we recognize for the divestiture or sale of our investments.

##### *Gains (Losses) on Equity Method Investments*

Gains (losses) on equity method investments represent our pro-rata share of the net gains (losses) on investments over which we have significant influence but which we do not control.

##### *Other Income (Loss)*

Other Income (loss) is primarily comprised of gains or losses related to fair value adjustments on investments carried under the alternative method. Other Income (loss) also includes realized and unrealized gains or losses related to sales and mark-to-market adjustments on Marketable securities and any related hedging transactions when applicable. Acquisition-related fair value adjustments of contingent consideration and miscellaneous recoveries are also included in Other Income (loss).

#### ***Provision (Benefit) for Income Taxes***

We incur income tax expenses or benefit based on the location, legal structure and jurisdictional taxing authorities of each of our subsidiaries. Certain of the Company’s entities are taxed as U.S. partnerships and are subject to the UBT in New York City. U.S. federal and state income tax liability or benefit related to the partnership income or loss, with the exception of UBT, rests with the partners (see Note 2—“Limited Partnership Interests in BGC Holdings and Newmark Holdings” for discussion of partnership interests), rather than the partnership entity. The Company’s consolidated financial statements include

U.S. federal, state and local income taxes on the Company's allocable share of the U.S. results of operations. Outside of the U.S., we operate principally through subsidiary corporations subject to local income taxes.

## **REGULATORY ENVIRONMENT**

See "Regulation" in Part I, Item 1 of this Annual Report on Form 10-K for additional information related to our regulatory environment.

## **LIQUIDITY**

See "Liquidity and Capital Resources" herein for information related to our liquidity and capital resources.

## **HIRING AND ACQUISITIONS**

Key drivers of our revenue are front-office producer headcount and average revenue per producer. We believe that our strong technology platform and unique compensation structure have enabled us to use both acquisitions and recruiting to profitably grow at a faster rate than our largest competitors since our formation in 2004. We reduced front office headcount with a focus on underperforming or less profitable brokers, which helped improve our average revenue per producer.

We have invested significantly through acquisitions and the hiring of new brokers, salespeople, managers, technology professionals and other front-office personnel. The business climate for these acquisitions has been competitive, and it is expected that these conditions will persist for the foreseeable future. We have been able to attract businesses and brokers, salespeople, managers, technology professionals and other front-office personnel to our platform as we believe they recognize that we have the scale, technology, experience and expertise to succeed.

Our average revenue per front-office employee has historically declined year-over-year for the period immediately following significant headcount increases, and the additional brokers and salespeople generally achieve significantly higher productivity levels in their second or third year with the Company. Excluding Insurance brokerage, as of December 31, 2021, our front-office headcount was approximately 2,100 brokers, salespeople, managers, technology professionals and other front-office personnel, down 8.1% from 2,297 a year ago. Compared to the prior year, average revenue per front-office employee for the year ended December 31, 2021 increased by 8.1% to \$811 thousand from \$750 thousand.

The laws and regulations passed or proposed on both sides of the Atlantic concerning OTC trading seem likely to favor increased use of technology by all market participants, and are likely to accelerate the adoption of both Hybrid and Fully Electronic execution. We believe these developments will favor the larger inter-dealer brokers over smaller, non-public local competitors, as the smaller players generally do not have the financial resources to invest the necessary amounts in technology. We believe this will lead to further consolidation across the wholesale financial brokerage industry, and thus allow us to grow profitably.

Since 2019, our acquisitions have included Ed Broking, Ginga Petroleum, Algomi and the Futures Exchange Group.

On July 30, 2021, we completed the purchase of the Futures Exchange Group from Cantor, which represents our futures exchange and related clearinghouse.

On March 6, 2020, we completed the acquisition of Algomi, a software company operating under a SaaS model that provides technology to bond market participants to improve their workflow and liquidity by data aggregation, pre-trade information analysis and execution facilitation.

On March 12, 2019, we completed the acquisition of Ginga Petroleum. Ginga Petroleum provides a comprehensive range of broking services for physical and derivative energy products, including naphtha, liquefied petroleum gas, fuel oil, biofuels, middle distillates, petrochemicals and gasoline.

On January 31, 2019, we completed the acquisition of Ed Broking, an independent Lloyd's of London insurance broker with a strong reputation across accident and health, aerospace, cargo, energy, financial and political risks, marine, professional and executive risks, property and casualty, specialty and reinsurance. Ed Broking became part of the overall Insurance brokerage business and was subsequently sold to The Ardonagh Group on November 1, 2021 as part of the Insurance Business Disposition.

## **FINANCIAL HIGHLIGHTS**

For the year ended December 31, 2021, income from operations before income taxes increased by \$104.3 million, or 144.4%, to \$176.5 million compared to the prior year period, primarily due to a \$312.9 million gain on the sale of the Insurance brokerage business in the fourth quarter of 2021. Total revenues for the year ended December 31, 2021 decreased

\$41.4 million, or 2.0%, to \$2,015.4 million compared to the prior year period. The first quarter of 2020 was unique in that it reflected record market volatility and volumes driven by the onset of the COVID-19 pandemic. We continued to make excellent progress this year with respect to our investments in Fenics. Our Fenics growth accelerated during the year ended December 31, 2021, with revenues increasing by 25.9%, to \$401.3 million and represented a record 21.8% of our total revenues, excluding the Insurance brokerage business, increasing from 17.0% for the year ended December 31, 2020. The growth in our Fenics platforms continued to significantly outpace the overall business as we added new clients and expanded our product offerings. As we continue to grow our higher margin businesses, we are well positioned for increased profitability.

Brokerage revenues for the year ended December 31, 2021 decreased by \$49.6 million, or 2.6%, to \$1,869.7 million compared to the prior year period, which was primarily driven by Credit revenues, which decreased by \$42.3 million, to \$287.6 million, for the year ended December 31, 2021, due to significantly lower industry-wide trading volumes. For the year ended December 31, 2021, our FX revenues decreased \$13.9 million, to \$301.3 million, and revenues from Equity derivatives and cash equities decreased by \$7.0 million, to \$247.7 million. The Insurance brokerage business revenues decreased by \$4.6 million, or 2.5%, to \$178.1 million, for the year ended December 31, 2021, primarily due to the sale of the Insurance brokerage business during the fourth quarter of 2021. Rates revenues increased by \$14.4 million, to \$558.5 million, for the year ended December 31, 2021 as compared to the prior year period, driven by favorable trading environment across many of the Rates products BGC brokers, and revenues from Energy and commodities increased by \$3.8 million, to \$296.5 million for the year ended December 31, 2021, led by BGC's leading environmental brokerage business and heightened volatility across the energy complex. Revenues in our Fenics business increased 25.9% to \$401.3 million for the year ended December 31, 2021, compared to the prior year period, driven by strong growth across both Fenics Markets and Fenics Growth Platforms.

Beginning in the first quarter of 2021, BGC categorized its Fenics businesses as Fenics Markets and Fenics Growth Platforms. Fenics Markets includes the Fully Electronic portions of BGC's brokerage businesses, data, software and post-trade revenues that are unrelated to Fenics Growth Platforms, as well as Fenics Integrated revenues. Fenics Growth Platforms includes Fenics UST, Fenics GO, Lucera, Fenics FX and other newer standalone platforms. Revenues generated from data, software and post-trade attributable to Fenics Growth Platforms are included within their related businesses. Fenics Markets and Fenics Growth Platforms compete with companies such as CME, Tradeweb and MarketAxess. Fenics Markets revenues comprised \$355.8 million, an improvement of \$65.5 million, or 22.6%, which reflected higher conversion of Voice and Hybrid execution to Fenics brokerage, increased contribution from Fenics Integrated, and strong growth across Rates, FX and Market Data. Fenics Growth Platforms revenues comprised \$45.5 million, an increase of \$17.1 million, or 60.2%, driven by strong growth in Fenics UST, Lucera and Fenics GO. During the second quarter of 2020, we introduced Fenics Integrated, which seamlessly integrates hybrid liquidity with customer electronic orders. We believe that Fenics Integrated will enhance profit margins by further incentivizing the Company's brokers and clients to automate execution. We believe that Fenics Integrated will create superior real-time information, improving the robustness and value of Fenics Market Data, which will accelerate our growth. As we expand our product offerings, optimize our commercial agreements, and add new clients across our electronic platforms, we continue to expect profitability in our newer Fenics Growth Platforms, which includes Fenics UST, Fenics GO, Lucera, Fenics FX and other newer standalone platforms. During the quarter we announced FMX, which combines Fenics UST's leading U.S. Treasury business with a state-of-the-art U.S. Rates futures platform in development. Following the announcement and consultation with our global clients and strategic partners, FMX will expand the scope of its futures product offering to cover the entire U.S. Rates Futures complex. This includes launching U.S. Treasury, Eurodollar, and SOFR futures contracts, concurrently, in the fourth quarter of 2022.

Total expenses for the year ended December 31, 2021 increased by \$186.7 million to \$2,178.2 million compared to the prior year period, primarily driven by a \$211.4 million increase in total compensation expenses. Within total compensation, our Equity-based compensation and allocations of net income to limited partnership units and FPU's increased by \$72.6 million due to an increase in charges related to grants of exchangeability and issuance of shares of BGC Class A common stock, while expenses for Compensation and employee benefits increased by \$138.8 million, primarily due to the sale of the Insurance brokerage business, which included one-off compensation charges and sale related expenses totaling \$168.6 million, the majority of which was non-cash, partially offset by the impact of lower commission revenues on variable compensation. Our non-compensation expenses decreased by \$24.7 million, or 3.7%, primarily driven by a continued focus on tighter cost management as well as the impact of COVID-19, including lower occupancy and equipment expenses and reduced professional and consulting fees. There was also a decrease in other expenses related to a decrease in amortization expense on intangible assets, a decrease in other provisions, and a decrease in expenses due to the sale of the Insurance brokerage business, partially offset by an increase in legal settlement and litigation costs, as well as an increase related to Charity Day contributions. Further, there was a decrease in interest expense related to the 5.125% Senior Notes, which were repaid in May 2021, lower interest expense related to the borrowings on the Revolving Credit Agreement, partially offset by interest expense related to the 4.375% Senior Notes issued in July 2020.

Total other income (losses), net for the year ended December 31, 2021 increased \$332.4 million to \$339.4 million compared to the prior year period, primarily due to a \$312.9 million gain on the sale of the Insurance brokerage business in the fourth quarter of 2021, an increase related to mark-to-market movements on other assets, a gain recognized on a litigation

resolution in the first quarter of 2021, an increase due to an impairment of an equity-method investment recorded in the first quarter of 2020 compared to no impairment recorded in the year ended December 31, 2021, an increase in other recoveries related to a settlement recognized in the fourth quarter of 2021, an increase related to gains on equity method investments, and an increase related to fair value adjustments on investments held recorded in the year ended December 31, 2020, partially offset by a decrease related to COVID-19 recoveries in the year ended December 31, 2020.

On February 15, 2022, our Board declared a 0.01 dividend for the fourth quarter. Effective with the first quarter of 2020 dividend, and for all quarterly periods in 2020 and 2021, the Board reduced the quarterly dividend out of an abundance of caution in order to strengthen the Company's balance sheet as the global capital markets faced difficult and unprecedented macroeconomic conditions related to the global pandemic. Additionally, BGC Holdings continues to have reduced distributions to or on behalf of its partners. The distributions to or on behalf of partners will at least cover their related tax payments. Whether any given post-tax amount is equivalent to the amount received by a stockholder also on an after-tax basis depends upon stockholders' and partners' domiciles and tax status. BGC believes that these steps will allow the Company to prioritize its financial strength. Our 2022 capital allocation priorities are to use the remaining proceeds from the Insurance Business Disposition and other sources of liquidity to return capital to stockholders and to continue investing in its high growth Fenics businesses. We plan to prioritize share and unit repurchases over dividends and distributions.

## **RESULTS OF OPERATIONS**

The following table sets forth our consolidated statements of operations data expressed as a percentage of total revenues for the periods indicated (in thousands):

	Year Ended December 31,					
	2021		2020		2019	
	Actual Results	Percentage of Total Revenues	Actual Results	Percentage of Total Revenues	Actual Results	Percentage of Total Revenues
<b>Revenues:</b>						
Commissions	\$ 1,541,900	76.5 %	\$ 1,567,668	76.2 %	\$ 1,645,818	78.2 %
Principal transactions	327,761	16.3	351,633	17.1	321,923	15.3
Total brokerage revenues	1,869,661	92.8	1,919,301	93.3	1,967,741	93.5
Fees from related parties	14,856	0.7	25,754	1.3	29,442	1.4
Data, software and post-trade	89,963	4.5	81,920	4.0	73,166	3.5
Interest and dividend income	21,977	1.1	12,332	0.6	18,319	0.9
Other revenues	18,907	0.9	17,454	0.8	15,938	0.7
Total revenues	2,015,364	100.0	2,056,761	100.0	2,104,606	100.0
<b>Expenses:</b>						
Compensation and employee benefits	1,271,340	63.1	1,132,557	55.1	1,127,041	53.6
Equity-based compensation and allocations of net income to limited partnership units and FPU <sup>1</sup>	256,164	12.7	183,545	8.9	170,625	8.1
Total compensation and employee benefits	1,527,504	75.8	1,316,102	64.0	1,297,666	61.7
Occupancy and equipment	188,322	9.3	192,837	9.4	186,111	8.8
Fees to related parties	24,030	1.2	23,618	1.1	19,778	0.9
Professional and consulting fees	67,884	3.4	74,072	3.6	93,071	4.4
Communications	117,502	5.8	121,646	5.9	120,037	5.7
Selling and promotion	38,048	1.9	38,234	1.9	81,829	3.9
Commissions and floor brokerage	64,708	3.2	59,376	2.9	63,617	3.0
Interest expense	69,329	3.5	76,607	3.7	60,246	2.9
Other expenses	80,888	4.0	89,045	4.3	118,671	5.7
Total expenses	2,178,215	108.1	1,991,537	96.8	2,041,026	97.0
<b>Other income (losses), net:</b>						
Gains (losses) on divestitures and sale of investments	312,941	15.5	394	0.0	18,421	0.9
Gains (losses) on equity method investments	6,706	0.3	5,023	0.2	4,115	0.2
Other income (loss)	19,705	1.0	1,580	0.1	30,511	1.4
Total other income (losses), net	339,352	16.8	6,997	0.3	53,047	2.5
Income (loss) from operations before income taxes	176,501	8.7	72,221	3.5	116,627	5.5
Provision (benefit) for income taxes	23,013	1.1	21,303	1.0	49,811	2.3
Consolidated net income (loss)	\$ 153,488	7.6 %	\$ 50,918	2.5 %	\$ 66,816	3.2 %
Less: Net income (loss) operations attributable to noncontrolling interest in subsidiaries	29,481	1.4	5,856	0.3	22,915	1.1
Net income (loss) available to common stockholders	\$ 124,007	6.2 %	\$ 45,062	2.2 %	\$ 43,901	2.1 %

1 The components of Equity-based compensation and allocations of net income to limited partnership units and FPU<sup>1</sup> are as follows (in thousands):

	Year Ended December 31,					
	2021		2020		2019	
	Actual Results	Percentage of Total Revenues	Actual Results	Percentage of Total Revenues	Actual Results	Percentage of Total Revenues
Issuance of common stock and grants of exchangeability	\$ 128,107	6.4 %	\$ 84,966	4.1 %	\$ 100,948	4.8 %
Allocations of net income	34,335	1.7	14,006	0.7	20,491	1.0
LPU amortization	78,596	3.9	74,282	3.6	41,721	2.0
RSU amortization	15,126	0.7	10,291	0.5	7,465	0.3
Equity-based compensation and allocations of net income to limited partnership units and FPU's	\$ 256,164	12.7 %	\$ 183,545	8.9 %	\$ 170,625	8.1 %

### *Year Ended December 31, 2021 Compared to Year Ended December 31, 2020*

#### *Revenues*

##### *Brokerage Revenues*

Total brokerage revenues decreased by \$49.6 million, or 2.6%, to \$1,869.7 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. Commission revenues decreased by \$25.8 million, or 1.6%, to \$1,541.9 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. Principal transactions revenues decreased by \$23.9 million, or 6.8%, to \$327.8 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020.

The decrease in total brokerage revenues was primarily driven by decreases in Credit, FX, Equity derivatives and cash equities, and Insurance, partially offset by an increase in revenues from Rates, and Energy and commodities.

Our Credit revenues decreased by \$42.3 million, or 12.8%, to \$287.6 million for the year ended December 31, 2021, as compared to the year ended December 31, 2020. This decrease was mainly due to lower industry wide volumes.

Our FX revenues decreased by \$13.9 million, or 4.4%, to \$301.3 million for the year ended December 31, 2021, as compared to the year ended December 31, 2020. This decrease was primarily driven by lower industry volumes.

Our brokerage revenues from Equity derivatives and cash equities decreased by \$7.0 million, or 2.8%, to \$247.7 million for the year ended December 31, 2021, as compared to the year ended December 31, 2020. This decrease was primarily driven by lower volumes across European equity derivatives.

Our brokerage revenues from Insurance decreased by \$4.6 million, or 2.5%, to \$178.1 million for the year ended December 31, 2021, as compared to the year ended December 31, 2020. This decrease was primarily due to the sale of the Insurance brokerage business on November 1, 2021.

Our brokerage revenues from Rates increased by \$14.4 million, or 2.6%, to \$558.5 million for the year ended December 31, 2021, as compared to the year ended December 31, 2020. The increase in Rates revenues was primarily driven by improved activity across U.S. government bonds, inflation products, listed rates, and emerging market rates.

Our brokerage revenues from Energy and commodities increased by \$3.8 million, or 1.3%, to \$296.5 million for the year ended December 31, 2021, as compared to the year ended December 31, 2020. This increase was primarily driven by BGC's leading environmental brokerage business and heightened volatility across the energy complex.

##### *Fees from Related Parties*

Fees from related parties decreased by \$10.9 million, or 42.3% to \$14.9 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. This was primarily driven by a decrease in technology service revenues in connection with services provided to Cantor.

##### *Data, Software and Post-Trade*

Data, software and post-trade revenues increased by \$8.0 million, or 9.8%, to \$90.0 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. This increase was primarily driven by new business contracts and Lucera expanding its client base.

*Interest and Dividend Income*

Interest and dividend income increased by \$9.6 million, or 78.2%, to \$22.0 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. This increase was primarily driven by an increase in dividend income and higher interest income earned on employee loans.

*Other Revenues*

Other revenues increased by \$1.5 million, or 8.3% to \$18.9 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. This increase was primarily driven by an increase in revenues from underwriting fees, partially offset by a decrease in both consulting and sublease income for Poten & Partners.

**Expenses**

*Compensation and Employee Benefits*

Compensation and employee benefits expense increased by \$138.8 million, or 12.3%, to \$1,271.3 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. This increase was primarily due to the sale of the Insurance brokerage business, which included one-off compensation charges and sale related expenses totaling \$168.6 million, the majority of which was non-cash, partially offset by the impact of lower commission revenues on variable compensation.

*Equity-Based Compensation and Allocations of Net Income to Limited Partnership Units and FPU's*

Equity-based compensation and allocations of net income to limited partnership units and FPU's increased by \$72.6 million, or 39.6%, to \$256.2 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. This was primarily driven by an increase in grants of exchangeability and issuance of Class A common stock and an increase in allocations of net income to limited partnership units and FPU's due to the gain on sale of the Insurance brokerage business.

*Occupancy and Equipment*

Occupancy and equipment expense decreased by \$4.5 million, or 2.3%, to \$188.3 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. This decrease was primarily driven by a decrease in rent and occupancy expenses, software licenses and maintenance, and decreases in office and utilities expenses, partially offset by an increase in fixed asset impairments and an increase in amortization expense on developed software.

*Fees to Related Parties*

Fees to related parties increased by \$0.4 million, or 1.7%, to \$24.0 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. Fees to related parties are allocations paid to Cantor for administrative and support services.

*Professional and Consulting Fees*

Professional and consulting fees decreased by \$6.2 million, or 8.4%, to \$67.9 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. This decrease was primarily driven by a decrease in consulting fees, partially offset by an increase in legal fees.

*Communications*

Communications expense decreased by \$4.1 million, or 3.4%, to \$117.5 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. As a percentage of total revenues, communications expense remained relatively unchanged from the prior year period.

*Selling and Promotion*

Selling and promotion expense decreased by \$0.2 million, or 0.5%, to \$38.0 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020.

*Commissions and Floor Brokerage*

Commissions and floor brokerage expense increased by \$5.3 million, or 9.0%, to \$64.7 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. This increase was primarily driven by higher exchange fees in the year ended December 31, 2021 and an increase in trades executed compared to the year ended December 31, 2020.

*Interest Expense*

Interest expense decreased by \$7.3 million, or 9.5%, to \$69.3 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. This decrease was primarily driven by lower interest expense related to the 5.125% Senior Notes, which were repaid in May 2021, lower interest expense related to borrowings on the Revolving Credit Agreement, partially offset by interest expense related to the 4.375% Senior Notes issued in July 2020.

*Other Expenses*

Other expenses decreased by \$8.2 million, or 9.2%, to \$80.9 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020, which was primarily related to a decrease in amortization expense on intangible assets, a decrease in other provisions, and a decrease in expenses related to the sale of the Insurance brokerage business during the fourth quarter of 2021, partially offset by an increase in settlements and an increase related to Charity Day contributions.

***Other Income (Losses), Net***

*Gains (Losses) on Divestitures and Sale of Investments*

For the year ended December 31, 2021 we had a gain of \$312.9 million as a result of the sale of the Insurance brokerage business. For the year ended December 31, 2020, we had a gain of \$394 thousand on divestitures.

*Gains (Losses) on Equity Method Investments*

Gains (losses) on equity method investments increased by \$1.7 million, to a gain of \$6.7 million, for the year ended December 31, 2021 as compared to a gain of \$5.0 million for the year ended December 31, 2020. Gains (losses) on equity method investments represent our pro-rata share of the net gains or losses on investments over which we have significant influence, but which we do not control.

*Other Income (Loss)*

Other income (loss) increased by \$18.1 million, to \$19.7 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. This was primarily driven by an increase related to mark-to-market movements on other assets, a gain recognized on a litigation resolution during the year ended December 31, 2021, an increase due to an impairment of an equity method investment recorded in the year ended December 31, 2020 compared to no impairment recorded in the year ended December 31, 2021, an increase in recoveries related to a settlement recognized in the fourth quarter of 2021, and an increase related to fair value adjustments on investments carried under the measurement alternative. These increases were partially offset by a decrease related to COVID-19 recoveries in the year ended December 31, 2020.

***Provision (Benefit) for Income Taxes***

Provision (benefit) for income taxes increased by \$1.7 million, or 8.0%, to \$23.0 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020. This increase was primarily driven by an increase in both pre-tax earnings and the ownership interest in the operating partnership, partially offset by the nontaxable gain on the disposition of the Insurance brokerage business as well as the release of historical tax positions related to periods for which the statute of limitations has expired. In addition, the change in the geographical and business mix of earnings can impact our consolidated effective tax rate from period-to-period.

***Net Income (Loss) Attributable to Noncontrolling Interest in Subsidiaries***

Net income (loss) attributable to noncontrolling interest in subsidiaries increased by \$23.6 million, to \$29.5 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020.

***Year Ended December 31, 2020 Compared to Year Ended December 31, 2019***

***Revenues***

*Brokerage Revenues*

Total brokerage revenues decreased by \$48.4 million, or 2.5%, to \$1,919.3 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. Commission revenues decreased by \$78.2 million, or 4.7%, to \$1,567.7 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. Principal transactions revenues increased by \$29.7 million, or 9.2%, to \$351.6 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019.

The decrease in total brokerage revenues was primarily driven by decreases in FX and Rates, partially offset by an increase in revenues from Insurance, Credit, Energy and commodities, and Equity derivatives and cash equities.

Our FX revenues decreased by \$55.1 million, or 14.9%, to \$315.3 million for the year ended December 31, 2020. This decrease was primarily driven by lower industry volumes due to quantitative easing undertaken by several major central banks and uniformly lower global interest rates.

Our brokerage revenues from Rates decreased by \$50.8 million, or 8.5%, to \$544.1 million for the year ended December 31, 2020. The decrease in Rates revenues was primarily driven by lower industry volumes in certain markets due to quantitative easing undertaken by several major central banks and uniformly lower global interest rates.

Our brokerage revenues from Insurance increased by \$26.9 million, or 17.3%, to \$182.7 million for the year ended December 31, 2020. This increase was primarily due to organic growth, as previously hired brokers and salespeople ramped up production and benefited from favorable pricing trends for insurance renewals.

Our Credit revenues increased by \$23.2 million, or 7.6%, to \$329.9 million for the year ended December 31, 2020. This increase was mainly due to greater trading volumes.

Our brokerage revenues from Energy and commodities increased by \$3.9 million, or 1.4%, to \$292.6 million for the year ended December 31, 2020. This increase was primarily driven by organic growth.

Our brokerage revenues from equity derivatives and cash equities increased by \$3.4 million, or 1.3%, to \$254.7 million for the year ended December 31, 2020. This was primarily driven by organic growth.

*Fees from Related Parties*

Fees from related parties decreased by \$3.7 million, or 12.5% to \$25.8 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019.

*Data, Software and Post-Trade*

Data, software and post-trade revenues increased by \$8.8 million, or 12.0%, to \$81.9 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This increase was primarily driven by Lucera's Connect platform winning new SaaS client contracts, the acquisition of Algomi, as well as an increase in revenues from post-trade services.

*Interest and Dividend Income*

Interest and dividend income decreased by \$6.0 million, or 32.7%, to \$12.3 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This decrease was primarily due to a decrease in dividend income and lower interest earned on deposits.

*Other Revenues*

Other revenues increased by \$1.5 million, or 9.5% to \$17.5 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This increase was primarily driven by an increase in consulting income for Poten & Partners.

***Expenses***

*Compensation and Employee Benefits*

Compensation and employee benefits expense increased by \$5.5 million, or 0.5%, to \$1,132.6 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The main drivers of this increase were costs associated with the implementation of a cost reduction program designed to reduce future expenses and streamline operations, partially offset by the impact of lower brokerage revenues on variable compensation.

*Equity-Based Compensation and Allocations of Net Income to Limited Partnership Units and FPU's*

Equity-based compensation and allocations of net income to limited partnership units and FPU's increased by \$12.9 million, or 7.6%, to \$183.5 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This increase was primarily driven by an increase in equity award amortization.

*Occupancy and Equipment*

Occupancy and equipment expense increased by \$6.7 million, or 3.6%, to \$192.8 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This increase was primarily driven by higher software license costs, amortization expense on developed software, and fixed asset impairments. This was partially offset by a decrease in rent expense related to the build-out phase of BGC's new U.K. — based headquarters in the prior year period.

*Fees to Related Parties*

Fees to related parties increased by \$3.8 million, or 19.4%, to \$23.6 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. Fees to related parties are allocations paid to Cantor for administrative and support services, such as accounting, occupancy, and legal.

*Professional and Consulting Fees*

Professional and consulting fees decreased by \$19.0 million, or 20.4%, to \$74.1 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This decrease was primarily driven by a decrease in legal and consulting fees.

*Communications*

Communications expense increased by \$1.6 million, or 1.3%, to \$121.6 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019.

*Selling and Promotion*

Selling and promotion expense decreased by \$43.6 million, or 53.3%, to \$38.2 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This decrease was primarily a result of a reduction in travel and entertainment expenses due to a continued focus on tighter cost management as well as the impact of COVID-19.

*Commissions and Floor Brokerage*

Commissions and floor brokerage expense decreased by \$4.2 million, or 6.7%, to \$59.4 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. Commissions and floor brokerage expense tends to move in line with brokerage revenues.

*Interest Expense*

Interest expense increased by \$16.4 million, or 27.2%, to \$76.6 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This increase was primarily driven by interest expense related to the 3.750% Senior Notes issued in September 2019 and interest expense on the 4.375% Senior Notes issued in July 2020, partially offset by lower interest expense related to the borrowings on BGC's Revolving Credit Agreement.

*Other Expenses*

Other expenses decreased by \$29.6 million, or 25.0%, to \$89.0 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019, which was primarily related to a decrease in settlements, and partially offset by an increase in other provisions.

***Other Income (Losses), Net***

*Gains (Losses) on Divestitures and Sale of Investments*

For the year ended December 31, 2020, we had a gain of \$394 thousand on divestitures. For the year ended December 31, 2019, there was a gain of \$18.4 million as a result of the sale of CSC Commodities.

*Gains (Losses) on Equity Method Investments*

Gains (losses) on equity method investments increased by \$0.9 million, to a gain of \$5.0 million, for the year ended December 31, 2020 as compared to a gain of \$4.1 million for the year ended December 31, 2019. Gains (losses) on equity method investments represent our pro-rata share of the net gains or losses on investments over which we have significant influence, but which we do not control.

*Other Income (Loss)*

Other income (loss) decreased by \$28.9 million, or 94.8%, to \$1.6 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This was primarily driven by a decrease related to fair value adjustments on investments carried under the measurement alternative. There was also a decrease related the mark-to-market and/or hedging on the Nasdaq shares.

***Provision (Benefit) for Income Taxes***

Provision (benefit) for income taxes decreased by \$28.5 million, or 57.2%, to \$21.3 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This decrease was primarily driven by lower pre-tax earnings, as well as a change in the geographical and business mix of earnings. In addition, our consolidated effective tax rate can vary from period-to-period depending on, among other factors, the geographic and business mix of our earnings.

***Net Income (Loss) Attributable to Noncontrolling Interest in Subsidiaries***

Net income (loss) attributable to noncontrolling interest in subsidiaries decreased by \$17.1 million, or 74.4%, to \$5.9 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019, which was primarily driven by a decrease in earnings.

**QUARTERLY RESULTS OF OPERATIONS**

The following table sets forth our unaudited quarterly results of operations for the indicated periods (in thousands). Results of any period are not necessarily indicative of results for a full year and may, in certain periods, be affected by seasonal fluctuations in our business. Certain reclassifications have been made to prior period amounts to conform to the current period's presentation.

	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
<b>Revenues:</b>								
Commissions	\$ 349,896	\$ 367,016	\$ 389,768	\$ 435,220	\$ 377,146	\$ 352,027	\$ 382,640	\$ 455,855
Principal transactions	73,004	73,997	81,997	98,763	73,687	65,182	99,453	113,311
Fees from related parties	3,356	3,470	4,245	3,785	4,857	8,814	6,562	5,521
Data, software and post-trade	24,137	22,238	21,602	21,986	20,860	21,523	20,139	19,398
Interest and dividend income	4,442	3,042	11,455	3,038	(783)	2,418	6,536	4,161
Other revenues	6,756	3,984	3,383	4,784	3,659	5,078	3,776	4,941
Total revenues	461,591	473,747	512,450	567,576	479,426	455,042	519,106	603,187
<b>Expenses:</b>								
Compensation and employee benefits	434,807	257,604	270,586	308,343	258,866	244,648	283,949	345,094
Equity-based compensation and allocations of net income to limited partnership units and FPU's	85,889	78,490	58,290	33,495	80,515	33,007	27,819	42,204
Total compensation and employee benefits	520,696	336,094	328,876	341,838	339,381	277,655	311,768	387,298
Occupancy and equipment	46,724	46,049	47,159	48,390	47,763	45,924	47,652	51,498
Fees to related parties	8,456	5,674	4,518	5,382	5,028	7,728	5,335	5,527
Professional and consulting fees	14,813	16,836	20,029	16,206	18,233	15,755	19,994	20,090
Communications	27,611	29,305	30,776	29,810	30,481	30,097	30,538	30,530
Selling and promotion	12,356	9,586	8,618	7,488	6,896	5,942	6,673	18,723
Commissions and floor brokerage	16,563	15,908	14,308	17,929	13,646	12,933	13,520	19,277
Interest expense	16,061	16,735	18,680	17,853	21,811	19,665	17,625	17,506
Other expenses	16,465	24,614	23,772	16,037	21,600	28,367	21,508	17,570
Total expenses	679,745	500,801	496,736	500,933	504,839	444,066	474,613	568,019
<b>Other income (losses), net:</b>								
Gain (loss) on divestiture and sale of investments	312,941	92	(92)	—	403	(9)	—	—
Gains (losses) on equity method investments	2,101	1,816	1,323	1,466	1,354	1,527	1,119	1,023
Other income (loss)	7,862	4,513	1,924	5,406	1,687	4,779	1,129	(6,015)
Total other income (losses), net	322,904	6,421	3,155	6,872	3,444	6,297	2,248	(4,992)
Income (loss) from operations before income taxes	104,750	(20,633)	18,869	73,515	(21,969)	17,273	46,741	30,176
Provision (benefit) for income taxes	15,957	(6,692)	(1,191)	14,939	(6,729)	8,558	8,599	10,875
Consolidated net income (loss)	\$ 88,793	\$ (13,941)	\$ 20,060	\$ 58,576	\$ (15,240)	\$ 8,715	\$ 38,142	\$ 19,301
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	12,340	(2,539)	3,820	15,860	(11,211)	(135)	10,986	6,216
Net income (loss) available to common stockholders	\$ 76,453	\$ (11,402)	\$ 16,240	\$ 42,716	\$ (4,029)	\$ 8,850	\$ 27,156	\$ 13,085

The table below details our brokerage revenues by product category for the indicated periods (in thousands):

	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
<b>Brokerage revenue by product:</b>								
Rates	\$ 131,732	\$ 128,508	\$ 136,474	\$ 161,793	\$ 124,495	\$ 119,325	\$ 133,034	\$ 167,240
FX	72,112	72,976	72,807	83,433	73,213	73,281	74,393	94,366
Energy and commodities	71,527	74,328	74,735	75,868	71,706	65,871	71,326	83,738
Credit	65,969	58,983	72,609	90,047	68,882	68,053	95,780	97,189
Equity derivatives and cash equities	61,671	54,715	60,825	70,462	63,718	47,410	61,777	81,797
Insurance	19,889	51,503	54,315	52,380	48,819	43,269	45,783	44,836
Total brokerage revenues	<u>\$ 422,900</u>	<u>\$ 441,013</u>	<u>\$ 471,765</u>	<u>\$ 533,983</u>	<u>\$ 450,833</u>	<u>\$ 417,209</u>	<u>\$ 482,093</u>	<u>\$ 569,166</u>
<b>Brokerage revenue by product (percentage):</b>								
Rates	31.1 %	29.1 %	28.9 %	30.3 %	27.6 %	28.6 %	27.6 %	29.4 %
FX	17.1	16.5	15.4	15.6	16.2	17.6	15.4	16.6
Energy and commodities	16.9	16.9	15.8	14.2	15.9	15.8	14.8	14.6
Credit	15.6	13.4	15.4	16.9	15.3	16.3	19.9	17.1
Equity derivatives and cash equities	14.6	12.4	12.9	13.2	14.2	11.3	12.8	14.4
Insurance	4.7	11.7	11.6	9.8	10.8	10.4	9.5	7.9
Total brokerage revenues	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
<b>Brokerage revenue by type:</b>								
Voice/Hybrid	\$ 345,681	\$ 367,992	\$ 396,480	\$ 448,350	\$ 387,305	\$ 358,418	\$ 423,697	\$ 513,101
Fully Electronic	77,219	73,021	75,285	85,633	63,528	58,791	58,396	56,065
Total brokerage revenues	<u>\$ 422,900</u>	<u>\$ 441,013</u>	<u>\$ 471,765</u>	<u>\$ 533,983</u>	<u>\$ 450,833</u>	<u>\$ 417,209</u>	<u>\$ 482,093</u>	<u>\$ 569,166</u>
<b>Brokerage revenue by type (percentage):</b>								
Voice/Hybrid	81.7 %	83.4 %	84.0 %	84.0 %	85.9 %	85.9 %	87.9 %	90.1 %
Fully Electronic	18.3	16.6	16.0	16.0	14.1	14.1	12.1	9.9
Total brokerage revenues	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

## LIQUIDITY AND CAPITAL RESOURCES

### Balance Sheet

Our balance sheet and business model are not capital intensive. Our assets consist largely of cash and cash equivalents, collateralized and uncollateralized short-dated receivables and less liquid assets needed to support our business. Longer-term capital (equity and notes payable) is held to support the less liquid assets and potential capital investment opportunities. Total assets as of December 31, 2021 were \$3.3 billion, a decrease of 15.5% as compared to December 31, 2020. The decrease in total assets was driven by a decrease in Cash segregated under regulatory requirements as well as Accrued commissions and other receivables, net primarily due to the Insurance Business Disposition. We maintain a significant portion of our assets in Cash and cash equivalents and Securities owned, with our liquidity (which we define as Cash and cash equivalents, Reverse repurchase agreements, Marketable securities and Securities owned, less Securities loaned and Repurchase Agreements) as of December 31, 2021 of \$594.8 million. See "Liquidity Analysis" below for a further discussion of our liquidity. Our Securities owned were \$40.8 million as of December 31, 2021, compared to \$58.6 million as of December 31, 2020. Our Marketable securities were \$0.4 million as of December 31, 2021 compared to \$0.3 million as of December 31, 2020. We had no Repurchase agreements as of December 31, 2021 and 2020. Further, we did not have any Securities loaned or Reverse repurchase agreements as of December 31, 2021 and 2020.

As part of our cash management process, we may enter into tri-party reverse repurchase agreements and other short-term investments, some of which may be with Cantor. As of December 31, 2021 and 2020, there were no reverse repurchase agreements outstanding.

Additionally, in August 2013, the Audit Committee authorized us to invest up to \$350 million in an asset-backed commercial paper program for which certain Cantor entities serve as placement agent and referral agent. The program issues short-term notes to money market investors and is expected to be used from time to time as a liquidity management vehicle. The notes are backed by assets of highly rated banks. We are entitled to invest in the program so long as the program meets investment policy guidelines, including policies relating to ratings. Cantor will earn a spread between the rate it receives from the short-term note issuer and the rate it pays to us on any investments in this program. This spread will be no greater than the spread earned by Cantor for placement of any other commercial paper note in the program. As of December 31, 2021 and 2020, we had no investments in the program.

### ***Funding***

Our funding base consists of longer-term capital (equity and notes payable), collateralized financings, shorter-term liabilities and accruals that are a natural outgrowth of specific assets and/or our business model, such as matched fails and accrued compensation. We have limited need for short-term unsecured funding in our regulated entities for their brokerage business. Contingent liquidity needs are largely limited to potential cash collateral that may be needed to meet clearing bank, clearinghouse, and exchange margins and/or to fund fails. Current cash and cash equivalent balances exceed our potential normal course contingent liquidity needs. We believe that cash and cash equivalents in and available to our largest regulated entities, inclusive of financing provided by clearing banks and cash segregated under regulatory requirements, is adequate for potential cash demands of normal operations, such as margin or financing of fails. We expect our operating activities going forward to generate adequate cash flows to fund normal operations, including any dividends paid pursuant to our dividend policy. However, we continually evaluate opportunities for growth and to further enhance our strategic position, including, among other things, acquisitions, strategic alliances and joint ventures potentially involving all types and combinations of equity, debt and acquisition alternatives. As a result, we may need to raise additional funds to:

- increase the regulatory net capital necessary to support operations;
- support continued growth in our businesses;
- effect acquisitions, strategic alliances, joint ventures and other transactions;
- develop new or enhanced products, services and markets; and
- respond to competitive pressures.

Acquisitions and financial reporting obligations related thereto may impact our ability to access longer term capital markets funding on a timely basis and may necessitate greater short-term borrowings in the interim. This may impact our credit rating or our costs of borrowing. We may need to access short-term capital sources to meet business needs from time to time, including, but not limited to, conducting operations; hiring or retaining brokers, salespeople, managers, technology professionals and other front-office personnel; financing acquisitions; and providing liquidity, including in situations where we may not be able to access the capital markets in a timely manner when desired by us. Accordingly, we cannot guarantee that we will be able to obtain additional financing when needed on terms that are acceptable to us, if at all. In addition, as a result of regulatory actions, our registration statements under the Securities Act will be subject to SEC review prior to effectiveness, which may lengthen the time required for us to raise capital, potentially reducing our access to the capital markets or increasing our cost of capital.

As discussed above, our liquidity remains strong at \$594.8 million as of December 31, 2021, which reflects, gross cash proceeds received for the Insurance Business Disposition, ordinary movements in working capital, repurchases of BGC Class A common stock and LPUs, cash paid with respect to employee bonuses, tax payments, our continued investment in Fenics Growth Platforms, and the maturity of the 5.125% Senior Notes paid in full.

On November 1, 2021, BGC closed the sale of its Insurance brokerage business to the Ardonagh Group for gross proceeds of \$534.9 million, subject to limited post-closing adjustments. The investment in the Insurance brokerage business generated an internal rate of return of 21.2% for our shareholders. The proceeds from the Insurance Business Disposition provides us with significant resources to continue repurchasing shares and to accelerate Fenics growth. Since the announced sale of the Insurance brokerage business in May 2021, BGC has repurchased and redeemed 71.5 million shares of BGC Class A common stock and LPUs as of December 31, 2021. In addition, a portion of these proceeds was used to fully repay the \$300.0 million outstanding borrowings under the Company's Revolving Credit Agreement on November 1, 2021, which had been borrowed during the year. This repayment along with the maturity of the 5.125% Senior Notes, which were paid in full on May 27, 2021, reduced our outstanding Notes payable and other borrowings by \$263.1 million as of December 31, 2021 compared to the prior year.

On February 15, 2022, our Board declared a \$0.01 dividend for the fourth quarter of 2021. Additionally, BGC Holdings continues to have reduced distributions to or on behalf of its partners. The distributions to or on behalf of partners will

at least cover their related tax payments. Whether any given post-tax amount is equivalent to the amount received by a stockholder also on an after-tax basis depends upon stockholders' and partners' domiciles and tax status. BGC believes that these steps will allow the Company to prioritize its financial strength. Our 2022 capital allocation priorities are to return capital to stockholders and to continue investing in our high growth Fenics businesses. Previously, we were deeply dividend-centric; going forward, we plan to prioritize share and unit repurchases over dividends and distributions. The Board will reevaluate whether to increase the dividend in the first quarter of 2022.

### ***Notes Payable, Other and Short-term Borrowings***

#### *Unsecured Senior Revolving Credit Agreement*

On November 28, 2018, we entered into the Revolving Credit Agreement with Bank of America, N.A., as administrative agent, and a syndicate of lenders, which replaced the existing committed unsecured senior revolving credit agreement. The maturity date of the Revolving Credit Agreement was November 28, 2020 and the maximum revolving loan balance is \$350.0 million. Borrowings under this agreement bear interest at either LIBOR or a defined base rate plus additional margin. On December 11, 2019, we entered into an amendment to the new unsecured Revolving Credit Agreement. Pursuant to the amendment, the maturity date was extended to February 26, 2021. On February 26, 2020, the Company entered into a second amendment to the unsecured revolving credit agreement, pursuant to which, the maturity date was extended by two years to February 26, 2023. The size of the Revolving Credit Agreement, along with the interest rate on the borrowings therefrom, remained unchanged. On November 1, 2021, the Company repaid in full the \$300.0 million borrowings outstanding under the Revolving Credit Agreement, which had been borrowed during the year. As of December 31, 2021 and 2020, there were no borrowings outstanding under the new unsecured Revolving Credit Agreement. The average interest rate on the outstanding borrowings was 2.09% and 2.88% for the years ended December 31, 2021 and 2020, respectively. We may draw down on the Revolving Credit Agreement to provide flexibility in the normal course to meet ongoing operational cash needs, and other general corporate purposes including as necessary to manage through the current extraordinary macroeconomic/business environment as a result of the COVID-19 pandemic. Our liquidity remains strong, and was \$594.8 million as of December 31, 2021, as discussed below.

#### *5.125% Senior Notes*

On May 27, 2016, we issued an aggregate of \$300.0 million principal amount of 5.125% Senior Notes, which matured on May 27, 2021. The 5.125% Senior Notes were general senior unsecured obligations of the Company. The 5.125% Senior Notes bore interest at a rate of 5.125% per year, payable in cash on May 27 and November 27 of each year, commencing November 27, 2016 and ending on the maturity date. Prior to maturity, on August 5, 2020, the Company commenced a cash tender offer for any and all \$300.0 million outstanding aggregate principal amount of its 5.125% Senior Notes. On August 11, 2020, the Company's cash tender offer expired at 5:00 p.m., New York City time. As of the expiration time, \$44.0 million aggregate principal amount of the 5.125% Senior Notes were validly tendered. These notes were redeemed on the settlement date of August 14, 2020. The Company retained CF&Co as one of the dealer managers for the tender offer. As a result of this transaction, \$14 thousand in dealer management fees were paid to CF&Co. Cantor tendered \$15.0 million of such senior notes in the tender offer, and did not hold such notes as of December 31, 2021.

The initial carrying value of the 5.125% Senior Notes was \$295.8 million, net of the discount and debt issuance costs of \$4.2 million, of which \$0.5 million were underwriting fees payable to CF&Co.

On August 16, 2016, we filed a Registration Statement on Form S-4 which was declared effective by the SEC on September 13, 2016. On September 15, 2016, BGC launched an exchange offer in which holders of the 5.125% Senior Notes, issued in a private placement on May 27, 2016, could exchange such notes for new registered notes with substantially identical terms. The exchange offer closed on October 12, 2016, at which point the initial 5.125% Senior Notes were exchanged for new registered notes with substantially identical terms. On May 27, 2021, we repaid the remaining \$256.0 million principal plus accrued interest on our 5.125% Senior Notes.

#### *5.375% Senior Notes*

On July 24, 2018, we issued an aggregate of \$450.0 million principal amount of 5.375% Senior Notes. The 5.375% Senior Notes are general senior unsecured obligations of the Company. The 5.375% Senior Notes bear interest at a rate of 5.375% per year, payable in cash on January 24 and July 24 of each year, commencing January 24, 2019. The 5.375% Senior Notes will mature on July 24, 2023. We may redeem some or all of the 5.375% Senior Notes at any time or from time to time for cash at certain "make-whole" redemption prices (as set forth in the indenture related to the 5.375% Senior Notes). If a "Change of Control Triggering Event" (as defined in the indenture related to the 5.375% Senior Notes) occurs, holders may

require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. The initial carrying value of the 5.375% Senior Notes was \$444.2 million, net of the discount and debt issuance costs of \$5.8 million, of which \$0.3 million were underwriting fees paid to CF&Co. We also paid CF&Co an advisory fee of \$0.2 million in connection with the issuance. The issuance costs are amortized as interest expense and the carrying value of the 5.375% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 5.375% Senior Notes as of December 31, 2021 was \$447.9 million.

On July 31, 2018, we filed a Registration Statement on Form S-4 which was declared effective by the SEC on August 10, 2018. On August 10, 2018, BGC launched an exchange offer in which holders of the 5.375% Senior Notes, issued in a private placement on July 24, 2018, could exchange such notes for new registered notes with substantially identical terms. The exchange offer closed on September 17, 2018, at which point the initial 5.375% Senior Notes were exchanged for new registered notes with substantially identical terms.

### *3.750% Senior Notes*

On September 27, 2019, we issued an aggregate of \$300.0 million principal amount of 3.750% Senior Notes. The 3.750% Senior Notes are general unsecured obligations of the Company. The 3.750% Senior Notes bear interest at a rate of 3.750% per annum, payable in cash on each April 1 and October 1, commencing April 1, 2020. The 3.750% Senior Notes will mature on October 1, 2024. We may redeem some or all of the 3.750% Senior Notes at any time or from time to time for cash at certain “make-whole” redemption prices (as set forth in the indenture related to the 3.750% Senior Notes). If a “Change of Control Triggering Event” (as defined in the indenture related to the 3.750% Senior Notes) occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. The initial carrying value of the 3.750% Senior Notes was \$296.1 million, net of discount and debt issuance costs of \$3.9 million, of which \$0.2 million were underwriting fees payable to CF&Co and \$36 thousand were underwriting fees payable to CastleOak Securities, L.P. The issuance costs will be amortized as interest expense and the carrying value of the 3.750% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 3.750% Senior Notes was \$297.7 million as of December 31, 2021.

On October 11, 2019, we filed a Registration Statement on Form S-4, which was declared effective by the SEC on October 24, 2019. On October 28, 2019, BGC launched an exchange offer in which holders of the 3.750% Senior Notes, issued in a private placement on September 27, 2019, may exchange such notes for new registered notes with substantially identical terms. The exchange offer closed on December 9, 2019, at which point the initial 3.750% Senior Notes were exchanged for new registered notes with substantially identical terms.

### *4.375% Senior Notes*

On July 10, 2020, we issued an aggregate of \$300.0 million principal amount of 4.375% Senior Notes. The 4.375% Senior Notes are general unsecured obligations of the Company. The 4.375% Senior Notes bear interest at a rate of 4.375% per year, payable in cash on June 15 and December 15, commencing December 15, 2020. The 4.375% Senior Notes will mature on December 15, 2025. We may redeem some or all of the notes at any time or from time to time for cash at certain “make-whole” redemption prices (as set forth in the indenture related to the 4.375% Senior Notes). If a “Change of Control Triggering Event” (as defined in the indenture related to the 4.375% Senior Notes) occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. Cantor purchased \$14.5 million of such senior notes and still holds such notes as of December 31, 2021. The initial carrying value of the 4.375% Senior Notes was \$296.8 million, net of discount and debt issuance costs of \$3.2 million, of which \$0.2 million were underwriting fees payable to CF&Co. The carrying value of the 4.375% Senior Notes was \$297.5 million as of December 31, 2021.

On August 28, 2020, we filed a Registration Statement on Form S-4, which was declared effective by the SEC on September 8, 2020. On September 9, 2020, BGC launched an exchange offer in which holders of the 4.375% Senior Notes, issued in a private placement on July 10, 2020, may exchange such notes for new registered notes with substantially identical terms. The exchange offer closed on October 14, 2020, at which point the initial 4.375% Senior Notes were exchanged for new registered notes with substantially identical terms.

### *Collateralized Borrowings*

On May 31, 2017, we entered into a secured loan arrangement of \$29.9 million under which we pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.44% per year and matured on May 31, 2021,

therefore, there were no borrowings outstanding as of December 31, 2021. As of December 31, 2020, we had \$4.0 million outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of December 31, 2020 was \$0.8 million.

On April 8, 2019, we entered into a secured loan arrangement of \$15.0 million, under which we pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.77% and matures on April 8, 2023. As of December 31, 2021 and 2020, the Company had \$5.9 million and \$9.6 million, respectively, outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of December 31, 2021 and 2020, was \$0.1 million and \$1.2 million, respectively.

On April 19, 2019, we entered into a secured loan arrangement of \$10.0 million, under which we pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.89% and matures on April 19, 2023. As of December 31, 2021 and 2020, we had \$3.8 million and \$6.3 million, respectively, outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of December 31, 2021 and 2020, was \$1.0 million and \$2.7 million, respectively.

#### *Weighted-average Interest Rate*

For the years ended December 31, 2021 and 2020, the weighted-average interest rate of our total Notes payable and other borrowings, which include our Unsecured Senior Revolving Credit Agreement, Senior Notes, and Collateralized Borrowings, was 4.62% and 4.71%, respectively.

#### *Short-term Borrowings*

On August 22, 2017, we entered into a committed unsecured loan agreement with Itau Unibanco S.A. The credit agreement provided for short-term loans of up to \$3.6 million (BRL 20.0 million). The agreement was automatically renewed every 180 days until August 13, 2021, when it was repaid in full. Borrowings under this agreement bore interest at the Brazilian Interbank offering rate plus 4.75%. As of December 31, 2021 there were no borrowings outstanding under the facility. As of December 31, 2020, there were \$3.8 million (BRL 20.0 million) of borrowings outstanding under the facility. As of December 31, 2021, the interest rate was 14.0%.

On August 23, 2017, we entered into a committed unsecured credit agreement with Itau Unibanco S.A. The credit agreement provided for an intra-day overdraft credit line up to \$9.0 million (BRL 50.0 million). On August 20, 2021, the agreement was renegotiated, increasing the credit line to \$10.8 million (BRL 60.0 million). The maturity date of the agreement is March 9, 2022. This agreement bears a fee of 1.75% per year. As of December 31, 2021 and December 31, 2020, there were no borrowings outstanding under this agreement.

On January 25, 2021, we entered into a committed unsecured loan agreement with Banco Daycoval S.A., which provided for short-term loans of up to \$1.8 million (BRL 10.0 million) and was renegotiated on June 1, 2021. The amended agreement provides for short-term loans of up to \$3.6 million (BRL 20.0 million). The maturity date of the agreement is January 17, 2023. Borrowings under this agreement bear interest at the Brazilian Interbank offering rate plus 3.66%. As of December 31, 2021, there were \$3.6 million (BRL 20.0 million) of borrowings outstanding under the agreement. As of December 31, 2021, the interest rate was 12.90%.

#### *BGC Credit Agreement with Cantor*

On March 19, 2018, we entered into the BGC Credit Agreement with Cantor. The BGC Credit Agreement provides for each party and certain of its subsidiaries to issue loans to the other party or any of its subsidiaries in the lender's discretion in an aggregate principal amount up to \$250.0 million outstanding at any time. The BGC Credit Agreement replaced the previous Credit Facility between BGC and an affiliate of Cantor, and was approved by the Audit Committee of BGC. On August 6, 2018, the Company entered into an amendment to the BGC Credit Agreement, which increased the aggregate principal amount that can be loaned to the other party or any of its subsidiaries from \$250.0 million to \$400.0 million that can be outstanding at any time. The BGC Credit Agreement will mature on the earlier to occur of (a) March 19, 2022, after which the maturity date of the BGC Credit Agreement will continue to be extended for successive one-year periods unless prior written notice of non-extension is given by a lending party to a borrowing party at least six months in advance of such renewal date and (b) the termination of the BGC Credit Agreement by either party pursuant to its terms. The outstanding amounts under the BGC Credit Agreement will bear interest for any rate period at a per annum rate equal to the higher of BGC's or Cantor's short-term borrowing rate in effect at such time plus 1.00%. As of December 31, 2021, there were no borrowings by BGC or Cantor outstanding under this Agreement.

## CREDIT RATINGS

As of December 31, 2021, our public long-term credit ratings and associated outlooks are as follows:

	Rating	Outlook
Fitch Ratings Inc.	BBB-	Stable
Standard & Poor's	BBB-	Stable
Japan Credit Rating Agency, Ltd.	BBB+	Stable
Kroll Bond Rating Agency	BBB	Stable

Credit ratings and associated outlooks are influenced by a number of factors, including, but not limited to: operating environment, earnings and profitability trends, the prudence of funding and liquidity management practices, balance sheet size/composition and resulting leverage, cash flow coverage of interest, composition and size of the capital base, available liquidity, outstanding borrowing levels and the firm's competitive position in the industry. A credit rating and/or the associated outlook can be revised upward or downward at any time by a rating agency if such rating agency decides that circumstances warrant such a change. Any downgrade in our credit ratings and/or the associated outlooks could adversely affect the availability of debt financing on terms acceptable to us, as well as the cost and other terms upon which we are able to obtain any such financing. In addition, credit ratings and associated outlooks may be important to customers or counterparties when we compete in certain markets and when we seek to engage in certain transactions. In connection with certain agreements, we may be required to provide additional collateral in the event of a credit ratings downgrade.

## LIQUIDITY ANALYSIS

We consider our liquidity to be comprised of the sum of Cash and cash equivalents, Reverse repurchase agreements, Marketable securities, and Securities owned, less Securities loaned and Repurchase agreements. The discussion below describes the key components of our liquidity analysis. Our cash, cash flows, and financing arrangements are sufficient to support our cash requirements for the next twelve months and beyond.

We consider the following in analyzing changes in our liquidity.

Our liquidity analysis includes a comparison of our Consolidated net income (loss) adjusted for certain non-cash items (e.g., Equity-based compensation) as presented on the cash flow statement. Dividends and distributions are payments made to our holders of common shares and limited partnership interests and are related to earnings from prior periods. These timing differences will impact our cash flows in a given period.

Our investing and funding activities represent a combination of our capital raising activities, including short-term borrowings and repayments, issuances of shares under our CEO Program (net), BGC Class A common stock repurchases and partnership unit redemptions, purchases and sales of securities, dispositions, and other investments (e.g., acquisitions, forgivable loans to new brokers and capital expenditures—all net of depreciation and amortization).

Our securities settlement activities primarily represent deposits with clearing organizations.

Other changes in working capital represent changes primarily in receivables and payables and accrued liabilities that impact our liquidity.

Changes in Reverse repurchase agreements, Securities owned, and Marketable securities may result from additional cash investments or sales, which will be offset by a corresponding change in Cash and cash equivalents and, accordingly, will not result in a change in our liquidity. Conversely, changes in the market value of such securities are reflected in our earnings or other comprehensive income (loss) and will result in changes in our liquidity.

At December 31, 2019, the Company completed the calculation of the one-time transition tax on the deemed repatriation of foreign subsidiaries' earnings pursuant to the Tax Act and previously recorded a net cumulative tax expense of \$28.6 million, net of foreign tax credits. An installment election can be made to pay the taxes over eight years with 40% paid in equal installments over the first five years and the remaining 60% to be paid in installments of 15%, 20% and 25% in years six, seven and eight, respectively. The cumulative remaining balance as of December 31, 2021 is \$20.2 million.

As of December 31, 2021, the Company and its consolidated subsidiaries had \$553.6 million of Cash and cash equivalents. In addition, the Company and its consolidated subsidiaries also held securities of \$41.2 million within their Liquidity position as of December 31, 2021.

### *Discussion of the year ended December 31, 2021*

The table below presents our Liquidity Analysis as of December 31, 2021 and December 31, 2020:

	December 31, 2021	December 31, 2020
<i>(in thousands)</i>		
Cash and cash equivalents	\$ 553,598	\$ 596,291
Securities owned	40,838	58,572
Marketable securities	406	349
Repurchase agreements	—	—
Total	<u>\$ 594,842</u>	<u>\$ 655,212</u>

The \$60.4 million decrease in our liquidity position from \$655.2 million as of December 31, 2020 to \$594.8 million as of December 31, 2021 was primarily related to 72.9 million repurchases of Class A common stock and LPUs, cash paid with respect to annual employee bonuses, tax payments, our continued investment in Fenics Growth Platforms, and the maturity of the 5.125% Senior Notes paid in full, partially offset by the gross cash proceeds received for the Insurance Business Disposition, earnings, and other ordinary movements in working capital.

#### ***Discussion of the year ended December 31, 2020***

The table below presents our Liquidity Analysis as of December 31, 2020 and December 31, 2019:

	December 31, 2020	December 31, 2019
<i>(in thousands)</i>		
Cash and cash equivalents	\$ 596,291	\$ 419,328
Securities owned	58,572	57,525
Marketable securities <sup>1</sup>	349	326
Total	<u>\$ 655,212</u>	<u>\$ 477,179</u>

<sup>1</sup> As of December 31, 2019, \$13.9 million of Marketable securities on our balance sheet had been lent in a Securities loaned transaction and, therefore, are not included in this Liquidity Analysis.

The \$179.3 million increase in our liquidity position from \$473.2 million as of December 31, 2019 to \$652.6 million as of December 31, 2020 was primarily related to the issuance of \$300.0 million of the 4.375% Senior Notes, partially reduced by the \$68.9 million net payoff of the Revolving Credit Agreement and the \$44.0 million cash tender offer on the 5.125% Senior Notes. This net increase was partially offset by ordinary movements in working capital (including settlement of payables to related parties), cash paid with respect to annual employee bonuses and associated tax and compensation expenses, cost reduction charges, tax payments, acquisitions and our continued investment in new revenue generating hires.

#### **CLEARING CAPITAL**

In November 2008, we entered into a clearing capital agreement with Cantor to clear U.S. Treasury and U.S. government agency securities transactions on our behalf. In June 2020, this clearing capital agreement was amended to cover Cantor providing clearing services in all eligible financial products to us and not just U.S. Treasury and U.S. government agency securities. Pursuant to the terms of this agreement, so long as Cantor is providing clearing services to us, Cantor shall be entitled to request from us cash or other collateral acceptable to Cantor in the amount reasonably requested by Cantor under the clearing capital agreement or Cantor will post cash or other collateral on our behalf for a commercially reasonable charge. Cantor had not requested any cash or other property from us as collateral as of December 31, 2021.

#### **REGULATORY REQUIREMENTS**

Our liquidity and available cash resources are restricted by regulatory requirements of our operating subsidiaries. Many of these regulators, including U.S. and non-U.S. government agencies and self-regulatory organizations, as well as state securities commissions in the U.S., are empowered to conduct administrative proceedings that can result in civil and criminal judgments, settlements, fines, penalties, injunctions, enhanced oversight, remediation, or other relief.

In addition, self-regulatory organizations, such as the FINRA and the NFA, along with statutory bodies such as the FCA, the SEC, and the CFTC require strict compliance with their rules and regulations. The requirements imposed by regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal

with broker-dealers and are not designed to specifically protect stockholders. These regulations often serve to limit our activities, including through net capital, customer protection and market conduct requirements.

The final phase of Basel III (unofficially called “Basel IV”) is a global prudential regulatory standard designed to make banks more resilient and increase confidence in the banking system. Its wide scope includes reviewing market, credit and operational risk along with targeted changes to leverage ratios. Basel IV includes updates to the calculation of bank capital requirements with the aim of making outcomes more comparable across banks globally. Most of the requirements are expected to be implemented by national and regional authorities by around 2023, with certain delays announced by regulators recently due to COVID-19. The adoption of these proposed rules could restrict the ability of our large bank and broker-dealer customers to operate trading businesses and to maintain current capital market exposures under the present structure of their balance sheets, and will cause these entities to need to raise additional capital in order to stay active in our marketplaces.

The FCA is the relevant statutory regulator in the U.K. The FCA’s objectives are to protect customers, maintain the stability of the financial services industry and promote competition between financial services providers. It has broad rule-making, investigative and enforcement powers derived from the Financial Services and Markets Act 2000 and subsequent and derivative legislation and regulations.

In addition, the majority of our other foreign subsidiaries are subject to similar regulation by the relevant authorities in the countries in which they do business. Certain other of our foreign subsidiaries are required to maintain non-U.S. net capital requirements. For example, in Hong Kong, BGC Securities (Hong Kong), LLC, GFI (HK) Securities LLC and Sunrise Broker (Hong Kong) Limited are regulated by the Securities and Futures Commission. BGC Capital Markets (Hong Kong), Limited and GFI (HK) Brokers Ltd are regulated by The Hong Kong Monetary Authority. All are subject to Hong Kong net capital requirements. In France, Aurel BGC and BGC France Holdings; in Australia, BGC Partners (Australia) Pty Limited, BGC (Securities) Pty Limited and GFI Australia Pty Ltd.; in Japan, BGC Shoken Kaisha Limited’s Tokyo branch and BGC Capital Markets Japan LLC’s Tokyo Branch; in Singapore, BGC Partners (Singapore) Limited, GFI Group Pte Ltd and Ginga Global Markets Pte Ltd; in Korea, BGC Capital Markets & Foreign Exchange Broker (Korea) Limited and GFI Korea Money Brokerage Limited; in Philippines GFI Group (Philippines) Inc. and in Turkey, BGC Partners Menkul Degerler AS, all have net capital requirements imposed upon them by local regulators. In addition, BGC is a member of clearing houses such as The London Metal Exchange, which may impose minimum capital requirements. In Latin America, BGC Liquidez Distribuidora De Titulos E Valores Mobiliarios Ltda. (Brazil) has net capital requirements imposed upon it by local regulators.

These subsidiaries may also be prohibited from repaying the borrowings of their parents or affiliates, paying cash dividends, making loans to their parent or affiliates or otherwise entering into transactions, in each case, which result in a significant reduction in their regulatory capital position without prior notification or approval from their principal regulator. See Note 22—“Regulatory Requirements” to our consolidated financial statements for further details on our regulatory requirements.

As of December 31, 2021, \$667.2 million of net assets were held by regulated subsidiaries. As of December 31, 2021, these subsidiaries had aggregate regulatory net capital, as defined, in excess of the aggregate regulatory requirements, as defined, of \$326.9 million.

In April 2013, the Board and Audit Committee authorized management to enter into indemnification agreements with Cantor and its affiliates with respect to the provision of any guarantees provided by Cantor and its affiliates from time to time as required by regulators. These services may be provided from time to time at a reasonable and customary fee. In 2020, the introducing broker guarantees were moved from CF&Co to Mint Brokers for the firm’s stand alone and foreign NFA registered introducing brokers.

BGC Derivative Markets and GFI Swaps Exchange, our subsidiaries, operate as SEFs. Mandatory Dodd-Frank Act compliant execution on SEFs by eligible U.S. persons commenced in February 2014 for “made available to trade” products, and a wide range of other rules relating to the execution and clearing of derivative products have been finalized with implementation periods in 2016 and beyond. We also own ELX, which became a dormant contract market on July 1, 2017. As these rules require authorized execution facilities to maintain robust front-end and back-office IT capabilities and to make large and ongoing technology investments, and because these execution facilities may be supported by a variety of voice and auction-based execution methodologies, we expect our Hybrid and Fully Electronic trading capability to perform strongly in such an environment.

Much of our global derivatives volumes continue to be executed by non-U.S. based clients outside the U.S. and subject to local prudential regulations. As such, we will continue to operate a number of European regulated venues in accordance with EU or U.K. legislation and licensed by the FCA or EU-based national supervisors. These venues are also operated for non-derivative instruments for these clients. MiFID II was published by the European Securities and Markets Authority in September 2015, and implemented in January 2018 and introduced important infrastructural changes.

MiFID II requires a significant part of the market in these instruments to trade on trading venues subject to transparency regimes, not only in pre- and post-trade prices, but also in fee structures and access. In addition, it has impacted a number of key areas, including corporate governance, transaction reporting, pre- and post-trade transparency, technology synchronization, best execution and investor protection.

MiFID II is intended to help improve the functioning of the EU single market by achieving a greater consistency of regulatory standards. By design, therefore, it is intended that EU member states should have very similar regulatory regimes in relation to the matters addressed to MiFID. MiFID II has also introduced a new regulated execution venue category known as an OTF that captures much of the Voice-and Hybrid-oriented trading in EU. Much of our existing EU derivatives and fixed income execution business now take place on OTFs. Further to its decision to leave the EU, the U.K. has implemented MiFID II's requirements into its own domestic legislation. Brexit may impact future market structures and MiFID II rulemaking and implementation due to potential changes in mutual passporting and equivalence arrangements between the U.K. and EU member states (for further information see "Overview and Business Environment—Brexit" herein).

In addition, the GDPR came into effect in the EU on May 25, 2018 and creates new compliance obligations in relation to personal data. The GDPR may affect our practices, and will increase financial penalties for non-compliance significantly.

On September 30, 2020, the SEC announced a settlement with BGC regarding alleged negligent disclosure violations related to one of BGC's non-GAAP financial measures for periods beginning with the first quarter of 2015 through the first quarter of 2016. All of the relevant disclosures related to those periods and pre-dated the SEC staff's May 2016 detailed compliance and disclosure guidance with respect to non-GAAP presentations. BGC revised its non-GAAP presentation beginning with the second quarter of 2016 as a result of the SEC's guidance, and the SEC has made no allegations with regard to any periods following the first quarter of 2016. In connection with the SEC settlement, BGC was ordered to cease and desist from any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act, Section 13(a) of the Exchange Act and Rule 13a-11 thereunder, and Rule 100(b) of Regulation G, and agreed to pay a civil penalty of \$1.4 million without admitting or denying the SEC's allegations. See "Regulation" included in Part I, Item 1 of this Annual Report on Form 10-K for additional information related to our regulatory environment.

## EQUITY

### *Class A Common Stock*

Changes in shares of BGC Class A common stock outstanding were as follows (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Shares outstanding at beginning of period	323,018	307,915
Share issuances:		
Redemptions/exchanges of limited partnership interests <sup>1</sup>	58,025	13,190
Vesting of RSUs	2,167	1,134
Acquisitions	1,789	391
Other issuances of BGC Class A common stock	417	345
Issuance of BGC Class A common stock for general corporate purposes	—	45
Treasury stock repurchases	(68,253)	(2)
Forfeitures of restricted BGC Class A common stock	(140)	—
Shares outstanding at end of period	<u>317,023</u>	<u>323,018</u>

<sup>1</sup> Included in redemptions/exchanges of limited partnership interests for the year ended December 31, 2021, are 27.5 million shares of BGC Class A common stock granted in connection with the cancellation of 29.7 million LPUs. Included in redemption/exchanges of limited partnership interests for the year ended December 31, 2020, are 9.5 million shares of BGC Class A common stock granted in connection with the cancellation of 9.2 million LPUs. Because LPUs are included in the Company's fully diluted share count, if dilutive, redemptions/exchanges in connection with the issuance of BGC Class A common stock would not impact the fully diluted number of shares outstanding.

### *Class B Common Stock*

The Company did not issue any shares of BGC Class B common stock during the years ended December 31, 2021 and 2020. As of December 31, 2021 and 2020, there were 45.9 million shares of BGC Class B common stock outstanding.

### Unit Redemptions and Share Repurchase Program

The Board and Audit Committee have authorized repurchases of BGC Class A common stock and redemptions of limited partnership interests or other equity interests in our subsidiaries. On August 3, 2021, the Board and Audit Committee increased the Company's share repurchase and unit redemption authorization to \$400.0 million, which may include purchases from Cantor, its partners or employees or other affiliated persons or entities. As of December 31, 2021, the Company had \$191.8 million remaining from its share repurchase and unit redemption authorization. From time to time, the Company may actively continue to repurchase shares and/or redeem units.

The table below represents the units redeemed and/or shares repurchased for cash and does not include units redeemed/cancelled in connection with the grant of shares of BGC Class A common stock nor the limited partnership interests exchanged for shares of BGC Class A common stock. The unit redemptions and share repurchases of BGC Class A common stock during the year ended December 31, 2021 were as follows (in thousands, except for weighted-average price data):

Period	Total Number of Units Redeemed or Shares Repurchased	Weighted-Average Price Paid per Unit or Share	Approximate Dollar Value of Units and Shares That May Yet Be Redeemed/ Purchased Under the Program
<b>Redemptions<sup>1</sup></b>			
January 1, 2021—March 31, 2021	20	\$ 4.40	
April 1, 2021—June 30, 2021	4,715	5.82	
July 1, 2021—September 30, 2021	73	5.14	
October 1, 2021—December 31, 2021	38	5.37	
<b>Total Redemptions</b>	<b>4,846</b>	<b>\$ 5.80</b>	
<b>Repurchases<sup>2</sup></b>			
January 1, 2021—March 31, 2021	965	\$ 4.56	
April 1, 2021—June 30, 2021	16,542	6.25	
July 1, 2021—September 30, 2021	24,433	5.19	
October 1, 2021—December 31, 2021	26,313	4.97	
<b>Total Repurchases</b>	<b>68,253</b>	<b>5.35</b>	
<b>Total Redemptions and Repurchases</b>	<b>73,099</b>	<b>\$ 5.38</b>	<b>\$ 191,809</b>

<sup>1</sup> During the year ended December 31, 2021, the Company redeemed 4.7 million LPUs at an aggregate redemption price of \$27.5 million for a weighted-average price of \$5.83 per unit and 0.1 million FPU's at an aggregate redemption price of \$0.6 million for a weighted-average price of \$4.86 per unit. During the year ended December 31, 2020, the Company redeemed 1.8 million LPUs at an aggregate redemption price of \$5.5 million for a weighted-average price of \$3.03 per unit and 0.7 million FPU's at an aggregate redemption price of \$1.3 million for a weighted-average price of \$1.79 per unit. The table above does not include units redeemed/cancelled in connection with the grant of 27.5 million shares and 9.5 million shares of BGC Class A common stock during the years ended December 31, 2021 and 2020, respectively, nor the limited partnership interests exchanged for 32.2 million and 3.7 million shares of BGC Class A common stock during the years ended December 31, 2021 and 2020, respectively.

<sup>2</sup> During the year ended December 31, 2021, the Company repurchased 68.3 million shares of BGC Class A common stock at an aggregate price of \$365.4 million for a weighted-average price of \$5.35 per share. During the year ended December 31, 2020, the Company repurchased 2 thousand shares of BGC Class A common stock at an aggregate price of \$6 thousand for a weighted-average price of \$2.58 per share.

The weighted-average share counts, including securities that were anti-dilutive for our earnings per share calculations, for the three months and year ended December 31, 2021 were as follows (in thousands):

	Three Months Ended December 31, 2021	Year Ended December 31, 2021
Common stock outstanding <sup>1</sup>	370,476	379,215
Partnership units <sup>2</sup>	132,841	155,356
RSUs (Treasury stock method)	4,399	4,074
Other	1,437	1,375
<b>Total<sup>3</sup></b>	<b>509,153</b>	<b>540,020</b>

<sup>1</sup> Common stock consisted of shares of BGC Class A common stock, shares of BGC Class B common stock and contingent shares of our Class A common stock for which all necessary conditions have been satisfied except for the passage of time. For the quarter ended December 31, 2021, the weighted-average number shares of BGC Class A common stock was 324.6 million and Class B shares was 45.9 million. For the year ended December 31, 2021, the weighted-average number shares of BGC Class A common stock was 333.3 million and Class B shares was 45.9 million.

<sup>2</sup> Partnership units collectively include FPU, LPUs, including contingent units of BGC Holdings for which all necessary conditions have been satisfied except for the passage of time, and Cantor units (see Note 2—“Limited Partnership Interests in BGC Holdings and Newmark Holdings” to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for more information).

<sup>3</sup> For the quarter ended December 31, 2021, approximately 0.1 million potentially dilutive securities were not included in the computation of fully diluted EPS because their effect would have been anti-dilutive. Anti-dilutive securities for the quarter ended December 31, 2021 included, on a weighted-average basis, approximately 0.1 million RSUs. For the year ended December 31, 2021, approximately 0.1 million potentially dilutive securities were not included in the computation of fully diluted EPS because their effect would have been anti-dilutive. Anti-dilutive securities for the year ended December 31, 2021 included, approximately 0.1 million RSUs. As of December 31, 2021, approximately 36.4 million shares of contingent BGC Class A common stock, N units, RSUs, and LPUs were excluded from fully diluted EPS computations because the conditions for issuance had not been met by the end of the period. The contingent BGC Class A common stock is recorded as a liability and included in “Accounts payable, accrued and other liabilities” in our consolidated statement of financial condition as of December 31, 2021.

The fully diluted period-end spot share count was as follows (in thousands):

	<b>As of December 31, 2021</b>
Common stock outstanding	362,907
Partnership units	127,301
RSUs (Treasury stock method)	4,097
Other	3,196
<b>Total</b>	<b>497,501</b>

On June 5, 2015, we entered into the Exchange Agreement with Cantor providing Cantor, CFGM and other Cantor affiliates entitled to hold BGC Class B common stock the right to exchange from time to time, on a one-to-one basis, subject to adjustment, up to an aggregate of 34.6 million shares of BGC Class A common stock now owned or subsequently acquired by such Cantor entities for up to an aggregate of 34.6 million shares of BGC Class B common stock. Such shares of BGC Class B common stock, which currently can be acquired upon the exchange of Cantor units owned in BGC Holdings, are already included in our fully diluted share count and will not increase Cantor’s current maximum potential voting power in the common equity. The Exchange Agreement enabled the Cantor entities to acquire the same number of shares of BGC Class B common stock that they were already entitled to acquire without having to exchange its Cantor units in BGC Holdings. The Audit Committee and Board have determined that it was in the best interests of us and our stockholders to approve the Exchange Agreement because it will help ensure that Cantor retains its Cantor units in BGC Holdings, which is the same partnership in which our partner employees participate, thus continuing to align the interests of Cantor with those of the partner employees. On November 23, 2018, in the Class B Issuance, BGC issued 10.3 million shares of BGC Class B common stock to Cantor and 0.7 million shares of BGC Class B common stock to CFGM, an affiliate of Cantor, in each case in exchange for shares of BGC Class A common stock from Cantor and CFGM, respectively, on a one-to-one basis pursuant to the Exchange Agreement. Pursuant to the Exchange Agreement, no additional consideration was paid to BGC by Cantor or CFGM for the Class B Issuance. Following this exchange, Cantor and its affiliates only have the right to exchange under the Exchange Agreement up to an aggregate of 23.6 million shares of BGC Class A common stock, now owned or subsequently acquired, or its Cantor units in BGC Holdings, into shares of BGC Class B common stock. As of December 31, 2021, Cantor and CFGM do not own any shares of BGC Class A common stock.

We and Cantor have agreed that any shares of BGC Class B common stock issued in connection with the Exchange Agreement would be deducted from the aggregate number of shares of BGC Class B common stock that may be issued to the Cantor entities upon exchange of Cantor units in BGC Holdings. Accordingly, the Cantor entities will not be entitled to receive any more shares of BGC Class B Stock under this agreement than they were previously eligible to receive upon exchange of Cantor units.

On November 4, 2015, partners of BGC Holdings created five new classes of non-distributing partnership units (collectively with the NPSUs, “N Units”). These new N Units carry the same name as the underlying unit with the insertion of an additional “N” to designate them as the N Unit type and are designated as NREUs, NPREUs, NLPUs, NPLPUs and NPPSUs. The N Units are not entitled to participate in partnership distributions, will not be allocated any items of profit or loss and may not be made exchangeable into shares of BGC Class A common stock. The Eleventh Amendment was approved by the Audit Committee and by the Board.

Subject to the approval of the Compensation Committee or its designee, certain N Units may be converted into the underlying unit type (i.e., an NREU will be converted into an REU) and will then participate in partnership distributions, subject to terms and conditions determined by the general partner of BGC Holdings in its sole discretion, including that the recipient continue to provide substantial services to the Company and comply with his or her partnership obligations. Such N Units are not included in the fully diluted share count.

On December 14, 2016, partners of BGC Holdings amended certain terms and conditions of the partnership's N Units in order to provide flexibility to the Company and the Partnership in using such N Units in connection with compensation arrangements and practices. The amendment provides for a minimum \$5 million gross revenue requirement in a given quarter as a condition for an N Unit to be replaced by another type of partnership unit in accordance with the Partnership Agreement and the grant documentation. The amendment was approved by the Audit Committee.

On December 13, 2017, the Amended and Restated BGC Holdings Partnership Agreement was amended and restated a second time to include prior standalone amendments and to make certain other changes related to the Separation. The Second Amended and Restated BGC Holdings Partnership Agreement, among other things, reflects changes resulting from the division in the Separation of BGC Holdings into BGC Holdings and Newmark Holdings, including:

- an apportionment of the existing economic attributes (including, among others, capital accounts and post-termination payments) of each BGC Holdings limited partnership interests outstanding immediately prior to the Separation between such Legacy BGC Holdings Unit and the fraction of a Newmark Holdings LPU issued in the Separation in respect of such Legacy BGC Holdings Unit, based on the relative value of BGC and Newmark as of after the Newmark IPO;
- an adjustment of the exchange mechanism between the Newmark IPO and the Distribution so that one exchangeable BGC Holdings unit together with a number of exchangeable Newmark Holdings units equal to 0.4545 divided by the Newmark Holdings Exchange Ratio as of such time, must be exchanged in order to receive one share of BGC Class A common stock; and
- a right of the employer of a partner (whether it be Newmark or BGC) to determine whether to grant exchangeability with respect to Legacy BGC Holdings Units or Legacy Newmark Holdings Units held by such partner.

The Second Amended and Restated BGC Holdings Partnership Agreement also removes certain classes of BGC Holdings units that are no longer outstanding, and permits the general partner of BGC Holdings to determine the total number of authorized BGC Holdings units. The Second Amended and Restated BGC Holdings Limited Partnership Agreement was approved by the Audit Committee.

### ***Registration Statements***

We had in place an effective equity shelf registration statement on Form S-3 filed on March 9, 2018 with respect to the issuance and sale of up to an aggregate of \$300.0 million of shares of BGC Class A common stock from time to time on a delayed or continuous basis (the "March 2018 Form S-3"). On March 9, 2018, we entered into the March 2018 Sales Agreement, pursuant to which we could offer and sell up to an aggregate of \$300.0 million of shares of BGC Class A common stock under the CEO Program. Proceeds from shares of BGC Class A common stock sold under this CEO Program Sales Agreement could be used for redemptions of limited partnership interests in BGC Holdings, as well as for general corporate purposes, including acquisitions and the repayment of debt. CF&Co is a wholly owned subsidiary of Cantor and an affiliate of us. Under this Sales Agreement, we have agreed to pay CF&Co 2% of the gross proceeds from the sale of shares. For certain transactions during 2020, we paid CF&Co 1% of the gross proceeds from the sale of shares of our Class A common stock in our CEO program. The March 2018 Form S-3 and the March 2018 Sales Agreement expired in September 2021. As of the date of expiration, we had sold 17.6 million shares of BGC Class A common stock (or \$210.8 million) under the March 2018 Sales Agreement, and \$89.2 million of stock remained unsold by us under the March 2018 Sales Agreement. For additional information on the Company's CEO Program sales agreements, see Note 14—"Related Party Transactions" to our consolidated financial statements in Part 8, Item II of this Annual Report on Form 10-K. On March 8, 2021, we filed a replacement CEO Program shelf registration statement on Form S-3, which has not yet been declared effective, with respect to the issuance and sale of up to an aggregate of \$300.0 million of shares of BGC Class A common stock from time to time on a delayed or continuous basis.

We intend to use the net proceeds of any shares of BGC Class A common stock sold for general corporate purposes for potential acquisitions, redemptions of LPUs and FPU's in BGC Holdings and repurchases of shares of BGC Class A common stock from partners, executive officers and other employees of ours or our subsidiaries and of Cantor and its affiliates. Certain of such partners will be expected to use the proceeds from such sales to repay outstanding loans issued by, or credit enhanced by, Cantor, or BGC Holdings. In addition to general corporate purposes, these sales along with our share repurchase

authorization are designed as a planning device in order to facilitate the redemption process. Going forward, we may redeem units and reduce our fully diluted share count under our repurchase authorization or later sell shares of BGC Class A common stock under the replacement CEO Program shelf registration statement on Form S-3, which has not yet been declared effective.

Further, we have an effective registration statement on Form S-4 filed on September 3, 2010, with respect to the offer and sale of up to 20 million shares of BGC Class A common stock from time to time in connection with business combination transactions, including acquisitions of other businesses, assets, properties or securities. As of December 31, 2021, we have issued an aggregate of 16.0 million shares of BGC Class A common stock under this Form S-4 registration statement. Additionally, on September 13, 2019, we filed a registration statement on Form S-4, with respect to the offer and sale of up to 20 million shares of Class A common stock from time to time in connection with business combination transactions, including acquisitions of other businesses, assets, properties or securities. As of December 31, 2021, we have not issued any shares of BGC Class A common stock under this Form S-4 registration statement. We also have an effective shelf registration statement on Form S-3 pursuant to which we can offer and sell up to 10 million shares of BGC Class A common stock under the BGC Partners, Inc. Dividend Reinvestment and Stock Purchase Plan. As of December 31, 2021, we have issued 0.8 million shares of BGC Class A common stock under the Dividend Reinvestment and Stock Purchase Plan.

The Compensation Committee may grant stock options, stock appreciation rights, deferred stock such as RSUs, bonus stock, performance awards, dividend equivalents and other equity-based awards, including to provide exchange rights for shares of BGC Class A common stock upon exchange of LPUs. On November 22, 2021, at our Annual Meeting of Stockholders, our stockholders approved our Equity Plan to increase from 400 million to 500 million the aggregate number of shares of BGC Class A common stock that may be delivered or cash-settled pursuant to awards granted during the life of the Equity Plan, subject to adjustment, and to remove the annual per-participant limit of 15 million awards that may be granted under the Plan. As of December 31, 2021, the limit on the aggregate number of shares authorized to be delivered allowed for the grant of future awards relating to 164.5 million shares of BGC Class A common stock.

On October 20, 2020, we filed a registration statement on Form S-3, which was declared effective on October 28, 2020, pursuant to which CF&Co may make offers and sales of our 5.125% Senior Notes, 5.375% Senior Notes, 3.750% Senior Notes and 4.375% Senior Notes in connection with ongoing market-making transactions which may occur from time to time. Such market-making transactions in these securities may occur in the open market or may be privately negotiated at prevailing market prices at a time of resale or at related or negotiated prices. Neither CF&Co, nor any other of our affiliates, has any obligation to make a market in our securities, and CF&Co or any such other affiliate may discontinue market-making activities at any time without notice.

#### **CONTINGENT PAYMENTS RELATED TO ACQUISITIONS**

Since 2016, the Company has completed acquisitions whose purchase price included an aggregate of approximately 2.2 million shares of the Company's Class A common stock (with an acquisition date fair value of approximately \$9.2 million), 0.1 million LPUs (with an acquisition date fair value of approximately \$0.2 million), 0.2 million RSUs (with an acquisition date fair value of approximately \$1.2 million) and \$37.5 million in cash that may be issued contingent on certain targets being met through 2023.

As of December 31, 2021, the Company has issued 0.5 million shares of BGC Class A common stock, 0.2 million of RSUs, and paid \$30.4 million in cash related to such contingent payments.

As of December 31, 2021, 1.8 million shares of BGC Class A common stock, 0.1 million RSUs, and \$20.9 million in cash remain to be issued if the targets are met, net of forfeitures and other adjustments.

#### **DERIVATIVE SUIT**

On October 5, 2018, Roofers Local 149 Pension Fund filed a putative derivative complaint in the Delaware Chancery Court, captioned Roofers Local 149 Pension Fund vs. Howard Lutnick, et al. (Case No. 2018-0722), alleging breaches of fiduciary duty against (i) the members of the Board, (ii) Howard Lutnick, CFGM, and Cantor as controlling stockholders of BGC, and (iii) Howard Lutnick as an officer of BGC. The complaint challenges the transactions by which BGC (i) completed the Berkeley Point acquisition from CCRE for \$875 million and (ii) committed to invest \$100 million for a 27% interest in Real Estate, L.P. (collectively, the "Transaction"). Among other things, the complaint alleges that (i) the price BGC paid in connection with the Transaction was unfair, (ii) the process leading up to the Transaction was unfair, and (iii) the members of the special committee of the Board were not independent. It seeks to recover for the Company unquantified damages, as well as attorneys' fees.

A month later, on November 5, 2018, the same plaintiffs' firm filed an identical putative derivative complaint against the same defendants seeking the same relief on behalf of a second client, Northern California Pipe Trades Trust Funds. The cases were consolidated into a single action, captioned In re BGC Partners, Inc. Derivative Litigation (Consolidated C.A. No.

2018-0722-AGB), and the complaint filed by Roofers Local 149 Pension Fund on October 5, 2018 was designated as the operative complaint.

In response to motions to dismiss filed by all defendants in December 2018, Plaintiffs filed a motion for leave to amend the operative complaint in February 2019, requesting that the Court allow them to supplement their allegations, which the Court granted. The amended complaint alleges the same purported breaches of fiduciary duty as the operative complaint, raises no new claims, and seeks identical relief, but includes additional allegations, including alleged reasons for plaintiffs' failure to make a demand on the Board, which was the basis of defendants' motion to dismiss. On March 19, 2019, all defendants filed motions to dismiss the amended complaints, again on demand grounds. On September 30, 2019, the Court denied defendants' motions to dismiss, permitting the case to move forward into discovery. In its ruling, the Court determined that the amended complaint sufficiently pled that plaintiffs were not required to make demand on the Board in order to file a derivative suit, but did not make findings of fact with respect to the underlying merits of plaintiffs' allegations concerning the Transaction. On February 11, 2021, following the close of discovery, the Company and the independent directors of the Board filed motions for summary judgment seeking dismissal of the case based on the discovery record, which plaintiffs opposed. Argument was held on defendants' summary judgment motions on June 22, 2021. On September 20, 2021, the Court partially granted the summary judgment motions, dismissing directors Stephen Curwood and Linda Bell and permitting the trial to move forward against the remaining defendants. A trial was held before Vice Chancellor Lori Will on October 11, 2021, which concluded on October 15, 2021. The parties will submit post-trial briefing, after which the Court is expected to rule on all pending matters in or around the second quarter of 2022.

The Company continues to believe that the claims against the defendants are without merit and will continue to defend against them vigorously. However, as in any litigated matter, the outcome cannot be determined with certainty.

### **PURCHASE OF LIMITED PARTNERSHIP INTERESTS**

Cantor has the right to purchase Cantor units from BGC Holdings upon redemption of non-exchangeable FPU's redeemed by BGC Holdings upon termination or bankruptcy of the Founding/Working Partner. In addition, pursuant to Article Eight, Section 8.08, of the Second Amended and Restated BGC Holdings Limited Partnership Agreement (previously the Sixth Amendment), where either current, terminating, or terminated partners are permitted by the Company to exchange any portion of their FPU's and Cantor consents to such exchangeability, the Company shall offer to Cantor the opportunity for Cantor to purchase the same number of Cantor units in BGC Holdings at the price that Cantor would have paid for Cantor units had the Company redeemed the FPU's. If Cantor acquires any Cantor units as a result of the purchase or redemption by BGC Holdings of any FPU's, Cantor will be entitled to the benefits (including distributions) of such units it acquires from the date of termination or bankruptcy of the applicable Founding/Working Partner. In addition, any such Cantor units purchased by Cantor are currently exchangeable for up to 23.6 million shares of BGC Class B common stock or, at Cantor's election or if there are no such additional shares of BGC Class B common stock, shares of BGC Class A common stock, in each case on a one-for-one basis (subject to customary anti-dilution adjustments).

On March 31, 2021, Cantor purchased from BGC Holdings an aggregate of 1,149,684 Cantor units for aggregate consideration of \$2,104,433 as a result of the redemption of 1,149,684 FPU's, and 1,618,376 Cantor units for aggregate consideration of \$3,040,411 as a result of the exchange of 1,618,376 FPU's. Each Cantor unit in BGC Holdings held by Cantor is exchangeable by Cantor at any time on a one-for-one basis (subject to adjustment) for shares of BGC Class A common stock.

On October 28, 2021, Cantor purchased from BGC Holdings an aggregate of 460,929 Cantor units for an aggregate consideration of \$715,605 as a result of the redemption of 460,929 FPU's, and 1,179,942 Cantor units for aggregate consideration of \$2,033,838 as a result of the exchange of 1,179,942 FPU's. Each Cantor unit in BGC Holdings held by Cantor is exchangeable by Cantor at any time on a one-for-one basis (subject to adjustment) for shares of BGC Class A common stock.

As of December 31, 2021, there were no FPU's in BGC Holdings remaining, which BGC Holdings had the right to redeem or exchange and with respect to which Cantor will have the right to purchase an equivalent number of Cantor units following such redemption or exchange.

### **JOINT SERVICES AGREEMENT WITH CANTOR**

In February 2019, the Audit Committee authorized us to enter into a short-term services agreement with Cantor pursuant to which Cantor would be responsible for clearing, settling and processing certain transactions executed on behalf of customers in exchange for a 33% revenue share based on net transaction revenue and the payment by BGC of the fully allocated cost of certain salespersons related thereto. In May 2020, the Audit Committee authorized us to extend the initial term of the short-term services agreement for an additional nine months.

### **GUARANTEE AGREEMENT FROM MINT BROKERS**

Under rules adopted by the CFTC, all foreign introducing brokers engaging in transactions with U.S. persons are required to register with the NFA and either meet financial reporting and net capital requirements on an individual basis or obtain a guarantee agreement from a registered Futures Commission Merchant. Our European-based brokers engage from time to time in interest rate swap transactions with U.S.-based counterparties, and therefore we are subject to the CFTC requirements. Mint Brokers has entered into guarantees on our behalf (and on behalf of GFI), and we are required to indemnify Mint Brokers for the amounts, if any, paid by Mint Brokers on our behalf pursuant to this arrangement. Effective April 1, 2020, these guarantees were transferred to Mint Brokers from CF&Co. During the years ended December 31, 2021 and 2020, the Company recorded expenses of \$0.1 million with respect to these guarantees.

#### **BGC SUBLEASE FROM NEWMARK**

In May 2020, BGC U.S. OpCo entered into an arrangement to sublease excess space from RKF Retail Holdings LLC, a subsidiary of Newmark, which sublease was approved by the Audit Committee. The deal is a one-year sublease of approximately 21,000 rentable square feet in New York City. Under the terms of the sublease, BGC U.S. OpCo paid a fixed rent amount of \$1.1 million in addition to all operating and tax expenses attributable to the lease. In May 2021, the sublease was amended to provide for a rate of \$15 thousand per month based on the size of utilized space, with terms extending on a month-to-month basis. In connection with the sublease, BGC U.S. OpCo paid \$0.5 million and \$0.8 million for the years ended December 31, 2021 and 2020, respectively.

#### **DEBT REPURCHASE PROGRAM**

On June 11, 2020, the Company's Board of Directors and its Audit Committee authorized a debt repurchase program for the repurchase by the Company of up to \$50.0 million of Company Debt Securities. Repurchases of Company Debt Securities, if any, are expected to reduce future cash interest payments, as well as future amounts due at maturity or upon redemption.

Under the authorization, the Company may make repurchases of Company Debt Securities for cash from time to time in the open market or in privately negotiated transactions upon such terms and at such prices as management may determine. Additionally, the Company is authorized to make any such repurchases of Company Debt Securities through CF&Co (or its affiliates), in its capacity as agent or principal, or such other broker-dealers as management shall determine to utilize from time to time, and such repurchases shall be subject to brokerage commissions which are no higher than standard market commission rates.

As of December 31, 2021, the Company had \$50.0 million remaining from its debt repurchase authorization.

#### **EQUITY METHOD INVESTMENTS**

The Company was authorized to enter into loans, investments or other credit support arrangements for Aqua; such arrangements are proportionally and on the same terms as similar arrangements between Aqua and Cantor. On February 5, 2020 and February 25, 2021, the Company's Board and Audit Committee increased the authorized amount by an additional \$2.0 million and \$1.0 million respectively, to an aggregate of \$20.2 million. The Company has been further authorized to provide counterparty or similar guarantees on behalf of Aqua from time to time, provided that liability for any such guarantees, as well as similar guarantees provided by Cantor, would be shared proportionally with Cantor (see Note 14—"Related Party Transactions" to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for more information).

#### **UNIT REDEMPTIONS AND EXCHANGES—EXECUTIVE OFFICERS**

On February 22, 2021, the Company granted Sean A. Windeatt 123,713 exchange rights with respect to 123,713 non-exchangeable LPUs that were previously granted to Mr. Windeatt on February 22, 2019. The resulting 123,713 exchangeable LPUs are immediately exchangeable by Mr. Windeatt for an aggregate of 123,713 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 28,477 non-exchangeable PLPUs held by Mr. Windeatt, for a payment of \$178,266 for taxes when the LPU units are exchanged.

On April 8, 2021, the Compensation Committee approved the repurchase by the Company on April 23, 2021 of 123,713 exchangeable BGC Holdings LPU-NEWs held by Mr. Windeatt at the price of \$5.65, which was the closing price of our Class A common stock on April 23, 2021, and the redemption of 28,477 exchangeable BGC Holdings PLPU-NEWs held by Mr. Windeatt for \$178,266, less applicable taxes and withholdings.

On April 8, 2021, the Compensation Committee approved the repurchase by the Company of the remaining 62,211 exchangeable BGC Holdings LPUs held by Mr. Windeatt that were granted exchangeability on March 2, 2020 at the price of \$5.38, the closing price of Class A common stock on April 8, 2020.

On April 28, 2021, the Compensation Committee approved an additional monetization opportunity for Mr. Merkel. Effective April 29, 2021, 108,350 of Mr. Merkel's 273,612 non-exchangeable BGC Holdings PSUs were redeemed for zero, 101,358 of Mr. Merkel's 250,659 non-exchangeable BGC Holdings PPSUs were redeemed for a cash payment of \$575,687, and 108,350 shares of BGC Class A common stock were issued to Mr. Merkel. On April 29, 2021, the 108,350 shares of BGC Class A common stock were repurchased from Mr. Merkel at the closing price of our Class A common stock on that date, under our stock buyback program.

On June 28, 2021, (i) the Company exchanged 520,380 exchangeable LPUs held by Mr. Lutnick at the price of \$5.86, which was the closing price of the Company's Class A common stock on June 28, 2021, for 520,380 shares of BGC Class A common stock, less applicable taxes and withholdings, resulting in the delivery of 365,229 net shares of BGC Class A common stock to Mr. Lutnick, and in connection with the exchange of these 520,380 exchangeable LPUs, 425,765 exchangeable PLPUs were redeemed for a cash payment of \$1,525,705 towards taxes; (ii) 88,636 non-exchangeable LPUs were redeemed for zero, and in connection therewith the Company issued Mr. Lutnick 88,636 shares of BGC Class A common stock, less applicable taxes and withholdings, resulting in the delivery of 41,464 net shares of BGC Class A common stock to Mr. Lutnick; and (iii) 1,131,774 H Units held by Mr. Lutnick were redeemed for 1,131,774 HDUs with a capital account of \$7,017,000, and in connection with the redemption of these 1,131,774 H Units, 1,018,390 Preferred H Units were redeemed for \$7,983,000 for taxes.

On December 21, 2021, the Compensation Committee approved a monetization opportunity for Mr. Lutnick. Effective December 21, 2021, 1,939,896 of Mr. Lutnick's non-exchangeable BGC Holding PPSUs were redeemed for a payment of \$10,851,803. Mr. Lutnick also elected to redeem all of his 425,766 exchangeable BGC Holdings PPSUs for a payment of \$1,525,706. In connection with the foregoing, Mr. Lutnick's 2,011,731 non-exchangeable BGC Holdings PSUs were redeemed for zero and 2,011,731 shares of BGC Class A common stock were issued to Mr. Lutnick. In addition, 376,651 H Units held by Mr. Lutnick were redeemed for 376,651 HDUs with a capital account of \$2,339,003, and in connection with the redemption of these 376,651 H Units, 463,969 Preferred H Units were redeemed for \$2,661,000 for taxes.

On December 21, 2021, the Compensation Committee approved a monetization opportunity for Mr. Merkel. Effective December 21, 2021, 90,366 non-exchangeable BGC Holdings PSUs were redeemed for zero, 149,301 of Mr. Merkel's non-exchangeable BGC Holdings PPSUs were redeemed for a cash payment of \$555,990, and 90,366 shares of BGC Class A common stock were issued to Mr. Merkel.

On March 2, 2020, the Company granted Stephen M. Merkel 360,065 exchange rights with respect to 360,065 non-exchangeable PSUs that were previously granted to Mr. Merkel. The resulting 360,065 exchangeable PSUs were immediately exchangeable by Mr. Merkel for an aggregate of 360,065 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 265,568 non-exchangeable PPSUs held by Mr. Merkel, for a payment of \$1,507,285 for taxes when the PSU units were exchanged. On March 20, 2020, the Company redeemed 185,300 of such 360,065 exchangeable PSUs held by Mr. Merkel at the average price of shares of BGC Class A common stock sold under BGC's CEO Program from March 10, 2020 to March 13, 2020 less 1% (approximately \$4.0024 per PSU, for an aggregate redemption price of approximately \$741,644). This transaction was approved by the Compensation Committee. On July 30, 2020, the Company redeemed the remaining 174,765 exchangeable PSUs held by Mr. Merkel at the price of \$2.76, the closing price of our Class A Common Stock on July 30, 2020. This transaction was approved by the Compensation Committee. In connection with the redemption of the 185,300 exchangeable PSUs on March 20, 2020, 122,579 PPSUs were redeemed for \$661,303 for taxes. In connection with the redemption of the 174,765 PSUs on July 30, 2020, 142,989 PPSUs were redeemed for \$846,182 for taxes.

On March 2, 2020, the Company granted Shaun D. Lynn 883,348 exchange rights with respect to 883,348 non-exchangeable LPUs that were previously granted to Mr. Lynn. The resulting 883,348 exchangeable LPUs were immediately exchangeable by Mr. Lynn for an aggregate of 883,348 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 245,140 non-exchangeable PLPUs held by Mr. Lynn, for a payment of \$ 1,099,599 for taxes when the LPU units are exchanged. On July 30, 2020, the Company redeemed 797,222 exchangeable LPUs held by Mr. Lynn at the price of \$2.76, the closing price of our Class A Common Stock on July 30, 2020. This transaction was approved by the Compensation Committee. In connection with the redemption of the 797,222 exchangeable LPUs, 221,239 exchangeable PLPUs were redeemed for \$992,388 for taxes. In connection with the redemption, Mr. Lynn's remaining 86,126 exchangeable LPUs and 23,901 exchangeable PLPUs were redeemed for zero upon exchange in connection with his LLP status.

On March 2, 2020, the Company granted Sean A. Windeatt 519,725 exchange rights with respect to 519,725 non-exchangeable LPUs that were previously granted to Mr. Windeatt. The resulting 519,725 exchangeable LPUs were immediately exchangeable by Mr. Windeatt for an aggregate of 519,725 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 97,656 non-

exchangeable PLPUs held by Mr. Windeatt, for a payment of \$645,779 for taxes when the LPU units are exchanged. On August 5, 2020, the Company redeemed 436,665 exchangeable LPUs held by Mr. Windeatt at the price of \$2.90, the closing price of our Class A common stock on August 5, 2020. This transaction was approved by the Compensation Committee. In connection with the redemption of the 436,665 exchangeable LPUs, 96,216 exchangeable PLPUs were redeemed for \$637,866 for taxes. In connection with the redemption, 20,849 exchangeable LPUs and 1,440 exchangeable PLPUs were redeemed for zero upon exchange in connection with Mr. Windeatt's LLP status.

Additionally, on August 5, 2020, the Company granted Mr. Windeatt 40,437 exchange rights with respect to 40,437 non-exchangeable LPUs that were previously granted to Mr. Windeatt. The resulting 40,437 exchangeable LPUs were immediately exchangeable by Mr. Windeatt for an aggregate of 40,437 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 21,774 non-exchangeable PLPUs held by Mr. Windeatt. On August 5, 2020, the Company redeemed these 40,437 exchangeable LPUs held by Mr. Windeatt at the price of \$2.90, the closing price of our Class A common stock on August 5, 2020. This transaction was approved by the Compensation Committee. In connection with the redemption of these 40,437 exchangeable LPUs, the 21,774 exchangeable PLPUs were redeemed for \$136,305 for taxes.

In addition to the foregoing, on August 6, 2020, Mr. Windeatt was granted exchange rights with respect to 43,890 non-exchangeable Newmark Holding LPUs that were previously granted to Mr. Windeatt. Additionally, Mr. Windeatt was granted the right to exchange for cash 17,068 non-exchangeable Newmark Holdings PLPUs held by Mr. Windeatt. As these Newmark Holdings LPUs and PLPUs were previously non-exchangeable, the Company took a transaction charge of \$381,961 upon grant of exchangeability. On August 6, 2020, Newmark redeemed the 40,209 Newmark Holdings exchangeable LPUs held by Mr. Windeatt for an amount equal to the closing price of Newmark's Class A Common Stock on August 6, 2020 (\$4.16) multiplied by 37,660 (the amount of shares of Newmark's Class A Common Stock the 40,209 Newmark Holdings LPUs were exchangeable into based on the Exchange Ratio at August 6, 2020). In connection with the redemption of these 40,209 exchangeable Newmark Holdings LPUs, 15,637 exchangeable Newmark Holdings PLPUs were redeemed for \$194,086 for taxes. In connection with the redemption, 3,681 exchangeable Newmark Holding LPUs and 1,431 exchangeable Newmark Holdings PLPUs were redeemed for zero upon exchange in connection with Mr. Windeatt's LLP status.

On March 27, 2019, the Audit and Compensation Committees authorized the purchase by the Company from Mr. Merkel of up to 250,000 shares of BGC Class A common stock at the closing price on March 26, 2019. Pursuant to this authorization, 233,172 shares of BGC Class A common stock were purchased by the Company on March 27, 2019 at \$5.30 per share, the closing price on March 26, 2019.

On February 27, 2019, the Audit Committee authorized the purchase by Mr. Lutnick's retirement plan of up to \$56,038 of BGC Class A common stock at the closing price on March 4, 2019. Pursuant to this authorization, 8,980 shares of BGC Class A common stock were purchased by the plan on March 5, 2019 at \$6.24 per share, the closing price on March 4, 2019.

## MARKET SUMMARY

The following table provides certain volume and transaction count information for the quarterly periods indicated:

	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
<b>Notional Volume (in billions)</b>					
Total Fully Electronic volume	\$ 10,908	\$ 10,059	\$ 10,049	\$ 11,605	\$ 8,736
Total Hybrid volume <sup>1</sup>	61,846	62,859	62,345	68,113	59,165
Total Fully Electronic and Hybrid volume	\$ 72,754	\$ 72,918	\$ 72,394	\$ 79,718	\$ 67,901
<b>Transaction Count (in thousands, except for days)</b>					
Total Fully Electronic transactions	3,816	3,366	3,212	3,746	2,895
Total Hybrid transactions	1,205	1,070	1,113	1,348	1,129
Total Fully Electronic and Hybrid transactions	5,021	4,436	4,325	5,094	4,024
Trading days	64	64	63	61	64

Note: Certain information may have been recast with current estimates to reflect changes in reporting methodology. Such revisions have no impact on the Company's revenues or earnings.

<sup>1</sup> Hybrid is defined as transactions involving some element of electronic trading but executed by BGC’s brokers, exclusive of voice-only transactions. Fully electronic involves customer-to-customer trades, free from broker execution.

Fully Electronic volume, including new products, was \$42.6 trillion for the year ended December 31, 2021, compared to \$32.4 trillion for the year ended December 31, 2020. Our Hybrid volume for the year ended December 31, 2021 was \$255.2 trillion, compared to \$263.7 trillion for the year ended December 31, 2020.

## CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table summarizes certain of our contractual obligations at December 31, 2021 (in thousands):

	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Long-term debt and collateralized borrowings <sup>1</sup>	\$ 1,059,642	\$ 6,391	\$ 753,251	\$ 300,000	\$ —
Operating leases <sup>2</sup>	221,937	32,288	51,751	34,684	103,214
Interest on long-term debt and collateralized borrowings <sup>3</sup>	122,034	49,906	59,732	12,396	—
Short-term borrowings <sup>4</sup>	3,584	3,584	—	—	—
Interest on Short-term borrowings	505	484	21	—	—
One-time transition tax <sup>5</sup>	20,231	2,709	7,385	10,137	—
Other <sup>6</sup>	21,776	10,038	11,738	—	—
<b>Total contractual obligations</b>	<b>\$ 1,449,709</b>	<b>\$ 105,400</b>	<b>\$ 883,878</b>	<b>\$ 357,217</b>	<b>\$ 103,214</b>

<sup>1</sup> Long-term debt and collateralized borrowings reflects long-term borrowings of \$450.0 million of the 5.375% Senior Notes (the \$450.0 million represents the principal amount of the debt; the carrying value of the 5.375% Senior Notes as of December 31, 2021 was \$447.9 million), \$300.0 million of the 3.750% Senior Notes (the \$300.0 million represents the principal amount of the debt; the carrying value of the 3.750% Senior Notes as of December 31, 2021 was approximately \$297.7 million), \$300.0 million of the 4.375% Senior Notes (the \$300.0 million represents the principal amount of the debt; the carrying value of the 4.375% Senior Notes as of December 31, 2021 was approximately \$297.5 million), \$5.9 million of collateralized borrowings due April 8, 2023, and \$3.8 million of collateralized borrowings due April 19, 2023. See Note 18—“Notes Payable, Other and Short-term Borrowings” for more information regarding these obligations, including timing of payments and compliance with debt covenants.

<sup>2</sup> Operating leases are related to rental payments under various non-cancelable leases, principally for office space, net of sublease payments to be received. There are no sublease payments to be received over the life of the agreement.

<sup>3</sup> Interest on long-term debt and collateralized borrowings also includes interest on the undrawn portion of the committed unsecured senior Revolving Credit Agreement which was calculated through the maturity date of the facility, which is February 26, 2023. As of December 31, 2021, the undrawn portion of the committed unsecured Revolving Credit Agreement was \$350.0 million.

<sup>4</sup> Short-term borrowings reflects approximately \$3.6 million (BRL 20.0 million) of borrowing under the Company’s committed unsecured loan agreement. See Note 18—“Notes Payable, Other and Short-term Borrowings” for more information regarding this obligation.

<sup>5</sup> The Company completed the calculation of the one-time transition tax on the deemed repatriation of foreign subsidiaries’ earnings pursuant to the Tax Act and previously recorded a net cumulative tax expense of \$28.6 million, net of foreign tax credits, with an election to pay the taxes over eight years with 40% to be paid in equal installments over the first five years and the remaining 60% to be paid in installments of 15%, 20% and 25% in years six, seven and eight, respectively. The cumulative remaining balance as of December 31, 2021 is \$20.2 million.

<sup>6</sup> Other contractual obligations reflect commitments of \$10.0 million to make charitable contributions, which are recorded as part of “Accounts payable, accrued and other liabilities” in the Company’s consolidated statements of financial condition. The amount payable each year reflects an estimate of future Charity Day obligations. In addition, as part of the Insurance Business Disposition, unvested equity and other awards previously granted by BGC to employees of its Insurance brokerage business were converted into the right to receive a cash payment from BGC; a significant portion of these awards was 50% vested and paid in cash at closing, with the remaining 50% vesting and to be paid in cash two years after closing. The remaining portion of these awards will have been 100% vested and paid in cash by two years after the closing. The payments after closing are only made if the applicable employee remains an employee of the Insurance brokerage business. The remaining portion of these awards is reflected as other contractual obligations, and is recorded as part of “Accounts payable, accrued and other liabilities” in the Company’s consolidated statements of financial condition.

## OFF-BALANCE SHEET ARRANGEMENTS

In the ordinary course of business, we enter into arrangements with unconsolidated entities, including variable interest entities. See Note 15—“Investments” to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information related to our investments in unconsolidated entities.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in our consolidated financial statements. These accounting estimates require the use of assumptions about matters, some of which are highly uncertain at the time of estimation. Management bases its estimates on historical experience and on various other assumptions it believes to be reasonable under the circumstances, the results of which form the basis for making judgments, and we evaluate these estimates on an ongoing basis. To the extent actual experience differs from the assumptions used, our consolidated statements of financial condition, consolidated statements of operations and consolidated statements of cash flows could be materially affected. We believe that the following accounting policies involve a higher degree of judgment and complexity.

### ***Revenue Recognition***

We derive our revenues primarily through commissions from brokerage services, the spread between the buy and sell prices on matched principal transactions, fees from related parties, data, software and post-trade services, and other revenues. See Note 3—“Summary of Significant Accounting Policies” to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for further information regarding revenue recognition.

### ***Equity-Based and Other Compensation***

**Discretionary Bonus:** A portion of our compensation and employee benefits expense is comprised of discretionary bonuses, which may be paid in cash, equity, partnership awards or a combination thereof. We accrue expense in a period based on revenues in that period and on the expected combination of cash, equity and partnership units. Given the assumptions used in estimating discretionary bonuses, actual results may differ.

**Restricted Stock Units:** We account for equity-based compensation under the fair value recognition provisions of the U.S. GAAP guidance. RSUs provided to certain employees are accounted for as equity awards, and in accordance with the U.S. GAAP, we are required to record an expense for the portion of the RSUs that is ultimately expected to vest. Further, forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Because assumptions are used in estimating employee turnover and associated forfeiture rates, actual results may differ from our estimates under different assumptions or conditions.

The fair value of RSU awards to employees is determined on the date of grant, based on the fair value of BGC Class A common stock. Generally, RSUs granted by us as employee compensation do not receive dividend equivalents; as such, we adjust the fair value of the RSUs for the present value of expected forgone dividends, which requires us to include an estimate of expected dividends as a valuation input. This grant-date fair value is amortized to expense ratably over the awards’ vesting periods. For RSUs with graded vesting features, we have made an accounting policy election to recognize compensation cost on a straight-line basis. The amortization is reflected as part of “Equity-based compensation and allocations of net income to limited partnership units and FPU” in our consolidated statements of operations.

**Restricted Stock:** Restricted stock provided to certain employees is accounted for as an equity award, and as per the U.S. GAAP guidance, we are required to record an expense for the portion of the restricted stock that is ultimately expected to vest. We have granted restricted stock that is not subject to continued employment or service; however, transferability is subject to compliance with our and our affiliates’ customary noncompete obligations. Such shares of restricted stock are generally saleable by partners in five to ten years. Because the restricted stock is not subject to continued employment or service, the grant-date fair value of the restricted stock is expensed on the date of grant. The expense is reflected as non-cash equity-based compensation expense in our consolidated statements of operations.

**Limited Partnership Units:** LPUs in BGC Holdings and Newmark Holdings are generally held by employees. Generally, such units receive quarterly allocations of net income, which are cash distributed on a quarterly basis and generally contingent upon services being provided by the unit holders. In addition, Preferred Units are granted in connection with the grant of certain LPUs, such as PSUs, which may be granted exchangeability or redeemed in connection with the grant of shares of common stock to cover the withholding taxes owed by the unit holder upon such exchange or grant. This is an acceptable alternative to the common practice among public companies of issuing the gross amount of shares to employees, subject to cashless withholding of shares to pay applicable withholding taxes. Our Preferred Units are not entitled to participate in partnership distributions other than with respect to a distribution at a rate of either 0.6875% (which is 2.75% per calendar year)

or such other amount as set forth in the award documentation. The quarterly allocations of net income to such LPUs are reflected as a component of compensation expense under “Equity-based compensation and allocations of net income to limited partnership units and FPU” in our consolidated statements of operations.

Certain of these LPUs entitle the holders to receive post-termination payments equal to the notional amount, generally in four equal yearly installments after the holder’s termination. These LPUs are accounted for as post-termination liability awards under the U.S. GAAP. Accordingly, we recognize a liability for these units on our consolidated statements of financial condition as part of “Accrued compensation” for the amortized portion of the post-termination payment amount, based on the current fair value of the expected future cash payout. We amortize the post-termination payment amount, less an expected forfeiture rate, over the vesting period, and record an expense for such awards based on the change in value at each reporting period in our consolidated statements of operations as part of “Equity-based compensation and allocations of net income to limited partnership units and FPU.”

Certain LPUs are granted exchangeability into shares of BGC or Newmark Class A common stock or are redeemed in connection with the grant of BGC or Newmark Class A common stock issued; BGC Class A common stock is issued on a one-for-one basis, and Newmark Class A common stock is issued based on the number of LPUs exchanged or redeemed multiplied by the then Exchange Ratio. At the time exchangeability is granted or shares of BGC or Newmark Class A common stock are issued, we recognize an expense based on the fair value of the award on that date, which is included in “Equity-based compensation and allocations of net income to limited partnership units and FPU” in our consolidated statements of operations. During the years ended December 31, 2021, 2020 and 2019, we incurred equity-based compensation expense of \$128.1 million, \$85.0 million and \$100.9 million, respectively, related to LPUs and issuance of common stock.

Certain LPUs have a stated vesting schedule and do not receive quarterly allocations of net income. Compensation expense related to these LPUs is recognized over the stated service period, and these units generally vest between two and five years. During the years ended December 31, 2021, 2020 and 2019, we incurred equity-based compensation expense related to these LPUs of \$78.6 million, \$74.3 million, and \$41.7 million, respectively. This expense is included in “Equity-based compensation and allocations of net income to limited partnership units and FPU” in our consolidated statements of operations.

**Employee Loans:** We have entered into various agreements with certain employees and partners, whereby these individuals receive loans that may be either wholly or in part repaid from distributions that the individuals receive on some or all of their LPUs and from proceeds of the sale of the employees' shares of BGC Class A common stock or may be forgiven over a period of time. Cash advance distribution loans are documented in formal agreements and are repayable in timeframes outlined in the underlying agreements. We intend for these advances to be repaid in full from the future distributions on existing and future awards granted. The distributions are treated as compensation expense when made and the proceeds are used to repay the loan. The forgivable portion of any loans is recognized as compensation expense in our consolidated statements of operations over the life of the loan. We review the loan balances each reporting period for collectability. If we determine that the collectability of a portion of the loan balances is not expected, we recognize a reserve against the loan balances. Actual collectability of loan balances may differ from our estimates.

As of December 31, 2021 and 2020, the aggregate balance of employee loans, net of reserve, was \$287.0 million and \$408.1 million, respectively, and is included as “Loans, forgivable loans and other receivables from employees and partners, net” in our consolidated statements of financial condition. Compensation expense (benefit) for the above-mentioned employee loans for the years ended December 31, 2021, 2020 and 2019 was \$217.7 million, \$67.0 million and \$35.7 million, respectively. The compensation expense related to these loans was included as part of “Compensation and employee benefits” in our consolidated statements of operations.

### ***Goodwill***

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination. As prescribed in the U.S. GAAP guidance, *Intangibles – Goodwill and Other*, goodwill is not amortized, but instead is periodically tested for impairment. We review goodwill for impairment on an annual basis during the fourth quarter of each fiscal year or whenever an event occurs or circumstances change that could reduce the fair value of a reporting unit below its carrying amount.

When reviewing goodwill for impairment, we first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If the results of the qualitative assessment indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, or if we choose to bypass the qualitative assessment, we perform a quantitative goodwill impairment analysis as follows.

The quantitative goodwill impairment test, used to identify both the existence of impairment and the amount of impairment loss, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying

amount of a reporting unit exceeds its fair value, an impairment loss should be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill is deemed not to be impaired. To estimate the fair value of the reporting unit, we use a discounted cash flow model and data regarding market comparables. The valuation process requires significant judgment and involves the use of significant estimates and assumptions. These assumptions include cash flow projections, estimated cost of capital and the selection of peer companies and relevant multiples. Because assumptions and estimates are used in projecting future cash flows, choosing peer companies and selecting relevant multiples, actual results may differ from our estimates under different assumptions or conditions; and changes to these estimates and assumptions, as a result of changing economic and competitive conditions, could materially affect the determination of fair value and/or impairment.

### ***CECL***

We present financial assets that are measured at amortized cost net of an allowance for credit losses, which represents the amount expected to be collected over their estimated life. Expected credit losses for newly recognized financial assets carried at amortized cost, as well as changes to expected lifetime credit losses during the period, are recognized in earnings. The CECL methodology became effective for the Company on January 1, 2020, due to the adoption of the new FASB guidance on credit losses. The methodology's impact on expected credit losses, among other things, reflects the Company's view of the current state of the economy, forecasted macroeconomic conditions and BGC's portfolios. The amount of the allowance is based on significant estimates and the ultimate losses may vary from such estimates as more information becomes available or conditions change.

### ***Income Taxes***

We account for income taxes using the asset and liability method as prescribed in the U.S. GAAP guidance, *Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to basis differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Certain of our entities are taxed as U.S. partnerships and are subject to UBT in the City of New York. Therefore, the tax liability or benefit related to the partnership income or loss except for UBT rests with the partners (see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings" to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for a discussion of partnership interests), rather than the partnership entity. As such, the partners' tax liability or benefit is not reflected in our consolidated financial statements. The tax-related assets, liabilities, provisions or benefits included in our consolidated financial statements also reflect the results of the entities that are taxed as corporations, either in the U.S. or in foreign jurisdictions.

We provide for uncertain tax positions based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. Management is required to determine whether a tax position is more likely than not to be sustained upon examination by tax authorities, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Because significant assumptions are used in determining whether a tax benefit is more likely than not to be sustained upon examination by tax authorities, actual results may differ from our estimates under different assumptions or conditions. We recognize interest and penalties related to income tax matters in "Provision for income taxes" in our consolidated statements of operations.

A valuation allowance is recorded against deferred tax assets if it is deemed more likely than not that those assets will not be realized. In assessing the need for a valuation allowance, we consider all available evidence, including past operating results, the existence of cumulative losses in the most recent fiscal years, estimates of future taxable income and the feasibility of tax planning strategies.

The measurement of current and deferred income tax assets and liabilities is based on provisions of enacted tax laws and involves uncertainties in the application of tax regulations in the U.S. and other tax jurisdictions. Because our interpretation of complex tax law may impact the measurement of current and deferred income taxes, actual results may differ from these estimates under different assumptions regarding the application of tax law.

The Tax Act was enacted on December 22, 2017, which includes the global intangible low-taxed income, GILTI, provision. This provision requires inclusion in the Company's U.S. income tax return the earnings of certain foreign subsidiaries. The Company has elected to treat taxes associated with the GILTI provision using the Period Cost Method and thus has not recorded deferred taxes for basis differences under this regime.

See Note 3—"Summary of Significant Accounting Policies" to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information regarding these critical accounting policies and other significant accounting policies.

There have been no other significant changes to the Company's critical accounting policies and estimates during fiscal year 2021.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

See Note 1—"Organization and Basis of Presentation" to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for information regarding recent accounting pronouncements.

## **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

### ***Credit Risk***

Credit risk arises from potential non-performance by counterparties and customers. BGC Partners has established policies and procedures to manage its exposure to credit risk. BGC Partners maintains a thorough credit approval process to limit exposure to counterparty risk and employs stringent monitoring to control the counterparty risk from its matched principal and agency businesses. BGC Partners' account opening and counterparty approval process includes verification of key customer identification, anti-money laundering verification checks and a credit review of financial and operating data. The credit review process includes establishing an internal credit rating and any other information deemed necessary to make an informed credit decision, which may include correspondence, due diligence calls and a visit to the entity's premises, as necessary.

Credit approval is granted subject to certain trading limits and may be subject to additional conditions, such as the receipt of collateral or other credit support. Ongoing credit monitoring procedures include reviewing periodic financial statements and publicly available information on the client and collecting data from credit rating agencies, where available, to assess the ongoing financial condition of the client.

In addition, BGC Partners incurs limited credit risk related to certain brokerage activities. The counterparty risk relates to the collectability of the outstanding brokerage fee receivables. The review process includes monitoring both the clients and the related brokerage receivables. The review includes an evaluation of the ongoing collection process and an aging analysis of the brokerage receivables.

### ***Principal Transaction Risk***

Through its subsidiaries, BGC Partners executes matched principal transactions in which it acts as a "middleman" by serving as counterparty to both a buyer and a seller in matching back-to-back trades. These transactions are then settled through a recognized settlement system or third-party clearing organization. Settlement typically occurs within one to three business days after the trade date. Cash settlement of the transaction occurs upon receipt or delivery of the underlying instrument that was traded. BGC Partners generally avoids settlement of principal transactions on a free-of-payment basis or by physical delivery of the underlying instrument. However, free-of-payment transactions may occur on a very limited basis.

The number of matched principal trades BGC Partners executes has continued to grow as compared to prior years. Receivables from broker-dealers, clearing organizations, customers and related broker-dealers and Payables to broker-dealers, clearing organizations, customers and related broker-dealers on the Company's consolidated statements of financial condition primarily represent the simultaneous purchase and sale of the securities associated with those matched principal transactions that have not settled as of their stated settlement dates. BGC Partners' experience has been that substantially all of these transactions ultimately settle at the contracted amounts.

### ***Market Risk***

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices or other factors will result in losses for a specified position. BGC Partners may allow certain of its desks to enter into unmatched principal transactions in the ordinary course of business and hold long and short inventory positions. These transactions are primarily for the purpose of facilitating clients' execution needs, adding liquidity to a market or attracting additional order flow. As a result, BGC Partners may have market risk exposure on these transactions. BGC Partners' exposure varies based on the size of its overall positions, the risk characteristics of the instruments held and the amount of time the positions are held before they are disposed of. BGC Partners has limited ability to track its exposure to market risk and unmatched positions on an intra-day basis; however, it attempts to mitigate its market risk on these positions by strict risk limits, extremely limited holding periods and hedging its exposure. These positions are intended to be held short term to facilitate customer transactions. However, due to a number of factors, including the nature of the position and access to the market on which it trades, BGC Partners may not be able to unwind the position and it may be forced to hold the position for a longer period than anticipated. All positions held longer than intra-day are marked to market.

We also have investments in marketable equity securities, which are publicly-traded, and which had a fair value of \$0.4 million as of December 31, 2021. Investments in marketable securities carry a degree of risk, as there can be no assurance that the marketable securities will not lose value and, in general, securities markets can be volatile and unpredictable. As a result of these different market risks, our holdings of marketable securities could be materially and adversely affected. We may seek to minimize the effect of price changes on a portion of our investments in marketable securities through the use of derivative contracts. However, there can be no assurance that our hedging activities will be adequate to protect us against price risks associated with our investments in marketable securities. See Note 10—“Marketable Securities” and Note 12—“Derivatives” to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for further information regarding these investments and related hedging activities.

Our risk management procedures and strict limits are designed to monitor and limit the risk of unintended loss and have been effective in the past. However, there is no assurance that these procedures and limits will be effective at limiting unanticipated losses in the future. Adverse movements in the securities positions or a downturn or disruption in the markets for these positions could result in a substantial loss. In addition, principal gains and losses resulting from these positions could on occasion have a disproportionate effect, positive or negative, on BGC Partners’ consolidated financial condition and results of operations for any particular reporting period.

### ***Operational Risk***

Our businesses are highly dependent on our ability to process a large number of transactions across numerous and diverse markets in many currencies on a daily basis. If any of our data processing systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes, people or systems, we could suffer impairment to our liquidity, financial loss, a disruption of our businesses, liability to clients, regulatory intervention or reputational damage. These systems may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, including cybersecurity incidents, a disruption of electrical or communications services or our inability to occupy one or more of our buildings. The inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand our businesses.

In addition, despite our contingency plans, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the communities in which they are located. This may include a disruption involving electrical, communications, transportation or other services used by us or third parties with whom we conduct business.

Further, our operations rely on the secure processing, storage and transmission of confidential and other information on our computer systems and networks. Although we take protective measures such as software programs, firewalls and similar technology to maintain the confidentiality, integrity and availability of our and our clients’ information, the nature of the threats continue to evolve. As a result, our computer systems, software and networks may be vulnerable to unauthorized access, loss or destruction of data (including confidential client information), account takeovers, unavailability or disruption of service, computer viruses, acts of vandalism, or other malicious code, cyber-attacks and other events that could have an adverse security impact. There have also been an increasing number of malicious cyber incidents in recent years in various industries, including ours. Any such cyber incidents involving our computer systems and networks, or those of third parties important to our businesses, could present risks to our operations.

### ***Foreign Currency Risk***

BGC Partners is exposed to risks associated with changes in FX rates. Changes in FX rates create volatility in the U.S. Dollar equivalent of the Company’s revenues and expenses. In addition, changes in the remeasurement of BGC Partners’ foreign currency denominated financial assets and liabilities are recorded as part of its results of operations and fluctuate with changes in foreign currency rates. BGC monitors the net exposure in foreign currencies on a daily basis and hedges its exposure as deemed appropriate with highly rated major financial institutions.

The majority of the Company’s foreign currency exposure is related to the U.S. Dollar versus the British Pound and the Euro. While our international results of operations, as measured in U.S. Dollars, are subject to FX fluctuations, we do not consider the related risk to be material to our results of operations. For the financial assets and liabilities denominated in the British Pound and Euro, including foreign currency hedge positions related to these currencies, we evaluated the effects of a 10% shift in exchange rates between those currencies and the U.S. Dollar, holding all other assumptions constant. The analysis identified the stress tested scenario as the U.S. Dollar strengthening against the Euro and weakening against the British Pound. If as of December 31, 2021, the U.S. Dollar had strengthened against the Euro and weakened against the British Pound by 10%, the currency movements would have had an aggregate negative impact on our net income of approximately \$1.7 million.

***Interest Rate Risk***

BGC Partners had \$1,052.8 million in fixed-rate debt outstanding as of December 31, 2021. These debt obligations are not currently subject to fluctuations in interest rates, although in the event of refinancing or issuance of new debt, such debt could be subject to changes in interest rates. In addition, as of December 31, 2021, BGC Partners had no borrowings outstanding under its Revolving Credit Agreement. The interest rate on any borrowings under its Revolving Credit Agreement is based on LIBOR.

***Disaster Recovery***

Our processes address disaster recovery concerns. We operate most of our technology from U.S. and U.K. primary data centers. Either site alone is typically capable of running all of our essential systems. Replicated instances of this technology are maintained in our redundant data centers. Our data centers are generally built and equipped to best-practice standards of physical security with appropriate environmental monitoring and safeguards. Failover for the majority of our systems is automated.

The economic and financial disruptions from the COVID-19 outbreak, as well as measures taken by various governmental authorities in response to the outbreak, led us to implement operational changes as we executed our business continuity plan. We took significant steps to protect our employees. A majority of BGC staff members are attending work in the office several days a week, while working remotely the other part of the week. Unvaccinated employees are required to wear masks in common spaces and when not able to maintain six feet of distance. We have deferred some corporate events and participation in industry conferences. We are also dependent on third-party vendors for the performance of certain critical processes and such vendors are also operating under business continuity plans.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**BGC Partners, Inc. and Subsidiaries**

*Consolidated Financial Statements for the years ended December 31, 2021, 2020 and 2019*

[Reports of Independent Registered Public Accounting Firm and Independent Auditor \(PCAOB ID 42\)](#) [132](#)

*Consolidated Financial Statements—*

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## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of BGC Partners, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial condition of BGC Partners, Inc. (the “Company”) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), cash flows and changes in equity for each of the three years in the period ended December 31, 2021, and the related notes and the financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), as applicable and our report dated February 28, 2022 expressed an unqualified opinion thereon.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Accounting for Income Taxes*

*Description of the Matter*

As discussed in Notes 3 and 21 to the consolidated financial statements, the Company is subject to income taxes in the U.S. and numerous foreign jurisdictions, which affect the Company's provision for income taxes. The provision for income taxes is an estimate based on management's understanding of current enacted tax laws and tax rates of each tax jurisdiction. For the year-ended December 31, 2021, the Company recognized a consolidated provision for income taxes of \$23.0 million.

Auditing management's calculation of the provision for income taxes was complex because the Company's global structure required an assessment of the Company's application of tax laws in multiple jurisdictions including the income tax impact of the legal entity ownership structure. The assessment of tax positions involves the evaluation and application of complex statutes, regulations, and case law which are subject to legal and factual interpretation. Our audit procedures required significant audit effort including the use of our tax professionals to assist in evaluating the provision for income taxes.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls related to the Company's global tax structure. For example, we tested management's controls over the completeness and accuracy of the data utilized, the effective tax rate reconciliation and the evaluation of permanent and temporary differences within various jurisdictions.

To test the Company's provision for income taxes and to address the risks associated with the complexity of the Company's global tax structure, we performed audit procedures that included, among others, evaluating the income tax impact of the Company's structure, operations and jurisdictional tax law and considered the impact of any changes in the current year. We used our tax professionals with specialized skill and knowledge to assist in evaluating the provision for income taxes including the application of relevant local and foreign tax laws to management's calculation methodologies and tax positions. Additionally, we tested the related effective tax rate reconciliation, evaluated the tax impact of permanent and temporary differences, and tested the application of new regulations, case law, and other authoritative guidance.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2008.

New York, New York  
February 28, 2022

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of BGC Partners, Inc.

### Opinion on Internal Control Over Financial Reporting

We have audited BGC Partners, Inc.'s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, BGC Partners, Inc. (the “Company”) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial condition of BGC Partners, Inc. as of December 31, 2021 and 2020, and the related consolidated statements of operations, comprehensive income (loss), cash flows and changes in equity for each of the three years in the period ended December 31, 2021, and the related notes and the financial statement schedule listed in the Index at Item 15(a)(2) and our report dated February 28, 2022 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

New York, New York  
February 28, 2022

**BGC PARTNERS, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
(in thousands, except per share data)

	December 31, 2021	December 31, 2020
<b>Assets</b>		
Cash and cash equivalents	\$ 553,598	\$ 596,291
Cash segregated under regulatory requirements	13,201	257,115
Securities owned	40,838	58,572
Marketable securities	406	349
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	782,446	304,022
Accrued commissions and other receivables, net	296,423	739,009
Loans, forgivable loans and other receivables from employees and partners, net	286,967	408,142
Fixed assets, net	190,112	216,024
Investments	33,039	38,008
Goodwill	486,919	556,211
Other intangible assets, net	207,747	287,157
Receivables from related parties	5,237	11,915
Other assets	445,233	480,427
Total assets	<u>\$ 3,342,166</u>	<u>\$ 3,953,242</u>
<b>Liabilities, Redeemable Partnership Interest, and Equity</b>		
Short-term borrowings	\$ 3,584	\$ 3,849
Accrued compensation	214,379	220,726
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	656,278	179,721
Payables to related parties	53,764	36,921
Accounts payable, accrued and other liabilities	679,254	1,364,119
Notes payable and other borrowings	1,052,831	1,315,935
Total liabilities	<u>2,660,090</u>	<u>3,121,271</u>
Commitments, contingencies and guarantees (Note 20)		
Redeemable partnership interest	18,761	20,674
<b>Equity</b>		
Stockholders' equity:		
Class A common stock, par value \$0.01 per share; 750,000 shares authorized; 435,944 and 373,545 shares issued at December 31, 2021 and December 31, 2020, respectively; and 317,023 and 323,018 shares outstanding at December 31, 2021 and December 31, 2020, respectively	4,359	3,735
Class B common stock, par value \$0.01 per share; 150,000 shares authorized; 45,884 shares issued and outstanding at each of December 31, 2021 and December 31, 2020, convertible into Class A common stock	459	459
Additional paid-in capital	2,451,135	2,375,113
Treasury stock, at cost: 118,921 and 50,527 shares of Class A common stock at December 31, 2021 and December 31, 2020, respectively	(623,734)	(315,313)
Retained deficit	(1,171,919)	(1,280,828)
Accumulated other comprehensive income (loss)	(40,548)	(28,930)
Total stockholders' equity	<u>619,752</u>	<u>754,236</u>
Noncontrolling interest in subsidiaries	43,563	57,061
Total equity	<u>663,315</u>	<u>811,297</u>
Total liabilities, redeemable partnership interest, and equity	<u>\$ 3,342,166</u>	<u>\$ 3,953,242</u>

*The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.*

**BGC PARTNERS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share data)

	Year Ended December 31,		
	2021	2020	2019
<b>Revenues:</b>			
Commissions	\$ 1,541,900	\$ 1,567,668	\$ 1,645,818
Principal transactions	327,761	351,633	321,923
Fees from related parties	14,856	25,754	29,442
Data, software and post-trade	89,963	81,920	73,166
Interest and dividend income	21,977	12,332	18,319
Other revenues	18,907	17,454	15,938
Total revenues	2,015,364	2,056,761	2,104,606
<b>Expenses:</b>			
Compensation and employee benefits	1,271,340	1,132,557	1,127,041
Equity-based compensation and allocations of net income to limited partnership units and FPU's	256,164	183,545	170,625
Total compensation and employee benefits	1,527,504	1,316,102	1,297,666
Occupancy and equipment	188,322	192,837	186,111
Fees to related parties	24,030	23,618	19,778
Professional and consulting fees	67,884	74,072	93,071
Communications	117,502	121,646	120,037
Selling and promotion	38,048	38,234	81,829
Commissions and floor brokerage	64,708	59,376	63,617
Interest expense	69,329	76,607	60,246
Other expenses	80,888	89,045	118,671
Total expenses	2,178,215	1,991,537	2,041,026
<b>Other income (losses), net:</b>			
Gains (losses) on divestitures and sale of investments	312,941	394	18,421
Gains (losses) on equity method investments	6,706	5,023	4,115
Other income (loss)	19,705	1,580	30,511
Total other income (losses), net	339,352	6,997	53,047
Income (loss) from operations before income taxes	176,501	72,221	116,627
Provision (benefit) for income taxes	23,013	21,303	49,811
Consolidated net income (loss)	\$ 153,488	\$ 50,918	\$ 66,816
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	29,481	5,856	22,915
Net income (loss) available to common stockholders	\$ 124,007	\$ 45,062	\$ 43,901
<b>Per share data:</b>			
<i>Basic earnings (loss) per share</i>			
Net income (loss) available to common stockholders	\$ 124,007	\$ 45,062	\$ 43,901
Basic earnings (loss) per share	\$ 0.33	\$ 0.12	\$ 0.13
Basic weighted-average shares of common stock outstanding	379,215	361,736	344,332
<i>Fully diluted earnings (loss) per share</i>			
Net income (loss) for fully diluted shares	\$ 173,995	\$ 64,787	\$ 58,871
Fully diluted earnings (loss) per share	\$ 0.32	\$ 0.12	\$ 0.12
Fully diluted weighted-average shares of common stock outstanding	540,020	546,848	472,187

*The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.*

**BGC PARTNERS, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**(in thousands)**

	Year Ended December 31,		
	2021	2020	2019
Consolidated net income (loss)	\$ 153,488	\$ 50,918	\$ 66,816
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(13,747)	6,457	(86)
Benefit plans	301	(1,840)	(12,928)
Total other comprehensive income (loss), net of tax	(13,446)	4,617	(13,014)
Comprehensive income (loss)	140,042	55,535	53,802
Less: Comprehensive income (loss) attributable to noncontrolling interest in subsidiaries, net of tax	27,653	6,301	18,538
Comprehensive income (loss) attributable to common stockholders	\$ 112,389	\$ 49,234	\$ 35,264

*The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.*

**BGC PARTNERS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)**  
(in thousands)

	Year Ended December 31,		
	2021	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Consolidated net income (loss)	\$ 153,488	\$ 50,918	\$ 66,816
Adjustments to reconcile consolidated net income (loss) to net cash provided by (used in) operating activities:			
Gain on Insurance Business Disposition	(312,941)	—	—
Fixed asset depreciation and intangible asset amortization	81,874	85,422	81,868
Employee loan amortization and reserves on employee loans	217,655	67,032	35,650
Equity-based compensation and allocations of net income to limited partnership units and FPU's	256,164	183,545	170,625
Deferred compensation expense	347	630	5,879
Losses (gains) on equity method investments	(6,706)	(1,126)	(4,115)
Realized losses (gains) on marketable securities	—	(289)	(3,528)
Unrealized losses (gains) on marketable securities	(56)	(69)	(3,204)
Loss (gains) on other investments	73	431	(18,163)
Amortization of discount (premium) on notes payable	3,592	4,187	3,223
Impairment of fixed assets, intangible assets and investments	11,246	11,431	4,536
Deferred tax provision (benefit)	(11,947)	(16,549)	(4,196)
Change in estimated acquisition earn-out payables	4,285	4,661	5,622
Forfeitures of Class A common stock	(553)	—	(139)
Other	(4,915)	2,730	(5,682)
<b>Consolidated net income (loss), adjusted for non-cash and non-operating items</b>	<b>391,606</b>	<b>392,954</b>	<b>335,192</b>
Decrease (increase) in operating assets:			
Securities owned	17,626	(1,346)	883
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	(482,669)	246,498	389,058
Accrued commissions receivable, net	(101,314)	44,389	(22,287)
Loans, forgivable loans and other receivables from employees and partners, net	(38,571)	(149,145)	(119,469)
Receivables from related parties	8,377	5,465	(4,215)
Other assets	1,543	(20,074)	5,239
Increase (decrease) in operating liabilities:			
Repurchase agreements	—	—	(986)
Securities loaned	—	(13,902)	(1,238)
Accrued compensation	17,989	13,752	(7,231)
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	477,083	(236,314)	(353,281)
Payables to related parties	18,596	(37,613)	36,855
Accounts payable, accrued and other liabilities	106,919	57,949	(17,420)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 417,185</b>	<b>\$ 302,613</b>	<b>\$ 241,100</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Gross proceeds from Insurance Business Disposition	\$ 534,916	\$ —	\$ —
Cash and restricted cash transferred as part of Insurance Business Disposition	(369,407)	—	—
Purchases of fixed assets	(10,112)	(30,829)	(46,665)
Capitalization of software development costs	(43,178)	(54,342)	(50,833)
Purchase of equity method investments	(1,115)	(1,458)	(1,715)
Proceeds from equity method investments	10,029	4,326	3,737
Payments for acquisitions, net of cash acquired	—	(7,871)	28,261
Proceeds from sale of marketable securities	—	14,237	24,626
Purchase of other assets	—	(2,000)	—
<b>Net cash provided by (used in) investing activities</b>	<b>\$ 121,133</b>	<b>\$ (77,937)</b>	<b>\$ (42,589)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayments of long-term debt and collateralized borrowings	\$ (566,244)	\$ (357,789)	\$ (332,378)
Issuance of long-term debt and collateralized borrowings, net of deferred issuance costs	298,419	524,396	709,849

**BGC PARTNERS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	Year Ended December 31,		
	2021	2020	2019
Earnings distributions to limited partnership interests and other noncontrolling interests	(52,169)	(63,109)	(113,673)
Redemption and repurchase of limited partnership interests	(110,565)	(47,613)	(43,270)
Dividends to stockholders	(15,098)	(60,440)	(192,442)
Repurchase of Class A common stock	(365,398)	(6)	(1,236)
Cancellation of RSUs in satisfaction of withholding tax requirements	—	—	(458)
Proceeds from sale of Cantor Units in BGC Holdings	7,894	—	—
Pre-acquisition cash capital contribution to Futures Exchange Group	3,845	—	—
Acquisition of Futures Exchange Group	(9,022)	—	—
Payments on acquisition earn-outs	(11,199)	(8,540)	(8,146)
<b>Net cash provided by (used in) financing activities</b>	<b>\$ (819,537)</b>	<b>\$ (13,101)</b>	<b>\$ 18,246</b>
Effect of exchange rate changes on Cash and cash equivalents, and Cash segregated under regulatory requirements	(5,388)	993	2,630
<b>Net increase (decrease) in Cash and cash equivalents, and Cash segregated under regulatory requirements</b>	<b>(286,607)</b>	<b>212,568</b>	<b>219,387</b>
Cash and cash equivalents, and Cash segregated under regulatory requirements at beginning of period	853,406	640,838	421,451
<b>Cash and cash equivalents, and Cash segregated under regulatory requirements at end of period</b>	<b>\$ 566,799</b>	<b>\$ 853,406</b>	<b>\$ 640,838</b>
Supplemental cash information:			
Cash paid during the period for taxes	\$ 43,357	\$ 41,910	\$ 47,997
Cash paid during the period for interest	66,450	69,572	51,776
Supplemental non-cash information:			
Issuance of Class A common stock upon exchange of limited partnership interests	\$ 157,547	\$ 11,388	\$ 26,146
Issuance of Class A and contingent Class A common stock and limited partnership interests for acquisitions	1,160	1,578	3,040
ROU assets and liabilities	7,367	34,456	169,065

*The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.*

**BGC PARTNERS, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the Year Ended December 31, 2019**  
**(in thousands, except share amounts)**

	BGC Partners, Inc. Stockholders							
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Subsidiaries	Total
<b>Balance, January 1, 2019</b>	\$ 3,417	\$ 459	\$ 2,217,340	\$ (314,240)	\$ (1,116,026)	\$ (24,465)	\$ 88,974	\$ 855,459
Consolidated net income (loss)	—	—	—	—	43,901	—	22,915	66,816
Other comprehensive gain, net of tax	—	—	—	—	—	(8,637)	(4,377)	(13,014)
Equity-based compensation, 434,694 shares	4	—	7,066	—	—	—	3,419	10,489
Dividends to common stockholders	—	—	—	—	(192,442)	—	—	(192,442)
Earnings distributions to limited partnership interests and other noncontrolling interests	—	—	—	—	—	—	(89,616)	(89,616)
Grant of exchangeability and redemption of limited partnership interests, issuance of 15,008,431 shares	150	—	56,455	—	—	—	29,853	86,458
Issuance of Class A common stock (net of costs), 212,711 shares	2	—	879	—	—	—	235	1,116
Redemption of FPU's, 56,878 units	—	—	—	—	—	—	(256)	(256)
Repurchase of Class A common stock, 233,172 shares	—	—	—	(970)	—	—	(266)	(1,236)
Forfeiture of Class A common stock, 22,046 shares	—	—	(12)	(98)	—	—	(29)	(139)
Contributions of capital to and from Cantor for equity-based compensation	—	—	(382)	—	—	—	246	(136)
Issuance of Class A common stock and RSUs for acquisitions, 1,039,452 shares	11	—	4,471	—	—	—	(1,442)	3,040
Other	—	—	3,247	—	—	—	(680)	2,567
<b>Balance, December 31, 2019</b>	<b>\$ 3,584</b>	<b>\$ 459</b>	<b>\$ 2,289,064</b>	<b>\$ (315,308)</b>	<b>\$ (1,264,567)</b>	<b>\$ (33,102)</b>	<b>\$ 48,976</b>	<b>\$ 729,106</b>

*The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.*

**BGC PARTNERS, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the Year Ended December 31, 2020**  
**(in thousands, except share amounts)**

BGC Partners, Inc. Stockholders								
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Subsidiaries	Total
<b>Balance, January 1, 2020</b>	\$ 3,584	\$ 459	\$ 2,289,064	\$ (315,308)	\$ (1,264,567)	\$ (33,102)	\$ 48,976	\$ 729,106
Consolidated net income (loss)	—	—	—	—	45,062	—	5,856	50,918
Other comprehensive gain, net of tax	—	—	—	—	—	4,172	445	4,617
Equity-based compensation, 1,133,725 shares	11	—	8,565	—	—	—	4,096	12,672
Dividends to common stockholders	—	—	—	—	(60,440)	—	—	(60,440)
Earnings distributions to limited partnership interests and other noncontrolling interests	—	—	—	—	—	—	(36,569)	(36,569)
Grant of exchangeability and redemption of limited partnership interests, issuance of 13,190,311 shares	132	—	61,766	—	—	—	31,895	93,793
Issuance of Class A common stock (net of costs), 390,570 shares	4	—	5,381	—	—	—	120	5,505
Redemption of FPU's, 730,141 units	—	—	—	—	—	—	(102)	(102)
Repurchase of Class A common stock, 2,259 shares	—	—	—	(5)	—	—	(1)	(6)
Contributions of capital to and from Cantor for equity-based compensation	—	—	3,613	—	—	—	1,906	5,519
Issuance of Class A common stock and RSUs for acquisitions, 390,775 shares	4	—	1,664	—	—	—	(90)	1,578
Cumulative effect of CECL standard adoption	—	—	—	—	(883)	—	(417)	(1,300)
Other	—	—	5,060	—	—	—	946	6,006
<b>Balance, December 31, 2020</b>	<b>\$ 3,735</b>	<b>\$ 459</b>	<b>\$ 2,375,113</b>	<b>\$ (315,313)</b>	<b>\$ (1,280,828)</b>	<b>\$ (28,930)</b>	<b>\$ 57,061</b>	<b>\$ 811,297</b>

*The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.*

**BGC PARTNERS, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the Year Ended December 31, 2021**  
**(in thousands, except share amounts)**

	BGC Partners, Inc. Stockholders							
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Subsidiaries	Total
<b>Balance, January 1, 2021</b>	\$ 3,735	\$ 459	\$ 2,375,113	\$ (315,313)	\$ (1,280,828)	\$ (28,930)	\$ 57,061	\$ 811,297
Consolidated net income (loss)	—	—	—	—	124,007	—	29,481	153,488
Other comprehensive income (loss), net of tax	—	—	—	—	—	(11,618)	(1,828)	(13,446)
Equity-based compensation, 2,167,170 shares	22	—	13,015	—	—	—	4,887	17,924
Dividends to common stockholders	—	—	—	—	(15,098)	—	—	(15,098)
Earnings distributions to limited partnership interests and other noncontrolling interests	—	—	—	—	—	—	(22,658)	(22,658)
Grant of exchangeability and redemption of limited partnership interests, issuance of 58,024,858 shares	580	—	69,855	—	—	—	49,524	119,959
Issuance of Class A common stock (net of costs), 417,247 shares	4	—	1,492	—	—	—	14	1,510
Redemption of FPU's, 1,198,131 units	—	—	—	—	—	—	(408)	(408)
Repurchase of Class A common stock, 68,253,498 shares	—	—	—	(307,773)	—	—	(57,625)	(365,398)
Forfeiture of Class A common stock, 140,188 shares	—	—	181	(648)	—	—	(86)	(553)
Contributions of capital to and from Cantor for equity-based compensation	—	—	(15,429)	—	—	—	(12,582)	(28,011)
Grant of exchangeability, redemption of limited partnership interests and issuance of Class A common stock and RSUs for acquisitions, 1,789,018 shares	18	—	9,825	—	—	—	(8,683)	1,160
Cantor purchase of Cantor units from BGC Holdings upon redemption of FPU's, 4,408,931 units	—	—	—	—	—	—	7,894	7,894
Acquisition of Futures Exchange Group	—	—	(7,616)	—	—	—	(1,406)	(9,022)
Other	—	—	4,699	—	—	—	(22)	4,677
<b>Balance, December 31, 2021</b>	<b>\$ 4,359</b>	<b>\$ 459</b>	<b>\$ 2,451,135</b>	<b>\$ (623,734)</b>	<b>\$ (1,171,919)</b>	<b>\$ (40,548)</b>	<b>\$ 43,563</b>	<b>\$ 663,315</b>

	For the Year Ended December 31,		
	2021	2020	2019
<b>Dividends declared per share of common stock</b>	\$ 0.04	\$ 0.17	\$ 0.56
<b>Dividends declared and paid per share of common stock</b>	\$ 0.04	\$ 0.17	\$ 0.56

*The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.*

**BGC PARTNERS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Organization and Basis of Presentation**

***Business Overview***

BGC Partners, Inc. is a leading global financial brokerage and technology company servicing the global financial markets. Through brands including BGC, GFI, Sunrise Brokers, Poten & Partners, RP Martin and Fenics, among others, the Company specializes in the brokerage of a broad range of products, including fixed income such as government bonds, corporate bonds, and other debt instruments, as well as related interest rate derivatives and credit derivatives. The Company also brokers products across FX, equity derivatives and cash equities, energy and commodities, shipping and futures and options. The Company's businesses also provide a wide variety of services, including trade execution, connectivity solutions, brokerage services, clearing, trade compression and other post-trade services, information, and other back-office services to a broad assortment of financial and non-financial institutions.

BGC Partners' integrated platform is designed to provide flexibility to customers with regard to price discovery, execution and processing of transactions, and enables them to use Voice, Hybrid, or in many markets, Fully Electronic brokerage services in connection with transactions executed either OTC or through an exchange. Through the Company's Fenics group of electronic brands, BGC Partners offers a number of market infrastructure and connectivity services, Fully Electronic marketplaces, and the Fully Electronic brokerage of certain products that also may trade via Voice and Hybrid execution. The full suite of Fenics offerings includes Fully Electronic and Hybrid brokerage, market data and related information services, trade compression and other post-trade services, analytics related to financial instruments and markets, and other financial technology solutions. Fenics brands also operate under the names Fenics, FMX, BGC Trader, CreditMatch, Fenics Market Data, Fenics GO, BGC Market Data, kACE<sup>2</sup>, Capitalab, Swaptioniser, CBID, Lucera and LumeAlfa.

BGC, BGC Partners, BGC Trader, GFI, GFI Ginga, CreditMatch, Fenics, Fenics.com, FMX, Sunrise Brokers, Poten & Partners, RP Martin, kACE<sup>2</sup>, Capitalab, Swaptioniser, CBID, Aqua, Lucera and LumeAlfa are trademarks/service marks, and/or registered trademarks/service marks of BGC Partners, Inc. and/or its affiliates.

The Company's customers include many of the world's largest banks, broker-dealers, investment banks, trading firms, hedge funds, governments, corporations, and investment firms. BGC Partners has dozens of offices globally in major markets including New York and London, as well as in Bahrain, Beijing, Bermuda, Bogotá, Brisbane, Buenos Aires, Chicago, Copenhagen, Dubai, Dublin, Frankfurt, Geneva, Hong Kong, Houston, Istanbul, Johannesburg, Madrid, Melbourne, Mexico City, Miami, Milan, Monaco, Moscow, Nyon, Paris, Rio de Janeiro, Santiago, São Paulo, Seoul, Shanghai, Singapore, Sydney, Tel Aviv, Tokyo, Toronto, and Zurich.

***Basis of Presentation***

The Company's consolidated financial statements have been prepared pursuant to the rules and regulations of the SEC and in conformity with U.S. GAAP. The Company's consolidated financial statements include the Company's accounts and all subsidiaries in which the Company has a controlling interest. Intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made to previously reported amounts to conform to the current presentation.

On November 1, 2021, the Company completed the Insurance Business Disposition (see Note 5—"Divestitures" for additional information).

On July 30, 2021, the Company completed the purchase of the Futures Exchange Group for a purchase price of \$4.9 million at closing, plus the cash held at closing by the Futures Exchange Group, and an earn-out, only payable out of the Company's portion of the profits of the Futures Exchange Group, capped at the amount Cantor contributed to the Futures Exchange Group prior to closing.

The Futures Exchange Group acquisition has been determined to be a combination of entities under common control that resulted in a change in the reporting entity. Accordingly, the financial results of the Company have been recast to include the financial results of the Futures Exchange Group in the current and prior periods as if the Futures Exchange Group had always been consolidated. The assets and liabilities of the Futures Exchange Group have been recorded in the Company's consolidated statements of financial condition at the seller's historical carrying value. The purchase of the Futures Exchange Group was accounted for as an equity transaction for the period ended September 30, 2021 (the period in which the transaction occurred).

The following tables summarize the impact of the Futures Exchange Group acquisition to the Company's consolidated statement of financial condition as of December 31, 2020, and to the Company's consolidated statements of operations for the years ended December 31, 2020 and 2019 (in thousands, except per share amounts):

	December 31, 2020		
	As Previously Reported	Retrospective Adjustments	As Adjusted
Total assets	\$ 3,949,300	\$ 3,942	\$ 3,953,242
Total liabilities	\$ 3,120,397	\$ 874	\$ 3,121,271
Total equity	\$ 808,229	\$ 3,068	\$ 811,297
Total liabilities, redeemable partnership interest, and equity	\$ 3,949,300	\$ 3,942	\$ 3,953,242

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	As Previously Reported	Retrospective Adjustments	As Adjusted	As Previously Reported	Retrospective Adjustments	As Adjusted
Income (loss) from operations before income taxes	\$ 77,905	\$ (5,684)	\$ 72,221	\$ 122,064	\$ (5,437)	\$ 116,627
Consolidated net income (loss)	\$ 56,602	\$ (5,684)	\$ 50,918	\$ 72,253	\$ (5,437)	\$ 66,816
Net income (loss) attributable to noncontrolling interest in subsidiaries	\$ 7,694	\$ (1,838)	\$ 5,856	\$ 24,691	\$ (1,776)	\$ 22,915
Net income (loss) available to common stockholders	\$ 48,908	\$ (3,846)	\$ 45,062	\$ 47,562	\$ (3,661)	\$ 43,901
Basic earnings (loss) per share	\$ 0.14	\$ (0.02)	\$ 0.12	\$ 0.14	\$ (0.01)	\$ 0.13
Diluted earnings (loss) per share	\$ 0.13	\$ (0.01)	\$ 0.12	\$ 0.13	\$ (0.01)	\$ 0.12

Additionally, the consolidated statements of comprehensive income (loss), consolidated statements of cash flows and consolidated statements of changes in equity have been adjusted to reflect these retrospective adjustments.

During the year ended December 31, 2020, the Company changed the line item formerly known as “Interest income” to “Interest and dividend income” in the Company’s consolidated statements of operation. The change did not result in any reclassification of revenue, had no impact on the Company’s “Total revenues” and is viewed only as a name change to better reflect the underlying activity.

During the year ended December 31, 2019, the Company changed the line item formerly known as “Allocations of net income and grant of exchangeability to limited partnership units and FPU and issuance of common stock” to “Equity-based compensation and allocations of net income to limited partnership units and FPU” in the Company’s consolidated statements of operations and consolidated statements of cash flows. The change resulted in the reclassification of amortization charges related to equity-based awards such as REUs and RSUs from “Compensation and employee benefits” to “Equity-based compensation and allocations of net income to limited partnership units and FPU.” This change in presentation had no impact on the Company’s “Total compensation and employee benefits” nor “Total expenses.”

The consolidated financial statements contain all normal and recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the consolidated statements of financial condition, the consolidated statements of operations, the consolidated statements of comprehensive income (loss), the consolidated statements of cash flows and the consolidated statements of changes in equity of the Company for the periods presented.

#### **Recently Adopted Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This standard requires lessees to recognize an ROU asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. The amendments also require certain quantitative and qualitative disclosures. Accounting guidance for lessors is mostly unchanged. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*, to clarify how to apply certain aspects of the new leases standard. The amendments address the rate implicit in the lease, impairment of the net investment in the lease, lessee reassessment of lease classification, lessor reassessment of lease term and purchase options, variable payments that depend on an index or rate and certain transition adjustments, among other issues. In addition, in July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842), Targeted Improvements*, which provided an additional (and optional) transition method to adopt the new leases standard.

Under the new transition method, a reporting entity would initially apply the new lease requirements at the effective date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption; continue to report comparative periods presented in the financial statements in the period of adoption in accordance with legacy U.S. GAAP (i.e., ASC 840, *Leases*); and provide the required disclosures under ASC 840 for all periods presented under legacy U.S. GAAP. Further, ASU No. 2018-11 contains a practical expedient that allows lessors to avoid separating lease and associated non-lease components within a contract if certain criteria are met. In December 2018, the FASB issued ASU No. 2018-20, *Leases (Topic 842), Narrow-Scope Improvements for Lessors*, to clarify guidance for lessors on sales taxes and other similar taxes collected from lessees, certain lessor costs and recognition of variable payments for contracts with lease and non-lease components. In March 2019, the FASB issued ASU No. 2019-01, *Leases (Topic 842), Codification Improvements*, to clarify certain application and transitional disclosure aspects of the new leases standard. The amendments address determination of the fair value of the underlying asset by lessors that are not manufacturers or dealers and clarify interim period transition disclosure requirements, among other issues. The guidance in ASUs No. 2016-02, 2018-10, 2018-11 and 2018-20 was effective beginning January 1, 2019, with early adoption permitted; whereas the guidance in ASU No. 2019-01 was effective beginning January 1, 2020, with early adoption permitted. The Company adopted the above-mentioned standards on January 1, 2019 using the effective date as the date of initial application. Therefore, pursuant to this transition method financial information was not updated and the disclosures required under the new leases standards were not provided for dates and periods before January 1, 2019. The guidance provides a number of optional practical expedients to be utilized by lessees upon transition. Accordingly, BGC elected the “package of practical expedients,” which permitted the Company not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. BGC did not elect the use-of-hindsight or the practical expedient pertaining to land easements, with the latter not being applicable to the Company. The standard also provides practical expedients for an entity’s ongoing accounting as a lessee. BGC elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, the Company will not recognize ROU assets and lease liabilities, and this includes not recognizing ROU assets and lease liabilities for existing short-term leases of those assets upon transition. The Company also elected the practical expedient to not separate lease and non-lease components for all of leases other than leases of real estate. As a result, upon adoption, acting primarily as a lessee, BGC recognized a \$192.4 million ROU asset and a \$206.0 million lease liability on its consolidated statements of financial condition for its real estate and equipment operating leases. The adoption of the guidance did not have a material impact on the Company’s consolidated statements of operations, consolidated statements of changes in equity and consolidated statements of cash flows. See Note 25—“Leases” for additional information on the Company’s leasing arrangements.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. The guidance intends to better align an entity’s risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. To meet that objective, the amendments expand and refine hedge accounting for both nonfinancial and financial risk components and align the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. In October 2018, the FASB issued ASU No. 2018-16, *Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes*. Based on concerns about the sustainability of LIBOR, in 2017, a committee convened by the Federal Reserve Board and the Federal Reserve Bank of New York identified a broad Treasury repurchase agreement (repo) financing rate referred to as the SOFR as its preferred alternative reference rate. The guidance in ASU No. 2018-16 adds the OIS rate based on SOFR as a U.S. benchmark interest rate to facilitate the LIBOR to SOFR transition and provide sufficient lead time for entities to prepare for changes to interest rate risk hedging strategies for both risk management and hedge accounting purposes. The amendments in this ASU were required to be adopted concurrently with the guidance in ASU No. 2017-12. The guidance became effective for the Company on January 1, 2019 and was required to be applied on a prospective and modified retrospective basis. The adoption of this guidance did not have a material impact on BGC’s consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. The guidance helps organizations address certain stranded income tax effects in accumulated other comprehensive income resulting from the Tax Cuts and Jobs Act by providing an option to reclassify these stranded tax effects to retained earnings in each period in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act (or portion thereof) is recorded. The standard became effective for BGC on January 1, 2019. The guidance was required to be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized. The Company adopted the guidance starting on January 1, 2019. The adoption of the standard did not have a material impact on the Company’s consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. The guidance largely aligns the accounting for share-based payment awards issued to employees and nonemployees, whereby the existing employee guidance will apply to nonemployee share-based

transactions (as long as the transaction is not effectively a form of financing), with the exception of specific guidance related to the attribution of compensation cost. The cost of nonemployee awards will continue to be recorded as if the grantor had paid cash for the goods or services. In addition, the contractual term will be able to be used in lieu of an expected term in the option-pricing model for nonemployee awards. The standard became effective for the Company on January 1, 2019. The ASU was required to be applied on a prospective basis to all new awards granted after the date of adoption. In addition, any liability-classified awards that were not settled and equity-classified awards for which a measurement date had not been established by the adoption date were remeasured at fair value as of the adoption date with a cumulative effect adjustment to opening retained earnings in the year of adoption. BGC adopted this standard on its effective date. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In July 2019, the FASB issued ASU No. 2019-07, *Codification Updates to SEC Sections—Amendments to SEC Paragraphs Pursuant to SEC Final Rule Releases No. 33-10532, Disclosure Update and Simplification, and Nos. 33-10231 and 33-10442, Investment Company Reporting Modernization, and Miscellaneous Updates*. The guidance clarifies or improves the disclosure and presentation requirements of a variety of codification topics by aligning them with already effective SEC final rules, thereby eliminating redundancies and making the codification easier to apply. This ASU was effective upon issuance, and it did not have a material impact on the Company's consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)—Measurement of Credit Losses on Financial Instruments*, which requires financial assets that are measured at amortized cost to be presented, net of an allowance for credit losses, at the amount expected to be collected over their estimated life. Expected credit losses for newly recognized financial assets, as well as changes to credit losses during the period, are recognized in earnings. For certain PCD assets, the initial allowance for expected credit losses is recorded as an increase to the purchase price. Expected credit losses, including losses on off-balance-sheet exposures such as lending commitments, are measured based on historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. The new standard became effective for the Company beginning January 1, 2020, under a modified retrospective approach, and early adoption was permitted. In November 2018, the FASB issued ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*, to clarify that operating lease receivables accounted for under ASC 842, *Leases*, are not in the scope of the new credit losses guidance, and, instead, impairment of receivables arising from operating leases should be accounted for in accordance with ASC 842, *Leases*. In April 2019, the FASB issued ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. The ASU makes changes to the guidance introduced or amended by ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)—Measurement of Credit Losses on Financial Instruments*. See below for the description of the amendments stipulated in ASU No. 2019-04. In addition, in May 2019, the FASB issued ASU No. 2019-05, *Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief*. The amendments in this ASU allow entities, upon adoption of ASU No. 2016-13, to irrevocably elect the fair value option for financial instruments that were previously carried at amortized cost and are eligible for the fair value option under ASC 825-10, *Financial Instruments: Overall*. In November 2019, the FASB issued ASU No. 2019-11, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*. The amendments in this ASU require entities to include certain expected recoveries of the amortized cost basis previously written off, or expected to be written off, in the allowance for credit losses for PCD assets; provide transition relief related to troubled debt restructurings; allow entities to exclude accrued interest amounts from certain required disclosures; and clarify the requirements for applying the collateral maintenance practical expedient. The amendments in ASUs No. 2018-19, 2019-04, 2019-05 and 2019-11 were required to be adopted concurrently with the guidance in ASU No. 2016-13. BGC adopted the standards on their required effective date beginning January 1, 2020. The primary effect of adoption related to the increase in the allowances for credit losses for Accrued commissions receivable, and Loans, forgivable loans and other receivables from employees and partners. As a result, on a pre-tax basis, the Company recognized a decrease in assets and noncontrolling interest in subsidiaries, and an increase in retained deficit, of approximately \$1.9 million, \$0.6 million, and \$1.3 million, respectively, as of January 1, 2020. The tax effect of the impact of the adoption was an increase in assets and noncontrolling interest in subsidiaries, and a decrease in retained deficit of approximately \$0.6 million, \$0.2 million, and \$0.4 million, respectively.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which eliminates the requirement to determine the fair value of individual assets and liabilities of a reporting unit to measure goodwill impairment. Under the amendments in the ASU, goodwill impairment testing is performed by comparing the fair value of the reporting unit with its carrying amount and recognizing an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The Company adopted the standard on its required effective date beginning January 1, 2020, and the guidance was applied on a prospective basis starting with the goodwill impairment test during the year ended December 31, 2020. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The guidance is part of the FASB's disclosure framework project, whose objective and primary focus are to improve the effectiveness of disclosures in the notes to financial

statements. The ASU eliminates, amends and adds certain disclosure requirements for fair value measurements. The FASB concluded that these changes improve the overall usefulness of the footnote disclosures for financial statement users and reduce costs for preparers. Certain disclosures are required to be applied prospectively and other disclosures need to be adopted retrospectively in the period of adoption. As permitted by the transition guidance in the ASU, the Company early adopted, eliminated and modified disclosure requirements as of September 30, 2018. The early adoption of this guidance did not have an impact on the Company's consolidated financial statements. The additional disclosure requirements were adopted by BGC beginning January 1, 2020, and the adoption of these fair value measurement disclosures did not have an impact on the Company's consolidated financial statements. See Note 13—"Fair Value of Financial Assets and Liabilities" for additional information.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force)*. The guidance on the accounting for implementation, setup, and other upfront costs (collectively referred to as implementation costs) applies to entities that are a customer in a hosting arrangement that is a service contract. The amendments align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by the guidance in this ASU. BGC adopted the standard on its effective date beginning January 1, 2020. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In October 2018, the FASB issued ASU No. 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities*. The guidance was issued in response to stakeholders' observations that Topic 810, *Consolidation*, could be improved in the areas of applying the variable interest entity guidance to private companies under common control and in considering indirect interests held through related parties under common control for determining whether fees paid to decision makers and service providers are variable interests. BGC adopted the standard on its effective date beginning January 1, 2020. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In April 2019, the FASB issued ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. The ASU amends guidance introduced or amended by ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)—Measurement of Credit Losses on Financial Instruments*, ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, and ASU No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The amendments to ASU No. 2016-13 clarify the scope of the credit losses standard and address guidance related to accrued interest receivable balances, recoveries, variable interest rates and prepayments, among other issues. With respect to amendments to ASU No. 2017-12, the guidance addresses partial-term fair value hedges, fair value hedge basis adjustments, and certain transition requirements, along with other issues. The clarifying guidance pertaining to ASU No. 2016-01 requires an entity to remeasure an equity security without a readily determinable fair value accounted for under the measurement alternative at fair value in accordance with guidance in ASC 820, *Fair Value Measurement*; specifies that equity securities without a readily determinable fair value denominated in nonfunctional currency must be remeasured at historical exchange rates; and provides fair value measurement disclosure guidance. BGC adopted the standard on the required effective date beginning January 1, 2020. The adoption of the hedge accounting and the recognition and measurement guidance amendments did not have a material impact on the Company's consolidated financial statements. See above for the impact of adoption of the amendments related to the credit losses standard.

In November 2019, the FASB issued ASU No. 2019-08, *Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Codification Improvements—Share-Based Consideration Payable to a Customer*. The ASU simplifies and increases comparability of accounting for nonemployee share-based payments, specifically those made to customers. Under the guidance, such awards will be accounted for as a reduction of the transaction price in revenue, but should be measured and classified following the stock compensation guidance in ASC 718, *Compensation—Stock Compensation*. BGC adopted the standard on the required effective date beginning January 1, 2020. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The ASU is part of the FASB's simplification initiative, and it is expected to reduce cost and complexity related to accounting for income taxes by eliminating certain exceptions to the guidance in ASC 740, *Income Taxes* related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The guidance also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates, and clarifies the accounting for transactions that result in a step-up in the tax basis of

goodwill. BGC adopted the standard on the required effective date beginning January 1, 2021 on a prospective basis. The adoption of the standard did not have a material impact on the Company's consolidated financial statements.

In January 2020, the FASB issued ASU No. 2020-01, *Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the FASB Emerging Issues Task Force)*. These amendments improve previous guidance by reducing diversity in practice and increasing comparability of the accounting for the interactions between these codification topics as they pertain to certain equity securities, investments under the equity method of accounting and forward contracts or purchased options to purchase securities that, upon settlement of the forward contract or exercise of the purchased option, would be accounted for under the equity method of accounting or the fair value option. BGC adopted the standard on the required effective date beginning January 1, 2021 on a prospective basis. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-03, *Codification Improvements to Financial Instruments*. This ASU makes narrow-scope amendments related to various aspects pertaining to financial instruments and related disclosures by clarifying or improving the Codification. For the most part, the guidance was effective upon issuance, and the adoption of the standard did not have a material impact on the Company's consolidated financial statements.

In October 2020, the FASB issued ASU No. 2020-10, *Codification Improvements*. The standard amends the Codification by moving existing disclosure requirements to (or adding appropriate references in) the relevant disclosure sections. The ASU also clarifies various provisions of the Codification by amending and adding new headings, cross-referencing, and refining or correcting terminology. BGC adopted the standard on the required effective date beginning January 1, 2021 and it was applied using a modified retrospective method of transition. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

### ***New Accounting Pronouncements***

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The guidance is designed to provide relief from the accounting analysis and impacts that may otherwise be required for modifications to agreements (e.g., loans, debt securities, derivatives, and borrowings) necessitated by reference rate reform as entities transition away from LIBOR and other interbank offered rates to alternative reference rates. This ASU also provides optional expedients to enable companies to continue to apply hedge accounting to certain hedging relationships impacted by reference rate reform. Application of the guidance is optional and only available in certain situations. The ASU is effective upon issuance and generally can be applied through December 31, 2022. In January 2021, the FASB issued ASU No. 2021-01, *Reference Rate Reform (Topic 848): Scope*. The amendments in this standard are elective and principally apply to entities that have derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform (referred to as the "discounting transition"). The standard expands the scope of ASC 848, *Reference Rate Reform* and allows entities to elect optional expedients to derivative contracts impacted by the discounting transition. Similar to ASU No. 2020-04, provisions of this ASU are effective upon issuance and generally can be applied through December 31, 2022. Management is evaluating and planning for adoption of the new guidance, including forming a cross-functional LIBOR transition team to determine the Company's transition plan and facilitate an orderly transition to alternative reference rates, and continuing its assessment on the Company's consolidated financial statements.

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. The standard is expected to reduce complexity and improve comparability of financial reporting associated with accounting for convertible instruments and contracts in an entity's own equity. The ASU also enhances information transparency by making targeted improvements to the related disclosures guidance. Additionally, the amendments affect the diluted EPS calculation for instruments that may be settled in cash or shares and for convertible instruments. The new standard became effective for the Company beginning January 1, 2022 and can be applied using either a modified retrospective or a fully retrospective method of transition. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. The standard improves the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice and inconsistency related to the recognition of an acquired contract liability, as well as payment terms and their effect on subsequent revenue recognized by the acquirer. The ASU requires companies to apply guidance in ASC 606, *Revenue from Contracts with Customers*, to recognize and measure contract assets and contract liabilities from contracts with customers acquired in a business combination, and, thus, creates an exception to the general recognition and measurement principle in ASC 805, *Business Combinations*. The new

standard will become effective for the Company beginning January 1, 2023, can be applied prospectively for business combinations occurring on or after the effective date, and early adoption is permitted. Management is currently evaluating the impact of the new standard on the Company's consolidated financial statements.

In November 2021, the FASB issued ASU No. 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*. The standard requires business entities to make annual disclosures about transactions with a government they account for by analogizing to a grant or contribution accounting model. The guidance is aimed at increasing transparency about government assistance transactions that are not in the scope of other U.S. GAAP guidance. The ASU requires disclosure of the nature and significant terms and considerations of the transactions, the accounting policies used and the effects of those transactions on an entity's financial statements. The new standard will become effective for the Company's financial statements issued for annual reporting periods beginning on January 1, 2022, can be applied prospectively or retrospectively, and early adoption is permitted. Management is currently evaluating the impact of the new standard on the Company's consolidated financial statements.

## **2. Limited Partnership Interests in BGC Holdings and Newmark Holdings**

BGC Partners is a holding company with no direct operations and conducts substantially all of its operations through its operating subsidiaries. Virtually all of the Company's consolidated net assets and net income are those of consolidated variable interest entities. BGC Holdings is a consolidated subsidiary of the Company for which the Company is the general partner. The Company and BGC Holdings jointly own BGC U.S. OpCo and BGC Global OpCo, the two operating partnerships. In addition, Newmark Holdings is a consolidated subsidiary of Newmark for which Newmark is the general partner. Newmark and Newmark Holdings jointly own Newmark OpCo, the operating partnership. Listed below are the limited partnership interests in BGC Holdings and Newmark Holdings. The FPU, LPU and limited partnership interests held by Cantor, each as described below, collectively represent all of the limited partnership interests in BGC Holdings and Newmark Holdings.

As a result of the Separation, limited partnership interests in Newmark Holdings were distributed to the holders of limited partnership interests in BGC Holdings, whereby each holder of BGC Holdings limited partnership interests at that time who held a BGC Holdings limited partnership interest received a corresponding Newmark Holdings limited partnership interest, determined by the Contribution Ratio, which was equal to a BGC Holdings limited partnership interest multiplied by one divided by 2.2, divided by the Exchange Ratio. Initially, the Exchange Ratio equaled one, so that each Newmark Holdings limited partnership interest was exchangeable for one share of Newmark Class A common stock. For reinvestment, acquisition or other purposes, Newmark may determine on a quarterly basis to distribute to its stockholders a smaller percentage than Newmark Holdings distributes to its equity holders (excluding tax distributions from Newmark Holdings) of cash that it received from Newmark OpCo. In such circumstances, the Separation and Distribution Agreement provides that the Exchange Ratio will be reduced to reflect the amount of additional cash retained by Newmark as a result of the distribution of such smaller percentage, after the payment of taxes. The Exchange Ratio as of December 31, 2021 equaled 0.9444.

### ***Founding/Working Partner Units***

Founding/Working Partners have FPUs in BGC Holdings and Newmark Holdings. The Company accounts for FPUs outside of permanent capital, as "Redeemable partnership interest," in the Company's consolidated statements of financial condition. This classification is applicable to Founding/Working Partner units because these units are redeemable upon termination of a partner, including a termination of employment, which can be at the option of the partner and not within the control of the issuer.

FPUs are held by limited partners who are employees and generally receive quarterly allocations of net income. Upon termination of employment or otherwise ceasing to provide substantive services, the FPUs are generally redeemed, and the unit holders are no longer entitled to participate in the quarterly allocations of net income. Since these allocations of net income are cash distributed on a quarterly basis and are contingent upon services being provided by the unit holder, they are reflected as a component of compensation expense under "Equity-based compensation and allocations of net income to limited partnership units and FPUs" in the Company's consolidated statements of operations.

### ***Limited Partnership Units***

Certain BGC employees hold LPUs in BGC Holdings and Newmark Holdings (e.g., REUs, RPU, PSUs, and PSIs). Prior to the Separation, certain employees of both BGC and Newmark received LPUs in BGC Holdings. As a result of the Separation, these employees were distributed LPUs in Newmark Holdings equal to a BGC Holdings LPU multiplied by the Contribution Ratio. Subsequent to the Separation, BGC employees are only granted LPUs in BGC Holdings, and Newmark employees are only granted LPUs in Newmark Holdings.

Generally, LPUs receive quarterly allocations of net income, which are cash distributed and generally are contingent upon services being provided by the unit holder. As prescribed in U.S. GAAP guidance, following the Spin-Off, the quarterly allocations of net income on BGC Holdings and Newmark Holdings LPUs held by BGC employees are reflected as a component of compensation expense under “Equity-based compensation and allocations of net income to limited partnership units and FPU” in the Company’s consolidated statements of operations, and the quarterly allocations of net income on BGC Holdings LPUs held by Newmark employees are reflected as a component of “Net income (loss) attributable to noncontrolling interest in subsidiaries” in the Company’s consolidated statements of operations. From time to time, the Company also issues BGC LPUs as part of the consideration for acquisitions.

Certain of these LPUs in BGC Holdings and Newmark Holdings, such as REUs, entitle the holders to receive post-termination payments equal to the notional amount of the units in four equal yearly installments after the holder’s termination. These LPUs held by BGC employees are accounted for as post-termination liability awards, and in accordance with U.S. GAAP guidance, the Company records compensation expense for the awards based on the change in value at each reporting date in the Company’s consolidated statements of operations as part of “Equity-based compensation and allocations of net income to limited partnership units and FPU”.

The Company has also awarded certain Preferred Units. Each quarter, the net profits of BGC Holdings and Newmark Holdings are allocated to such units at a rate of either 0.6875% (which is 2.75% per calendar year) or such other amount as set forth in the award documentation. These allocations are deducted before the calculation and distribution of the quarterly partnership distribution for the remaining partnership interests and are generally contingent upon services being provided by the unit holder. The Preferred Units are not entitled to participate in partnership distributions other than with respect to the Preferred Distribution. Preferred Units may not be made exchangeable into Class A common stock, and are only entitled to the Preferred Distribution; accordingly, they are not included in the fully diluted share count. The quarterly allocations of net income on Preferred Units are reflected the same as those of the LPUs described above in the Company’s consolidated statements of operations. After deduction of the Preferred Distribution, the remaining partnership units generally receive quarterly allocations of net income based on their weighted-average pro rata share of economic ownership of the operating subsidiaries. Preferred Units are granted in connection with the grant of certain LPUs, such as PSUs, which may be granted exchangeability or redeemed in connection with the issuance of shares of common stock to cover the withholding taxes owed by the unit holder, rather than issuing the gross amount of shares to employees, subject to cashless withholding of shares to pay applicable withholding taxes.

#### ***Cantor Units***

Cantor holds limited partnership interests in BGC Holdings. Cantor units are reflected as a component of “Noncontrolling interest in subsidiaries” in the Company’s consolidated statements of financial condition. Cantor receives allocations of net income (loss), which are cash distributed on a quarterly basis and are reflected as a component of “Net income (loss) attributable to noncontrolling interest in subsidiaries” in the Company’s consolidated statements of operations. Cantor units in BGC Holdings are generally exchangeable for up to 23.6 million shares of BGC Class B common stock.

#### ***General***

Certain of the limited partnership interests, described above, have been granted exchangeability into shares of BGC or Newmark Class A common stock, and additional limited partnership interests may become exchangeable into shares of BGC or Newmark Class A common stock. In addition, certain limited partnership interests have been granted the right to exchange into or have been exchanged into a partnership unit with a capital account, such as HDUs. HDUs have a stated capital account which is initially based on the closing trading price of Class A common stock at the time the HDU is granted. HDUs participate in quarterly partnership distributions and are generally not exchangeable into shares of Class A common stock.

Subsequent to the Spin-Off, limited partnership interests in BGC Holdings held by a partner or Cantor may become exchangeable for BGC Class A or BGC Class B common stock on a one-for-one basis, and limited partnership interests in Newmark Holdings held by a partner or Cantor may become exchangeable for a number of shares of Newmark Class A or Newmark Class B common stock equal to the number of limited partnership interests multiplied by the then-current Exchange Ratio. Because limited partnership interests are included in the Company’s fully diluted share count, if dilutive, any exchange of limited partnership interests into shares of BGC Class A or BGC Class B common stock would not impact the fully diluted number of shares and units outstanding. Because these limited partnership interests generally receive quarterly allocations of net income, such exchange would have no significant impact on the cash flows or equity of the Company.

Each quarter, net income (loss) is allocated between the limited partnership interests and the Company’s common stockholders. In quarterly periods in which the Company has a net loss, the loss allocation for FPUs, LPUs and Cantor units in BGC Holdings is allocated to Cantor and reflected as a component of “Net income (loss) attributable to noncontrolling interest in subsidiaries” in the Company’s consolidated statements of operations. In subsequent quarters in which the Company has net

income, the initial allocation of income to the limited partnership interests in BGC Holdings is to Cantor and is recorded as “Net income (loss) attributable to noncontrolling interests in subsidiaries,” to recover any losses taken in earlier quarters, with the remaining income allocated to the limited partnership interests. This income (loss) allocation process has no impact on the net income (loss) allocated to common stockholders.

### **3. Summary of Significant Accounting Policies**

#### **Use of Estimates:**

The preparation of the Company’s consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in these consolidated financial statements. Management believes that the estimates utilized in preparing these consolidated financial statements are reasonable. Estimates, by their nature, are based on judgment and available information. Actual results could differ materially from the estimates included in the Company’s consolidated financial statements. Certain reclassifications have been made to previously reported amounts to conform to the current period presentation.

#### **Revenue Recognition:**

BGC derives its revenues primarily through commissions from brokerage services, the spread between the buy and sell prices on matched principal transactions, fees from related parties, data, software and post-trade services, and other revenues.

#### ***Commissions:***

The Company derives its commission revenues from securities, commodities and insurance-related transactions, whereby the Company connects buyers and sellers in the OTC and exchange markets and assists in the negotiation of the price and other material terms. These transactions result from the provision of service related to executing, settling and clearing transactions for customers. Trade execution and clearing services, when provided together, represent a single performance obligation as the services are not separately identifiable in the context of the contract. Commission revenues are recognized at a point in time on the trade-date, when the customer obtains control of the service and can direct the use of, and obtain substantially all of the remaining benefits from the asset. The Company records a receivable between the trade-date and settlement date when payment is received.

#### ***Principal Transactions:***

Principal transaction revenues are primarily derived from matched principal transactions, whereby the Company simultaneously agrees to buy securities from one customer and sell them to another customer. A very limited number of trading businesses are allowed to enter into unmatched principal transactions to facilitate a customer’s execution needs for transactions initiated by such customers. Revenues earned from principal transactions represent the spread between the buy and sell price of the brokered security, commodity or derivative. Principal transaction revenues and related expenses are recognized on a trade-date basis. Positions held as part of a principal transaction are marked-to-market on a daily basis.

#### ***Fees from Related Parties:***

Fees from related parties consist of charges for back-office services provided to Cantor and its affiliates, including occupancy of office space, utilization of fixed assets, accounting, operations, human resources and legal services, and information technology. The services are satisfied over time and measured using a time-elapsed measure of progress as the customer receives the benefits of the services evenly throughout the term of the contract. The transaction price is considered variable consideration as the level and type of services fluctuate from period to period and revenues are recognized only to the extent it is probable that a significant reversal in the amount of cumulative revenues recognized will not occur when the uncertainty is resolved. Fees from related parties are determined based on the cost incurred by the Company to perform or provide the service as evidenced by an allocation of employee expenses or a third-party invoice. Net cash settlements between affiliates are generally performed on a monthly basis.

#### ***Data, Software and Post-trade:***

Data revenues primarily consist of subscription fees and fees from customized one-time sales provided to customers either directly or through third-party vendors. Regarding this revenue stream, the Company determined that software implementation, license usage, and related support services represent a single-performance obligation because the combination

of these deliverables is necessary for the customer to derive benefit from the data. As such, once implementation is complete, monthly subscription fees are billed in advance and recognized on a straight-line basis over the life of the license period.

The Company also provides software customization services contracted through work orders that each represent a separate performance obligation. Revenue is recognized over time using an output method as a measure of progress. As circumstances change over time, the Company updates its measure of progress to reflect any changes in the outcome of the performance obligation. Such updates are accounted for as a change in accounting estimate. As a practical expedient, when the work-order period is less than 12 months, the Company recognizes revenue upon acceptance from the customer after work is completed. The contract price is fixed and billed to the customer as combination of an upfront fee, progress fees, and a post-delivery fee.

***Other Revenues:***

Other revenues are earned from various sources, including underwriting and advisory fees.

**Other Income (Losses), Net:**

***Gain (Loss) on Divestiture and Sale of Investments:***

Gain (loss) on divestiture and sale of investments is comprised of gains or losses recorded in connection with the divestiture of certain businesses or sale of investments (see Note 5—"Divestitures").

***Gains (Losses) on Equity Method Investments:***

Gains (losses) on equity method investments represent the Company's pro-rata share of the net gains or losses on investments over which the Company has significant influence but which it does not control.

***Other Income (Loss):***

Other income (loss) is primarily comprised of gains or losses associated with the movements related to the changes in fair value and/or hedges on marketable equity securities and investments carried under the measurement alternative (see Note 10—"Marketable Securities" and Note 15—"Investments").

**Segments:**

Prior to the Spin-Off, the Company's operations consisted of two reportable segments, Financial Services and Real Estate Services. As a result of the Spin-Off, the Company has one reportable segment (see Note 23—"Segment, Geographic and Product Information").

**Cash and Cash Equivalents:**

The Company considers all highly liquid investments with maturities of 90 days or less at the date of acquisition that are not segregated under regulatory requirements, other than those used for trading purposes, to be cash equivalents. Cash and cash equivalents include money market funds, deposits with banks, certificates of deposit, commercial paper, and U.S. Treasury securities.

**Cash Segregated Under Regulatory Requirements:**

Cash segregated under regulatory requirements represents funds received in connection with customer activities that the Company is obligated to segregate or set aside to comply with regulations mandated by authorities such as the SEC and FINRA in the U.S. and the FCA in the U.K. that have been promulgated to protect customer assets.

In addition, BGC premiums collected from insureds but not yet remitted to insurance companies and claims collected from insurance companies but not yet remitted to insureds are recorded as "Cash segregated under regulatory requirements," and the corresponding liability is recorded as "Accounts payable, accrued and other liabilities" in the Company's consolidated statements of financial condition. The Company sold its Insurance brokerage business on November 1, 2021 (see Note 5—"Divestitures" for additional information).

**Securities Owned:**

Securities owned primarily consist of unencumbered U.S. Treasury bills held for liquidity purposes. Securities owned are classified as trading and marked-to-market daily based on current listed market prices (or, when applicable, broker or dealer quotes), with the resulting gains and losses included in operating income in the current period. Unrealized and realized gains and losses from securities owned are included as part of “Principal transactions” in the Company’s consolidated statements of operations.

**Fair Value:**

U.S. GAAP defines fair value as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and further expands disclosures about such fair value measurements.

The guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 measurements – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 measurements – Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 measurements – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

In determining fair value, the Company separates financial instruments owned and financial instruments sold, but not yet purchased into two categories: cash instruments and derivative contracts.

Cash Instruments – Cash instruments are generally classified within Level 1 or Level 2. The types of instruments generally classified within Level 1 include most U.S. government securities, certain sovereign government obligations, and actively traded listed equities. The Company does not adjust the quoted price for such instruments. The types of instruments generally classified within Level 2 include agency securities, most investment-grade and high-yield corporate bonds, certain sovereign government obligations, money market securities, and less liquid listed equities, and state, municipal and provincial obligations.

Derivative Contracts – Derivative contracts can be exchange-traded or OTC. Exchange-traded derivatives typically fall within Level 1 or Level 2 of the fair value hierarchy depending on whether they are deemed to be actively traded or not. The Company generally values exchange-traded derivatives using the closing price of the exchange-traded derivatives. OTC derivatives are valued using market transactions and other market evidence whenever possible, including market-based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. For OTC derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs can generally be verified and model selection does not involve significant management judgment. Such instruments are typically classified within Level 2 of the fair value hierarchy.

See Note 13—“Fair Value of Financial Assets and Liabilities” for more information on the fair value of financial assets and liabilities.

**Marketable Securities:**

Marketable securities comprise equity securities with readily determinable fair value. These securities are held for investment purposes and accounted for in accordance with the U.S. GAAP guidance, *Investments—Debt and Equity Securities*. In accordance with the guidance on recognition and measurement of equity investments, the Company carries its marketable equity securities at fair value and recognizes any changes in fair value currently within “Other income (loss)” in the Company’s consolidated statements of operations. See Note 10—“Marketable Securities” for additional information.

**Receivables from and Payables to Broker-Dealers, Clearing Organizations, Customers and Related Broker-Dealers:**

Receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers primarily represent principal transactions for which the stated settlement dates have not yet been reached and principal

transactions which have not settled as of their stated settlement dates, cash held at clearing organizations and exchanges to facilitate settlement and clearance of matched principal transactions, and spreads on matched principal transactions that have not yet been remitted from/to clearing organizations and exchanges. Also included are amounts related to open derivative contracts, which are generally executed on behalf of the Company's customers. A portion of the unsettled principal transactions and open derivative contracts that constitute receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers are with related parties (see Note 14—"Related Party Transactions" for more information regarding these receivables and payables).

### **Current Expected Credit Losses (CECL)**

The accounting policy changes described below were updated pursuant to the adoption of ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)—Measurement of Credit Losses on Financial Instruments* and related amendments on January 1, 2020. These policy updates have been applied using the modified retrospective approach in the Company's consolidated financial statements from January 1, 2020 onward. Financial information for the historical comparable periods was not revised and continues to be reported under the accounting standards in effect during those historical periods. In accordance with the guidance in ASC 326, the Company presents its financial assets that are measured at amortized cost, net of an allowance for credit losses, which represents the amount expected to be collected over their estimated life. Expected credit losses for newly recognized financial assets carried at amortized cost, as well as changes to expected lifetime credit losses during the period, are recognized in earnings. The CECL methodology's impact on expected credit losses, among other things, reflects the Company's view of the current state of the economy, forecasted macroeconomic conditions and the Company's portfolios. Refer to Note 26—"Current Expected Credit Losses (CECL)" for additional information.

### **Accrued Commissions and Other Receivables, Net:**

The Company has accrued commissions receivable from securities and commodities transactions. Accrued commissions receivable are presented net of allowance for doubtful accounts of approximately \$9.9 million and \$14.0 million as of December 31, 2021 and 2020, respectively. The allowance is based on management's estimate and reviewed periodically based on the facts and circumstances of each outstanding receivable.

The Company's CECL methodology for Accrued commissions receivable follows a PD/LGD framework with adjustments for the macroeconomic outlook, with the calculation performed at a counterparty level. The receivable balance for each counterparty is the outstanding receivable amount adjusted for any volume discounts. Accrued commissions receivable are not subject to an interest income accrual. The Company writes off a receivable in the period in which such balance is deemed uncollectible.

The PD rate is sourced from Moody's Annual Default Study for Corporates and it corresponds to the 1983-2021 average 1-year default rate by rating. The Moody's quarterly updated data is used as well, if deemed appropriate. A significant number of the Company's counterparties are publicly rated, and, therefore, the Moody's PD rate is used as a proxy based on the counterparty's external rating. In addition, the Company maintains internal obligor ratings that map to Moody's long-term ratings.

The LGD rate is derived from the Basel Committee's June 2004 Second Basel Accord on international banking laws and regulations. The Company understands that the LGD assumption is a well-known industry benchmark for unsecured credits, which aligns with the unsecured nature of these receivables. Management considered that historically the Company has collected on substantially all its receivables, and, therefore, the LGD assumption is a reasonable benchmark in absence of internal data from which to develop an LGD measure.

The macroeconomic adjustment is based on an average of the outlook scenarios for changes in the Real GDP growth rate for advanced economies over the next year, including the impact of COVID-19. Historical and forecast data for this metric is obtained from the International Monetary Fund's World Economic Outlook database. The Company believes that changes in expected credit losses for its counterparties are impacted by changes in broad economic activity and, therefore, determined that the Real GDP growth rate was a reasonable metric to evaluate for macroeconomic adjustments. Further, given that the Company's receivables are related to counterparties with global operations, management sourced the data for this metric as applicable to advanced economies. The Company notes that, given the short-term nature of these receivables, a forecast beyond 1 year is neither required nor appropriate, and, therefore, the adjustment also covers the approximated life of these assets with no need for reversion.

In the Company's capacity as an insurance agent and broker, BGC collected premiums from insureds and, after deducting its commission, remitted the premiums to the respective insurers. BGC also collected claims or refunds from insurers on behalf of insureds. Uncollected premiums from insureds and uncollected claims or refunds from insurers were recorded as "Accrued commissions and other receivables, net", and the corresponding unremitted insurance premiums and claims held in a

fiduciary capacity were recorded as “Accounts payable, accrued and other liabilities” in the Company’s consolidated statements of financial condition. The Company sold its Insurance brokerage business on November 1, 2021 (see Note 5—“Divestitures” for additional information).

**Loans, Forgivable Loans, and Other Receivables from Employees and Partners, Net:**

The Company has entered into various agreements with certain employees and partners whereby these individuals receive loans which may be either wholly or in part repaid from the distributions that the individuals receive on some or all of their LPUs and from proceeds of the sale of the employees’ shares of BGC Class A common stock, or may be forgiven over a period of time. The forgivable portion of these loans is not included in the Company’s estimate of expected credit losses when employees meet the conditions for forgiveness through their continued employment over the specified time period, and is recognized as compensation expense over the life of the loan. The amounts due from terminated employees that the Company does not expect to collect are included in the allowance for credit losses.

From time to time, the Company may also enter into agreements with employees and partners to grant bonus and salary advances or other types of loans. These advances and loans are repayable in the timeframes outlined in the underlying agreements. The Company reviews loan balances each reporting period for collectability. If the Company determines that the collectability of a portion of the loan balances is not expected, the Company recognizes a reserve against the loan balances as compensation expense.

**Fixed Assets, Net:**

Fixed assets are carried at cost net of accumulated depreciation and amortization. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Internal and external direct costs of developing applications and obtaining software for internal use are capitalized and amortized over three years on a straight-line basis. Computer equipment is depreciated over three to five years. Leasehold improvements are depreciated over the shorter of their estimated economic useful lives or the remaining lease term. Routine repairs and maintenance are expensed as incurred. When fixed assets are retired or otherwise disposed of, the related gain or loss is included in operating income. The Company has asset retirement obligations related to certain of its leasehold improvements, which it accounts for in accordance with U.S. GAAP guidance, *Asset Retirement Obligations*. The guidance requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement cost is capitalized as part of the carrying amount of the long-lived asset. The liability is discounted and accretion expense is recognized using the credit-adjusted risk-free interest rate in effect when the liability was initially recognized.

**Investments:**

The Company’s investments in which it has a significant influence but not a controlling financial interest and of which it is not the primary beneficiary are accounted for under the equity method.

In accordance with the guidance on recognition and measurement of equity investments, the Company has elected to use a measurement alternative for its equity investments without a readily determinable fair value, pursuant to which these investments are initially recognized at cost and remeasured through earnings when there is an observable transaction involving the same or similar investment of the same issuer, or due to an impairment. See Note 13—“Fair Value of Financial Assets and Liabilities” and Note 15—“Investments” for additional information.

The Company’s consolidated financial statements include the accounts of the Company and its wholly owned and majority-owned subsidiaries. The Company’s policy is to consolidate all entities of which it owns more than 50% unless it does not have control over the entity. In accordance with the U.S. GAAP guidance, *Consolidation of Variable Interest Entities*, the Company also consolidates any VIE of which it is the primary beneficiary.

**Long-Lived Assets:**

The Company periodically evaluates potential impairment of long-lived assets and amortizable intangibles, when a change in circumstances occurs, by applying the U.S. GAAP guidance, *Impairment or Disposal of Long-Lived Assets*, and assessing whether the unamortized carrying amount can be recovered over the remaining life through undiscounted future expected cash flows generated by the underlying assets. If the undiscounted future cash flows were less than the carrying value of the asset, an impairment charge would be recorded. The impairment charge would be measured as the excess of the carrying value of the asset over the present value of estimated expected future cash flows using a discount rate commensurate with the risks involved.

**Leases:**

The Company enters into leasing arrangements in the ordinary course of business as a lessee of office space, data centers and office equipment.

The accounting policies described below were updated pursuant to the adoption of the U.S. GAAP standard on *Leases* and related amendments on January 1, 2019. These policy updates have been applied using the modified retrospective approach in the Company's consolidated financial statements from January 1, 2019 onward.

BGC determines whether an arrangement is a lease at inception. ROU lease assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent BGC's obligation to make lease payments arising from the lease. Other than for leases with an initial term of twelve months or less, operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise those options. Lease expense pertaining to operating leases is recognized on a straight-line basis over the lease term. Refer to Note 25—"Leases" for additional information.

**Goodwill and Other Intangible Assets, Net:**

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination. As prescribed in the U.S. GAAP guidance, *Intangibles—Goodwill and Other*, goodwill and other indefinite-lived intangible assets are not amortized, but instead are periodically tested for impairment. The Company reviews goodwill and other indefinite-lived intangible assets for impairment on an annual basis during the fourth quarter of each fiscal year or whenever an event occurs or circumstances change that could reduce the fair value of a reporting unit below its carrying amount. When reviewing goodwill for impairment, BGC first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. The Company performed impairment evaluations for the years ended December 31, 2021, 2020 and 2019 and concluded that there was no impairment of its goodwill during any of these periods. There was no impairment charge recognized for the Company's indefinite-lived intangible assets other than goodwill for the years ended December 31, 2021, 2020 and 2019.

Intangible assets with definite lives are amortized on a straight-line basis over their estimated useful lives. Definite-lived intangible assets arising from business combinations include customer relationships, internally developed software, and covenants not to compete. Also included in the definite-lived intangible assets are purchased patents. The costs of acquired patents are amortized over a period not to exceed the legal life or the remaining useful life of the patent, whichever is shorter, using the straight-line method.

**Income Taxes:**

The Company accounts for income taxes using the asset and liability method as prescribed in the U.S. GAAP guidance, *Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Certain of the Company's entities are taxed as U.S. partnerships and are subject to the UBT in New York City. Therefore, the tax liability or benefit related to the partnership income or loss except for UBT rests with the partners (see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings" for a discussion of partnership interests), rather than the partnership entity. As such, the partners' tax liability or benefit is not reflected in the Company's consolidated financial statements. The tax-related assets, liabilities, provisions or benefits included in the Company's consolidated financial statements also reflect the results of the entities that are taxed as corporations, either in the U.S. or in foreign jurisdictions. The Company provides for uncertain tax positions based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. The Company recognizes interest and penalties related to income tax matters in "Provision (benefit) for income taxes" in the Company's consolidated statements of operations.

The Company files income tax returns in the United States federal jurisdiction and various states, local and foreign jurisdictions. The Company is currently open to examination by tax authorities in United States federal, state and local jurisdictions and certain non-U.S. jurisdictions for tax years beginning 2017, 2009 and 2016, respectively.

The Company has finalized its accounting policy with respect to taxes on Global Intangible Low-Taxed Income (GILTI) and has elected to treat taxes associated with the GILTI provision using the Period Cost Method and thus has not recorded deferred taxes for basis differences under this regime.

**Equity-Based Compensation:**

The Company accounts for equity-based compensation under the fair value recognition provisions. Equity-based compensation expense recognized during the period, for equity-based awards with a stated vesting schedule, is based on the value of the portion of equity-based payment awards that is ultimately expected to vest. The grant-date fair value of equity-based awards with a stated vesting schedule is amortized to expense ratably over the awards' vesting periods. As this equity-based compensation expense recognized in the Company's consolidated statements of operations is based on awards ultimately expected to vest, it has been reviewed for estimated forfeitures. Further, forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. In addition, equity-based compensation for LPU awards with no stated vesting schedule, is recognized at fair value on the date the award is granted exchangeability or is redeemed in connection with the issuance of shares of common stock.

***Restricted Stock Units:***

RSUs held by certain employees of the Company are accounted for as equity awards, and in accordance with U.S. GAAP, the Company is required to record an expense for the portion of the RSUs that is ultimately expected to vest. The grant-date fair value of RSUs is amortized to expense ratably over the awards' expected vesting periods. The non-cash equity-based amortization expense is reflected as a component of "Equity-based compensation and allocations of net income to limited partnership units and FPU" in the Company's consolidated statements of operations.

***Restricted Stock:***

Restricted stock provided to certain employees by the Company is accounted for as an equity award, and as per the U.S. GAAP guidance, the Company is required to record an expense for the portion of the restricted stock that is ultimately expected to vest. The Company has granted restricted stock that is fully vested and not subject to continued employment or service with the Company or any affiliate or subsidiary of the Company; however, transferability is subject to compliance with BGC Partners' and its affiliates' customary noncompete obligations. Such shares of restricted stock are generally saleable by partners in five to ten years. Because the restricted stock is not subject to continued employment or service, the grant-date fair value of the restricted stock is expensed on the date of grant. The non-cash equity-based expense is reflected as a component of "Equity-based compensation and allocations of net income to limited partnership units and FPU" in the Company's consolidated statements of operations.

***Limited Partnership Units:***

LPUs in BGC Holdings and Newmark Holdings generally are held by employees of both BGC and Newmark and receive quarterly allocations of net income, which are cash distributed on a quarterly basis and generally contingent upon services being provided by the unit holders. Following the Spin-Off, the quarterly allocations of net income on BGC Holdings and Newmark Holdings LPUs held by BGC employees are reflected as a component of compensation expense under "Equity-based compensation and allocations of net income to limited partnership units and FPU," and the quarterly allocations of net income on BGC Holdings LPUs held by Newmark employees are reflected as a component of "Net income (loss) attributable to noncontrolling interest in subsidiaries" in the Company's consolidated statements of operations.

Certain of these LPUs in BGC Holdings and Newmark Holdings, such as REUs, entitle the holders to receive post-termination payments equal to the notional amount in four equal yearly installments after the holder's termination. These limited partnership units held by BGC employees are accounted for as post-termination liability awards under the U.S. GAAP guidance, which requires that the Company record an expense for such awards based on the change in value at each reporting period and include the expense in the Company's consolidated statements of operations as part of "Equity-based compensation and allocations of net income to limited partnership units and FPU." The liability for these limited partnership units held by BGC employees with a post-termination payout amount is included in "Accrued compensation" on the Company's consolidated statements of financial condition.

Following the Spin-Off, certain limited partnership units in BGC Holdings are granted exchangeability or redeemed in connection with the grant of shares of BGC Class A common stock on a one-for-one basis (subject to adjustment), and certain limited partnership units in Newmark Holdings are granted exchangeability or redeemed in connection with the grant of shares of Newmark Class A common stock based on the exchange ratio at the time. At the time exchangeability or redemption is granted for BGC employees, the Company recognizes an expense based on the fair value of the award on that date, which is included in "Equity-based compensation and allocations of net income to limited partnership units and FPU" in the Company's consolidated statements of operations.

Further, certain LPUs in BGC Holdings and Newmark Holdings have a stated vesting schedule and do not receive quarterly allocations of net income. The grant-date fair value of these LPUs is amortized to expense ratably over the awards'

expected vesting periods. The non-cash equity-based amortization expense is reflected as a component of “Equity-based compensation and allocations of net income to limited partnership units and FPU” in the Company’s consolidated statements of operations.

In addition, Preferred Units are granted in connection with the grant of certain LPUs, such as PSUs, which may be granted exchangeability or redeemed in connection with the grant of shares of common stock to cover the withholding taxes owed by the unit holder, rather than issuing the gross amount of shares to employees, subject to cashless withholding of shares to pay applicable withholding taxes. Each quarter, the net profits of BGC Holdings and Newmark Holdings are allocated to Preferred Units at a rate of either 0.6875% (which is 2.75% per calendar year) or such other amount as set forth in the award documentation (the “Preferred Distribution”). These allocations are deducted before the calculation and distribution of the quarterly partnership distribution for the remaining partnership interests and are generally contingent upon services being provided by the unit holder. The Preferred Units are not entitled to participate in partnership distributions other than with respect to the Preferred Distribution. Preferred Units may not be made exchangeable into common stock and are only entitled to the Preferred Distribution, and accordingly they are not included in the fully diluted share count. The quarterly allocations of net income on Preferred Units are reflected the same as those of the LPUs described above in the Company’s consolidated statements of operations. After deduction of the Preferred Distribution, the remaining partnership interests generally receive quarterly allocations of net income based on their weighted-average pro-rata share of economic ownership of the operating subsidiaries.

For additional information, see Note 2—“Limited Partnership Interests in BGC Holdings and Newmark Holdings.”

**Redeemable Partnership Interest:**

Redeemable partnership interest represents limited partnership interests in BGC Holdings held by Founding/Working Partners. See Note 2—“Limited Partnership Interests in BGC Holdings and Newmark Holdings” for additional information related to the FPU.

**Contingent Class A Common Stock:**

In connection with certain acquisitions, the Company committed to issue shares of the Company’s Class A common stock upon the achievement of certain performance targets. The contingent shares met the criteria for liability classification, are measured at fair value on a recurring basis and presented in “Accounts payable, accrued and other liabilities” in the Company’s consolidated statements of financial condition. Realized and unrealized gains (losses) resulting from changes in fair value are reported in “Other income (loss)” in the Company’s consolidated statements of operations.

**Noncontrolling Interest in Subsidiaries:**

Noncontrolling interest in subsidiaries represents equity interests in consolidated subsidiaries that are not attributable to the Company, such as Cantor units and the noncontrolling interest holders’ proportionate share of the profit or loss associated with joint ownership of the Company’s administrative services company in the U.K. (Tower Bridge).

**Foreign Currency Transactions and Translation:**

Assets and liabilities denominated in nonfunctional currencies are converted at rates of exchange prevailing on the date of the Company’s consolidated statements of financial condition, and revenues and expenses are converted at average rates of exchange for the period. Gains and losses on remeasurement of foreign currency transactions denominated in nonfunctional currencies are recognized within “Other expenses” in the Company’s consolidated statements of operations. Gains and losses on translation of the financial statements of non-U.S. operations into U.S. dollar reporting currency of the Company are presented as foreign currency translation adjustments within “Other comprehensive income (loss), net of tax” in the Company’s consolidated statements of comprehensive income and as part of “Accumulated other comprehensive income (loss)” in the Company’s consolidated statements of financial condition.

**Derivative Financial Instruments:**

Derivative contracts are instruments, such as futures, forwards, options or swaps contracts, which derive their value from underlying assets, indices, reference rates or a combination of these factors. Derivative instruments may be listed and traded on an exchange, or they may be privately negotiated contracts, which are often referred to as OTC derivatives. Derivatives may involve future commitments to purchase or sell financial instruments or commodities, or to exchange currency or interest payment streams. The amounts exchanged are based on the specific terms of the contract with reference to specified rates, securities, commodities, currencies or indices.

U.S. GAAP requires that an entity recognize all derivative contracts as either assets or liabilities in the consolidated statements of financial condition and measure those instruments at fair value. The fair value of all derivative contracts is recorded on a net-by-counterparty basis where a legal right of offset exists under an enforceable netting agreement. Derivative contracts are recorded as part of receivables from or payables to broker-dealers, clearing organizations, customers and related broker-dealers in the Company's consolidated statements of financial condition.

#### **4. Acquisitions**

##### ***Futures Exchange Group***

On July 30, 2021, the Company completed the purchase of the Futures Exchange Group for a purchase price of \$4.9 million at closing, plus the cash held at closing by the Futures Exchange Group, and an earn-out, only payable out of the Company's portion of the profits of the Futures Exchange Group, capped at the amount Cantor contributed to the Futures Exchange Group prior to closing. For additional information, see Note 1—"Organization and Basis of Presentation."

##### ***Algomi***

On March 6, 2020, the Company completed the acquisition of Algomi, a software company operating under a SaaS model that provides technology to bond market participants to improve their workflow and liquidity by data aggregation, pre-trade information analysis, and execution facilitation.

##### ***Other Acquisitions***

During the year ended December 31, 2020, the Company completed several smaller acquisitions. The aggregate consideration paid for these acquisitions was not material to the Company's consolidated financial statements. There were no other acquisitions completed by the Company for the year ended December 31, 2021.

##### ***Total Consideration***

The total consideration for all acquisitions during the year ended December 31, 2021 was approximately \$4.9 million in cash, plus the cash held at closing, for the Futures Exchange Group acquisition, and an earn-out payable out of the Company's portion of the profits of the Futures Exchange Group, capped at the amount Cantor contributed to the Futures Exchange Group prior to closing. There was no other consideration paid during the year ended December 31, 2021.

The total consideration for acquisitions during the year ended December 31, 2020 was approximately \$9.6 million in total fair value which was paid in cash. The excess of the consideration over the fair value of the net assets acquired has been recorded as goodwill of approximately \$2.8 million.

Except where otherwise noted, the results of operations of the Company's acquisitions have been included in the Company's consolidated financial statements subsequent to their respective dates of acquisition. The Company has made preliminary allocations of the consideration to the assets acquired and liabilities assumed as of the acquisition dates, and expects to finalize its analysis with respect to acquisitions within the first year after the completion of the respective transaction. Therefore, adjustments to preliminary allocations may occur.

#### **5. Divestitures**

On November 1, 2021, the Company successfully completed the Insurance Business Disposition and, after closing adjustments, received \$534.9 million in gross cash proceeds, subject to limited post-closing adjustments. As a result of this sale, the Company recognized a \$312.9 million gain, net of banking fees, other professional fees, and compensation expenses, which is included in "Gain (loss) on divestiture and sale of investments" in the Company's consolidated statements of operations. CF&Co served as advisor to the Company in connection with the transaction, and as a result, the banking fees included \$4.4 million paid to Cantor upon closing of the transaction. The Company had no significant gains or losses from divestitures or sale of investments during the year ended December 31, 2020. During the year ended December 31, 2019, the Company completed the sale of CSC, which was part of its energy and commodities businesses. As a result of this sale, the Company recognized a \$18.4 million gain, which is included in "Gain (loss) on divestiture and sale of investments" in the Company's consolidated statements of operations.

## 6. Earnings Per Share

U.S. GAAP guidance establishes standards for computing and presenting EPS. Basic EPS excludes dilution and is computed by dividing net income (loss) available to common stockholders by the weighted-average number of shares of common stock outstanding and contingent shares for which all necessary conditions have been satisfied except for the passage of time. Net income (loss) is allocated to the Company's outstanding common stock, FPU, LPU and Cantor units (see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings").

### Basic Earnings Per Share:

The following is the calculation of the Company's basic EPS (in thousands, except per share data):

	Year Ended December 31,		
	2021	2020	2019
<i>Basic earnings (loss) per share:</i>			
Net income (loss) available to common stockholders	\$ 124,007	\$ 45,062	\$ 43,901
Basic weighted-average shares of common stock outstanding	379,215	361,736	344,332
Basic earnings (loss) per share	\$ 0.33	\$ 0.12	\$ 0.13

### Fully Diluted Earnings Per Share:

Fully diluted EPS is calculated utilizing net income (loss) available to common stockholders plus net income allocations to the limited partnership interests as the numerator. The denominator comprises the Company's weighted-average number of outstanding BGC shares of common stock, including contingent shares of BGC common stock, and, if dilutive, the weighted-average number of limited partnership interests, including contingent units of BGC Holdings, and other contracts to issue shares of BGC common stock, including RSUs. The limited partnership interests generally are potentially exchangeable into shares of BGC Class A common stock (see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings") and are entitled to their pro-rata share of earnings after the deduction for the Preferred Distribution; as a result, they are included in the fully diluted EPS computation to the extent that the effect would be dilutive.

The following is the calculation of the Company's fully diluted EPS (in thousands, except per share data):

	Year Ended December 31,		
	2021	2020	2019
<i>Fully diluted earnings (loss) per share:</i>			
Net income (loss) available to common stockholders	\$ 124,007	\$ 45,062	\$ 43,901
Allocations of net income (loss) to limited partnership interests, net of tax	49,988	19,725	14,970
Net income (loss) for fully diluted shares	\$ 173,995	\$ 64,787	\$ 58,871
Weighted-average shares:			
Common stock outstanding	379,215	361,736	344,332
Partnership units <sup>1</sup>	155,356	183,130	126,450
RSUs (Treasury stock method)	4,074	737	38
Other	1,375	1,245	1,367
Fully diluted weighted-average shares of common stock outstanding	540,020	546,848	472,187
Fully diluted earnings (loss) per share	\$ 0.32	\$ 0.12	\$ 0.12

<sup>1</sup> Partnership units collectively include FPU, LPU, and Cantor units (see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings" for more information).

For the years ended December 31, 2021, 2020 and 2019, approximately 0.1 million, 0.7 million and 53.1 million potentially dilutive securities, respectively, were excluded from the computation of fully diluted EPS because their effect would have been anti-dilutive. Anti-dilutive securities for the year ended December 31, 2021 included 0.1 million RSUs. Anti-dilutive securities for the year ended December 31, 2020 included 0.7 million RSUs. Anti-dilutive securities for the year ended December 31, 2019 included 52.3 million limited partnership interests and 0.8 million RSUs.

As of December 31, 2021, 2020 and 2019, approximately 36.4 million, 27.7 million and 15.8 million shares, respectively, of contingent shares of BGC Class A common stock, N units, RSUs, and LPUs were excluded from the fully diluted EPS computations because the conditions for issuance had not been met by the end of the respective periods.

## 7. Stock Transactions and Unit Redemptions

### *Class A Common Stock*

Changes in shares of BGC Class A common stock outstanding for the years ended December 31, 2021 and 2020 were as follows (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Shares outstanding at beginning of period	323,018	307,915
Share issuances:		
Redemptions/exchanges of limited partnership interests <sup>1</sup>	58,025	13,190
Vesting of RSUs	2,167	1,134
Acquisitions	1,789	391
Other issuances of BGC Class A common stock	417	345
Issuance of BGC Class A common stock for general corporate purposes	—	45
Treasury stock repurchases	(68,253)	(2)
Forfeitures of restricted BGC Class A common stock	(140)	—
Shares outstanding at end of period	<u>317,023</u>	<u>323,018</u>

1. Included in redemptions/exchanges of limited partnership interests for the year ended December 31, 2021 are 27.5 million shares of BGC Class A common stock granted in connection with the cancellation of 29.7 million LPUs. Included in redemption/exchanges of limited partnership interests for the year ended December 31, 2020, are 9.5 million shares of BGC Class A common stock granted in connection with the cancellation of 9.2 million LPUs. Because LPUs are included in the Company's fully diluted share count, if dilutive, redemptions/exchanges in connection with the issuance of BGC Class A common stock would not impact the fully diluted number of shares outstanding.

### *Class B Common Stock*

The Company did not issue any shares of BGC Class B common stock during the years ended December 31, 2021 and 2020. As of December 31, 2021 and 2020, there were 45.9 million shares, respectively, of BGC Class B common stock outstanding.

### *CEO Program*

On March 9, 2018, the Company filed a CEO program shelf registration statement on Form S-3 (the "March 2018 Form S-3") and entered into the March 2018 Sales Agreement, pursuant to which the Company could offer and sell up to an aggregate of \$300.0 million of shares of BGC Class A common stock under the CEO Program. Proceeds from shares of BGC Class A common stock sold under the March 2018 Sales Agreement could be used for the repurchase of shares and the redemptions of limited partnership interests in BGC Holdings, as well as for general corporate purposes, including acquisitions and the repayment of debt. CF&Co is a wholly-owned subsidiary of Cantor and an affiliate of the Company. Under the March 2018 Sales Agreement, the Company agreed to pay CF&Co 2% of the gross proceeds from the sale of shares. The Company did not sell any shares under the March 2018 Sales Agreement during the year ended December 31, 2021. The March 2018 Form S-3 and the March 2018 Sales Agreement expired in September 2021. As of the date of expiration, the Company had sold 17.6 million shares of BGC Class A common stock (or \$210.8 million) under the March 2018 Sales Agreement. For additional information on the Company's CEO Program sales agreements, see Note 14—"Related Party Transactions." On March 8, 2021, we filed a replacement CEO Program shelf registration statement on Form S-3, which has not yet been declared effective, with respect to the issuance and sale of up to an aggregate of \$300.0 million of shares of BGC Class A common stock from time to time on a delayed or continuous basis.

### **Unit Redemptions and Share Repurchase Program**

The Company's Board and Audit Committee have authorized repurchases of BGC Class A common stock and redemptions of limited partnership interests or other equity interests in the Company's subsidiaries. On August 3, 2021, the Company's Board and Audit Committee increased the BGC Partners share repurchase and unit redemption authorization to \$400.0 million, which may include purchases from Cantor, its partners or employees or other affiliated persons or entities. As of December 31, 2021, the Company had \$191.8 million remaining from its share repurchase and unit redemption authorization. From time to time, the Company may actively continue to repurchase shares and/or redeem units.

The table below represents the units redeemed and/or shares repurchased for cash and does not include units redeemed/cancelled in connection with the grant of shares of BGC Class A common stock nor the limited partnership interests exchanged for shares of BGC Class A common stock. The gross unit redemptions and share repurchases of BGC Class A common stock during the year ended December 31, 2021 were as follows (in thousands, except for weighted-average price data):

Period	Total Number of Units Redeemed or Shares Repurchased	Weighted- Average Price Paid per Unit or Share	Approximate Dollar Value of Units and Shares That May Yet Be Redeemed/ Purchased Under the Program
<b>Redemptions<sup>1</sup></b>			
January 1, 2021—March 31, 2021	20	\$ 4.40	
April 1, 2021—June 30, 2021	4,715	5.82	
July 1, 2021—September 30, 2021	73	5.14	
October 1, 2021—December 31, 2021	38	5.37	
<b>Total Redemptions</b>	<b>4,846</b>	<b>\$ 5.80</b>	
<b>Repurchases<sup>2</sup></b>			
January 1, 2021—March 31, 2021	965	\$ 4.56	
April 1, 2021—June 30, 2021	16,542	6.25	
July 1, 2021—September 30, 2021	24,433	5.19	
October 1, 2021—December 31, 2021	26,313	4.97	
<b>Total Repurchases</b>	<b>68,253</b>	<b>5.35</b>	
<b>Total Redemptions and Repurchases</b>	<b>73,099</b>	<b>\$ 5.38</b>	<b>\$ 191,809</b>

- During the year ended December 31, 2021, the Company redeemed 4.7 million LPUs at an aggregate redemption price of \$27.5 million for a weighted-average price of \$5.83 per unit and 0.1 million FPU at an aggregate redemption price of \$0.6 million for a weighted-average price of \$4.86 per unit. During the year ended December 31, 2020, the Company redeemed 1.8 million LPUs at an aggregate redemption price of \$5.5 million for a weighted-average price of \$3.03 per unit and approximately 0.7 million FPUs at an aggregate redemption price of \$1.3 million for a weighted-average price of \$1.79 per unit. The table above does not include units redeemed/cancelled in connection with the grant of 27.5 million shares and 9.5 million shares of BGC Class A common stock during the years ended December 31, 2021 and 2020, respectively, nor the limited partnership interests exchanged for 32.2 million and 3.7 million shares of BGC Class A common stock during the years ended December 31, 2021 and 2020, respectively.
- During the year ended December 31, 2021, the Company repurchased 68.3 million shares of BGC Class A common stock at an aggregate price of \$365.4 million for a weighted-average price of \$5.35 per share. During the year ended December 31, 2020, the Company repurchased approximately 2 thousand shares of BGC Class A common stock at an aggregate price of \$6 thousand for a weighted-average price of \$2.58 per share.

**Redeemable Partnership Interest**

The changes in the carrying amount of FPU's for the years ended December 31, 2021 and 2020 were as follows (in thousands):

	Year Ended December 31,	
	2021	2020
Balance at beginning of period	\$ 20,674	\$ 23,638
Consolidated net income allocated to FPU's	2,031	815
Earnings distributions	(957)	(815)
FPU's exchanged	(1,129)	(1,682)
FPU's redeemed	(1,858)	(1,282)
Balance at end of period	<u>\$ 18,761</u>	<u>\$ 20,674</u>

**8. Securities Owned**

Securities owned primarily consist of unencumbered U.S. Treasury bills held for liquidity purposes. Total securities owned were \$40.8 million and \$58.6 million as of December 31, 2021 and 2020, respectively. For additional information, see Note 13—"Fair Value of Financial Assets and Liabilities."

**9. Collateralized Transactions****Repurchase Agreements**

Securities sold under Repurchase Agreements are accounted for as collateralized financing transactions and are recorded at the contractual amount for which the securities will be repurchased, including accrued interest. As of December 31, 2021 and 2020, the Company had not facilitated any Repurchase Agreements for the purpose of financing fails.

**10. Marketable Securities**

Marketable securities consist of the Company's ownership of equity securities carried at fair value in accordance with ASU 2016-01. The securities had a fair value of \$0.4 million and \$0.3 million as of December 31, 2021 and 2020, respectively.

These marketable securities are measured at fair value, with any changes in fair value recognized in earnings and included in "Other income (loss)" in the Company's consolidated statements of operations. During the years ended December 31, 2021, 2020 and 2019, the Company recognized realized and unrealized net gains of \$0.1 million, \$0.4 million and \$6.7 million, respectively, related to sales of shares, the mark-to-market adjustments on shares, and any related hedging transactions, when applicable.

During the year ended December 31, 2021, the Company did not sell any marketable securities. During the year ended December 31, 2020, the Company sold marketable securities with a fair value of \$14.2 million at the time of sale. The Company did not purchase any marketable securities during the years ended December 31, 2021 and 2020.

**11. Receivables from and Payables to Broker-Dealers, Clearing Organizations, Customers and Related Broker-Dealers**

Receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers primarily represent amounts due for undelivered securities, cash held at clearing organizations and exchanges to facilitate settlement and clearance of matched principal transactions, spreads on matched principal transactions that have not yet been remitted from/to clearing organizations and exchanges and amounts related to open derivative contracts (see Note 12—"Derivatives"). As of December 31, 2021 and December 31, 2020, Receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers consisted of the following (in thousands):

	December 31, 2021	December 31, 2020
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers:		
Contract values of fails to deliver	\$ 640,696	\$ 158,976
Receivables from clearing organizations	118,979	126,879
Other receivables from broker-dealers and customers	14,386	14,237
Net pending trades	5,506	2,999
Open derivative contracts	2,879	931
Total	<u>\$ 782,446</u>	<u>\$ 304,022</u>
Payables to broker-dealers, clearing organizations, customers and related broker-dealers:		
Contract values of fails to receive	\$ 617,018	\$ 154,050
Payables to clearing organizations	22,679	12,373
Other payables to broker-dealers and customers	13,732	11,838
Open derivative contracts	2,849	1,460
Total	<u>\$ 656,278</u>	<u>\$ 179,721</u>

A portion of these receivables and payables are with Cantor. See Note 14—“Related Party Transactions” for additional information related to these receivables and payables.

Substantially all open fails to deliver, open fails to receive and pending trade transactions as of December 31, 2021 have subsequently settled at the contracted amounts.

## 12. Derivatives

In the normal course of operations, the Company enters into derivative contracts. These derivative contracts primarily consist of FX swaps, FX/commodities options, futures and forwards. The Company enters into derivative contracts to facilitate client transactions, hedge principal positions and facilitate hedging activities of affiliated companies.

Derivative contracts can be exchange-traded or OTC. Exchange-traded derivatives typically fall within Level 1 or Level 2 of the fair value hierarchy depending on whether they are deemed to be actively traded or not. The Company generally values exchange-traded derivatives using their closing prices. OTC derivatives are valued using market transactions and other market evidence whenever possible, including market-based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. For OTC derivatives that trade in liquid markets, such as forwards, swaps and options, model inputs can generally be verified and model selection does not involve significant management judgment. Such instruments are typically classified within Level 2 of the fair value hierarchy.

The Company does not designate any derivative contracts as hedges for accounting purposes. U.S. GAAP guidance requires that an entity recognize all derivative contracts as either assets or liabilities in the consolidated statements of financial condition and measure those instruments at fair value. The fair value of all derivative contracts is recorded on a net-by-counterparty basis where a legal right to offset exists under an enforceable netting agreement. Derivative contracts are recorded as part of “Receivables from broker-dealers, clearing organizations, customers and related broker-dealers” and “Payables to broker-dealers, clearing organizations, customers and related broker-dealers” in the Company’s consolidated statements of financial condition.

The fair value of derivative contracts, computed in accordance with the Company’s netting policy, is set forth below (in thousands):

Derivative contract	December 31, 2021			December 31, 2020		
	Assets	Liabilities	Notional Amounts <sup>1</sup>	Assets	Liabilities	Notional Amounts <sup>1</sup>
FX/commodities options	\$ —	\$ —	\$ —	\$ 74	\$ —	\$ 4,844
Forwards	392	419	207,966	295	215	302,141
FX swaps	2,487	1,490	571,280	562	319	513,588
Futures	—	940	3,914,813	—	926	6,113,220
Total	<u>\$ 2,879</u>	<u>\$ 2,849</u>	<u>\$ 4,694,059</u>	<u>\$ 931</u>	<u>\$ 1,460</u>	<u>\$ 6,933,793</u>

1. Notional amounts represent the sum of gross long and short derivative contracts, an indication of the volume of the Company’s derivative activity, and do not represent anticipated losses.

Certain of the Company’s FX swaps are with Cantor. See Note 14—“Related Party Transactions” for additional information related to these transactions.

The replacement costs of contracts in a gain position were \$2.9 million and \$0.9 million, as of December 31, 2021 and 2020, respectively.

The following tables present information about the offsetting of derivative instruments as of December 31, 2021 and 2020 (in thousands):

	December 31, 2021		
	Gross Amounts	Gross Amounts Offset	Net Amounts Presented in the Statements of Financial Condition
<b>Assets</b>			
Forwards	\$ 452	\$ (60)	\$ 392
FX swaps	3,025	(538)	2,487
Futures	70,497	(70,497)	—
Total derivative assets	<u>\$ 73,974</u>	<u>\$ (71,095)</u>	<u>\$ 2,879</u>
<b>Liabilities</b>			
FX swaps	\$ 2,028	\$ (538)	\$ 1,490
Forwards	479	(60)	419
Futures	71,437	(70,497)	940
Total derivative liabilities	<u>\$ 73,944</u>	<u>\$ (71,095)</u>	<u>\$ 2,849</u>

	December 31, 2020		
	Gross Amounts	Gross Amounts Offset	Net Amounts Presented in the Statements of Financial Condition
<b>Assets</b>			
FX/commodities options	\$ 74	\$ —	\$ 74
Forwards	338	(43)	295
FX swaps	583	(21)	562
Futures	41,257	(41,257)	—
Total derivative assets	<u>\$ 42,252</u>	<u>\$ (41,321)</u>	<u>\$ 931</u>
<b>Liabilities</b>			
FX swaps	\$ 340	\$ (21)	\$ 319
Forwards	258	(43)	215
Futures	42,183	(41,257)	926
Total derivative liabilities	<u>\$ 42,781</u>	<u>\$ (41,321)</u>	<u>\$ 1,460</u>

There were no additional balances in gross amounts not offset as of December 31, 2021 and 2020, respectively.

The change in fair value of derivative contracts is reported as part of “Principal transactions” in the Company’s consolidated statements of operations. The change in fair value of equity options related to marketable securities is included as part of “Other income (loss)” in the Company’s consolidated statements of operations.

The table below summarizes gains and (losses) on derivative contracts for the years ended December 31, 2021, 2020 and 2019 (in thousands):

Derivative contract	Year Ended December 31, 2021		
	2021	2020	2019
Futures	\$ 10,902	\$ 10,100	\$ 15,316
FX/commodities options	225	293	252
FX swaps	182	381	2,340
Forwards	(43)	97	(3,597)
Equity options	—	—	318
Gains (losses)	\$ 11,266	\$ 10,871	\$ 14,629

### 13. Fair Value of Financial Assets and Liabilities

#### Fair Value Measurements on a Recurring Basis

U.S. GAAP guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 measurements—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 measurements—Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 measurements—Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

As required by U.S. GAAP guidance, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following tables set forth by level within the fair value hierarchy financial assets and liabilities accounted for at fair value under U.S. GAAP guidance (in thousands):

	Assets at Fair Value at December 31, 2021				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Marketable securities	\$ 406	\$ —	\$ —	\$ —	\$ 406
Securities owned—Government debt	40,602	—	—	—	40,602
Securities owned—Equities	235	—	—	—	235
Forwards	—	452	—	(60)	392
FX swaps	—	3,025	—	(538)	2,487
Futures	—	70,497	—	(70,497)	—
Securities owned—Corporate bonds	—	1	—	—	1
Total	\$ 41,243	\$ 73,975	\$ —	\$ (71,095)	\$ 44,123

	Liabilities at Fair Value at December 31, 2021				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Futures	\$ —	\$ 71,437	\$ —	\$ (70,497)	\$ 940
FX swaps	—	2,028	—	(538)	1,490
Forwards	—	479	—	(60)	419
Contingent consideration	—	—	29,756	—	29,756
Total	\$ —	\$ 73,944	\$ 29,756	\$ (71,095)	\$ 32,605

**Assets at Fair Value at December 31, 2020**

	Level 1	Level 2	Level 3	Netting and Collateral	Total
Marketable securities	\$ 349	\$ —	\$ —	\$ —	\$ 349
Securities owned—Government debt	57,918	—	—	—	57,918
Securities owned—Equities	75	—	—	—	75
FX/commodities options	74	—	—	—	74
Forwards	—	338	—	(43)	295
FX swaps	—	583	—	(21)	562
Futures	—	41,257	—	(41,257)	—
Securities owned—Corporate bonds	—	579	—	—	579
<b>Total</b>	<b>\$ 58,416</b>	<b>\$ 42,757</b>	<b>\$ —</b>	<b>\$ (41,321)</b>	<b>\$ 59,852</b>

**Liabilities at Fair Value at December 31, 2020**

	Level 1	Level 2	Level 3	Netting and Collateral	Total
Futures	\$ —	\$ 42,183	\$ —	\$ (41,257)	\$ 926
FX swaps	—	340	—	(21)	319
Forwards	—	258	—	(43)	215
Contingent consideration	—	—	39,791	—	39,791
<b>Total</b>	<b>\$ —</b>	<b>\$ 42,781</b>	<b>\$ 39,791</b>	<b>\$ (41,321)</b>	<b>\$ 41,251</b>

**Level 3 Financial Liabilities**

Changes in Level 3 liabilities measured at fair value on a recurring basis for the year ended December 31, 2021 were as follows (in thousands):

	Opening Balance as of January 1, 2021	Total realized and unrealized (gains) losses included in Net income (loss)	Unrealized (gains) losses included in Other comprehensive income (loss) <sup>1</sup>	Purchases/ Issuances	Sales/ Settlements	Closing Balance at December 31, 2021	Unrealized (gains) Losses for the period included in:	
							Net income (loss) on Level 3 Assets / Liabilities Outstanding at December 31, 2021	Other comprehensive income (loss) on Level 3 Assets / Liabilities Outstanding at December 31, 2021
<b>Liabilities</b>								
Accounts payable, accrued and other liabilities:								
Contingent consideration	\$ 39,791	\$ 4,285	\$ —	\$ —	\$ (14,320)	\$ 29,756	\$ 4,285	\$ —

<sup>1</sup> Unrealized gains (losses) are reported in “Foreign currency translation adjustments,” in the Company’s consolidated statements of comprehensive income (loss).

Changes in Level 3 liabilities measured at fair value on a recurring basis for the year ended December 31, 2020 were as follows (in thousands):

	Opening Balance as of January 1, 2020	Total realized and unrealized (gains) losses included in Net income (loss) <sup>1</sup>	Unrealized (gains) losses included in Other comprehensive income (loss) <sup>2</sup>	Purchases/ Issuances	Sales/ Settlements	Closing Balance at December 31, 2020	Unrealized (gains) Losses for the period included in:	
							Net income (loss) on Level 3 Assets / Liabilities Outstanding at December 31, 2020	Other comprehensive income (loss) on Level 3 Assets / Liabilities Outstanding at December 31, 2020
<b>Liabilities</b>								
Accounts payable, accrued and other liabilities:								
Contingent consideration	\$ 42,159	\$ 4,661	\$ 55	\$ 2,959	\$ (10,043)	\$ 39,791	\$ 4,649	\$ —

1. Realized and unrealized gains (losses) are reported in “Other expenses” and “Other income (loss),” as applicable, in the Company’s consolidated statements of operations.
2. Unrealized gains (losses) are reported in “Foreign currency translation adjustments,” in the Company’s consolidated statements of comprehensive income (loss).

**Quantitative Information About Level 3 Fair Value Measurements on a Recurring Basis**

The following tables present quantitative information about the significant unobservable inputs utilized by the Company in the fair value measurement of Level 3 liabilities measured at fair value on a recurring basis (in thousands):

	Fair Value as of December 31, 2021		Valuation Technique	Unobservable Inputs	Range	Weighted Average
	Assets	Liabilities				
Contingent consideration	\$ —	\$ 29,756	Present value of expected payments	Discount rate <sup>1</sup> Probability of meeting earnout and contingencies	6.8%-10.3% 11%-100%	9.8% 71.8% <sup>2</sup>

1. The discount rate is based on the Company’s calculated weighted-average cost of capital.
2. The probability of meeting the earnout targets was based on the acquirees’ projected future financial performance, including revenues.

	Fair Value as of December 31, 2020		Valuation Technique	Unobservable Inputs	Range	Weighted Average
	Assets	Liabilities				
Contingent consideration	\$ —	\$ 39,791	Present value of expected payments	Discount rate <sup>1</sup> Probability of meeting earnout and contingencies	6.8%-10.3% 39%-100%	9.5% 82.9% <sup>2</sup>

1. The discount rate is based on the Company’s calculated weighted-average cost of capital.
2. The probability of meeting the earnout targets was based on the acquirees’ projected future financial performance, including revenues.

**Information About Uncertainty of Level 3 Fair Value Measurements**

The significant unobservable inputs used in the fair value of the Company’s contingent consideration are the discount rate and forecasted financial information. Significant increases (decreases) in the discount rate would have resulted in a significantly lower (higher) fair value measurement. Significant increases (decreases) in the forecasted financial information would have resulted in a significantly higher (lower) fair value measurement. As of December 31, 2021 and 2020, the present value of expected payments related to the Company’s contingent consideration was \$29.8 million and \$39.8 million, respectively. The undiscounted value of the payments, assuming that all contingencies are met, would be \$40.6 million and \$53.4 million as of December 31, 2021 and 2020, respectively.

**Fair Value Measurements on a Non-Recurring Basis**

Pursuant to the recognition and measurement guidance for equity investments, effective January 1, 2018, equity investments carried under the measurement alternative are remeasured at fair value on a non-recurring basis to reflect observable transactions which occurred during the period. The Company applied the measurement alternative to equity securities with the fair value of approximately \$82.0 million and \$83.0 million, which were included in “Other assets” in the Company’s consolidated statements of financial condition as of December 31, 2021 and 2020, respectively. These investments are classified within Level 2 in the fair value hierarchy, because their estimated fair value is based on valuation methods using the observable transaction price at the transaction date.

**14. Related Party Transactions**

**Service Agreements**

Throughout Europe and Asia, the Company provides Cantor with administrative services, technology services and other support, for which it charges Cantor based on the cost of providing such services plus a mark-up, generally 7.5%. In the U.K., the Company provides these services to Cantor through Tower Bridge. The Company owns 52% of Tower Bridge and consolidates it, and Cantor owns 48%. Cantor's interest in Tower Bridge is reflected as a component of "Noncontrolling interest in subsidiaries" in the Company's consolidated statements of financial condition, and the portion of Tower Bridge's income attributable to Cantor is included as part of "Net income (loss) attributable to noncontrolling interest in subsidiaries" in the Company's consolidated statements of operations. In the U.S., the Company provides Cantor with technology services, for which it charges Cantor based on the cost of providing such services.

The administrative services agreement provides that direct costs incurred are charged back to the service recipient. Additionally, the service recipient generally indemnifies the service provider for liabilities that it incurs arising from the provision of services, other than liabilities arising from fraud or willful misconduct of the service provider. In accordance with the administrative service agreement, the Company has not recognized any liabilities related to services provided to affiliates.

For the years ended December 31, 2021, 2020 and 2019, Cantor's share of the net profit (loss) in Tower Bridge was \$2.5 million, \$0.8 million and \$3.1 million, respectively. This net profit is included as part of "Net income (loss) attributable to noncontrolling interest in subsidiaries" in the Company's consolidated statements of operations.

On September 21, 2018, the Company entered into agreements to provide a guarantee and related obligation to Tower Bridge in connection with an office lease for the Company's headquarters in London. The Company is obligated to guarantee the obligations of Tower Bridge in the event of certain defaults under the applicable lease and ancillary arrangements. In July 2018, the Audit Committee also authorized management of the Company to enter into similar guarantees or provide other forms of credit support to Tower Bridge or other affiliates of the Company from time to time in the future in similar circumstances and on similar terms and conditions.

For the years ended December 31, 2021, 2020 and 2019, the Company recognized related party revenues of \$14.9 million, \$25.8 million and \$29.4 million, respectively, for the services provided to Cantor. These revenues are included as part of "Fees from related parties" in the Company's consolidated statements of operations.

In the U.S., Cantor and its affiliates provide the Company with administrative services and other support for which Cantor charges the Company based on the cost of providing such services. In connection with the services Cantor provides, the Company and Cantor entered into an administrative services agreement whereby certain employees of Cantor are deemed leased employees of the Company. For the years ended December 31, 2021, 2020 and 2019, the Company was charged \$81.9 million, \$62.6 million and \$59.1 million, respectively, for the services provided by Cantor and its affiliates, of which \$57.9 million, \$39.4 million and \$39.8 million, respectively, were to cover compensation to leased employees for the years ended December 31, 2021, 2020 and 2019. The fees charged by Cantor for administrative and support services, other than those to cover the compensation costs of leased employees, are included as part of "Fees to related parties" in the Company's consolidated statements of operations. The fees charged by Cantor to cover the compensation costs of leased employees are included as part of "Compensation and employee benefits" in the Company's consolidated statements of operations.

#### ***Purchase of Futures Exchange Group***

On July 30, 2021, the Company completed the purchase of the Futures Exchange Group for a purchase price of \$4.9 million at closing, plus the cash held at closing by the Futures Exchange Group, and an earn-out, only payable out of the Company's portion of the profits of the Futures Exchange Group, capped at the amount Cantor contributed to the Futures Exchange Group prior to closing. The transaction has been accounted for as a transaction between entities under common control.

As part of the purchase of the Futures Exchange Group, Cantor has agreed to indemnify the Company for certain expenses arising at the Futures Exchange Group up to a maximum of \$1.0 million. As of December 31, 2021, the Company has recorded assets of \$0.4 million in the Company's consolidated statements of financial condition for this indemnity.

In addition, the Futures Exchange Group received capital contributions from Cantor of \$5.3 million, \$4.6 million and \$3.9 million, for the years ended December 31, 2021, 2020 and 2019, respectively. These capital contributions were made prior to BGC's acquisition of the Futures Exchange Group.

#### ***Newmark Spin-Off***

The Separation and Distribution Agreement sets forth the agreements among BGC, Cantor, Newmark and their respective subsidiaries.

As a result of the Separation, the limited partnership interests in Newmark Holdings were distributed to the holders of limited partnership interests in BGC Holdings, including Cantor, whereby each holder of BGC Holdings limited partnership

interests at that time held a BGC Holdings limited partnership interest and a corresponding Newmark Holdings limited partnership interest, which is equal to a BGC Holdings limited partnership interest multiplied by the Contribution Ratio, divided by the Exchange Ratio. For additional information, see Note 2—“Limited Partnership Interests in BGC Holdings and Newmark Holdings.”

Subsequent to the Spin-Off, there are remaining partners who hold limited partnership interests in BGC Holdings who are Newmark employees, and there are remaining partners who hold limited partnership interests in Newmark Holdings who are BGC employees. These limited partnership interests represent interests that were held prior to the Newmark IPO or were distributed in connection with the Separation. Following the Newmark IPO, employees of BGC and Newmark only receive limited partnership interests in BGC Holdings and Newmark Holdings, respectively. As a result of the Spin-Off, as the existing limited partnership interests in BGC Holdings held by Newmark employees and the existing limited partnership interests in Newmark Holdings held by BGC employees are exchanged/redeemed, the related capital can be contributed to and from Cantor, respectively.

On November 30, 2018, BGC Partners caused its subsidiary, BGC Holdings, to distribute in the BGC Holdings Distribution pro rata all of the 1.5 million exchangeable interests of Newmark Holdings held by BGC Holdings immediately prior to the effective time of the BGC Holdings Distribution Date to its limited partners entitled to receive distributions on their BGC Holdings units who were holders of record of such units as of the Record Date (including Cantor and executive officers of BGC). The Newmark Holdings interests distributed to BGC Holdings partners in the BGC Holdings Distribution are exchangeable for shares of Newmark Class A common stock, and, in the case of the 0.4 million Newmark Holdings interests received by Cantor, also into shares of Newmark Class B common stock, at the current Exchange Ratio of 0.9444 shares of Newmark common stock per Newmark Holdings interest (subject to adjustment).

#### ***Clearing Agreement with Cantor***

The Company receives certain clearing services from Cantor pursuant to its clearing agreement. These clearing services are provided in exchange for payment by the Company of third-party clearing costs and allocated costs. The costs associated with these payments are included as part of “Fees to related parties” in the Company’s consolidated statements of operations. The costs for these services are included as part of the charges to BGC for services provided by Cantor and its affiliates as discussed in “Service Agreements” above.

#### ***Other Agreements with Cantor***

The Company is authorized to enter into short-term arrangements with Cantor to cover any delivery failures in connection with U.S. Treasury securities transactions and to share equally in any net income resulting from such transactions, as well as any similar clearing and settlement issues. As of December 31, 2021 and 2020, the Company had not facilitated any Repurchase Agreements with Cantor.

To more effectively manage the Company’s exposure to changes in FX rates, the Company and Cantor have agreed to jointly manage the exposure. As a result, the Company is authorized to divide the quarterly allocation of any profit or loss relating to FX currency hedging between the Company and Cantor. The amount allocated to each party is based on the total net exposure for the Company and Cantor. The ratio of gross exposures of the Company and Cantor is utilized to determine the shares of profit or loss allocated to each for the period. During the years ended December 31, 2021, 2020 and 2019, the Company recognized its share of FX gains of \$0.5 million, \$1.5 million and \$0.3 million, respectively. These gains and losses are included as part of “Other expenses” in the Company’s consolidated statements of operations.

Pursuant to the separation agreement relating to the Company’s acquisition of certain BGC businesses from Cantor in 2008, Cantor has a right, subject to certain conditions, to be the Company’s customer and to pay the lowest commissions paid by any other customer, whether by volume, dollar or other applicable measure. In addition, Cantor has an unlimited right to internally use market data from the Company without any cost. Any future related party transactions or arrangements between the Company and Cantor are subject to the prior approval by the Audit Committee. During the years ended December 31, 2021, 2020 and 2019, the Company recorded revenues from Cantor entities of \$0.1 million, \$0.1 million and \$0.2 million, respectively, related to commissions paid to the Company by Cantor. These revenues are included as part of “Commissions” in the Company’s consolidated statements of operations.

The Company and Cantor are authorized to utilize each other’s brokers to provide brokerage services for securities not brokered by such entity, so long as, unless otherwise agreed, such brokerage services were provided in the ordinary course and on terms no less favorable to the receiving party than such services are provided to typical third-party customers.

In August 2013, the Audit Committee authorized the Company to invest up to \$350.0 million in an asset-backed commercial paper program for which certain Cantor entities serve as placement agent and referral agent. The program issues short-term notes to money market investors and is expected to be used by the Company from time to time as a liquidity

management vehicle. The notes are backed by assets of highly rated banks. The Company is entitled to invest in the program so long as the program meets investment policy guidelines, including policies related to ratings. Cantor will earn a spread between the rate it receives from the short-term note issuer and the rate it pays to the Company on any investments in this program. This spread will be no greater than the spread earned by Cantor for placement of any other commercial paper note in the program. As of December 31, 2021 and December 31, 2020, the Company did not have any investments in the program.

On June 5, 2015, the Company entered into the Exchange Agreement with Cantor providing Cantor, CFGM and other Cantor affiliates entitled to hold BGC Class B common stock the right to exchange from time to time, on a one-to-one basis, subject to adjustment, up to an aggregate of 34.6 million shares of BGC Class A common stock now owned or subsequently acquired by such Cantor entities for up to an aggregate of 34.6 million shares of BGC Class B common stock. Such shares of BGC Class B common stock, which currently can be acquired upon the exchange of Cantor units owned in BGC Holdings, are already included in the Company's fully diluted share count and will not increase Cantor's current maximum potential voting power in the common equity. The Exchange Agreement enabled the Cantor entities to acquire the same number of shares of BGC Class B common stock that they were already entitled to acquire without having to exchange its Cantor units in BGC Holdings. The Audit Committee and Board determined that it was in the best interests of the Company and its stockholders to approve the Exchange Agreement because it will help ensure that Cantor retains its units in BGC Holdings, which is the same partnership in which the Company's partner employees participate, thus continuing to align the interests of Cantor with those of the partner employees.

On November 23, 2018, in the Class B Issuance, BGC Partners issued 10.3 million shares of BGC Partners Class B common stock to Cantor and 0.7 million shares of BGC Partners Class B common stock to CFGM, in each case in exchange for shares of BGC Class A common stock owned by Cantor and CFGM, respectively, on a one-to-one basis pursuant to the Exchange Agreement. Pursuant to the Exchange Agreement, no additional consideration was paid to BGC Partners by Cantor or CFGM for the Class B Issuance. Following this exchange, Cantor and its affiliates have the right to exchange under the Exchange Agreement up to an aggregate of 23.6 million shares of BGC Class A common stock, now owned or subsequently acquired, or its Cantor units in BGC Holdings, into shares of BGC Class B common stock. As of December 31, 2021, Cantor and CFGM do not own any shares of BGC Class A common stock.

The Company and Cantor have agreed that any shares of BGC Class B common stock issued in connection with the Exchange Agreement would be deducted from the aggregate number of shares of BGC Class B common stock that may be issued to the Cantor entities upon exchange of Cantor units in BGC Holdings. Accordingly, the Cantor entities will not be entitled to receive any more shares of BGC Class B common stock under this agreement than they were previously eligible to receive upon exchange of exchangeable limited partnership units.

On March 19, 2018, the Company entered into the BGC Credit Agreement with Cantor. The BGC Credit Agreement provides for each party and certain of its subsidiaries to issue loans to the other party or any of its subsidiaries in the lender's discretion in an aggregate principal amount up to \$250.0 million outstanding at any time. The BGC Credit Agreement replaced the previous Credit Facility between BGC and an affiliate of Cantor. On August 6, 2018, the Company entered into an amendment to the BGC Credit Agreement, which increased the aggregate principal amount that could be loaned to the other party or any of its subsidiaries from \$250.0 million to \$400.0 million that can be outstanding at any time. The BGC Credit Agreement will mature on the earlier to occur of (a) March 19, 2022, after which the maturity date of the BGC Credit Agreement will continue to be extended for successive one-year periods unless prior written notice of non-extension is given by a lending party to a borrowing party at least six months in advance of such renewal date and (b) the termination of the BGC Credit Agreement by either party pursuant to its terms. The outstanding amounts under the BGC Credit Agreement will bear interest for any rate period at a per annum rate equal to the higher of BGC's or Cantor's short-term borrowing rate in effect at such time plus 1.00%. As of December 31, 2021 and 2020, there were no borrowings by BGC or Cantor outstanding under this Agreement. The Company did not record any interest expense related to the agreement for the year ended December 31, 2021. The Company recorded interest expense related to the Agreement of \$0.4 million for the year ended December 31, 2020. The Company did not record any interest expense related to the agreement for the year ended December 31, 2019.

As part of the Company's cash management process, the Company may enter into tri-party reverse repurchase agreements and other short-term investments, some of which may be with Cantor. As of December 31, 2021 and 2020, the Company had no reverse repurchase agreements.

#### ***Receivables from and Payables to Related Broker-Dealers***

Amounts due to or from Cantor and Freedom, one of the Company's equity method investments, are for transactional revenues under a technology and services agreement with Freedom, as well as for open derivative contracts. These are included as part of "Receivables from broker-dealers, clearing organizations, customers and related broker-dealers" or "Payables to broker-dealers, clearing organizations, customers and related broker-dealers" in the Company's consolidated statements of financial condition. As of December 31, 2021 and 2020, the Company had receivables from Freedom of \$1.4 million. As of

December 31, 2021 and 2020, the Company had \$2.5 million and \$0.6 million, respectively, in receivables from Cantor related to open derivative contracts. As of December 31, 2021 and 2020, the Company had \$1.5 million and \$0.1 million, respectively, in payables to Cantor related to open derivative contracts. As of December 31, 2021, the Company did not have any receivables from and payables to Cantor related to fails and pending trades. As of December 31, 2020, the Company had \$26.0 million in payables to Cantor related to fails and pending trades.

#### ***Loans, Forgivable Loans and Other Receivables from Employees and Partners, Net***

The Company has entered into various agreements with certain employees and partners whereby these individuals receive loans which may be either wholly or in part repaid from the distributions that the individuals receive on some or all of their LPUs and from proceeds of the sale of the employees' shares of BGC Class A common stock or may be forgiven over a period of time. The forgivable portion of these loans is recognized as compensation expense over the life of the loan. From time to time, the Company may also enter into agreements with employees and partners to grant bonus and salary advances or other types of loans. These advances and loans are repayable in the timeframes outlined in the underlying agreements.

As of December 31, 2021 and 2020, the aggregate balance of employee loans, net, was \$287.0 million and \$408.1 million, respectively, and is included as "Loans, forgivable loans and other receivables from employees and partners, net" in the Company's consolidated statements of financial condition. Compensation expense for the above-mentioned employee loans for the years ended December 31, 2021, 2020 and 2019 was \$217.7 million, \$67.0 million and \$35.7 million, respectively. The compensation expense related to these employee loans is included as part of "Compensation and employee benefits" in the Company's consolidated statements of operations.

Interest income on the above-mentioned employee loans for the years ended December 31, 2021, 2020 and 2019 was \$10.0 million, \$8.8 million and \$4.8 million, respectively. The interest income related to these employee loans is included as part of "Interest and dividend income" in the Company's consolidated statements of operations.

#### ***CEO Program and Other Transactions with CF&Co***

As discussed in Note 7—"Stock Transactions and Unit Redemptions," the Company entered into the March 2018 Sales Agreement with CF&Co, as the Company's sales agent under the CEO Program. During the year ended December 31, 2021, the Company did not sell any shares of Class A common stock under the March 2018 Sales Agreement. The March 2018 Sales Agreement expired in September 2021. During the year ended December 31, 2020, the Company sold 0.2 million shares under the March 2018 Sales Agreement for aggregate proceeds of \$0.9 million, at a weighted-average price of \$4.11 per share. For the year ended December 31, 2021, the Company was not charged for services provided by CF&Co related to the CEO program with CF&Co. For the years ended December 31, 2020 and 2019, the Company was charged approximately \$9 thousand and \$0.1 million, respectively, for services provided by CF&Co related to the Company's Sales Agreements with CF&Co. The net proceeds of the shares sold are included as part of "Additional paid-in capital" in the Company's consolidated statements of financial condition.

The Company has engaged CF&Co and its affiliates to act as financial advisors in connection with one or more third-party business combination transactions as requested by the Company on behalf of its affiliates from time to time on specified terms, conditions and fees. The Company may pay finders', investment banking or financial advisory fees to broker-dealers, including, but not limited to, CF&Co and its affiliates, from time to time in connection with certain business combination transactions, and, in some cases, the Company may issue shares of BGC Class A common stock in full or partial payment of such fees.

On October 3, 2014, management was granted approval by the Board and Audit Committee to enter into stock loan transactions with CF&Co utilizing equities securities. Such stock loan transactions will bear market terms and rates. As of December 31, 2021 and 2020, the Company did not have any Securities loaned transactions with CF&Co. Securities loaned transactions are included in "Securities loaned" in the Company's consolidated statements of financial condition.

On May 27, 2016, the Company issued an aggregate of \$300.0 million principal amount of 5.125% Senior Notes. In connection with this issuance of the 5.125% Senior Notes, the Company recorded \$0.5 million in underwriting fees payable to CF&Co. These fees were recorded as a deduction from the carrying amount of the debt liability, which is amortized as interest expense over the term of the notes. Cantor tendered \$15.0 million of such senior notes in the tender offer completed on August 14, 2020, and did not hold such notes as of December 31, 2021.

On July 24, 2018, the Company issued an aggregate of \$450.0 million principal amount of 5.375% Senior Notes. The 5.375% Senior Notes are general senior unsecured obligations of the Company. In connection with this issuance of the 5.375% Senior Notes, the Company recorded approximately \$0.3 million in underwriting fees payable to CF&Co. The Company also paid CF&Co an advisory fee of \$0.2 million in connection with the issuance. These fees were recorded as a deduction from the carrying amount of the debt liability, which is amortized as interest expense over the term of the notes.

On September 27, 2019, the Company issued an aggregate of \$300.0 million principal amount of 3.750% Senior Notes. In connection with this issuance of the 3.750% Senior Notes, the Company recorded \$0.2 million in underwriting fees payable to CF&Co. These fees were recorded as a deduction from the carrying amount of the debt liability, which is amortized as interest expense over the term of the notes.

On June 11, 2020, the Company's Board of Directors and its Audit Committee authorized a debt repurchase program for the repurchase by the Company of up to \$50.0 million of Company Debt Securities. Repurchases of Company Debt Securities, if any, are expected to reduce future cash interest payments, as well as future amounts due at maturity or upon redemption. Under the authorization, the Company may make repurchases of Company Debt Securities for cash from time to time in the open market or in privately negotiated transactions upon such terms and at such prices as management may determine. Additionally, the Company is authorized to make any such repurchases of Company Debt Securities through CF&Co (or its affiliates), in its capacity as agent or principal, or such other broker-dealers as management shall determine to utilize from time to time, and such repurchases shall be subject to brokerage commissions which are no higher than standard market commission rates. As of December 31, 2021, the Company had \$50.0 million remaining from its debt repurchase authorization.

On July 10, 2020, the Company issued an aggregate of \$300.0 million principal amount of 4.375% Senior Notes. In connection with this issuance of the 4.375% Senior Notes, the Company recorded \$0.2 million in underwriting fees payable to CF&Co. These fees were recorded as a deduction from the carrying amount of the debt liability, which is amortized as interest expense over the term of the notes. Cantor purchased \$14.5 million of such senior notes and still holds such notes as of December 31, 2021.

On August 14, 2020, the Company completed the cash tender offer to purchase its 5.125% Senior Notes. As of the expiration time, \$44.0 million aggregate principal amount of the Notes (14.66%) were validly tendered. CF&Co acted as one of the dealer managers for the offer. As a result of this transaction, \$14 thousand in dealer management fees were paid to CF&Co.

Under rules adopted by the CFTC, all foreign introducing brokers engaging in transactions with U.S. persons are required to register with the NFA and either meet financial reporting and net capital requirements on an individual basis or obtain a guarantee agreement from a registered FCM. From time to time, the Company's foreign-based brokers engage in interest rate swap transactions with U.S.-based counterparties, and, therefore, the Company is subject to the CFTC requirements. Mint Brokers has entered into guarantees on behalf of the Company, and the Company is required to indemnify Mint Brokers for the amounts, if any, paid by Mint Brokers on behalf of the Company pursuant to this arrangement. Effective April 1, 2020, these guarantees were transferred to Mint Brokers from CF&Co. During the years ended December 31, 2021, 2020 and 2019, the Company recorded fees of \$0.1 million with respect to these guarantees. These fees were included in "Fees to related parties" in the Company's consolidated statements of operations.

#### ***Cantor Rights to Purchase Cantor Units from BGC Holdings***

Cantor has the right to purchase Cantor units from BGC Holdings upon redemption of non-exchangeable FPU's redeemed by BGC Holdings upon termination or bankruptcy of the Founding/Working Partner. In addition, pursuant to Article Eight, Section 8.08, of the Second Amended and Restated BGC Holdings Limited Partnership Agreement (previously the Sixth Amendment), where either current, terminating, or terminated partners are permitted by the Company to exchange any portion of their FPU's and Cantor consents to such exchangeability, the Company shall offer to Cantor the opportunity for Cantor to purchase the same number of Cantor units in BGC Holdings at the price that Cantor would have paid for Cantor units had the Company redeemed the FPU's. If Cantor acquires any Cantor units as a result of the purchase or redemption by BGC Holdings of any FPU's, Cantor will be entitled to the benefits (including distributions) of such units it acquires from the date of termination or bankruptcy of the applicable Founding/Working Partner. In addition, any such Cantor units purchased by Cantor are currently exchangeable for up to 23.6 million shares of BGC Class B common stock or, at Cantor's election or if there are no such additional shares of BGC Class B common stock, shares of BGC Class A common stock, in each case on a one-for-one basis (subject to customary anti-dilution adjustments).

On March 31, 2021, Cantor purchased from BGC Holdings an aggregate of 1,149,684 Cantor units for aggregate consideration of \$2,104,433 as a result of the redemption of 1,149,684 FPU's, and 1,618,376 Cantor units for aggregate consideration of \$3,040,411 as a result of the exchange of 1,618,376 FPU's. Each Cantor unit in BGC Holdings held by Cantor is exchangeable by Cantor at any time on a one-for-one basis (subject to adjustment) for shares of BGC Class A common stock.

On October 28, 2021, Cantor purchased from BGC Holdings an aggregate of 460,929 Cantor units for an aggregate consideration of \$715,605 as a result of the redemption of 460,929 FPU's, and 1,179,942 Cantor units for aggregate consideration of \$2,033,838 as a result of the exchange of 1,179,942 FPU's. Each Cantor unit in BGC Holdings held by Cantor is exchangeable by Cantor at any time on a one-for-one basis (subject to adjustment) for shares of BGC Class A common stock.

As of December 31, 2021, there were no FPU's in BGC Holdings remaining, which BGC Holdings had the right to redeem or exchange and with respect to which Cantor will have the right to purchase an equivalent number of Cantor units following such redemption or exchange.

#### ***Cantor Aurel Revenue Sharing Agreement***

On June 24, 2021, the Board and Audit Committee authorized our French subsidiary, Aurel BGC SAS, to enter into a revenue sharing agreement pursuant to which Cantor shall provide services to Aurel to support Aurel's investment banking activities with respect to special purpose acquisition companies. The services provided by Cantor to Aurel in support of such SPAC Investment Banking Activities shall include referral of clients, structuring advice, financial advisory services, referral of investors, deal execution services, and other advisory services in support of Aurel's SPAC Investment Banking Activities pursuant to its French investment services license. As compensation, Cantor shall receive a revenue share of 80% of Aurel's net revenue attributable to SPAC Investment Banking Activities. The term of the revenue sharing agreement is for an initial period of 12 months, which automatically renews each year unless either party provides notice of termination at least three months prior to the anniversary. Aurel is also authorized to serve as bookrunner, underwriter or advisor in connection with French SPACs which are sponsored by Cantor at market rates for such services. For the year ended December 31, 2021, Aurel had \$2.5 million of revenue and \$1.7 million of fees payable to Cantor attributable to SPAC Investment Banking Activities, which were included as part of "Other revenues" and "Fees to related parties", respectively, in the Company's consolidated statements of operations.

#### ***Transactions with Executive Officers and Directors***

On February 22, 2021, the Company granted Sean A. Windeatt 123,713 exchange rights with respect to 123,713 non-exchangeable LPUs that were previously granted to Mr. Windeatt on February 22, 2019. The resulting 123,713 exchangeable LPUs are immediately exchangeable by Mr. Windeatt for an aggregate of 123,713 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 28,477 non-exchangeable PLPUs held by Mr. Windeatt, for a payment of \$178,266 for taxes when the LPU units are exchanged.

On April 8, 2021, the Compensation Committee approved the repurchase by the Company on April 23, 2021 of 123,713 exchangeable BGC Holdings LPU-NEWs held by Mr. Windeatt at the price of \$5.65, which was the closing price of the Company's Class A common stock on April 23, 2021, and the redemption of 28,477 exchangeable BGC Holdings PLPU-NEWs held by Mr. Windeatt for \$178,266, less applicable taxes and withholdings.

On April 8, 2021, the Compensation Committee approved the repurchase by the Company of the remaining 62,211 exchangeable BGC Holdings LPUs held by Mr. Windeatt that were granted exchangeability on March 2, 2020 at the price of \$5.38, the closing price of Class A common stock on April 8, 2020.

On April 28, 2021, the Compensation Committee approved an additional monetization opportunity for Mr. Merkel. Effective April 29, 2021, 108,350 of Mr. Merkel's 273,612 non-exchangeable BGC Holdings PSUs were redeemed for zero, 101,358 of Mr. Merkel's 250,659 non-exchangeable BGC Holdings PPSUs were redeemed for a cash payment of \$575,687, and 108,350 shares of BGC Class A common stock were issued to Mr. Merkel. On April 29, 2021, the 108,350 shares of BGC Class A common stock were repurchased from Mr. Merkel at the closing price of the Company's Class A common stock on that date, under the Company's stock buyback program.

On June 28, 2021, (i) the Company exchanged 520,380 exchangeable LPUs held by Mr. Lutnick at the price of \$5.86, which was the closing price of the Company's Class A common stock on June 28, 2021, for 520,380 shares of BGC Class A common stock, less applicable taxes and withholdings, resulting in the delivery of 365,229 net shares of BGC Class A common stock to Mr. Lutnick, and in connection with the exchange of these 520,380 exchangeable LPUs, 425,765 exchangeable PLPUs were redeemed for a cash payment of \$1,525,705 towards taxes; (ii) 88,636 non-exchangeable LPUs were redeemed for zero, and in connection therewith the Company issued Mr. Lutnick 88,636 shares of BGC Class A common stock, less applicable taxes and withholdings, resulting in the delivery of 41,464 net shares of BGC Class A common stock to Mr. Lutnick; and (iii) 1,131,774 H Units held by Mr. Lutnick were redeemed for 1,131,774 HDUs with a capital account of \$7,017,000, and in connection with the redemption of these 1,131,774 H Units, 1,018,390 Preferred H Units were redeemed for \$7,983,000 for taxes.

On December 21, 2021, the Compensation Committee approved a monetization opportunity for Mr. Lutnick. Effective December 21, 2021, 1,939,896 of Mr. Lutnick's non-exchangeable BGC Holdings PPSUs were redeemed for a payment of \$10,851,803. Mr. Lutnick also elected to redeem all of his 425,766 exchangeable BGC Holdings PPSUs for a payment of \$1,525,706. In connection with the foregoing, Mr. Lutnick's 2,011,731 non-exchangeable BGC Holdings PSUs were redeemed for zero and 2,011,731 shares of BGC Class A common stock were issued to Mr. Lutnick. In addition, 376,651 H Units held by Mr. Lutnick were redeemed for 376,651 HDUs with a capital account of \$2,339,003, and in connection with the redemption of these 376,651 H Units, 463,969 Preferred H Units were redeemed for \$2,661,000 for taxes.

On December 21, 2021, the Compensation Committee approved a monetization opportunity for Mr. Merkel. Effective December 21, 2021, 90,366 non-exchangeable BGC Holdings PSUs were redeemed for zero, 149,301 of Mr. Merkel's non-exchangeable BGC Holdings PPSUs were redeemed for a cash payment of \$555,990, and 90,366 shares of BGC Class A common stock were issued to Mr. Merkel.

On March 2, 2020, the Company granted Stephen M. Merkel 360,065 exchange rights with respect to 360,065 non-exchangeable PSUs that were previously granted to Mr. Merkel. The resulting 360,065 exchangeable PSUs were immediately exchangeable by Mr. Merkel for an aggregate of 360,065 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. On March 20, 2020, the Company redeemed 185,300 of such 360,065 exchangeable PSUs held by Mr. Merkel at the average price of shares of BGC Class A common stock sold under BGC's CEO Program from March 10, 2020 to March 13, 2020 less 1% (approximately \$4.0024 per PSU, for an aggregate redemption price of approximately \$741,644). The transaction was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 265,568 non-exchangeable PPSUs held by Mr. Merkel, for a payment of \$1,507,285 for taxes when the PSU units are exchanged. In connection with the redemption of the 185,300 PSUs, 122,579 PPSUs were redeemed for \$661,303 for taxes. On July 30, 2020, the Company redeemed the remaining 174,765 exchangeable PSUs held by Mr. Merkel at the price of \$2.76, the closing price of our Class A Common Stock on July 30, 2020. This transaction was approved by the Compensation Committee. In connection with the redemption of the 174,765 PSUs on July 30, 2020, 142,989 PPSUs were redeemed for \$846,182 for taxes.

On March 2, 2020, the Company granted Shaun D. Lynn 883,348 exchange rights with respect to 883,348 non-exchangeable LPUs that were previously granted to Mr. Lynn. The resulting 883,348 exchangeable LPUs were immediately exchangeable by Mr. Lynn for an aggregate of 883,348 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 245,140 non-exchangeable PLPUs held by Mr. Lynn, for a payment of \$1,099,599 for taxes when the LPU units are exchanged. On July 30, 2020, the Company redeemed 797,222 exchangeable LPUs held by Mr. Lynn at the price of \$2.76, the closing price of our Class A Common Stock on July 30, 2020. This transaction was approved by the Compensation Committee. In connection with the redemption of the 797,222 exchangeable LPUs, 221,239 exchangeable PLPUs were redeemed for \$992,388 for taxes. In connection with the redemption, Mr. Lynn's remaining 86,126 exchangeable LPUs and 23,901 exchangeable PLPUs were redeemed for zero upon exchange in connection with his LLP status.

On March 2, 2020, the Company granted Sean A. Windeatt 519,725 exchange rights with respect to 519,725 non-exchangeable LPUs that were previously granted to Mr. Windeatt. The resulting 519,725 exchangeable LPUs were immediately exchangeable by Mr. Windeatt for an aggregate of 519,725 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 97,656 non-exchangeable PLPUs held by Mr. Windeatt, for a payment of \$645,779 for taxes when the LPU units are exchanged. On August 5, 2020, the Company redeemed 436,665 exchangeable LPUs held by Mr. Windeatt at the price of \$2.90, the closing price of our Class A common stock on August 5, 2020. This transaction was approved by the Compensation Committee. In connection with the redemption of the 436,665 exchangeable LPUs, 96,216 exchangeable PLPUs were redeemed for \$637,866 for taxes. In connection with the redemption, 20,849 exchangeable LPUs and 1,440 exchangeable PLPUs were redeemed for zero upon exchange in connection with Mr. Windeatt's LLP status.

Additionally, on August 5, 2020, the Company granted Mr. Windeatt 40,437 exchange rights with respect to 40,437 non-exchangeable LPUs that were previously granted to Mr. Windeatt. The resulting 40,437 exchangeable LPUs were immediately exchangeable by Mr. Windeatt for an aggregate of 40,437 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 21,774 non-exchangeable PLPUs held by Mr. Windeatt. On August 5, 2020, the Company redeemed these 40,437 exchangeable LPUs held by Mr. Windeatt at the price of \$2.90, the closing price of our Class A common stock on August 5, 2020. This transaction was approved by the Compensation Committee. In connection with the redemption of these 40,437 exchangeable LPUs, the 21,774 exchangeable PLPUs were redeemed for \$136,305 for taxes.

In addition to the foregoing, on August 6, 2020, Mr. Windeatt was granted exchange rights with respect to 43,890 non-exchangeable Newmark Holding LPUs that were previously granted to Mr. Windeatt. Additionally, Mr. Windeatt was granted the right to exchange for cash 17,068 non-exchangeable Newmark Holdings PLPUs held by Mr. Windeatt. As these Newmark Holdings LPUs and PLPUs were previously non-exchangeable, the Company took a transaction charge of \$381,961 upon grant of exchangeability. On August 6, 2020, Newmark redeemed the 40,209 Newmark Holdings exchangeable LPUs held by Mr. Windeatt for an amount equal to the closing price of Newmark's Class A Common Stock on August 6, 2020 (\$4.16) multiplied by 37,660 (the amount of shares of Newmark's Class A Common Stock the 40,209 Newmark Holdings LPUs were exchangeable into based on the Exchange Ratio at August 6, 2020). In connection with the redemption of these 40,209 exchangeable Newmark Holdings LPUs, 15,637 exchangeable Newmark Holdings PLPUs were redeemed for \$194,086 for taxes. In connection with the redemption, 3,681 exchangeable Newmark Holding LPUs and 1,431 exchangeable Newmark Holdings PLPUs were redeemed for zero upon exchange in connection with Mr. Windeatt's LLP status.

On March 27, 2019, the Audit and Compensation Committees authorized the purchase by the Company from Mr. Merkel of up to 250,000 shares of BGC Class A common stock at the closing price on March 26, 2019. Pursuant to this authorization, 233,172 shares of BGC Class A common stock were purchased by the Company on March 27, 2019 at \$5.30 per share, the closing price on March 26, 2019.

On February 27, 2019, the Audit Committee authorized the purchase by Mr. Lutnick's retirement plan of up to \$56,038 of BGC Class A common stock at the closing price on March 4, 2019. Pursuant to this authorization, 8,980 shares of BGC Class A common stock were purchased by the plan on March 5, 2019 at \$6.24 per share, the closing price on March 4, 2019.

In connection with the Company's 2019 executive compensation process, the Company's executive officers received certain monetization of prior awards as set forth below.

On December 31, 2019, the Compensation Committee approved the cancellation of 113,032 non-exchangeable PSUs held by Mr. Merkel, and the cancellation of 89,225 non-exchangeable PPSUs (which had a determination price of \$5.36 per unit). In connection with these transactions, the Company issued \$1,062,500 in BGC Class A common stock, less applicable taxes and withholdings at a 45% tax rate, resulting in 113,032 net shares of BGC Class A common stock at a price of \$5.17 per share and the payment of \$478,123 for taxes.

On December 31, 2019, the Compensation Committee approved the monetization of 760,797 PPSUs held by Mr. Lutnick (which at an average determination price of \$6.57 per share on such date, had a value of \$5,000,000). On February 1, 2019, the Compensation Committee approved a modification which consisted of the following: (i) the right to exchange 376,651 non-exchangeable PSUs held by Mr. Lutnick into 376,651 non-exchangeable HDUs (which, based on the closing price of BGC Class A common stock of \$6.21 per share on such date, had a value of \$2,339,000); and (ii) the right to exchange for cash 463,969 non-exchangeable PPSUs held by Mr. Lutnick, for a payment of \$2,661,000 for taxes when (i) is exchanged.

On December 31, 2019, the Compensation Committee approved the grant of exchange rights to Mr. Windeatt with respect to 139,265 non-exchangeable U.K. LPUs (which at the closing price of \$5.17 per share on such date, had a value of \$720,000) and the exchange for cash (at the average determination price of \$4.388 per unit) of 63,814 non-exchangeable PLPUs for a payment of \$280,002 for taxes. On February 22, 2019, the Compensation Committee approved the grant of exchange rights to Mr. Windeatt with respect to an additional 22,020 non-exchangeable U.K. LPUs (which at the closing price of \$6.26 per share on such date, had a value of \$137,845) and the exchange for cash (at the average determination price of \$5.6457 per unit) of 9,495 non-exchangeable PLPUs for a payment of \$53,606 for taxes.

On December 31, 2019, the Compensation Committee approved the grant of exchange rights to Mr. Lynn with respect to 750,308 non-exchangeable U.K. LPUs (which at the closing price of \$5.17 per share on such date, had a value of \$3,879,092) and the exchange for cash (at the average determination price of \$3.894 per unit) of \$287,888 non-exchangeable PLPUs for a payment of \$1,120,909 for taxes. On February 22, 2019, the Compensation Committee approved the grant of exchange rights to Mr. Lynn with respect to an additional 43,131 non-exchangeable U.K. LPUs (which at the closing price of \$6.26 per share on such date, had a value of \$270,000) and the exchange for cash (at the average determination price of \$4.1239 per unit) of 25,461 non-exchangeable PLPUs for a payment of \$105,000 for taxes.

#### ***Transactions with the Relief Fund***

During the year ended December 31, 2015, the Company committed to make charitable contributions to the Cantor Fitzgerald Relief Fund in the amount of \$40.0 million, which the Company recorded in "Other expenses" in the Company's consolidated statements of operations for the year ended December 31, 2015. As of December 31, 2021 and 2020, the remaining liability associated with this commitment was \$1.7 million and \$1.6 million, respectively, which is included in "Accounts payable, accrued and other liabilities" in the Company's consolidated statements of financial condition. Further, as of December 31, 2021 and 2020 the Company had a liability to the Cantor Fitzgerald Relief Fund for \$8.3 million and \$1.1 million, respectively, associated with \$7.2 million and \$1.1 million of additional expense taken in September of 2021 and 2020, respectively.

#### ***Other Transactions***

As of December 31, 2021 and 2020, BGC recognized \$8.3 million payable to Newmark, which is included as part of "Payables to related parties" and "Accounts payable, accrued and other liabilities", respectively, in the Company's consolidated statements of financial condition. The payable was a result of taxes paid by Newmark on its share of taxable income which were included as part of the Company's consolidated tax return in the periods prior to the Spin-Off.

The Company is authorized to enter into loans, investments or other credit support arrangements for Aqua, an alternative electronic trading platform that offers new pools of block liquidity to the global equities markets; such arrangements

are proportionally and on the same terms as similar arrangements between Aqua and Cantor. On February 5, 2020 and February 25, 2021, the Board and Audit Committee increased the authorized amount by an additional \$2.0 million and \$1.0 million, respectively, to an aggregate of \$20.2 million. The Company has been further authorized to provide counterparty or similar guarantees on behalf of Aqua from time to time, provided that liability for any such guarantees, as well as similar guarantees provided by Cantor, would be shared proportionally with Cantor. Aqua is 51% owned by Cantor and 49% owned by the Company. Aqua is accounted for under the equity method. During the years ended December 31, 2021 and 2020, the Company made \$1.1 million and \$1.5 million, respectively, in contributions to Aqua. These contributions are recorded as part of “Investments” in the Company’s consolidated statements of financial condition.

The Company has also entered into a subordinated loan agreement with Aqua, whereby the Company loaned Aqua the principal sum of \$980 thousand. The scheduled maturity date on the subordinated loan is September 1, 2023, and the current rate of interest on the loan is LIBOR plus 600 basis points. The loan to Aqua is recorded as part of “Receivables from related parties” in the Company’s consolidated statements of financial condition.

On October 25, 2016, the Board and Audit Committee authorized the purchase of 9,000 Class B Units of Lucera, representing all of the issued and outstanding Class B Units of Lucera not already owned by the Company. On November 4, 2016, the Company completed this transaction. As a result of this transaction, the Company owns 100% of the ownership interests in Lucera.

In the purchase agreement, by which the Company acquired Cantor’s remaining interest in Lucera, Cantor agreed, subject to certain exceptions, not to solicit certain senior executives of Lucera’s business and was granted the right to be a customer of Lucera’s businesses on the best terms made available to any other customer.

The aggregate purchase price paid by the Company to Cantor consisted of approximately \$24.2 million in cash plus a \$4.8 million post-closing adjustment determined after closing based on netting Lucera’s expenses paid by Cantor after May 1, 2016 against accounts receivable owed to Lucera by Cantor for access to Lucera’s business from May 1, 2016 through the closing date. The Company previously had a 20% ownership interest in Lucera and accounted for its investment using the equity method. The purchase has been accounted for as a transaction between entities under common control. During the years ended December 31, 2021, 2020 and 2019, respectively, Lucera recognized \$0.2 million, \$0.7 million and \$0.4 million in related party revenues from Cantor. These revenues are included in “Data, software and post-trade” in the Company’s consolidated statements of operations.

On December 13, 2017, BGC and Newmark entered into various agreements to separate the business of Newmark from BGC in anticipation of the Spin-Off which was consummated on November 30, 2018. Effective on November 9, 2020, in furtherance of the Separation and Spin-Off, BGC has assigned certain of its assets to Cantor. In consideration of the transfer of the assets to Cantor, BGC has received payment of \$4.5 million from Cantor, which represents the aggregate net book value of the assigned assets as of October 31, 2020.

#### ***BGC Sublease From Newmark***

In May 2020, BGC U.S. OpCo entered into an arrangement to sublease excess space from RKF Retail Holdings LLC, a subsidiary of Newmark, which sublease was approved by the Audit Committee. The deal was a one-year sublease of approximately 21,000 rentable square feet in New York City. Under the terms of the sublease, BGC U.S. OpCo paid a fixed rent amount of \$1.1 million in addition to all operating and tax expenses attributable to the lease. In May 2021, the sublease was amended to provide for a rate of \$15 thousand per month based on the size of utilized space, with terms extending on a month-to-month basis. In connection with the sublease, BGC U.S. OpCo paid \$0.5 million and \$0.8 million for the years ended December 31, 2021 and 2020, respectively.

## 15. Investments

### *Equity Method Investments and Investments Carried Under the Measurement Alternative*

<i>(in thousands)</i>	Percent Ownership <sup>1</sup>	December 31, 2021	December 31, 2020
Advanced Markets Holdings	25% / 43%	\$ 5,110	\$ 8,867
China Credit BGC Money Broking Company Limited	33 %	16,784	15,119
Freedom International Brokerage	45 %	9,794	9,800
Other		1,159	3,873
Equity method investments		\$ 32,847	\$ 37,659
Investments carried under measurement alternative		192	349
Total equity method and investments carried under measurement alternative		\$ 33,039	\$ 38,008

<sup>1</sup> Represents the Company's voting interest in the equity method investment as of December 31, 2021 and 2020.

The carrying value of the Company's equity method investments was \$32.8 million and \$37.7 million as of December 31, 2021 and 2020, respectively, and is included in "Investments" in the Company's consolidated statements of financial condition.

The Company recognized gains of \$6.7 million, \$5.0 million and \$4.1 million related to its equity method investments for the years ended December 31, 2021, 2020 and 2019, respectively. The Company's share of the net gains or losses is reflected in "Gains (losses) on equity method investments" in the Company's consolidated statements of operations.

For the year ended December 31, 2021, the Company did not recognize any impairment charges relating to existing equity method investments. For the year ended December 31, 2020, the Company recorded impairment charges of \$3.9 million relating to existing equity method investments. The impairment was recorded in "Other income (loss)" in the Company's consolidated statements of operations. For the year ended December 31, 2019, the Company did not recognize any impairment charges relating to existing equity method investments. The Company sold part of an equity method investment with a fair value of \$3.8 million during the year ended December 31, 2021. During the years ended December 31, 2020 and 2019, the Company did not sell any equity method investments.

Summarized financial information for the Company's equity method investments is as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
<b>Statements of operations:</b>			
Total revenues	\$ 108,458	\$ 94,744	\$ 77,211
Total expenses	82,581	71,241	61,680
Net income	\$ 25,877	\$ 23,503	\$ 15,531
		<b>December 31,</b>	
		2021	2020
<b>Statements of financial condition:</b>			
Cash and cash equivalents		\$ 104,855	\$ 89,627
Fixed assets, net		2,603	2,806
Other assets		42,640	29,065
Total assets		\$ 150,098	\$ 121,498
Payables to related parties		2,000	2,000
Other liabilities		92,114	70,020
Total partners' capital		55,984	49,478
Total liabilities and partners' capital		\$ 150,098	\$ 121,498

See Note 14—"Related Party Transactions" for information regarding related party transactions with unconsolidated entities included in the Company's consolidated financial statements.

**Investments Carried Under Measurement Alternative**

The Company has acquired equity investments for which it did not have the ability to exert significant influence over operating and financial policies of the investees. These investments are accounted for using the measurement alternative in accordance with the guidance on recognition and measurement. The carrying value of these investments was \$0.2 million and \$0.4 million as of December 31, 2021 and 2020, respectively, and they are included in “Investments” in the Company’s consolidated statements of financial condition. The Company did not recognize any gains, losses, or impairments relating to investments carried under the measurement alternative for the years ended December 31, 2021, 2020 and 2019.

In addition, the Company owns membership shares, which are included in “Other assets” in the Company’s consolidated statements of financial condition as of December 31, 2021 and 2020. These equity investments are accounted for using the measurement alternative in accordance with the guidance on recognition and measurement. The Company recognized \$0.1 million of unrealized losses, \$0.4 million of unrealized losses, and \$18.2 million of unrealized gains to reflect observable transactions for these shares during the years ended December 31, 2021, 2020, and 2019, respectively. The unrealized gains (losses) are reflected in “Other income (loss)” in the Company’s consolidated statements of operations.

**Investments in VIEs**

Certain of the Company’s equity method investments included in the tables above are considered VIEs, as defined under the accounting guidance for consolidation. The Company is not considered the primary beneficiary of and therefore does not consolidate these VIEs. The Company’s involvement with such entities is in the form of direct equity interests and related agreements. The Company’s maximum exposure to loss with respect to the VIEs is its investment in such entities as well as a credit facility and a subordinated loan.

The following table sets forth the Company’s investment in its unconsolidated VIEs and the maximum exposure to loss with respect to such entities (in thousands).

	December 31, 2021		December 31, 2020	
	Investment	Maximum Exposure to Loss	Investment	Maximum Exposure to Loss
Variable interest entities <sup>1</sup>	\$ 1,159	\$ 2,139	\$ 1,258	\$ 2,238

<sup>1</sup> The Company has entered into a subordinated loan agreement with Aqua, whereby the Company agreed to lend the principal sum of \$980 thousand. As of December 31, 2021 and 2020, the Company’s maximum exposure to loss with respect to its unconsolidated VIEs includes the sum of its equity investments in its unconsolidated VIEs and the \$980 thousand subordinated loan to Aqua.

**Consolidated VIE**

The Company is invested in a limited liability company that is focused on developing a proprietary trading technology. The limited liability company is a VIE, and it was determined that the Company is the primary beneficiary of this VIE because the Company was the provider of the majority of this VIE’s start-up capital and has the power to direct the activities of this VIE that most significantly impact its economic performance, primarily through its voting percentage and consent rights on the activities that would most significantly influence the entity. The consolidated VIE had total assets of \$6.8 million and \$7.2 million as of December 31, 2021 and 2020, respectively, which primarily consisted of clearing margin. There were no material restrictions on the consolidated VIE’s assets. The consolidated VIE had total liabilities of \$1.3 million and \$1.0 million as of December 31, 2021 and 2020, respectively. The Company’s exposure to economic loss on this VIE was \$4.5 million and \$4.8 million as of December 31, 2021 and 2020, respectively.

**16. Fixed Assets, Net**

Fixed assets, net consisted of the following (in thousands):

	December 31, 2021	December 31, 2020
Computer and communications equipment	\$ 96,472	\$ 92,577
Software, including software development costs	280,540	265,082
Leasehold improvements and other fixed assets	105,362	121,024
	<u>482,374</u>	<u>478,683</u>
Less: accumulated depreciation and amortization	(292,262)	(262,659)
Fixed assets, net	<u>\$ 190,112</u>	<u>\$ 216,024</u>

Depreciation expense was \$23.7 million, \$24.1 million and \$21.5 million for the years ended December 31, 2021, 2020 and 2019, respectively. Depreciation is included as part of “Occupancy and equipment” in the Company’s consolidated statements of operations.

The Company has approximately \$6.2 million and \$5.9 million of asset retirement obligations related to certain of its leasehold improvements as of December 31, 2021 and 2020, respectively. The associated asset retirement cost is capitalized as part of the carrying amount of the long-lived asset. The liability is discounted and accretion expense is recognized using the credit adjusted risk-free interest rate in effect when the liability was initially recognized.

For the year ended December 31, 2021, 2020 and 2019 software development costs totaling \$43.2 million, \$54.3 million, \$50.8 million, respectively, were capitalized. Amortization of software development costs totaled \$34.9 million, \$33.1 million and \$31.0 million for the years ended December 31, 2021, 2020 and 2019, respectively. Amortization of software development costs is included as part of “Occupancy and equipment” in the Company’s consolidated statements of operations.

Impairment charges of \$11.1 million, \$9.0 million and \$4.5 million were recorded for the years ended December 31, 2021, 2020 and 2019, respectively, related to the evaluation of capitalized software projects for future benefit and for fixed assets no longer in service. Impairment charges related to capitalized software and fixed assets are reflected in “Occupancy and equipment” in the Company’s consolidated statements of operations.

#### 17. Goodwill and Other Intangible Assets, Net

The changes in the carrying amount of goodwill for the year ended December 31, 2021 and 2020 were as follows (in thousands):

	Goodwill
Balance at December 31, 2019	\$ 553,745
Acquisitions	3,065
Measurement period adjustments	(301)
Cumulative translation adjustment	(298)
Balance at December 31, 2020	<u>\$ 556,211</u>
Sale of Insurance Business	(68,978)
Cumulative translation adjustment	(314)
Balance at December 31, 2021	<u>\$ 486,919</u>

For additional information on Goodwill, see Note 4—“Acquisitions.”

Goodwill is not amortized and is reviewed annually for impairment or more frequently if impairment indicators arise, in accordance with U.S. GAAP guidance on Goodwill and Other Intangible Assets.

The Company completed its annual goodwill impairment testing during the fourth quarters of 2021 and 2020, respectively, which did not result in any goodwill impairment. See Note 3—“Summary of Significant Accounting Policies” for more information.

Other intangible assets consisted of the following (in thousands, except weighted-average remaining life):

	December 31, 2021			
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Weighted- Average Remaining Life (Years)
Definite life intangible assets:				
Customer-related	\$ 173,786	\$ 61,571	\$ 112,215	10.1
Technology	23,997	23,427	570	0.2
Noncompete agreements	19,820	18,891	929	4.9
Patents	10,861	10,265	596	2.6
All other	17,269	5,738	11,531	9.0
Total definite life intangible assets	245,733	119,892	125,841	9.9
Indefinite life intangible assets:				
Trade names	79,570	—	79,570	N/A
Licenses	2,336	—	2,336	N/A
Total indefinite life intangible assets	81,906	—	81,906	N/A
Total	\$ 327,639	\$ 119,892	\$ 207,747	9.9

	December 31, 2020			
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Weighted- Average Remaining Life (Years)
Definite life intangible assets:				
Customer-related	\$ 252,241	\$ 77,106	\$ 175,135	10.4
Technology	24,025	20,031	3,994	1.2
Noncompete agreements	30,715	29,596	1,119	5.9
Patents	10,616	10,223	393	1.6
All other	29,566	5,028	24,538	8.3
Total definite life intangible assets	347,163	141,984	205,179	9.9
Indefinite life intangible assets:				
Trade names	79,570	—	79,570	N/A
Licenses	2,408	—	2,408	N/A
Total indefinite life intangible assets	81,978	—	81,978	N/A
Total	\$ 429,141	\$ 141,984	\$ 287,157	9.9

Intangible amortization expense was \$23.3 million, \$28.3 million and \$29.4 million for the years ended December 31, 2021, 2020 and 2019, respectively. Intangible amortization is included as part of “Other expenses” in the Company’s consolidated statements of operations.

The Company completed its annual intangible impairment testing during the fourth quarter of 2021. There were no impairment charges for the Company’s definite and indefinite life intangibles for the years ended December 31, 2021, 2020 and 2019. See Note 3—“Summary of Significant Accounting Policies” for more information.

The estimated future amortization expense of definite life intangible assets as of December 31, 2021 is as follows (in millions):

2022	\$ 15.3
2023	14.5
2024	14.5
2025	14.5
2026	14.1
2027 and thereafter	52.9
Total	\$ 125.8

## 18. Notes Payable, Other and Short-term Borrowings

Notes payable, other and short-term borrowings consisted of the following (in thousands):

	December 31, 2021	December 31, 2020
Unsecured senior revolving credit agreement	\$ —	\$ —
5.125% Senior Notes due May 27, 2021	—	255,570
5.375% Senior Notes due July 24, 2023	447,911	446,577
3.750% Senior Notes due October 1, 2024	297,731	296,903
4.375% Senior Notes due December 15, 2025	297,547	297,031
Collateralized borrowings	9,642	19,854
Total Notes payable and other borrowings	1,052,831	1,315,935
Short-term borrowings	3,584	3,849
Total Notes payable, other and short-term borrowings	\$ 1,056,415	\$ 1,319,784

### Unsecured Senior Revolving Credit Agreement

On November 28, 2018, the Company entered into the Revolving Credit Agreement with Bank of America, N.A., as administrative agent, and a syndicate of lenders, which replaced the existing committed unsecured senior revolving credit agreement. The maturity date of the Revolving Credit Agreement was November 28, 2020, and the maximum revolving loan balance is \$350.0 million. Borrowings under this Revolving Credit Agreement bear interest at either LIBOR or a defined base rate plus additional margin. On December 11, 2019, the Company entered into an amendment to the Revolving Credit Agreement. Pursuant to the amendment, the maturity date was extended to February 26, 2021. On February 26, 2020, the Company entered into a second amendment to the Revolving Credit Agreement, pursuant to which, the maturity date was extended by two years to February 26, 2023. There was no change to the interest rate or the maximum revolving loan balance. On November 1, 2021, the Company repaid in full the \$300.0 million borrowings outstanding under the Revolving Credit Agreement which had been borrowed during the year. As of both December 31, 2021 and 2020, there were no borrowings outstanding under the Revolving Credit Agreement. The average interest rate on the outstanding borrowings was 2.09% and 2.88% for the years ended December 31, 2021 and 2020, respectively. The Company recorded interest expense related to the Revolving Credit Agreement of \$3.6 million, \$5.3 million and \$10.0 million for the years ended December 31, 2021, 2020 and 2019, respectively.

### Senior Notes

The Company's Senior Notes are recorded at amortized cost. The carrying amounts and estimated fair values of the Company's Senior Notes were as follows (in thousands):

	December 31, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
5.125% Senior Notes due May 27, 2021	\$ —	\$ —	\$ 255,570	\$ 258,067
5.375% Senior Notes due July 24, 2023	447,911	475,857	446,577	486,747
3.750% Senior Notes due October 1, 2024	297,731	312,105	296,903	314,031
4.375% Senior Notes due December 15, 2025	297,547	320,490	297,031	317,466
Total	\$ 1,043,189	\$ 1,108,452	\$ 1,296,081	\$ 1,376,311

The fair values of the Senior Notes were determined using observable market prices as these securities are traded, and based on whether they are deemed to be actively traded, the 5.125% Senior Notes, the 5.375% Senior Notes, the 3.750% Senior Notes, and the 4.375% Senior Notes are considered Level 2 within the fair value hierarchy.

### 5.125% Senior Notes

On May 27, 2016, the Company issued an aggregate of \$300.0 million principal amount of 5.125% Senior Notes, which matured on May 27, 2021. The 5.125% Senior Notes were general senior unsecured obligations of the Company. The 5.125% Senior Notes bore interest at a rate of 5.125% per year, payable in cash on May 27 and November 27 of each year, commencing November 27, 2016 and ending the maturity date. Prior to maturity, on August 5, 2020, the Company commenced a cash tender offer for any and all \$300.0 million outstanding aggregate principal amount of its 5.125% Senior Notes. On August 11, 2020, the Company's cash tender offer expired at 5:00 p.m., New York City time. As of the expiration time, \$44.0

million aggregate principal amount of the 5.125% Senior Notes were validly tendered. These notes were redeemed on the settlement date of August 14, 2020. On May 27, 2021, BGC repaid the remaining \$256.0 million principal plus accrued interest on its 5.125% Senior Notes. The Company recorded interest expense related to the 5.125% Senior Notes of \$5.8 million, \$16.3 million, and \$16.2 million for the years ended December 31, 2021, 2020 and 2019, respectively.

#### ***5.375% Senior Notes***

On July 24, 2018, the Company issued an aggregate of \$450.0 million principal amount of 5.375% Senior Notes. The 5.375% Senior Notes are general senior unsecured obligations of the Company. The 5.375% Senior Notes bear interest at a rate of 5.375% per year, payable in cash on January 24 and July 24 of each year, commencing January 24, 2019. The 5.375% Senior Notes will mature on July 24, 2023. The Company may redeem some or all of the 5.375% Senior Notes at any time or from time to time for cash at certain “make-whole” redemption prices (as set forth in the Indenture related to the 5.375% Senior Notes). If a “Change of Control Triggering Event” (as defined in the Indenture) occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. The initial carrying value of the 5.375% Senior Notes was \$444.2 million, net of the discount and debt issuance costs of \$5.8 million. The issuance costs are amortized as interest expense and the carrying value of the 5.375% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 5.375% Senior Notes as of December 31, 2021 was \$447.9 million. The Company recorded interest expense related to the 5.375% Senior Notes of \$25.5 million, \$25.5 million and \$25.6 million for the years ended December 31, 2021, 2020 and 2019, respectively.

#### ***3.750% Senior Notes***

On September 27, 2019, the Company issued an aggregate of \$300.0 million principal amount of 3.750% Senior Notes. The 3.750% Senior Notes are general unsecured obligations of the Company. The 3.750% Senior Notes bear interest at a rate of 3.750% per year, payable in cash on April 1 and October 1 of each year, commencing April 1, 2020. The 3.750% Senior Notes will mature on October 1, 2024. The Company may redeem some or all of the 3.750% Senior Notes at any time or from time to time for cash at certain “make-whole” redemption prices (as set forth in the Indenture). If a “Change of Control Triggering Event” (as defined in the Indenture) occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. The initial carrying value of the 3.750% Senior Notes was \$296.1 million, net of discount and debt issuance costs of \$3.9 million. The issuance costs are amortized as interest expense and the carrying value of the 3.750% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 3.750% Senior Notes was \$297.7 million as of December 31, 2021. The Company recorded interest expense related to the 3.750% Senior Notes of \$12.1 million for each of the years ended December 31, 2021 and 2020. The Company recorded interest expense related to the 3.750% Senior Notes of \$3.2 million for the year ended December 31, 2019.

#### ***4.375% Senior Notes***

On July 10, 2020, the Company issued an aggregate of \$300.0 million principal amount of 4.375% Senior Notes. The 4.375% Senior Notes are general unsecured obligations of the Company. The 4.375% Senior Notes bear interest at a rate of 4.375% per year, payable in cash on June 15 and December 15 of each year, commencing December 15, 2020. The 4.375% Senior Notes will mature on December 15, 2025. The Company may redeem some or all of the 4.375% Senior Notes at any time or from time to time for cash at certain “make-whole” redemption prices. If a “Change of Control Triggering Event” occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. The initial carrying value of the 4.375% Senior Notes was \$296.8 million, net of discount and debt issuance costs of \$3.2 million. The issuance costs are amortized as interest expense, and the carrying value of the 4.375% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 4.375% Senior Notes was \$297.5 million as of December 31, 2021. The Company recorded interest expense related to the 4.375% Senior Notes of \$13.8 million and \$6.5 million for years ended December 31, 2021 and 2020, respectively. The Company did not record interest expense related to the 4.375% Senior Notes for year ended December 31, 2019.

#### ***Collateralized Borrowings***

On March 13, 2015, the Company entered into a \$28.2 million secured loan arrangement, under which it pledged certain fixed assets as security for a loan. This arrangement incurred interest at a fixed rate of 3.70% per year and matured on March 13, 2019; therefore, there were no borrowings outstanding as of December 31, 2021 and 2020. The Company did not record any interest expense related to this secured loan arrangement for the years ended December 31, 2021 and 2020. The

Company recorded interest expense related to this secured loan arrangement of \$30 thousand for the year ended December 31, 2019.

On May 31, 2017, the Company entered into a \$29.9 million secured loan arrangement, under which it pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.44% per year and matures on May 31, 2021; therefore, there were no borrowings outstanding as of December 31, 2021. As of December 31, 2020, the Company had \$4.0 million outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of December 31, 2020 was \$0.8 million. The Company recorded interest expense related to this secured loan arrangement of \$40 thousand, \$0.3 million and \$0.5 million for the years ended December 31, 2021, 2020 and 2019, respectively.

On April 8, 2019, the Company entered into a \$15.0 million secured loan arrangement, under which it pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.77% and matures on April 8, 2023. As of December 31, 2021 and December 31, 2020, the Company had \$5.9 million and \$9.6 million, respectively, outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of December 31, 2021 was \$0.1 million. The book value of the fixed assets pledged as of December 31, 2020 was \$1.2 million. The Company recorded interest expense related to this secured loan arrangement of \$0.3 million, \$0.4 million and \$0.4 million for the years ended December 31, 2021, 2020 and 2019, respectively.

On April 19, 2019, the Company entered into a \$10.0 million secured loan arrangement, under which it pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.89% and matures on April 19, 2023. As of December 31, 2021 and December 31, 2020, the Company had \$3.8 million and \$6.3 million, respectively, outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of December 31, 2021 was \$1.0 million. The book value of the fixed assets pledged as of December 31, 2020 was \$2.7 million. The Company recorded interest expense related to this secured loan arrangement of \$0.2 million, \$0.3 million and \$0.3 million for the years ended December 31, 2021, 2020 and 2019, respectively.

### ***Short-term Borrowings***

On August 22, 2017, the Company entered into a committed unsecured loan agreement with Itau Unibanco S.A. The agreement provided for short-term loans of up to \$3.6 million (BRL 20.0 million). The agreement was automatically renewed every 180 days until August 13, 2021, when it was paid in full. Borrowings under this agreement bore interest at the Brazilian Interbank offering rate plus 4.75%. As of December 31, 2021 there were no borrowings outstanding under this agreement. As of December 31, 2020, there were \$3.8 million (BRL 20.0 million), respectively, of borrowings outstanding under the agreement. The Company recorded interest expense related to the agreement of \$0.2 million, \$0.3 million and \$0.5 million for the years ended December 31, 2021, 2020 and 2019, respectively.

On August 23, 2017, the Company entered into a committed unsecured credit agreement with Itau Unibanco S.A. The agreement provided for an intra-day overdraft credit line up to \$9.0 million (BRL 50.0 million). On August 20, 2021, the agreement was amended, increasing the credit line up to \$10.8 million (BRL 60.0 million). The maturity date of the agreement is March 9, 2022. This agreement bears a fee of 1.75% per year. As of December 31, 2021 and December 31, 2020, there were no borrowings outstanding under this agreement. The Company recorded bank fees related to the agreement of \$0.1 million for each of the years ended December 31, 2021, 2020 and 2019.

On January 25, 2021, the Company entered into a committed unsecured loan agreement with Banco Daycoval S.A., which provided for short-term loans of up to \$1.8 million (BRL 10.0 million) and was renegotiated on June 1, 2021. The amended agreement provides for short-term loans of up to \$3.6 million (BRL 20.0 million). The maturity date of the agreement is January 17, 2023. Borrowings under this agreement bear interest at the Brazilian Interbank offering rate plus 3.66%. As of December 31, 2021, there were \$3.6 million (BRL 20.0 million) of borrowings outstanding under the agreement. As of December 31, 2021, the interest rate was 12.90%. The Company recorded interest expense related to the agreement of \$0.2 million for the year ended December 31, 2021. The Company did not record any interest expense related to the agreement for the years ended December 31, 2020 and 2019.

## **19. Compensation**

The Compensation Committee may grant various equity-based awards, including RSUs, restricted stock, stock options, LPUs and shares of BGC Class A common stock. Upon vesting of RSUs, issuance of restricted stock, exercise of stock options and redemption/exchange of LPUs, the Company generally issues new shares of BGC Class A common stock.

On November 22, 2021, at the annual meeting of stockholders, the stockholders approved the Equity Plan to increase from 400 million to 500 million the aggregate number of shares of BGC Class A common stock that may be delivered or cash-settled pursuant to awards granted during the life of the Equity Plan. As of December 31, 2021, the limit on the aggregate number of shares authorized to be delivered allowed for the grant of future awards relating to 164.5 million shares.

The Company incurred compensation expense related to Class A common stock, LPUs and RSUs held by BGC employees as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Issuance of common stock and grants of exchangeability	\$ 128,107	\$ 84,966	\$ 100,948
Allocations of net income <sup>1</sup>	34,335	14,006	20,491
LPU amortization	78,596	74,282	41,721
RSU amortization	15,126	10,291	7,465
Equity-based compensation and allocations of net income to limited partnership units and FPU's	<u>\$ 256,164</u>	<u>\$ 183,545</u>	<u>\$ 170,625</u>

<sup>1</sup> Certain LPUs generally receive quarterly allocations of net income, including the Preferred Distribution, and are generally contingent upon services being provided by the unit holders.

### **Limited Partnership Units**

A summary of the activity associated with LPUs held by BGC employees is as follows (in thousands):

	BGC LPUs	Newmark LPUs
Balance at December 31, 2018	79,729	22,113
Granted	47,916	662
Redeemed/exchanged units	(21,110)	(1,024)
Forfeited units	(4,128)	(7,144)
Balance at December 31, 2019	102,407	14,607
Granted	50,269	—
Redeemed/exchanged units	(14,642)	(1,300)
Forfeited units	(382)	(105)
Balance at December 31, 2020	137,652	13,202
Granted	34,093	—
Redeemed/exchanged units	(58,832)	(1,881)
Forfeited units	(798)	(270)
Balance at December 31, 2021	<u>112,115</u>	<u>11,051</u>

The LPUs table above includes both regular and Preferred Units. The Preferred Units are not entitled to participate in partnership distributions other than with respect to the Preferred Distribution (see Note 2—“Limited Partnership Interests in BGC Holdings and Newmark Holdings” for further information on Preferred Units). Subsequent to the Spin-Off, there are remaining partners who hold limited partnership interests in BGC Holdings who are Newmark employees, and there are remaining partners who hold limited partnership interests in Newmark Holdings who are BGC employees. These limited partnership interests represent interests that were held prior to the Newmark IPO or were distributed in connection with the Separation. Following the Newmark IPO, employees of BGC and Newmark only receive limited partnership interests in BGC Holdings and Newmark Holdings, respectively. As a result of the Spin-Off, as the existing limited partnership interests in BGC Holdings held by Newmark employees and the existing limited partnership interests in Newmark Holdings held by BGC employees are exchanged/redeemed, the related capital can be contributed to and from Cantor, respectively. The compensation expenses under GAAP related to the limited partnership interests are based on the company where the partner is employed. Therefore, compensation expenses related to the limited partnership interests of both BGC and Newmark but held by a BGC employee are recognized by BGC. However, the BGC Holdings limited partnership interests held by Newmark employees are included in the BGC share count and the Newmark Holdings limited partnership interests held by BGC employees are included in the Newmark share count.

A summary of the BGC Holdings and Newmark Holdings LPUs held by BGC employees is as follows (in thousands):

	BGC LPUs	Newmark LPUs
Regular Units	77,610	8,316
Preferred Units	34,505	2,735
Balance at December 31, 2021	<u>112,115</u>	<u>11,051</u>

#### ***Issuance of Common Stock and Grants of Exchangeability***

Compensation expense related to the issuance of BGC or Newmark Class A common stock and grants of exchangeability on BGC Holdings and Newmark Holdings LPUs held by BGC employees is as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Issuance of common stock and grants of exchangeability	\$ 128,107	\$ 84,966	\$ 100,948

BGC LPUs held by BGC employees may become exchangeable or redeemed for BGC Class A common stock on a one-for-one basis, and Newmark LPUs held by BGC employees may become exchangeable or redeemed for a number of shares of Newmark Class A common stock equal to the number of limited partnership interests multiplied by the then-current Exchange Ratio. As of December 31, 2021, the Exchange Ratio was 0.9444.

A summary of the LPUs redeemed in connection with the issuance of BGC Class A common stock or Newmark Class A common stock (at the then-current Exchange Ratio) or granted exchangeability for BGC Class A common stock or Newmark Class A common stock (at the then-current Exchange Ratio) held by BGC employees is as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
BGC Holdings LPUs	23,001	16,618	17,209
Newmark Holdings LPUs	1,078	1,164	500
Total	<u>24,079</u>	<u>17,782</u>	<u>17,709</u>

As of December 31, 2021 and 2020, the number of share-equivalent BGC LPUs exchangeable for shares of BGC Class A common stock at the discretion of the unit holder held by BGC employees was 1.3 million and 3.5 million, respectively. As of December 31, 2021 and 2020, the number of Newmark LPUs exchangeable into shares of Newmark Class A common stock at the discretion of the unit holder held by BGC employees (at the then-current Exchange Ratio) was 0.4 million and 0.5 million, respectively.

#### ***LPU Amortization***

Compensation expense related to the amortization of LPUs held by BGC employees is as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Stated vesting schedule	\$ 78,535	\$ 73,034	\$ 42,060
Post-termination payout	61	1,248	(339)
LPU amortization	<u>\$ 78,596</u>	<u>\$ 74,282</u>	<u>\$ 41,721</u>

There are certain LPUs that have a stated vesting schedule and do not receive quarterly allocations of net income. These LPUs generally vest between two and five years from the date of grant. The fair value is determined on the date of grant based on the market value of an equivalent share of BGC or Newmark Class A common stock (adjusted if appropriate based upon the award's eligibility to receive quarterly allocations of net income), and is recognized as compensation expense, net of the effect of estimated forfeitures, ratably over the vesting period.

A summary of the outstanding LPUs held by BGC employees with a stated vesting schedule that do not receive quarterly allocations of net income is as follows (in thousands):

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
BGC Holdings LPUs	42,754	44,529
Newmark Holdings LPUs	235	353
Aggregate estimated grant date fair value of BGC and Newmark Holdings LPUs	\$ 178,873	\$ 201,239

As of December 31, 2021, there was approximately \$100.9 million of total unrecognized compensation expense related to unvested BGC and Newmark LPUs held by BGC employees with a stated vesting schedule that do not receive quarterly allocations of net income that is expected to be recognized over 2.10 years.

Compensation expense related to LPUs held by BGC employees with a post-termination pay-out amount, such as REUs, and/or a stated vesting schedule is recognized over the stated service period. These LPUs generally vest between two and five years from the date of grant. As of December 31, 2021, there were 1.3 million outstanding BGC LPUs with a post-termination payout, with a notional value of approximately \$12.4 million and an aggregate estimated fair value of \$7.4 million, and 0.1 million outstanding Newmark LPUs with a post-termination payout, with a notional value of approximately \$0.8 million and an aggregate estimated fair value of \$0.4 million. As of December 31, 2020, there were 1.3 million outstanding BGC LPUs with a post-termination payout, with a notional value of approximately \$12.7 million and an aggregate estimated fair value of \$7.5 million, and 0.1 million outstanding Newmark LPUs with a post-termination payout, with a notional value of approximately \$0.8 million and an aggregate estimated fair value of \$0.3 million.

### **Restricted Stock Units**

Compensation expense related to RSUs held by BGC employees is as follows (in thousands):

	<u>Year Ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
RSU amortization	\$ 15,126	\$ 10,291	\$ 7,465

A summary of the activity associated with RSUs held by BGC employees and directors is as follows (RSUs and dollars in thousands):

	RSUs	Weighted- Average Grant Date Fair Value	Fair Value Amount	Weighted- Average Remaining Contractual Term (Years)
Balance at December 31, 2018	929	\$ 10.83	\$ 10,058	1.75
Granted	4,283	4.61	19,764	
Delivered	(464)	10.11	(4,692)	
Forfeited	(270)	5.99	(1,614)	
Balance at December 31, 2019	4,478	\$ 5.25	\$ 23,516	2.50
Granted	6,618	3.25	21,506	
Delivered	(1,579)	5.79	(9,148)	
Forfeited	(557)	4.11	(2,292)	
Balance at December 31, 2020	8,960	\$ 3.75	\$ 33,582	2.46
Granted	6,319	4.23	26,716	
Delivered	(3,135)	4.08	(12,792)	
Forfeited	(1,110)	4.28	(4,750)	
Balance at December 31, 2021	11,034	\$ 3.87	\$ 42,756	2.27

The fair value of RSUs held by BGC employees and directors is determined on the date of grant based on the market value of Class A common stock adjusted as appropriate based upon the award's ineligibility to receive dividends. The compensation expense is recognized ratably over the vesting period, taking into effect estimated forfeitures. The Company uses historical data, including historical forfeitures and turnover rates, to estimate expected forfeiture rates for both employee and director RSUs. Each RSU is settled in one share of Class A common stock upon completion of the vesting period.

For the RSUs that vested during the years ended December 31, 2021 and 2020, the Company withheld shares of Class A common stock valued at \$4.4 million and \$1.9 million to pay taxes due at the time of vesting. As of December 31, 2021, there was approximately \$35.6 million of total unrecognized compensation expense related to unvested RSUs held by BGC employees and directors that is expected to be recognized over a weighted-average period of 2.27 years.

### ***Acquisitions***

In connection with certain of its acquisitions, the Company has granted certain LPU, RSU, and other deferred compensation awards. As of December 31, 2021 and 2020, the aggregate estimated fair value of these acquisition-related LPUs and RSUs was \$8.9 million and \$9.4 million, respectively. As of December 31, 2021 and 2020, the aggregate estimated fair value of the deferred compensation awards was \$21.7 million and \$23.6 million, respectively. The liability for such acquisition-related LPUs and RSUs is included in “Accounts payable, accrued and other liabilities” on the Company’s consolidated statements of financial condition.

### ***Restricted Stock***

BGC employees hold shares of BGC and Newmark restricted stock. Such restricted shares are generally saleable by partners in five to ten years. Partners who agree to extend the length of their employment agreements and/or other contractual modifications sought by the Company are expected to be able to sell their restricted shares over a shorter time period. Transferability of the restricted shares of stock is not subject to continued employment or service with the Company or any affiliate or subsidiary of the Company; however, transferability is subject to compliance with BGC and its affiliates’ customary noncompete obligations.

During the year ended December 31, 2021, approximately 140 thousand BGC or Newmark restricted shares held by BGC employees were forfeited in connection with this provision. During the year ended December 31, 2020, there were no BGC or Newmark restricted shares held by BGC employees were forfeited in connection with this provision. During the years ended December 31, 2021 and 2020, the Company released the restrictions with respect to 1.1 million and 0.7 million, respectively, of BGC shares held by BGC employees. As of December 31, 2021 and 2020, there were 2.6 million and 3.7 million of restricted BGC shares held by BGC employees outstanding, respectively. Additionally, during the years ended December 31, 2021 and 2020, Newmark released the restrictions with respect to 0.5 million and 0.3 million, respectively, of restricted Newmark shares held by BGC employees. As of December 31, 2021 and 2020, there were 1.2 million and 1.7 million of restricted Newmark shares held by BGC employees outstanding, respectively.

### ***Deferred Compensation***

The Company maintains a deferred cash award program, which provides for the grant of deferred cash incentive compensation to eligible employees. The Company may pay certain bonuses in the form of deferred cash compensation awards, which generally vest over a future service period.

The total compensation expense recognized in relation to the deferred cash compensation awards for the years ended December 31, 2021, 2020 and 2019 was \$0.3 million, \$0.8 million and \$5.9 million respectively. As of December 31, 2021 and 2020, the total liability for the deferred cash compensation awards was \$0.8 million and \$1.5 million, respectively, which is included in “Accrued compensation” on the Company’s consolidated statements of financial condition. As of December 31, 2021, total unrecognized compensation cost related to deferred cash compensation, prior to the consideration of forfeitures, was approximately \$0.1 million and is expected to be recognized over a weighted-average period of 2.28 years.

## 20. Commitments, Contingencies and Guarantees

### Contractual Obligations and Commitments

The following table summarizes certain of the Company's contractual obligations at December 31, 2021 (in thousands):

	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Long-term debt and collateralized borrowings <sup>1</sup>	\$ 1,059,642	\$ 6,391	\$ 753,251	\$ 300,000	\$ —
Operating leases <sup>2</sup>	221,937	32,288	51,751	34,684	103,214
Interest on long-term debt and collateralized borrowings <sup>3</sup>	122,034	49,906	59,732	12,396	—
Short-term borrowings <sup>4</sup>	3,584	3,584	—	—	—
Interest on Short-term borrowings	505	484	21	—	—
One-time transition tax <sup>5</sup>	20,231	2,709	7,385	10,137	—
Other <sup>6</sup>	21,776	10,038	11,738	—	—
Total contractual obligations	<u>\$ 1,449,709</u>	<u>\$ 105,400</u>	<u>\$ 883,878</u>	<u>\$ 357,217</u>	<u>\$ 103,214</u>

<sup>1</sup> Long-term debt and collateralized borrowings reflects long-term borrowings of \$450.0 million of the 5.375% Senior Notes (the \$450.0 million represents the principal amount of the debt; the carrying value of the 5.375% Senior Notes as of December 31, 2021 was \$447.9 million), \$300.0 million of the 3.750% Senior Notes (the \$300.0 million represents the principal amount of the debt; the carrying value of the 3.750% Senior Notes as of December 31, 2021 was approximately \$297.7 million), \$300.0 million of the 4.375% Senior Notes (the \$300.0 million represents the principal amount of the debt; the carrying value of the 4.375% Senior Notes as of December 31, 2021 was approximately \$297.5 million), \$5.9 million of collateralized borrowings due April 8, 2023, and \$3.8 million of collateralized borrowings due April 19, 2023. See Note 18—"Notes Payable, Other and Short-term Borrowings" for more information regarding these obligations, including timing of payments and compliance with debt covenants.

<sup>2</sup> Operating leases are related to rental payments under various non-cancelable leases, principally for office space, net of sublease payments to be received. There are no sublease payments to be received over the life of the agreement.

<sup>3</sup> Interest on long-term debt and collateralized borrowings also includes interest on the undrawn portion of the committed unsecured senior Revolving Credit Agreement which was calculated through the maturity date of the facility, which is February 26, 2023. As of December 31, 2021, the undrawn portion of the committed unsecured Revolving Credit Agreement was \$350.0 million.

<sup>4</sup> Short-term borrowings reflects approximately \$3.6 million (BRL 20.0 million) of borrowing under the Company's committed unsecured loan agreement. See Note 18—"Notes Payable, Other and Short-term Borrowings" for more information regarding this obligation.

<sup>5</sup> The Company completed the calculation of the one-time transition tax on the deemed repatriation of foreign subsidiaries' earnings pursuant to the Tax Act and previously recorded a net cumulative tax expense of \$28.6 million, net of foreign tax credits, with an election to pay the taxes over eight years with 40% to be paid in equal installments over the first five years and the remaining 60% to be paid in installments of 15%, 20% and 25% in years six, seven and eight, respectively. The cumulative remaining balance as of December 31, 2021 is \$20.2 million.

<sup>6</sup> Other contractual obligations reflect commitments of \$10.0 million to make charitable contributions, which are recorded as part of "Accounts payable, accrued and other liabilities" in the Company's consolidated statements of financial condition. The amount payable each year reflects an estimate of future Charity Day obligations. In addition, as part of the Insurance Business Disposition, unvested equity and other awards previously granted by BGC to employees of its Insurance brokerage business were converted into the right to receive a cash payment from BGC; a significant portion of these awards was 50% vested and paid in cash at closing, with the remaining 50% vesting and to be paid in cash two years after closing. The remaining portion of these awards will have been 100% vested and paid in cash by two years after the closing. The payments after closing are only made if the applicable employee remains an employee of the Insurance brokerage business. The remaining portion of these awards is reflected as other contractual obligations, and is recorded as part of "Accounts payable, accrued and other liabilities" in the Company's consolidated statements of financial condition.

The Company is obligated for minimum rental payments under various non-cancelable operating leases, principally for office space, expiring at various dates through 2039. Certain of the leases contain escalation clauses that require payment of additional rent to the extent of increases in certain operating or other costs.

As of December 31, 2021, minimum lease payments under these arrangements are as follows (in thousands):

	<b>Net Lease Commitment</b>
2022	\$ 32,288
2023	28,318
2024	23,433
2025	19,014
2026	15,670
2027 and thereafter	103,214
Total	<u>\$ 221,937</u>

The lease obligations shown above are presented net of payments to be received under a non-cancelable sublease. There are no sublease payments to be received over the life of the agreement.

In addition to the above obligations under non-cancelable operating leases, the Company is also obligated to Cantor for rental payments under Cantor's various non-cancelable leases with third parties, principally for office space and computer equipment, expiring at various dates through 2039. Certain of these leases have renewal terms at the Company's option and/or escalation clauses (primarily based on the Consumer Price Index). Cantor allocates a portion of the rental payments to the Company based on square footage used.

The Company also allocates a portion of the rental payments for which it is obligated under non-cancelable operating leases to Cantor and its affiliates. These allocations are based on square footage used (see Note 14—"Related Party Transactions" for more information).

Rent expense for the years ended December 31, 2021, 2020 and 2019 was \$49.4 million, \$51.1 million and \$56.0 million, respectively. Rent expense is included as part of "Occupancy and equipment" in the Company's consolidated statements of operations.

In the event the Company anticipates incurring costs under any of its leases that exceed anticipated sublease revenues, it recognizes a loss and records a liability for the present value of the excess lease obligations over the estimated sublease rental income. There was no liability for future lease payments associated with vacant space as of December 31, 2021, 2020 and 2019.

#### ***Contingent Payments Related to Acquisitions***

Since 2016, the Company has completed acquisitions whose purchase price included an aggregate of approximately 2.2 million shares of the Company's Class A common stock (with an acquisition date fair value of approximately \$9.2 million), 0.1 million LPUs (with an acquisition date fair value of approximately \$0.2 million), 0.2 million RSUs (with an acquisition date fair value of approximately \$1.2 million) and \$37.5 million in cash that may be issued contingent on certain targets being met through 2023.

The Company did not issue any contingent shares of BGC Class A common stock, LPUs, RSUs or cash for acquisitions during the year ended December 31, 2021.

During the year ended December 31, 2020, the Company completed acquisitions, whose purchase price included approximately \$3.1 million in cash that may be issued or paid contingent on certain targets being met through 2023. The Company did not issue any contingent shares of BGC Class A common stock, LPUs or RSUs for acquisitions during the year ended December 31, 2020.

During the year ended December 31, 2021, the contingent cash consideration increased by approximately \$3.7 million to \$11.8 million in cash that may be paid due to an increase in probability of payout. During the year ended December 31, 2020, the contingent cash consideration increased by approximately \$3.6 million to \$20.6 million in cash that may be paid due to an increase in probability of payout.

As of December 31, 2021, the Company has issued 0.5 million shares of its Class A common stock, 0.2 million of RSUs and paid \$30.4 million in cash related to contingent payments for acquisitions completed since 2016.

As of December 31, 2021, 1.8 million shares of the Company's Class A common stock and 0.1 million RSUs remain to be issued, and \$20.9 million in cash remains to be paid, net of forfeitures and other adjustments, if the targets are met.

The Company's contingent considerations are classified as Level 3 liabilities. See Note 13—"Fair Value of Financial Assets and Liabilities" for additional information.

### ***Contingencies***

In the ordinary course of business, various legal actions are brought and are pending against the Company and its subsidiaries in the U.S. and internationally. In some of these actions, substantial amounts are claimed. The Company is also involved, from time to time, in reviews, examinations, investigations and proceedings by governmental and self-regulatory agencies (both formal and informal) regarding the Company's businesses, operations, reporting or other matters, which may result in regulatory, civil and criminal judgments, settlements, fines, penalties, injunctions, enhanced oversight, remediation, or other relief. The following generally does not include matters that the Company has pending against other parties which, if successful, would result in awards in favor of the Company or its subsidiaries.

### ***Employment, Competitor-Related and Other Litigation***

From time to time, the Company and its subsidiaries are involved in litigation, claims and arbitrations in the U.S. and internationally, relating to, inter alia, various employment matters, including with respect to termination of employment, hiring of employees currently or previously employed by competitors, terms and conditions of employment and other matters. In light of the competitive nature of the brokerage industry, litigation, claims and arbitration between competitors regarding employee hiring are not uncommon. The Company is also involved, from time to time, in other reviews, investigations and proceedings by governmental and self-regulatory agencies (both formal and informal) regarding the Company's businesses. Any such actions may result in regulatory, civil or criminal judgments, settlements, fines, penalties, injunctions, enhanced oversight, remediation, or other relief.

Legal reserves are established in accordance with U.S. GAAP guidance on Accounting for Contingencies when a material legal liability is both probable and reasonably estimable. Once established, reserves are adjusted when there is more information available or when an event occurs requiring a change. The outcome of such items cannot be determined with certainty. The Company is unable to estimate a possible loss or range of loss in connection with specific matters beyond its current accruals and any other amounts disclosed. Management believes that, based on currently available information, the final outcome of these current pending matters will not have a material adverse effect on the Company's financial condition, results of operations, or cash flows.

### ***Letter of Credit Agreements***

The Company has irrevocable uncollateralized letters of credit with various banks, where the beneficiaries are clearing organizations through which it transacts, that are used in lieu of margin and deposits with those clearing organizations. As of December 31, 2021 and 2020, the Company was contingently liable for \$1.8 million and \$1.0 million, respectively, under these letters of credit.

### ***Risk and Uncertainties***

The Company generates revenues by providing financial intermediary and brokerage activities to institutional customers and by executing and, in some cases, clearing transactions for institutional counterparties. Revenues for these services are transaction-based. As a result, revenues could vary based on the transaction volume of global financial markets. Additionally, financing is sensitive to interest rate fluctuations, which could have an impact on the Company's overall profitability.

### ***Insurance***

The Company is self-insured for health care claims, up to a stop-loss amount for eligible participating employees and qualified dependents in the U.S., subject to deductibles and limitations. The Company's liability for claims incurred but not reported is determined based on an estimate of the ultimate aggregate liability for claims incurred. The estimate is calculated from actual claim rates and adjusted periodically as necessary. The Company has accrued \$0.4 million and \$1.2 million in health care claims as of December 31, 2021 and 2020, respectively. The Company does not expect health care claims to have a material impact on its financial condition, results of operations, or cash flows.

### ***Guarantees***

The Company provides guarantees to securities clearinghouses and exchanges which meet the definition of a guarantee under FASB interpretations. Under these standard securities clearinghouse and exchange membership agreements, members are required to guarantee, collectively, the performance of other members and, accordingly, if another member becomes unable to satisfy its obligations to the clearinghouse or exchange, all other members would be required to meet the shortfall. In the opinion of management, the Company's liability under these agreements is not quantifiable and could exceed the cash and

securities it has posted as collateral. However, the potential of being required to make payments under these arrangements is remote. Accordingly, no contingent liability has been recorded in the Company's consolidated statements of financial condition for these agreements.

### **Indemnifications**

In connection with the sale of eSpeed, the Company has indemnified Nasdaq for amounts over a defined threshold against damages arising from breaches of representations, warranties and covenants. In addition, in connection with the acquisition of GFI, the Company has indemnified the directors and officers of GFI. As of December 31, 2021, no contingent liability has been recorded in the Company's consolidated statements of financial condition for these indemnifications, as the potential for being required to make payments under these indemnifications is remote.

## **21. Income Taxes**

The Company's consolidated financial statements include U.S. federal, state and local income taxes on the Company's allocable share of the U.S. results of operations, as well as taxes payable to jurisdictions outside the U.S. In addition, certain of the Company's entities are taxed as U.S. partnerships and are subject to the UBT in New York City. Therefore, the tax liability or benefit related to the partnership income or loss, except for UBT, rests with the partners (see Note 2 — "Limited Partnership Interests in BGC Holdings and Newmark Holdings" for discussion of partnership interests), rather than the partnership entity.

The provision for income taxes consisted of the following (in thousands):

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Current:</b>			
U.S. federal	\$ (7,267)	\$ 239	\$ (4,142)
U.S. state and local	4,940	6,828	3,928
Foreign	36,699	30,788	52,943
UBT	588	(3)	1,278
	<u>34,960</u>	<u>37,852</u>	<u>54,007</u>
<b>Deferred:</b>			
U.S. federal	(1,000)	(11,050)	(11,565)
U.S. state and local	(1,515)	(5,848)	8,537
Foreign	(12,098)	3,602	506
UBT	2,666	(3,253)	(1,674)
	<u>(11,947)</u>	<u>(16,549)</u>	<u>(4,196)</u>
<b>Provision for income taxes</b>	<u>\$ 23,013</u>	<u>\$ 21,303</u>	<u>\$ 49,811</u>

The Company had pre-tax income (loss) of \$176.5 million, \$72.2 million and \$116.6 million for the years ended December 31, 2021, 2020 and 2019, respectively.

The Company had pre-tax income (loss) from domestic operations of \$(642.4) million, \$(212.0) million and \$(206.7) million for the years ended December 31, 2021, 2020 and 2019, respectively. The Company had pre-tax income (loss) from foreign operations of \$818.9 million, \$284.2 million and \$323.3 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Differences between the Company's actual income tax expense and the amount calculated utilizing the U.S. federal statutory rates were as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Tax expense at federal statutory rate	\$ 37,065	\$ 15,166	\$ 24,492
Non-controlling interest	2,440	73	3,466
Incremental impact of foreign taxes compared to federal tax rate	5,009	(476)	7,935
Other permanent differences	11,797	6,531	4,538
U.S. state and local taxes, net of U.S. federal benefit	2,737	(321)	(2,650)
New York City UBT	2,929	(3,256)	(392)
Other rate changes	(7,007)	(12,783)	10,509
Nontaxable gain on insurance disposition	(65,231)	—	—
Uncertain tax positions	(6,936)	1,475	(1,025)
U.S. tax on foreign earnings, net of tax credits	31,299	2,643	3,166
Return-to-provision adjustments	(714)	1,076	(3,937)
Valuation allowance	11,532	11,966	4,015
Other	(1,907)	(791)	(306)
Provision for income taxes	<u>\$ 23,013</u>	<u>\$ 21,303</u>	<u>\$ 49,811</u>

As of December 31, 2021, the Company's intention is to permanently reinvest undistributed foreign pre-tax earnings in the Company's foreign operations. While the one-time transition tax eliminated most of the income tax effects of repatriating the undistributed earnings, there could still be foreign and state and local tax effects on the distribution. Accordingly, no provision has been recorded on foreign and state and local taxes that would be applicable upon distribution of such earnings to the U.S. Further, determination of an estimate of deferred tax liability associated with the distribution of foreign earnings is not practicable. However, this policy will be further re-evaluated and assessed based on the Company's overall business needs and requirements.

The Company has finalized its accounting policy with respect to taxes on Global Intangible Low-Taxed Income (GILTI) and has elected to treat taxes associated with the GILTI provision using the Period Cost Method and thus have not recorded deferred taxes for basis differences under this regime as of December 31, 2021. Accordingly, the Company recorded a tax expense of \$33.7 million, net of foreign tax credits, for the impact of the GILTI provision on its foreign subsidiaries.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded against deferred tax assets if it is deemed more likely than not that those assets will not be realized.

Significant components of the Company's deferred tax asset and liability consisted of the following (in thousands):

	Year Ended December 31,	
	2021	2020
Deferred tax asset		
Basis difference of investments	\$ 15,906	\$ 15,644
Deferred compensation	70,635	74,030
Excess interest expense	31,319	26,238
Other deferred and accrued expenses	12,157	8,835
Net operating loss and credit carry-forwards	60,160	84,822
Total deferred tax asset <sup>1</sup>	190,177	209,569
Valuation allowance	(48,623)	(81,191)
Deferred tax asset, net of valuation allowance	141,554	128,378
Deferred tax liability		
Depreciation and amortization	24,331	27,406
Total deferred tax liability <sup>1</sup>	24,331	27,406
Net deferred tax asset	\$ 117,223	\$ 100,972

<sup>1</sup> Before netting within tax jurisdictions.

The Company has deferred tax assets associated with net operating losses in U.S. federal, state and local, and non-U.S. jurisdictions of \$1.4 million, \$5.9 million and \$45.8 million, respectively. These losses will begin to expire in 2027, 2025 and 2022, respectively. The Company has deferred tax assets associated with tax credits in the U.S. of \$7.2 million, which will begin to expire in 2027. The Company's decrease in net operating losses as well as associated valuation allowance is primarily due to disposition of the Insurance brokerage business that occurred during the year. The Company's deferred tax asset and liability are included in the Company's consolidated statements of financial condition as components of "Other assets" and "Accounts payable, accrued and other liabilities," respectively.

Pursuant to U.S. GAAP guidance, *Accounting for Uncertainty in Income Taxes*, the Company provides for uncertain tax positions as a component of income tax expense based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities.

A reconciliation of the beginning to the ending amounts of gross unrecognized tax benefits for the years ended December 31, 2021, 2020 is as follows (in thousands):

Balance, December 31, 2019	\$ 10,481
Increases for prior year tax positions	1,706
Decreases for prior year tax positions	—
Increases for current year tax positions	—
Decreases related to settlements with taxing authorities	—
Decreases related to a lapse of applicable statute of limitations	—
Balance, December 31, 2020	\$ 12,187
Increases for prior year tax positions	884
Decreases for prior year tax positions	(999)
Increases for current year tax positions	—
Decreases related to settlements with taxing authorities	—
Decreases related to a lapse of applicable statute of limitations	(7,678)
Balance, December 31, 2021	\$ 4,394

As of December 31, 2021, the Company's unrecognized tax benefits, excluding related interest and penalties, were \$4.4 million, of which \$4.4 million, if recognized, would affect the effective tax rate. The Company is currently open to examination by tax authorities in U.S. federal, state and local jurisdictions and certain non-U.S. jurisdictions for tax years beginning 2017, 2009 and 2016, respectively. The Company is currently under examination by tax authorities in the U.S. federal and certain state, local and foreign jurisdictions. The Company does not believe that the amounts of unrecognized tax benefits will materially change over the next 12 months.

The Company recognizes interest and penalties related to unrecognized tax benefits in “Provision (benefit) for income taxes” in the Company’s consolidated statements of operations. As of December 31, 2021, the Company had accrued \$2.5 million for income tax-related interest and penalties of which \$(0.7) million was accrued during 2021.

## **22. Regulatory Requirements**

Many of the Company’s businesses are subject to regulatory restrictions and minimum capital requirements. These regulatory restrictions and capital requirements may restrict the Company’s ability to withdraw capital from its subsidiaries.

Certain U.S. subsidiaries of the Company are registered as U.S. broker-dealers or FCMs subject to Rule 15c3-1 of the SEC and Rule 1.17 of the CFTC, which specify uniform minimum net capital requirements, as defined, for their registrants, and also require a significant part of the registrants’ assets be kept in relatively liquid form. As of December 31, 2021, the Company’s U.S. subsidiaries had net capital in excess of their minimum capital requirements.

Certain U.K. and European subsidiaries of the Company are regulated by their national regulator, which include the FCA and L’Autorité des Marchés Financiers and must maintain financial resources (as defined by their national regulator) in excess of the total financial requirement (as defined by their national regulator). As of December 31, 2021, the U.K. and European subsidiaries had financial resources in excess of their requirements.

Certain other subsidiaries of the Company are subject to regulatory and other requirements of the jurisdictions in which they operate.

In addition, the Company’s SEFs, BGC Derivative Markets and GFI Swaps Exchange are required to maintain financial resources to cover operating costs for at least one year, keeping at least enough cash or highly liquid securities to cover six months’ operating costs.

The Company also operates a designated contract market (DCM) and derivatives clearing organization (DCO) through the Futures Exchange Group, which are required to maintain financial resources to cover operating costs for at least one year, keeping at least enough cash or highly liquid securities to cover six months’ operating costs.

The regulatory requirements referred to above may restrict the Company’s ability to withdraw capital from its regulated subsidiaries. As of December 31, 2021, the Company’s regulated subsidiaries held \$667.2 million of net assets. These subsidiaries had aggregate regulatory net capital, as defined, in excess of the aggregate regulatory requirements, as defined, of \$326.9 million.

## **23. Segment, Geographic and Product Information**

### ***Segment Information***

The Company currently operates in one reportable segment, brokerage services. We provide or have provided brokerage services to the financial markets, integrated Voice, Hybrid and Fully Electronic brokerage in a broad range of products, including fixed income (Rates and Credit), FX, Equity derivatives and cash equities, Insurance, Energy and commodities, and futures. On November 1, 2021, we sold our Insurance brokerage business to The Ardonagh Group (see Note 5—“Divestitures”). It also provides a wide range of services, including trade execution, brokerage, clearing, trade compression, post-trade, information, consulting, and other back-office services to a broad range of financial and non-financial institutions.

### ***Geographic Information***

The Company offers products and services in the U.K., U.S., Asia (including Australia), Other Europe, MEA, France, and Other Americas. Information regarding revenues is as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
<b>Revenues:</b>			
U.K.	\$ 835,371	\$ 867,066	\$ 864,955
U.S.	517,269	518,811	564,412
Asia	301,489	311,190	331,328
Other Europe/MEA	200,409	192,852	202,144
France	99,933	107,679	83,664
Other Americas	60,893	59,163	58,103
Total revenues	<u>\$ 2,015,364</u>	<u>\$ 2,056,761</u>	<u>\$ 2,104,606</u>

Information regarding long-lived assets (defined as loans, forgivable loans and other receivables from employees and partners, net; fixed assets, net; ROU assets; certain other investments; goodwill; other intangible assets, net of accumulated amortization; and rent and other deposits) in the geographic areas is as follows (in thousands):

	Year Ended December 31,	
	2021	2020
<b>Long-lived assets:</b>		
U.S.	\$ 771,696	\$ 768,324
U.K.	412,767	655,906
Asia	73,779	119,619
Other Europe/MEA	47,888	66,487
France	16,996	28,518
Other Americas	16,032	18,236
Total long-lived assets	<u>\$ 1,339,158</u>	<u>\$ 1,657,090</u>

### Product Information

The Company's business is based on the products and services provided and reflect the manner in which financial information is evaluated by management.

The Company specializes in the brokerage of a broad range of products, including fixed income (Rates and Credit), FX, Equity derivatives and cash equities, Insurance, Energy and commodities, and futures. On November 1, 2021, we sold our Insurance brokerage business to The Ardonagh Group (see Note 5 — "Divestitures"). It also provides a wide range of services, including trade execution, broker-dealer services, clearing, trade compression, post trade, information, consulting, and other back-office services to a broad range of financial and non-financial institutions.

Product information regarding revenues is as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
<b>Revenues:</b>			
Rates	\$ 558,507	\$ 544,094	\$ 594,884
FX	301,328	315,253	370,318
Energy and commodities	296,458	292,641	288,697
Credit	287,608	329,904	306,713
Equity derivatives and cash equities	247,673	254,702	251,339
Insurance	178,087	182,707	155,790
Total brokerage revenues	<u>\$ 1,869,661</u>	<u>\$ 1,919,301</u>	<u>\$ 1,967,741</u>
All other revenues	145,703	137,460	136,865
Total revenues	<u>\$ 2,015,364</u>	<u>\$ 2,056,761</u>	<u>\$ 2,104,606</u>

**24. Revenues from Contracts with Customers**

The following table presents the Company's total revenues separated between revenues from contracts with customers and other sources of revenues (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Revenues from contracts with customers:			
Commissions	\$ 1,541,900	\$ 1,567,668	\$ 1,645,818
Data, software, and post-trade	89,963	81,920	73,166
Fees from related parties	14,856	25,754	29,442
Other revenues	16,818	14,948	12,806
Total revenues from contracts with customers	1,663,537	1,690,290	1,761,232
Other sources of revenues:			
Principal transactions	327,761	351,633	321,923
Interest and dividend income	21,977	12,332	18,319
Other revenues	2,089	2,506	3,132
Total revenues	\$ 2,015,364	\$ 2,056,761	\$ 2,104,606

Refer to Note 3—"Summary of Significant Accounting Policies" for detailed information on the recognition of the Company's revenues from contracts with customers.

***Disaggregation of Revenue***

Refer to Note 23—"Segment, Geographic and Product Information" for a further discussion on the allocation of revenues to geographic regions.

***Contract Balances***

The timing of our revenue recognition may differ from the timing of payment by our customers. The Company records a receivable when revenue is recognized prior to payment and the Company has an unconditional right to payment. Alternatively, when payment precedes the provision of the related services, the Company records deferred revenue until the performance obligations are satisfied.

The Company had receivables related to revenues from contracts with customers of \$296.4 million and \$629.4 million at December 31, 2021 and December 31, 2020, respectively. The Company had no impairments related to these receivables during the years ended December 31, 2021 and 2020.

The Company's deferred revenue primarily relates to customers paying in advance or billed in advance where the performance obligation has not yet been satisfied. Deferred revenue at December 31, 2021 and 2020 was \$9.2 million and \$15.0 million, respectively. During the years ended December 31, 2021 and 2020, the Company recognized revenue of \$9.0 million and \$8.3 million, respectively, that was recorded as deferred revenue at the beginning of the period.

***Contract Costs***

The Company capitalizes costs to fulfill contracts associated with different lines of its business where the revenue is recognized at a point in time and the costs are determined to be recoverable. Capitalized costs to fulfill a contract are recognized at the point in time that the related revenue is recognized. At December 31, 2021, there were no capitalized costs recognized to fulfill a contract. At December 31, 2020, there were \$1.7 million of capitalized costs recognized to fulfill a contract.

**25. Leases**

The Company, acting as a lessee, has operating leases and finance leases primarily relating to office space, data centers and office equipment. The leases have remaining lease terms of 0.2 years to 17.6 years, some of which include options to extend the leases in 1 to 10 year increments for up to 10 years. Renewal periods are included in the lease term only when renewal is reasonably certain, which is a high threshold and requires management to apply judgment to determine the appropriate lease term. Certain leases also include periods covered by an option to terminate the lease if the Company is

reasonably certain not to exercise the termination option. The Company measures its lease payments by including fixed rental payments and, where relevant, variable rental payments tied to an index, such as the Consumer Price Index. Payments for leases in place before the date of adoption of ASC 842, *Leases* were determined based on previous leases guidance. The Company recognizes lease expense for its operating leases on a straight-line basis over the lease term and variable lease expense not included in the lease payment measurement is recognized as incurred.

Pursuant to the accounting policy election, leases with an initial term of twelve months or less are not recognized on the balance sheet. The short-term lease expense over the period reasonably reflects the Company's short-term lease commitments.

ASC 842, *Leases* requires the Company to make certain assumptions and judgments in applying the guidance, including determining whether an arrangement includes a lease, determining the term of a lease when the contract has renewal or cancellation provisions, and determining the discount rate.

The Company determines whether an arrangement is a lease or includes a lease at the contract inception by evaluating whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the Company has the right to obtain substantially all of the economic benefits from, and can direct the use of, the identified asset for a period of time, the Company accounts for the identified asset as a lease. The Company has elected the practical expedient to not separate lease and non-lease components for all leases other than real estate leases. The primary non-lease component that is combined with a lease component represents operating expenses, such as utilities, maintenance or management fees.

As the rate implicit in the lease is not usually available, the Company used an incremental borrowing rate based on the information available at the adoption date of the new *Leases* standard in determining the present value of lease payments for existing leases. The Company has elected to use a portfolio approach for the incremental borrowing rate, applying corporate bond rates to the leases. The Company calculated the appropriate rates with reference to the lease term and lease currency. The Company uses information available at the lease commencement date to determine the discount rate for any new leases.

The Company subleases certain real estate to its affiliates and to third parties. The value of these commitments is not material to the Company's consolidated financial statements.

As of December 31, 2021, the Company did not have any leases that have not yet commenced but that create significant rights and obligations.

Supplemental information related to the Company's operating leases is as follows (in thousands):

	Classification in Consolidated Statements of Financial Condition	December 31, 2021	December 31, 2020
<b>Assets</b>			
Operating lease ROU assets	Other assets	\$ 136,252	\$ 165,969
Finance lease ROU assets	Fixed assets, net	\$ 2,893	\$ —
<b>Liabilities</b>			
Operating lease liabilities	Accounts payable, accrued and other liabilities	\$ 166,220	\$ 190,207
Finance lease liabilities	Accounts payable, accrued and other liabilities	\$ 2,985	\$ —
		December 31, 2021	December 31, 2020
<b>Weighted-average remaining lease term</b>			
Operating leases (years)		10.8	10.5
Finance leases (years)		4.7	0
<b>Weighted-average discount rate</b>			
Operating leases		4.9 %	4.9 %
Finance leases		3.1 %	— %

The components of lease expense are as follows (in thousands):

	Classification in Consolidated Statements of Operations	Year Ended December 31,	
		2021	2020
Operating lease cost <sup>1</sup>	Occupancy and equipment	\$ 41,442	\$ 43,726
Finance lease cost			
Amortization on ROU assets	Occupancy and equipment	\$ 146	\$ —
Interest on lease liabilities	Interest expense	\$ 21	\$ —

<sup>1</sup> The Company recorded operating lease costs related to the Insurance brokerage business of \$3.5 million for the year ended December 31, 2021.

Short-term lease expense is not material.

The following table shows the Company's maturity analysis of its operating lease liabilities as of December 31, 2021 (in thousands):

	December 31, 2021	
	Operating leases	Finance leases
2022	\$ 32,288	\$ 657
2023	28,318	657
2024	23,433	657
2025	19,014	657
2026	15,670	499
Thereafter	103,214	—
Total	\$ 221,937	\$ 3,127
Interest	(55,717)	(142)
Total	\$ 166,220	\$ 2,985

The following table shows cash flow information related to lease liabilities (in thousands):

	Year Ended December 31,	
	2021	2020
Cash paid for obligations included in the measurement of lease liabilities <sup>1</sup>	\$ 37,085	\$ 37,552
Cash paid for obligations included in the measurement of finance lease liabilities	\$ 157	\$ —

<sup>1</sup> The Company made payments for operating lease liabilities related to the Insurance brokerage business of \$3.6 million for the year ended December 31, 2021.

## 26. Current Expected Credit Losses (CECL)

The CECL reserve reflects management's current estimate of potential credit losses related to the receivable balances included in the Company's consolidated statements of financial condition. See Note 3—"Summary of Significant Accounting Policies" for further discussion of the CECL reserve methodology.

As described in Note 1—"Organization and Basis of Presentation," upon adoption of the new CECL guidance on January 1, 2020, the Company recognized an initial CECL reserve of approximately \$1.9 million, of which, \$1.1 million was in "Loans, forgivable loans and other receivables from employees and partners, net," and \$0.8 million was in "Accrued commissions and other receivables, net," against its receivables portfolio with a corresponding charge to "Retained deficit" on the Company's consolidated statements of changes in equity.

As required, any subsequent changes to the CECL reserve are recognized in "Net income (loss) available to common stockholders" in the Company's consolidated statements of operations. During the years ended December 31, 2021 and 2020, the Company recorded a decrease of \$0.2 million and an increase of \$0.7 million, respectively, in the CECL reserve against the receivables portfolio, bringing the Company's total CECL reserve to \$2.4 million and \$2.6 million as of December 31, 2021 and 2020, respectively.

This total CECL reserve is comprised of \$1.7 million and \$1.6 million for "Loans, forgivable loans and other receivables from employees and partners, net" as of December 31, 2021 and 2020, respectively. The total CECL reserve is

further comprised of \$0.7 million and \$1.0 million for “Accrued commissions and other receivables, net,” as of December 31, 2021 and 2020, respectively. For the year ended December 31, 2021, there was an increase of \$0.1 million, in the CECL reserve pertaining to “Loans, forgivable loans and other receivables from employees and partners, net” as a result of employee terminations, bringing the CECL reserve recorded pertaining to “Loans, forgivable loans and other receivables from employees and partners, net” to \$1.7 million as of December 31, 2021. For the year ended December 31, 2020, there was an increase of \$0.5 million in the CECL reserve pertaining to “Loans, forgivable loans and other receivables from employees and partners, net.”

For the year ended December 31, 2021, there was a decrease of \$0.3 million in the CECL reserve against “Accrued commissions and other receivables, net,” due to the updated macroeconomic assumptions resulting from an increase in the GDP growth rate, and the downward credit rating migration of certain receivables in the portfolio, bringing the CECL reserve recorded pertaining to “Accrued commissions and other receivables, net” to \$0.7 million as of December 31, 2021. For the year ended December 31, 2020, there was an increase of \$0.2 million in the CECL reserve against “Accrued commissions and other receivables, net.”

## 27. Supplemental Balance Sheet Information

The components of certain balance sheet accounts are as follows (in thousands):

	Year Ended December 31,	
	2021	2020
<b>Other assets:</b>		
Operating lease ROU assets <sup>1</sup>	\$ 136,252	\$ 165,969
Deferred tax asset	135,365	125,292
Equity securities carried under measurement alternative	82,093	81,758
Other taxes	37,011	27,450
Prepaid expenses	16,715	35,215
Rent and other deposits	15,849	16,355
Other	21,948	28,388
Total other assets	\$ 445,233	\$ 480,427
	Year Ended December 31,	
	2021	2020
<b>Accounts payable, accrued and other liabilities:</b>		
Taxes payable	\$ 277,932	\$ 255,944
Accrued expenses and other liabilities <sup>2</sup>	203,937	890,890
Lease liabilities <sup>1</sup>	169,205	190,207
Deferred tax liability	18,142	24,320
Charitable contribution liability	10,038	2,758
Total accounts payable, accrued and other liabilities	\$ 679,254	\$ 1,364,119

<sup>1</sup> As of December 31, 2021, \$136.3 million and \$169.2 million, relating to lease ROU assets and lease liabilities, respectively, is attributable to the adoption of ASU No. 2016-02, *Leases (Topic 842)*. As of December 31, 2020, \$166.0 million and \$190.2 million, relating to lease ROU assets and lease liabilities, respectively, is attributable to the adoption of ASU No. 2016-02, *Leases (Topic 842)*. See Note 25—“Leases”, in addition to the information under the heading “Recently Adopted Accounting Pronouncements” included in Note 1—“Organization and Basis of Presentation” for additional information.

<sup>2</sup> As of December 31, 2020, \$607.3 million is attributable to Besso and Ed Broking. See “Cash Segregated Under Regulatory Requirements” and “Accrued Commissions and Other Receivables, Net” in Note 3—“Summary of Significant Accounting Policies” for additional information.

## 28. Subsequent Events

### *Fourth Quarter 2021 Dividend*

On February 15, 2022, the Company’s Board declared a quarterly cash dividend of \$0.01 per share for the fourth quarter of 2021, payable on March 22, 2022 to BGC Class A and Class B common stockholders of record as of March 8, 2022.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

### ITEM 9A. CONTROLS AND PROCEDURES

#### Evaluation of Disclosure Controls and Procedures

BGC Partners maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed by BGC Partners is recorded, processed, accumulated, summarized and communicated to its management, including its Chairman of the Board and Chief Executive Officer and its Chief Financial Officer, to allow timely decisions regarding required disclosures, and reported within the time periods specified in the SEC's rules and forms. The Chairman of the Board and Chief Executive Officer and the Chief Financial Officer have performed an evaluation of the effectiveness of the design and operation of BGC Partners disclosure controls and procedures as of December 31, 2021. Based on that evaluation, the Chairman of the Board and Chief Executive Officer and the Chief Financial Officer concluded that BGC Partners' disclosure controls and procedures were effective as of December 31, 2021.

#### Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chairman and Chief Executive Officer, and our Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2021 based upon criteria set forth in the Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO). Our internal control over financial reporting includes policies and procedures that are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. GAAP. The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report, which is included in this Annual Report on Form 10-K.

#### Material Weakness Identified

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements would not be prevented or detected on a timely basis.

As previously disclosed in Part II, Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2020, management identified the following control deficiencies that in combination constituted a material weakness in our internal control over financial reporting as of December 31, 2020:

- We did not design an effective control over wire payments in the U.K. to vendors, including taxing authorities. Specifically, we did not require independent validation of vendor banking details for wire payments where vendors had requested remittance be made to a different account than the one recorded within the vendor master listing.
- We did not operate an effective control in the U.K. to validate bank information to the vendor master listing when effecting wire payments.
- We did not design an effective control over the reconciliation of receipts and disbursements for certain U.K. partnerships in relation to partner related payments.

#### Remediation of Material Weakness

Our management, with the oversight of the Audit Committee of our Board of Directors, took immediate action to initiate a plan to remediate the material weakness previously identified and disclosed in Part II, Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2020. The below remediation measures were designed to remediate the control deficiencies and enhance our overall internal control environment:

- Wire payments are not permitted to be made to vendor bank accounts other than from the master listing.
- Changes to bank details within the vendor master listing can only be made once an independent validation has been performed.
- Prior to the release of wire payments, the payee bank details are required to be validated to the vendor master listing by an independent department.

- A reconciliation of disbursements and payments to taxing authorities has been implemented with respect to certain U.K. partnerships.

Based upon management's assessment of our implemented controls to address the material weakness noted above, we believe the material weakness identified has been remediated as of December 31, 2021.

***Changes in Internal Control over Financial Reporting***

During the year ended December 31, 2021, there were no changes in our internal control over financial reporting, other than the remediation measures implemented as described above, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

Not Applicable

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not Applicable

**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information appearing under “Election of Directors,” “Information about our Executive Officers,” “Section 16(a) Beneficial Ownership Reporting Compliance,” and “Code of Ethics and Whistleblower Procedures” in the 2022 Proxy Statement is hereby incorporated by reference in response to this Item 10.

**ITEM 11. EXECUTIVE COMPENSATION**

The information appearing under “Compensation Discussion and Analysis,” “Compensation Committee Report,” “Executive Compensation” and “Compensation Committee Interlocks and Insider Participation” in the 2022 Proxy Statement is hereby incorporated by reference in response to this Item 11.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information appearing under “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information as of December 31, 2021” in the 2022 Proxy Statement is hereby incorporated by reference in response to this Item 12.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information appearing under “Certain Relationships and Related Transactions and Director Independence” and “Election of Directors—Independence of Directors” in the 2022 Proxy Statement is hereby incorporated by reference in response to this Item 13.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information appearing under “Independent Registered Public Accounting Firm Fees” and “Audit Committee Pre-Approval Policies and Procedures” in the 2022 Proxy Statement is hereby incorporated by reference in response to this Item 14.

## PART IV—OTHER INFORMATION

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements. The consolidated financial statements required to be filed in this Annual Report on Form 10-K are included in Part II, Item 8 hereof.

(a) (2) Schedule I, Parent Company Only Financial Statements. All other schedules are omitted because they are not applicable or not required, or the required information is in the financial statements or the notes thereto.

(a) (3) The Exhibit Index set forth below is incorporated by reference in response to this Item 15.

The following Exhibits are filed as part of this Report as required by Regulation S-K. The Exhibits designated by an asterisk (\*) are management contracts and compensation plans and arrangements required to be filed as Exhibits to this Report. Certain exhibits have been previously filed with the SEC pursuant to the Securities Exchange Act of 1934 (Commission File Number 0-28191).

### EXHIBIT INDEX

Exhibit Number	Exhibit Title
2.1	<a href="#">Agreement and Plan of Merger, dated as of May 29, 2007, by and among eSpeed, Inc., BGC Partners, Inc., Cantor Fitzgerald, L.P., BGC Partners, L.P., BGC Global Holdings, L.P. and BGC Holdings, L.P. (incorporated by reference to the Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on February 11, 2008)</a>
2.2	<a href="#">Amendment No. 1, dated as of November 5, 2007, to the Agreement and Plan of Merger, dated as of May 29, 2007, by and among eSpeed, Inc., BGC Partners, Inc., Cantor Fitzgerald, L.P., BGC Partners, L.P., BGC Global Holdings, L.P. and BGC Holdings, L.P. (incorporated by reference to the Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on February 11, 2008)</a>
2.3	<a href="#">Amendment No. 2, dated as of February 1, 2008, to the Agreement and Plan of Merger, dated as of May 29, 2007, by and among eSpeed, Inc., BGC Partners, Inc., Cantor Fitzgerald, L.P., BGC Partners, L.P., BGC Global Holdings, L.P. and BGC Holdings, L.P. (incorporated by reference to the Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on February 11, 2008)</a>
2.4	<a href="#">Separation Agreement, dated as of March 31, 2008, by and among Cantor Fitzgerald, L.P., BGC Partners, LLC, BGC Partners, L.P., BGC Global Holdings, L.P. and BGC Holdings, L.P. (incorporated by reference to Exhibit 2.4 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)</a>
2.5	<a href="#">Purchase Agreement, dated as of April 1, 2013, by and among BGC Partners, Inc., BGC Partners, L.P., The NASDAQ OMX Group, Inc., and for certain limited purposes, Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 2.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2013)</a>
2.6	<a href="#">Tender Offer Agreement executed by BGC Partners, Inc., BGC Partners, L.P. and GFI Group Inc., dated February 19, 2015 (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on February 25, 2015)</a>
2.7	<a href="#">Stock Purchase Agreement by and among GFINet, Inc., GFI TP Holdings Pte Ltd, Intercontinental Exchange, Inc., and solely for the purposes set forth therein, GFI Group Inc. and BGC Partners, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 18, 2015)</a>
2.8	<a href="#">Agreement and Plan of Merger, dated December 22, 2015, by and among BGC Partners, Inc., JPI Merger Sub 1, Inc., JPI Merger Sub 2, LLC, Jersey Partners Inc., New JP Inc., Michael Gooch and Colin Heffron (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 23, 2015)</a>
2.9	<a href="#">Transaction Agreement, dated as of July 17, 2017, by and among BGC Partners, Inc., BGC Partners, L.P., Cantor Fitzgerald, L.P., Cantor Commercial Real Estate Company, L.P., Cantor Sponsor, L.P., CF Real Estate Finance Holdings, L.P. and CF Real Estate Finance Holdings GP, LLC (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on July 21, 2017)</a>

<b>Exhibit Number</b>	<b>Exhibit Title</b>
2.10	<a href="#">Amended and Restated Separation and Distribution Agreement, dated as of November 23, 2018, by and among Cantor Fitzgerald, L.P., BGC Partners, Inc., BGC Holdings, L.P., BGC Partners, L.P., BGC Global Holdings, L.P., Newmark Group, Inc., Newmark Holdings, L.P. and Newmark Partners, L.P. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on November 27, 2018)</a>
2.11	<a href="#">Agreement for the Sale and Purchase of the Share Capital of Ed Broking Group Limited and Besso Insurance Group Limited, Dated May 26, 2021, by and Among Tower Bridge (One) Limited, Ardonagh Specialty Holdings 2 Limited, The Ardonagh Group Limited and BGC Partners, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 6, 2021)</a>
2.12	<a href="#">Deed of Variation in Respect of the Agreement for the Sale and Purchase of the Share Capital of Ed Broking Group Limited and Besso Insurance Group Limited, dated August 25, 2021, by and among Tower Bridge (One) Limited, Ardonagh Specialty Holdings 2 Limited, The Ardonagh Group Limited and BGC Partners, Inc. (incorporated by reference to Exhibit 2.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 8, 2021)</a>
2.13	<a href="#">Deed of Variation in Respect of the Agreement for the Sale and Purchase of the Share Capital of Ed Broking Group Limited and Besso Insurance Group Limited, dated October 31, 2021, by and among Tower Bridge (One) Limited, Ardonagh Specialty Holdings 2 Limited, The Ardonagh Group Limited and BGC Partners, Inc. (incorporated by reference to Exhibit 2.3 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 8, 2021)</a>
3.1	<a href="#">Restated Certificate of Incorporation of BGC Partners, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2016)</a>
3.2	<a href="#">Amended and Restated Bylaws of BGC Partners, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)</a>
4.1	<a href="#">Description of Registrant's Securities Registered under Section 12 of the Securities Exchange Act of 1934, as amended</a>
4.2	<a href="#">Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 filed with the SEC on April 18, 2008)</a>
4.3	<a href="#">Indenture, dated as of June 26, 2012, between BGC Partners, Inc. and U.S. Bank National Association, as Trustee, (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 27, 2012)</a>
4.4	<a href="#">Fourth Supplemental Indenture, dated as of July 24, 2018, by and between BGC Partners, Inc. and U.S. Bank National Association, as Trustee, relating to the 5.375% Senior Notes due 2023 (incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-K filed with the SEC on July 25, 2018)</a>
4.5	<a href="#">Form of 5.375% Senior Notes due 2023 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on July 25, 2018)</a>
4.6	<a href="#">Indenture, dated as of September 27, 2019, between BGC Partners, Inc. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed with the SEC on September 30, 2019)</a>
4.7	<a href="#">First Supplemental Indenture, dated as of September 27, 2019, between BGC Partners, Inc. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-K filed with the SEC on September 30, 2019)</a>
4.8	<a href="#">Form of BGC Partners, Inc. 3.750% Senior Notes due 2024 (incorporated by reference to Exhibit 4.3 to the Registrant's Form 8-K filed with the SEC on September 30, 2019)</a>
4.9	<a href="#">Second Supplemental Indenture, dated as of July 10, 2020, between BGC Partners, Inc. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on July 14, 2020)</a>
4.10	<a href="#">Form of BGC Partners, Inc. 4.375% Senior Notes due 2025 (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed with the SEC on July 14, 2020)</a>
10.1	<a href="#">Registration Rights Agreement, dated as of December 9, 1999, by and among eSpeed, Inc. and the Investors named therein (incorporated by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1999)</a>

<b>Exhibit Number</b>	<b>Exhibit Title</b>
10.2	<a href="#">Registration Rights Agreement by and between Cantor Fitzgerald, L.P. and BGC Partners, LLC, dated as of March 31, 2008 (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)</a>
10.3	<a href="#">Administrative Services Agreement, dated as of March 6, 2008, by and between Cantor Fitzgerald, L.P. and BGC Partners, Inc. (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)</a>
10.4	<a href="#">Administrative Services Agreement, dated as of August 9, 2007, by and among Tower Bridge International Services L.P. and BGC International (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)</a>
10.5	<a href="#">BGC Holdings, L.P. Participation Plan, effective as of April 1, 2008 (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)*</a>
10.6	<a href="#">Tax Receivable Agreement, dated as of March 31, 2008, by and between BGC Partners, LLC and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)</a>
10.7	<a href="#">License Agreement, dated as of April 1, 2008, by and between BGC Partners, Inc. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.10 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)</a>
10.8	<a href="#">Clearing Services Agreement, dated May 9, 2006, between Cantor Fitzgerald &amp; Co. and BGC Financial, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)</a>
10.9	<a href="#">Amendment to Clearing Services Agreement, dated November 7, 2008, between Cantor Fitzgerald &amp; Co. and BGC Financial, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)</a>
10.10	<a href="#">Second Amendment, dated August 16, 2010, to the Clearing Services Agreement, dated May 9, 2006, between Cantor Fitzgerald &amp; Co. and BGC Financial, Inc. (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 7, 2020)</a>
10.11	<a href="#">Third Amendment, dated June 16, 2020, to the Clearing Services Agreement, dated May 9, 2006, between Cantor Fitzgerald &amp; Co. and BGC Financial, Inc. (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 7, 2020)</a>
10.12	<a href="#">Agreement dated November 5, 2008 between BGC Partners, Inc. and Cantor Fitzgerald, L.P. regarding clearing capital (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)</a>
10.13	<a href="#">First Amendment, dated June 16, 2020, to the Agreement between BGC Partners, Inc. and Cantor Fitzgerald, L.P. regarding clearing capital, dated November 5, 2008 (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 7, 2020)</a>
10.14	<a href="#">Subscription Agreement, dated March 16, 2010, among BGC Partners, Inc., BGC Holdings, L.P. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.43 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2010)</a>
10.15	<a href="#">Registration Rights Agreement, dated as of April 1, 2010, by and between BGC Partners, Inc. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2010)</a>
10.16	<a href="#">Tower Bridge International Services L.P. and BGC Brokers L.P. Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.60 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)</a>
10.17	<a href="#">Tower Bridge International Services L.P. and Cantor Fitzgerald Europe Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.61 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)</a>
10.18	<a href="#">Tower Bridge International Services L.P. and Cantor Index Limited Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.62 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)</a>

<b>Exhibit Number</b>	<b>Exhibit Title</b>
10.19	<a href="#">Tower Bridge International Services L.P. and BGC International Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.63 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)</a>
10.20	<a href="#">Tower Bridge International Services L.P. and eSpeed International Limited Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.64 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)</a>
10.21	<a href="#">Tower Bridge International Services L.P. and eSpeed Support Services Limited Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.65 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)</a>
10.22	<a href="#">Amended and Restated Change in Control Agreement dated August 3, 2011 between Howard W. Lutnick and BGC Partners, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2011)*</a>
10.23	<a href="#">Amended and Restated Change in Control Agreement dated August 3, 2011 between Stephen M. Merkel and BGC Partners, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2011)*</a>
10.24	<a href="#">Amended and Restated Deed of Adherence, dated as of January 22, 2014, between Sean Windeatt and BGC Services (Holdings) LLP (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 28, 2014)*</a>
10.25	<a href="#">Deed of Amendment, dated February 24, 2017, to the Amended and Restated Deed of Adherence, between Sean A. Windeatt and BGC Services (Holdings) LLP (incorporated by reference to Exhibit 10.86 to the Registrant's Annual Report on Form 10-K filed with the SEC on February 28, 2017)*</a>
10.26	<a href="#">Deed of Amendment, dated November 5, 2020, to the Amended and Restated Deed of Adherence, between Sean A. Windeatt and BGC Services (Holdings) LLP (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 6, 2020)*</a>
10.27	<a href="#">Consultancy Agreement, dated February 24, 2017, between Sean A. Windeatt and BGC Services (Holdings) LLP (incorporated by reference to Exhibit 10.87 to the Registrant's Annual Report on Form 10-K filed with the SEC on February 28, 2017)*</a>
10.28	<a href="#">Amendment, dated November 5, 2020, to the Consultancy Agreement, dated February 24, 2017, between Sean A. Windeatt and BGC Services (Holdings) LLP (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 6, 2020)*</a>
10.29	<a href="#">Letter Agreement, dated as of August 24, 2015, among BGC Partners, Inc., BGC Partners, L.P. and GFI Group Inc., relating to shareholder litigation and the Tender Offer Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 9, 2015)</a>
10.30	<a href="#">Eighth Amended and Restated Long Term Incentive Plan, dated as of November 22, 2021 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 23, 2021)*</a>
10.31	<a href="#">Second Amended and Restated BGC Partners, Inc. Incentive Bonus Compensation Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 9, 2017)*</a>
10.32	<a href="#">Amended and Restated Agreement of Limited Partnership of CF Real Estate Finance Holdings, L.P., dated as of September 8, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on September 8, 2017)</a>
10.33	<a href="#">Second Amended and Restated Agreement of Limited Partnership of BGC Holdings, L.P., dated as of December 13, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 19, 2017)</a>
10.34	<a href="#">Amendment No. 1, dated November 8, 2018, to the Second Amended and Restated Agreement of Limited Partnership of BGC Holdings, L.P. (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed with the SEC on November 8, 2018).</a>
10.35	<a href="#">Second Amended and Restated Agreement of Limited Partnership of BGC Partners, L.P., dated as of December 13, 2017 (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the SEC on December 19, 2017)</a>

<b>Exhibit Number</b>	<b>Exhibit Title</b>
10.36	<a href="#">Second Amended and Restated Agreement of Limited Partnership of BGC Global Holdings, L.P., dated as of December 13, 2017 (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed with the SEC on December 19, 2017)</a>
10.37	<a href="#">Registration Rights Agreement, dated as of December 13, 2017, by and among Cantor Fitzgerald, L.P., BGC Partners, Inc. and Newmark Group, Inc. (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed with the SEC on December 19, 2017)</a>
10.38	<a href="#">Tax Matters Agreement, dated as of December 13, 2017, by and among BGC Partners, Inc., BGC Holdings, L.P., BGC Partners, L.P., Newmark Group, Inc., Newmark Holdings, L.P. and Newmark Partners, L.P. (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed with the SEC on December 19, 2017)</a>
10.39	<a href="#">Amended and Restated Tax Receivable Agreement, dated as of December 13, 2017, by and between Cantor Fitzgerald, L.P. and BGC Partners, Inc. (incorporated by reference to Exhibit 10.9 to the Registrant's Current Report on Form 8-K filed with the SEC on December 19, 2017)</a>
10.40	<a href="#">Registration Rights Agreement, dated as of July 10, 2020, between BGC Partners, Inc. and the parties named therein (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on July 14, 2020)</a>
10.41	<a href="#">Credit Agreement, dated as of March 19, 2018, by and between BGC Partners, Inc. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 23, 2018)</a>
10.42	<a href="#">Amendment, dated August 6, 2018, to the Credit Agreement, dated as of March 19, 2018, by and between BGC Partners, Inc. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 7, 2018)</a>
10.43	<a href="#">Amended and Restated Credit Agreement, dated as of March 19, 2018, by and between BGC Partners, Inc. and Newmark Group, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on March 23, 2018)</a>
10.44	<a href="#">Credit Agreement, dated as of November 28, 2018, by and among BGC Partners, Inc., as the Borrower, certain subsidiaries of the Borrower, as Guarantors, the several financial institutions from time to time as parties thereto, as Lenders, and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 27, 2018)</a>
10.45	<a href="#">First Amendment, dated December 11, 2019, to the Credit Agreement, dated as of November 28, 2018, by and among BGC Partners, Inc., as the Borrower, certain subsidiaries of the Borrower, as Guarantors, the several financial institutions from time to time as parties thereto, as Lenders, and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 13, 2019)</a>
10.46	<a href="#">Second Amendment, dated February 26, 2020, to the Credit Agreement, dated as of November 28, 2018, by and among BGC Partners, Inc., as the Borrower, certain subsidiaries of the Borrower, as Guarantors, the several financial institutions from time to time as parties thereto, as Lenders, and Bank of America, N.A., as the Administrative Agent. (incorporated by reference to Exhibit 10.47 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 1, 2021)</a>
21.1	<a href="#">List of subsidiaries of BGC Partners, Inc.</a>
23.1	<a href="#">Consent of Ernst &amp; Young LLP</a>
31.1	<a href="#">Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification by the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1	<a href="#">Certification by the Chief Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101	The following materials from BGC Partners' Annual Report on Form 10-K for the period ended December 31, 2021 are formatted in inline eXtensible Business Reporting Language (iXBRL): (i) the Consolidated Statements of Financial Condition, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income (Loss), (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Changes in Equity, (vi) Notes to the Consolidated Financial Statements, and (vii) Schedule I, Parent Company Only Financial Statements. The XBRL Instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the iXBRL document.

<b>Exhibit Number</b>	<b>Exhibit Title</b>
104	The cover page from this Annual Report on Form 10-K, formatted in inline XBRL (included in Exhibit 101).

**ITEM 16. FORM 10-K SUMMARY**

Not Applicable



**BGC PARTNERS, INC.**  
**(Parent Company Only)**

**STATEMENTS OF FINANCIAL CONDITION**  
**(in thousands, except share and per share data)**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 31	\$ 24
Investments in subsidiaries	568,961	737,955
Receivables from related parties	10,038	2,758
Note receivable from related party	1,043,189	1,296,082
Other assets	70,261	64,498
Total assets	<u>\$ 1,692,480</u>	<u>\$ 2,101,317</u>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable, accrued and other liabilities	\$ 29,539	\$ 50,999
Notes payable	1,043,189	1,296,082
Total liabilities	1,072,728	1,347,081
Commitments and contingencies (Note 2)		
Total stockholders' equity	619,752	754,236
Total liabilities and stockholders' equity	<u>\$ 1,692,480</u>	<u>\$ 2,101,317</u>

*See accompanying Notes to Financial Statements.*

**BGC PARTNERS, INC.**  
**(Parent Company Only)**

**STATEMENTS OF OPERATIONS**  
**(in thousands, except per share data)**

	Year Ended December 31,		
	2021	2020	2019
<b>Revenues:</b>			
Other revenues	\$ 552	\$ 450	\$ —
Interest and dividend income	60,772	65,762	55,044
Total revenue	61,324	66,212	55,044
<b>Expenses:</b>			
Interest expense	60,772	65,762	55,044
Total expenses	60,772	65,762	55,044
Income from operations before income taxes	552	450	—
Equity income (loss) of subsidiaries	114,971	38,030	46,752
Provision (benefit) for income taxes	(8,484)	(6,582)	2,851
Net income available to common stockholders	\$ 124,007	\$ 45,062	\$ 43,901
<b>Per share data:</b>			
<i>Basic earnings (loss) per share</i>			
Net income available to common stockholders	\$ 124,007	\$ 45,062	\$ 43,901
Basic earnings (loss) per share	\$ 0.33	\$ 0.12	\$ 0.13
Basic weighted-average shares of common stock outstanding	379,215	361,736	344,332
<i>Fully diluted earnings (loss) per share</i>			
Net income (loss) for fully diluted shares	\$ 173,995	\$ 64,787	\$ 58,871
Fully diluted earnings (loss) per share	\$ 0.32	\$ 0.12	\$ 0.12
Fully diluted weighted-average shares of common stock outstanding	540,020	546,848	472,187

*See accompanying Notes to Financial Statements.*

**BGC PARTNERS, INC.**  
**(Parent Company Only)**

**STATEMENTS OF COMPREHENSIVE INCOME**  
**(in thousands)**

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Net income available to common stockholders	\$ 124,007	\$ 45,062	\$ 43,901
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments	(11,853)	5,382	96
Benefit plans	235	(1,210)	(8,733)
Total other comprehensive (loss) income, net of tax	(11,618)	4,172	(8,637)
Comprehensive income attributable to common stockholders	<u>\$ 112,389</u>	<u>\$ 49,234</u>	<u>\$ 35,264</u>

*See accompanying Notes to Financial Statements.*

**BGC PARTNERS, INC.**  
**(Parent Company Only)**

**STATEMENTS OF CASH FLOWS**  
**(in thousands)**

	Year Ended December 31,		
	2021	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income available to common stockholders	\$ 124,007	\$ 45,062	\$ 43,901
Adjustments to reconcile net income to net cash used in operating activities:			
Amortization of deferred financing costs	3,592	4,188	3,206
Equity (income) loss of subsidiaries	(114,971)	(38,030)	(46,752)
Deferred tax (benefit) expense	(6,404)	(13,585)	(20,042)
Decrease (increase) in operating assets:			
Investments in subsidiaries	335,295	(11,480)	12,400
Receivables from related parties	(7,280)	1,241	16,029
Note receivable from related party	251,312	(187,069)	(366,496)
Other assets	1,769	887	861
(Decrease) increase in operating liabilities:			
Accounts payable, accrued and other liabilities	(21,459)	14,295	(4,125)
Net cash used in operating activities	565,861	(184,491)	(361,018)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Net cash used in investing activities	—	—	—
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Dividends to stockholders	(15,098)	(60,440)	(192,442)
Repurchase of Class A common stock	(365,398)	(5)	(970)
Issuance of senior notes, net of deferred issuance costs	—	294,396	294,845
Repayments of senior notes	(256,032)	(43,968)	—
Unsecured revolving credit agreement borrows	300,000	230,000	390,000
Unsecured revolving credit agreement repayments	(300,000)	(300,000)	(320,000)
Distributions from subsidiaries	70,602	61,972	184,545
Proceeds from offering of Class A common stock, net	72	2,516	4,929
Net cash provided by financing activities	(565,854)	184,471	360,907
Net increase (decrease) in cash and cash equivalents	7	(20)	(111)
Cash and cash equivalents at beginning of period	24	44	155
Cash and cash equivalents at end of period	\$ 31	\$ 24	\$ 44
Supplemental cash information:			
Cash paid (refund) during the period for taxes	\$ (157)	\$ (5,919)	\$ 5,422
Cash paid during the period for interest	59,018	60,594	47,329
Supplemental non-cash information:			
Issuance of Class A common stock upon exchange of limited partnership interests	\$ 157,547	\$ 11,388	\$ 26,146
Issuance of Class A and contingent Class A common stock and limited partnership interests for acquisitions	1,160	1,578	3,040

*See accompanying Notes to Financial Statements.*

**BGC PARTNERS, INC.**  
**(Parent Company Only)**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Organization and Basis of Presentation**

The accompanying Parent Company Only Financial Statements of BGC Partners should be read in conjunction with the consolidated financial statements of BGC Partners and subsidiaries and the notes thereto. In addition, certain reclassifications have been made to previously reported amounts to conform to the current presentation.

For the year ended December 31, 2021, the Company declared and paid cash dividends of \$0.04 per share to BGC Class A and Class B common stockholders. For the year ended December 31, 2020 and 2019, the comparable cash dividend amounts were \$0.17 per share and \$0.56 per share, respectively.

***Revisions of Previously Issued Financial Statements***

On July 30, 2021, the Company completed the purchase of the Futures Exchange Group for a purchase price of \$4.9 million at closing, plus the cash held at closing by the Futures Exchange Group, and an earn-out, only payable out of the Company's portion of the profits of the Futures Exchange Group, capped at the amount Cantor contributed to the Futures Exchange Group prior to closing.

The Futures Exchange Group acquisition has been determined to be a combination of entities under common control that resulted in a change in the reporting entity. Accordingly, the financial results of the Company have been recast to include the financial results of the Futures Exchange Group in the current and prior periods as if the Futures Exchange Group had always been consolidated. The assets and liabilities of the Futures Exchange Group have been recorded in the Company's consolidated statements of financial condition at the seller's historical carrying value. The purchase of the Futures Exchange Group was accounted for as an equity transaction for the period ended September 30, 2021 (the period in which the transaction occurred).

For more information about the revisions to our previously issued financial statements, see Note 1—"Organization and Basis of Presentation" in the Company's consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

**2. Commitments, Contingencies and Guarantees**

On March 13, 2015, subsidiaries of the Company entered into a secured loan arrangement of \$28.2 million, under which it pledged certain fixed assets as security for a loan. This arrangement was guaranteed by the Parent Company, incurred interest at a fixed rate of 3.70% and matured on March 13, 2019, therefore there were no borrowings outstanding as of December 31, 2021 and 2020.

On July 10, 2015, the Company and GFI entered into a guarantee pursuant to which the Parent Company has guaranteed the obligations of GFI under GFI's 8.375% Senior notes due in the remaining aggregate principal amount of \$240.0 million and the indenture for the notes, dated as of July 19, 2011, between GFI and The Bank of New York Mellon Trust Company, N.A., as Trustee. Pursuant to the terms of the indenture, the interest rate on the notes was reduced effective July 19, 2015 as a result of prior ratings increases following the acquisition of GFI by BGC Partners. In addition, on January 13, 2016 the interest rate was further reduced as a result of another ratings increase. The Company and GFI will share any cost savings, including interest and other costs, resulting from the credit enhancement provided by BGC Partners.

On May 31, 2017, the Company entered into a secured loan arrangement of \$29.9 million, under which it pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.44% per year and matured on May 31, 2021; therefore, there were no borrowings outstanding as of December 31, 2021. As of December 31, 2020, the Company had \$4.0 million outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of December 31, 2020 was \$0.8 million.

On April 8, 2019, the Company entered into a secured loan arrangement of \$15.0 million, under which it pledged certain fixed assets as security for a loan. This arrangement is guaranteed by the Parent Company, incurs interest at a fixed rate of 3.77% and matures on April 8, 2023. As of December 31, 2021 and 2020, the Company had \$5.9 million and \$9.6 million outstanding related to this secured loan arrangement, respectively. The book value of the fixed assets pledged as of December 31, 2021 was \$0.1 million. The book value of the fixed assets pledged as of December 31, 2020 was \$1.2 million.

On April 19, 2019, the Company entered into a \$10.0 million secured loan arrangement, under which it pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.89% and matures on April 19, 2023. As

of December 31, 2021 and December 31, 2020, the Company had \$3.8 million and \$6.3 million, respectively, outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of December 31, 2021 was \$1.0 million. The book value of the fixed assets pledged as of December 31, 2020 was \$2.7 million.

### **3. Long-Term Debt**

#### ***Unsecured Senior Revolving Credit***

On November 28, 2018, the Company entered into the Revolving Credit Agreement with Bank of America, N.A., as administrative agent, and a syndicate of lenders, which replaced the existing committed unsecured senior revolving credit agreement. The maturity date of the Revolving Credit Agreement was November 28, 2020, and the maximum revolving loan balance is \$350.0 million. Borrowings under this Revolving Credit Agreement bear interest at either LIBOR or a defined base rate plus additional margin. On December 11, 2019, the Company entered into an amendment to the Revolving Credit Agreement. Pursuant to the amendment, the maturity date was extended to February 26, 2021. On February 26, 2020, the Company entered into a second amendment to the Revolving Credit Agreement, pursuant to which, the maturity date was extended by two years to February 26, 2023. There was no change to the interest rate or the maximum revolving loan balance. On November 1, 2021, the Company repaid in full the \$300.0 million borrowings outstanding under the Revolving Credit Agreement. As of both December 31, 2021 and 2020, there were no borrowings outstanding under the Revolving Credit Agreement. The average interest rate on the outstanding borrowings was 2.09% and 2.88% for the years ended December 31, 2021 and 2020, respectively. The Company recorded interest expense related to the Revolving Credit Agreement of \$3.6 million, \$5.3 million and \$10.0 million for the years ended December 31, 2021, 2020 and 2019, respectively.

#### ***5.125% Senior Notes***

On May 27, 2016, the Company issued an aggregate of \$300.0 million principal amount of 5.125% Senior Notes, which matured on May 27, 2021. The 5.125% Senior Notes were general senior unsecured obligations of the Company. The 5.125% Senior Notes bore interest at a rate of 5.125% per year, payable in cash on May 27 and November 27 of each year, commencing November 27, 2016 and ending the maturity date. Prior to maturity, on August 5, 2020, the Company commenced a cash tender offer for any and all \$300.0 million outstanding aggregate principal amount of its 5.125% Senior Notes. On August 11, 2020, the Company's cash tender offer expired at 5:00 p.m., New York City time. As of the expiration time, \$44.0 million aggregate principal amount of the 5.125% Senior Notes were validly tendered. These notes were redeemed on the settlement date of August 14, 2020. On May 27, 2021, BGC repaid the remaining \$256.0 million principal plus accrued interest on its 5.125% Senior Notes. The Company recorded interest expense related to the 5.125% Senior Notes of \$5.8 million, \$16.3 million, and \$16.2 million for the years ended December 31, 2021, 2020 and 2019.

#### ***5.375% Senior Notes***

On July 24, 2018, the Company issued an aggregate of \$450.0 million principal amount of 5.375% Senior Notes. The 5.375% Senior Notes are general senior unsecured obligations of the Company. The 5.375% Senior Notes bear interest at a rate of 5.375% per year, payable in cash on January 24 and July 24 of each year, commencing January 24, 2019. The 5.375% Senior Notes will mature on July 24, 2023. The Company may redeem some or all of the 5.375% Senior Notes at any time or from time to time for cash at certain "make-whole" redemption prices (as set forth in the Indenture related to the 5.375% Senior Notes). If a "Change of Control Triggering Event" (as defined in the Indenture) occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. The initial carrying value of the 5.375% Senior Notes was \$444.2 million, net of the discount and debt issuance costs of \$5.8 million. The issuance costs are amortized as interest expense and the carrying value of the 5.375% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 5.375% Senior Notes as of December 31, 2021 was \$447.9 million. The Company recorded interest expense related to the 5.375% Senior Notes of \$25.5 million, \$25.5 million and \$25.6 million for the years ended December 31, 2021, 2020 and 2019, respectively.

#### ***3.750% Senior Notes***

On September 27, 2019, the Company issued an aggregate of \$300.0 million principal amount of 3.750% Senior Notes. The 3.750% Senior Notes are general unsecured obligations of the Company. The 3.750% Senior Notes bear interest at a rate of 3.750% per year, payable in cash on April 1 and October 1 of each year, commencing April 1, 2020. The 3.750% Senior Notes will mature on October 1, 2024. The Company may redeem some or all of the 3.750% Senior Notes at any time or from time to time for cash at certain "make-whole" redemption prices (as set forth in the Indenture). If a "Change of Control Triggering Event" (as defined in the Indenture) occurs, holders may require the Company to purchase all or a portion of their

notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. The initial carrying value of the 3.750% Senior Notes was \$296.1 million, net of discount and debt issuance costs of \$3.9 million. The issuance costs will be amortized as interest expense and the carrying value of the 3.750% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 3.750% Senior Notes was \$297.7 million as of December 31, 2021. The Company recorded interest expense related to the 3.750% Senior Notes of \$12.1 million \$12.1 million and \$3.2 million for the years ended December 31, 2021, 2020 and 2019, respectively.

#### ***4.375% Senior Notes***

On July 10, 2020, the Company issued an aggregate of \$300.0 million principal amount of 4.375% Senior Notes. The 4.375% Senior Notes are general unsecured obligations of the Company. The 4.375% Senior Notes bear interest at a rate of 4.375% per year, payable in cash on June 15 and December 15 of each year, commencing December 15, 2020. The 4.375% Senior Notes will mature on December 15, 2025. The Company may redeem some or all of the 4.375% Senior Notes at any time or from time to time for cash at certain “make-whole” redemption prices. If a “Change of Control Triggering Event” occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. The initial carrying value of the 4.375% Senior Notes was \$296.8 million, net of discount and debt issuance costs of \$3.2 million. The issuance costs will be amortized as interest expense, and the carrying value of the 4.375% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 4.375% Senior Notes was \$297.5 million as of December 31, 2021. The Company recorded interest expense related to the 4.375% Senior Notes of \$13.8 million and \$6.5 million for years ended December 31, 2021 and 2020, respectively. The Company did not record interest expense related to the 4.375% Senior Notes for year ended December 31, 2019.

## DESCRIPTION OF SECURITIES

*The following summary is a description of the material terms of BGC Partners, Inc.'s capital stock. When we use the words "we," "us," "our" or the "Company," we are referring to BGC Partners, Inc. and its consolidated subsidiaries. Copies of our restated certificate of incorporation, which we refer to as our "certificate of incorporation," and our amended and restated bylaws, which we refer to as our "bylaws," are incorporated by reference to Exhibits 3.1 and 3.2 to our Annual Report on Form 10-K for the year ended December 31, 2021 of which this Exhibit 4.1 is a part.*

### **Our Capital Stock**

The following descriptions of our Class A common stock, par value \$0.01 per share, which we refer to as our "Class A common stock", Class B common stock, par value \$0.01 per share, which we refer to as our "Class B common stock", preferred stock and the relevant provisions of our certificate of incorporation and bylaws are summaries thereof and are qualified in their entirety by reference to our certificate of incorporation and bylaws, copies of which are incorporated by reference to Exhibits 3.1 and 3.2 to our Annual Report on Form 10-K for the year ended December 31, 2021 of which this Exhibit 4.1 is a part, and applicable law.

Our authorized capital stock consists of 900,000,000 shares of common stock, consisting of 750,000,000 shares of our Class A common stock and 150,000,000 shares of our Class B common stock, and 50,000,000 shares of preferred stock, par value \$0.01 per share, which we refer to as our "preferred stock."

### **Common Stock**

As of February 24, 2022, there were 321,093,235 shares of our Class A common stock outstanding and 45,884,380 shares of our Class B common stock outstanding. The holders of our Class A common stock are generally entitled to one vote per share on all matters to be voted upon by the stockholders as a group, entitling holders of our Class A common stock to approximately 41.2% of our voting power as of such date, and do not have cumulative voting rights. The holders of our Class B common stock are generally entitled to ten votes per share on all matters to be voted upon by the stockholders as a group, entitling holders of our Class B common stock to 58.8% of our voting power as of such date, and do not have cumulative voting rights. Cantor Fitzgerald, L.P, which we refer to as "Cantor," and CF Group Management, Inc., the managing general partner of Cantor, and an entity controlled by our Chairman, Howard W. Lutnick, which we refer to as "CFGM," are the only holders of our Class B common stock. Our Class B common stock generally votes together with our Class A common stock on all matters submitted to the vote of our stockholders. Our Class B common stock shall be issued only to (1) Cantor, (2) any entity controlled by Cantor or by Mr. Lutnick, or (3) Mr. Lutnick, his spouse, his estate, any of his descendants, any of his relatives or any trust established for his benefit or for the benefit of his spouse, any of his descendants or any of his relatives, which we refer to as the "B Share Entities."

Each share of our Class A common stock is equivalent to a share of our Class B common stock for purposes of economic rights. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of shares of our Class A common stock and Class B common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by our board of directors out of funds legally available therefor. In the event of our liquidation, dissolution or winding up, the holders of shares of our Class A common stock and Class B common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding.

Our certificate of incorporation provides that each share of our Class B common stock is convertible at any time, at the option of the holder, into one share of our Class A common stock. Each share of our Class B common stock will automatically convert into a share of our Class A common stock upon any sale, pledge or other transfer, which we refer to as a "transfer," whether or not for value, by the initial registered holder, other than any transfer by the initial holder to (1) Cantor, (2) any entity controlled by Cantor or by Mr. Lutnick and (3) Mr. Lutnick or the B Share Entities.

Any holder of shares of our Class B common stock may pledge his, her or its shares of Class B common stock, as the case may be, to a pledgee pursuant to a bona fide pledge of the shares as collateral security for indebtedness

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due to the pledgee so long as the shares are not transferred to or registered in the name of the pledgee. In the event of any pledge of shares of our Class B common stock meeting these requirements, the pledged shares will not be converted automatically into shares of our Class A common stock. If the pledged shares of our Class B common stock become subject to any foreclosure, realization or other similar action by the pledgee, they will be converted automatically into shares of our Class A common stock upon the occurrence of that action. The automatic conversion provisions in our certificate of incorporation may not be amended, altered, changed or repealed without the approval of the holders of a majority of the voting power of all outstanding shares of our Class A common stock.

Shares of our Class A common stock are not subject to any conversion rights under our certificate of incorporation. None of the shares of our Class A common stock or Class B common stock has any pre-emptive or other subscription rights. There will be no redemption or sinking fund provisions applicable to shares of our Class A common stock or Class B common stock. All outstanding shares of our Class A common stock and Class B common stock are fully paid and non-assessable.

Under an exchange agreement between us and Cantor, Cantor and its managing general partner, CFGM and other Cantor affiliates entitled to hold Class B common stock under our certificate of incorporation have the right to exchange from time to time, on a one-for-one basis, subject to adjustment, up to an aggregate of 23,613,420 shares of Class A common stock now owned or subsequently acquired by Cantor and such affiliates for up to an aggregate of 23,613,420 shares of Class B common stock. These shares of Class B common stock represent the remaining 23,613,420 authorized but unissued shares of Class B common stock available for such exchange. Any shares of Class B common stock issued in connection with the exchange agreement will be deducted from the aggregate number of shares of Class B common stock that may be issued to Cantor and such affiliates upon exchange of their exchangeable limited partnership units in BGC Holdings. Accordingly, Cantor and such affiliates will not be entitled to receive any more shares of Class B common stock under the exchange agreement than they were previously eligible to receive upon exchange of exchangeable limited partnership units.

### ***Preferred Stock***

Our board of directors has the authority to cause us to issue preferred stock in one or more classes or series and to fix the designations, powers, preferences and rights, and the qualifications, limitations or restrictions thereof, including dividend rights, dividend rates, terms of redemption, redemption prices, conversion rights and liquidation preferences of the shares constituting any class or series, without further vote or action by the stockholders. The issuance of our preferred stock pursuant to such “blank check” provisions may have the effect of delaying, deferring or preventing a change of control of us without further action by our stockholders and may adversely affect the voting and other rights of the holders of shares of our Class A common stock. At present, we have no plans to issue any preferred stock.

### **Anti-Takeover Effects of Delaware Law, Our Certificate of Incorporation and Bylaws and the Outstanding Notes**

Some provisions of the Delaware General Corporation Law, which we refer to as the “DGCL,” and our certificate of incorporation, bylaws and outstanding notes, could make the following more difficult:

- acquisition of us by means of a tender offer;
- acquisition of us by means of a proxy contest or otherwise; or
- removal of our incumbent officers and directors.

The provisions, summarized above and below, are designed to discourage coercive takeover practices and inadequate takeover bids. These provisions are also primarily designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection give us the potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us and outweigh the disadvantages of discouraging those proposals because negotiation of them could result in an improvement of their terms.

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### ***Delaware Anti-Takeover Law***

We are subject to Section 203 of the DGCL. In general, Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years following the date the person became an interested stockholder, unless the “business combination” or the transaction in which the person became an “interested stockholder” is approved in a prescribed manner. Generally, a “business combination” includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the “interested stockholder.” An “interested stockholder” is a person who, together with affiliates and associates, owns 15% or more of a corporation’s outstanding voting stock, or was the owner of 15% or more of a corporation’s outstanding voting stock at any time within the prior three years, other than “interested stockholders” prior to the time our Class A common stock was traded on the Nasdaq Stock Market. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by our board of directors, including discouraging takeover attempts that might result in a premium over the market price for the shares of our Class A common stock.

### ***Certificate of Incorporation and Bylaws***

Our bylaws provide that special meetings of stockholders may be called only by the Chairman of our board of directors, or in the event the Chairman of our board of directors is unavailable, by the Chief Executive Officer or by the holders of a majority of the voting power of our Class B common stock, which is held by Cantor and CFGM. In addition, as discussed above, our certificate of incorporation permits us to issue “blank check” preferred stock.

Our bylaws require advance written notice prior to a meeting of our stockholders of a proposal or director nomination which a stockholder desires to present at such a meeting, which generally must be received by our Secretary not later than 120 days prior to the first anniversary of the date of our proxy statement for the preceding year’s annual meeting. Our bylaws provide that all amendments to our bylaws must be approved by either the holders of a majority of the voting power of all of our outstanding capital stock entitled to vote or by a majority of our board of directors.

### ***Corporate Opportunity***

Our certificate of incorporation provides that no Cantor Company (as defined below) or any of the representatives (as defined below) of a Cantor Company will owe any fiduciary duty to, nor will any Cantor Company or any of their respective representatives be liable for breach of fiduciary duty to, us or any of our stockholders with respect to a corporate opportunity, except as described below. To the extent that any representative of a Cantor Company also serves as our director or officer, such person will owe fiduciary duties to us in his or her capacity as our director or officer. In addition, none of any Cantor Company or any of their representatives will owe any duty to refrain from engaging in the same or similar activities or lines of business as us, or doing business with any of our clients or customers.

If a third party presents a corporate opportunity (as defined below) to a person who is a representative of ours and a representative of a Cantor Company, expressly and solely in such person’s capacity as a representative of us, and such person acts in good faith in a manner consistent with the policy that such corporate opportunity belongs to us, then such person:

- will be deemed to have fully satisfied and fulfilled any fiduciary duty that such person has to us as a representative of us with respect to such corporate opportunity;
- will not be liable to us or any of our stockholders for breach of fiduciary duty by reason of such person’s action or inaction with respect to the corporate opportunity;
- will be deemed to have acted in good faith and in a manner that such person reasonably believed to be in, and not opposed to, our best interests; and
- will be deemed not to have breached such person’s duty of loyalty to us and our stockholders, and not to have derived an improper personal benefit therefrom.

A Cantor Company may pursue such a corporate opportunity if we decide not to.

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If a corporate opportunity is not presented to a person who is both a representative of ours and a representative of a Cantor Company and, expressly and solely in such person's capacity as a representative of us, such person will not be obligated to present the corporate opportunity to us or to act as if such corporate opportunity belongs to us, and such person:

- will be deemed to have fully satisfied and fulfilled any fiduciary duty that such person has to us as a representative of us with respect to such corporate opportunity;
- will not be liable to us or any of our stockholders for breach of fiduciary duty by reason of such person's action or inaction with respect to such corporate opportunity;
- will be deemed to have acted in good faith and in a manner that such person reasonably believed to be in, and not opposed to, our best interests; and
- will be deemed not to have breached a duty of loyalty to us and our stockholders, and not to have derived an improper personal benefit therefrom.

For purposes of the above:

- "Cantor Company" means Cantor and any of its affiliates (other than, if applicable, the Company and its affiliates);
- "representatives" means, with respect to any person, the directors, officers, employees, general partners or managing member of such person; and
- "corporate opportunity" means any business opportunity that we are financially able to undertake that is, from its nature, in our lines of business, is of practical advantage to us and is one in which we have an interest or a reasonable expectancy, and in which, by embracing the opportunity, the self-interest of a Cantor Company or their respective representatives will be brought into conflict with our self-interest.

### **Registration Rights for Class A Common Stock**

We have entered into various registration rights agreements with Cantor that provide for our registration of shares of our Class A common stock for resale by Cantor. We entered into a registration rights agreement with Cantor dated December 9, 1999 in connection with eSpeed, Inc.'s formation. We also assumed in connection with the merger the obligations of BGC Partners, LLC (formerly known as BGC Partners, Inc.) under its registration rights agreement with Cantor dated March 31, 2008. For a description of such registration rights available to Cantor, see "Certain Relationships and Related Transactions, and Director Independence — Registration Rights Agreements" included in our Definitive Proxy Statement on Schedule 14A filed on October 12, 2021, which we incorporate herein by reference.

### **Transfer Agent and Registrar**

The transfer agent and registrar for our Class A common stock is American Stock Transfer & Trust Company, LLC.

## LIST OF SUBSIDIARIES OF BGC PARTNERS, INC.

<u>ENTITY NAMES</u>	<u>DOMESTIC JURISDICTION</u>
12TH STREET CAPITAL, LLC	DELAWARE
ALGOMI CORPORATION	DELAWARE
ALGOMI LIMITED	UNITED KINGDOM
AMEEFI SERVICES, INC.	DELAWARE
AMEREX BROKERS LLC	DELAWARE
AMPEX ENERGY, LLC	DELAWARE
AQUA SECURITIES HOLDINGS, LLC	DELAWARE
AQUA SECURITIES, L.P.	DELAWARE
AQUA SOFTWARE, LLC	DELAWARE
AUREL BGC	FRANCE
AUREL BGC MONACO SAM	MONACO
BGC BRAZIL HOLDINGS LIMITADA	BRAZIL
BGC BRAZIL HOLDINGS, LLC	DELAWARE
BGC BROKERS GP LIMITED	UNITED KINGDOM
BGC BROKERS HOLDINGS, L.P.	DELAWARE
BGC BROKERS HOLDINGS, LLC	DELAWARE
BGC BROKERS INVESTMENT, L.P.	DELAWARE
BGC BROKERS L.P.	UNITED KINGDOM
BGC BROKERS US HOLDINGS, LLC	DELAWARE
BGC BROKERS US, L.P.	DELAWARE
BGC CANADA SECURITIES COMPANY	CANADA (NOVA SCOTIA)
BGC CANADA SECURITIES COMPANY HOLDINGS, L.P.	DELAWARE
BGC CAPITAL MARKETS (HONG KONG) LIMITED	HONG KONG
BGC CAPITAL MARKETS (JAPAN) LLC	DELAWARE
BGC CAPITAL MARKETS (SWITZERLAND) LLC	DELAWARE
BGC CAPITAL MARKETS AND FOREIGN EXCHANGE BROKER (KOREA) LIMITED	SOUTH KOREA
BGC CAPITAL MARKETS, L.P.	DELAWARE
BGC CAYMAN ISLANDS HOLDINGS I LIMITE	CAYMAN ISLANDS
BGC CHINA HOLDINGS, LLC	DELAWARE
BGC CHINA, L.P.	DELAWARE
BGC DERIVATIVE MARKETS HOLDINGS, LLC	DELAWARE
BGC DERIVATIVE MARKETS, L.P.	DELAWARE
BGC ENVIRONMENTAL BROKERAGE SERVICES HOLDINGS, LLC	DELAWARE
BGC ENVIRONMENTAL BROKERAGE SERVICES, L.P.	DELAWARE
BGC EUROPEAN GP LIMITED	UNITED KINGDOM
BGC EUROPEAN HOLDINGS, L.P.	UNITED KINGDOM
BGC FINANCIAL GROUP, INC.	DELAWARE
BGC FINANCIAL, L.P.	DELAWARE
BGC FRANCE HOLDINGS	FRANCE
BGC GLOBAL HOLDINGS GP LIMITED	CAYMAN ISLANDS

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<b>BGC GLOBAL HOLDINGS, L.P.</b>	CAYMAN ISLANDS
<b>BGC GLOBAL LIMITED</b>	UNITED KINGDOM
<b>BGC GP LIMITED</b>	UNITED KINGDOM
<b>BGC GP, LLC</b>	DELAWARE
<b>BGC GROUP, INC.</b>	DELAWARE
<b>BGC HCMC HOLDINGS, LLC</b>	DELAWARE
<b>BGC HOLDINGS (TURKEY), LLC</b>	DELAWARE
<b>BGC HOLDINGS II, LLC</b>	DELAWARE
<b>BGC HOLDINGS U.S., INC.</b>	DELAWARE
<b>BGC HOLDINGS, L.P.</b>	DELAWARE
<b>BGC HOLDINGS, LLC</b>	DELAWARE
<b>BGC INFORMATION HOLDINGS, LLC</b>	DELAWARE
<b>BGC INFORMATION, L.P.</b>	DELAWARE
<b>BGC INSURANCE SERVICES (BERMUDA) LIMITED</b>	BERMUDA
<b>BGC INTERNATIONAL</b>	UNITED KINGDOM
<b>BGC INTERNATIONAL GP LIMITED</b>	UNITED KINGDOM
<b>BGC INTERNATIONAL HOLDINGS, L.P.</b>	DELAWARE
<b>BGC INTERNATIONAL, L.P.</b>	UNITED KINGDOM
<b>BGC LIQUIDEZ DISTRIBUIDORA DE TITULOS E VALORES MOBILIARIOS LTDA.</b>	BRAZIL
<b>BGC M LIMITED PARTNERSHIP</b>	UNITED KINGDOM
<b>BGC MARKET DATA HOLDINGS, LLC</b>	DELAWARE
<b>BGC MARKET DATA, L.P.</b>	DELAWARE
<b>BGC MEXICO HOLDINGS, S. DE R.L. de C.V.</b>	MEXICO
<b>BGC MEXICO R.E. HOLDINGS, LLC</b>	DELAWARE
<b>BGC MEXICO R.E. HOLDINGS, S. de R.L. de C.V.</b>	MEXICO
<b>BGC NOTES, LLC</b>	NEW YORK
<b>BGC PARTNERS (AUSTRALIA) PTY LIMITED</b>	AUSTRALIA
<b>BGC PARTNERS (SINGAPORE) LIMITED</b>	SINGAPORE
<b>BGC PARTNERS CIS LLC</b>	RUSSIA
<b>BGC PARTNERS MENKUL DEGERLER A.S.</b>	TURKEY
<b>BGC PARTNERS, INC.</b>	DELAWARE
<b>BGC PARTNERS, L.P.</b>	DELAWARE
<b>BGC POTEN &amp; PARTNERS HOLDINGS, LLC</b>	DELAWARE
<b>BGC RADIX ENERGY L.P.</b>	DELAWARE
<b>BGC REMATE HOLDINGS, LLC</b>	DELAWARE
<b>BGC SA FINANCIAL BROKERS (PTY) LIMITED</b>	SOUTH AFRICA
<b>BGC SECURITIES (AUSTRALIA) PTY LIMITED</b>	AUSTRALIA
<b>BGC SECURITIES (HONG KONG) LLC</b>	DELAWARE
<b>BGC SECURITIES (SINGAPORE) LIMITED</b>	SINGAPORE
<b>BGC SECURITIES SARL</b>	SWITZERLAND
<b>BGC SERVICES (HOLDINGS) LLP</b>	UNITED KINGDOM
<b>BGC SHOKEN KAISHA LIMITED</b>	DELAWARE
<b>BGC SUNRISE HOLDINGS, L.P.</b>	DELAWARE

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<b>BGC TECHNOLOGY (HONG KONG) HOLDINGS I, INC.</b>	DELAWARE
<b>BGC TECHNOLOGY (HONG KONG) HOLDINGS II, INC.</b>	DELAWARE
<b>BGC TECHNOLOGY (HONG KONG) HOLDINGS III, LLC</b>	DELAWARE
<b>BGC TECHNOLOGY (HONG KONG) LIMITED</b>	HONG KONG
<b>BGC TECHNOLOGY (JAPAN) LIMITED</b>	JAPAN
<b>BGC TECHNOLOGY BROKERAGE HOLDINGS, LLC</b>	DELAWARE
<b>BGC TECHNOLOGY BROKERAGE, L.P.</b>	DELAWARE
<b>BGC TECHNOLOGY ELX HOLDINGS, L.P.</b>	DELAWARE
<b>BGC TECHNOLOGY ELX HOLDINGS, LLC</b>	DELAWARE
<b>BGC TECHNOLOGY INTERNATIONAL LIMITED</b>	UNITED KINGDOM
<b>BGC TECHNOLOGY MARKETS HOLDINGS, LLC</b>	DELAWARE
<b>BGC TECHNOLOGY MARKETS, L.P.</b>	DELAWARE
<b>BGC TECHNOLOGY SUPPORT SERVICES LIMITED</b>	UNITED KINGDOM
<b>BGC TECHNOLOGY, LLC</b>	DELAWARE
<b>BGC TRADING HOLDINGS, LLC</b>	DELAWARE
<b>BGC USA HOLDINGS, LLC</b>	DELAWARE
<b>BGC USA, L.P.</b>	DELAWARE
<b>BGCBI, LLC</b>	DELAWARE
<b>BGCCMHK HOLDINGS II, LLC</b>	DELAWARE
<b>BGCCMHK HOLDINGS, LLC</b>	DELAWARE
<b>BGCCMLP HOLDINGS, LLC</b>	DELAWARE
<b>BGCF HOLDINGS, LLC</b>	DELAWARE
<b>BGCIHLP, LLC</b>	DELAWARE
<b>BGCM GP LIMITED</b>	UNITED KINGDOM
<b>BGCP II, INC.</b>	DELAWARE
<b>BGCSHLLP HOLDINGS LIMITED</b>	UNITED KINGDOM
<b>BRAINS INC LIMITED</b>	UNITED KINGDOM
<b>CANTOR FITZGERALD (PROPRIETARY) LIMITED</b>	SOUTH AFRICA
<b>CENTURY CHARTERING (U.K.) LIMITED</b>	UNITED KINGDOM
<b>CHART TRADING DEVELOPMENT, LLC</b>	TEXAS
<b>CORANT GLOBAL LIMITED</b>	UNITED KINGDOM
<b>CREDITORS COLLECTIONS, LLC</b>	DELAWARE
<b>D'VEGA LIMITED</b>	UNITED KINGDOM
<b>eAB HOLDINGS, LLC</b>	DELAWARE
<b>ELX FUTURES HOLDINGS, LLC</b>	DELAWARE
<b>ELX FUTURES, L.P.</b>	DELAWARE
<b>EMERGING MARKETS BOND EXCHANGE LIMITED</b>	UNITED KINGDOM
<b>ESX CLEARING HOLDINGS, LLC</b>	DELAWARE
<b>ESX CLEARING, L.P.</b>	DELAWARE
<b>EURO BROKERS (SWITZERLAND) S.A.</b>	SWITZERLAND
<b>EURO BROKERS CANADA LIMITED</b>	CANADA
<b>EURO BROKERS MEXICO S.A. de C.V.</b>	MEXICO
<b>FENICS (JAPAN) LIMITED</b>	JAPAN

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<b>FENICS EXECUTION, LLC</b>	NEW YORK
<b>FENICS FX, LLC</b>	DELAWARE
<b>FENICS GH LIMITED</b>	UNITED KINGDOM
<b>FENICS GO HOLDINGS LIMITED</b>	UNITED KINGDOM
<b>FENICS PARTNERS, LLC</b>	DELAWARE
<b>FENICS SECURIITES (SINGAPORE) PTE LIMITED</b>	SINGAPORE
<b>FENICS SECURIITES (SINGAPORE) PTE LIMITED</b>	SINGAPORE
<b>FENICS SECURITIES (AUSTRALIA) PTY LIMITED</b>	AUSTRALIA
<b>FENICS SECURITIES (HONG KONG) LIMITED</b>	HONG KONG
<b>FENICS SERVICES GP, LLC</b>	DELAWARE
<b>FENICS SOFTWARE INC.</b>	DELAWARE
<b>FENICS SOFTWARE LIMITED</b>	UNITED KINGDOM
<b>FENICS TECHNOLOGY (SINGAPORE) PTE LIMITED</b>	SINGAPORE
<b>FENICS TECHNOLOGY (SINGAPORE) PTE LIMITED</b>	SINGAPORE
<b>FENICS TECHNOLOGY (SINGAPORE) PTE LIMITED</b>	SINGAPORE
<b>FENICS TECHNOLOGY MARKETS, LLC</b>	DELAWARE
<b>FHLP HOLDINGS, LLC</b>	DELAWARE
<b>FHLP, L.P.</b>	DELAWARE
<b>FMX BROKERS (UK) LIMITED</b>	UNITED KINGDOM
<b>FMX TECHNOLOGY LIMITED</b>	UNITED KINGDOM
<b>FREEDOM INTERNATIONAL BROKERAGE COMPANY</b>	CANADA
<b>FREEDOM INTERNATIONAL HOLDING, L.P.</b>	DELAWARE
<b>GFI (HK) BROKERS LIMITED</b>	HONG KONG
<b>GFI (HK) SECURITIES L.L.C.</b>	NEW YORK
<b>GFI ADVISORY (CHINA) CO. LIMITED</b>	CHINA
<b>GFI AFRICAN MONEY BROKERS (PTY) LTD</b>	SOUTH AFRICA
<b>GFI ASIA HOLDINGS PTE. LTD</b>	SINGAPORE
<b>GFI ASIA PARTNERS PTE. LTD</b>	SINGAPORE
<b>GFI AUSTRALIA PTY LIMITED</b>	AUSTRALIA
<b>GFI BERMUDA LTD.</b>	BERMUDA
<b>GFI BROKERS (CHILE) AGENTE DE VALORES SPA</b>	CHILE
<b>GFI BROKERS LIMITED</b>	UNITED KINGDOM
<b>GFI DEL PERU S.A.C.</b>	PERU
<b>GFI DEL PERU S.A.C.</b>	PERU
<b>GFI EMEA HOLDINGS LIMITED</b>	UNITED KINGDOM
<b>GFI EXCHANGE COLOMBIA S.A.</b>	COLOMBIA
<b>GFI FINANCE SARL</b>	LUXEMBOURG
<b>GFI FUTURES EXCHANGE LLC</b>	DELAWARE
<b>GFI GROUP (PHILIPPINES) INC.</b>	PHILIPPINES
<b>GFI GROUP DO BRASIL CONSULTORIA LTDA</b>	BRAZIL
<b>GFI GROUP DO BRASIL CONSULTORIA LTDA</b>	BRAZIL
<b>GFI GROUP INC.</b>	DELAWARE
<b>GFI GROUP LLC</b>	NEW YORK

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<b>GFI GROUP MEXICO S.A. DE C.V.</b>	MEXICO
<b>GFI GROUP MEXICO S.A. DE C.V.</b>	MEXICO
<b>GFI GROUP PTE LIMITED</b>	SINGAPORE
<b>GFI HOLDINGS LIMITED</b>	UNITED KINGDOM
<b>GFI INTERNATIONAL AND CAPITAL MARKET BROKERS (PTY) LIMITED</b>	SOUTH AFRICA
<b>GFI INTERNATIONAL HOLDINGS LP</b>	UNITED KINGDOM
<b>GFI KOREA MONEY BROKERAGE LIMITED</b>	KOREA
<b>GFI MARKETS INVESTMENTS LIMITED</b>	UNITED KINGDOM
<b>GFI MARKETS LIMITED</b>	UNITED KINGDOM
<b>GFI MARKETS LLC</b>	DELAWARE
<b>GFI NEWGATE LIMITED</b>	UNITED KINGDOM
<b>GFI SECURITIES (SA) (PROPRIETARY) LIMITED</b>	SOUTH AFRICA
<b>GFI SECURITIES COLOMBIA S.A.</b>	COLOMBIA
<b>GFI SECURITIES HOLDINGS (PTY) LIMITED</b>	SOUTH AFRICA
<b>GFI SECURITIES LIMITED</b>	UNITED KINGDOM
<b>GFI SECURITIES LLC</b>	NEW YORK
<b>GFI SECURITIES NYON SARL</b>	SWITZERLAND
<b>GFI SECURITIES S.A.</b>	ARGENTINA
<b>GFI SERVICIOS CORPORATIVOS, S.A. DE C.V.</b>	MEXICO
<b>GFI SOUTH AFRICA (PTY) LTD</b>	SOUTH AFRICA
<b>GFI SWAPS EXCHANGE LLC</b>	DELAWARE
<b>GFI UK HOLDING LIMITED PARTNERSHIP</b>	UNITED KINGDOM
<b>GFIGS COMMERCIAL CONSULTING (SHANGHAI) CO., LTD</b>	CHINA (PEOPLES REPUBLIC OF) - SHANGHAI
<b>GFINET EUROPE LIMITED</b>	UNITED KINGDOM
<b>GFINET HOLDINGS INC.</b>	DELAWARE
<b>GFINET INC.</b>	DELAWARE
<b>GFINET UK LIMITED</b>	UNITED KINGDOM
<b>GFIX LLC</b>	DELAWARE
<b>GINGA GLOBAL MARKETS PTE LTD</b>	SINGAPORE
<b>GINGA PETROLEUM (SINGAPORE) PTE LTD</b>	SINGAPORE
<b>GM CAPITAL MARKETS LIMITED</b>	UNITED KINGDOM
<b>GOSEAS HOLDINGS LTD</b>	CYPRUS
<b>JADESTONE CONSULTANTS LIMITED</b>	CYPRUS
<b>JOBRIIDGE HOLDINGS LTD</b>	CYPRUS
<b>JPI MERGER SUB 1, INC. (DISSOLVE? ASK CAROLINE)</b>	DELAWARE
<b>JPI MERGER SUB 2, LLC (DISSOLVE? ASK CAROLINE)</b>	DELAWARE
<b>JPI MERGER SUB 3, INC. (DISSOLVE? ASK CAROLINE)</b>	DELAWARE
<b>KALAHARI LIMITED</b>	UNITED KINGDOM
<b>KYTE CAPITAL MANAGEMENT LIMITED</b>	UNITED KINGDOM
<b>KYTE FUND MANAGEMENT (UK) LIMITED</b>	UNITED KINGDOM
<b>LEVEL 3 ENERGY MANAGEMENT LLC</b>	TEXAS
<b>LFI HOLDINGS, LLC</b>	DELAWARE

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<b>LUCERA (UK) LIMITED</b>	UNITED KINGDOM
<b>LUCERA CONNECTIVITY LIMITED</b>	UNITED KINGDOM
<b>LUCERA FINANCIAL INFRASTRUCTURES, LLC</b>	DELAWARE
<b>LUCERA FINANCIAL SERVICES, LLC</b>	DELAWARE
<b>LUCERA INFRASTRUCTURES, LLC</b>	DELAWARE
<b>LUCERA OPERATIONS, LLC</b>	DELAWARE
<b>LUCERA SERVICES, LLC</b>	DELAWARE
<b>MARTIN BROKERS GROUP LIMITED</b>	UNITED KINGDOM
<b>MAXCOR FOUNDATION INC.</b>	NEW YORK
<b>MERLIN ADVISORS, LLC</b>	DELAWARE
<b>MINT BROKERS</b>	NEW YORK
<b>MINT BROKERS HOLDINGS I, LLC</b>	DELAWARE
<b>MINT BROKERS HOLDINGS II, LLC</b>	DELAWARE
<b>PERIMETER MARKETS, INC.</b>	CANADA (ONTARIO)
<b>POTEN ENGINEERING, LLC</b>	DELAWARE
<b>POTEN &amp; PARTNERS (AUSTRALIA) PTY. LTD.</b>	AUSTRALIA
<b>POTEN &amp; PARTNERS (HELLAS) LTD.</b>	BRITISH VIRGIN ISLANDS
<b>POTEN &amp; PARTNERS (SPAIN) SL</b>	SPAIN (MADRID)
<b>POTEN &amp; PARTNERS Denmark ApS</b>	DENMARK
<b>POTEN &amp; PARTNERS GROUP, INC.</b>	DELAWARE
<b>POTEN &amp; PARTNERS LTD.</b>	BERMUDA
<b>POTEN &amp; PARTNERS PTE. LTD.</b>	SINGAPORE
<b>POTEN &amp; PARTNERS, INC.</b>	DELAWARE
<b>POTEN &amp; PARTNERS, LLC</b>	DELAWARE
<b>POTEN CAPITAL SERVICES (UK) LTD.</b>	UNITED KINGDOM
<b>POTEN PLURAL PARTICIPACOS SERVICOS E CORRETAGEM DE CARGA MARITIMA E MERCADORIAS LTDA</b>	BRAZIL
<b>REMATE (USA), INC.</b>	NEW YORK
<b>REMATE LINCE, S.A.P.I. de C.V.</b>	MEXICO
<b>RMT EMPLOYMENT SERVICES HOLDINGS I, LLC</b>	DELAWARE
<b>RMT EMPLOYMENT SERVICES HOLDINGS II, LLC</b>	DELAWARE
<b>RMT EMPLOYMENT SERVICES, S. DE R.L. de C.V.</b>	MEXICO
<b>SBL SUNRISE BROKERS LIMITED</b>	CYPRUS
<b>SEMINOLE CAPITAL MARKETS, L.P.</b>	DELAWARE
<b>SISTEMAS VAR</b>	MEXICO
<b>STERLING INTERNATIONAL BROKERS LIMITED</b>	UNITED KINGDOM
<b>SUNRISE BROKERS (HONG KONG) LTD</b>	HONG KONG
<b>SUNRISE BROKERS LLC</b>	DELAWARE
<b>SUNRISE BROKERS LLP</b>	UNITED KINGDOM
<b>SUNRISE GLOBAL BROKERS LIMITED</b>	UNITED KINGDOM
<b>THE EURO BROKERS RELIEF FUND, INC.</b>	NEW YORK
<b>TOWER BRIDGE (ONE) LIMITED</b>	UNITED KINGDOM
<b>TOWER BRIDGE GP LIMITED</b>	UNITED KINGDOM

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**TOWER BRIDGE INTERNATIONAL SERVICES L.P.**  
**TRADESOFT TECHNOLOGIES, INC.**  
**TRADESPARK, L.P.**  
**TREASURYCONNECT LLC**

UNITED KINGDOM  
DELAWARE  
DELAWARE  
DELAWARE

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-4 No. 333-169232) of BGC Partners, Inc.,
- (2) Registration Statement (Form S-3 No. 333-167953) of BGC Partners, Inc.,
- (3) Registration Statement (Form S-3 No. 333-173109) of BGC Partners, Inc.,
- (4) Registration Statement (Form S-3 No. 333-175034) of BGC Partners, Inc.,
- (5) Registration Statement (Form S-3 No. 333-180391) of BGC Partners, Inc.,
- (6) Registration Statement (Form S-3 No. 333-187875) of BGC Partners, Inc.,
- (7) Registration Statement (Form S-8 No. 333-189179) of BGC Partners, Inc.,
- (8) Registration Statement (Form S-8 No. 333-196708) of BGC Partners, Inc.,
- (9) Registration Statement (Form S-3 No. 333-196999) of BGC Partners, Inc.,
- (10) Registration Statement (Form S-3 No. 333-204980) of BGC Partners, Inc.,
- (11) Registration Statement (Form S-8 No. 333-207257) of BGC Partners, Inc.,
- (12) Registration Statement (Form S-3 No. 333-208967) of BGC Partners, Inc.,
- (13) Registration Statement (Form S-8 No. 333-213165) of BGC Partners, Inc.,
- (14) Registration Statement (Form S-4 No. 333-226445) of BGC Partners, Inc.,
- (15) Registration Statement (Form S-4 No. 333-233761) of BGC Partners, Inc.,
- (16) Registration Statement (Form S-4 No. 333-234176) of BGC Partners, Inc.,
- (17) Registration Statement (Form S-4 No. 333-248472) of BGC Partners, Inc.,
- (18) Registration Statement (Form S-3 No. 333-249567) of BGC Partners, Inc.,
- (19) Registration Statement (Form S-8 No. 333-259263) of BGC Partners, Inc., and
- (20) Registration Statement (Form S-8 No. 333-261326) of BGC Partners, Inc.

of our reports dated February 28, 2022, with respect to the consolidated financial statements and schedule of BGC Partners, Inc. and the effectiveness of internal control over financial reporting of BGC Partners, Inc. included in this Annual Report (Form 10-K) of BGC Partners, Inc. for the year ended December 31, 2021.

/s/ Ernst & Young LLP

New York, New York  
February 28, 2022

**CERTIFICATION**

I, Howard W. Lutnick, certify that:

1. I have reviewed this annual report on Form 10-K of BGC Partners, Inc. for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of this disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and
  - d. Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ HOWARD W. LUTNICK

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**Howard W. Lutnick**  
**Chairman of the Board and Chief Executive Officer**

Date: February 28, 2022

**CERTIFICATION**

I, Steven Bisgay, certify that:

1. I have reviewed this annual report on Form 10-K of BGC Partners, Inc. for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of this disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and
  - d. Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of registrant's Board of Directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ STEVEN BISGAY

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**Steven Bisgay**  
**Chief Financial Officer**

Date: February 28, 2022

