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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2013

OR

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

Commission File Numbers: 0-28191, 1-35591

BGC Partners, Inc.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**13-4063515** **(I.R.S. Employer Identification No.)**
499 Park Avenue, New York, NY **(Address of principal executive offices)**	**10022** **(Zip Code)**

(212) 610-2200
(Registrant's telephone number, including area code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). ☒ Yes ☐ No

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

Large accelerated filer ☐		Accelerated filer	☒
Non-accelerated filer ☐	(Do not check if a smaller reporting company)	Smaller reporting company	☐

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

On July 31, 2013, the registrant had 137,023,123 shares of Class A common stock, $0.01 par value, and 34,848,107 shares of Class B common stock, $0.01 par value, outstanding.

BGC PARTNERS, INC.

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SPECIAL NOTE ON FORWARD-LOOKING INFORMATION

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, which we refer to as the "Securities Act," and Section 21E of the Securities Exchange Act of 1934, as amended, which we refer to as the "Exchange Act." Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein or in documents incorporated by reference 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," "potential," "continue," "strategy," "believes," "anticipates," "plans," "expects," "intends" and similar expressions are intended to identify forward-looking 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 and may impact either or both of our operating segments:

- market conditions, including trading volume and volatility, potential deterioration of the equity and debt capital markets and the condition of the markets for commercial and other real estate, and our ability to access the capital markets;
- pricing and commissions 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 and clearing capital requirements and the impact of credit market events;
- our relationships with Cantor Fitzgerald, L.P. ("Cantor") and its affiliates, including Cantor Fitzgerald & Co. ("CF&Co"), any related conflicts of interest, any impact of Cantor's results on our credit ratings and/or the associated outlooks, CF&Co's acting as our sales agent under our controlled equity or other offerings, and CF&Co's acting as our financial advisor in connection with one or more business combinations or other transactions, and our participation in various investments or cash management vehicles placed by or recommended by CF&Co.
- economic or geopolitical conditions or uncertainties, the actions of governments or central banks or the impact of weather-related or similar events;
- extensive regulation of our businesses, changes in regulations relating to the financial services, real estate and other industries, and risks relating to compliance matters, including regulatory examinations, inspections, investigations and enforcement actions, and any resulting costs, fines, penalties, sanctions, enhanced oversight, increased financial and capital requirements, and changes to or restrictions or limitations on specific activities, 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 unmatched principal risk, counterparty failure, and the impact of fraud and unauthorized trading;
- costs and expenses of developing, maintaining and protecting our intellectual property, as well as employment and other litigation and their related costs, including judgments or settlements paid or received;
- certain financial risks, including the possibility of future losses and negative cash flows from operations, a possible need for long-term borrowings or other sources of cash, related to acquisitions or other matters, potential liquidity and other risks relating to our ability to obtain financing or refinancing of existing debt on terms acceptable to us, if at all, and risks of the resulting leverage, including potentially causing a reduction in our credit ratings and/or the associated outlooks given by the rating agencies to those credit ratings, impairments of any loan balances and increased borrowing costs, as well as interest and currency rate fluctuations;
- risks associated with the temporary or longer-term investment of our available cash, including defaults or impairments on our investments, or other cash management vehicles;
- our ability to enter new markets or develop new products, trading desks, marketplaces or services and to induce customers to use these products, trading desks, marketplaces or services and to secure and maintain market share;
- our ability to enter into marketing and strategic alliances and business combination or other transactions in the financial services, real estate and other industries, including acquisitions, dispositions, reorganizations, partnering opportunities and joint ventures, and to meet our financial reporting obligations with respect thereto, the anticipated benefits of any such transactions or the future impact of any such transactions on our financial results for current or future periods, the integration of any completed acquisitions and the use of proceeds of any completed dispositions and any hedging entered into in connection with cash or stock consideration received or to be received in connection with such dispositions;
- our estimates or determinations of potential value with respect to various assets or portions of our business, including with respect to the accuracy of the assumptions or the valuation models or multiples used (as to which no representation is made);

- our ability to hire and retain personnel, including brokers, managers and other key employees;
- our ability to expand the use of technology for hybrid and fully electronic trading in our product offerings;
- our ability to effectively manage any growth that may be achieved, while ensuring compliance with all applicable regulatory requirements;
- our ability to maintain or develop relationships with independently owned partner offices in our real estate services businesses;
- our ability to identify and remediate any material weaknesses in our internal controls that could affect our ability to prepare financial statements and 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;
- the effectiveness of our risk management policies and procedures, and the impact of unexpected market moves and similar events;
- the fact that the prices at which shares of our Class A common stock are sold in one or more of our controlled equity offerings or in other offerings or other transactions may vary significantly, and purchasers of shares in such offerings or 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;
- 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 of BGC Holdings, L.P., or other equity interests in our subsidiaries, including from Cantor, our executive officers, other employees, partners, and others, and the net proceeds to be realized by us from offerings of our shares of Class A common stock;
- the effect on the market for and trading price of our Class A common stock of various offerings and other transactions, including our controlled equity and other offerings of our Class A common stock and convertible or exchangeable debt securities, our repurchases of shares of our Class A common stock and purchases of BGC Holdings limited partnership interests or other equity interests of our subsidiaries, any exchanges or redemptions of limited partnership units and issuances of shares of Class A common stock in connection therewith, including in partnership restructurings, our payment of dividends on our Class A common stock and distributions on BGC Holdings limited partnership interests, convertible arbitrage, hedging, and other transactions engaged in by holders of our 4.50% convertible notes and counterparties to our capped call transactions, and resales of shares of our Class A common stock acquired from us or Cantor, including pursuant to our employee benefit plans, unit exchanges and redemptions and partnership restructurings, conversion of our convertible notes, conversion or exchange of our convertible or exchangeable debt securities, and distributions from Cantor pursuant to Cantor's distribution rights obligations and other distributions to Cantor partners, including deferred distribution rights shares; and
- the risk factors described in our latest Annual Report on Form 10-K filed with the Securities and Exchange Commission, which we refer to as the "SEC," and any updates to those risk factors or new risk factors contained herein and in our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC.

The foregoing risks and uncertainties, as well as those risks discussed under the headings "Part II, Item 1A—Risk Factors," "Part I, Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part I, Item 3—Quantitative and Qualitative Disclosures about Market Risk," and elsewhere in this Form 10-Q may cause actual results to differ materially from the forward-looking statements. From time to time, we may also estimate the potential value of certain assets or portions of our business. In such event, no representation is made as to the accuracy of the assumptions or the valuation models or multiples used. Any such valuations are based on assumptions about profit margins and business conditions and actual or pro forma results of BGC. In any event, no representation is made that any such values or multiples could actually be achieved upon disposal of businesses or assets or that any such valuation models or multiples would be adopted by others. The information included herein is given as of the filing date of this Form 10-Q with the SEC, and future events or circumstances 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.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's Public Reference Room located at One Station Place, 100 F Street, N.E., Washington, D.C. 20549. You can also request copies of the documents, upon payment of a duplicating fee, by writing the Public Reference Section of the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. These filings are also available to the public from the SEC's website at *www.sec.gov* .

Our website address is *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 filed on behalf of Cantor, CF Group Management, Inc. ("CFGM"), Cantor's managing general partner, our directors and our executive officers; and amendments to those documents. Our website also contains additional information with respect to our industry and business. The information contained on, or that may be accessed through, our website is not part of, and is not incorporated into, this Quarterly Report on Form 10-Q.

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PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
BGC PARTNERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(in thousands, except per share data)
(unaudited)

	June 30, 2013	December 31, 2012
Assets		
Cash and cash equivalents	$1,070,342	$ 388,409
Cash segregated under regulatory requirements	6,570	3,392
Reverse repurchase agreements	49,063	—
Securities owned	32,016	32,003
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	1,431,962	297,688
Accrued commissions receivable, net	263,897	222,299
Loans, forgivable loans and other receivables from employees and partners, net	124,798	220,098
Fixed assets, net	132,203	141,109
Investments	21,727	25,556
Goodwill	163,684	164,874
Other intangible assets, net	20,644	20,320
Receivables from related parties	12,408	21,655
Other assets	118,954	101,536
Total assets	$3,448,268	$1,638,939
Liabilities, Redeemable Partnership Interest, and Equity		
Accrued compensation	$ 273,870	$ 125,793
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	1,424,751	254,289
Payables to related parties	41,228	40,700
Accounts payable, accrued and other liabilities	446,619	260,462
Notes payable and collateralized borrowings	273,805	301,444
Notes payable to related parties	150,000	150,000
Total liabilities	2,610,273	1,132,688
Commitments and contingencies (Note 17)		
Redeemable partnership interest	79,374	78,839
Equity		
Stockholders' equity:		
Class A common stock, par value $0.01 per share; 500,000 shares authorized; 154,403 and 141,955 shares issued at June 30, 2013 and December 31, 2012, respectively; and 136,328 and 123,914 shares outstanding at June 30, 2013 and December 31, 2012, respectively	1,544	1,419
Class B common stock, par value $0.01 per share; 100,000 shares authorized; 34,848 shares issued and outstanding at June 30, 2013 and December 31, 2012, convertible into Class A common stock	348	348
Additional paid-in capital	717,066	575,381
Contingent Class A common stock	15,791	18,868
Treasury stock, at cost: 18,075 and 18,041 shares of Class A common stock at June 30, 2013 and December 31, 2012, respectively	(110,219)	(110,090)
Retained deficit	(145,835)	(147,452)
Accumulated other comprehensive loss	(6,845)	(4,182)
Total stockholders' equity	471,850	334,292
Noncontrolling interest in subsidiaries	286,771	93,120
Total equity	758,621	427,412
Total liabilities, redeemable partnership interest, and equity	$3,448,268	$1,638,939

The accompanying Notes to the unaudited Condensed Consolidated Financial Statements are an integral part of these financial statements.

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BGC PARTNERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenues:				
Commissions	$ 324,832	$308,438	$ 623,536	$579,785
Principal transactions	85,349	83,686	173,346	183,431
Real estate management services	39,823	37,930	79,161	41,891
Fees from related parties	12,242	13,494	25,390	26,041
Market data	3,643	3,990	7,768	8,954
Software solutions	2,530	2,487	5,096	4,936
Interest income	1,651	1,543	3,199	3,738
Other revenues	1,174	622	2,005	831
Gain on divestiture	723,147	—	723,147	—
Losses on equity investments	(1,224)	(2,652)	(4,512)	(5,108)
Total revenues	1,193,167	449,538	1,638,136	844,499
Expenses:				
Compensation and employee benefits	765,679	308,029	1,055,071	554,898
Allocations of net income to limited partnership units and founding/working partner units	46,084	1,909	53,522	7,889
Total compensation and employee benefits	811,763	309,938	1,108,593	562,787
Occupancy and equipment	37,340	39,092	76,567	75,321
Fees to related parties	2,286	3,169	5,129	6,688
Professional and consulting fees	11,367	19,515	26,308	38,834
Communications	22,755	21,402	47,096	43,360
Selling and promotion	23,239	23,513	43,554	42,959
Commissions and floor brokerage	6,397	5,833	12,168	11,513
Interest expense	9,989	7,578	19,689	15,136
Other expenses	59,780	15,048	77,084	24,539
Total expenses	984,916	445,088	1,416,188	821,137
Income from operations before income taxes	208,251	4,450	221,948	23,362
Provision for income taxes	78,711	70	81,806	7,272
Consolidated net income	$ 129,540	$ 4,380	$ 140,142	$ 16,090
Less: Net income attributable to noncontrolling interest in subsidiaries	95,074	2,422	98,678	5,943
Net income available to common stockholders	$ 34,466	$ 1,958	$ 41,464	$ 10,147
Per share data:				
Basic earnings per share				
Net income available to common stockholders	$ 34,466	$ 1,958	$ 41,464	$ 10,147
Basic earnings per share	$ 0.20	$ 0.01	$ 0.25	$ 0.07
Basic weighted-average shares of common stock outstanding	171,758	140,368	167,515	138,257
Fully diluted earnings per share				
Net income for fully diluted shares	$ 69,944	$ 3,878	$ 89,485	$ 19,668
Fully diluted earnings per share	$ 0.18	$ 0.01	$ 0.24	$ 0.07
Fully diluted weighted-average shares of common stock outstanding	378,092	274,756	367,582	269,482
Dividends declared per share of common stock	$ 0.12	$ 0.17	$ 0.24	$ 0.34
Dividends declared and paid per share of common stock	$ 0.12	$ 0.17	$ 0.24	$ 0.34

The accompanying Notes to the unaudited Condensed Consolidated Financial Statements are an integral part of these financial statements.

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BGC PARTNERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Consolidated net income	$129,540	$ 4,380	$140,142	$16,090
Other comprehensive loss, net of tax:				
Foreign currency translation adjustments	(2,257)	(3,630)	(3,123)	(1,910)
Unrealized loss on securities available for sale	—	(41)	—	—
Total other comprehensive loss, net of tax	(2,257)	(3,671)	(3,123)	(1,910)
Comprehensive income	127,283	709	137,019	14,180
Less: Comprehensive income attributable to noncontrolling interest in subsidiaries, net of tax	94,745	1,762	98,218	5,614
Comprehensive income (loss) attributable to common stockholders	$ 32,538	$(1,053)	$ 38,801	$ 8,566

The accompanying Notes to the unaudited Condensed Consolidated Financial Statements are an integral part of these financial statements.

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BGC PARTNERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net income	$ 140,142	$ 16,090
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Gain on divestiture	(723,147)	—
Fixed asset depreciation and intangible asset amortization	24,853	24,752
Employee loan amortization	19,682	14,371
Equity-based compensation	334,641	61,943
Allocations of net income to limited partnership units and founding/working partner units	53,522	7,889
Losses on equity investments	4,512	5,108
Accretion of discount on convertible notes	2,718	2,172
Reserve on loans to employees and partners	160,501	—
Impairment of fixed assets	764	991
Impairment loss on marketable securities	—	291
Deferred tax benefit	(69,044)	(4,115)
Other	(316)	(1,826)
Decrease (increase) in operating assets:		
Reverse repurchase agreements	(49,063)	—
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	(1,134,073)	(354,646)
Loans, forgivable loans and other receivables from employees and partners, net	(22,901)	(41,779)
Accrued commissions receivable, net	(48,049)	18,062
Securities owned	(171)	(22,038)
Receivables from related parties	(2,357)	(59)
Cash segregated under regulatory requirements	(3,178)	(3,115)
Other assets	(19,804)	(7,050)
Increase (decrease) in operating liabilities:		
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	1,170,173	348,162
Payables to related parties	858	24,315
Accounts payable, accrued and other liabilities	194,035	1,985
Accrued compensation	25,726	(7,927)
Net cash provided by operating activities	$ 60,024	$ 83,576
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	$ (8,796)	$ (19,532)
Capitalization of software development costs	(7,728)	(6,701)
Investment in equity method investments	(797)	(16,828)
Payments for acquisitions, net of cash acquired	(214)	(25,679)
Proceeds from divestiture	747,675	—
Sale of marketable securities	—	906
Purchase of notes receivable	—	(22,000)
Capitalization of trademarks, patent defense and registration costs	(779)	(234)
Net cash provided by (used in) investing activities	$ 729,361	$ (90,068)

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BGC PARTNERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from collateralized borrowings	$ —	$ 21,516
Repayments of collateral borrowings	(30,358)	(12,104)
Issuance of senior notes, net of deferred issuance costs	—	108,716
Earnings distributions to noncontrolling interests	(32,138)	(47,821)
Redemption of limited partnership interests	(3,496)	(13,255)
Dividends to stockholders	(39,847)	(47,385)
Proceeds from offering of Class A common stock, net	1,446	11,939
Repurchase of Class A common stock	(188)	(337)
Proceeds from short-term borrowings	—	90,000
Repayments of short-term borrowings	—	(103,600)
Cancellation of restricted stock units in satisfaction of withholding tax requirements	(940)	(1,974)
Net cash (used in) provided by financing activities	(105,521)	5,695
Effect of exchange rate changes on cash and cash equivalents	(1,931)	(1,159)
Net increase (decrease) in cash and cash equivalents	681,933	(1,956)
Cash and cash equivalents at beginning of period	388,409	369,713
Cash and cash equivalents at end of period	$1,070,342	$ 367,757
Supplemental cash information:		
Cash paid during the period for taxes	$ 9,215	$ 3,219
Cash paid during the period for interest	$ 9,959	$ 12,580
Supplemental non-cash information:		
Issuance of Class A common stock upon exchange of limited partnership interests	$ 41,774	$ 37,155
Donations with respect to Charity Day	5,720	7,446
Issuance of Class A common stock upon purchase of notes receivable	—	3,055
Use of notes receivable in business acquisition	—	25,492
Issuance of Class A and contingent Class A common stock for acquisitions	1,040	725

The accompanying Notes to the unaudited Condensed Consolidated Financial Statements are an integral part of these financial statements.

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BGC PARTNERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Year Ended December 31, 2012
(in thousands, except share amounts)
(unaudited)

	BGC Partners, Inc. Stockholders								
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Contingent Class A Common Stock	Treasury Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Noncontrolling Interest in Subsidiaries	Total
Balance, January 1, 2012	$ 1,152	$ 348	$489,369	$ 20,133	$(109,870)	$ (80,726)	$ (3,752)	$ 98,044	$414,698
Comprehensive income:									
Consolidated net income	—	—	—	—	—	23,864	—	11,649	35,513
Other comprehensive loss, net of tax									
Change in cumulative translation adjustment	—	—	—	—	—	—	(430)	(103)	(533)
Comprehensive income	—	—	—	—	—	23,864	(430)	11,546	34,980
Equity-based compensation, 1,343,894 shares	13	—	2,798	—	—	—	—	2,595	5,406
Dividends to common stockholders	—	—	—	—	—	(90,590)	—	—	(90,590)
Earnings distributions to limited partnership interests and other noncontrolling interests	—	—	—	—	—	—	—	(89,963)	(89,963)
Grant of exchangeability and redemption of limited partnership interests, issuance of 18,024,094 shares	180	—	65,593	—	—	—	—	65,836	131,609
Issuance of Class A common stock (net of costs), 4,797,177 shares	48	—	17,123	—	—	—	—	8,897	26,068
Issuance of Class A common stock upon purchase of notes receivable, 453,172 shares	5	—	1,991	—	—	—	—	1,059	3,055
Redemption of founding/working partner units, 1,928,069 units	—	—	(6,903)	—	—	—	—	(3,705)	(10,608)
Repurchase of Class A common stock, 44,013 shares	—	—	—	—	(220)	—	—	(117)	(337)
Cantor purchase of Cantor units from BGC Holdings upon redemption of founding/working partner units, 920,729 units	—	—	—	—	—	—	—	2,732	2,732
Re-allocation of equity due to additional investment by founding/working partners	—	—	—	—	—	—	—	(1,378)	(1,378)
Issuance of contingent and Class A common stock for acquisitions, 2,119,393 shares	21	—	7,477	(1,651)	—	—	—	3,179	9,026
Newmark noncontrolling interest	—	—	(2,112)	386	—	—	—	(5,517)	(7,243)
Other	—	—	45	—	—	—	—	(88)	(43)
Balance, December 31, 2012	$ 1,419	$ 348	$575,381	$ 18,868	$(110,090)	$(147,452)	$ (4,182)	$ 93,120	$427,412

The accompanying Notes to the unaudited Condensed Consolidated Financial Statements are an integral part of these financial statements.

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BGC PARTNERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY—(Continued)
For the Six Months Ended June 30, 2013
(in thousands, except share amounts)
(unaudited)

	BGC Partners, Inc. Stockholders								
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Contingent Class A Common Stock	Treasury Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Noncontrolling Interest in Subsidiaries	Total
Balance, January 1, 2013	$ 1,419	$ 348	$575,381	$ 18,868	$(110,090)	$(147,452)	$ (4,182)	$ 93,120	$427,412
Comprehensive income:									
Consolidated net income	—	—	—	—	—	41,464	—	98,678	140,142
Other comprehensive loss, net of tax									
Change in cumulative translation adjustment	—	—	—	—	—	—	(2,663)	(460)	(3,123)
Comprehensive income	—	—	—	—	—	41,464	(2,663)	98,218	137,019
Equity-based compensation, 623,393 shares	6	—	1,184	—	—	—	—	1,111	2,301
Dividends to common stockholders	—	—	—	—	—	(39,847)	—	—	(39,847)
Earnings distributions to limited partnership interests and other noncontrolling interests	—	—	—	—	—	—	—	(30,957)	(30,957)
Grant of exchangeability and redemption of limited partnership interests, issuance of 8,837,725 shares	88	—	134,250	—	—	—	—	129,227	263,565
Issuance of Class A common stock (net of costs), 1,899,687 shares	19	—	5,280	—	—	—	—	2,421	7,720
Redemption of founding/working partner units, 888,085 units	—	—	—	—	—	—	—	(913)	(913)
Repurchase of Class A common stock, 33,478 shares	—	—	—	—	(129)	—	—	(59)	(188)
Re-allocation of equity due to additional investment by founding/working partners	—	—	—	—	—	—	—	(938)	(938)
Issuance of contingent and Class A common stock for acquisitions, 1,086,975 shares	11	—	3,782	(3,077)	—	—	—	324	1,040
Newmark noncontrolling interest	—	—	(2,684)	—	—	—	—	(5,990)	(8,674)
Other	1	—	(127)	—	—	—	—	1,207	1,081
Balance, June 30, 2013	$ 1,544	$ 348	$717,066	$ 15,791	$(110,219)	$(145,835)	$ (6,845)	$ 286,771	$758,621

The accompanying Notes to the unaudited Condensed Consolidated Financial Statements are an integral part of these financial statements.

BGC PARTNERS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Organization and Basis of Presentation

Business Overview

BGC Partners, Inc. (together with its subsidiaries, "BGC Partners," "BGC" or the "Company") is a leading global brokerage company primarily servicing the wholesale financial and real estate markets through its two segments, Financial Services and Real Estate Services. The Company's Financial Services segment specializes in the brokerage of a broad range of products, including fixed income securities, interest rate swaps, foreign exchange, equities, equity derivatives, credit derivatives, commodities, futures and structured products. It also provides a full range of services, including trade execution, broker-dealer services, clearing, processing, information, and other back-office services to a broad range 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 over the counter ("OTC") or through an exchange. Through its BGC Trader™ and BGC Market Data brands, BGC Partners offers financial technology solutions, market data, and analytics related to select financial instruments and markets.

In the fourth quarter of 2011, BGC Partners acquired Newmark & Company Real Estate, Inc., the real estate advisory firm which operates as Newmark Knight Frank ("Newmark") in the United States ("U.S.") and which is associated with London-based Knight Frank. In the second quarter of 2012, BGC Partners completed the acquisition of substantially all of the assets of Grubb & Ellis Company and its direct and indirect subsidiaries, which the Company refers to as "Grubb & Ellis." The Company has largely completed the integration of the Grubb & Ellis assets with Newmark Knight Frank to form the resulting brand, Newmark Grubb Knight Frank ("NGKF"). NGKF is a full-service commercial real estate platform that comprises the Company's Real Estate Services segment, offering commercial real estate tenants, owners, investors and developers a wide range of services, including leasing; capital markets services, including investment sales, debt placement, appraisal and valuation services; commercial mortgage brokerage services; as well as consulting, project and development management, leasing and corporate advisory services and property and corporate facilities management services.

In connection with the Company's acquisition of substantially all of the assets of Grubb & Ellis, the Company changed its reportable segments beginning with the second quarter of 2012, to consist of two reportable segments, Financial Services and Real Estate Services. Prior to the second quarter of 2012, BGC Partners had only one reportable segment.

The Company's customers include many of the world's largest banks, broker-dealers, investment banks, trading firms, hedge funds, governments, corporations, property owners, real estate developers and investment firms. BGC Partners has offices in dozens of major markets, including New York and London, as well as in Atlanta, Beijing, Boston, Chicago, Copenhagen, Dallas, Dubai, Hong Kong, Houston, Istanbul, Johannesburg, Los Angeles, Mexico City, Miami, Moscow, Nyon, Paris, Rio de Janeiro, São Paulo, Seoul, Singapore, Sydney, Tokyo, Toronto, Washington, D.C. and Zurich.

NASDAQ OMX Transaction

On June 28, 2013, the Company sold (the "NASDAQ OMX Transaction") its on-the-run, electronic benchmark U.S. Treasury platform (the "Purchased Assets") to The NASDAQ OMX Group, Inc. ("NASDAQ OMX"). The total consideration consisted of $750 million in cash, plus an earn-out of up to 14,883,705 shares of NASDAQ OMX common stock to be paid ratably over 15 years, provided that NASDAQ OMX, as a whole, produces at least $25 million in gross revenues each year. The Purchased Assets were part of a larger cash flow-generating product group that includes other fully electronic trading, market data, and software businesses, including electronic brokerage of off-the-run U.S. Treasuries, as well as Treasury Bills, Treasury Swaps, Treasury Repos, Treasury Spreads, and Treasury Rolls. The gain is included in "Gain on divestiture" in the Company's unaudited condensed consolidated statements of operations.

Share Count Reduction and Modifications/Extensions of Employment Agreements

At the end of the second quarter of 2013, the Company redeemed or exchanged 77.4 million units from the partners of BGC (the "Global Partnership Restructuring Program"). The Company granted and expects to issue 45.2 million shares of the Company's Class A common stock, of which approximately 39.1 million will be restricted shares. The Company also expects to pay the anticipated withholding taxes owed on behalf of these partners related to this redemption/exchange and issuance. The restricted shares are generally expected to be saleable by partners in good standing after either five or ten years. Transferability of the shares of Restricted Stock will not be subject to continued employment or service with the Company or any affiliate or subsidiary of the Company; however, transferability will be subject to compliance with BGC Partners' and its affiliates' customary non-competition obligations. Partners who agree to extend the lengths 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. Taken together, these actions resulted in the Company reducing its fully diluted share count by 32.2 million shares.

As a result of the above transactions, the Company incurred non-cash, non-dilutive compensation charges of $464.6 million related to the redemption/exchange of partnership units, issuance of restricted shares, and the reduction of compensation-related partnership loans. These charges, along with the $723.1 million gain related to the NASDAQ OMX transaction, have been recognized in the Company's unaudited condensed consolidated statements of operations for the three months ended June 30, 2013.

Basis of Presentation

The Company's unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") and in conformity with accounting principles generally accepted in the U.S. ("U.S. GAAP"). The Company's unaudited condensed 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.

The unaudited condensed consolidated financial statements contain all normal and recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the unaudited condensed consolidated statements of financial condition, the unaudited condensed consolidated statements of operations, the unaudited condensed consolidated statements of comprehensive income, the unaudited condensed consolidated statements of cash flows and the unaudited condensed consolidated statements of changes in equity of the Company for the periods presented. The results of operations for the 2013 interim periods are not necessarily indicative of results to be expected for the entire fiscal year, which will end on December 31, 2013.

Recently Adopted Accounting Pronouncements:

As of and for the annual period ended December 31, 2012, the Company early adopted the FASB's guidance on *Intangibles—Goodwill and Other—Testing Indefinite-Lived Intangible Assets for Impairment* , which simplifies how entities test indefinite-lived intangible assets for impairment. This guidance allows entities to first assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If a more than fifty percent likelihood exists that an indefinite-lived intangible asset is impaired, then a quantitative impairment test must be performed by comparing the fair value of the asset with its carrying amount. The adoption of this FASB guidance did not have a material impact on the Company's unaudited condensed consolidated financial statements.

In December 2011, the FASB issued guidance on *Disclosures about Offsetting Assets and Liabilities* , which requires entities to disclose information about offsetting and related arrangements to enable users of financial statements to evaluate the potential effect of netting arrangements on an entity's financial position, including the potential effect of rights of set-off. This FASB guidance was effective for interim and annual reporting periods beginning on or after January 1, 2013. The adoption of this FASB guidance did not have a material impact on the Company's unaudited condensed consolidated financial statements, as this guidance only requires additional disclosures concerning offsetting and related arrangements.

2. Limited Partnership Interests in BGC Holdings

BGC Holdings, L.P. ("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 Partners, L.P. ("BGC US") and BGC Global Holdings L.P. ("BGC Global"), the two operating partnerships. Listed below are the limited partnership interests in BGC Holdings. The founding/working partner units, limited partnership units and Cantor units held by Cantor Fitzgerald, L.P. ("Cantor"), each as defined below, collectively represent all of the "limited partnership interests" in BGC Holdings.

Founding/Working Partner Units

Founding/working partners have a limited partnership interest in BGC Holdings. The Company accounts for founding/working partner units outside of permanent capital, as "Redeemable partnership interest," in the Company's unaudited condensed 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.

Founding/working partner units are held by limited partners who are employees and generally receive quarterly allocations of net income based on their weighted-average pro rata share of economic ownership of the operating subsidiaries. Upon termination of employment or otherwise ceasing to provide substantive services, the founding/working partner units are generally redeemed, and the unit holders are no longer entitled to participate in the quarterly cash distributed 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 separate component of compensation expense under "Allocations of net income to limited partnership units and founding/working partner units" in the Company's unaudited condensed consolidated statements of operations.

Limited Partnership Units

Certain employees hold limited partnership interests in BGC Holdings (e.g., REUs, RPUs, PSUs, PSIs and LPUs, collectively the "limited partnership units"). Generally, such units receive quarterly allocations of net income based on their weighted-average pro rata share of economic ownership of the operating subsidiaries. These allocations are cash distributed on a quarterly basis and are generally contingent upon services being provided by the unit holders. As prescribed in FASB guidance, the quarterly allocations of net income on such limited partnership units are reflected as a separate component of compensation expense under "Allocations of net income to limited partnership units and founding/working partner units" in the Company's unaudited condensed consolidated statements of operations.

Certain of these limited partnership units 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 limited partnership units are accounted for as post-termination liability awards, and in accordance with FASB guidance, the Company records compensation expense for the awards based on the change in value at each reporting date in the Company's unaudited condensed consolidated statements of operations as part of "Compensation and employee benefits."

Cantor Units

Cantor's limited partnership interest ("Cantor units") in BGC Holdings is reflected as a component of "Noncontrolling interest in subsidiaries" in the Company's unaudited condensed consolidated statements of financial condition. Cantor receives allocations of net income based on its weighted-average pro rata share of economic ownership of the operating subsidiaries for each quarterly period. This allocation is reflected as a component of "Net income attributable to noncontrolling interest in subsidiaries" in the Company's unaudited condensed consolidated statements of operations.

General

Certain of the limited partnership interests, described above, have been granted exchangeability into Class A common stock on a one-for-one basis (subject to adjustment); additional limited partnership interests may become exchangeable for Class A common stock on a one-for-one basis (subject to adjustment). Any exchange of limited partnership interests into Class A common shares 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 is allocated between the limited partnership interests and the common stockholders. In quarterly periods in which the Company has a net loss, the loss allocation for founding/working partner units, limited partnership units and Cantor units is allocated to Cantor and reflected as a component of "Net income attributable to noncontrolling interest in subsidiaries." In subsequent quarters in which the Company has net income, the initial allocation of income to the limited partnership interests is to "Net income attributable to noncontrolling interests," to recover any losses taken in earlier quarters. The remaining income is allocated to the limited partnership interests based on their weighted-average pro rata share of economic ownership of the operating subsidiaries for the quarter. This income (loss) allocation process has no impact on the net income allocated to common stockholders.

3. Acquisitions

Newmark

During the year ended December 31, 2012, the Company purchased a majority interest in an affiliated company of Newmark for total consideration transferred of approximately $2.1 million. As a result of such transaction, the Company recognized goodwill of approximately $1.5 million, which was allocated to the Company's Real Estate Services segment. During the year ended December 31, 2012, the Company purchased additional noncontrolling interests related to Newmark for approximately $8.3 million. During the six months ended June 30, 2013, the Company purchased additional noncontrolling interests related to Newmark for approximately $9.4 million.

Grubb & Ellis

On April 13, 2012, the Company completed the acquisition of substantially all of the assets of Grubb & Ellis. The total consideration transferred for Grubb & Ellis was $47.1 million. The consideration transferred included the extinguishment of approximately $30.0 million (principal amount) pre-bankruptcy senior secured debt (the "Notes Receivable"), which the Company purchased at a discount, and which had a fair value of approximately $25.6 million as of the acquisition date. The consideration transferred also included approximately $5.5 million under debtor-in-possession term loans and $16.0 million in cash to the bankruptcy estate for the benefit of Grubb & Ellis' unsecured creditors. The excess of the consideration transferred over the fair value of the net assets acquired has been recorded as goodwill of $5.0 million and allocated to the Company's Real Estate Services segment. The Company had total direct costs of approximately $2.8 million related to the acquisition of Grubb & Ellis.

The following unaudited pro forma summary presents consolidated information of the Company as if the acquisition of Grubb & Ellis had occurred on January 1, 2011. Grubb & Ellis' results for the second quarter of 2012 prior to its acquisition by the Company are not material and, as a result, pro forma unaudited supplemental information has not been provided for the three months ended June 30, 2012 as the amounts are materially consistent with the amounts recognized in the unaudited condensed consolidated statements of operations for the three months ended June 30, 2012. These pro forma results are not indicative of operations that would have been achieved, nor are they indicative of future results of operations. The pro forma results do not reflect any potential cost savings or other operational efficiencies that could result from the acquisition. The historical financials of Grubb & Ellis and the pro forma information contain unusual and non-recurring expenses incurred during the distressed period leading up to the Grubb & Ellis bankruptcy. The pro forma information also does not include any adjustments for expenses with respect to assets or liabilities not acquired or assumed by the Company.

	Six Months Ended
In millions	June 30, 2012
Pro forma revenues	$ 927.4
Pro forma consolidated net income	$ 9.3

Other Acquisitions

During the year ended December 31, 2012, the Company completed other acquisitions for a total consideration of $24.5 million, of which $20.0 million was attributed to goodwill. Of the $20.0 million attributed to goodwill, approximately $15.7 million was allocated to the Company's Real Estate Services segment and approximately $4.3 million was allocated to the Company's Financial Services segment. See Note 14—"Goodwill and Other Intangible Assets, Net" for further information with regard to the Company's goodwill by reportable segment. The Company's allocation of the consideration transferred to the assets acquired and liabilities assumed is preliminary. The Company expects to finalize its analysis within the first year after the acquisitions, and therefore adjustments to the preliminary allocation may occur.

In February 2013, the Company acquired certain assets of Sterling International Brokers, a money brokerage company, for nominal consideration. The Company expects to finalize its allocation of the consideration transferred to the assets acquired and liabilities assumed within the first year after the acquisition, and therefore adjustments to the preliminary allocation may occur.

In June 2013, the Company acquired a controlling interest in an entity that had previously been accounted for using the equity method. This transaction resulted in the consolidation of the entity in the Company's unaudited condensed consolidated financial statements subsequent to the Company's acquisition of a controlling interest. In connection with this transaction, the Company recognized goodwill of approximately $1.3 million, which was allocated to the Company's Financial Services segment. The Company expects to finalize its analysis within the first year after the acquisition, and therefore adjustments to the preliminary allocation may occur.

The results of operations of Newmark, Grubb & Ellis and the Company's other acquisitions have been included in the Company's unaudited condensed consolidated financial statements subsequent to their respective dates of acquisition.

4. Earnings Per Share

FASB guidance on *Earnings Per Share* ("EPS") establishes standards for computing and presenting EPS. Basic EPS excludes dilution and is computed by dividing net income available to common stockholders by the weighted-average shares of common stock outstanding and contingent shares for which all necessary conditions have been satisfied except for the passage of time. Net income is allocated to each of the economic ownership classes described above in Note 2—"Limited Partnership Interests in BGC Holdings," and the Company's outstanding common stock, based on each class's pro rata economic ownership of the operating subsidiaries.

The Company's earnings for the three and six months ended June 30, 2013 and 2012 were allocated as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net income available to common stockholders	$ 34,466	$1,958	$ 41,464	$10,147
Allocation of income to limited partnership interests in BGC Holdings	$140,068	$3,034	$151,026	$13,471

The following is the calculation of the Company's basic EPS (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Basic earnings per share:				
Net income available to common stockholders	$ 34,466	$ 1,958	$ 41,464	$ 10,147
Basic weighted-average shares of common stock outstanding (1)	171,758	140,368	167,515	138,257
Basic earnings per share	$ 0.20	$ 0.01	$ 0.25	$ 0.07

(1) For the three and six months ended June 30, 2013, basic weighted-average shares of common stock include, on a weighted-average basis, 45.2 million shares of the Company's Class A common stock (of which approximately 39.1 million are restricted shares) that the Company granted and expects to issue in connection with the global partnership restructuring program (see Note 1—"Organization and Basis of Presentation").

Fully diluted EPS is calculated utilizing net income available for common stockholders plus net income allocations to the limited partnership interests in BGC Holdings, as well as adjustments related to the interest expense on the Convertible Notes, if applicable (see Note 15—"Notes Payable, Collateralized and Short-Term Borrowings"), and expense related to dividend equivalents for certain RSUs, if applicable, as the numerator. The denominator is comprised of the Company's weighted-average outstanding shares of common stock and, if dilutive, the weighted-average number of limited partnership interests and other contracts to issue shares of common stock, including Convertible Notes, stock options, RSUs and warrants. The limited partnership interests are potentially exchangeable into shares of Class A common stock; 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):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Fully diluted earnings per share:				
Net income available to common stockholders	$ 34,466	$ 1,958	$ 41,464	$ 10,147
Allocation of net income to limited partnership interests in BGC Holdings, net of tax	31,618	1,836	39,361	9,373
Interest expense on convertible notes, net of tax	3,860	—	8,657	—
Dividend equivalent expense on RSUs, net of tax	—	84	3	148
Net income for fully diluted shares	$ 69,944	$ 3,878	$ 89,485	$ 19,668
Weighted-average shares:				
Common stock outstanding	171,758	140,368	167,515	138,257
Limited partnership interests in BGC Holdings (1)	165,127	132,035	159,255	129,158
Convertible notes	39,780	—	39,722	—
RSUs (Treasury stock method)	630	585	339	765
Other	797	1,768	751	1,302
Fully diluted weighted-average shares of common stock outstanding	378,092	274,756	367,582	269,482
Fully diluted earnings per share	$ 0.18	$ 0.01	$ 0.24	$ 0.07

(1) For the three and six months ended June 30, 2013, limited partnership interests in BGC Holdings exclude, on a weighted-average basis, 77.4 million limited partnership units that were redeemed or exchanged in June 2013 in connection with the global partnership restructuring program (see Note 1—"Organization and Basis of Presentation").

For the three months ended June 30, 2013 and 2012, respectively, approximately 6.6 million and 48.4 million potentially dilutive securities were not included in the computation of fully diluted EPS because their effect would have been anti-dilutive.

Additionally, as of June 30, 2013 and 2012, respectively, approximately 5.9 million and 3.5 million shares of contingent Class A common stock were excluded from the computation of fully diluted EPS because the conditions for issuance had not been met by the end of the respective periods.

5. Stock Transactions and Unit Redemptions

Class A Common Stock

Changes in shares of the Company's Class A common stock outstanding for the three and six months ended June 30, 2013 and 2012 were as follows. This table does not include 45.2 million shares of the Company's Class A common stock (of which approximately 39.1 million are restricted shares) that the Company granted and expects to issue in connection with the global partnership restructuring program (see Note 1—"Organization and Basis of Presentation").

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Shares outstanding at beginning of period	130,873,581	104,762,935	123,913,759	97,220,042
Share issuances:				
Redemptions and exchanges of limited partnership interests (1)	3,498,243	2,530,980	8,837,725	6,004,888
Vesting of restricted stock units (RSUs)	131,571	201,316	623,393	876,289
Acquisitions (2)	1,086,975	839,120	1,086,975	918,835
Purchase of notes receivable in connection with the Company's acquisition of Grubb & Ellis	—	—	—	453,172
Other issuances of Class A common stock	771,169	47,023	1,899,687	2,952,161
Treasury stock repurchases	(33,478)	—	(33,478)	(44,013)
Shares outstanding at end of period	136,328,061	108,381,374	136,328,061	108,381,374

(1) The issuances related to redemptions and exchanges of limited partnership interests did not impact the fully diluted number of shares and units outstanding.

(2) For the three and six months ended June 30, 2012, 72,009 of these shares were issued pursuant to the exemption from registration provided by Regulation S under the Securities Act.

Class B Common Stock

The Company did not issue any shares of Class B common stock during the three and six months ended June 30, 2013 and 2012.

Controlled Equity Offering

On December 12, 2012, the Company entered into a controlled equity offering sales agreement (the "December 2012 Sales Agreement") with Cantor Fitzgerald & Co. ("CF&Co"), pursuant to which the Company may offer and sell up to an aggregate of 20 million shares of Class A common stock. Shares of the Company's Class A common stock sold under its controlled equity offering sales agreements are used primarily for redemptions of limited partnership interests in BGC Holdings. CF&Co is a wholly-owned subsidiary of Cantor and an affiliate of the Company. Under the December 2012 Sales Agreement, the Company has agreed to pay CF&Co 2% of the gross proceeds from the sale of shares. As of June 30, 2013, the Company has sold 8,672,410 shares of Class A common stock under the December 2012 Sales Agreement.

Unit Redemptions and Share Repurchase Program

The Company's Board of Directors and Audit Committee have authorized repurchases of the Company's Class A common stock and redemptions of BGC Holdings limited partnership interests or other equity interests in the Company's subsidiaries. On May 1, 2013, the Company's Board of Directors and Audit Committee increased the BGC Partners share repurchase and unit redemption authorization to $100 million. This authorization increased to $250 million upon the closing of the NASDAQ OMX Transaction on June 28, 2013 (see Note 1—"Organization and Basis of Presentation").

The below table excludes 77.4 million units which the Company redeemed or exchanged from partners at the end of the second quarter of 2013. The Company granted and expects to issue 45.2 million restricted shares of the Company's Class A common stock, of which approximately 39.1 million will be restricted shares (see Note 1—"Organization and Basis of Presentation"). Unit redemption and share repurchase activity for the six months ended June 30, 2013 was as follows:

Period	Total Number of Units Redeemed or Shares Repurchased	Average Price Paid per Unit or Share	Approximate Dollar Value of Units and Shares That May Yet Be Redeemed/ Purchased Under the Plan
Redemptions (1), (2)			
January 1, 2013—March 31, 2013	5,193,534	$ 4.16	
April 1, 2013—April 30, 2013	894,218	5.51	
May 1, 2013—May 31, 2013	—	—	
June 1, 2013—June 30, 2013	1,764,245	5.48	
Total Redemptions	7,851,997	$ 4.61	
Repurchases (3), (4)			
January 1, 2013—March 31, 2013	—	$ —	
April 1, 2013—April 30, 2013	33,478	5.61	
May 1, 2013—May 31, 2013	—	—	
June 1, 2013—June 30, 2013	—	—	
Total Repurchases	33,478	$ 5.61	
Total Redemptions and Repurchases	7,885,475	$ 4.61	$ 250,000,000

(1) During the three months ended June 30, 2013, the Company redeemed approximately 2.5 million limited partnership units at an average price of $5.54 per unit and approximately 0.2 million founding/working partner units at an average price of $4.68 per unit. During the three months ended June 30, 2012, the Company redeemed approximately 2.6 million limited partnership units at an average price of $6.47 per unit and approximately 0.3 million founding/working partner units at an average price of $7.76 per unit.

(2) During the six months ended June 30, 2013, the Company redeemed approximately 6.9 million limited partnership units at an average price of $4.71 per unit and approximately 0.9 million founding/working partner units at an average price of $3.78 per unit. During the six months ended June 30, 2012, the Company redeemed approximately 5.4 million limited partnership units at an average price of $6.61 per unit and approximately 1.3 million founding/working partner units at an average price of $6.55 per unit.

(3) During the three months ended June 30, 2013, the Company repurchased 33,478 shares of its Class A common stock at an aggregate purchase price of approximately $0.2 million for an average price of $5.61 per share. The Company did not repurchase any shares of its Class A common stock during the three months ended June 30, 2012.

(4) During the six months ended June 30, 2013, the Company repurchased 33,478 shares of its Class A common stock at an aggregate purchase price of approximately $0.2 million for an average price of $5.61 per share. During the six months ended June 30, 2012, the Company repurchased 44,013 shares of its Class A common stock at an aggregate purchase price of approximately $0.3 million for an average price of $7.66 per share.

Redeemable Partnership Interest

The changes in the carrying amount of redeemable partnership interest for the six months ended June 30, 2013 and 2012 were as follows (in thousands):

	Six Months Ended June 30,	
	2013	2012
Balance at beginning of period	$ 78,839	$ 86,269
Consolidated net income allocated to founding/working partner units	5,631	2,367
Earnings distributions	(1,181)	—
Re-allocation of equity due to additional investment by founding/working partners	938	144
Founding/working partner units exchanged	(1,541)	(1,716)
Founding/working partner units redeemed	(2,583)	(3,895)
Cantor purchase of Cantor units from BGC Holdings upon redemption of founding/working partner units	—	(2,732)
Other	(729)	(2)
Balance at end of period	$ 79,374	$ 80,435

6. Securities Owned

Securities owned primarily consist of unencumbered U.S. Treasury bills held for liquidity purposes. Total securities owned were $32.0 million as of both June 30, 2013 and December 31, 2012.

Securities owned consisted of the following (in thousands):

	June 30, 2013	December 31, 2012
Government debt	$ 32,016	$ 32,003
Total	$ 32,016	$ 32,003

As of June 30, 2013, the Company had not pledged any of the securities owned to satisfy deposit requirements at exchanges or clearing organizations.

7. Collateralized Transactions

Securities Purchased Under Agreements to Resell

Securities purchased under agreements to resell ("Reverse Repurchase Agreements") are accounted for as collateralized financing transactions and are recorded at the contractual amount for which the securities will be resold, including accrued interest.

For Reverse Repurchase Agreements, it is the Company's policy to obtain possession of collateral with a market value equal to or in excess of the principal amount loaned under Reverse Repurchase Agreements. Collateral is valued daily, and the Company may require counterparties to deposit additional collateral or return collateral pledged when appropriate. As of June 30, 2013, the Company had $49.1 million of Reverse Repurchase Agreements for which the underlying collateral consisted of U.S. Treasury securities with a fair value of $49.1 million. These agreements were transacted with unrelated parties to facilitate the settlement of matched principal transactions.

As of December 31, 2012, the Company had no Reverse Repurchase Agreements outstanding.

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8. 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. The receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers consisted of the following (in thousands):

	June 30, 2013	December 31, 2012
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers:		
Contract values of fails to deliver	$1,360,542	$ 238,790
Cash and cash equivalents held at clearing organizations	55,103	45,563
Other receivables from broker-dealers and customers	10,352	11,587
Net pending trades	3,876	966
Open derivative contracts	2,089	782
Total	$1,431,962	$ 297,688
Payables to broker-dealers, clearing organizations, customers and related broker-dealers:		
Contract values of fails to receive	$1,344,755	$ 229,037
Payables to clearing organizations	51,187	1,632
Other payables to broker-dealers and customers	28,409	23,282
Open derivative contracts	400	338
Total	$1,424,751	$ 254,289

A portion of these receivables and payables are with Cantor. See Note 11—“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 June 30, 2013 have subsequently settled at the contracted amounts.

9. Derivatives

In the normal course of operations, the Company enters into derivative contracts. These derivative contracts primarily consist of interest rate and foreign exchange swaps. 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 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.

The Company does not designate any derivative contracts as hedges for accounting purposes. FASB guidance requires that an entity recognize all derivative contracts as either assets or liabilities in the unaudited condensed 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 unaudited condensed consolidated statements of financial condition. The change in fair value of derivative contracts is reported as part of “Principal transactions” in the Company’s unaudited condensed consolidated statements of operations.

The fair value of derivative contracts, computed in accordance with the Company’s netting policy, is set forth below (in thousands):

	June 30, 2013		December 31, 2012	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	$ 737	$ —	$ 782	$ —
Foreign exchange swaps	1,352	400	—	338
	$ 2,089	$ 400	$ 782	$ 338

The notional amounts of the interest rate swap transactions at June 30, 2013 and December 31, 2012 were $192.7 million and $361.8 million, respectively. These represent matched customer transactions settled through and guaranteed by a central clearing organization.

All of the Company's foreign exchange swaps are with Cantor. The notional amounts of the foreign exchange swap transactions at June 30, 2013 and December 31, 2012 were $339.5 million and $233.5 million, respectively.

The replacement cost of contracts in a gain position at June 30, 2013 was $2.1 million.

As described in Note 15—"Notes Payable, Collateralized and Short-Term Borrowings," on July 29, 2011, the Company issued an aggregate of $160.0 million principal amount of 4.50% Convertible Senior Notes due 2016 (the "4.50% Convertible Notes") containing an embedded conversion feature. The conversion feature meets the requirements to be accounted for as an equity instrument, and the Company classifies the conversion feature within "Additional paid-in capital" in the Company's unaudited condensed consolidated statements of financial condition. The embedded conversion feature was measured in the amount of approximately $19.0 million on a pre-tax basis ($16.1 million net of taxes and issuance costs) at the issuance of the 4.50% Convertible Notes as the difference between the proceeds received and the fair value of a similar liability without the conversion feature and is not subsequently remeasured.

Also in connection with the issuance of the 4.50% Convertible Notes, the Company entered into capped call transactions. The capped call transactions meet the requirements to be accounted for as equity instruments, and the Company classifies the capped call transactions within "Additional paid-in capital" in the Company's unaudited condensed consolidated statements of financial condition. The purchase price of the capped call transactions resulted in a decrease to "Additional paid-in capital" of $11.4 million on a pre-tax basis ($9.9 million on an after-tax basis) at the issuance of the 4.50% Convertible Notes, and such capped call transactions are not subsequently remeasured.

10. Fair Value of Financial Assets and Liabilities

The following tables set forth by level within the fair value hierarchy financial assets and liabilities accounted for at fair value under FASB guidance at June 30, 2013 (in thousands):

	Assets at Fair Value at June 30, 2013 (1)				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Government debt	$32,016	$ —	$ —	$ —	$32,016
Interest rate swaps	—	737	—	—	737
Foreign exchange swaps	—	1,352	—	—	1,352
Total	$32,016	$2,089	$ —	$ —	$34,105

	Liabilities at Fair Value at June 30, 2013 (1)				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Foreign exchange swaps	$ —	$ 400	$ —	$ —	$ 400
Total	$ —	$ 400	$ —	$ —	$ 400

The following tables set forth by level within the fair value hierarchy financial assets and liabilities accounted for at fair value under FASB guidance at December 31, 2012 (in thousands):

	Assets at Fair Value at December 31, 2012 (1)				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Government debt	$32,003	$ —	$ —	$ —	$32,003
Interest rate swaps	—	782	—	—	782
Total	$32,003	$ 782	$ —	$ —	$32,785

	Liabilities at Fair Value at December 31, 2012 (1)				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Foreign exchange swaps	$ —	$ 338	$ —	$ —	$ 338
Total	$ —	$ 338	$ —	$ —	$ 338

(1) As required by FASB guidance, 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 show the gross and net amounts of recognized assets and liabilities as of June 30, 2013 (in thousands):

				Gross Amounts Not Offset		
Assets	Gross Amounts	Gross Amounts Offset	Net Amounts Presented in the Statements of Financial Condition	Financial Instruments	Cash Collateral Received	Net Amount
Interest rate swaps	$ 951	$ 214	$ 737	$ —	$ —	$ 737
Foreign exchange swaps	1,728	376	1,352	—	—	1,352
Total	$ 2,679	$ 590	$ 2,089	$ —	$ —	$ 2,089
Liabilities						
Interest rate swaps	$ 214	$ 214	$ —	$ —	$ —	$ —
Foreign exchange swaps	776	376	400	—	—	400
Total	$ 990	$ 590	$ 400	$ —	$ —	$ 400

The following tables show the gross and net amounts of recognized assets and liabilities as of December 31, 2012 (in thousands):

				Gross Amounts Not Offset		
Assets	Gross Amounts	Gross Amounts Offset	Net Amounts Presented in the Statements of Financial Condition	Financial Instruments	Cash Collateral Received	Net Amount
Interest rate swaps	$ 990	$ 208	$ 782	$ —	$ —	$ 782
Foreign exchange swaps	791	791	—	—	—	—
Total	$ 1,781	$ 999	$ 782	$ —	$ —	$ 782
Liabilities						
Interest rate swaps	$ 208	$ 208	$ —	$ —	$ —	$ —
Foreign exchange swaps	1,129	791	338	—	—	338
Total	$ 1,337	$ 999	$ 338	$ —	$ —	$ 338

11. 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 United Kingdom ("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 unaudited condensed consolidated statements of financial condition, and the portion of Tower Bridge's income attributable to Cantor is included as part of "Net income attributable to noncontrolling interest in subsidiaries" in the Company's unaudited condensed 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 services recipient generally indemnifies the services 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 service recipient affiliates.

The Company, together with other leading financial institutions, formed ELX, a limited partnership that has established a fully-electronic futures exchange. The Company accounts for ELX under the equity method of accounting (see Note 12—"Investments" for more details). During the three and six months ended June 30, 2013, the Company made no capital contributions to ELX. During the year ended December 31, 2012, the Company made a $16.0 million capital contribution to ELX. On March 28, 2012, the Company entered into a credit agreement with ELX, whereby the Company has agreed to lend ELX up to $16.0 million. As of June 30, 2013, the Company had not loaned ELX any amounts under this agreement. The commitment period for this credit facility extends through March 28, 2015. The Company has entered into a technology services agreement with ELX pursuant to which the Company provided software technology licenses, monthly maintenance support and other technology services as requested by ELX. As part of the NASDAQ OMX Transaction (see Note 1—"Organization and Basis of Presentation"), the Company sold the technology services agreement with ELX to NASDAQ OMX.

For the three months ended June 30, 2013 and 2012, the Company recognized related party revenues of $12.2 million and $13.5 million, respectively, for the services provided to Cantor and ELX. For the six months ended June 30, 2013 and 2012, the Company recognized related party revenues pursuant to these agreements of $25.4 million and $26.0 million, respectively. These revenues are included as part of "Fees from related parties" in the Company's unaudited condensed 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 employee lease agreement whereby certain employees of Cantor are deemed leased employees of the Company. For the three months ended June 30, 2013 and 2012, the Company was charged $8.7 million and $9.6 million, respectively, for the services provided by Cantor and its affiliates, of which $6.4 million and $6.4 million, respectively, were to cover compensation to leased employees for the three months ended June 30, 2013 and 2012. For the six months ended June 30, 2013 and 2012, the Company was charged $16.7 million and $17.1 million, respectively, for the services provided by Cantor and its affiliates, of which $11.6 million and $10.4 million, respectively, were to cover compensation to leased employees for the six months ended June 30, 2013 and 2012. The fees paid to 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 unaudited condensed consolidated statements of operations. The fees paid to Cantor to cover the compensation costs of leased employees are included as part of "Compensation and employee benefits" in the Company's unaudited condensed consolidated statements of operations.

For the three months ended June 30, 2013 and 2012, Cantor's share of the net profit in Tower Bridge was $0.3 million and $1.0 million, respectively. For the six months ended June 30, 2013 and 2012, Cantor's share of the net profit in Tower Bridge was $0.1 million and $0.4 million, respectively. Cantor's noncontrolling interest is included as part of "Noncontrolling interest in subsidiaries" in the Company's unaudited condensed consolidated statements of financial condition.

Clearing Agreement with Cantor

The Company receives certain clearing services ("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 unaudited condensed consolidated statements of operations.

Other Agreements with Cantor

The Company is authorized to enter into short-term arrangements with Cantor to cover any failed U.S. Treasury securities transactions and to share equally any net income resulting from such transactions, as well as any similar clearing and settlement issues. As of June 30, 2013, the Company had not entered into any arrangements to cover any failed U.S. Treasury transactions.

To more effectively manage the Company's exposure to changes in foreign exchange rates, the Company and Cantor 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 foreign exchange currency hedging between Cantor and the Company. The amount allocated to each party is based on the total net exposure for the Company and Cantor. The ratio of gross exposures of Cantor and the Company will be utilized to determine the shares of profit or loss allocated to each for the period.

In March 2009, the Company and Cantor were 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 than favorable to the receiving party than such services are provided to typical third-party customers.

Receivables from and Payables to Related Broker-Dealers

Amounts due from or to Cantor and Freedom International Brokerage are for transactional revenues under a technology and services agreement with Freedom International Brokerage 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 unaudited condensed consolidated statements of financial condition. As of June 30, 2013 and December 31, 2012, the Company had receivables from Cantor and Freedom International Brokerage of $3.2 million and $2.9 million, respectively.

Loans, Forgivable Loans and Other Receivables from Employees and Partners, Net

The Company has entered into various agreements with certain of its employees and partners whereby these individuals receive loans which may be either wholly or in part repaid from the distribution earnings that the individuals receive on some or all of their limited partnership interests 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 June 30, 2013 and December 31, 2012, the aggregate balance of employee loans was $124.8 million and $220.1 million, respectively, and is included as "Loans, forgivable loans and other receivables from employees and partners, net" in the Company's unaudited condensed consolidated statements of financial condition. Compensation expense for the above mentioned employee loans for the three months ended June 30, 2013 and 2012 was $170.7 million and $7.4 million, respectively. Compensation expense for the above mentioned employee loans for the six months ended June 30, 2013 and 2012 was $180.2 million and $14.4 million, respectively.

At the end of the second quarter of 2013, the Company commenced a global partnership restructuring program to provide retention incentives and to allow the Company to take advantage of certain tax efficiencies (see Note 1—"Organization and Basis of Presentation"). Under the program, certain BGC Holdings limited partnership units were redeemed or exchanged for Restricted Stock. Due to the net redemption/exchange of the limited partnership units described above, the Company determined that the collectability of a portion of the employee loan balances is not expected and, therefore, the Company recognized a reserve for the three months ended June 30, 2013 in the amount of approximately $160.5 million. The compensation expense related to this reserve is included as part of "Compensation and employee benefits" in the Company's unaudited condensed consolidated statements of operations.

8.75% Convertible Notes

On April 1, 2010, BGC Holdings issued an aggregate of $150.0 million principal amount of 8.75% Convertible Senior Notes due 2015 (the "8.75% Convertible Notes") to Cantor in a private placement transaction. The Company used the proceeds of the 8.75% Convertible Notes to repay at maturity $150.0 million aggregate principal amount of Senior Notes due April 1, 2010. The Company recorded interest expense related to the 8.75% Convertible Notes in the amount of $3.3 million for both the three months ended June 30, 2013 and the three months ended June 30, 2012. The Company recorded interest expense related to the 8.75% Convertible Notes in the amount of $6.6 million for both the six months ended June 30, 2013 and the six months ended June 30, 2012. See Note 15—"Notes Payable, Collateralized and Short-Term Borrowings," for more information.

Controlled Equity Offerings and Other Transactions with CF&Co

As discussed in Note 5—"Stock Transactions and Unit Redemptions," the Company has entered into controlled equity offering sales agreements with CF&Co, as the Company's sales agent. For the three months ended June 30, 2013 and 2012, the Company was

charged approximately $0.2 million and $0.3 million, respectively, for services provided by CF&Co related to the Company's controlled equity offering sales agreements. For the six months ended June 30, 2013 and 2012, the Company was charged approximately $0.7 million and $0.9 million, respectively, for services provided by CF&Co related to the Company's controlled equity offering sales agreements. These expenses are included as part of "Professional and consulting fees" in the Company's unaudited condensed consolidated statements of operations.

The Company has engaged CF&Co and its affiliates to act as financial advisor in connection with one or more third-party business combination transactions with or involving one or more targets 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 the Company's Class A common stock in full or partial payment of such fees.

On April 13, 2012, the Company completed the acquisition of Grubb & Ellis (see Note 3—"Acquisitions"). In connection with this acquisition, the Company paid an advisory fee of $1.0 million to CF&Co during the year ended December 31, 2012. This fee was recorded as part of "Professional and consulting fees" in the Company's unaudited condensed consolidated statements of operations.

On June 26, 2012, the Company issued an aggregate $112.5 million principal amount of 8.125% Senior Notes due 2042 (the "8.125% Senior Notes"). In connection with this issuance, the Company paid underwriting fees of approximately $0.2 million to CF&Co. This fee was recorded as a debt issuance cost, which is amortized as interest expense over the term of the notes.

On June 28, 2013, the Company sold its on-the-run, electronic benchmark U.S. Treasury platform to NASDAQ OMX, pursuant to a Purchase Agreement dated April 1, 2013 (see Note 1—"Organization and Basis of Presentation"). In connection with this transaction, the Company paid fees of approximately $7.4 million to CF&Co. These expenses are included as a reduction of "Gain on divestiture" in the Company's unaudited condensed consolidated statements of operations.

Under rules adopted by the Commodity Futures Trading Commission ("CFTC"), all foreign introducing brokers engaging in transactions with U.S. persons are required to register with the National Futures Association and either meet financial reporting and net capital requirements on an individual basis or obtain a guarantee agreement from a registered Futures Commission Merchant. The Company's European-based brokers engage from time to time in interest rate swap transactions with U.S.-based counterparties and therefore the Company is subject to the CFTC requirements. CF&Co has entered into guarantees on behalf of the Company, and the Company is required to indemnify CF&Co for the amounts, if any, paid by CF&Co on behalf of the Company pursuant to this arrangement.

Cantor Rights to Purchase Limited Partnership Interests from BGC Holdings

Cantor has the right to purchase limited partnership interests (Cantor units) from BGC Holdings upon redemption of non-exchangeable founding/working partner units redeemed by BGC Holdings upon termination or bankruptcy of the founding/working partner. Any such Cantor units purchased by Cantor are exchangeable for shares of Class B common stock or, at Cantor's election or if there are no additional authorized but unissued shares of Class B common stock, shares of Class A common stock, in each case on a one-for-one basis (subject to customary anti-dilution adjustments).

During the year ended December 31, 2012, in connection with the redemption by BGC Holdings of an aggregate of 431,985 non-exchangeable founding/working partner units from founding partners of BGC Holdings for an aggregate consideration of $1,282,045, Cantor purchased 431,985 exchangeable limited partnership interests from BGC Holdings for an aggregate consideration of $1,282,045. The redemption of the non-exchangeable founding partner units and issuance of an equal number of exchangeable limited partnership interests did not change the fully diluted number of shares outstanding. In addition, pursuant to the Sixth Amendment to the BGC Holdings Limited Partnership Agreement, during the year ended December 31, 2012, Cantor purchased 488,744 exchangeable limited partnership interests from BGC Holdings for an aggregate consideration of $1,449,663 in connection with the grant of exchangeability and exchange of 488,744 founding partner units. Such exchangeable limited partnership interests are exchangeable by Cantor at any time on a one-for-one basis (subject to adjustment) for shares of the Company's Class A common stock.

As of June 30, 2013, there were 1,293,751 non-exchangeable founding/working partner units remaining in which BGC Holdings had the right to redeem and Cantor had the right to purchase an equivalent number of Cantor units.

Transactions with Executive Officers and Directors

On May 4, 2012, the Company restructured the partnership and compensation arrangement of Mr. Lutnick by (i) the issuance to Mr. Lutnick of 2,449,312 PSUs and the cancellation of the equivalent number of outstanding REUs that had been previously issued to Mr. Lutnick and (ii) the grant of a right of exchange with respect to such 2,449,312 PSUs. The restructuring was approved by the Compensation Committee.

During the six months ended June 30, 2013, the Company repurchased 33,478 shares of Class A common stock at an average price of $5.61 per share. Such shares were purchased from Stephen M. Merkel, the Company's Executive Vice President, General Counsel and Secretary.

During the year ended December 31, 2012, the Company repurchased 44,013 shares of Class A common stock at an average price of $7.66 per share. An aggregate of 41,523 of such shares were purchased from Stephen M. Merkel, the Company's Executive Vice President, General Counsel and Secretary, and certain family trusts.

Transactions with Relief Fund

During the six months ended June 30, 2013, the Company issued and donated an aggregate of 1,000,000 shares of Class A common stock to The Cantor Fitzgerald Relief Fund (the "Relief Fund") in connection with the Company's annual Charity Day.

During the three months ended June 30, 2013, the Company also committed to make charitable contributions to the Relief Fund in the amount of $25.0 million, which the Company recorded in "Other expenses" in the Company's unaudited condensed consolidated statements of operations for the three and six months ended June 30, 2013.

During the year ended December 31, 2012, the Company issued and donated an aggregate of 2,860,000 shares of Class A common stock to the Relief Fund in connection with the Company's annual Charity Day.

Other Transactions

The Company is authorized to enter into loans, investments or other credit support arrangements for Aqua Securities L.P. ("Aqua"), an alternative electronic trading platform which offers new pools of block liquidity to the global equities markets; such arrangements would be proportionally and on the same terms as similar arrangements between Aqua and Cantor.

The Company has entered into a Subordinated Loan Agreement, whereby the Company agreed to lend Aqua the principal sum of $980 thousand. The scheduled maturity date on the subordinated loan is September 1, 2015, and the current rate of interest on the loan is three month LIBOR plus 600 basis points. The loan to Aqua is recorded as part of "Receivables from related parties" in the Company's unaudited condensed consolidated statements of financial condition.

In June 2008, the Company was authorized to enter into loans, investments or other credit support arrangements for Aqua of up to $5.0 million in the aggregate (which amount authorized was increased by $2.0 million on November 1, 2010 and an additional $3.0 million on November 5, 2012). 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 of accounting. During both the six months ended June 30, 2013 and the six months ended June 30, 2012, the Company made $0.8 million in cash contributions to Aqua. These contributions are recorded as part of "Investments" in the Company's unaudited condensed consolidated statements of financial condition.

12. Investments

Equity Method Investments

	June 30, 2013	December 31, 2012
Equity method investments (in thousands)	$21,727	$ 25,556

The Company's share of losses related to its equity method investments was $1.2 million and $2.7 million for the three months ended June 30, 2013 and 2012, respectively. The Company's share of losses related to its equity method investments was $4.5 million and $5.1 million for the six months ended June 30, 2013 and 2012, respectively. The Company's share of the losses is reflected in "Losses on equity investments" in the Company's unaudited condensed consolidated statements of operations.

On March 28, 2012, the Company made a capital contribution of $16.0 million to ELX.

In June 2013, the Company acquired a controlling interest in an entity that had previously been accounted for using the equity method. This transaction resulted in the consolidation of the entity in the Company's unaudited condensed consolidated financial statements (see Note 3—"Acquisitions").

Summarized condensed financial information for the Company's equity method investments is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Statements of operations:				
Total revenues	$ 14,398	$ 9,854	$ 26,546	$ 19,769
Total expenses	17,610	14,926	34,814	31,607
Net loss	$ (3,212)	$ (5,072)	$ (8,268)	$ (11,838)

See Note 11—"Related Party Transactions," for information regarding related party transactions with unconsolidated entities included in the Company's unaudited condensed consolidated financial statements.

Investments in Variable Interest Entities

Certain of the Company's equity method investments included in the equity method investment table above are considered variable interest entities ("VIEs"), as defined under the accounting guidance for consolidation. The Company is not considered the primary beneficiary of, and therefore does not consolidate, any of the VIEs in which it holds a variable interest. 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 as of June 30, 2013 and December 31, 2012. The amounts presented in the "Investment" column below are included in, and not in addition to, the equity method investment table above (in thousands):

	June 30, 2013		December 31, 2012	
	Investment	Maximum Exposure to Loss	Investment	Maximum Exposure to Loss
Variable interest entities (1)	$ 11,236	$ 28,216	$ 15,199	$ 44,441

(1) In addition to its equity investments, the Company has entered into a credit agreement to lend one of its variable interest entities (ELX) up to $16.0 million. The commitment period for such credit facility extends through March 28, 2015. Additionally, the Company has entered into a subordinated loan agreement with another of its variable interest entities (Aqua), whereby the Company agreed to lend the principal sum of $980 thousand. As of June 30, 2013, the Company's maximum exposure to loss with respect to its variable interest entities is the sum of its equity investment in such variable interest entities plus the $16.0 million credit facility and the $980 thousand subordinated loan.

13. Fixed Assets, Net

Fixed assets, net consisted of the following (in thousands):

	June 30, 2013	December 31, 2012
Computer and communications equipment	$156,761	$ 176,845
Software, including software development costs	104,453	146,676
Leasehold improvements and other fixed assets	107,151	111,575
	368,365	435,096
Less: accumulated depreciation and amortization	236,162	293,987
Fixed assets, net	$132,203	$ 141,109

Depreciation expense was $8.1 million and $9.3 million for the three months ended June 30, 2013 and 2012, respectively. Depreciation expense was $17.0 million and $18.2 million for the six months ended June 30, 2013 and 2012, respectively. Depreciation is included as part of "Occupancy and equipment" in the Company's unaudited condensed consolidated statements of operations.

In accordance with FASB guidance, the Company capitalizes qualifying computer software development costs incurred during the application development stage and amortizes them over their estimated useful life of three years on a straight-line basis. For the three months ended June 30, 2013 and 2012, software development costs totaling $3.8 million and $2.7 million, respectively, were capitalized. For the six months ended June 30, 2013 and 2012, software development costs totaling $7.7 million and $6.7 million, respectively, were capitalized. Amortization of software development costs totaled $2.2 million and $2.0 million for the three months

ended June 30, 2013 and 2012, respectively. Amortization of software development costs totaled $4.9 million and $4.7 million for the six months ended June 30, 2013 and 2012, respectively. Amortization of software development costs is included as part of "Occupancy and equipment" in the Company's unaudited condensed consolidated statements of operations.

Impairment charges of $0.4 million and $0.2 million were recorded for the three months ended June 30, 2013 and 2012, respectively, related to the evaluation of capitalized software projects for future benefit and for fixed assets no longer in service. Impairment charges of $0.8 million and $1.0 million were recorded for the six months ended June 30, 2013 and 2012, 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 unaudited condensed consolidated statements of operations.

As a result of the NASDAQ OMX Transaction, the Company sold fixed assets with a carrying value of approximately $13.5 million (see Note 21—"Divestiture").

14. Goodwill and Other Intangible Assets, Net

The changes in the carrying amount of goodwill by reportable segment for the six months ended June 30, 2013 were as follows (in thousands):

	Financial Services	Real Estate Services	Total
Balance at December 31, 2012	$85,005	$79,869	$164,874
Acquisitions	1,296	—	1,296
Measurement period adjustments	(83)	(1,693)	(1,776)
Cumulative translation adjustment	(710)	—	(710)
Balance at June 30, 2013	$85,508	$78,176	$163,684

During the six months ended June 30, 2013, the Company recognized measurement period adjustments of approximately $1.7 million and $0.1 million relating to Real Estate Services and Financial Services, respectively. The Company considers the adjustments insignificant to its unaudited condensed consolidated financial statements and accordingly the Company's unaudited condensed consolidated statements of financial position at December 31, 2012 were not retrospectively adjusted.

Goodwill is not amortized and is reviewed annually for impairment or more frequently if impairment indicators arise, in accordance with FASB guidance on *Goodwill and Other Intangible Assets* .

Other intangible assets consisted of the following (in thousands):

	June 30, 2013			
	Gross amount	Accumulated amortization	Net carrying amount	Weighted-average remaining life (years)
Definite life intangible assets:				
Patents	$ 6,897	$ 5,081	$ 1,816	2.9
Acquired intangibles	22,592	18,451	4,141	2.6
Noncompete agreements	1,790	764	1,026	2.3
All other	2,473	997	1,476	5.5
Total definite life intangible assets	33,752	25,293	8,459	3.1
Indefinite life intangible assets:				
Trade names	10,685	—	10,685	N/A
Horizon license	1,500	—	1,500	N/A
Total indefinite life intangible assets	12,185	—	12,185	N/A
Total	$ 45,937	$ 25,293	$ 20,644	3.1

	December 31, 2012			
	Gross amount	Accumulated amortization	Net carrying amount	Weighted-average remaining life (years)
Definite life intangible assets:				
Patents	$ 36,347	$ 35,047	$ 1,300	4.9
Acquired intangibles	20,770	16,778	3,992	3.6
Noncompete agreements	3,418	2,169	1,249	2.8
All other	3,832	2,238	1,594	7.2
Total definite life intangible assets	64,367	56,232	8,135	4.4
Indefinite life intangible assets:				
Trade names	10,685	—	10,685	N/A
Horizon license	1,500	—	1,500	N/A
Total indefinite life intangible assets	12,185	—	12,185	N/A
Total	$ 76,552	$ 56,232	$ 20,320	4.4

Intangible amortization expense was $2.0 million and $0.9 million for the three months ended June 30, 2013 and 2012, respectively. Intangible amortization expense was $2.9 million and $1.8 million for the six months ended June 30, 2013 and 2012, respectively. Intangible amortization is included as part of "Other expenses" in the Company's unaudited condensed consolidated statements of operations.

15. Notes Payable, Collateralized and Short-Term Borrowings

Notes payable, collateralized and short-term borrowings consisted of the following (in thousands):

	June 30, 2013	December 31, 2012
8.75% Convertible Notes	$150,000	$ 150,000
4.50% Convertible Notes	145,595	143,354
8.125% Senior Notes	108,842	108,780
Collateralized borrowings	19,368	49,310
Total	$423,805	$ 451,444

The Company's Convertible Notes and 8.125% Senior Notes are recorded at amortized cost. The carrying amounts and estimated fair values of the Company's Convertible Notes and 8.125% Senior Notes were as follows (in thousands):

	June 30, 2013		December 31, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
8.75% Convertible Notes	$ 150,000	$180,023	$ 150,000	$155,718
4.50% Convertible Notes	145,595	162,600	143,354	147,200
8.125% Senior Notes	108,842	119,790	108,780	116,955
Total	$ 404,437	$462,413	$ 402,134	$419,873

The fair value of the 8.75% Convertible Notes was estimated based on a jump-diffusion convertible pricing model, which among other inputs incorporates the scheduled coupon and principal payments, the conversion feature inherent in the 8.75% Convertible Notes, the Company's Class A common stock price and a stock price volatility assumption. The stock price volatility assumptions are based on the historic volatility of the Company's Class A common stock. The fair value measurements of the 8.75% Convertible Notes are based on significant inputs observable in the market and are considered Level 2 within the fair value hierarchy. The fair values of the 8.125% Senior Notes and 4.50% Convertible Notes were determined using observable market prices as these securities are traded and are considered Level 1 and Level 2, respectively, within the fair value hierarchy, based on whether they are deemed to be actively traded.

Convertible Notes

On April 1, 2010, BGC Holdings issued an aggregate of $150.0 million principal amount of the 8.75% Convertible Notes to Cantor in a private placement transaction. The Company used the proceeds of the 8.75% Convertible Notes to repay $150.0 million principal amount of Senior Notes that matured on April 1, 2010. The 8.75% Convertible Notes are senior unsecured obligations and rank equally and ratably with all existing and future senior unsecured obligations of the Company. The 8.75% Convertible Notes bear an annual interest rate of 8.75%, payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2010, and were convertible into 23.6 million shares of Class A common stock as of June 30, 2013. The 8.75% Convertible Notes will mature on April 15, 2015, unless earlier repurchased, exchanged or converted. The Company recorded interest expense related to the 8.75% Convertible Notes of $3.3 million for both the three months ended June 30, 2013 and the three months ended June 30, 2012. The Company recorded interest expense related to the 8.75% Convertible Notes of $6.6 million for both the six months ended June 30, 2013 and the six months ended June 30, 2012.

As of June 30, 2013, the 8.75% Convertible Notes were convertible, at the holder's option, at a conversion rate of 157.1566 shares of Class A common stock per $1,000 principal amount of notes, subject to customary adjustments upon certain corporate events, including stock dividends and stock splits on the Class A common stock and the Company's payment of a quarterly cash dividend in excess of $0.10 per share of Class A common stock. The conversion rate will not be adjusted for accrued and unpaid interest to the conversion date.

On July 29, 2011, the Company issued an aggregate of $160.0 million principal amount of 4.50% Convertible Senior Notes due 2016. The 4.50% Convertible Notes are general senior unsecured obligations of the Company. The 4.50% Convertible Notes pay interest semiannually at a rate of 4.50% per annum and were priced at par. The 4.50% Convertible Notes will mature on July 15, 2016, unless earlier repurchased, exchanged or converted. The Company recorded interest expense related to the 4.50% Convertible Notes of $2.9 million for both the three months ended June 30, 2013 and the three months ended June 30, 2012. The Company recorded interest expense related to the 4.50% Convertible Notes of $5.8 million for both the six months ended June 30, 2013 and the six months ended June 30, 2012.

As of June 30, 2013, the 4.50% Convertible Notes were convertible, at the holder's option, at a conversion rate of 101.6260 shares of Class A common stock per $1,000 principal amount of notes, subject to adjustment in certain circumstances, including stock dividends and stock splits on the Class A common stock and the Company's payment of a quarterly cash dividend in excess of $0.17 per share of Class A common stock. Upon conversion, the Company will pay or deliver cash, shares of the Company's Class A common stock, or a combination thereof at the Company's election. As of June 30, 2013, the 4.50% Convertible Notes were convertible into approximately 16.3 million shares of Class A common stock.

As prescribed by FASB guidance, *Debt* , the Company recognized the value of the embedded conversion feature of the 4.50% Convertible Notes as an increase to "Additional paid-in capital" of approximately $19.0 million on a pre-tax basis ($16.1 million net of taxes and issuance costs). The embedded conversion feature was measured as the difference between the proceeds received and the fair value of a similar liability without the conversion feature. The value of the conversion feature is treated as a debt discount and reduced the initial carrying value of the 4.50% Convertible Notes to $137.2 million, net of debt issuance costs of $3.8 million allocated to the debt component of the instrument. The discount is amortized as interest cost and the carrying value of the 4.50% Convertible Notes will accrete up to the face amount over the term of the 4.50% Convertible Notes.

In connection with the offering of the 4.50% Convertible Notes, the Company entered into capped call transactions, which are expected to reduce the potential dilution of the Company's Class A common stock upon any conversion of the 4.50% Convertible Notes in the event that the market value per share of the Company's Class A common stock, as measured under the terms of the capped call transactions, is greater than the strike price of the capped call transactions ($10.17 as of June 30, 2013, subject to adjustment in certain circumstances). The capped call transactions had an initial cap price equal to $12.30 per share (50% above the last reported sale price of the Company's Class A common stock on the NASDAQ on July 25, 2011), and had a cap price equal to approximately $12.72 per share as of June 30, 2013. The purchase price of the capped call transactions resulted in a decrease to "Additional paid-in capital" of $11.4 million on a pre-tax basis ($9.9 million on an after-tax basis). The capped call transactions cover approximately 15.7 million shares of BGC's Class A common stock as of June 30, 2013, subject to adjustment in certain circumstances.

Below is a summary of the Company's Convertible Notes (in thousands, except share and per share amounts):

	4.50% Convertible Notes		8.75% Convertible Notes	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Principal amount of debt component	$ 160,000	$ 160,000	$ 150,000	$ 150,000
Unamortized discount	(14,405)	(16,646)	—	—
Carrying amount of debt component	145,595	143,354	150,000	150,000
Equity component	18,972	18,972	—	—
Effective interest rate	7.61%	7.61%	8.75%	8.75%
Maturity date (period through which discount is being amortized)	7/15/2016	7/15/2016	4/15/2015	4/15/2015
Conversion price	$ 9.84	$ 9.84	$ 6.36	$ 6.41
Number of shares to be delivered upon conversion	16,260,160	16,260,160	23,573,484	23,384,070
Amount by which the notes' if-converted value exceeds their principal amount	$ —	$ —	$ —	$ —

Below is a summary of the interest expense related to the Company's Convertible Notes (in thousands):

	4.50% Convertible Notes		8.75% Convertible Notes	
	For the three months ended		For the three months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Coupon interest	$ 1,800	$ 1,800	$ 3,281	$ 3,281
Amortization of discount	1,125	1,090	—	—
Total interest expense	$ 2,925	$ 2,890	$ 3,281	$ 3,281

	4.50% Convertible Notes		8.75% Convertible Notes	
	For the six months ended		For the six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Coupon interest	$ 3,600	$ 3,600	$ 6,562	$ 6,562
Amortization of discount	2,241	2,172	—	—
Total interest expense	$ 5,841	$ 5,772	$ 6,562	$ 6,562

8.125% Senior Notes

On June 26, 2012, the Company issued an aggregate of $112.5 million principal amount of 8.125% Senior Notes due 2042. The 8.125% Senior Notes are senior unsecured obligations of the Company. The 8.125% Senior Notes may be redeemed for cash, in whole or in part, on or after June 26, 2017, at the Company's option, at any time and from time to time, until maturity at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest on the principal amount being redeemed to, but not including, the redemption date. The 8.125% Senior Notes are listed on the New York Stock Exchange under the symbol "BGCA." The Company used the proceeds to repay short-term borrowings under its unsecured revolving credit facility and for general corporate purposes, including acquisitions.

The initial carrying value of the 8.125% Senior Notes was $108.7 million, net of debt issuance costs of $3.8 million. The issuance costs are amortized as interest cost, and the carrying value of the 8.125% Senior Notes will accrete up to the face amount over the term of the 8.125% Senior Notes. The Company recorded interest expense related to the 8.125% Senior Notes of $2.3 million and $0.1 million for the three months ended June 30, 2013 and 2012, respectively. The Company recorded interest expense related to the 8.125% Senior Notes of $4.6 million and $0.1 million for the six months ended June 30, 2013 and 2012, respectively.

Collateralized Borrowings

On various dates beginning in 2009 and most recently in December 2012, the Company entered into secured loan arrangements under which it pledged certain fixed assets in exchange for loans. The secured loan arrangements have fixed rates between 2.62% and 8.09% per annum and are repayable in consecutive monthly installments with the final payments due in December 2016. The outstanding balance of the secured loan arrangements was $19.4 million and $37.6 million as of June 30, 2013 and December 31, 2012, respectively. The value of the fixed assets pledged was $16.9 million and $32.1 million as of June 30, 2013 and December 31, 2012, respectively. The secured loan arrangements are guaranteed by the Company. The Company recorded interest expense related to the secured loan arrangements of $0.6 million and $0.3 million for the three months ended June 30, 2013 and 2012, respectively. The Company recorded interest expense related to the secured loan arrangements of $0.9 million and $0.7 million for the six months ended June 30, 2013 and 2012, respectively.

During the three months ended June 30, 2013, the Company prepaid $12.2 million related to the secured loan arrangements. As a result of the prepayment, the Company incurred $0.1 million of early termination fees and recognized $0.1 million as a result of the acceleration of deferred financing costs, which are recorded in "Interest expense" in the Company's unaudited condensed consolidated statements of operations.

On various dates during the years ended December 31, 2011 and 2010, the Company sold certain furniture, equipment and software for $34.2 million, net of costs and concurrently entered into agreements to lease the property back. The principal and interest on the leases were repayable in equal monthly installments for terms of 36 months (software) and 48 months (furniture and equipment) with maturities through September 2014.

During the three months ended June 30, 2013, the Company terminated the leases and prepaid the outstanding balance of $7.4 million. As a result of the prepayment, the Company incurred $0.1 million of early termination fees and recognized $0.2 million as a result of the acceleration of deferred financing costs, which are recorded in "Interest expense" in the Company's unaudited condensed consolidated statements of operations.

Because the leases were terminated during the three months ended June 30, 2013, the Company had no outstanding balance or fixed assets pledged related to the leases as of June 30, 2013. As of December 31, 2012, the outstanding balance of the leases and the

value of the fixed assets pledged were $11.7 million and $8.3 million, respectively. The Company recorded interest expense of $0.4 million and $0.3 million for the three months ended June 30, 2013 and 2012, respectively. The Company recorded interest expense of $0.6 million for both the six months ended June 30, 2013 and the six months ended June 30, 2012.

Because assets reverted back to the Company at the end of the leases, the transactions were capitalized. As a result, consideration received from the purchaser was included in the Company's unaudited condensed consolidated statements of financial condition as a financing obligation, and payments made under the lease were recorded as interest expense (at an effective rate of approximately 6%). Depreciation on these fixed assets was charged to "Occupancy and equipment" in the Company's unaudited condensed consolidated statements of operations.

Credit Agreement

On June 23, 2011, the Company entered into a credit agreement with a bank syndicate (the "Credit Agreement") which provides for up to $130.0 million of unsecured revolving credit through September 23, 2013. Borrowings under the Credit Agreement will bear interest at a per annum rate equal to, at the Company's option, either (a) a base rate equal to the greatest of (i) the prime rate as established by the Administrative Agent from time to time, (ii) the average federal funds rate plus 0.5%, and (iii) the reserve adjusted one-month LIBOR reset daily plus 1.0%, or (b) the reserve adjusted LIBOR for interest periods of one, two, three or six months, as selected by the Company, in each case plus an applicable margin. The applicable margin will initially be 2.0% with respect to base rate borrowings in (a) above and 3.0% with respect to borrowings selected as LIBOR borrowings in (b) above, but may increase to a maximum of 3.0% and 4.0%, respectively, depending upon the Company's credit rating. The Credit Agreement also provides for an unused facility fee and certain upfront and arrangement fees. The Credit Agreement requires that the outstanding loan balance be reduced to zero every 270 days for three days. The Credit Agreement further provides for certain affirmative and negative covenants including financial covenants, such as minimum equity, tangible equity and interest coverage, as well as maximum levels for total assets to equity capital and debt to equity. On June 20, 2013, the Company entered into the Second Amendment to Credit Agreement and Waiver, pursuant to which the parties agreed to a three-month extension of the termination date of the Credit Agreement to September 23, 2013 and a waiver of certain provisions of the Credit Agreement in connection with the NASDAQ OMX Transaction and the Company's possible hedge of NASDAQ shares to be received in the earn-out portion of the transaction consideration.

As of both June 30, 2013 and December 31, 2012, there were no borrowings outstanding under the Credit Agreement. The Company recorded interest expense related to the Credit Agreement of $0.1 million and $0.7 million for the three months ended June 30, 2013 and 2012, respectively. The Company recorded interest expense related to the Credit Agreement of $0.2 million and $0.8 million for the six months ended June 30, 2013 and 2012, respectively.

16. Compensation

The Company's 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 the Company's Class A common stock upon exchange of limited partnership units and founding/working partner units. On June 4, 2013, at the Annual Meeting of Stockholders of the Company, the Company's stockholders approved an amendment to the Company's Third Amended and Restated Long Term Incentive Plan (the "Equity Plan") to increase from 150 million to 200 million the aggregate number of shares of the Company's Class A common stock that may be delivered or cash settled pursuant to awards granted during the life of the Equity Plan.

At the end of the second quarter of 2013, the Company commenced a global partnership restructuring program (see Note 1—"Organization and Basis of Presentation"). As a result of the program, the Company redeemed or exchanged 77.4 million limited partnership units from the partners of BGC. The Company granted and expects to issue 45.2 million shares of the Company's Class A common stock, of which approximately 39.1 million will be restricted shares. The Company also expects to pay the anticipated withholding taxes owed on behalf of these partners related to this redemption/exchange and issuance. The restricted shares are generally expected to be saleable by partners in good standing after either five or ten years. Transferability of the shares of Restricted Stock will not be subject to continued employment or service with the Company or any affiliate or subsidiary of the Company; however, transferability will be subject to compliance with BGC Partners' and its affiliates' customary non-competition obligations. Partners who agree to extend the lengths 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. During the three months ended June 30, 2013, the Company incurred compensation expense with respect to the grant of the shares of Restricted Stock, before associated income taxes, of $304.1 million. Additionally, due to the redemption/exchange of the limited partnership units, the Company determined that the collectability of a portion of its employee loan balances is not expected and, therefore, the Company recognized a reserve for the three months ended June 30, 2013 in the amount of approximately $160.5 million (see Note 11—"Related Party Transactions").

Limited Partnership Units

A summary of the activity associated with limited partnership units is as follows:

	Number of Units
Balance at December 31, 2012	68,480,097
Granted	33,502,634
Redeemed/exchanged units	(85,496,599)
Forfeited units	—
Balance at June 30, 2013	16,486,132

During the three months ended June 30, 2013 and 2012, the Company granted exchangeability on 2.3 million and 6.2 million limited partnership units for which the Company incurred compensation expense, before associated income taxes, of $12.9 million and $38.1 million, respectively. During the six months ended June 30, 2013 and 2012, the Company granted exchangeability on 5.0 million and 10.1 million limited partnership units for which the Company incurred compensation expense, before associated income taxes, of $23.5 million and $64.1 million, respectively.

As of June 30, 2013 and December 31, 2012, the number of limited partnership units exchangeable into shares of Class A common stock at the discretion of the unit holder was 0.5 million and 6.4 million, respectively.

As of June 30, 2013 and December 31, 2012, the notional value of the limited partnership units with a post-termination pay-out amount held by executives and non-executive employees, awarded in lieu of cash compensation for salaries, commissions and/or discretionary or guaranteed bonuses was $7.9 million and $64.5 million, respectively. As of June 30, 2013 and December 31, 2012, the aggregate estimated fair value of these limited partnership units was $4.1 million and $12.3 million, respectively. The number of unvested limited partnership units as of June 30, 2013 and December 31, 2012, was 0.9 million and 6.6 million, respectively.

Compensation expense related to limited partnership units with a post-termination pay-out amount is recognized over the stated service period. These units generally vest between three and five years from the date of grant. The Company recognized compensation expense, before associated income taxes, related to limited partnership units that were not redeemed of $1.3 million and $1.2 million for the three months ended June 30, 2013 and 2012, respectively. The Company recognized compensation expense, before associated income taxes, related to limited partnership units that were not redeemed of $3.8 million and $1.5 million for the six months ended June 30, 2013 and 2012, respectively.

Restricted Stock Units

A summary of the activity associated with RSUs is as follows:

	Restricted Stock Units	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (Years)
Balance at December 31, 2012	2,608,731	$ 5.94	1.83
Granted	1,296,498	2.73	
Delivered units	(770,359)	6.39	
Forfeited units	(105,257)	5.49	
Balance at June 30, 2013	3,029,613	$ 4.47	2.20

The fair value of RSUs awarded to employees and directors is determined on the date of grant based on the market value of Class A common stock (adjusted if appropriate based upon the award's eligibility to receive dividends), and is recognized, net of the effect of estimated forfeitures, ratably over the vesting period. 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.

During the six months ended June 30, 2013 and 2012, the Company granted 1.3 million and 1.4 million, respectively, of RSUs with aggregate estimated grant date fair values of approximately $3.5 million and $7.6 million, respectively, to employees and directors. These RSUs were awarded in lieu of cash compensation for salaries, commissions and/or discretionary or guaranteed bonuses. RSUs granted to these individuals generally vest over a two- to four-year period.

For RSUs that vested during the six months ended June 30, 2013 and 2012, the Company withheld shares valued at $1.0 million and $2.0 million, respectively, to pay taxes due at the time of vesting.

As of June 30, 2013 and December 31, 2012, the aggregate estimated grant date fair value of outstanding RSUs was approximately $13.5 million and $15.5 million, respectively.

Compensation expense related to RSUs, before associated income taxes, was approximately $1.3 million and $1.1 million for the three months ended June 30, 2013 and 2012, respectively. Compensation expense related to RSUs, before associated income taxes, was approximately $3.3 million and $4.0 million for the six months ended June 30, 2013 and 2012, respectively. As of June 30, 2013, there was approximately $11.8 million of total unrecognized compensation expense related to unvested RSUs.

Stock Options

A summary of the activity associated with stock options is as follows:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance at December 31, 2012	6,450,931	$ 14.11	2.4	$ —
Granted	—	—		
Exercised options	—	—		
Expired options	(530,193)	15.54		
Balance at June 30, 2013	5,920,738	$ 13.99	2.0	$ —
Options exercisable at June 30, 2013	5,920,738	$ 13.99	2.0	$ —

The Company did not grant any stock options during the six months ended June 30, 2013 and 2012. There were no options exercised during the six months ended June 30, 2013 and 2012.

The Company did not record any compensation expense related to stock options for the three or six months ended June 30, 2013 and 2012, as all of these options vested in prior years. As of June 30, 2013, compensation expense related to unvested stock options was fully recognized.

17. Commitments, Contingencies and Guarantees

Contingencies

In the ordinary course of business, various legal actions are brought and are pending against the Company and its affiliates 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 business, which may result in judgments, settlements, fines, penalties, injunctions 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 affiliates are involved in litigation, claims and arbitrations in the U.S. and internationally, relating to 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.

On February 3, 2010, Trading Technologies International, Inc. ("TT") filed a civil action against the Company in the Northern District of Illinois, alleging direct and indirect infringement of three patents, U.S. Patents Nos. 7,533,056, 7,587,357, and 7,613,651, and by later amendment to the complaint No. 7,676,411 by the eSpeedometer product. On June 24, 2010, TT filed a Second Amended Complaint to add certain of the Company's affiliates. On February 4, 2011, the Court ordered that the case be consolidated with nine other cases filed by TT in February 2010 against other defendants, involving some of the same patents. On May 25, 2011, TT filed a Third Amended Complaint, substituting certain of the Company's affiliates for the previously named defendants. On June 15, 2011, TT filed a Fourth Amended Complaint, adding claims of direct and indirect infringement of six additional U.S. Patents Nos. 7,685,055, 7,693,768, 7,725,382, 7,813,996, 7,904,374, and 7,930,240. On July 31, 2012, the Court, acting on motions for partial summary judgment, entered a final judgment of invalidity as to Patents Nos. 7,676,411, 7,685,055, 7,693,768, and 7,904,374, and certified that final judgment for immediate interlocutory appeal. An appeal of that judgment is presently pending, while the Company continues to defend against TT's claims under other patents in the District Court.

On August 24, 2009, Tullett Liberty Securities LLC ("Tullett Liberty") filed a claim with FINRA dispute resolution (the "FINRA Arbitration") in New York, New York against BGC Financial, L.P. ("BGC Financial"), an affiliate of BGC Partners, one of BGC Financial's officers, and certain persons formerly or currently employed by Tullett Liberty subsidiaries. Tullett Liberty thereafter added Tullett Prebon Americas Corp. ("Tullett Americas," together with Tullett Liberty, the "Tullett Subsidiaries") as a claimant, and added 35 individual employees, who were formerly employed by the Tullett Subsidiaries, as respondents (the "FINRA Arbitration"). In the FINRA Arbitration, the Tullett Subsidiaries allege that BGC Financial harmed their inter-dealer brokerage business by hiring 79 of their employees, and that BGC Financial aided and abetted various alleged wrongs by the employees, engaged in unfair competition, misappropriated trade secrets and confidential information, tortiously interfered with contract and economic relationships, and violated FINRA Rules of Conduct. The Tullett Subsidiaries also alleged certain breaches of contract and duties of loyalty and fiduciary duties against the employees. BGC Financial has generally agreed to indemnify the employees. In the FINRA Arbitration, the Tullett Subsidiaries claim compensatory damages of not less than $779 million and exemplary damages of not less than $500 million. The Tullett Subsidiaries also seek costs and permanent injunctions against the defendants.

The parties stipulated to consolidate the FINRA Arbitration with five other related arbitrations (FINRA Case Nos. 09-04807, 09-04842, 09-06377, 10-00139 and 10-01265)—two arbitrations previously commenced against Tullett Liberty by certain of its former brokers now employed by BGC Financial, as well as three arbitrations commenced against BGC Financial by brokers who were previously employed by BGC Financial before returning to Tullett Liberty. FINRA consolidated them. BGC Financial and the employees filed their Statement of Answer and BGC's Statement of Counterclaim. Tullett Liberty responded to BGC's Counterclaim. Tullett filed an action in the Supreme Court, New York County against three of BGC's executives involved in the recruitment in the New York metropolitan area, but later agreed to discontinue the action in New York state court and add these claims to the FINRA Arbitration. Tullett and the Company have also agreed to join Tullett's claims against BGC Capital Markets, L.P. to the FINRA Arbitration. The parties and FINRA also agreed to consolidate an eighth arbitration filed against the Tullett Subsidiaries by certain of its former brokers now employed by BGC Financial. The hearings in the FINRA Arbitration and the arbitrations consolidated therewith began in mid-April 2012.

On October 22, 2009, Tullett Prebon plc ("Tullett") filed a complaint in the U.S. District Court for the District of New Jersey against BGC Partners captioned Tullett Prebon plc vs. BGC Partners, Inc. (the "New Jersey Action"). In the New Jersey Action, Tullett asserted claims relating to decisions made by approximately 81 brokers to terminate their employment with the Tullett Subsidiaries and join BGC Partners' affiliates. In its complaint, Tullett made a number of allegations against BGC Partners related to raiding, unfair competition, New Jersey RICO, and other claims arising from the brokers' current or prospective employment by BGC Partners' affiliates. Tullett claimed compensatory damages against BGC Partners in excess of $1 billion for various alleged injuries as well as exemplary damages. It also sought costs and an injunction against additional hirings.

After some additional pleading and motion practices, on June 18, 2010, the District Court ordered that the case be dismissed with prejudice, and the U.S. Court of Appeals for the Third Judicial Circuit affirmed.

Subsequently, Tullett, joined by two subsidiaries, has filed a complaint against BGC Partners in New Jersey state court alleging substantially the same claims. The New Jersey state action also raises claims related to employees who decided to terminate their employment with Tullett and join a BGC Partners affiliate subsequent to the federal complaint. BGC moved to stay the New Jersey state action and dismiss certain of the claims asserted therein. On November 9, 2011, the court granted BGC Partners' motion to dismiss Tullett's claim for "raiding," but otherwise denied the motions to dismiss and for a stay. BGC Partners moved for leave to appeal the denial of its motions, which was denied. On December 22, 2011, BGC Partners filed its Answer and Affirmative Defenses. This action is currently in discovery.

Subsidiaries of Tullett filed additional claims with FINRA on April 4, 2011, seeking unspecified damages and injunctive relief against BGC Financial and nine additional former employees of the Tullett subsidiaries, alleging claims (similar to those asserted in the previously filed FINRA Arbitration) related to BGC Financial's hiring of those nine employees in 2011. On January 11, 2013, a FINRA panel denied Tullett's claims in their entirety and no damages were awarded against BGC. The panel granted the employees' counterclaims, and ordered Tullett to pay the employees (collectively) approximately $367,000 in compensatory damages. On January 25, 2013, the New York Supreme Court, Commercial Division, confirmed the arbitration award, and on April 17, 2013, judgment was entered. These claims were not consolidated with the other FINRA proceedings.

On August 10, 2012, the Tullett Subsidiaries commenced a FINRA arbitration against BGC Financial, BGC USA, L.P. ("BGC USA"), another affiliate of BGC Partners, and an officer and an employee of BGC Financial who were formerly employed by the Tullett Subsidiaries. The Tullett Subsidiaries allege that BGC Financial and BGC USA aided and abetted various alleged wrongs by the individual respondents, tortiously interfered with these individuals' employment contracts with Tullett, and violated a FINRA Rule of Conduct. The Tullett Subsidiaries also allege breaches of contract and duties of loyalty and fiduciary duties, as well as the misappropriation of trade secrets and confidential information, and the violation of a FINRA Rule of Conduct against their former employees, and seek a declaratory judgment invalidating indemnification agreements entered into between the BGC respondents and the individual respondents. The Tullett Subsidiaries seek compensatory damages of not less than $14 million in salaries, bonuses and other compensation and benefits they paid to the individual respondents, as well as consequential and punitive damages. The Tullett Subsidiaries also seek costs and a permanent injunction, in addition to the aforementioned declaratory judgment, against the respondents. In November 2012, BGC Financial and an employee of BGC Financial were dismissed as respondents, and Statements of Answer were filed on behalf of the remaining respondents. In June 2013, the parties agreed to stay this arbitration pending the resolution of the FINRA Arbitration.

BGC Partners and its affiliates intend to vigorously defend against and seek appropriate affirmative relief in the FINRA Arbitration and the other actions, and believe that they have substantial defenses to the claims asserted against them in those

proceedings, believe that the damages and injunctive relief sought against them in those proceedings are unwarranted and unprecedented, and believe that Tullett Liberty, Tullett and the Tullett Subsidiaries are attempting to use the judicial and industry dispute resolution mechanisms in an effort to shift blame to BGC Partners for their own failures. However, no assurance can be given as to whether Tullett, Tullett Liberty or any of the Tullett Subsidiaries may actually succeed against either BGC Partners or any of its affiliates.

In November 2010, the Company's affiliates filed three proceedings against Tullett Prebon Information (C.I.) Ltd and certain of its affiliates. In these proceedings, the Company's affiliates seek to recover significant damages relating to Tullett's theft of BGCantor Market Data's proprietary data. BGCantor Market Data (and two predecessors in interest) seek contractual damages and two of the Company's brokerage affiliates seek disgorgement of profits due to unfair competition. An award has been rendered in the arbitration by BGCantor Market Data (and two predecessors in interest) in favor of the Company in the approximate amount of $0.8 million. The Company moved to vacate the award because of its failure to award attorneys' fees and award a greater amount in damages and Tullett moved to confirm the award. The court granted Tullett's motion to confirm the award. The Company has appealed.

On March 9, 2012, a purported derivative action was filed in the Supreme Court of the State of New York, County of New York captioned International Painters and Allied Trades Industry Pension Fund, etc. v. Cantor Fitzgerald L.P., CF Group Management, Cantor Fitzgerald & Co., the Company and its directors, Index No. 650736-2012, which suit alleges that the terms of the April 1, 2010 8.75% Convertible Notes issued to Cantor were unfair to the Company, the Company's Controlled Equity Offerings unfairly benefited Cantor at the Company's expense and the August 2011 amendment to the change in control agreement of Mr. Lutnick was unfair to the Company. It seeks to recover for the Company unquantified damages, disgorgement of payments received by defendants, a declaration that the 8.75% Convertible Notes are void and attorneys' fees (the "New York Complaint"). On April 2, 2012, a purported derivative action was filed in the Court of Chancery of the State of Delaware captioned Samuel Pill v. Cantor Fitzgerald L.P., CF Group Management, Cantor Fitzgerald & Co., the Company and its directors, Civil Action No. 7382-CS, which suit made similar allegations to the New York Complaint, and seeks the same relief (the "Delaware Complaint"). On April 12, 2012, the Delaware Complaint was subsequently amended to delete any claim for relief in connection with the 8.75% Convertible Notes. On June 8, 2012, Defendants filed a motion simultaneously in New York and Delaware requesting that the two actions proceed in one forum. In response to Defendants' motion, Plaintiff Samuel Pill voluntarily dismissed the Delaware action, without prejudice, in the Court of Chancery in the State of Delaware on June 19, 2012. On the same date, Plaintiff Pill refiled his complaint in the Supreme Court of the State of New York, County of New York, captioned Samuel Pill v. Cantor Fitzgerald, L.P., CF Group Management, Cantor Fitzgerald & Co., the Company and its directors, Index No. 652126-2012. The two actions filed in New York were consolidated on August 27, 2012. Defendants filed a motion to dismiss the consolidated action on August 10, 2012, and plaintiffs filed their opposition to defendants' motion to dismiss on September 24, 2012. Defendants' reply to plaintiffs' opposition was filed on October 18, 2012, pursuant to the briefing schedule set by the court. Oral argument on the motion to dismiss was held on April 2, 2013. The Company believes that plaintiffs' allegations are without merit and intends to continue to defend against them vigorously.

In the ordinary course of business, various legal actions are brought and may be pending against the Company. 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 business. Any such actions may result in judgments, settlements, fines, penalties, injunctions or other relief.

Legal reserves are established in accordance with FASB 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; therefore, the Company cannot predict what the eventual loss related to such matters will be. 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 taken as a whole.

Letter of Credit Agreements

The Company has irrevocable uncollateralized letters of credit with various banks, where the beneficiaries are clearing organizations through which it transacted, that are used in lieu of margin and deposits with those clearing organizations. As of June 30, 2013, the Company was contingently liable for $2.0 million under these letters of credit.

Risk and Uncertainties

The Company generates revenues by providing financial intermediary and securities trading 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.

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 unaudited condensed consolidated statements of financial condition for these agreements.

In connection with the NASDAQ OMX Transaction (see Note 1—"Organization and Basis of Presentation"), the Company has guaranteed all payment obligations of ELX through December 31, 2014 under the Amended and Restated Technology Services Agreement, dated as of March 28, 2012, by and between eSpeed Technology Services L.P. and ELX Futures L.P. However, in the opinion of management, the potential of being required to make payments under this arrangement is remote. Accordingly, no contingent liability has been recorded in the Company's unaudited condensed consolidated statements of financial condition for this agreement.

Indemnification

In connection with the NASDAQ OMX Transaction (see Note 1—"Organization and Basis of Presentation"), the Company has indemnified NASDAQ OMX for amounts over a defined threshold against damages arising from breaches of representations, warranties and covenants. As of June 30, 2013 and December 31, 2012, no contingent liability has been recorded in the Company's unaudited condensed consolidated statements of financial condition for this indemnification, as the potential for being required to make payments under this indemnification is remote.

Gain Contingency

In connection with the NASDAQ OMX Transaction (see Note 1—"Organization and Basis of Presentation"), the Company will receive an earn-out of up to 14,883,705 shares of NASDAQ OMX common stock to be paid ratably over 15 years, provided that NASDAQ OMX, as a whole, produces at least $25 million in gross revenues each year. The contingent earn-out was excluded from the gain on the divestiture and will be recognized in income as and when it is realized and earned, consistent with the accounting guidance for gain contingencies.

18. Income Taxes

The Company's unaudited condensed 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 Unincorporated Business Tax ("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" for discussion of partnership interests), rather than the partnership entity. Income taxes are accounted for using the asset and liability method, as prescribed in FASB guidance on *Accounting for Income Taxes* . Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the unaudited condensed 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. As of June 30, 2013, the Company had approximately $97.5 million of cumulative undistributed foreign pre-tax earnings for which no deferred U.S. federal income taxes have been provided since they have been permanently reinvested in the Company's foreign operations. It is not practical to determine the amount of additional tax that may be payable in the event these earnings are repatriated. Pursuant to FASB guidance on *Accounting for Uncertainty in Income Taxes* , 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. As of June 30, 2013, the Company had $3.3 million of unrecognized tax benefits, all of which would affect the Company's effective tax rate if recognized. The Company recognizes interest and penalties related to income tax matters in "Interest expense" and "Other expenses," respectively, in the Company's unaudited condensed consolidated statements of operations. As of June 30, 2013, the Company had approximately $0.5 million of accrued interest related to uncertain tax positions. During the three and six months ended June 30, 2013, the Company did not have any material charges with respect to interest and penalties.

19. 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 Futures Commissions Merchants subject to Rule 15c3-1 of the SEC and Rule 1.17 of the Commodity Futures Trading Commission, 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 June 30, 2013, the Company's U.S. subsidiaries had net capital in excess of their minimum capital requirements.

Certain European subsidiaries of the Company are regulated by the Financial Conduct Authority ("FCA") and must maintain financial resources (as defined by the FCA) in excess of the total financial resources requirement of the FCA. As of June 30, 2013, the 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.

The regulatory requirements referred to above may restrict the Company's ability to withdraw capital from its regulated subsidiaries. As of June 30, 2013, $325.4 million of net assets were held by regulated subsidiaries. These subsidiaries had aggregate regulatory net capital, as defined, in excess of the aggregate regulatory requirements, as defined, of $149.6 million.

20. Segment and Geographic Information

Segment Information

The Company's business segments are determined based on the products and services provided and reflect the manner in which financial information is evaluated by management. Prior to the quarter ended June 30, 2012, the Company had one reportable segment. Following the acquisition of substantially all of the assets of Grubb & Ellis, the Company changed its segment reporting structure. As a result, beginning with the quarter ended June 30, 2012, the Company's operations consisted of two reportable segments, Financial Services and Real Estate Services.

Accordingly, all segment information presented herein reflects the Company's revised segment reporting structure for all periods presented. The Company's Financial Services segment specializes in the brokerage of a broad range of products, including fixed income securities, interest rate swaps, foreign exchange, equities, equity derivatives, credit derivatives, commodities, futures and structured products. It also provides a full range of services, including trade execution, broker-dealer services, clearing, processing, information, and other back-office services to a broad range of financial and non-financial institutions. The Company's Real Estate Services segment offers commercial real estate tenants, owners, investors and developers a wide range of services, including leasing; capital markets services, including investment sales, debt placement, appraisal and valuation services; commercial mortgage brokerage services; as well as consulting, project and development management, leasing and corporate advisory services and property and corporate facilities management services.

The Company evaluates the performance and reviews the results of the segments based on each segment's "Income (loss) from operations before income taxes."

The amounts shown below for the Financial Services and Real Estate Services segments reflect the amounts that are used by management to allocate resources and assess performance, which is based on each segment's "Income (loss) from operations before income taxes." In addition to the two business segments, the tables below include a "Corporate Items" category. Corporate revenues include fees from related parties and interest income as well as gains that are not considered part of the Company's ordinary, ongoing business such as the gain related to the NASDAQ OMX Transaction. Corporate expenses include non-cash compensation expenses (such as the grant of exchangeability to limited partnership units; redemption/exchange of partnership units, issuance of restricted shares and reduction of compensation-related partnership loans; and allocations of net income to founding/working partner units and limited partnership units) as well as unallocated expenses such as certain professional and consulting fees, executive compensation and interest expense, which are managed separately at the corporate level.

Certain financial information for the Company's segments is presented below. See Note 14—"Goodwill and Other Intangible Assets, Net," for goodwill by reportable segment.

Three months ended June 30, 2013 (in thousands):

	Financial Services	Real Estate Services	Corporate Items	Total
Brokerage revenues:				
Rates	$138,299	$ —	$ —	$ 138,299
Credit	67,343	—	—	67,343
Foreign Exchange	60,692	—	—	60,692
Equities and Other Asset Classes	40,692	—	—	40,692
Real Estate	—	103,155	—	103,155
Real estate management services	—	39,823	—	39,823
Fees from related parties	2,858	—	9,384	12,242
Market data	3,643	—	—	3,643
Software solutions	2,530	—	—	2,530
Other revenues	—	3	1,171	1,174
Gain on divestiture	—	—	723,147	723,147
Losses on equity investments	—	—	(1,224)	(1,224)
Total non-interest revenues	316,057	142,981	732,478	1,191,516
Interest income	281	90	1,280	1,651
Total revenues	316,338	143,071	733,758	1,193,167
Interest expense	1,144	—	8,845	9,989
Non-interest expenses	258,833	133,820	582,274	974,927
Income (loss) from operations before income taxes	$ 56,361	$ 9,251	$142,639	$ 208,251

For the three months ended June 30, 2013, the Real Estate Services segment income (loss) from operations before income taxes excludes $1.9 million related to the collection of receivables and associated expenses that were recognized at fair value as part of acquisition accounting.

Three months ended June 30, 2012 (in thousands):

	Financial Services	Real Estate Services	Corporate Items	Total
Brokerage revenues:				
Rates	$134,402	$ —	$ —	$134,402
Credit	70,084	—	—	70,084
Foreign Exchange	53,240	—	—	53,240
Equities and Other Asset Classes	41,716	—	—	41,716
Real Estate	—	92,682	—	92,682
Real estate management services	—	37,930	—	37,930
Fees from related parties	3,076	—	10,418	13,494
Market data	3,990	—	—	3,990
Software solutions	2,487	—	—	2,487
Other revenues	25	465	132	622
Losses on equity investments	—	—	(2,652)	(2,652)
Total non-interest revenues	309,020	131,077	7,898	447,995
Interest income	223	117	1,203	1,543
Total revenues	309,243	131,194	9,101	449,538
Interest expense	1,426	77	6,075	7,578
Non-interest expenses	249,341	125,971	62,198	437,510
Income (loss) from operations before income taxes	$ 58,476	$ 5,146	$(59,172)	$ 4,450

For the three months ended June 30, 2012, the Real Estate Services segment income (loss) from operations before income taxes excludes $8.8 million related to the collection of receivables and associated expenses that were recognized at fair value as part of acquisition accounting.

Six months ended June 30, 2013 (in thousands):

	Financial Services	Real Estate Services	Corporate Items	Total
Brokerage revenues:				
Rates	$283,291	$ —	$ —	$ 283,291
Credit	136,485	—	—	136,485
Foreign Exchange	120,040	—	—	120,040
Equities and Other Asset Classes	80,662	—	—	80,662
Real Estate	—	176,404	—	176,404
Real estate management services	—	79,161	—	79,161
Fees from related parties	5,680	—	19,710	25,390
Market data	7,768	—	—	7,768
Software solutions	5,096	—	—	5,096
Other revenues	623	32	1,350	2,005
Gain on divestiture	—	—	723,147	723,147
Losses on equity investments	—	—	(4,512)	(4,512)
Total non-interest revenues	639,645	255,597	739,695	1,634,937
Interest income	538	153	2,508	3,199
Total revenues	640,183	255,750	742,203	1,638,136
Interest expense	2,484	1	17,204	19,689
Non-interest expenses	517,282	249,606	629,611	1,396,499
Income (loss) from operations before income taxes	$120,417	$ 6,143	$ 95,388	$ 221,948

For the six months ended June 30, 2013, the Real Estate Services segment income (loss) from operations before income taxes excludes $7.3 million related to the collection of receivables and associated expenses that were recognized at fair value as part of acquisition accounting.

Six months ended June 30, 2012 (in thousands):

	Financial Services	Real Estate Services	Corporate Items	Total
Brokerage revenues:				
Rates	$281,286	$ —	$ —	$281,286
Credit	154,455	—	—	154,455
Foreign Exchange	111,971	—	—	111,971
Equities and Other Asset Classes	85,537	—	—	85,537
Real Estate	—	129,967	—	129,967
Real estate management services	—	41,891	—	41,891
Fees from related parties	5,980	—	20,061	26,041
Market data	8,954	—	—	8,954
Software solutions	4,936	—	—	4,936
Other revenues	46	465	320	831
Losses on equity investments	—	—	(5,108)	(5,108)
Total non-interest revenues	653,165	172,323	15,273	840,761
Interest income	714	291	2,733	3,738
Total revenues	653,879	172,614	18,006	844,499
Interest expense	3,080	258	11,798	15,136
Non-interest expenses	515,872	168,459	121,670	806,001
Income (loss) from operations before income taxes	$134,927	$ 3,897	$(115,462)	$ 23,362

For the six months ended June 30, 2012, the Real Estate Services segment income (loss) from operations before income taxes excludes $11.4 million related to the collection of receivables and associated expenses that were recognized at fair value as part of acquisition accounting.

Total assets by reportable segment (in thousands):

Total Assets (1)	Financial Services	Real Estate Services	Total
At June 30, 2013	$3,163,541	$284,727	$3,448,268
At December 31, 2012	$1,357,838	$281,101	$1,638,939

(1) Corporate assets have been fully allocated to the Company's business segments.

Geographic Information

The Company offers products and services in the U.S., U.K., Asia (including Australia), France, Other Americas, Other Europe, and the Middle East and Africa region (defined as the "MEA" region). Information regarding revenues for the three and six months ended June 30, 2013 and 2012, respectively, and information regarding long-lived assets (defined as loans, forgivable loans and other receivables from employees and partners, net; fixed assets, net; certain other investments; goodwill; other intangible assets, net of accumulated amortization; and rent and other deposits) in the geographic areas as of June 30, 2013 and December 31, 2012, respectively, were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenues:				
U.S.	$ 956,897	$ 218,906	$1,160,241	$364,103
U.K.	140,817	134,355	282,294	277,370
Asia	49,650	52,029	98,882	108,807
France	21,988	22,731	49,582	51,254
Other Americas	10,430	10,818	20,980	22,706
Other Europe/MEA	13,385	10,699	26,157	20,259
Total revenues	$ 1,193,167	$ 449,538	$1,638,136	$844,499

	June 30, 2013	December 31, 2012
Long-lived assets:		
U.S.	$324,114	$ 319,185
U.K.	141,718	148,922
Asia	48,231	52,675
France	10,670	12,310
Other Americas	14,930	16,066
Other Europe/MEA	10,241	10,210
Total long-lived assets	$549,904	$ 559,368

21. Divestiture

On June 28, 2013, the Company sold its on-the-run, electronic benchmark U.S. Treasury platform to NASDAQ OMX, pursuant to a Purchase Agreement dated April 1, 2013. Upon the closing of the NASDAQ OMX Transaction, NASDAQ OMX paid the Company $750 million in cash consideration, adjusted for certain pre-paid amounts and accrued costs and expenses. An earn-out of up to 14,883,705 shares of NASDAQ OMX common stock will be paid ratably in each of the fifteen years following the closing in which the consolidated gross revenue of NASDAQ OMX is equal to or greater than $25 million.

The Purchased Assets were included in the Company's Financial Services segment. These assets were part of a larger cash flow-generating product group that includes other fully electronic trading, market data, and software businesses, including electronic brokerage of off-the-run U.S. Treasuries, as well as Treasury Bills, Treasury Swaps, Treasury Repos, Treasury Spreads, and Treasury Rolls.

In connection with this transaction, the Company paid fees of approximately $7.4 million to CF&Co. These expenses are included as a reduction of "Gain on divestiture" in the Company's unaudited condensed consolidated statements of operations.

In connection with the transaction, the Company entered into a transition services agreement, under which the Company will provide certain services to NASDAQ OMX over a period ranging from 12 to 18 months. The Company attributed approximately $2.9 million of the proceeds from the sale to the transition services agreement, which will be recognized as revenue over a period of 12 months.

The following table summarizes the components of the pre-tax gain on divestiture (in thousands):

Cash proceeds from sale	$750,000
Working capital adjustments	5,111
Accrued commission and other service receivables, net	(6,844)
Fixed assets, net	(13,474)
Accounts payable, accrued and other liabilities	1,733
Transaction and other costs	(10,436)
Deferred revenue associated with transition services agreement	(2,943)
Pre-tax gain on divestiture	$723,147

22. Subsequent Events

Second Quarter 2013 Dividend

On July 30, 2013, the Company's Board of Directors declared a quarterly cash dividend of $0.12 per share for the second quarter of 2013 payable on September 6, 2013 to Class A and Class B common stockholders of record as of August 23, 2013.

Share Repurchase and Unit Redemption Authorization

On July 30, 2013, the Board of Directors reauthorized the Company's $250 million share repurchase and unit redemption program.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of BGC Partners, Inc.'s financial condition and results of operations should be read together with BGC Partners, Inc.'s unaudited condensed consolidated financial statements and notes to those statements, as well as the cautionary statements relating to forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), included elsewhere in this document. When used herein, the terms "BGC Partners," "BGC," the "Company," "we," "us" and "our" refer to BGC Partners, Inc., including consolidated subsidiaries.

This discussion summarizes the significant factors affecting our results of operations and financial condition during the three months ended June 30, 2013 and 2012. This discussion is provided to increase the understanding of, and should be read in conjunction with, our unaudited condensed consolidated financial statements and the notes thereto included elsewhere in this Report.

OVERVIEW AND BUSINESS ENVIRONMENT

We are a leading global brokerage company primarily servicing the wholesale financial and real estate markets through our two segments, Financial Services and Real Estate Services. Our Financial Services segment specializes in the brokerage of a broad range of products, including fixed income securities, interest rate swaps, foreign exchange, equities, equity derivatives, credit derivatives, commodities, futures and structured products. Our Financial Services segment also provides a full range of services, including trade execution, broker-dealer services, clearing, processing, information, and other back-office services to a broad range 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 over the counter ("OTC") or through an exchange. Through our BGC Trader™ and BGC Market Data brands, we offer financial technology solutions, market data, and analytics related to select financial instruments and markets.

We entered into the commercial real estate business in October 2011 with the acquisition of all of the outstanding shares of Newmark & Company Real Estate, Inc. ("Newmark"), a leading U.S. commercial real estate brokerage and advisory firm primarily serving corporate and institutional clients. Newmark was founded in 1929 in New York City. In 2000, Newmark embarked upon a national expansion and in 2006 entered into an agreement with London-based Knight Frank to operate jointly in the Americas as "Newmark Knight Frank." In the second quarter of 2012, we completed the acquisition of substantially all of the assets of Grubb & Ellis Company and its direct and indirect subsidiaries, which we refer to as "Grubb & Ellis." Grubb & Ellis was formed in 1958 and built a full-service national commercial real estate platform of property management, facilities management and brokerage services. We have largely completed the integration of Grubb & Ellis with Newmark Knight Frank to form the resulting business, Newmark Grubb Knight Frank (or "NGKF"). NGKF is a full-service commercial real estate platform that comprises our Real Estate Services segment, offering commercial real estate tenants, owners, investors and developers a wide range of services, including leasing; capital markets services, including investment sales, debt placement, appraisal, and valuation services; commercial mortgage brokerage services; as well as consulting, project and development management, leasing and corporate advisory services and property and corporate facilities management services.

In connection with our acquisition of substantially all of the assets of Grubb & Ellis, we began, with the second quarter of 2012, reporting two reportable segments, Financial Services and Real Estate Services, as reflected in our Quarterly Report on Form 10-Q for such quarter filed on August 8, 2012. Prior to the second quarter of 2012, we had only one reportable segment. On August 8, 2012, we filed a Current Report on Form 8-K to update our financial statements and certain other information contained in our Annual Report on Form 10-K for the year ended December 31, 2011 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 to reflect such change in our reportable segments. These two segments continue to be reported in this Quarterly Report on Form 10-Q.

Our customers include many of the world's largest banks, broker-dealers, investment banks, trading firms, hedge funds, governments, corporations, property owners, real estate developers and investment firms. We have offices in dozens of major markets, including New York and London, as well as in Atlanta, Beijing, Boston, Chicago, Copenhagen, Dallas, Dubai, Hong Kong, Houston, Istanbul, Johannesburg, Los Angeles, Mexico City, Miami, Moscow, Nyon, Paris, Rio de Janeiro, São Paulo, Seoul, Singapore, Sydney, Tokyo, Toronto, Washington, D.C. and Zurich.

We remain confident in our future growth prospects as we continue to increase the scale and depth of our real estate platform and continue to seek market driven opportunities to expand our business in numerous financial asset classes.

NASDAQ OMX Transaction

On June 28, 2013, we completed the sale (the "NASDAQ OMX Transaction") of certain assets to The NASDAQ OMX Group, Inc. ("NASDAQ OMX"). The Transaction occurred pursuant to a Purchase Agreement, dated as of April 1, 2013 (the "Purchase

Agreement"). At the closing, NASDAQ OMX purchased certain assets and assumed certain liabilities from us and our affiliates, including the eSpeed brand name and various assets comprising the fully electronic portion of our benchmark on-the-run U.S. Treasury brokerage, market data and co-location service businesses (the "Purchased Assets"), for cash consideration of $750 million paid at closing, plus an earn-out of up to 14,883,705 shares of NASDAQ OMX common stock to be paid ratably in each of the fifteen years following the closing. The $750 million in cash paid at closing was subject to adjustment for certain pre-paid amounts and accrued costs and expenses, and the 14,883,705 shares of NASDAQ OMX common stock will be paid ratably in each of the fifteen years following the closing in which the consolidated gross revenue of NASDAQ OMX is equal to or greater than $25 million. The contingent future issuances of NASDAQ OMX common stock are also subject to acceleration upon the occurrence of certain events, including the acquisition by any person of 50% or more of NASDAQ OMX's stock (including by merger), NASDAQ OMX ceasing to hold Purchased Assets representing 50% or more of the aggregate revenue attributable to the Purchased Assets as of the closing, and the sale of all or substantially all of NASDAQ OMX's assets, as well as to certain anti-dilution provisions.

Each party made customary representations and warranties in the Purchase Agreement, as well as customary covenants relating to the operations of its businesses and the use of the Purchased Assets. The parties have agreed to certain additional covenants, including that for three years after the consummation of the NASDAQ OMX Transaction, we and Cantor Fitzgerald, L.P. ("Cantor") will not engage in the business of fully electronic brokerage of benchmark on-the-run U.S. Treasuries and certain transactions in first off-the-run U.S. Treasuries, subject to certain exceptions. Cantor is also a party to the Purchase Agreement solely for the above and certain limited purposes set forth in the agreement.

Concurrent with the closing of the NASDAQ OMX Transaction, the parties executed certain ancillary agreements, including a transition services agreement; a registration rights agreement with respect to the NASDAQ OMX common stock to be issued to us in the NASDAQ OMX Transaction; and a license agreement, pursuant to which we and Cantor received from NASDAQ OMX a perpetual and royalty-free market data license. We and Cantor granted to NASDAQ OMX a non-exclusive, irrevocable, royalty-free right and license to use any patents owned by them in the businesses covered by the Purchased Assets for U.S. Treasury securities transactions.

In addition, contemporaneously with the execution of the Purchase Agreement, Cantor Fitzgerald & Co ("CF&Co") and other broker-dealer affiliates of CF&Co entered into a clearing agreement with NASDAQ OMX to provide NASDAQ OMX with clearing services.

CF&Co, an affiliate of Cantor, served as our advisor and, upon the closing of the NASDAQ OMX Transaction, received a fee of approximately $7.4 million, which was in-line with customary industry fees.

As a result of the NASDAQ OMX Transaction, we only sold our on-the-run, benchmark 2-, 3-, 5-, 7-, 10-, and 30-year fully electronic trading platform for U.S. Treasury Notes and Bonds. Over time, we have built these six instruments into some of the deepest and most liquid markets in the world. This platform, together with the directly related market data and co-location businesses, generated approximately $99 million in revenues in 2012, approximately $93.5 million of which was recorded in our Financial Services segment and the remainder recorded as fees from related parties in Corporate items. The platform and the directly related market data and co-location businesses generated approximately $48.4 million in revenues in the first six months of 2013, approximately $46.3 million of which was recorded in our Financial Services segment and the remainder recorded as fees from related parties in Corporate items. We retain all of our other voice, hybrid, and fully electronic trading, market data, and software businesses, including voice, hybrid and electronic brokerage of off-the-run U.S. Treasuries, as well as Treasury Bills, Treasury Swaps, Treasury Repos, Treasury Spreads, and Treasury Rolls. We also continue to offer voice brokerage for on-the-run U.S. Treasuries.

The large gain related to the NASDAQ OMX Transaction has given us a unique opportunity to better position the Company for strong growth in revenues and earnings. After taking into account the cash we expect to use to pay taxes and make other payments relating to both the NASDAQ OMX Transaction and the Global Partnership Restructuring Program discussed below, we expect to have approximately $459 million remaining from the $750 million NASDAQ OMX cash payment. We are likely to use these remaining proceeds to repay debt, make accretive acquisitions and invest in organic growth in both of our segments, and/or repurchase additional units or common shares. We also expect to maintain our regular $0.12 per share quarterly common stock dividend for the foreseeable future.

Share Count Reduction and Modifications/Extensions of Employment Agreements

At the end of the second quarter of 2013, we redeemed or exchanged 77.4 million units from the partners of BGC Holdings (the "Global Partnership Restructuring Program"). We granted and expect to issue 45.2 million shares of our Class A common stock, of which approximately 39.1 million will be restricted shares. The Company also expects to pay the anticipated withholding taxes owed on behalf of these

partners related to this redemption/exchange and issuance. The restricted shares are generally expected to be saleable by partners in good standing after either five or ten years. Partners who agree to extend the lengths 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.

Taken together, these actions resulted in reducing our fully diluted share count by 32.2 million shares. We believe that the expected modifications of arrangements with employees and partners will also materially reduce the rate of employee/partner share issuance going forward, while maintaining our effective tax rate.

As a consequence of the above, we incurred non-cash, non-dilutive compensation charges of $464.6 million related to the redemption/exchange of partnership units, issuance of restricted shares, and reduction of compensation-related partnership loans. These charges, along with the $723.1 million gain related to the NASDAQ OMX Transaction, have been recognized in our unaudited condensed consolidated statements of operations for the three months ended June 30, 2013.

Financial Services:

The financial intermediary sector has been a competitive area that has had strong revenue growth over the past decade due to several factors. One factor is 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 foreign currency, credit defaults by corporate and sovereign debtors and changes in the prices of commodity products. Over the past decade, demand from financial institutions, financial services intermediaries and large corporations has increased volumes in the wholesale derivatives market, thereby increasing the business opportunity for financial intermediaries.

Another key factor in the growth of the financial intermediary sector over the past decade has been the increase in the number of new 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. These new securities and derivatives are not immediately ready for more liquid and standardized electronic markets, and generally increase the need for trading and require broker-assisted execution.

The past twelve months have been challenging as lower activity and volatility have contributed to declines in market volumes across most asset classes in our Financial Services segment. While market conditions were difficult, revenues for our Financial Services segment increased by 2.3% for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. This performance was much better than the 1% to 14% declines reported so far by our interdealer broker competitors, and we believe we continued to gain market share.

Regulators in the U.S. have nearly finalized a variety of new rules across a range of financial marketplaces including OTC derivatives as mandated by the “Dodd—Frank Wall Street Reform and Consumer Protection Act.” These rules should largely be effective by the end of 2013 with ongoing phase-ins thereafter. Legislators and regulators in Europe and the Asia-Pacific region have crafted similar rules, some of which are rolling out later this summer, with the bulk beginning implementation in 2014.

These OTC-related laws and proposed rules call for additional pre- and post-trade market transparency, heightened collateral and capital standards, the transacting of certain derivatives using authorized venues, central clearing of most standardized derivatives, specific business conduct standards, and the delivery of transaction data to newly designated trade repositories for public dissemination.

Based on our conversations with lawmakers, regulators, and our customers, we continue to believe that the overall impact on revenues and profits for BGC and other large wholesale intermediaries will be neutral to positive as a whole.

In addition, we believe that we will have a strong competitive advantage relative to our competitors in this new environment. The new rules not only require OTC market execution venues to maintain robust front-end and back-office IT capabilities and to make large and ongoing technology investments, but we also think that recent revisions to the execution methodology rules will allow elements of voice brokerage to flourish. We are a leader both in the breadth and scale of our hybrid and fully electronic trading capability, and should thrive in such an environment.

We are a leader in executing both OTC and listed products—in both the cash and derivatives markets—across Rates, Credit, FX, and Equities. Whatever forms the new rules and regulations finally take, we believe that financial market participants will continue or expand their business with us and that new opportunities to grow our business will emerge.

Growth Drivers

As a wholesale intermediary, our business is driven by several key drivers in addition to those listed above. These include: overall industry volumes in the markets in which we broker, the size and productivity of our front-office headcount (including salespeople, brokers and other front-office professionals), regulatory issues and the percentage of our revenues related to fully electronic brokerage.

Below is a brief analysis of the market and industry volumes for some of our financial services products including our overall hybrid and fully electronic trading activities.

Overall Market Volumes and Volatility

Volume is driven by a number of items, including the level of issuance for financial instruments, the price volatility of financial instruments, overall macro-economic conditions, the creation and adoption of new products, the regulatory environment, and the introduction and adoption of new trading technologies. In general, increased price volatility increases the demand for hedging instruments, including many of the cash and derivative products which we broker. For example, hedge funds are increasingly making use of derivatives to protect positions and preserve the capital of their more cautious institutional clients, which now account for almost two-thirds of assets managed by the industry, according to a report from J.P. Morgan.

Rates volumes in particular are also influenced by market volatility, and such volatility has been dampened for the past year due to continued quantitative easing undertaken by the U.S. Federal Reserve and other major central banks. Quantitative easing entails the central banks buying government securities or other securities in the open market—particularly longer-dated instruments—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 and are not hedged—thus lowering Rates volumes across cash and derivatives markets industry-wide. As of July 10, 2013, the U.S. Federal Reserve had close to $3 trillion worth of long-dated U.S. Treasury and Federal Agency securities, compared with $1.7 trillion at the beginning of 2011, $1.4 trillion at the beginning of 2010, and less than $20 billion at the beginning of 2009. Other major central banks have also greatly increased the amount of longer-dated debt on their balance sheets over the past three years.

During the three months ended June 30, 2013, industry volumes improved somewhat year-over-year for certain of the OTC and listed products we broker in Rates, Credit and Equities and Other Asset Classes. This was due in large part to volatility being higher than it had been for much of the past several quarters in certain asset classes, though it remains lower than long-term averages. For example, the Merrill Lynch “MOVE” index of US Treasury interest rate volatility averaged approximately 100.7 over the last five years, 96.2 over the past ten years, and had been as high as 264.6 during the height of the global financial crises in the second half of 2008. Due largely to quantitative easing by the U.S. Federal Reserve, it averaged only 69.8 for full year 2012. For the second quarter of 2013, the MOVE index started below 60, and fell below 50 in May. In mid-May, it spiked as bond market participants and economists came to believe that the Federal Reserve might slow down the pace of its quantitative easing due to better than expected strength in the U.S. economy. Thus for the month of June 2013, the MOVE index averaged 89.4—higher than earlier in 2013 or the average for 2012, but still below the above-mentioned 5- and 10-year averages. Market stress measures such as the MOVE index are generally good proxies for overall volatility and volumes across our four Financial Services asset class categories.

Our ongoing efforts to lower expenses and to improve the margins of our Financial Services segment resulted in the Company selectively reducing front-office headcount across this segment, which lowered revenues in the short term, but is expected to improve profitability. Below is a discussion of the volume and growth drivers of our various financial services brokerage product categories.

Rates Volumes and Volatility

Our Rates business is particularly influenced by the level of sovereign debt issuance globally, and over the past year this issuance has generally continued to grow, although quantitative easing has muted the public issuance of many sovereign issues. For example, according to the Securities Industry and Financial Markets Association (“SIFMA”), issuance by the U.S. Treasury of interest-bearing debt decreased by approximately 4.4% for the second quarter of 2013 versus the same period last year.

Largely as a result of the belief among market participants that the U.S. Federal Reserve might end quantitative easing sooner than expected, the U.S. Federal Reserve reported that U.S. Treasury volumes traded by primary dealers increased by 12% year-over-year in the second quarter of 2013. In comparison, our fully electronic Rates volumes increased by 5.8% year-over-year and our overall Rates revenues improved by 2.9%.

Our Rates revenues are not totally dependent on market volumes and therefore do not always fluctuate consistently with industry metrics. There are two key reasons for this: First, the fully electronic US Treasury platform we recently sold to NASDAQ OMX generated a large majority of its revenues from fixed fee contracts, which involved the same amount of annual payments to us regardless of industry volumes. Second, our other voice, hybrid, and fully electronic desks in Rates often have volume discounts built into their price structure, which results in our Rates revenues being less volatile than the overall industry volumes.

Excluding the assets we sold to NASDAQ OMX, BGC’s retained fully electronic desks increased revenues by 12.2% to $21.9 million in the second quarter of 2013. This growth was driven largely by an almost 24% increase from fully electronic Rates products other than US Treasuries and by 27% growth from our spot FX business, as well as by solid increases from our e-brokered credit desks.

Overall, analysts and economists expect sovereign debt issuance to remain at high levels for the foreseeable future as governments finance their future deficits and roll over their sizable existing debt. For instance, according to the Congressional Budget Office (the "CBO"), U.S. federal debt will be 76% of GDP for fiscal year 2013, versus 36% at the end of fiscal year 2007. Similarly, the European Commission reports that, in the aggregate, EU government debt as a percent of GDP will have increased from 59% in 2007 to over 91% for 2014 for the EU as a whole, and over 96% for the Eurozone. Meanwhile, analysts expect that the effects of various forms of quantitative easing will continue to negatively impact markets for at least the next year, because economic growth remains weak in most G-20 nations. As a result, we expect long-term tailwinds in our Rates business from continuing high levels of government debt, but near-term headwinds due to quantitative easing.

Credit Volumes

The cash portion of our Credit business is impacted by the level of global corporate bond issuance, while both the cash and credit derivatives sides of this business are impacted by sovereign and corporate issuance. Global credit derivative market turnover has declined because of uncertainty surrounding recently enacted rules for the clearing of credit derivatives in the U.S. This was offset by strong corporate bond issuance over the past several quarters, as borrowers took advantage of record-low interest rates. The net impact of these trends was reflected in Federal Reserve Corporate bond volumes—a reflection of the cash market—being up by 20% year-over-year for the second quarter of 2013, and by revenues from ICE's Creditex trade execution business—a reflection of the derivatives market—being down by 14%. Our Credit revenues declined by 3.9%, which was reflective of mixed overall volume trends in the credit markets globally.

Foreign Exchange Volumes and Volatility

Global FX volume increased in the second quarter of 2013 as volatility returned to more normal levels due largely to increased efforts by certain major central banks to grow their economies and different trajectories of interest rates in many of the world's largest economies. Our fully electronic FX volumes increased by approximately 37% and our overall FX revenues were up by 14.0%. This growth generally exceeded the comparable volume figures reported by Reuters, EBS and CME.

Equity-Related Volumes and Volatility

Global Equity markets also continued to be challenging during the quarter. While U.S. equity options volumes were up 12% according to the OCC in the second quarter of 2013, equity derivatives volumes were down 7% at Eurex, and equity volumes were down by 3.6% on an average daily basis across the U.S cash Equities market. In comparison, our overall revenues from Equities and Other Asset Classes decreased by 2.5%.

Hybrid and Fully Electronic Trading

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 fewer employees are needed to process the same amount of volume as trading becomes more automated. Over time, electronification of exchange-traded and OTC markets has also generally led to volumes increasing faster than commissions decline, and thus often to an overall increase in revenues. We have been a pioneer in creating and encouraging hybrid and fully electronic trading, and 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 broker-dealers which dominate the OTC markets had generally been hesitant in adopting electronically traded products. However, in recent years, hybrid and fully electronic inter-dealer OTC markets for products, including CDS indices, FX options, and most recently interest rate swaps, have sprung up as banks and dealers have become more open to electronically traded products and as firms like us have invested in the kinds of technology favored by our customers. Pending regulation in Europe and the U.S. regarding banking, capital markets, and OTC derivatives is likely to hasten the spread of fully electronic trading and we expect to benefit from the new rules regarding OTC derivatives once they are finalized. Our understanding is that the rules being discussed will continue to allow for trading through a variety of means, including voice, and we believe the net impact of these rules and the new bank capital requirements will encourage the growth of fully electronic trading for a number of products we broker.

The combination of more market acceptance of hybrid and fully electronic trading and our competitive advantage in terms of technology and experience has contributed to our strong gains in electronically traded products. During the second quarter of 2013, we continued to invest in hybrid and fully electronic technology broadly across our financial services product categories.

Total Financial Services segment revenues from electronically traded products, market data, and software solutions were $44.8 million or 14.2% of segment revenues for the three months ended June 30, 2013, compared with $43.0 million or 13.9% for the three months ended June 30, 2012. Excluding the assets we sold to NASDAQ OMX, our technology-based Financial Services segment revenues increased by 12.2% in the three months ended June 30, 2013, to $21.9 million. We now offer electronically traded products on over half of our Financial Services segment's approximately 210 desks compared with 100 out of 230 desks a year ago.

We expect the proportion of desks offering electronically traded products to continue to increase as we invest in technology to drive electronic trading over our platform. Over time, we expect the growth of our technology-based businesses to further improve this segment's profitability.

Real Estate Services:

On October 14, 2011, we completed the acquisition of Newmark. On April 13, 2012, we acquired substantially all of the assets of Grubb & Ellis Company and its direct and indirect subsidiaries (collectively "Grubb & Ellis"). Newmark, Grubb & Ellis and certain independently-owned partner offices of the two, operate as "Newmark Grubb Knight Frank" in the Americas, and are associated with London-based Knight Frank. Our discussion of financial results for "Newmark Grubb Knight Frank" or "Real Estate Services" reflects only those businesses owned by us and does not include the results for independently-owned partner offices or for Knight Frank.

Growth Drivers

The key drivers of revenue growth for U.S. commercial real estate brokerage services companies include the overall health of the U.S. economy, including gross domestic product and employment trends in the U.S., which drives demand for various types of commercial leases and purchases; the institutional ownership of commercial real estate as an investible asset class; and the ability to attract and retain talent to our real estate services platform. In addition, in real estate sales, also known as real estate capital markets, growth is also driven by the availability of credit to purchasers of and investors in commercial real estate.

Economic Growth in the U.S.

The U.S. economy expanded by 1.7% in the second quarter of 2013, below the annualized rate of 2.1% since the recession ended. However, the Bureau of Labor Statistics reported that employers added 589,000 net new payroll jobs during the quarter—a monthly average of 196,000, slightly ahead of the 2012 average of 183,000 and the 2011 average of 175,000. Interest rates spiked late in the quarter but remained low by historical standards, with the 10-year Treasury yield averaging less than 2.0% during the quarter due in part to the U.S. Federal Reserve's third round of quantitative easing, which was announced in September of 2012. The combination of moderate economic growth and low interest rates has been a powerful stimulus for commercial real estate, delivering steady absorption of excess space and strong investor demand for the yields available through both direct ownership of assets and publicly traded funds. Steady economic growth and low interest rates helped push vacancy rates down for the office, apartment, retail and industrial markets. The relative dearth of new construction over the past few years has meant that tenants have been funneled into existing vacant space with the exception of apartments, where construction has propelled the market into a new expansion cycle. Rental rates were generally strong for apartments, but improvement in rental rates was more sporadic for other property types and was confined to certain geographies and assets. The following trends drove the commercial real estate market in the second quarter of 2013:

- Technology, energy, health care and education powered demand for office space;
- Global trade, business capital spending and supply-chain optimization created tenant and owner-user demand for warehouses and distribution centers;
- The modest recovery in consumer spending was enough to create demand for well-located retail space in the best trade areas;
- Apartments benefited from a pickup in household formation thanks to the steady pace of job growth and underlying demographic trends; and
- Strong corporate earnings combined with increased leisure travel generated demand for hotel room-nights.

Market Statistics

Following the financial crises of 2007/2008, the U.S. commercial property market generally saw steep declines in activity in 2009. In 2010, the market began to revive, and by the end of 2011 there were signs that the recovery was continuing, although still not at levels seen prior to the crisis. If the U.S. economy continues to expand at the moderate pace envisioned by many economists in 2013, we would expect this to fuel the continued recovery in commercial real estate.

Although overall industry metrics are not necessarily as correlated to our revenues for Real Estate Services as they are in our Financial Services products, they do provide some indication of the general direction of the business. According to Newmark Grubb Knight Frank Research, the overall vacancy rate for office properties in the nation's key markets ended the second quarter at 15.2%, down from 16.0% a year earlier and the lowest level since the first quarter of 2009. The national vacancy rate for industrial properties was 8.4% at June 30, 2013, an improvement on the 9.2% rate measured one year ago. Rents for all property types in the U.S. continued to improve modestly. CoStar Group (a leading provider of information and analytic services) reported similar improvements in vacancy rates and rents for the national office, industrial, and retail markets.

In terms of commercial real estate sales metrics, according to Real Capital Analytics, prices were up 6.0% year-over-year through May 2013 (the most recent data available from the Moody's/RCA Commercial Property Price Index). The dollar volume of property sales through the first six months of 2013 rose by 24% above the same period in 2012 according to Real Capital Analytics. In comparison, our Real Estate Services brokerage revenue increased by 11.3% year-over-year due to the stabilization of the Grubb & Ellis brokers after the transition out of bankruptcy and a more favorable real estate environment.

REGULATORY ENVIRONMENT

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

LIQUIDITY AND CAPITAL RESOURCES

Our overall business model is not capital intensive. Our funding base consists of longer-term capital (equity, notes payable and collateralized borrowings), shorter-term liabilities (including our credit facility to the extent drawn) and accruals that are a natural outgrowth of specific assets and/or our business model, such as matched fails or accrued compensation. See the "Liquidity and Capital Resources" section later in the "Management's Discussion and Analysis" for a full discussion on this topic. Below please find a summary of our recent funding transactions.

On June 23, 2011, we entered into a credit agreement with a bank syndicate (the "Credit Agreement") which provides for up to $130.0 million of unsecured revolving credit through September 23, 2013. The borrowings under the Credit Agreement will be used for general corporate purposes, including, but not limited to, financing our existing businesses and operations, expanding our businesses and operations through additional broker hires, strategic alliances and acquisitions, and repurchasing shares of our Class A common stock or purchasing limited partnership interests in BGC Holdings or other equity interests in our subsidiaries. As of July 31, 2013, we had no borrowings outstanding under the Credit Agreement.

On June 26, 2012, we issued an aggregate of $112.5 million principal amount of 8.125% Senior Notes due 2042 (the "8.125% Senior Notes") pursuant to our effective Shelf Registration Statement on Form S-3, as amended. The 8.125% Senior Notes are senior unsecured obligations of BGC Partners, Inc. The 8.125% Senior Notes may be redeemed for cash, in whole or in part, on or after June 26, 2017, at our option, at any time and from time to time, until maturity at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest on the principal amount being redeemed to, but not including, the redemption date. The 8.125% Senior Notes are listed on the New York Stock Exchange under the symbol "BGCA." We used the proceeds to repay short-term borrowings under our unsecured revolving credit facility and for general corporate purposes, including acquisitions.

For a complete description of the Credit Agreement and 8.125% Senior Notes, see Note 15—"Notes Payable, Collateralized and Short-Term Borrowings" to our unaudited condensed consolidated financial statements.

On June 28, 2013, upon completion of the NASDAQ OMX Transaction (see "NASDAQ OMX Transaction" herein), we received cash consideration of $750 million, subject to adjustment for certain pre-paid amounts and accrued costs and expenses, plus an earn-out of up to 14,883,705 shares of NASDAQ OMX common stock to be paid ratably in each of the fifteen years following the closing.

At the end of the second quarter of 2013, we redeemed or exchanged 77.4 million units from the partners of BGC Holdings. We granted and expect to issue 45.2 million shares of our Class A common stock, of which approximately 39.1 million will be restricted shares. We also expect to pay the anticipated withholding taxes owed on behalf of these partners related to this redemption/exchange and issuance. The restricted shares are generally expected to be saleable by partners in good standing after either five or ten years, depending on the partner's segment or business, provided that these partners have not engaged in competitive activities for a certain period of time. Partners who agree to extend the lengths 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.

Taken together, these actions reduced our fully diluted share count by 32.2 million shares. We believe that the expected modifications of arrangements with employees and partners will also materially reduce the rate of employee/partner share issuance going forward. As a consequence of the above, we incurred non-cash, non-dilutive GAAP compensation charges of $464.6 million related to the redemption/exchange of partnership units, issuance of restricted shares, and the reduction of compensation-related partnership loans.

After taking into account the taxes and other payments we expect to pay relating to both the NASDAQ OMX Transaction and the cost related to the Global Partnership Restructuring Program, we anticipate having approximately $459 million remaining from the NASDAQ OMX cash payment. We expect to use these remaining proceeds to repay debt, make accretive acquisitions and invest in organic growth in both of our segments, and/or repurchase additional units or common shares. We also expect to maintain our regular $0.12 per share quarterly common stock dividend for the foreseeable future.

HIRING AND ACQUISITIONS

A key driver of our revenue growth is front-office headcount. We believe that our strong technology platform and unique partnership structure have enabled us to use both acquisitions and recruiting to profitably increase our front-office staff at a faster rate than our largest competitors since our formation in 2004.

We have invested significantly to capitalize on the current business environment through acquisitions, technology spending and the hiring of new brokers, salespeople and other front-office professionals. 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 and other front-office professionals to our platform as we believe they recognize that we have the scale, technology, experience and expertise to succeed in the current business environment.

As of June 30, 2013, our front-office headcount was down by more than 4.8% year-over-year to 2,485 brokers, salespeople and other front-office professionals. For the three months ended June 30, 2013, average revenue generated per front-office employee was approximately $169,000, an increase of 7.9% from the three months ended June 30, 2012 when it was approximately $157,000. Front-office headcount included 1,587 brokers, salespeople and other front-office professionals in Financial Services, with average revenue generated per front-office employee of approximately $201,000, up 13.3% year-over-year, and 898 brokers, salespeople and other front-office professionals in Real Estate Services, with average revenue generated per front-office employee of approximately $115,000, up 0.6% year-over-year.

The 7.9% increase in overall company revenue per front-office employee was primarily driven by an improvement in revenue per front office employee in Financial Services, which increased 13.3% year-over-year. This increase was the result of a combination of lower headcount and increased revenues year-over-year. The above figures exclude revenues related to non-core Grubb & Ellis purchased assets. Including them, revenue per front-office employee declined by 9.8% in Real Estate Services, and increased by 5.2% for BGC overall.

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 trading. We believe these developments will favor the larger inter-dealer brokers over smaller, non-public ones, as the smaller ones generally do not have the financial resources to invest the necessary amounts in technology. We believe this will lead to further consolidation in our industry, and thus further allow us to profitably grow our front-office headcount.

Our recent acquisitions include the acquisitions of Grubb & Ellis, Wolfe & Hurst, Smith Mack, Frederick Ross Company, Ginalfi Finance and Sterling International Brokers Limited.

On April 13, 2012, we completed the acquisition of substantially all of the assets of Grubb & Ellis. The total consideration transferred for Grubb & Ellis was approximately $47.1 million. The consideration transferred included the extinguishment of approximately $30.0 million (principal amount) pre-bankruptcy senior secured debt, which we purchased at a discount, and which had a fair value of approximately $25.6 million as of the acquisition date. The consideration transferred also included approximately $5.5 million under debtor-in-possession loans and $16.0 million in cash to the bankruptcy estate for the benefit of Grubb & Ellis' unsecured creditors. CF&Co acted as an advisor to us in connection with this transaction and received a fee of $1.0 million.

We executed employment/service and partnership arrangements with hundreds of real estate professionals from the Grubb & Ellis bankruptcy estate and completed their transfer into entities that we own.

During the year ended December 31, 2012, we completed other acquisitions for a total consideration of $24.5 million, including Wolfe & Hurst, Smith Mack, Frederick Ross Company and Ginalfi Finance. Wolfe & Hurst Bond Brokers, Inc. is a municipal bonds inter-dealer broker in North America. Smith Mack is an independent full service commercial real estate services firm operating in Philadelphia and surrounding regions. Frederick Ross Company is the oldest full-service commercial real estate firm in Denver, and partner of Newmark Grubb Knight Frank since 2010. Ginalfi Finance is an inter-dealer broker based in Paris specializing in the intermediation of money markets products, credit bonds, government bonds and swaps.

During the six months ended June 30, 2013, we acquired the business and certain assets of Sterling International Brokers Limited, a London-based financial brokerage firm specializing in Pound Sterling and other major currency transactions.

FINANCIAL HIGHLIGHTS

For the three months ended June 30, 2013, we had income from operations before income taxes of $208.3 million compared to $4.5 million, an increase of $203.8 million from the year earlier period. Total revenues increased approximately $743.6 million and total expenses increased approximately $539.8 million. For the six months ended June 30, 2013, we had income from operations before income taxes of $221.9 million compared to $23.4 million, an increase of $198.5 million from the year earlier period. Total revenues increased approximately $793.6 million and total expenses increased approximately $595.1 million.

Total revenues were $1,193.2 million and $449.5 million for the three months ended June 30, 2013 and 2012, respectively, representing a 165.4% increase. Total revenues were $1,638.1 million and $844.5 million for the six months ended June 30, 2013 and 2012, respectively, representing a 94.0% increase. The main factors contributing to the increase were:

- The $723.1 million gain on divestiture recorded in the three months ended June 30, 2013 related to the NASDAQ OMX Transaction.
- Total brokerage revenues increased for the three months ended June 30, 2013 compared to the year earlier period. The increase in Financial Services was due to improving market conditions especially in Europe. The increase in Real Estate was primarily due to the stabilization of the Grubb & Ellis brokers after the transition out of bankruptcy and a more favorable real estate environment.
- Revenues related to fully electronic trading were 12.2% of Financial Services revenue compared to 11.8% a year ago. Revenues related to fully electronic trading include brokerage revenues as well as certain revenues recorded in fees from related parties.

Total compensation and employee benefits expense increased by $501.8 million or 161.9% for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012, and increased by $545.8 million or 97.0% for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. We incurred non-cash, non-dilutive compensation charges of $464.6 million related to the redemption/exchange of partnership units, issuance of restricted shares, and the reduction of compensation-related partnership loans during the three months ended June 30, 2013. In addition, for the six months ended June 30, 2013, a component of the increase was due to the fact that the NGKF business was in place for the full six months ended June 30, 2013 while only in place for a portion of the year earlier period, as we completed the acquisition of Grubb & Ellis on April 13, 2012.

The three months ended June 30, 2013 continued to be a challenging period in the financial services industry. Even in this difficult environment, we believe we are well positioned as we continue to increase the scale and depth of our real estate platform and continue to seek market driven opportunities to expand our business in numerous financial asset classes. We believe our overall performance will improve as we continue to increase the percentage of Financial Services segment revenues generated from fully electronic trading, and extend our employment agreements through our partnership enhancement program. We believe these initiatives will continue to improve our competitive position in the marketplace and improve employee retention.

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RESULTS OF OPERATIONS

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2013		2012		2013		2012	
	Actual Results	Percentage of Total Revenues	Actual Results	Percentage of Total Revenues	Actual Results	Percentage of Total Revenues	Actual Results	Percentage of Total Revenues
Revenues:								
Commissions	$ 324,832	27.2%	$308,438	68.6%	$ 623,536	38.0%	$579,785	68.7%
Principal transactions	85,349	7.2	83,686	18.6	173,346	10.6	183,431	21.7
Total brokerage revenues	410,181	34.4	392,124	87.2	796,882	48.6	763,216	90.4
Real estate management services	39,823	3.3	37,930	8.4	79,161	4.8	41,891	5.0
Fees from related parties	12,242	1.0	13,494	3.0	25,390	1.6	26,041	3.1
Market data	3,643	0.3	3,990	0.9	7,768	0.5	8,954	1.1
Software solutions	2,530	0.2	2,487	0.6	5,096	0.3	4,936	0.6
Interest income	1,651	0.1	1,543	0.3	3,199	0.2	3,738	0.4
Other revenues	1,174	0.1	622	0.2	2,005	0.1	831	0.0
Gain on divestiture	723,147	60.7	—	—	723,147	44.2	—	—
Losses on equity investments	(1,224)	(0.1)	(2,652)	(0.6)	(4,512)	(0.3)	(5,108)	(0.6)
Total revenues	1,193,167	100.0	449,538	100.0	1,638,136	100.0	844,499	100.0
Expenses:								
Compensation and employee benefits	765,679	64.2	308,029	68.5	1,055,071	64.4	554,898	65.7
Allocation of net income to limited partnership units and founding/working partner units	46,084	3.8	1,909	0.4	53,522	3.3	7,889	0.9
Total compensation and employee benefits	811,763	68.0	309,938	68.9	1,108,593	67.7	562,787	66.6
Occupancy and equipment	37,340	3.1	39,092	8.7	76,567	4.7	75,321	8.9
Fees to related parties	2,286	0.2	3,169	0.7	5,129	0.3	6,688	0.8
Professional and consulting fees	11,367	1.0	19,515	4.3	26,308	1.6	38,834	4.6
Communications	22,755	1.9	21,402	4.8	47,096	2.9	43,360	5.1
Selling and promotion	23,239	1.9	23,513	5.2	43,554	2.7	42,959	5.1
Commissions and floor brokerage	6,397	0.5	5,833	1.3	12,168	0.7	11,513	1.4
Interest expense	9,989	0.8	7,578	1.7	19,689	1.2	15,136	1.8
Other expenses	59,780	5.0	15,048	3.4	77,084	4.7	24,539	2.9
Total expenses	984,916	82.5	445,088	99.0	1,416,188	86.5	821,137	97.2
Income from operations before income taxes	208,251	17.5	4,450	1.0	221,948	13.5	23,362	2.8
Provision for income taxes	78,711	6.6	70	0.0	81,806	5.0	7,272	0.9
Consolidated net income	129,540	10.9	4,380	1.0	140,142	8.5	16,090	1.9
Less: Net income attributable to noncontrolling interest in subsidiaries	95,074	8.0	2,422	0.6	98,678	6.0	5,943	0.7
Net income available to common stockholders	$ 34,466	2.9%	$ 1,958	0.4%	$ 41,464	2.5%	$ 10,147	1.2%

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Revenues

Brokerage Revenues

Total brokerage revenues increased by $18.1 million, or 4.6%, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. Commission revenues increased by $16.4 million, or 5.3%, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. Principal transactions revenues increased by $1.7 million, or 2.0%, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012.

The increase in brokerage revenues was primarily driven by increases in the revenues for Commercial Real Estate, FX and Rates, partially offset by lower revenues in Credit products and Equities and Other Asset Classes.

The increase in Rates revenues of $3.9 million was primarily due to improved market conditions especially in Europe where volumes increased in comparison to the earlier year period.

Our fully electronic Credit revenues increased by 8.1% as compared to the three months ended June 30, 2012, but our overall Credit revenues declined by 3.9% to $67.3 million in the three months ended June 30, 2013. Although some of our cash Credit desks showed strong growth, the overall credit derivatives market continues to remain challenged.

Our overall FX revenues were up by 14.0% to $60.7 million for the three months ended June 30, 2013. This increase was primarily driven by both double digit growth from our voice/hybrid FX desks and by an approximately 27% increase in revenue from our spot FX business. This growth exceeded the comparable volume figures reported by CLS, CME, EBS and Reuters.

Real Estate brokerage revenues increased by $10.5 million for the three months ended June 30, 2013. The increase is primarily due to the stabilization of the Grubb & Ellis brokers after the transition out of bankruptcy and a more favorable real estate environment.

Global equity markets continued to be difficult, and equity-related volumes were down between 4% and 42% according to the Deutsche Boerse, Euronext and DTCC. In comparison, our revenues from Equities and Other Asset Classes decreased by 2.5%.

Real Estate Management Services

Real estate management services revenues increased by $1.9 million, to $39.8 million for the three months ended June 30, 2013. The increase was primarily related to $0.8 million of consulting revenues associated with a significant transaction in the second quarter of 2013.

Fees from Related Parties

Fees from related parties decreased by $1.3 million, or 9.3%, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. The decrease was primarily due to decreased back office services provided to Cantor, decreased revenues related to ELX and lower technology service fees.

Market Data

Market data revenues decreased by $0.3 million, or 8.7%, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012.

Software Solutions

Software solutions revenues increased by $43 thousand, or 1.7%, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012, primarily due to an increased number of clients in the second quarter of 2013.

Interest Income

Interest income increased by $0.1 million, or 7.0%, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012.

Other Revenues

Other revenues increased by $0.6 million to $1.2 million for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. The increase was primarily due to proceeds received in a litigation settlement.

Gain on Divestiture

The gain on divestiture related to the NASDAQ OMX Transaction was $723.1 million for the three months ended June 30, 2013.

Losses on Equity Investments

Losses on equity investments decreased by $1.4 million, or 53.8%, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. Losses on equity investments represent our pro rata share of the net losses on investments over which we have significant influence but do not control.

Expenses

Compensation and Employee Benefits

Compensation and employee benefits expense increased by $457.7 million, or 148.6%, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. The main drivers of this increase were the compensation charges of approximately $464.6 million we incurred during the three months ended June 30, 2013 related to the redemption/exchange of partnership units, issuance of restricted shares, and the reduction of compensation-related partnership loans in connection with our global partnership restructuring program (see “Share Count Reduction and Modifications/Extensions of Employment Agreements” herein).

Allocations of Net Income to Limited Partnership Units and Founding/Working Partner Units

Allocation of income to limited partnership units and founding/working partner units increased by $44.2 million for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. Allocation of income to limited partnership units and founding/working partner units represents the allocation of earnings to be distributed to such partners. The allocation of income to limited partnership units and founding/working partner units for the three months ended June 30, 2013 was $46.1 million. The increase in the three months ended June 30, 2013 as compared to the year earlier period relates to our increased earnings as a result of the NASDAQ OMX Transaction.

Occupancy and Equipment

Occupancy and equipment expense decreased by $1.8 million, or 4.5%, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. This decrease was primarily due to office consolidations in the Real Estate Services segment resulting from the integration of NGKF.

Fees to Related Parties

Fees to related parties decreased by $0.9 million, or 27.9%, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. Fees to related parties are allocations paid to Cantor for administrative and support services.

Professional and Consulting Fees

Professional and consulting fees decreased by $8.1 million, or 41.8%, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. The decrease was primarily due to decreased costs associated with legal and regulatory matters.

Communications

Communications expense increased by $1.4 million, or 6.3%, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. As a percentage of total revenues (excluding the gain on divestiture), communications remained relatively unchanged across the two periods.

Selling and Promotion

Selling and promotion expense decreased by $274 thousand, or 1.2%, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012.

Commissions and Floor Brokerage

Commissions and floor brokerage expense increased by $564 thousand, or 9.7%, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. The increase was primarily due to increases in clearing house charges and exchange clearing charges attributable to increased revenues.

Interest Expense

Interest expense increased by $2.4 million, or 31.8%, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. The increase was primarily related to our issuance of the 8.125% Senior Notes in June 2012.

Other Expenses

Other expenses increased by $44.7 million, or 297.3%, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. The increase was primarily due to an increase in the cost of hiring brokers and a commitment to make charitable contributions.

Net Income Attributable to Noncontrolling Interest in Subsidiaries

Net income attributable to noncontrolling interest in subsidiaries increased by $92.7 million, for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. The significant increase in net income attributable to noncontrolling interest in subsidiaries relates to the increased income in the three months ended June 30, 2013 associated with the gain on the NASDAQ OMX Transaction.

Provision for Income Taxes

Provision for income taxes increased to $78.7 million for the three months ended June 30, 2013 as compared to $0.1 million for the three months ended June 30, 2012. This increase was primarily driven by an increase in taxable income in the three months ended June 30, 2013 as compared to the year earlier period as well as by an increase in taxes related to the gain on the NASDAQ OMX Transaction. Our consolidated effective tax rate can vary from period to period depending on, among other factors, the geographic and business mix of our earnings.

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Revenues

Brokerage Revenues

Total brokerage revenues increased by $33.7 million, or 4.4%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. Commission revenues increased by $43.8 million, or 7.5%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. Principal transactions revenues decreased by $10.1 million, or 5.5%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012.

The increase in brokerage revenues was primarily driven by increases in the revenues for Commercial Real Estate, FX and Rates, partially offset by lower revenues in Credit products and Equities and Other Asset Classes.

The increase in Rates revenues of $2.0 million was primarily due to an increase in Europe resulting from improved market conditions.

Our Credit revenues declined by 11.6% to $136.5 million in the six months ended June 30, 2013, which was generally a better performance than the comparable results reported by our inter-dealer broker peers.

Our fully electronic FX volumes and revenues increased by approximately 37.3% and 14.2%, respectively, in the six months ended June 30, 2013. This growth exceeded the comparable volume figures reported by Reuters, EBS, and CME. Our overall FX revenues were up by 7.2% to $120.0 million for the six months ended June 30, 2013.

Real Estate brokerage revenues increased by $46.4 million for the six months ended June 30, 2013, primarily due to the acquisition of Grubb & Ellis in the second quarter of 2012. Industry trends in sales and leasing remain favorable for the U.S. Commercial Real Estate market.

Global equity markets continued to be difficult, for example, and equity-related volumes were down between 3% and 22% according to the LSE, Euronext, and Deutsche Boerse. In comparison, BGC's revenues from Equities and Other Asset Classes decreased by 5.7%.

Real Estate Management Services

Real estate management services revenues increased by $37.3 million, or 89.0% for the six months ended June 30, 2013, primarily due to the acquisition of Grubb & Ellis in the second quarter of 2012.

Fees from Related Parties

Fees from related parties decreased by $0.7 million, or 2.5%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. The decrease was primarily due to decreased revenues related to ELX and lower technology service fees, partially offset by increased revenues related to back office services provided to Cantor.

Market Data

Market data revenues decreased by $1.2 million, or 13.2%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012.

Software Solutions

Software solutions revenues increased by $0.2 million, or 3.2%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012, primarily due to an increased number of clients as compared to the six months ended June 30, 2012.

Interest Income

Interest income decreased by $0.5 million, or 14.4%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. The decrease was primarily related to our notes receivable, which were a component of the consideration transferred with respect to the acquisition of Grubb & Ellis in the second quarter of 2012.

Other Revenues

Other revenues increased by $1.2 million to $2.0 million for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. The increase was primarily due to a $1.0 million settlement related to litigation and an increase in investment banking fees.

Gain on Divestiture

The gain on divestiture related to the NASDAQ OMX Transaction was $723.1 million for the six months ended June 30, 2013.

Losses on Equity Investments

Losses on equity investments decreased by $0.6 million, or 11.7%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. Losses on equity investments represent our pro rata share of the net losses on investments over which we have significant influence but do not control.

Expenses

Compensation and Employee Benefits

Compensation and employee benefits expense increased by $500.2 million, or 90.1%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. The main drivers of this increase were the compensation charges of approximately $464.6 million we incurred during the six months ended June 30, 2013 related to the redemption/exchange of partnership units, issuance of restricted shares, and the reduction of compensation-related partnership loans in connection with our global partnership restructuring program (see "Share Count Reduction and Modifications/Extensions of Employment Agreements" herein). In addition, a component of the increase was the result of having the NGKF business in place for the full six months ended June 30, 2013 while only in place for a portion of the year earlier period, as we completed the acquisition of Grubb & Ellis on April 13, 2012.

Allocations of Net Income to Limited Partnership Units and Founding/Working Partner Units

Allocation of income to limited partnership units and founding/working partner units increased by $45.6 million for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. Allocation of income to limited partnership units and founding/working partner units represents the allocation of earnings to be distributed to such partners. The allocation of income to limited partnership units and founding/working partner units for the six months ended June 30, 2013 was $53.5 million. The increase relates to our increased earnings in the six months ended June 30, 2013 as compared to the year earlier period.

Occupancy and Equipment

Occupancy and equipment expense increased by $1.2 million, or 1.7%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. The increase was primarily due to the acquisition of Grubb & Ellis.

Fees to Related Parties

Fees to related parties decreased by $1.6 million, or 23.3%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. Fees to related parties are allocations paid to Cantor for administrative and support services.

Professional and Consulting Fees

Professional and consulting fees decreased by $12.5 million, or 32.3%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. The decrease was primarily due to decreased costs associated with legal and regulatory matters, as well as reduced costs for recruitment and temporary personnel as compared to the six months ended June 30, 2012.

Communications

Communications expense increased by $3.7 million, or 8.6%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. This increase was primarily driven by increased market data and communication costs associated with our increased headcount. As a percentage of total revenues, communications expense decreased across the two periods.

Selling and Promotion

Selling and promotion expense increased by $0.6 million, or 1.4%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. The increase was associated with an increase in promotional and corporate events in our Real Estate Services segment in the six months ended June 30, 2013.

Commissions and Floor Brokerage

Commissions and floor brokerage expense increased by $0.7 million, or 5.7%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012, primarily due to increased volumes in our equities business during the six months ended June 30, 2013.

Interest Expense

Interest expense increased by $4.6 million, or 30.1%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. The increase was primarily related to our issuance of the 8.125% Senior Notes in June 2012.

Other Expenses

Other expenses increased by $52.5 million, or 214.1%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012. The increase was primarily due to an increase in costs associated with hiring brokers and a commitment to make charitable contributions. In addition, the costs related to the Grubb & Ellis business were in place for the full six months ended June 30, 2013 as compared to only a portion of the six months ended June 30, 2012.

Net Income Attributable to Noncontrolling Interest in Subsidiaries

Net income attributable to noncontrolling interest in subsidiaries increased by $92.7 million, or 1,560.4%, for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012.

Provision for Income Taxes

Provision for income taxes increased to $81.8 million for the six months ended June 30, 2013 as compared to $7.3 million for the six months ended June 30, 2012. This increase was primarily driven by an increase in taxable income in the six months ended June 30, 2013 as compared to the year earlier period as well as by an increase in taxes related to the gain on the NASDAQ OMX Transaction. Our consolidated effective tax rate can vary from period to period depending on, among other factors, the geographic and business mix of our earnings.

Business Segment Financial Results

Following the acquisition of substantially all of the assets of Grubb & Ellis, we changed our segment reporting structure. As a result, beginning with the quarter ended June 30, 2012, our operations consist of two reportable segments, Financial Services and Real Estate Services. The business segment financial results presented reflect our current organization.

The business segments are determined based on the products and services provided and reflect the manner in which financial information is evaluated by management. We evaluate the performance and review the results of the segments based on each segment's "Income (loss) from operations before income taxes."

Certain financial information for our segments is presented below. The amounts shown below for the Financial Services and Real Estate Services segments reflect the amounts that are used by management to allocate resources and assess performance, which is based on each segment's "Income (loss) from operations before income taxes." In addition to the two business segments, the tables below include a "Corporate Items" category. Corporate revenues include fees from related parties and interest income as well as gains that are not considered part of the Company's ordinary, ongoing business such as the gain related to the NASDAQ OMX Transaction. Corporate expenses include non-cash compensation expenses (such as the grant of exchangeability to limited partnership units; redemption/exchange of partnership units, issuance of restricted shares and reduction of compensation-related partnership loans; and allocations of net income to founding/working partner units and limited partnership units) as well as unallocated expenses such as certain professional and consulting fees, executive compensation and interest expense, which are managed separately at the corporate level.

Three months ended June 30, 2013 (in thousands):

	Financial Services	Real Estate Services*	Corporate Items	Total
Total revenues	$316,338	$143,071	$733,758	$1,193,167
Total expenses	259,977	133,820	591,119	984,916
Income (loss) from operations before income taxes	$ 56,361	$ 9,251	$142,639	$ 208,251

* For the three months ended June 30, 2013, the Real Estate Services segment income (loss) from operations before income taxes excludes $1.9 million related to the collection of receivables and associated expenses that were recognized at fair value as part of acquisition accounting.

Three months ended June 30, 2012 (in thousands):

	Financial Services	Real Estate Services*	Corporate Items	Total
Total revenues	$309,243	$131,194	$ 9,101	$449,538
Total expenses	250,767	126,048	68,273	445,088
Income (loss) from operations before income taxes	$ 58,476	$ 5,146	$(59,172)	$ 4,450

* For the three months ended June 30, 2012, the Real Estate Services segment income (loss) from operations before income taxes excludes $8.8 million related to the collection of receivables and associated expenses that were recognized at fair value as part of acquisition accounting.

Segment Results for the Three Months Ended June 30, 2013 Compared to the Three Months Ended June 30, 2012

Revenues

- Revenues for Financial Services increased approximately $7.1 million, or 2.3%, to $316.3 million for the three months ended June 30, 2013 from $309.2 million for the three months ended June 30, 2012. The increased in revenues for our Financial Services segment was primarily due to an increase in FX and Rates revenue.
- Revenues for Real Estate Services increased approximately $11.9 million, or 9.1%, to $143.1 million for the three months ended June 30, 2013 from $131.2 million for the three months ended June 30, 2012. The increase in revenues for our Real Estate Services segment was primarily due to increases in real estate brokerage and management services revenue as a result of the stabilization of the Grubb & Ellis brokers after the transition out of bankruptcy and a more favorable real estate environment.

Expenses

- Total expenses for Financial Services increased approximately $9.2 million, or 3.7%, to $260.0 million for the three months ended June 30, 2013 from $250.8 million for the three months ended June 30, 2012. The increase in expenses for our Financial Services segment was primarily due to increases in compensation expenses compared to the prior year period.
- Total expenses for Real Estate Services increased approximately $7.8 million, or 6.2%, to $133.8 million for the three months ended June 30, 2013 from $126.0 million for the three months ended June 30, 2012. The increase in expenses for our Real Estate Services segment was primarily due to increases in compensation expenses compared to the prior year period.

Income (loss) from operations before income taxes

- Income (loss) from operations before income taxes for Financial Services decreased approximately $2.1 million, or 3.6%, to $56.4 million for the three months ended June 30, 2013 from $58.5 million for the three months ended June 30, 2012. The decrease in income (loss) from operations before income taxes for our Financial Services segment was primarily due to higher expenses, as described above, partially offset by higher revenues, as also described above.
- Income (loss) from operations before income taxes for Real Estate Services increased $4.2 million, or 79.8%, to $9.3 million for the three months ended June 30, 2013 from $5.1 million for the three months ended June 30, 2012. The increase in income (loss) from operations before income taxes for our Real Estate Services segment was due to increased revenues, as described above, partially offset by an increase in expenses, as also described above.

Six months ended June 30, 2013 (in thousands):

	Financial Services	Real Estate Services*	Corporate Items	Total
Total revenues	$640,183	$255,750	$742,203	$1,638,136
Total expenses	519,766	249,607	646,815	1,416,188
Income (loss) from operations before income taxes	$120,417	$ 6,143	$ 95,388	$ 221,948

* For the six months ended June 30, 2013, the Real Estate Services segment income (loss) from operations before income taxes excludes $7.3 million related to the collection of receivables and associated expenses that were recognized at fair value as part of acquisition accounting.

Six months ended June 30, 2012 (in thousands):

	Financial Services	Real Estate Services*	Corporate Items	Total
Total revenues	$653,879	$172,614	$ 18,006	$844,499
Total expenses	518,952	168,717	133,468	821,137
Income (loss) from operations before income taxes	$134,927	$ 3,897	$(115,462)	$ 23,362

* For the six months ended June 30, 2012, the Real Estate Services segment income (loss) from operations before income taxes excludes $11.4 million related to the collection of receivables and associated expenses that were recognized at fair value as part of acquisition accounting.

Segment Results for the Six Months Ended June 30, 2013 Compared to the Six Months Ended June 30, 2012

Revenues

- Revenues for Financial Services decreased approximately $13.7 million, or 2.1%, to $640.2 million for the six months ended June 30, 2013 from $653.9 million for the six months ended June 30, 2012. The decrease in revenues for our Financial Services segment was primarily due to a decline in brokerage revenues in Credit and Equities and Other Asset Classes, partially offset by an increase in FX and Rates.
- Revenues for Real Estate Services increased approximately $83.2 million, or 48.2%, to $255.8 million for the six months ended June 30, 2013 from $172.6 million for the six months ended June 30, 2012. The increase in revenues for our Real Estate Services segment was primarily due to our acquisition of substantially all of the assets of Grubb & Ellis in April of 2012 and more favorable industry metrics.

Expenses

- Total expenses for Financial Services increased approximately $0.8 million, or 0.2%, to $519.8 million for the six months ended June 30, 2013 from $519.0 million for the six months ended June 30, 2012.
- Total expenses for Real Estate Services increased approximately $80.9 million, or 47.9%, to $249.6 million for the six months ended June 30, 2013 from $168.7 million for the six months ended June 30, 2012. The increase in expenses for our Real Estate Services segment was primarily due to our acquisition of substantially all of the assets of Grubb & Ellis in April of 2012.

Income (loss) from operations before income taxes

- Income (loss) from operations before income taxes for Financial Services decreased approximately $14.5 million, or 10.8%, to $120.4 million for the six months ended June 30, 2013 from $134.9 million for the six months ended June 30, 2012. The decrease in income (loss) from operations before income taxes for our Financial Services segment was primarily due to higher expenses, as described above, partially offset by higher revenues, as also described above.
- Income (loss) from operations before income taxes for Real Estate Services increased $2.2 million, or 57.6%, to $6.1 million for the six months ended June 30, 2013 from $3.9 million for the six months ended June 30, 2012. The increase in income (loss) from operations before income taxes for our Real Estate Services segment was due to increased revenues, as described above, partially offset by an increase in expenses, as also described above.

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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.

	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011
Revenues:								
Commissions	$ 324,832	$298,704	$ 293,350	$ 302,874	$308,438	$271,347	$ 250,921	$ 261,496
Principal transactions	85,349	87,997	76,312	76,417	83,686	99,745	79,888	94,997
Real estate management services	39,823	39,338	41,141	39,672	37,930	3,961	1,222	—
Fees from related parties	12,242	13,148	14,016	13,102	13,494	12,547	15,366	15,220
Market data	3,643	4,125	4,182	4,166	3,990	4,964	4,042	4,556
Software solutions	2,530	2,566	2,541	2,485	2,487	2,449	2,472	2,328
Interest income	1,651	1,548	1,371	1,397	1,543	2,195	1,351	1,730
Other revenues	1,174	831	52,936	3,199	622	209	1,777	1,283
Gain on divestiture	723,147	—	—	—	—	—	—	—
Losses on equity investments	(1,224)	(3,288)	(3,672)	(2,995)	(2,652)	(2,456)	(1,870)	(1,675)
Total revenues	1,193,167	444,969	482,177	440,317	449,538	394,961	355,169	379,935
Expenses:								
Compensation and employee benefits	765,679	289,392	316,097	288,669	308,029	246,869	216,298	253,879
Allocations of net income to limited partnership units and founding/working partner units	46,084	7,438	5,019	56	1,909	5,980	—	—
Total compensation and employee benefits	811,763	296,830	321,116	288,725	309,938	252,849	216,298	253,879
Occupancy and equipment	37,340	39,227	40,018	40,010	39,092	36,229	34,118	29,943
Fees to related parties	2,286	2,843	2,267	2,837	3,169	3,519	2,719	3,297
Professional and consulting fees	11,367	14,941	15,881	18,062	19,515	19,319	19,569	19,625
Communications	22,755	24,341	24,584	22,863	21,402	21,958	21,753	21,508
Selling and promotion	23,239	20,315	20,928	22,153	23,513	19,446	19,951	19,507
Commissions and floor brokerage	6,397	5,771	5,545	5,675	5,833	5,680	6,311	6,539
Interest expense	9,989	9,700	9,991	9,758	7,578	7,558	8,689	6,754
Other expenses	59,780	17,304	13,084	26,622	15,048	9,491	14,939	23,365
Total expenses	984,916	431,272	453,414	436,705	445,088	376,049	344,347	384,417
Income (loss) from operations before income taxes	208,251	13,697	28,763	3,612	4,450	18,912	10,822	(4,482)
Provision (benefit) for income taxes	78,711	3,095	10,329	2,623	70	7,202	3,905	(1,338)
Consolidated net income (loss)	129,540	10,602	18,434	989	4,380	11,710	6,917	(3,144)
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	95,074	3,604	4,266	1,440	2,422	3,521	3,077	(1,111)
Net income (loss) available to common stockholders	$ 34,466	$ 6,998	$ 14,168	$ (451)	$ 1,958	$ 8,189	$ 3,840	$ (2,033)

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The tables below detail our brokerage revenues by product category for the indicated periods (in thousands):

	For the Three Months Ended							
	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011
Brokerage revenue by product (actual results):								
Rates	$138,299	$144,992	$ 119,791	$ 131,359	$134,402	$146,884	$ 128,115	$ 151,813
Credit	67,343	69,142	62,225	67,926	70,084	84,371	66,148	83,507
Foreign Exchange	60,692	59,348	47,130	48,910	53,240	58,731	47,383	61,120
Real Estate	103,155	73,249	104,492	96,551	92,682	37,285	44,980	—
Equities and Other Asset Classes	40,692	39,970	36,024	34,545	41,716	43,821	44,183	60,053
Total brokerage revenues	$410,181	$386,701	$ 369,662	$ 379,291	$392,124	$371,092	$ 330,809	$ 356,493
Brokerage revenue by product (percentage):								
Rates	33.7%	37.5%	32.4%	34.6%	34.3%	39.6%	38.7%	42.6%
Credit	16.4	17.9	16.8	17.9	17.9	22.7	20.0	23.4
Foreign Exchange	14.8	15.3	12.7	12.9	13.6	15.8	14.3	17.1
Real Estate	25.1	19.0	28.3	25.5	23.6	10.1	13.6	—
Equities and Other Asset Classes	10.0	10.3	9.8	9.1	10.6	11.8	13.4	16.9
Total brokerage revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Brokerage revenue by voice/hybrid and fully electronic (actual results):								
Voice/hybrid	$374,397	$349,854	$ 339,155	$ 346,251	$358,395	$335,572	$ 299,307	$ 322,335
Fully electronic	35,784	36,847	30,507	33,040	33,729	35,520	31,502	34,158
Total brokerage revenues	$410,181	$386,701	$ 369,662	$ 379,291	$392,124	$371,092	$ 330,809	$ 356,493
Brokerage revenue by voice/hybrid and fully electronic (percentage):								
Voice/hybrid	91.3%	90.5%	91.7%	91.3%	91.4%	90.4%	90.5%	90.4%
Fully electronic	8.7	9.5	8.3	8.7	8.6	9.6	9.5	9.6
Total brokerage revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

LIQUIDITY AND CAPITAL RESOURCES

Balance Sheet

Our balance sheet and business model are not capital intensive. We maintain minimal securities inventory; our assets consist largely of cash, collateralized and uncollateralized short-dated receivables and less liquid assets needed to support our business. Longer-term funding (equity and long-term debt) is held to support the less liquid assets and potential capital intensive opportunities. Total assets at June 30, 2013 were $3.4 billion, an increase of 110.4% as compared to December 31, 2012. The increase in total assets was driven primarily by an increase in cash and in receivables from broker-dealers, clearing organizations, customers and related broker-dealers. We maintain a significant portion of our assets in cash, with our cash position (which we define as cash and cash equivalents plus unencumbered securities held for liquidity purposes) at June 30, 2013 of $1,102.4 million. See “Cash Position Analysis” below for a further discussion of cash and cash equivalents.

As part of our cash management process, especially in light of the proceeds of the NASDAQ OMX Transaction, we may enter into reverse repurchase agreements and other short term investments, some of which may be with Cantor. As of June 30, 2013 and December 31, 2012, the Company had no reverse repurchase agreements outstanding with Cantor. As of July 31, 2013, we had $500 million of reverse repurchase agreements with Cantor, for which we received, as collateral, Agency MBS and similar quality securities with a fair value of $510 million. As of June 30, 2013, we had a $49.1 million reverse repurchase agreement with a third party to facilitate the settlement of matched principal transactions.

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. The Company shall be entitled to invest in the program so long as it meets investment policy guidelines, including relating to ratings. Cantor will earn a spread between the rate they receive from the short-term note issuer and the rate they pay to us on any investments in this program. This spread shall be no greater than the spread earned by Cantor for placement of any other commercial paper note in the program.

Funding

Our funding base consists of longer-term capital (equity, notes payable and collateralized borrowings), shorter-term liabilities (including our credit facility to the extent drawn) 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. Capital expenditures tend to be cash neutral and approximately in line with depreciation. Current cash balances significantly exceed our unsecured letters of credit, unsecured bank borrowings and the amortization of our collateralized long-term debt. We have also entered into secured loan arrangements, which are repayable in consecutive monthly installments with the final payments due in December 2016. A significant portion of our cash is held in our largest regulated entities and we believe that cash in and available to these entities, inclusive of financing provided by clearing banks, is adequate for potential cash demands of normal operations such as margin or fail financing. We expect our operating activities going forward to generate adequate cash flows to fund normal operations, including any dividends issued pursuant to our dividend policy. However, we believe that there are a significant number of capital intensive opportunities for us to maximize our growth and 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 business;
- effect acquisitions;
- develop new or enhanced services and markets; and
- respond to competitive pressures.

Acquisitions and financial reporting obligations related thereto may impact our ability to access capital markets on a timely basis and may necessitate greater short-term borrowings in the interim. This may impact our credit rating or the interest rates on our debt. 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, 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.

Equity

We currently have in place an effective equity shelf Registration Statement on Form S-3 (the “Form S-3 Registration Statement”) with respect to the issuance and sale of up to 20 million shares of our Class A common stock from time to time on a delayed or continuous basis. As of July 31, 2013, we have issued and sold an aggregate of approximately 8.7 million shares of Class A common stock under the Form S-3 Registration Statement pursuant to the controlled equity offering sales agreement we entered into with CF&Co on December 12, 2012 (the “December 2012 Sales Agreement”), with approximately 11.3 million shares of Class A common stock remaining to be sold under the December 2012 Sales Agreement as of July 31, 2013. We intend to use the net proceeds of any shares of Class A common stock sold for general corporate purposes, including potential acquisitions, redemptions of limited partnership units and founding/working partner units in BGC Holdings and repurchases of shares of 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 registrations along with our share buy-back 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 Class A shares under the registration.

Further, we have an effective registration statement on Form S-4 (the “Form S-4 Registration Statement”), 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 July 31, 2013, we have issued an aggregate of 3.8 million shares of Class A common stock under the Form S-4 Registration Statement, all in connection with

acquisitions in the real estate brokerage industry. 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 our Class A common stock under the BGC Partners, Inc. Dividend Reinvestment and Stock Purchase Plan. As of July 31, 2013, we have issued approximately 114.8 thousand shares of our Class A common stock under the Dividend Reinvestment and Stock Purchase Plan.

On April 12, 2013, we filed a resale Registration Statement on Form S-3 pursuant to which 2,810,000 shares of our Class A common stock may be sold by The Cantor Fitzgerald Relief Fund (the "Relief Fund") or by its pledgees, donees, transferees or other successors in interest. Of the 2,810,000 shares, 1,810,000 shares were donated on December 21, 2012 and the remaining 1,000,000 shares were donated on April 2, 2013.

Our 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 our Class A common stock upon exchange of limited partnership units and founding/working partner units. On June 4, 2013, at our Annual Meeting of Stockholders, our stockholders approved an amendment to our Third Amended and Restated Long Term Incentive Plan (the "Equity Plan") to increase from 150 million to 200 million the aggregate number of shares of our Class A common stock that may be delivered or cash settled pursuant to awards granted during the life of the Equity Plan. On June 7, 2013, we filed a Registration Statement on Form S-8 with respect to the additional 50 million shares. As of June 30, 2013, the limit on the aggregate number of shares authorized to be delivered allowed for the grant of future awards relating to 67.8 million shares.

Notes Payable, Collateralized Borrowings and Credit Facility

On April 1, 2010, we effectively refinanced $150.0 million in Senior Notes payable via issuance of the 8.75% Convertible Notes to Cantor. The details of this issuance are provided in the "Notes Payable, Collateralized and Short-Term Borrowings" section below.

On June 23, 2011, we entered into a Credit Agreement with a bank syndicate which provides for up to $130.0 million of unsecured revolving credit through September 23, 2013. Borrowings under the Credit Agreement will bear interest on a floating rate basis with various terms available from which we can select. The Credit Agreement also provides for an unused facility fee and certain upfront and arrangement fees. The Credit Agreement requires that the outstanding loan balance be reduced to zero every 270 days for three days. The Credit Agreement further provides for certain affirmative and negative covenants including financial covenants, such as minimum equity, tangible equity and interest coverage, as well as maximum levels for total assets to equity capital and debt to equity. On June 20, 2013, we entered into the Second Amendment to Credit Agreement and Waiver, pursuant to which the parties agreed to a three-month extension of the termination date of the Credit Agreement to September 23, 2013 and a waiver of certain provisions of the Credit Agreement in connection with the NASDAQ OMX Transaction and our possible hedge of NASDAQ OMX shares to be received in the earn-out portion of the transaction consideration. We expect to negotiate a renewal of the Credit Agreement during the extension period.

The borrowings under the Credit Agreement will be used for general corporate purposes, including, but not limited to, financing our existing businesses and operations, expanding our businesses and operations through additional broker hires, strategic alliances and acquisitions, and repurchasing shares of our Class A common stock or purchasing limited partnership interests in BGC Holdings or other equity interests in our subsidiaries. As of July 31, 2013, we had no borrowings outstanding under the Credit Agreement.

On July 29, 2011, we issued an aggregate of $160.0 million principal amount of 4.50% Convertible Notes. On June 26, 2012, we issued an aggregate of $112.5 million principal amount of 8.125% Senior Notes due 2042. Additional details regarding these issuances are provided in the "Notes Payable, Collateralized and Short-Term Borrowings" section below.

On various dates beginning in 2009 and most recently in December 2012, we entered into secured loan arrangements under which we pledged certain fixed assets in exchange for loans. Additional details regarding our secured loan arrangements are provided in the "Notes Payable, Collateralized and Short-Term Borrowings" section below.

We may raise additional funds from time to time through equity or debt financing, including public and private sales of debt securities, to finance our business, operations and possible acquisitions.

CREDIT RATINGS

Our public long-term credit ratings and associated outlook are as follows:

	Rating	Outlook
Fitch Ratings Inc.	BBB-	Stable*
Standard & Poor's	BBB-	Stable

* On June 28, 2013, Fitch Ratings Inc. downgraded our long-term debt rating from BBB to BBB- and changed its outlook from negative to 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 reduction in our credit ratings and/or the associated outlook 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 trading agreements, we may be required to provide additional collateral in the event of a credit ratings downgrade.

CASH POSITION ANALYSIS

Below is an analysis of the changes in our cash position for the six months ended June 30, 2013 and 2012. Our cash position is defined as cash and cash equivalents plus unencumbered securities held for liquidity purposes. The analysis below describes the key components of our earnings, dividends and distributions, investing and funding, security settlements and our working capital activities.

Our cash analysis starts with consolidated net income adjusted for certain non-cash items (e.g., grants of exchangeability) 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. This timing difference will impact our sources and uses of cash in a given period.

Our investing and funding activities represent a combination of our capital raising activities, including short-term borrowings and issuances under our controlled equity offerings (net), and our 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. In addition, when advantageous, we may elect to facilitate the settlement of matched principal transactions by funding failed trades, which results in a temporary secured use of cash and is economically beneficial to us.

Other changes in working capital represent changes primarily in receivables and payables and accrued liabilities that impact our cash position.

The changes in our cash position during the six months ended June 30, 2013 and 2012 were as follows:

	Six Months Ended June 30,	
(in millions)	2013	2012
Cash position, beginning of period	$ 420.4	$385.7
Consolidated net income, adjusted for non-cash items	627.4	88.6
Dividends and distributions related to prior periods	(71.9)	(95.2)
Treasury stock repurchases	(0.2)	(0.3)
Net cash from earnings, dividends and distributions	555.3	(6.9)
Investing and funding activities:		
(Decreases) increases in funding	(32.4)	104.1
Investments	26.9	(95.6)
Net investing and funding activities	(5.5)	8.5
Securities settlements	(13.1)	(6.8)
Other changes in working capital	147.2	26.2
All other	(1.9)	(1.2)
Cash position, end of period	$1,102.4	$405.5

Discussion of six months ended June 30, 2013

The increased cash position was primarily due to cash received from the sale of assets to NASDAQ OMX.

For the six months ended June 30, 2013, we generated earnings adjusted for non-cash items of $627.4 million, which was primarily due to the $723.1 million gain on divestiture from the NASDAQ OMX Transaction. We also paid dividends and distributions to shareholders and limited partners of $71.9 million of which $39.8 million related to dividends associated with the fourth quarter of 2012 and first quarter 2013 earnings and $32.1 million related to distributions to partners associated with the fourth quarter of 2012 earnings.

Our investing and funding activities used approximately $5.5 million of cash during the period. Decreases in our funding of $32.4 million were primarily driven by repayment of collateralized borrowings. During this period, investments generated $26.9 million primarily due to the sale of assets to NASDAQ OMX. This represents the net of the cash proceeds and the gain on the NASDAQ OMX Transaction which was reflected in our consolidated net income.

Our securities settlement activities used $13.1 million of cash during the period primarily related to funding fail transactions, which is a temporary decrease in cash.

Working capital and other uses of cash were approximately $147.2 million, primarily due to increases in tax liabilities relating to the gain on the sale of assets to NASDAQ OMX.

Discussion of six months ended June 30, 2012

For the six months ended June 30, 2012, we generated earnings adjusted for non-cash items of $88.6 million and paid dividends and distributions to shareholders and limited partners of $95.2 million of which $47.4 million related to dividends associated with fourth quarter 2011 and first quarter 2012 earnings and $47.8 million related to partnership earnings in the third and fourth quarter of 2011.

Our investing and funding activities generated approximately $8.5 million of cash during the period. Increases in our funding generated $104.1 million primarily driven by the issuance of $112.5 million of Senior Notes on June 26, 2012. During this period, we invested $95.6 million primarily in investments in Grubb & Ellis and ELX.

Our securities settlement activities utilized $6.8 million of cash during the period, which is a temporary use of cash.

Working capital and other sources of cash were approximately $25.0 million.

NOTES PAYABLE, COLLATERALIZED AND SHORT-TERM BORROWINGS

On April 1, 2010, BGC Holdings issued an aggregate of $150.0 million principal amount of the 8.75% Convertible Notes to Cantor. We used the proceeds of the 8.75% Convertible Notes to repay at maturity $150.0 million aggregate principal amount of Senior Notes.

The 8.75% Convertible Notes are senior unsecured obligations and rank equally and ratably with all of our existing and future senior unsecured obligations. The 8.75% Convertible Notes bear an annual interest rate of 8.75% currently, which is payable semi-annually in arrears on April 15 and October 15 of each year. As of June 30, 2013, the 8.75% Convertible Notes were convertible, at the holder’s option, at a conversion rate of 157.1566 shares of Class A common stock per $1,000 principal amount of notes, subject to adjustment in certain circumstances. The 8.75% Convertible Notes were convertible into approximately 23.6 million shares of Class A common stock as of June 30, 2013. The 8.75% Convertible Notes will mature on April 15, 2015, unless earlier repurchased, exchanged or converted.

On July 29, 2011, we issued an aggregate of $160.0 million principal amount of 4.50% Convertible Notes. In connection with the offering of the 4.50% Convertible Notes, we entered into an Indenture, dated as of July 29, 2011, with U.S. Bank National Association, as trustee. The 4.50% Convertible Notes were offered and sold solely to qualified institutional buyers pursuant to Rule 144A under the Securities Act.

The 4.50% Convertible Notes are our general senior unsecured obligations. The 4.50% Convertible Notes pay interest semi-annually at a rate of 4.50% per annum and were priced at par. As of June 30, 2013, the 4.50% Convertible Notes were convertible, at the holder's option, at a conversion rate of 101.6260 shares of Class A common stock per $1,000 principal amount of notes, subject to adjustment in certain circumstances. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our Class A common stock, or a combination thereof at our election. As of June 30, 2013, the 4.50% Convertible Notes were convertible into approximately 16.3 million shares of our Class A common stock. The 4.50% Convertible Notes will mature on July 15, 2016, unless earlier repurchased, exchanged or converted. The carrying value of the 4.50% Convertible Notes was approximately $145.6 million as of June 30, 2013.

In connection with the offering of the 4.50% Convertible Notes, we entered into capped call transactions, which are expected to reduce the potential dilution of our Class A common stock upon any conversion of 4.50% Convertible Notes in the event that the market value per share of our Class A common stock, as measured under the terms of the capped call transactions, is greater than the strike price of the capped call transactions ($10.17 as of June 30, 2013, subject to adjustment in certain circumstances). The capped call transactions had an initial cap price equal to $12.30 per share (50% above the last reported sale price of our Class A common stock on the NASDAQ on July 25, 2011), and had a cap price equal to approximately $12.72 per share as of June 30, 2013.

The net proceeds from this offering were approximately $144.2 million after deducting the initial purchasers' discounts and commissions, estimated offering expenses and the cost of the capped call transactions. We used the net proceeds from the offering for general corporate purposes, including financing acquisitions.

On June 26, 2012, we issued an aggregate of $112.5 million principal amount of 8.125% Senior Notes due 2042. The 8.125% Senior Notes are our senior unsecured obligations. The 8.125% Senior Notes may be redeemed for cash, in whole or in part, on or after June 26, 2017, at our option, at any time and from time to time, until maturity at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest on the principal amount being redeemed to, but not including, the redemption date. The 8.125% Senior Notes are listed on the New York Stock Exchange under the symbol "BGCA." We used the proceeds to repay short-term borrowings under our unsecured revolving credit facility and for general corporate purposes, including acquisitions. The initial carrying value of the 8.125% Senior Notes was $108.7 million, net of debt issuance costs of $3.8 million. CF&Co, an affiliate of us, served as one of the underwriters in this transaction and was paid an underwriting fee of approximately $0.2 million.

On various dates beginning in 2009 and most recently in December 2012, we entered into secured loan arrangements under which we pledged certain fixed assets in exchange for loans. The secured loan arrangements have fixed rates between 2.62% and 8.09% per annum and are repayable in consecutive monthly installments with the final payments due in December 2016. The outstanding balance of the secured loan arrangements was $19.4 million and $37.6 million as of June 30, 2013 and December 31, 2012, respectively. The value of the fixed assets pledged was $16.9 million and $32.1 million as of June 30, 2013 and December 31, 2012, respectively. The secured loan arrangements are guaranteed by us.

During the three months ended June 30, 2013, we prepaid $12.2 million related to the secured loan arrangements. As a result of the prepayment, we incurred $0.1 million of early termination fees and recognized $0.1 million as a result of the acceleration of deferred financing costs, which are recorded in "Interest expense" in our unaudited condensed consolidated statements of operations.

On various dates during the years ended December 31, 2011 and 2010, we sold certain furniture, equipment and software for $34.2 million, net of costs and concurrently entered into agreements to lease the property back. The principal and interest on the leases were repayable in equal monthly installments for terms of 36 months (software) and 48 months (furniture and equipment) with maturities through September 2014.

During the three months ended June 30, 2013, we terminated the leases and prepaid the outstanding balance of $7.4 million. As a result of the prepayment, we incurred $0.1 million of early termination fees and recognized $0.2 million as a result of the acceleration of deferred financing costs, which are recorded in "Interest expense" in our unaudited condensed consolidated statements of operations.

Because the leases were terminated during the three months ended June 30, 2013, we had no outstanding balance or fixed assets pledged related to the leases as of June 30, 2013. As of December 31, 2012, the outstanding balance of the leases and the value of the fixed assets pledged were $11.7 million and $8.3 million, respectively.

Because assets reverted back to us at the end of the leases, the transactions were capitalized. As a result, consideration received from the purchaser was included in our unaudited condensed consolidated statements of financial condition as a financing obligation, and payments made under the lease were recorded as interest expense (at an effective rate of approximately 6%). Depreciation on these fixed assets was charged to "Occupancy and equipment" in our unaudited condensed consolidated statements of operations.

During the year ended December 31, 2011, we entered into a Credit Agreement with a bank syndicate which provides for up to $130.0 million of unsecured revolving credit through September 23, 2013 (for a detailed description of this facility, see Note 15—"Notes Payable, Collateralized and Short-Term Borrowings" to our unaudited condensed consolidated financial statements). The borrowings under the Credit Agreement will be used for general corporate purposes, including, but not limited to, financing our existing businesses and operations, expanding our businesses and operations through additional broker hires, strategic alliances and acquisitions, and repurchasing shares of our Class A common stock or purchasing limited partnership interests in BGC Holdings or other equity interests in our subsidiaries. As of July 31, 2013, we had no borrowings outstanding under the Credit Agreement.

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. 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, and we shall post as soon as practicable, cash or other property acceptable to Cantor in the amount reasonably requested by Cantor under the clearing capital agreement.

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 censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer. In addition, self-regulatory organizations such as the Financial Industry Regulatory Authority ("FINRA") and the National Futures Association ("NFA") along with statutory bodies such as the Financial Conduct Authority ("FCA") and the U.S. Securities and Exchange Commission (the "SEC") 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.

On April 1, 2013, the FSA was replaced by two new regulatory bodies:

- The Prudential Regulation Authority ("PRA") now governs the regulation of deposit-taking institutions, insurers and investment banks.
- The Financial Conduct Authority ("FCA") now regulates business conduct of retail and wholesale markets with the main objective of protecting and enhancing confidence in the UK's financial system. It has responsibility for the conduct of business regulation of all financial institutions including those regulated prudentially by the PRA.

Certain of our European subsidiaries are regulated by the FCA.

As of June 30, 2013, $325.4 million of net assets were held by regulated subsidiaries. As of June 30, 2013, these subsidiaries had aggregate regulatory net capital, as defined, in excess of the aggregate regulatory requirements, as defined, of $149.6 million.

In April 2013, our Board of Directors 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.

EQUITY

Class A Common Stock

Changes in shares of our Class A common stock outstanding for the three and six months ended June 30, 2013 and 2012 were as follows. This table does not include 45.2 million shares of our Class A common stock (of which approximately 39.1 million will be restricted shares) that we granted and expect to issue in connection with our global partnership restructuring program (see "Share Count Reduction and Modifications/Extensions of Employment Agreements" herein).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Shares outstanding at beginning of period	130,873,581	104,762,935	123,913,759	97,220,042
Share issuances:				
Redemptions and exchanges of limited partnership interests (1)	3,498,243	2,530,980	8,837,725	6,004,888
Vesting of restricted stock units (RSUs)	131,571	201,316	623,393	876,289
Acquisitions (2)	1,086,975	839,120	1,086,975	918,835
Purchase of notes receivable in connection with our acquisition of Grubb & Ellis	—	—	—	453,172
Other issuances of Class A common stock	771,169	47,023	1,899,687	2,952,161
Treasury stock repurchases	(33,478)	—	(33,478)	(44,013)
Shares outstanding at end of period	136,328,061	108,381,374	136,328,061	108,381,374

(1) The issuances related to redemptions and exchanges of limited partnership interests did not impact the fully diluted number of shares and units outstanding.
(2) For the three and six months ended June 30, 2012, 72,009 of these shares were issued pursuant to the exemption from registration provided by Regulation S under the Securities Act.

Class B Common Stock

We did not issue any shares of Class B common stock during the three and six months ended June 30, 2013 or 2012.

Controlled Equity Offering

On December 12, 2012, we entered into a controlled equity offering sales agreement with CF&Co, pursuant to which we may offer and sell up to an aggregate of 20 million shares of our Class A common stock. Shares of our Class A common stock sold under our controlled equity offering sales agreement are used primarily for redemptions of limited partnership interests in BGC Holdings. CF&Co is a wholly-owned subsidiary of Cantor and an affiliate of us. Under the December 2012 Sales Agreement, we have agreed to pay CF&Co 2% of the gross proceeds from the sale of shares. As of June 30, 2013, we have sold 8,672,410 shares of our Class A common stock under the December 2012 Sales Agreement.

Unit Redemptions and Share Repurchase Program

Our Board of Directors and 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. On May 1, 2013, our Board of Directors and Audit Committee increased our share repurchase and unit redemption authorization to $100 million. This authorization increased to $250 million upon the closing of the NASDAQ OMX Transaction. On July 30, 2013, our Board of Directors reauthorized the Company's $250 million share repurchase and unit redemption program. From time to time, we may actively continue to repurchase shares or redeem units.

The below table excludes 77.4 million units which we redeemed or exchanged from partners at the end of the second quarter of 2013. We granted and expect to issue 45.2 million restricted shares of our Class A common stock, of which approximately 39.1 million will be restricted shares. The Company also expects to pay the anticipated withholding taxes owed on behalf of these partners related to this redemption/exchange and issuance. These restricted shares are generally expected to be saleable by partners in good standing after either five or ten years (see "Share Count Reduction and Modifications/Extensions of Employment Agreements" herein). Partners who agree to extend the lengths of their employment agreements and/or other contractual modifications are expected to be able to sell their restricted shares over a shorter time period. Unit redemption and share repurchase activity for the six months ended June 30, 2013 was as follows:

Period	Total Number of Units Redeemed or Shares Repurchased	Average Price Paid per Unit or Share	Approximate Dollar Value of Units and Shares That May Yet Be Redeemed/ Purchased Under the Plan
Redemptions (1), (2)			
January 1, 2013—March 31, 2013	5,193,534	$ 4.16	
April 1, 2013—April 30, 2013	894,218	5.51	
May 1, 2013—May 31, 2013	—	—	
June 1, 2013—June 30, 2013	1,764,245	5.48	
Total Redemptions	7,851,997	$ 4.61	
Repurchases (3), (4)			
January 1, 2013—March 31, 2013	—	$ —	
April 1, 2013—April 30, 2013	33,478	5.61	
May 1, 2013—May 31, 2013	—	—	
June 1, 2013—June 30, 2013	—	—	
Total Repurchases	33,478	$ 5.61	
Total Redemptions and Repurchases	7,885,475	$ 4.61	$ 250,000,000

(1) During the three months ended June 30, 2013, we redeemed approximately 2.5 million limited partnership units at an average price of $5.54 per unit and approximately 0.2 million founding/working partner units at an average price of $4.68 per unit. During the three months ended June 30, 2012, we redeemed approximately 2.6 million limited partnership units at an average price of $6.47 per unit and approximately 0.3 million founding/working partner units at an average price of $7.76 per unit.

(2) During the six months ended June 30, 2013, we redeemed approximately 6.9 million limited partnership units at an average price of $4.71 per unit and approximately 0.9 million founding/working partner units at an average price of $3.78 per unit. During the six months ended June 30, 2012, we redeemed approximately 5.4 million limited partnership units at an average price of $6.61 per unit and approximately 1.3 million founding/working partner units at an average price of $6.55 per unit.

(3) During the three months ended June 30, 2013, we repurchased 33,478 shares of our Class A common stock at an aggregate purchase price of approximately $0.2 million for an average price of $5.61 per share. Such shares were purchased from Stephen M. Merkel, our Executive Vice President, General Counsel and Secretary. During the three months ended June 30, 2012, we did not repurchase any shares of our Class A common stock.

(4) During the six months ended June 30, 2013, we repurchased 33,478 shares of our Class A common stock at an aggregate purchase price of approximately $0.2 million for an average price of $5.61 per share. During the six months ended June 30, 2012, we repurchased 44,013 shares of our Class A common stock at an aggregate purchase price of approximately $0.3 million for an average price of $7.66 per share.

The fully diluted weighted-average share count for the three months ended June 30, 2013 was as follows (in thousands):

	Three Months Ended June 30, 2013
Common stock outstanding(1)	171,758
Limited partnership interests in BGC Holdings	165,127
Convertible notes equivalent shares	39,780
RSUs (Treasury stock method)	630
Other	797
Total(2)	378,092

(1) Common stock outstanding consisted of Class A shares, Class B shares and contingent shares for which all necessary conditions have been satisfied except for the passage of time. For the quarter ended June 30, 2013, the weighted-average share count of Class A shares was 136.7 million and Class B shares was 34.8 million.

(2) For the quarter ended June 30, 2013, approximately 6.6 million, potentially dilutive securities were not included in the computation of fully diluted earnings per share because their effect would have been anti-dilutive. Also, as of June 30, 2013, approximately 5.9 million shares of contingent Class A common stock were excluded because the conditions for issuance had not been met by the end of the period.

We intend to reexamine our partnership enhancement program and to take other steps with the objective of reducing our overall rate of share count growth.

Stock Option Exercises

We did not issue any shares of our Class A common stock related to the exercise of stock options during the three and six months ended June 30, 2013 or 2012.

UNIT REDEMPTIONS FROM EXECUTIVE OFFICERS

The Company's named executive officers are participating in the global partnership redemption program as follows (see "Share Count Reduction and Modifications/Extensions of Employment Agreements" herein): Howard W. Lutnick, the Company's Chief Executive Officer, redemption/exchange of 5,930,035 previously issued limited partnership units, with 2,889,279 shares of Class A common stock and 1,016,375 shares of restricted stock (Mr. Lutnick does not currently intend to sell any of these shares of Class A common stock); Shaun D. Lynn, the Company's President, redemption/exchange of 3,017,721 previously issued limited partnership units, with 664,066 shares of Class A common stock and 1,815,711 shares of restricted stock; Stephen M. Merkel, the Company's Executive Vice President, General Counsel and Secretary, redemption of 355,131 previously issued limited partnership units, with 228,674 shares of restricted stock; Sean A. Windeatt, the Chief Operating Officer of the Company, redemption of 437,813 previously issued limited partnership units, with 349,136 shares of restricted stock; and A. Graham Sadler, the Company's Chief Financial Officer, redemption of 189,975 previously issued limited partnership units, with 151,496 shares of restricted stock. The number of shares actually delivered to the named executive officers will be net of shares withheld to pay withholding taxes. These shares were awarded to the named executive officers on July 30, 2013.

In addition, in connection with the foregoing, Messrs. Lynn, Windeatt and Sadler will receive newly-issued BGC Holdings limited partnership units that are equivalent to 9.75% of their non-exchangeable units that were redeemed in the above transactions. Upon any sale or other transfer by such executive officers of shares of restricted stock, a proportional number of these newly-issued units will be redeemed for zero by BGC Holdings. The newly-issued units are not expected to be made exchangeable into shares of Class A common stock.

SHARE REPURCHASES FROM EXECUTIVE OFFICERS

On April 2, 2013, the Audit Committee and Compensation Committee authorized management to repurchase shares of Class A common stock or partnership units from our executive officers from time to time at prices not to exceed the market price of the Class A common stock on the date of purchase. On April 2, 2013, we repurchased from Mr. Merkel 33,478 shares of Class A common stock at a price of $5.61 per share, which was the closing price of the Class A common stock on such date, less 2%.

CANTOR RIGHTS TO PURCHASE LIMITED PARTNERSHIP INTERESTS FROM BGC HOLDINGS

Cantor has the right to purchase limited partnership interests (Cantor units) from BGC Holdings upon redemption of non-exchangeable founding/working partner units redeemed by BGC Holdings upon termination or bankruptcy of the founding/working partner. Any such Cantor units purchased by Cantor are exchangeable for shares of Class B common stock or, at Cantor's election or if there are no additional authorized but unissued shares of Class B common stock, shares of Class A common stock, in each case on a one-for-one basis (subject to customary anti-dilution adjustments).

As of June 30, 2013, there were 1,293,751 non-exchangeable founding/working partner units remaining in which BGC Holdings had the right to redeem and Cantor had the right to purchase an equivalent number of Cantor units.

PARTNER LOAN AGREEMENTS

On April 5, 2012, we repurchased an aggregate of 895,141 partnership interests at a price of $7.82 per share from an employee. Approximately $4.6 million of the proceeds were used to repay two notes previously issued by us, and approximately $2.4 million of the proceeds were used towards a $3.4 million third-party note, to which the shares underlying the employee's remaining 301,160 exchangeable units remain pledged. Cantor has guaranteed this third-party loan.

AQUA SECURITIES L.P.

We are authorized to enter into loans, investments or other credit support arrangements for Aqua Securities L.P. (“Aqua”), an alternative electronic trading platform which offers new pools of block liquidity to the global equities markets, of up to $10.0 million in the aggregate; such arrangements would be proportionally and on the same terms as similar arrangements between Aqua and Cantor. A $1.6 million increase in this amount was authorized on August 5, 2013. Aqua is 51% owned by Cantor and 49% owned by us. Aqua is accounted for under the equity method of accounting. During the six months ended June 30, 2013, we made $0.8 million in cash contributions to Aqua. These contributions are recorded as part of “Investments” in our unaudited condensed consolidated statements of financial condition.

GUARANTEE AGREEMENT FROM CF&Co

Under rules adopted by the Commodity Futures Trading Commission (“CFTC”), all foreign introducing brokers engaging in transactions with U.S. persons are required to register with the National Futures Association (“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 ("FCM"). 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. CF&Co has entered into guarantees on our behalf, and we are required to indemnify CF&Co for the amounts, if any, paid by CF&Co on our behalf pursuant to this arrangement.

SHARE DONATION IN CONNECTION WITH CHARITY DAY

On April 2, 2013, we issued and donated an aggregate of 1,000,000 shares of Class A common stock to the Relief Fund in connection with our annual Charity Day. On April 12, 2013, we filed a resale registration statement on Form S-3 with respect to 2,810,000 shares of Class A common stock donated by us to the Relief Fund in connection with our annual Charity Day (including the 1,000,000 shares we issued and donated on April 2, 2013). The registration statement was declared effective by the SEC on May 6, 2013.

MARKET SUMMARY

The following table provides certain volume and transaction count information on the eSpeed system for the quarterly periods indicated:

	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012
Notional Volume (in billions)					
U.S Treasuries ("UST")	$12,001	$10,582	$ 8,010	$ 9,589	$11,148
Fully electronic volume excluding UST	2,416	2,622	1,701	1,988	2,243
Total fully electronic volume	14,417	13,204	9,711	11,577	13,391
Total hybrid volume—(1)	36,464	38,545	34,714	37,939	34,719
Total fully electronic and hybrid volume excluding UST	38,880	41,167	36,415	39,927	36,962
Total fully electronic and hybrid volume	$50,881	$51,749	$ 44,425	$ 49,516	$48,110
Transaction Count (in thousands, except for days)					
U.S. Treasuries	5,095	4,104	3,180	3,702	4,494
Fully electronic volume excluding UST	1,406	1,380	715	758	940
Total fully electronic transactions	6,501	5,484	3,895	4,460	5,434
Total hybrid transactions	717	702	619	678	707
Total transactions excluding UST	2,123	2,082	1,334	1,436	1,648
Total transactions	7,218	6,186	4,514	5,138	6,141
Trading Days	64	60	64	63	63

(1) Defined as volume from hybrid transactions conducted by BGC Brokers using the eSpeed system, exclusive of voice-only transactions.

Notes: The NASDAQ OMX Transaction is expected to lower the above volume figures for fully electronic Rates in periods following the close of the NASDAQ OMX Transaction. To provide a more meaningful comparison, the figures above are shown with and without fully electronic UST volumes. The above historical volume figures have been adjusted to reflect the reclassification of certain brokerage desks. These reclassifications had no impact on our total fully electronic or hybrid volumes or on our revenues related to fully electronic trading, overall revenues or earnings.

All trades executed on the eSpeed platform settle for clearing purposes against CF&Co, a BGC affiliate. CF&Co is a member of FINRA and the Fixed Income Clearing Corporation, a subsidiary of the Depository Trust & Clearing Corporation. CF&Co, BGC, and other affiliates participate in U.S. Treasuries as well as other markets by posting quotations for their account and by acting as principal on trades with platform users. Such activity is intended, among other things, to assist CF&Co, BGC, and their affiliates in managing their 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.

QUARTERLY MARKET ACTIVITY

Fully electronic volume on the eSpeed and BGC Trader system, including new products, was $14.4 trillion for the three months ended June 30, 2013, up 7.7% from $13.4 trillion for the three months ended June 30, 2012. Our combined voice-assisted and screen-assisted volume for the three months ended June 30, 2013 was $50.9 trillion, up 5.8% from $48.1 trillion for the three months ended June 30, 2012. Excluding UST, fully electronic volume on the eSpeed and BGC Trader system, including new products, was $2.4 trillion for the three months ended June 30, 2013, up 7.8% from $2.2 trillion for the three months ended June 30, 2012. Our combined voice-assisted and screen-assisted volume, excluding UST, for the three months ended June 30, 2013 was $39.0 trillion, up 5.2% from $37.0 trillion for the three months ended June 30, 2012.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table summarizes certain of our contractual obligations at June 30, 2013 (in thousands):

	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Operating leases(1)	$ 257,885	$ 52,907	$ 88,055	$ 53,080	$ 63,843
Notes payable and collateralized obligations(2)	442,140	7,736	161,134	160,770	112,500
Interest on notes payable(3)	311,056	30,057	43,443	18,587	218,969
Total contractual obligations	$1,011,081	$ 90,700	$292,632	$232,437	$ 395,312

(1) Operating leases are related to rental payments under various non-cancelable leases, principally for office space, net of sub-lease payments to be received. The total amount of sub-lease payments to be received is approximately $14.2 million over the life of the agreement. These sub-lease payments are included in the table above.

(2) Notes payable and collateralized obligations reflects the issuance of $150.0 million of the 8.75% Convertible Notes with a contractual maturity date in 2015 (unless earlier repurchased, exchanged or converted), $160.0 million of the 4.50% Convertible Notes (the $160.0 million represents the principal amount of the debt; the carrying value of the 4.50% Convertible Notes as of June 30, 2013 was approximately $145.6 million) with a contractual maturity date in 2016 (unless earlier repurchased, exchanged or converted), $112.5 million of the 8.125% Senior Notes (the $112.5 million represents the principal amount of the debt; the carrying value of the 8.125% Senior Notes as of June 30, 2013 was approximately $108.8 million) with a contractual maturity date in 2042 (which may be redeemed for cash, in whole or in part, on or after June 26, 2017, at our option) and $19.5 million of secured loan arrangements (the $19.5 million represents the principal amount of the debt; the carrying value of the secured loan arrangements as of June 30, 2013 was approximately $19.4 million) with maturity dates from 2013 to 2016. See Note 15—“Notes Payable, Collateralized and Short-Term Borrowings,” to our unaudited condensed consolidated financial statements for more information regarding these obligations, including timing of payments and compliance with debt covenants.

(3) The $219.0 million of interest on notes payable that is due in more than five years represents interest on the 8.125% Senior Notes. The 8.125% Senior Notes may be redeemed for cash, in whole or in part, on or after June 26, 2017, at our option, which may impact the actual interest paid.

OFF-BALANCE SHEET ARRANGEMENTS

In the ordinary course of business, we enter into arrangements with unconsolidated entities, including variable interest entities. See Note 12—“Investments” to our unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information related to our investments in unconsolidated entities.

CRITICAL ACCOUNTING POLICIES

The preparation of our unaudited condensed 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 unaudited condensed consolidated financial statements. We believe that of our significant accounting policies (see Note 3—“Summary of Significant Accounting Policies” to our consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K), the following 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, revenues from real estate management services, fees from related parties, fees from certain information products, fees for the provision of certain software solutions, and other revenues.

We recognize revenue when four basic criteria have been met:

- Existence of persuasive evidence that an arrangement exists;
- Delivery has occurred or services have been rendered;
- The seller's price to the buyer is fixed and determinable; and
- Collectability is reasonably assured.

The judgments involved in revenue recognition include determining the appropriate time to recognize revenue. In particular within our Real Estate Services segment, we evaluate our transactions to determine whether contingencies exist that may impact the timing of 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 FASB guidance. Restricted stock units ("RSUs") provided to certain employees are accounted for as equity awards, and as per FASB guidance, we are required to record an expense for the portion of the RSUs that is ultimately expected to vest. FASB guidance requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Because significant 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 RSUs awards to employees is determined on the date of grant, based on the market value of our 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 non-cash equity-based compensation expense in our unaudited condensed consolidated statements of operations.

Limited Partnership Units: Limited partnership units in BGC Holdings are generally held by employees. Generally such units receive quarterly allocations of net income based on their weighted-average pro rata share of economic ownership of our operating subsidiaries. These allocations are cash distributed on a quarterly basis and are generally contingent upon services being provided by the unit holders. As prescribed in FASB guidance, the quarterly allocations of net income to such limited partnership units are reflected as a separate component of compensation expense under "Allocations of net income to limited partnership units and founding/working partner units" in our unaudited condensed consolidated statements of operations.

Certain of these limited partnership units 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 FASB guidance. Accordingly, we recognize a liability for these units on our unaudited condensed 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 unaudited condensed consolidated statements of operations as part of "Compensation and employee benefits."

Certain limited partnership units are granted exchangeability into Class A common stock on a one-for-one basis (subject to adjustment). At the time exchangeability is granted, we recognize an expense based on the fair value of the award on that date, which is included in "Compensation and employee benefits" in our unaudited condensed consolidated statements of operations. During the three months ended June 30, 2013 and 2012, we incurred compensation expense, before associated income taxes, of $12.9 million and $38.1 million, respectively, related to the grant of exchangeability on partnership units. During the six months ended June 30, 2013 and 2012, we incurred compensation expense, before associated income taxes, of $23.5 million and $64.1 million, respectively, related to the grant of exchangeability on partnership units.

At the end of the second quarter of 2013, the Company commenced a global partnership restructuring program to provide retention incentives and allow us to take advantage of certain tax efficiencies (see "Share Count Reduction and Modifications/Extensions of Employment Agreements" herein). As a result of the program, we reduced the number of BGC Holdings limited partnership units outstanding by approximately 77.4 million units and granted and expect to issue 45.2 million shares of our Class A common stock, of which approximately 39.1 million will be restricted shares. Taken together, these actions reduced our fully diluted share count by 32.2 million shares.

Employee Loans: We have entered into various agreements with certain of our 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 limited partnership interests 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 unaudited condensed consolidated statements of operations over the life of the loan. The loan balances are periodically reviewed for potential impairment. Actual collectability of loan balances may differ from our estimates.

At the end of the second quarter of 2013, the Company commenced a global partnership restructuring program to provide retention incentives and to allow us to take advantage of certain tax efficiencies. Under the program, certain BGC Holdings, L.P. ("BGC Holdings") limited partnership units were redeemed or exchanged for shares of our Class A common stock, of which approximately 39.1 million will be restricted shares (the "Restricted Stock"), which we expect to issue pursuant to the BGC Partners, Inc. Fourth Amended and Restated Long Term Incentive Plan (the "LTIP") and the Company's registration statement on Form S-8 for the LTIP. The number of shares of Restricted Stock delivered will be net of certain adjustments.

As of June 30, 2013 and December 31, 2012, the aggregate balance of employee loans was $124.8 million and $220.1 million, respectively, and is included as "Loans, forgivable loans and other receivables from employees and partners, net" in our unaudited condensed consolidated statements of financial condition. Compensation expense for the above-mentioned employee loans for the three months ended June 30, 2013 and 2012 was $170.7 million and $7.4 million, respectively. Compensation expense for the above-mentioned employee loans for the six months ended June 30, 2013 and 2012 was $180.2 million and $14.4 million, respectively. Due to the redemption/exchange of the limited partnership units in the program described above (see "Share Count Reduction and Modifications/Extensions of Employment Agreements" herein), we determined that the collectability of a portion of the employee loan balances is not expected and, therefore, we recognized a reserve for the three months ended June 30, 2013 in the amount of approximately $160.5 million. The compensation expense related to these loans included as part of "Compensation and employee benefits" in our unaudited condensed 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 FASB guidance, *Goodwill and Other Intangible Assets* , 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. If the results of the qualitative assessment are not conclusive, or if we choose to bypass the qualitative assessment, we perform a goodwill impairment analysis using a two-step process.

The first step involves comparing each reporting unit's estimated fair value with its carrying value, including goodwill. To estimate the fair value of the reporting units, 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 significant 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. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill is deemed not to be impaired. If the carrying value exceeds estimated fair value, there is an indication of potential impairment and the second step is performed to measure the amount of potential impairment.

The second step of the process involves the calculation of an implied fair value of goodwill for each reporting unit for which step one indicated a potential impairment may exist. The implied fair value of goodwill is determined by measuring the excess of the estimated fair value of the reporting unit as calculated in step one, over the estimated fair values of the individual assets, liabilities and identified intangibles. Events such as economic weakness, significant declines in operating results of reporting units, or significant changes to critical inputs of the goodwill impairment test (e.g., estimates of cash flows or cost of capital) could cause the estimated fair value of our reporting units to decline, which could result in an impairment of goodwill in the future.

Income Taxes

We account for income taxes using the asset and liability method as prescribed in FASB guidance on *Accounting for Income Taxes* . Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the unaudited condensed consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Certain of our entities are taxed as U.S. partnerships and are subject to the Unincorporated Business Tax ("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" for a discussion of partnership interests), rather than the partnership entity. As such, the partners' tax liability or benefit is not reflected in our unaudited condensed consolidated financial statements. The tax-related assets, liabilities, provisions or benefits included in our unaudited condensed consolidated financial statements also reflect the results of the entities that are taxed as corporations, either in the U.S. or in foreign jurisdictions. Pursuant to FASB guidance on *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement on Accounting for Income Taxes* , 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 "Interest expense" and "Other expenses," respectively, in our unaudited condensed consolidated statement 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.

See Note 3—"Summary of Significant Accounting Policies," to our consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for additional information regarding our significant accounting policies.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

See Note 1—"Organization and Basis of Presentation," to our unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for information regarding recently adopted accounting pronouncements.

NEW ACCOUNTING PRONOUNCEMENTS

See Note 1—"Organization and Basis of Presentation," to our unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for information regarding new accounting pronouncements.

OUR ORGANIZATIONAL STRUCTURE

Stock Ownership

For purposes of representing Class A common stock ownership within our organizational structure diagram, we are including the shares granted and expected to be delivered through the Global Partnership Restructuring Program. At the end of the second quarter of 2013, the Company redeemed or exchanged 77,412,256 units from the partners of BGC and the Company granted, and expects to issue, 45,206,934 shares of the Company's Class A common stock (see "Share Count Reduction and Modifications/Extensions of Employment Agreements" herein). As of July 31, 2013, there were approximately 137,023,123 shares of our Class A common stock outstanding, of which 4,334,576 shares were held by Cantor and CF Group Management, Inc. ("CFGM"), Cantor's managing general partner. Therefore, taken together, the organizational diagram reflects an aggregate of 182,230,057 shares of Class A common stock as of July 31, 2013. Each share of Class A common stock, including any restricted shares, is generally entitled to one vote on matters submitted to a vote of our stockholders.

In addition, as of July 31, 2013, Cantor and CFGM held 34,848,107 shares of our Class B common stock (which represents all of the outstanding shares of our Class B common stock), representing, together with our Class A common stock held by Cantor and CFGM, approximately 66.5% of our voting power on such date. Each share of Class B common stock is generally entitled to the same rights as a share of 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 Class B common stock generally votes together with the Class A common stock on all matters submitted to a vote of our stockholders.

Through July 31, 2013, Cantor has distributed to its current and former partners an aggregate of 19,557,642 shares of Class A common stock, consisting of (i) 18,197,176 shares to satisfy certain of Cantor's deferred stock distribution obligations provided to such partners on April 1, 2008 (the "April 2008 distribution rights shares"), and (ii) 1,360,466 shares to satisfy certain of Cantor's deferred stock distribution obligations provided to such partners on February 14, 2012 (the "February 2012 distribution rights shares") in connection with Cantor's payment of previous quarterly partnership distributions. As of July 31, 2013, Cantor is still obligated to distribute to partners an aggregate of 17,042,387 shares of Class A common stock, consisting of 15,174,568 April 2008 distribution rights shares and 1,867,819 February 2012 distribution rights shares.

From time to time, we may actively continue to repurchase shares.

Partnership Structure

We are a holding company, and our business is operated through two operating partnerships, BGC U.S., which holds our U.S. businesses, and BGC Global, 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 limited partnership unit holders, founding/working 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. general partnership interest and the BGC U.S. special voting limited partnership interest, which entitle the holder thereof to remove and appoint the general partner of BGC U.S., and the BGC Global general partnership interest and the BGC Global special voting limited partnership interest, which entitle the holder thereof to remove and appoint the general partner of BGC Global, and serves as the general partner of BGC U.S. and BGC Global, all of which entitle BGC Holdings (and thereby us) to control each of BGC U.S. and BGC Global. BGC Holdings holds its BGC Global general partnership interest through a company incorporated in the Cayman Islands, BGC Global Holdings GP Limited.

As a result of the Global Partnership Restructuring Program described above, as of July 31, 2013, we held directly and indirectly, through wholly owned subsidiaries, BGC U.S. limited partnership interests and BGC Global limited partnership interests consisting of 217,078,164 units and 217,078,164 units, representing approximately 68.8% and 68.8% of the outstanding BGC U.S. limited partnership interests and BGC Global limited partnership interests, respectively. As of that date, BGC Holdings held BGC U.S. limited partnership interests and BGC Global limited partnership interests consisting of 98,286,284 units and 98,286,284 units, representing approximately 31.2% and 31.2% of the outstanding BGC U.S. limited partnership interests and BGC Global limited partnership interests, respectively.

Limited partnership unit holders, founding/working partners, and Cantor directly hold BGC Holdings limited partnership interests. Since BGC Holdings in turn holds BGC U.S. limited partnership interests and BGC Global limited partnership interests, limited partnership unit holders, founding/working partners, and Cantor indirectly have interests in BGC U.S. limited partnership interests and BGC Global limited partnership interests.

Under the Global Partnership Restructuring Program, at the end of the second quarter of 2013, an aggregate of 77,412,256 BGC Holdings limited partnership units were redeemed or exchanged from the partners of BGC Holdings. The Company granted and expects to issue 45,206,934 shares of the Company’s Class A common stock. The Company also expects to pay the anticipated withholding taxes owed on behalf of these partners related to this redemption/exchange and issuance.

As a result of the foregoing, as of July 31, 2013, outstanding BGC Holdings partnership interests included 27,488,932 limited partnership units, 22,014,419 founding/working partner units and 48,782,933 Cantor units. We may in the future effect additional redemptions of certain existing BGC Holdings limited partnership units and founding/working partner units for restricted shares of Class A common stock. We may also continue our earlier global program, whereby BGC Holdings partners redeem certain of their existing limited partnership units and founding/working partner units in exchange for new units and receive exchangeability or cash for certain of their existing units and, in many cases, a modification or extension of their employment arrangements. We also expect to continue to grant exchange rights with respect to outstanding non-exchangeable issued limited partnership units and founding/working partner units.

The BGC Holdings limited partnership interests held by Cantor are generally exchangeable with us for our Class B common stock (or, at Cantor’s option or if there are no additional authorized but unissued shares of our Class B common stock, our Class A common stock) on a one-for-one basis (subject to customary anti-dilution 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 founding/working partner units, none of which was redeemed/exchanged in the Global Partnership Restructuring Program.

In December 2012, the BGC Holdings limited partnership agreement was amended to create a new class of U.K. partnership unit, the LPU. LPUs are working partner units, are granted only to members of a U.K. limited liability partnership, BGC Services (Holdings) LLP, and are otherwise identical to existing PSUs.

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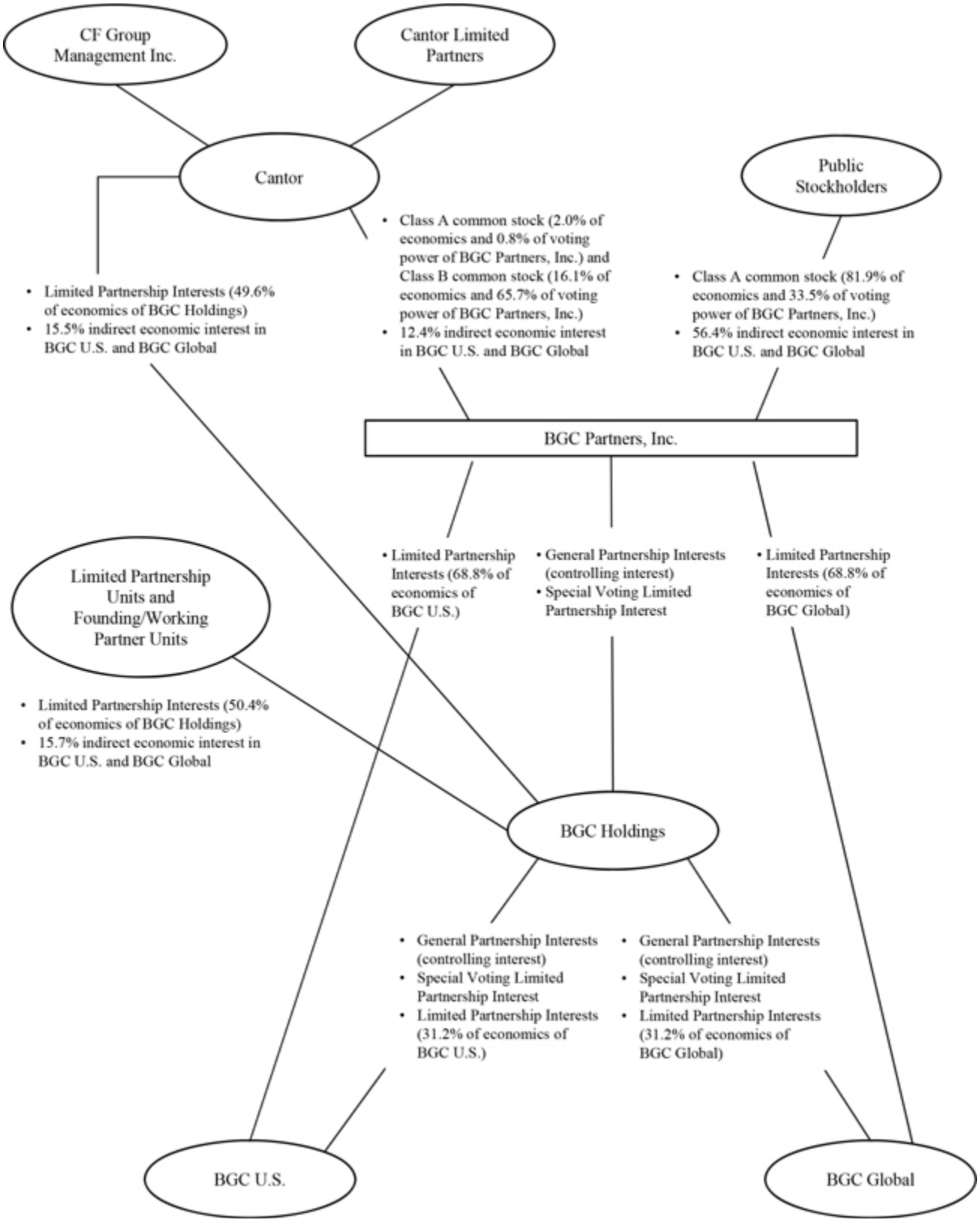
The following diagram illustrates our ownership structure as of July 31, 2013. The diagram does not reflect the various subsidiaries of BGC, BGC U.S., BGC Global, BGC Holdings or Cantor, or the noncontrolling interests in the Company's consolidated subsidiaries other than Cantor's units in BGC Holdings.*



* Shares of our Class B common stock are convertible into shares of our Class A common stock at any time in the discretion of the holder on a one-for-one basis. Accordingly, if Cantor converted all of its Class B common stock into Class A common stock, Cantor would hold 18.1%

of the voting power, and the public stockholders would hold 81.9% of the voting power (and its indirect economic interests in BGC U.S. and BGC Global would remain unchanged). The diagram does not reflect Cantor's economic interest in the 8.75% convertible notes or the 23,573,484 shares of Class A common stock acquirable by Cantor upon conversion thereof. If Cantor converted all of the 8.75% convertible notes into shares of Class A common stock, Cantor would hold 67.9% of the voting power, and the public stockholders would hold 32.1% of the voting power (and Cantor's indirect economic interests in each of BGC U.S. and BGC Global would be 32.9%). The diagram also does not reflect the 16,260,160 shares of Class A common stock issuable upon conversion of the 4.50% convertibles notes. Further, the diagram does not reflect any shares of 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). For purposes of the diagram, Cantor's percentage ownership also includes CFGM's percentage ownership. In addition, the diagram above reflects share and unit activity from January 1, 2013 through July 31, 2013 as follows: (a) 45,206,934 Global Partnership Restructuring Program restricted shares of Class A common stock granted and expected to be delivered by us; (b) 81,893 April 2008 distribution rights shares distributed, but not the 15,174,568 shares remaining to be distributed by Cantor; (c) 14,796 February 2012 distribution rights shares distributed, but not the 1,867,819 shares remaining to be distributed by Cantor; (d) 1,000,000 shares of Class A common stock donated by us to the Relief Fund; (f) 33,478 shares of Class A common stock repurchased by us; (g) 7,757,600 shares of Class A common stock sold by us under the December 2012 sales agreement pursuant to our shelf Registration Statement on Form S-3 (Registration No. 333-185110), but not the 11,307,490 shares remaining for sale under such sales agreement; (h) 1,086,975 shares issued by us under our acquisition shelf Registration Statement on Form S-4 (Registration No. 333-169232), but not the 16,210,217 shares remaining available for issuance under such Registration Statement; (i) 29,014 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 9,885,157 shares remaining available for issuance under such Registration Statement; (j) 3,105,391 shares sold under our resale shelf Registration Statement on Form S-3 (Registration No. 333-167953), but not the 394,609 shares remaining available for sale under such Registration Statement; (k) 7,481,080 shares sold under our resale shelf Registration Statement on Form S-3 (Registration No. 333-175034), but not the 1,959,237 shares remaining available for sale under such Registration Statement; (l) 2,782,644 shares sold under our resale shelf Registration Statement on Form S-3 (Registration No. 333-187875), but not the 27,356 shares remaining available for sale under such Registration Statement; (m) 7,851,997 limited partnership and founding/working partner units redeemed by us for cash; and (n) 77,412,256 Global Partnership Restructuring Program limited partnership units redeemed or exchanged by us at the end of the second quarter of 2013.

ITEM 3. 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. For U.S. Treasury transactions conducted through the eSpeed electronic trading platform, BGC Partners has developed and utilizes an electronic credit monitoring system which measures and controls credit usage, which may include the ability to prohibit execution of trades that would exceed risk limits and permit only risk reducing trades. As discussed in Note 1— "Organization and Basis of Presentation" to the Company's unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, on June 28, 2013 we sold our on-the-run, electronic benchmark U.S. Treasury platform (the "Purchased Assets") to the NASDAQ OMX Group, Inc. ("NASDAQ OMX"). The purchased Assets were part of a larger cash flow generating product group that includes other fully electronic trading market data and software businesses including electronic brokerage of off-the-run U.S. Treasures as well as Treasury Swaps, Treasure Repos, Treasury Spreads and Treasury Rolls. The monitoring system described above is compliant with SEC Rule 15c3-5, which became effective November 30, 2011. The Rule relates to systems such as eSpeed that provide direct market access to an exchange or Alternative Trading System. The Rule requires firms to set and monitor pre-trade limits for all activities subject to the Rule.

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 unaudited condensed 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.

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.

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.

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 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.

Foreign Currency Risk

BGC Partners is exposed to risks associated with changes in foreign exchange rates. Changes in foreign currency rates create volatility in the U.S. dollar equivalent of the Company's revenues and expenses, in particular with regard to British Pounds and Euros. In addition, changes in the remeasurement of BGC Partners' foreign currency denominated net assets 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.

Interest Rate Risk

BGC Partners had $423.8 million in fixed-rate debt outstanding as of June 30, 2013. 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.

ITEM 4. 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 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 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 June 30, 2013. Based on that evaluation, the Chairman and Chief Executive Officer and the Chief Financial Officer concluded that BGC Partners' disclosure controls and procedures were effective as of June 30, 2013.

Changes in Internal Control over Financial Reporting

During the three months ending June 30, 2013, BGC Partners continued the process of integrating policies, processes, people, technology and operations related to the Newmark Grubb Knight Frank acquisitions. The integration may result in future changes to our internal control over financial reporting. Management will continue to evaluate our internal control over financial reporting as we execute our integration activities. There were no changes in our internal control over financial reporting during the three months ended June 30, 2013 that materially affect, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See the description of legal proceedings in Note 17—"Commitments, Contingencies and Guarantees" to the Company's unaudited condensed consolidated financial statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q, which is incorporated by reference herein.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those described in Part I, Item 1A of our Form 10-K for the year ended December 31, 2012, and in Part II, Item 1A of our Form 10-Q for the quarter ended March 31, 2013. See "Risk Factors" in Part I, Item IA of our 2012 Annual Report on Form 10-K and Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The information required by this Item is set forth in Note 5—"Stock Transactions and Unit Redemptions" to the unaudited condensed consolidated financial statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q and in Management's Discussion and Analysis of Financial Condition and Results of Operations (Item 2 of Part I) and is incorporated by reference herein.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description
2.1	Purchase Agreement, dated as of April 1, 2013, by and among BGC Partners, Inc., BGC Holdings, L.P., BGC Partners, L.P., The NASDAQ OMX Group, Inc., and for certain limited purposes, Cantor Fitzgerald, L.P.*
10.1	Fourth Amended and Restated BGC Partners, Inc. Long Term Incentive Plan dated June 4, 2013 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 7, 2013)
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following materials from BGC Partners' Quarterly Report on Form 10-Q for the period ended June 30, 2013 are formatted in eXtensible Business Reporting Language (XBRL): (i) the Unaudited Condensed Consolidated Statements of Financial Condition, (ii) the Unaudited Condensed Consolidated Statements of Operations, (iii) the Unaudited Condensed Consolidated Statements of Comprehensive Income, (iv) the Unaudited Condensed Consolidated Statements of Cash Flows, (v) the Unaudited Condensed Consolidated Statements of Changes in Equity, and (vi) Notes to the Unaudited Condensed Consolidated Financial Statements. This Exhibit 101 is deemed not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

* Schedules and similar attachments have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company will supplementally furnish a copy of them to the SEC upon request.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report on Form 10-Q for the quarter ended June 30, 2013 to be signed on its behalf by the undersigned thereunto duly authorized.

BGC Partners, Inc.

/s/ Howard W. Lutnick

Name: **Howard W. Lutnick**
Title: **Chairman of the Board and Chief Executive Officer**

/s/ Anthony Graham Sadler

Name: **Anthony Graham Sadler**
Title: **Chief Financial Officer**

Date: August 7, 2013

[Signature page to the Quarterly Report on Form 10-Q for the period ended June 30, 2013 dated August 7, 2013.]

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Exhibit Index

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* Schedules and similar attachments have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company will supplementally furnish a copy of them to the SEC upon request.

Exhibit 2.1

EXECUTION VERSION

PURCHASE AGREEMENT

by and among

BGC PARTNERS, INC.,

BGC HOLDINGS, L.P.,

BGC PARTNERS, L.P.,

THE NASDAQ OMX GROUP, INC.,

and for certain limited purposes,

CANTOR FITZGERALD, L.P.

DATED AS OF APRIL 1, 2013

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ARTICLE X

INDEMNIFICATION

ARTICLE XI

MISCELLANEOUS

EXHIBITS:

INDEX OF DEFINED TERMS

PURCHASE AGREEMENT

This PURCHASE AGREEMENT (this " Agreement ") is entered into as of April 1, 2013, by and among BGC PARTNERS, INC., a Delaware corporation (" Parent "), BGC HOLDINGS, L.P., a Delaware limited partnership (" BGC Holdings "), and BGC PARTNERS, L.P., a Delaware limited partnership (" BGC US " and together with Parent and BGC Holdings, collectively, " Sellers ," and each individually, a " Seller "), and THE NASDAQ OMX GROUP, INC., a Delaware corporation (" Purchaser ") (Sellers, together with Purchaser, collectively, the " Parties ," and each, individually, a " Party "), and, solely for purposes of Sections 3.8(e), 3.8(f), 3.8(g), Article IV (to the extent referenced therein), Sections 6.6, 6.7, 6.11, 6.12, 6.13, 8.3, 9.2 and Article XI, Cantor Fitzgerald, L.P., a Delaware limited partnership (" Cantor ").

RECITALS

WHEREAS, Sellers are engaged in, among other things, the Business;

WHEREAS, on the terms and subject to the conditions set forth herein, Sellers shall sell, transfer and convey to Purchaser, and Purchaser shall purchase and acquire from Sellers, the Acquired Assets, and Purchaser shall assume the Assumed Liabilities; and

WHEREAS, simultaneously with the Closing under this Agreement, Sellers, Purchaser and certain of their respective Affiliates desire to enter into other agreements in connection with the transactions contemplated hereby.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth below and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Certain Defined Terms . For the purposes of this Agreement, unless the context requires otherwise, the following terms shall have the following meanings:

" Acceleration Event " shall mean the occurrence of any of the following: (i) any Person (other than a Subsidiary of Purchaser) acquires or becomes the owner of, in one or more transactions, directly or indirectly, more than fifty percent (50%) of the voting power of Purchaser's issued and outstanding capital stock (whether by merger, consolidation or otherwise); (ii) Purchaser and its consolidated Subsidiaries cease to own, hold or maintain all of the beneficial ownership, or all of the economic rights or interests, in (whether as a result of a sale, public offering, spin-off, split-off or other disposition) Acquired Assets representing, as of the Closing Date, fifty percent (50%) or more of the aggregate revenues attributable to the Acquired Assets as of the Closing Date; (iii) Purchaser or any of its Subsidiaries sells or disposes of, whether in one or more related transactions, directly or indirectly (whether as a result of a sale, offering, spin-off, split-off or otherwise), all or substantially all of Purchaser's consolidated assets; or (iv) there is a bankruptcy, liquidation or dissolution of Purchaser or any Subsidiary of Purchaser that holds, directly or indirectly, more than fifty percent (50%) of Purchaser's consolidated assets.

" Acceleration Issuance Number " shall mean a number of Purchaser Shares equal to the sum of the Earn-Out Number for each Measurement Period that has not been completed as of the date of the Acceleration Event (other than any Measurement Period for which Purchaser has made an Earn-Out Issuance), discounted to a present value number of Purchaser Shares using a discount rate equal to the Applicable Discount Rate in effect as of the Acceleration Event.

" Accounting Principles " shall mean the accounting principles, policies and procedures used by Parent in preparing the Business Financial Information which are summarized in such Business Financial Information.

" Accrued Expenses " shall mean the expenses incurred, but not yet paid for, to the extent related to the Business and accrued on a Closing Date Statement, such amounts to be calculated in accordance with GAAP, consistent with the Accounting Principles.

" Acquired Lease " shall mean the Lease for the Acquired Leased Real Property.

" Adjustment Amount " shall mean an amount (which may be a positive or negative number) equal to (i) any Prepaid Expenses, *plus* (ii) Commissions Receivables, *minus* (iii) Deferred Revenue, *minus* (iv) Accrued Expenses.

" Affiliate " shall mean, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such first Person. The term " control " (including its correlative meanings " controlled by " and " under common control with ") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise); it being agreed that, for purposes of Article I, II and IV and Sections 3.4, 6.1, 6.2, 6.5, 6.8, 6.10 and 6.23 of this Agreement, members of the Cantor Group shall be considered to be Affiliates of Sellers and *vice versa* .

" Applicable Discount Rate " shall mean (i) from the Closing Date until the date that is five (5) years after the First Quarter End Date, 4.00% per annum, (ii) after the date that is five (5) years after the First Quarter End Date until the date that is ten (10) years after the First Quarter End Date, 3.50% per annum, and (iii) at any other time, 2.65% per annum.

" Business " shall mean (a) the business of providing a Fully Electronic marketplace in which participants may enter into Standalone Transactions pursuant to or using a transparent central limit order book in Recently Announced or Issued or Re-Opened U.S. Treasury Securities and First Off-The-Run U.S. Treasury Securities (the " UST Business "), (b) the business of granting licenses for market data derived from such Standalone Transactions, which business includes selling licenses directly to customers (the " Market Data Direct Feed Business ") and selling licenses through third-party vendors (such business, the " Market Data Vendor Business "), (c) the business of providing customers of the UST Business with co-location access to such business in the business' Rochelle Park, New Jersey data center, as well as related installation, maintenance, support, remote access, management of communication

circuits and other related services for such customers at such data center (the " Kleos Business "), and (d) the business of performing, and receiving the benefits, under the ELX Technology Contract.

" Business Consultant " shall mean the persons set forth on Section 1.1(a) of the Seller Disclosure Letter.

" Business Day " shall mean any day other than a Saturday, Sunday or day on which banking institutions in New York are authorized or obligated by law or executive order to be closed.

" Business Employee " shall mean the persons set forth on Section 1.1(b) of the Seller Disclosure Letter; provided , however , that if any individual named in Section 1.1(b) of the Seller Disclosure Letter is or becomes entitled to long-term disability benefits under the applicable Parent Benefit Plan providing long-term disability benefits, such individual shall be deemed to be removed from the list set forth in Section 1.1 (b) of the Seller Disclosure Letter and shall not be treated as a Business Employee for the purposes of Section 6.10(a) or Section 6.10(b); provided , further , that any individual set forth in Section 1.1(b) of the Seller Disclosure Letter who experiences a termination of employment for any reason prior to the Closing Date shall also be deemed to be removed from Section 1.1(b) of the Seller Disclosure Letter and shall not be treated as a Business Employee for purposes of Section 6.10(a) or Section 6.10(b); provided , further , that any individual who becomes an employee of the Business in accordance with the provisions of Section 6.1 shall also be deemed added to Section 1.1(b) of the Seller Disclosure Letter and shall be treated as a Business Employee for purposes of Section 6.10(a) or Section 6.10(b).

" Business Material Adverse Effect " shall mean any change, event or effect that is, or would reasonably be expected to be, individually or in the aggregate, materially adverse to the business, assets, results of operations or financial condition of the Business, taken as a whole; provided , however , that no change, event or effect resulting from any of the following shall be deemed to constitute, or shall be taken into account in determining whether there has been, a "Business Material Adverse Effect": (i) changes in economic, business, monetary or financial conditions generally, including changes in prevailing applicable interest rates or credit markets, (ii) changes in global or national political conditions, (iii) the outbreak or escalation of war or acts of terrorism, including by cyberattack or otherwise, (iv) earthquakes, hurricanes, tsunamis, typhoons, blizzards, tornadoes, droughts, floods, cyclones, arctic frosts, mudslides, wildfires and other natural disasters and other force majeure events, (v) changes after the date of this Agreement in applicable Law (including any proposed Law) or the interpretation thereof or changes in GAAP or accounting principles or the interpretation thereof, (vi) any failure by the Business to meet any internal or published industry analyst projections or forecasts or estimates of revenue or earnings for any period (it being understood that the facts and circumstances giving rise to such failure that are not otherwise excluded from the definition of Business Material Adverse Effect may be taken into account in determining whether there is or has been a Business Material Adverse Effect), (vii) changes attributable to the execution, announcement or pendency of this Agreement or the Related Agreements or the transactions contemplated hereby or thereby (including any loss of Business Employees or customers resulting therefrom), (viii) any effect arising out of any action expressly required to be taken by this Agreement or any action taken by

any member of the Purchaser Group or any action taken by any member of the Parent Group or the Cantor Group with the consent or at the request of Purchaser, or (ix) any deterioration in the business, assets, results of operations or financial condition of the Business that occurs after the date of this Agreement and does not arise out of (A) any breach by any Seller of any of its obligations set forth in this Agreement, (B) any defect or disruption in the operation of any Software included within the Acquired Intellectual Property, (C) any design change made after the date of this Agreement by Sellers or their Affiliates to the configuration of the Information Technology used in the Business or (D) any injunction prohibiting the use of the Software included within the Acquired Intellectual Property as a result of infringement of any third-party Patent; provided that any adverse changes, events or effects resulting from matters described in any of the foregoing clauses (i), (ii), (iv) (but only to the extent that such matters are not also described in the foregoing clause (iii)) and (v) may be taken into account in determining whether there is or has been a Business Material Adverse Effect to the extent, and only to the extent, that they have a materially disproportionate effect on the Business relative to the similarly situated Business conducted by entities unaffiliated with Sellers.

" Business Revenue " shall mean, for any Measurement Period, the total gross revenue of Purchaser and its consolidated Subsidiaries (including any revenue attributable to the Business, any fixed-income products and derivatives based thereon and the market data therefrom), with such revenue to be calculated in accordance with GAAP.

" Cantor Group " shall mean Cantor Fitzgerald, L.P. and its Subsidiaries (other than any member of the Parent Group).

" Cleanup " shall mean all actions required to: (i) clean up, remove, treat or remediate Hazardous Materials in the indoor or outdoor environment; (ii) prevent the Release of Hazardous Materials so that they do not migrate, endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (iii) perform pre-remedial studies and investigations and post-remedial monitoring and care relating to the Release of Hazardous Materials in the indoor or outdoor environment; or (iv) respond to any requests by a Governmental Authority for information or documents in any way relating to cleanup, removal, treatment or remediation or potential cleanup, removal, treatment or remediation of Hazardous Materials in the indoor or outdoor environment.

" Clearing Affiliate " shall mean Cantor Fitzgerald & Co., and all successors in interest thereto.

" Closing Date Statement " shall mean a statement of the Acquired Assets and the Assumed Liabilities as of the Closing Date prepared in a manner consistent with the Reference Statement and in accordance with the Accounting Principles and GAAP.

" Code " shall mean the Internal Revenue Code of 1986, as amended.

" Commissions Receivables " shall mean all receivables that would be accrued on a Closing Date Statement for commissions owed to Sellers or their Affiliates with respect to the Acquired Contracts, such amounts to be calculated in accordance with GAAP, consistent with the Accounting Principles.

" Competing Business " shall mean (a) the business of operating a Fully Electronic marketplace in which participants may enter into Standalone Transactions in Recently Announced or Issued or Re-Opened U.S. Treasury Securities; and (b) the business of operating a Fully Electronic marketplace in which participants may enter into Standalone Transactions pursuant to or using a transparent central limit order book in First Off-The-Run U.S. Treasury Securities.

" Contract " shall mean, with respect to any Person, any agreement, undertaking, contract, lease, obligation, promise, indenture, deed of trust or other instrument, document or agreement (whether written or oral and whether express or implied) by which that Person, or any of its properties or assets, is bound or subject.

" Current Market Capitalization " shall mean, on any date, the product of the Current Market Price (with such Current Market Price calculated by replacing the words "10 trading days" with "5 trading days" in the definition of Current Market Price) of a Purchaser Share on the date of announcement of a distribution and the number of Purchaser Shares outstanding on such date.

" Current Market Price " shall mean, on any date, the arithmetic average of the daily volume-weighted average price of one Purchaser Share on its primary exchange during the regular trading session (and excluding pre-market and after-hours trading) over the 10 trading days immediately preceding the earlier of the day before the date in question and the day before the Ex-Date with respect to the issuance or distribution requiring such computation.

" Damages " shall mean all actions, costs, damages, disbursements, penalties, losses, expenses, assessments, monetary judgments, dues, Taxes, fines, fees, settlements or deficiencies (including any interest, penalty, investigation, reasonable legal, accounting and other professional fees, and other cost or expense incurred in the investigation, collection, prosecution and defense of any action, suit, proceeding or claim) that are imposed upon or otherwise incurred by the Indemnified Party.

" Deferred Revenues " shall mean all deferred revenues that would be accrued on a Closing Date Statement for commissions that have been prepaid to Sellers or their Affiliates under the Acquired Contracts, such amounts to be calculated in accordance with GAAP, consistent with the Accounting Principles.

" Dilutive Issuance " shall mean an issuance of Purchaser Shares that is both (i) at a discount to the Stock Issuance Reference Price and (ii) not a Permitted Issuance. To the extent that any Dilutive Issuance is at a discount greater than 3.50% to the Stock Issuance Reference Price, then, in determining the "aggregate price payable for the Purchaser Shares issued" pursuant to item (Y) of the formula set forth in Section 3.8 (d)(v), an amount equal to 3.50% of the Stock Issuance Reference Price shall be added to the aggregate price payable for the Purchaser Shares issued for purposes of such item (Y).

" Disclosure Letters " shall mean the Seller Disclosure Letter and the Purchaser Disclosure Letter.

“ DTV ” shall mean, with respect to Purchaser Shares, 25% of the daily trading volume of Purchaser Shares on its primary exchange during the regular trading session (and excluding pre-market and after-hours trading) on the applicable date.

“ Due Date ” shall mean, with respect to a Tax Return, the date on which such Tax Return is required to be filed with the relevant Governmental Authority, taking into account any extensions.

“ Earn-Out Date ” shall mean, for any Measurement Period, the first date in such Measurement Period where the Business Revenue for such Measurement Period is equal to or greater than the Target Revenue.

“ ELX Technology Contract ” shall mean the Amended and Restated Technology Services Agreement, dated as of March 28, 2012, by and between eSpeed Technology Services L.P. and ELX Futures L.P.

“ Environmental Claim ” shall mean any claim, action, cause of action, investigation or notice (written or oral) by any Person alleging potential Liability (including potential Liability for investigatory costs, Cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (i) the presence, Release or threatened Release of, or exposure to, any Hazardous Materials at any location, whether or not owned or operated by Sellers or any Acquired Subsidiary, or (ii) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

“ Environmental Laws ” shall mean all federal, state, local and foreign laws and regulations relating to pollution or protection of the environment, including laws relating to Releases or threatened Releases of Hazardous Materials or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, Release, transport or handling of Hazardous Materials and all Laws with regard to recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials.

“ ERISA ” shall mean the Employee Retirement Income Security Act of 1974, as amended.

“ Estimated Closing Date Statement ” shall mean Parent’s good-faith estimate of the Closing Date Statement.

“ Ex-Date ” shall mean with respect to any issuance or distribution, the first date on which the Purchaser Shares or other securities trade without the right to receive the issuance or distribution.

“ Exchange Act ” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“ Excluded Taxes ” shall mean, without duplication, (i) all Taxes imposed on any Seller or any of its Affiliates or any Acquired Subsidiary or attributable to the Business, in each case relating or attributable to a Pre-Closing Tax Period, (ii) all Taxes imposed on any Seller or

any of its Affiliates or any Acquired Subsidiary under Section 1.1502-6 of the Treasury Regulations (and corresponding provisions of state, local or foreign Law) as a result of being a member of any federal, state, local or foreign affiliated, consolidated, unitary, combined or similar group for any taxable period ending on or before, or that includes, the Closing Date, (iii) Taxes of any Person imposed on any Acquired Subsidiary as a transferee or successor, by contract or pursuant to any Law as the result of transactions or events occurring at or prior to the Closing and (iv) all Transfer Taxes for which Parent is liable pursuant to Section 8.5.

" Federal Funds Rate " shall mean the offered rate as reported in *The Wall Street Journal* in the "Money Rates" section for reserves traded among commercial banks for overnight use in amounts of one million dollars or more on the Business Day immediately prior to the day on which a payment is due hereunder.

" First Off-The-Run " shall mean, with respect to a U.S. Treasury Security of a given term to maturity, subject to the second proviso in the definition of "Recently Announced or Issued or Re-Opened," any issued U.S. Treasury Security of such term to maturity that is the second most recently issued U.S. Treasury Security of such term to maturity; provided that any re-opening of any issued U.S. Treasury Security with the same terms shall not be considered a new issuance of such U.S. Treasury Security.

" First Quarter End Date " shall mean the last day of the first calendar quarter of Purchaser that ends after the Closing Date.

" Fully Electronic " shall mean, in respect of a transaction or marketplace, a transaction or marketplace where all sides of a trade (*e.g.* , the sale from a customer to a central counterparty as well as the corresponding sale from the central counterparty to a customer) are executed without any individual who is acting on behalf of Sellers or their Affiliates having taken an action to have displayed a quotation or facilitate the intention to execute a transaction (*e.g.* , accept an offer) in connection with such trade.

" Four Week ADTV " shall mean, with respect to Purchaser Shares, 25% of the average daily trading volume reported for such shares during the four calendar weeks preceding the week in which the sale is made on its primary exchange during the regular trading session (and excluding pre-market and after-hours trading).

" GAAP " shall mean U.S. generally accepted accounting principles as in effect as of the date hereof (except as otherwise expressly set forth herein).

" Governmental Authority " shall mean any national, federal, state, local, foreign or other judicial, legislative, executive, regulatory or administrative authority, agency, commission, board, court or any self-regulatory organization (solely in its capacity, and to the extent of its authority, as such) or arbitrator.

" Governmental Order " shall mean any statute, rule, regulation, judgment, decree, writ, stipulation, determination, award, decree, injunction or other order (whether temporary, preliminary or permanent) that a Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered.

" Hazardous Materials " shall mean any material, substance, chemical or waste (or combination thereof) that is listed, defined, designated, regulated or classified as hazardous, toxic, radioactive, dangerous, a pollutant, a contaminant, petroleum, oil or words of similar meaning or effect under any Environmental Law.

" Indebtedness " shall mean with respect to any Person, without duplication, all obligations, contingent or otherwise, in respect of (i) borrowed money, (ii) indebtedness evidenced by notes, debentures or similar instruments, (iii) capitalized lease obligations, (iv) the deferred purchase price of assets, services or securities (other than ordinary course trade accounts payable), (v) all letters of credit issued for the account of such Person to the extent drawn, (vi) reimbursement obligations, whether contingent or matured, with respect to bankers' acceptances, surety bonds, other financial guarantees and interest rate protection agreements (without duplication of other indebtedness supported or guaranteed thereby), (vii) interest, premium, penalties and other amounts owing in respect of the items described in the foregoing clauses (i) through (vi), and (viii) the guaranty of the Indebtedness of any other Person.

" Information Technology " shall mean any tangible or digital computer systems (including computers, screens, servers, workstations, routers, hubs, switches, networks, data communications lines and hardware) and telecommunications systems.

" Initial Earn-Out Number " shall mean a number equal to: (i) $32,266,667.00, *divided by* (ii) the Reference Price.

" Intellectual Property " shall mean all intellectual property rights of any kind, including all: (i) copyrights, whether or not registered, and registrations and applications for registration thereof; (ii) Patents; (iii) Marks; (iv) common law and statutory trade secrets and inventions, whether or not patentable and whether or not reduced to practice; (v) know-how, methodologies, processes and techniques, research and development information, technical data; (vi) Software; and (vii) all rights to sue for, recover and retain damages, costs and attorneys' fees for past, present, and future infringement, misappropriation or other violation of any of the foregoing.

" IRS " shall mean the Internal Revenue Service.

" Knowledge " shall mean, with respect to Sellers, the actual knowledge of the individuals set forth in Section 1.1(c) of the Seller Disclosure Letter after due inquiry, and, with respect to Purchaser, shall mean the actual knowledge of the individuals set forth in Section 1.1(c) of the Purchaser Disclosure Letter after due inquiry.

" Law " shall mean any law (including common law), ordinance, judgment, order, decree, injunction, statute, treaty, rule or regulation enacted or promulgated by any a Governmental Authority.

" Leased Real Property " shall mean all leasehold or subleasehold estates and other rights to use or occupy any land, buildings, structures, fixtures or other interest in real property.

" Leases " shall mean all leases, subleases, licenses or other agreements, including all amendments, extensions, renewals, guaranties or other agreements with respect thereto, pursuant to which the Leased Real Property is held or used.

" Liability " shall mean any Indebtedness, liability, commitment, obligation, claim or cause of action of any kind whatsoever, whether due or to become due, known or unknown, accrued or fixed, absolute or contingent, or otherwise.

" License Agreement " shall mean the License Agreement substantially in the form attached hereto as Exhibit B, to be entered into at the Closing.

" Licensed Intellectual Property " shall mean Intellectual Property licensed from third parties by Sellers or any of their Affiliates (including the Acquired Subsidiaries) (i) pursuant to a Contract that is included in the Acquired Assets or (ii) that will be provided to Purchaser pursuant to the Services Agreement.

" Lien " shall mean, with respect to any property, any lien, security interest, mortgage, pledge, hypothecation, assignment, claim, option, limitation on voting rights, right of pre-emption, right to acquire or trust arrangement for the purpose of providing security, restriction or encumbrance relating to that property, of any nature whatsoever, whether consensual, statutory or otherwise.

" Marks " shall mean any trademark, service mark, trade dress, trade name, business name, brand name, slogan, logo, Internet domain name, or other indicia of origin, whether or not registered, including all common law rights therein, and registrations and applications for registrations thereof, and all goodwill connected with the use of and symbolized by any of the foregoing.

" Measurement Period " shall mean each of fifteen periods, corresponding to each twelve (12) month period, beginning on the day following the First Quarter End Date and ending with the twelve (12) month period that ends fifteen (15) years after the First Quarter End Date.

" Non-Dilutive Cash Distribution " shall mean either (i) an Ordinary Dividend or (ii) a Non-Dilutive Extraordinary Dividend.

" Non-Dilutive Extraordinary Dividend " shall mean any cash dividend that satisfies all of the following: (i) such cash dividend is not an Ordinary Dividend, (ii) such cash dividend is in an amount equal to or less than three percent (3%) of the Current Market Capitalization of Purchaser Shares as of the announcement date for such cash dividend (iii) such cash dividend is made no more frequently than once in each of the three consecutive five-year periods following the Closing Date and (iv) such cash dividend is made no more frequently than two (2) years following the last cash dividend that was not an Ordinary Dividend. If Purchaser distributes to holders of Purchaser Shares a cash dividend that would have been a Non-Dilutive Extraordinary Dividend but for the fact that such cash dividend is an amount greater than three percent (3%) of the Current Market Capitalization of Purchaser Shares as of the announcement date for such cash dividend, then an amount equal to 3.0% of the Current Market Capitalization, *divided by* the total number of Purchaser Shares entitled to receive such cash dividend, shall be deducted from "the amount of such cash" for purposes of item (FMV) of the formula set forth in Section 3.8(d)(vi).

" Ordinary Dividend " shall mean a dividend or distribution made in the ordinary course of business that (i) is exclusively in cash and (ii) when added together with all other ordinary dividends made during the last year prior to the record date of such dividend or distribution, is not greater than sixty percent (60%) of the yearly net income of Purchaser (" Yearly Net Income ") per Purchaser Share, with such Yearly Net Income equal to four times the arithmetic average of the net income (determined in accordance with GAAP in effect as of the relevant date, but excluding any one-time, non-recurring or extraordinary charges, income, gains, losses or other items) of Purchaser for each of the eight most recently completed fiscal quarters prior to the record date of such dividend or distribution. If Purchaser distributes to holders of Purchaser Shares a cash dividend that would have been an Ordinary Dividend but for the fact that such cash dividend is an amount greater than sixty percent (60%) of the Yearly Net Income per Purchaser Share as of the record date for such cash dividend, then an amount equal to sixty percent (60%) of the Yearly Net Income per Purchaser Share, *multiplied by* the total number of Purchaser Shares entitled to receive such cash dividend, shall be deducted from "the amount of such cash" for purposes of item (FMV) of the formula set forth in Section 3.8(d)(vi). A change in the frequency or amount of a dividend, or any suspension or resumption of a dividend, shall not, in and of itself, cause a dividend to not be a dividend or distribution made in the ordinary course of business.

" Parent Benefit Plan " shall mean each deferred compensation and each bonus or other incentive compensation, equity compensation plan, "welfare" plan, fund or program (within the meaning of Section 3(1) of ERISA); "pension" plan, fund or program (within the meaning of Section 3(2) of ERISA); and each other employee benefit plan, fund, program, agreement or arrangement, in each case, that is sponsored, maintained or contributed to or required to be contributed to by Parent or by any trade or business, whether or not incorporated, that together with Parent would be deemed a "single employer" within the meaning of Section 4001(b) of ERISA (an " ERISA Affiliate "), or to which Parent, member of the Cantor Group or an ERISA Affiliate is party, whether written or oral, for the benefit of any Business Employee or Business Consultant or any former employee or consultant who was employed or retained by Parent or any of its Subsidiaries primarily in the Business.

" Parent Group " shall mean Parent, Sellers and any Subsidiary of Parent or any Seller (other than an Acquired Subsidiary).

" Parent SEC Documents " shall mean all forms, documents and reports filed or furnished by Parent with the SEC between January 1, 2011 and the date of this Agreement.

" Patents " shall mean patents, patent applications and provisional applications, including reissues, divisions, continuations, continuations-in-part, extensions and reexaminations thereof.

" Permits " shall mean all material licenses, franchises, permits, certificates, approvals or other similar authorizations used in or necessary for the conduct of the Business as conducted as of the date hereof and as of the Closing, and to own, lease or use the assets and properties owned, leased and used or in connection with the Business as of the date hereof and as of the Closing.

" Permitted Issuance " shall mean (i) any issuance of Purchaser Shares at a discount of not greater than 3.50% to the Stock Issuance Reference Price and (ii) any issuance of Purchaser Shares to the equityholders, employees or creditors of a Person being purchased or acquired (whether by merger, consolidation, reorganization, purchase of stock or similar transaction) by Purchaser or any of its Subsidiaries (regardless of the form of organization of such Person), or to the entity or entities (or equityholders, creditors or employees thereof) from which Purchaser or any of its Subsidiaries is purchasing or acquiring assets, in a transaction that is either (A) in the ordinary course consistent with historical transactions by Purchaser of such type or (B) consistent with market custom or practice for a transaction of such type.

" Permitted Lien " shall mean the following Liens: (i) Liens expressly disclosed on the latest balance sheet included in the Business Financial Information; (ii) Liens for Taxes, assessments or other governmental charges or levies that are not yet due or payable; (iii) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen, workmen, repairmen and other similar Liens imposed by Law and on a basis consistent with past practice and in the ordinary course of business of the Acquired Subsidiaries with respect to liabilities (other than Indebtedness) that are not yet due or payable or that are being contested in good faith by appropriate proceedings and for which an adequate reserve has been established and reflected, in accordance with GAAP, on the latest balance sheet included in the Business Financial Information; (iv) Liens incurred or deposits made in the ordinary course of business and on a basis consistent with past practice in connection with, to the extent required to be provided by Law, workers' compensation, unemployment insurance or other types of social security; (v) with respect to real property (A) defects or imperfections of title; (B) easements, declarations, covenants, rights-of-way, restrictions and other charges, instruments or encumbrances affecting title to real estate; (C) zoning ordinances, variances, conditional use permits and similar regulations, permits, approvals and conditions; and (D) Liens not created by Parent or any Seller that affect the underlying fee interest of any leased real property, including master leases or ground leases and any set of facts that an accurate up-to-date survey would show; provided , however , that (with respect to this clause (v) only) any such item does not, individually or in the aggregate with other such items, materially interfere with the ordinary conduct of the Business or materially impair the continued use and operation of such real property; and (vi) Liens deemed to be created by this Agreement or any Related Agreement.

" Person " shall mean any individual, corporation, business trust, partnership, association, limited liability company, unincorporated organization or similar organization, or any Governmental Authority.

" Pre-Closing Tax Period " shall mean any taxable period ending on or before the Closing Date and the portion of any Straddle Period that ends on the Closing Date.

" Prepaid Expenses " shall mean the expenses paid for, but not yet incurred, by Sellers or their Affiliates to the extent related to the Business and on the Closing Date Statement, such amounts to be calculated in accordance with GAAP, consistent with the Accounting Principles.

" Purchaser Disclosure Letter " shall mean the letter delivered by Purchaser to Parent concurrently with the execution of this Agreement.

" Purchaser Equity Plans " shall mean each plan of Purchaser providing for the grant of equity or equity-based compensation.

" Purchaser Material Adverse Effect " shall mean any change, event or effect that is, or would reasonably be, expected to be, individually or in the aggregate, materially adverse to the ability of Purchaser to perform its material obligations under this Agreement or the Related Agreements or to consummate the transactions contemplated hereby or thereby on a timely basis.

" Purchaser SEC Documents " shall mean all forms, documents and reports filed or furnished by Purchaser with the SEC between January 1, 2011 and the date of this Agreement.

" Purchaser Transaction Expenses " shall mean all legal, accounting, brokerage and finder's fees, if any, or other fees and expenses incurred on or prior to the Closing by Purchaser or any of its Affiliates in connection with this Agreement, the Related Agreements or the consummation of the transactions contemplated hereby or thereby.

" Recently Announced or Issued or Re-Opened " shall mean, with respect to any U.S. Treasury Security of a given term to maturity, each of the announced, but not yet issued, U.S. Treasury Security of such term to maturity and the most recently issued U.S. Treasury Securities of such term to maturity; provided that any re-opening of any issued U.S. Treasury Security with the same terms shall not be considered a new issuance of such U.S. Treasury Security; provided , further , that, for purposes of the definition of "Competing Business," if the U.S. Department of Treasury shall issue any U.S. Treasury Security that matures on a particular year (a " New Issuance "), then any U.S. Treasury Security that (a) was issued by the U.S. Department of Treasury prior to such New Issuance and (b) matures on the same particular year as the New Issuance (regardless of whether such U.S. Treasury Security has the same term to maturity as the New Issuance) shall cease to be a Recently Announced or Issued or Re-Opened U.S. Treasury Security and, instead, shall become the First Off-The-Run U.S. Treasury Security for such particular year.

" Reference Price " shall mean the arithmetic average of the daily volume-weighted average price of one Purchaser Share on its primary exchange during the regular trading session (and excluding pre-market and after-hours trading) over the fifteen (15) trading days immediately preceding the Closing Date.

" Registration Rights Agreement " shall mean the Registration Rights Agreement substantially in the form attached hereto as Exhibit F, to be entered into at the Closing.

" Regulatory Agreement " shall mean any agreement, consent agreement or memorandum of understanding with, or any commitment letter or similar undertaking to, or any order by, or any supervisory letter from, any Governmental Authority.

" Related Agreements " shall mean the Services Agreement, the License Agreement and the Registration Rights Agreement.

" Release " shall mean any release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, dispersal, leaching or migration into the indoor or outdoor environment (including ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property, including the movement of Hazardous Materials through or in the air, soil, surface water, groundwater or property.

" Retained Claim " shall mean any claim, cause of action, defense, right of offset or counterclaim, or settlement agreement (in any manner arising or existing, whether choate or inchoate, known or unknown, contingent or non-contingent) relating to any of the Acquired Assets and in respect of the period prior to the Closing, and that satisfies at least one of the following: (a) such claim, cause of action, defense, right or settlement was asserted no later than twenty (20) Business Days after the Closing Date, (b) such claim, cause of action, defense, right or settlement would be available to any Seller or any of its Affiliates in response to a claim or cause of action asserted by a third party against Seller or any of its Affiliates (whether such claim or cause of action was made by such third party prior to or after the Closing), (c) such claim, cause of action, defense, right or settlement relates to any Intellectual Property matter or (d) such claim, cause of action, defense, right or settlement relates to a breach by a third party under an Acquired Contract, and Sellers did not have Knowledge as of the Closing of the underlying facts of such breach.

" SEC " shall mean the U.S. Securities and Exchange Commission.

" Seller Disclosure Letter " shall mean the letter delivered by Sellers to Purchaser concurrently with the execution of this Agreement.

" Seller Transaction Expenses " shall mean all legal, accounting, brokerage and finder's fees, if any, or other fees and expenses incurred on or prior to the Closing by Sellers, the Business or the Acquired Subsidiaries in connection with this Agreement, the Related Agreements or the consummation of the transactions contemplated hereby or thereby.

" Services Agreement " shall mean the Services Agreement substantially in the form attached hereto as Exhibit A, to be entered into at the Closing.

" Shared Intellectual Property " shall mean any and all Intellectual Property (other than Patents and Marks), if any, that is (i) owned (whether beneficially or of record) by Seller or any of its Affiliates (other than the Acquired Subsidiaries) as of the Closing; (ii) used in Seller's or any of its Affiliates' businesses and used in the Business as of the date hereof; and (iii) not included in the Acquired Intellectual Property.

" Shared Patents " shall mean any and all Patents, if any, that (i) are owned (whether beneficially or of record) by Seller or any of its Affiliates (other than the Acquired Subsidiaries) or any member of the Cantor Group, in each case as of the Closing, (ii) include claims that are infringed by, or are capable of being infringed by, activities conducted within the field of use of the Business, U.S. Treasury Security transactions (and not derivatives thereon (*e.g.* , U.S. Treasury Security futures and U.S. dollar interest rate swaps) or bond transactions that trade on a yield spread to a U.S. Treasury Security) and (iii) are not included in the Acquired Intellectual Property.

" Software " shall mean computer software, including all programs, applications, middleware and operating systems (whether in object code, source code form) and documentation related thereto.

" Standalone Transactions " shall mean agreements to purchase or sell and promptly take or make delivery of units of a single and particular U.S. Treasury Security, where such agreements are not conditioned on a repurchase obligation of such U.S. Treasury Security or the simultaneous execution of any other transaction involving another security or financial instruments.

" Stock Issuance Reference Price " shall mean, with respect to any issuance of Purchaser Shares, the most recent closing price of Purchaser Shares prior to entry into a binding agreement for the sale of such Purchaser Shares.

" Straddle Period " shall mean any taxable period that begins on or before and ends after the Closing Date.

" Subsidiary " shall mean, with respect to any Person, any other Person of which such first Person (either alone or through or together with any other Subsidiary) owns, directly or indirectly, a majority of the outstanding equity securities or securities carrying a majority of the voting power in the election of the board of directors or other governing body of such Person.

" Tangible Personal Property " shall mean machinery, equipment, hardware, furniture, fixtures, Information Technology and all other tangible personal property, it being understood that Tangible Personable Property shall not include any Intellectual Property.

" Target Revenue " shall mean, for each Measurement Period, $25,000,000; provided that, in the event that Purchaser or any of its consolidated Subsidiaries sells or disposes of, whether in one or more transactions, directly or indirectly (whether as a result of a sale, offering, spin-off, split-off or otherwise), any assets that produce Business Revenue, then the Target Revenue shall be reduced by an amount equal to the product of (A) the lesser of (x) two (2) times the Target Revenue Fraction or (y) ninety-nine percent (99%) *multiplied by* (B) the Target Revenue in effect prior to such sale or disposition.

" Target Revenue Fraction " shall mean, for any such sale or disposition of any assets which produce Business Revenue, a fraction, (a) the numerator of which is the Business Revenue attributable to the assets to be sold or disposed of, and (b) the denominator of which is the Business Revenue of Purchaser and its consolidated Subsidiaries, including such portion of Business Revenue attributable to the assets to be sold or disposed of, in each of cases (a) and (b), for the four most recently completed fiscal quarters prior to such sale or disposition.

" Tax Item " shall mean any item of income, gain, loss, deduction, credit, recapture of credit or any other item which increases or decreases Taxes paid or payable, including an adjustment under Section 481 of the Code (or comparable provisions of state, local or foreign tax Law) resulting from a change in accounting method.

" Tax Proceeding " shall mean any Tax audit, contest, suit, litigation, defense, investigation, claim or other proceeding with or against any Governmental Authority.

" Tax Return " shall mean any return, declaration, report, claim for refund, information return or similar statement filed or required to be filed with respect to any Taxes, including any schedule or attachment thereto, and including any amendment thereof.

" Taxes " shall mean any and all taxes, assessments, customs, duties, levies, fees, tariffs, imposts, deficiencies and other governmental charges of any kind whatsoever including any income, alternative or add-on minimum, gross receipts, sales, use, transfer, gains, value added, goods and services, ad valorem, franchise, profits, license, withholding, payroll, direct placement, employment, excise, severance, stamp, procurement, occupation, premium, property, escheat, environmental or windfall profit tax, custom, duty or other tax, together with any interest, additions or penalties with respect thereto.

" Transfer Taxes " shall mean all documentary, sales, use, real property transfer, real property gains, registration, value added, transfer, stamp, recording and similar Taxes, fees and costs together with any interest thereon, penalties, fines, costs, fees, additions to tax or additional amounts with respect thereto incurred in connection with the transactions contemplated by this Agreement.

" Treasury Regulations " shall mean the Treasury Regulations promulgated under the Code.

" U.S. Treasury Securities " shall mean any floating rate note, bond, note, treasury inflation-protected security (as defined by the U.S. Department of Treasury) (" TIPS "), treasury bill (as defined by the U.S. Department of Treasury) (" Bill ") or other security issued or to be issued by the U.S. Department of Treasury; provided that, for purposes of the definition of (i) "Business," U.S. Treasury Securities shall only include such securities issued by the U.S. Department of Treasury with respect to which Sellers shall have for the last twelve (12) months prior to the date hereof operated a Fully Electronic active transparent central limit order book and (ii) "Competing Business," U.S. Treasury Securities shall exclude TIPS and Bills.

Section 1.2 Construction; Absence of Presumption .

(a) For the purposes of this Agreement: (i) words (including capitalized terms defined herein) in the singular shall be deemed to include the plural and vice versa and words (including capitalized terms defined herein) of one gender shall be deemed to include the other gender as the context requires; (ii) the terms "hereof," "herein," "hereby" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Exhibits and Annexes) and not to any particular provision of this Agreement, and Article, Section, paragraph, Exhibit and Annex references are to the Articles, Sections, paragraphs, Exhibits and Annexes of or to this Agreement unless otherwise specified; (iii) the word "including" and words of similar import when used in this Agreement shall mean "including without limitation" unless the context otherwise requires or unless otherwise specified; (iv) all references to any period of days shall be deemed to be to the relevant number of calendar days unless otherwise specified; and (v) the use of "or" is not intended to be exclusive unless expressly indicated otherwise.

(b) The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that no rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall be employed in the interpretation of this Agreement (including all of the Exhibits and Annexes) or any amendments hereto.

(c) The Parties acknowledge and agree that to the extent that there is a conflict between any (i) general provision of this Agreement and (ii) provision specifically relating to Tax matters, the terms of the specific Tax provision shall control.

(d) For any provision of this Agreement requiring a trading price of Purchaser Share for a particular date or period, such price or prices shall be as reported by Bloomberg L.P., for each such trading day on Bloomberg page "NDAQ UQ <Equity> AQR" (or any appropriate successor Bloomberg page).

Section 1.3 Headings; Definitions . The Article and Section headings contained in this Agreement are inserted for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

ARTICLE II

PURCHASE AND SALE

Section 2.1 Purchase and Sale of Assets .

(a) *Acquired Assets* . Upon the terms and subject to the provisions and conditions of this Agreement, at the Closing, the applicable Seller shall, or shall cause its applicable Affiliate to, sell, assign, transfer and convey to Purchaser, and Purchaser shall purchase, acquire and accept from such applicable Seller or Affiliate, all of such Person's right, title and interest as of the Closing in (1) those assets set forth in Section 2.1 (a) of the Seller Disclosure Letter, (2) all Intellectual Property (other than Patents and Marks) primarily used, or held primarily for use in, the operation of the Business and (3) all of the assets exclusively used, or held exclusively for use, in the operation of the Business (other than in each of cases (2) and (3), any Excluded Assets), including:

(i) (A) one hundred percent (100%) of the equity interest in eSpeed Technology Services, L.P. and eSpeed Technology Services Holdings, LLC (the " TSA Entities "); and (B) one hundred percent (100%) of the equity interest in Kleos Managed Services, L.P. and Kleos Managed Services Holdings, LLC (together, the " Kleos Entities " and together with the TSA Entities, the " Acquired Subsidiaries " and the equity described in this clause Section 2.1(a)(i), the " Acquired Subsidiary Equity ");

(ii) (A) each Contract set forth on Section 2.1(a)(ii) of the Seller Disclosure Letter, if related exclusively to the Business, then in its entirety, and if not related exclusively to the Business, then only with respect to (and preserving the meaning of) those portions of it that relate to the Business; and (B) any Contract executed after the date of this Agreement and prior to the Closing and executed in compliance with Section 6.1(b), if related exclusively to the Business, then in its entirety, and if not related exclusively to the Business, then only with respect to (and preserving the meaning of)

those portions of it that relate to the Business (collectively, such Contracts or portion of such Contracts, as the case may be, the " Acquired Contracts "); provided , that Sellers may update Section 2.1(a)(ii) of the Seller Disclosure Letter no later than two (2) Business Days prior to the Closing Date to account for Contracts that were entered into in compliance with Section 6.1(b)(vii) and Section 6.1(b)(viii) and to account for any Contracts that have terminated after the date of this Agreement and prior to the Closing Date in accordance with their terms;

(iii) the Leased Real Property set forth on Section 2.1(a)(iii) of the Seller Disclosure Letter (the " Acquired Leased Real Property ");

(iv) subject to the license granted pursuant to Section 6.16, the Intellectual Property set forth on Section 2.1(a)(iv) of the Seller Disclosure Letter and subject to the grant of the license pursuant to Section 6.12, the Business Marks (collectively with Section 2.1(a)(2), the " Acquired Intellectual Property ");

(v) the Tangible Personal Property set forth on Section 2.1(a)(v) of the Seller Disclosure Letter; provided , that Sellers may update Section 2.1(a)(v) of the Seller Disclosure Letter no later than two (2) Business Days prior to the Closing Date to account for Tangible Personal Property that has been replaced in the Ordinary Course after the date of this Agreement and prior to the Closing Date;

(vi) the Employment Agreements set forth in Section 2.1(a)(vi) of the Seller Disclosure Letter (the " Assumed Employment Agreements ") and the Consulting Agreement set forth in Section 2.1(a)(vi) of the Seller Disclosure Letter (the " Assumed Consulting Agreement ");

(vii) all Prepaid Expenses and all Commissions Receivables;

(viii) all property and casualty insurance proceeds received or receivables in connection with (A) the loss or destruction of any asset or property that would have been included in the Acquired Assets but for such loss or destruction and (B) any damage to any of the Acquired Assets, other than such proceeds used to purchase replacement assets or properties that are included in the Acquired Assets;

(ix) all claims, causes of action, defenses and rights of offset or counterclaim, or settlement agreements (in any manner arising or existing, whether choate or inchoate, known or unknown, contingent or non-contingent) relating to any of the Acquired Assets or Assumed Liabilities, other than any Retained Claim;

(x) goodwill of the Business; and

(xi) a copy of all books, records, ledgers, files, documents, correspondence, lists (including customer lists), studies and reports and other printed or written materials (whether in hard copy or electronic form), in each case, to the extent exclusively related to the Business.

All assets set forth in this Section 2.1(a) are collectively referred to as the " Acquired Assets ."

(b) *Excluded Assets* . The Acquired Assets shall not include any asset, right or interest other than those set forth in Section 2.1(a), and the Parties acknowledge and agree that Sellers and their Affiliates shall retain the following assets, rights and interests (collectively, the " Excluded Assets "):

(i) all assets used in connection with Sellers' corporate functions (including the corporate charter, taxpayer and other identification numbers, seals, minute books and stock transfer books), whether or not used for the benefit of the Business;

(ii) subject to Section 2.1(a)(viii), all cash and cash equivalents and all rights in any bank accounts of any Seller or any of its Affiliates;

(iii) other than the Prepaid Expenses and the Commissions Receivables, all current assets, billed and unbilled accounts and accounts and notes receivable, prepaid insurance premiums and all insurance policies of any Seller or any of its Affiliates;

(iv) any Parent Benefits Plans (other than Assumed Employment Agreements or Assumed Consulting Agreement);

(v) all accounting records, Tax records, Tax Returns and Tax work papers of any Seller or any of its Affiliates;

(vi) subject to the license granted pursuant to Section 6.11, the Shared Patents and the Shared Intellectual Property;

(vii) all Retained Claims;

(viii) all Permits;

(ix) all rights of any Seller or any of its Affiliates (other than the Acquired Subsidiaries) under this Agreement or any Related Agreement; and

(x) loans of Seller or its Affiliates to Business Employees, including those set forth on Section 2.1(b)(x) of the Seller Disclosure Letter.

Section 2.2 Assumed Liabilities; Excluded Liabilities .

(a) *Assumed Liabilities* . On the Closing Date, Purchaser shall assume, become responsible for and agree to pay, perform and discharge as they become due, from and after the Closing, only the following Liabilities of Sellers and their Affiliates, as applicable, other than the Excluded Liabilities (collectively, the " Assumed Liabilities "):

(i) all Liabilities arising after the Closing under or resulting from any of the Acquired Contracts, the Acquired Leased Real Property, the Acquired Intellectual Property or any other Acquired Asset (excluding any Liabilities arising out of, relating to or resulting from any breach of any Acquired Contract or the Acquired Lease occurring on or prior to the Closing);

(ii) all Liabilities relating to any Continuing Business Employee assumed by Purchaser pursuant to Section 6.10;

(iii) all Liabilities for Taxes imposed with respect to, arising out of or relating to the Acquired Assets, the Assumed Liabilities or the Business other than Excluded Taxes;

(iv) all Liabilities for Transfer Taxes assumed by Purchaser pursuant to Section 8.5; and

(v) all Accrued Expenses and Deferred Revenue.

(b) *Excluded Liabilities* . The Assumed Liabilities shall not include any Liabilities other than those set forth in clauses (i) through (v) of Section 2.2(a), and the Parties acknowledge and agree that Purchaser and its Affiliates will not assume or be liable for any of the following Liabilities, and Sellers and their Affiliates, as applicable, shall retain all such Liabilities (collectively, the " Excluded Liabilities "):

(i) any Indebtedness of Sellers or their Affiliates;

(ii) all Liabilities for which any Seller or any of its Affiliates expressly has responsibility pursuant to the terms of this Agreement or the Related Agreements;

(iii) all Liabilities of Sellers or their Affiliates to the extent related to the Excluded Assets;

(iv) all Excluded Taxes; and

(v) Liabilities of Sellers and their Affiliates under, relating to or resulting from Parent Benefit Plans (other than Assumed Employment Agreements and the Assumed Consulting Agreement) and Liabilities relating to Business Employees or Business Consultants, except to the extent set forth in Section 2.2(a)(ii).

Section 2.3 Purchase and Sale of the Acquired Subsidiary Equity . The Parties acknowledge that, in order to facilitate the proper transfer of the Acquired Assets to Purchaser, Sellers and their Affiliates may, after consulting with Purchaser in good faith and reasonably considering Purchaser's views, transfer some or all of the Acquired Assets and Assumed Liabilities to one or more of the Acquired Subsidiaries. In such case, each Acquired Asset or Assumed Liability so transferred to an Acquired Subsidiary shall not be transferred to Purchaser pursuant to Section 2.1(a) or Section 2.2(a), respectively, but instead shall be transferred to Purchaser by virtue of the transfer of the Acquired Subsidiary Equity. In such circumstances, upon the terms and subject to the provisions and conditions of this Agreement, at the Closing, the applicable Seller shall sell, assign, transfer and convey to Purchaser, and Purchaser shall purchase, acquire and accept from the applicable Seller, all of the Acquired Subsidiary Equity, free and clear of all Liens (other than restrictions on transfers of securities imposed by applicable federal or state securities Laws), which Acquired Subsidiary Equity shall constitute, and will constitute as of the Closing, all of the equity interests of each of the Acquired Subsidiaries.

Section 2.4 Allocation of Purchase Price . Within sixty (60) days following the Closing, Purchaser shall prepare a draft allocation of the consideration, as determined for U.S. federal income Tax purposes, among the Acquired Assets in accordance with Section 1060 of the Code and the Treasury Regulations (the " Initial Allocation "). If Parent does not object to the Initial Allocation within thirty (30) days of receipt, the Initial Allocation shall be deemed to have been accepted and agreed upon. If Parent objects to the Initial Allocation, it shall notify Purchaser of such disputed item (or items) and the basis for its objection, and Purchaser and Parent shall endeavor to resolve any such dispute. If Parent and Purchaser are unable to resolve such dispute, the disputed item(s) shall be submitted to the Accountant for resolution in a manner in accordance with Section 3.7(b). The Initial Allocation, as may be adjusted pursuant to this Section 2.4, shall be the " Final Allocation ." Each of Parent and Purchaser and their respective Affiliates shall report and file Tax Returns and shall act, in all respects and for all Tax purposes in a manner consistent with the Final Allocation, and neither Parent nor Purchaser shall take any position (whether in audits, Tax Returns, or otherwise) which is inconsistent with the Final Allocation, except as required by a " determination " within the meaning of Section 1313(a) of the Code (or any analogous provision of state, local or foreign Law).

ARTICLE III

THE CLOSING, POST-CLOSING ADJUSTMENTS AND THE EARN-OUT

Section 3.1 Closing . The closing of the transactions provided for in this Agreement (the " Closing ") shall take place (a) at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, New York, 10036 at 10:00 a.m., New York City time, five (5) Business Days after the last of the conditions required to be satisfied pursuant to Article VII is either satisfied (other than those conditions that by their nature are to be satisfied at the Closing) or waived (if permissible) or (b) at such other place, time or date as the Parties shall agree upon in writing; provided , however , that (A) if prior to the three-(3)-month anniversary of the date of this Agreement, all of the conditions required to be satisfied pursuant to Article VII are either satisfied (other than those conditions that by their nature are to be satisfied at the Closing) or waived (if permissible), but Purchaser does not yet own a broker-dealer contemplated by Section 6.21, then Purchaser shall have a right to delay the Closing until the earlier of (i) five (5) Business Days after the date on which Purchaser owns such a broker-dealer and (ii) the three-(3)-month anniversary of the date of this Agreement; provided that from and after the date on which Purchaser has exercised its right to delay the Closing, the condition set forth in Section 7.2(a) and, insofar as it relates to Section 7.2(a), the condition set forth in Section 7.2(d) shall both thereafter be deemed to have been satisfied for all purposes of this Agreement and Purchaser shall thereafter cease to have a right to terminate this Agreement pursuant to Section 9.1(e) for any breach of any representation or warranty; and (B) if applicable Law shall prohibit, until the condition set forth in Section 7.1(a) shall have been satisfied, Sellers from providing to Purchaser pursuant to Section 6.2(a) information relating to the Business necessary or appropriate for Purchaser to operate the Business as of the Closing, then Purchaser or Sellers shall have the right to delay the Closing to the extent necessary (due to the delay in receiving such information), but in no event more than ten (10) Business Days after the date on which the Closing would otherwise occur pursuant to this sentence. The date on which the Closing is to occur is referred to herein as the " Closing Date ."

Section 3.2 Preliminary Information . (a) At least three (3) Business Days prior to the Closing Date, Parent, on behalf of Sellers, shall deliver to Purchaser written instructions designating the account or accounts to which the Closing Purchase Price shall be deposited by federal funds wire transfer on the Closing Date and (b) five (5) Business Days prior to the Closing Date, Parent, on behalf of Sellers, shall deliver to Purchaser the Estimated Closing Date Statement and a certificate of an appropriate officer of Parent providing a good-faith estimate of the Adjustment Amount (the " Estimated Adjustment Amount "), together with such reasonably detailed data appropriate to support such Estimated Closing Date Statement and Estimated Adjustment Amount. The Estimated Adjustment Amount shall be prepared in accordance with GAAP, consistent with the Accounting Principles.

Section 3.3 Closing Purchase Price . The " Closing Purchase Price " shall be equal to (a) seven hundred fifty million dollars ($750,000,000) in cash *plus* (b) the Estimated Adjustment Amount.

Section 3.4 Sellers' Deliveries at Closing . At the Closing, Parent, on behalf of Sellers and their applicable Affiliates, shall deliver to Purchaser:

(a) an equity transfer and assignment agreement for the Acquired Subsidiary Equity, substantially in the form attached hereto as Exhibit D;

(b) to the extent any Acquired Asset (other than Acquired Subsidiary Equity or Acquired Intellectual Property) or Assumed Liability is not held by an Acquired Subsidiary, an assignment and assumption agreement substantially in the form attached hereto as Exhibit C to effect the transactions described in Section 2.2 with respect to such Acquired Asset or Assumed Liability;

(c) to the extent that any Acquired Intellectual Property is not held by an Acquired Subsidiary, an assignment and assumption agreement substantially in the form attached hereto as Exhibit E to effect the transactions described in Section 2.2 with respect to such Acquired Intellectual Property;

(d) the Services Agreement, duly executed;

(e) the License Agreement, duly executed;

(f) the Registration Rights Agreement, duly executed;

(g) the resignations of the officers and directors of the Acquired Subsidiaries;

(h) the officer's certificate required pursuant to Section 7.2(d); and

(i) a duly executed certificate of non-foreign status (a " FIRPTA Certificate ") from each Person treated as the owner of Acquired Assets for U.S. federal income tax purposes that is selling Acquired Assets (including each Seller) certifying that such Person is not a foreign Person within the meaning of Section 1445(f)(3) of the Code, substantially in the form of the sample certification set forth in Treasury Regulation Section 1.1445-2(b)(2)(iv)(B). Notwithstanding anything to the contrary contained herein, if any Person required to do so under

this Section 3.4(i) fails to provide to Purchaser a FIRPTA Certificate, Purchaser shall be entitled to withhold from the Closing Purchase Price and/or any Earn-Out Issuance the amount required to be withheld pursuant to Section 1445 of the Code and the Treasury Regulations.

Section 3.5 Purchaser's Deliveries at Closing . At the Closing, Purchaser shall deliver to BGC US, on behalf of Sellers, or at Parent's request to the applicable Sellers directly (in each case consistent with Section 3.2 hereof):

(a) an amount equal to the Closing Purchase Price to be paid by Purchaser by federal funds wire transfer of immediately available funds to the account or accounts designated pursuant to Section 3.2;

(b) an equity transfer and assignment agreement for the Acquired Subsidiary Equity, substantially in the form attached hereto as Exhibit D;

(c) to the extent that any Acquired Asset (other than Acquired Subsidiary Equity or Acquired Intellectual Property) or Assumed Liability is not held by an Acquired Subsidiary, an assignment and assumption agreement substantially in the form attached hereto as Exhibit C to effect the transactions described in Section 2.2 with respect to such Acquired Asset or Assumed Liability;

(d) to the extent that any Acquired Intellectual Property is not held by an Acquired Subsidiary, an assignment and assumption agreement substantially in the form attached hereto as Exhibit E to effect the transactions described in Section 2.2 with respect to such Acquired Intellectual Property;

(e) the Services Agreement, duly executed;

(f) the License Agreement, duly executed;

(g) the Registration Rights Agreement, duly executed; and

(h) the officer's certificate required pursuant to Section 7.3(d).

Section 3.6 Proceedings at Closing . All proceedings to be taken and all documents to be executed and delivered by the Parties at the Closing shall be deemed to have been taken and executed and delivered simultaneously, and, except as permitted hereunder, no proceedings shall be deemed taken nor any documents executed or delivered until all have been taken, executed and delivered.

Section 3.7 Post-Closing Adjustment .

(a) Not later than ninety (90) days after the Closing Date or such other time as is mutually agreed by the Parties, Purchaser shall prepare or cause to be prepared, and deliver to Parent a revised Closing Date Statement and a revised statement of the Adjustment Amount as of the Closing Date (the " Revised Adjustment Amount "), together with such reasonably detailed data appropriate to support such revised Closing Date Statement and Revised Adjustment Amount. The Revised Adjustment Amount shall be prepared in accordance with GAAP,

consistent with the Accounting Principles. In connection with the preparation of such revised Closing Date Statement and the calculation of the Revised Adjustment Amount, Sellers shall: (A) provide Purchaser and its Affiliates (including the Acquired Subsidiaries) and their authorized representatives with reasonable access, during normal business hours, upon reasonable notice and without unreasonably interfering with Sellers' operations of their businesses, to the relevant books, records and facilities of the Business and the relevant employees, consultants and representatives of Parent or its Affiliates who were involved in the preparation of the Closing Date Statement and Revised Adjustment Amount; and (B) cooperate in good faith with Purchaser and its Affiliates (including the Acquired Subsidiaries) and their authorized representatives, in each case, as reasonably requested by Sellers to evaluate, assess and prepare the Closing Date Statement and Revised Adjustment Amount.

(b) For thirty (30) days following the delivery of the Revised Adjustment Amount, Purchaser shall provide Sellers and their Affiliates and their authorized representatives with reasonable access to the relevant books, records, facilities, employees and representatives of Purchaser reasonably requested by Sellers to evaluate and assess the preparation of the revised Closing Date Statement and the calculation of the Revised Adjustment Amount.

(c) Within thirty (30) days following receipt of the Revised Adjustment Amount, Parent shall deliver to Purchaser in writing either its (i) agreement as to the calculation of the Revised Adjustment Amount or (ii) dispute thereof, specifying in reasonable detail the nature of its dispute. To be effective, any such notice of dispute shall include a copy of the Revised Adjustment Amount, marked to indicate those specific line items that are in dispute (the " Disputed Line Items ") and shall be accompanied by Parent's calculation of the Revised Adjustment Amount. In the event that Parent does not provide a notice of dispute within such thirty (30) day period, Parent, on behalf of Sellers, shall be deemed to have accepted in full the Revised Adjustment Amount as prepared by Purchaser, which shall be final and binding for the purposes hereunder. During the thirty (30) days after the delivery of such dispute notice to Purchaser, Purchaser and Parent shall attempt in good faith to resolve any such dispute and finally determine the final Adjustment Amount. If, at the end of such thirty (30)-day period, Purchaser and Parent have failed to reach agreement with respect to the final Adjustment Amount, the matter shall be submitted to KPMG LLP, which shall act as arbitrator. If KPMG LLP is unable to serve, Purchaser and Parent shall jointly select another nationally recognized accounting firm that is not the independent auditor for either Parent or Purchaser and is otherwise neutral and impartial; provided , however , that if Parent and Purchaser are unable to select such other accounting firm within thirty (30) days after delivery of written notice of a disagreement, each of Purchaser and Parent shall cause its respective selected nationally recognized accounting firm to select another firm meeting the requirements set forth above or a neutral and impartial certified public accountant with significant relevant experience. The accounting firm or accountant so selected shall be referred to herein as the " Accountant ." The Accountant shall determine the final Adjustment Amount in accordance with the terms and conditions of this Agreement. In making such determination, the Accountant may only consider Disputed Line Items and must resolve the matter in accordance with the terms and provisions of this Agreement; provided that the determination of the Accountant will neither be more favorable to Purchaser than reflected in the Closing Date Statement or the Revised Adjustment Amount nor more favorable to Parent than reflected in Parent's dispute notice. The Accountant shall deliver to Parent and Purchaser, as promptly as practicable and in any event within thirty

(30) days after its appointment, a written report setting forth the resolution of the final Adjustment Amount. Such report shall be final and binding upon the Parties to the fullest extent permitted by applicable Law and may be enforced in any court having jurisdiction. Each of Purchaser and Parent shall bear all the fees and costs incurred by it in connection with this arbitration, except that all fees and expenses relating to the foregoing work by the Accountant shall be borne by Purchaser, on the one hand, and Parent, on the other hand, in inverse proportion as they may prevail on the matters resolved by the Accountant, which proportionate allocation will also be determined by the Accountant and be included in the Accountant's written report.

(d) On the second (2nd) Business Day after Purchaser and Parent agree to the final Adjustment Amount (or after Purchaser and Parent receive notice of any final determination of the final Adjustment Amount pursuant to the procedures set forth in Section 3.7(c)), then (i) if the final Adjustment Amount shall exceed the Estimated Adjustment Amount, then Purchaser shall pay to Sellers an amount of cash equal to such excess and (ii) if the Estimated Adjustment Amount shall exceed the final Adjustment Amount, then Sellers shall pay to Purchaser an amount of cash equal to such excess, in each of cases (i) and (ii), plus interest on such amount from the Closing Date up to but excluding the date on which such payment is made at a rate per annum equal to the Federal Funds Rate as of the Closing Date, calculated on the basis of a year of three hundred sixty (360) days and the actual number of days elapsed. Any such payment shall be made by federal funds wire transfer of immediately available funds to the account(s) of the Party entitled to receive such payment, which account(s) shall be identified by Purchaser to Parent or by Parent, on behalf of Sellers, to Purchaser, as the case may be, not less than two (2) Business Days prior to the date such payment would be due.

Section 3.8 Earn-Out .

(a) *Earn-Out* . As additional consideration for the Acquired Assets, following the Closing, in accordance with Section 3.8(b) and subject to Sections 3.8(c) and 3.8(d), Purchaser shall issue to BGC US a number of Purchaser Shares equal to the Earn-Out Number (each, an " Earn-Out Issuance ") for each Measurement Period in which an Earn-Out Date occurs. Each Earn-Out Issuance shall consist of Purchaser Shares that have been duly authorized, validly issued, fully paid and non-assessable, and shall be free and clear of all Liens (other than those Liens imposed by applicable federal or state securities Laws, those set forth in Purchaser's Restated Certificate of Incorporation, in effect as of the date hereof, and those pursuant to Section 3.8(g) of this Agreement).

(b) *Earn-Out Statements* .

(i) With respect to each Measurement Period in which an Earn-Out Date occurs, Purchaser shall make an Earn-Out Issuance within five (5) days of the earlier of (A) the date on which Purchaser shall be required to file, and (B) the date on which Purchaser shall have filed, its Form 10-Q quarterly report or Form 10-K annual report, as applicable, in respect of the fiscal quarter in which the Earn-Out Date occurred. With respect to each Measurement Period, in the event that Purchaser determines that no Earn-Out Date occurred, within five (5) days of the earlier of (A) the date on which Purchaser shall be required to file, and (B) the date on which Purchaser shall have filed,

its Form 10-Q quarterly report or Form 10-K annual report, as applicable, in respect of the fiscal quarter corresponding to such Measurement Period, Purchaser shall deliver to Parent a statement that sets forth in reasonable detail its calculation of the Business Revenue for such Measurement Period (such statement, the " Earn-Out Statement "); it being understood and agreed that Purchaser shall have no obligation to deliver any Earn-Out Statement for any fiscal quarter in a Measurement Period in which an Earn-Out Issuance has been made. With respect to each Measurement Period, if Purchaser fails to deliver the Earn-Out Statement on the date on which it is due pursuant to the prior sentence (the " Earn-Out Statement Deadline "), then an Earn-Out Date shall be deemed to have occurred with respect to such Measurement Period, and Purchaser shall make an Earn-Out Issuance with respect to such Measurement Period within five (5) days following the Earn-Out Statement Deadline. Each Earn-Out Statement shall provide all reasonable backup calculations necessary to arrive at Purchaser's calculation of the Business Revenue set forth on such Earn-Out Statement for such Measurement Period and such backup calculations shall be certified by the corporate controller of Purchaser as having been calculated in accordance with the terms of this Agreement.

(ii) With respect to any Measurement Period in which the Purchaser determines that no Earn-Out Date occurred, Purchaser shall, and shall cause its Affiliates to, keep complete and accurate records in reasonably sufficient detail to enable Purchaser, Parent and Sellers to calculate the Business Revenue for such Measurement Period. With respect to each Measurement Period in which the Purchaser determines that no Earn-Out Date occurred, Purchaser shall provide Parent, Sellers and their respective Affiliates and their authorized representatives with access, during normal business hours, upon reasonable notice and without unreasonably interfering with Purchaser's operation of its businesses (including the Business), to all books, records, facilities, employees and representatives of Purchaser reasonably requested by Parent, Sellers and their respective Affiliates to evaluate and assess the calculation of Business Revenue, including using commercially reasonable efforts to cause Purchaser's accountants to cooperate and assist Parent, Sellers and their respective Affiliates and their respective representatives in evaluating the calculation of Business Revenue.

(iii) Within thirty (30) days of the receipt of the Earn-Out Statement for the applicable Measurement Period, Parent may deliver to Purchaser in writing its dispute of such Earn-Out Statement, specifying in reasonable detail the nature of its dispute. During the thirty (30) days after the delivery of such dispute notice to Purchaser, Purchaser and Parent shall attempt in good faith to resolve any such dispute and finally determine the Business Revenue for such Measurement Period. If, at the end of such thirty (30) day period, Purchaser and Parent have failed to reach agreement with respect to the Business Revenue for such Measurement Period, then the matter shall be submitted to the Accountant, which shall act as arbitrator. The Accountant shall determine the Business Revenue for such Measurement Period in accordance with the terms and conditions of this Agreement. The Accountant shall deliver to Parent and Purchaser, as promptly as practicable and in any event within thirty (30) days after its appointment, a written report setting forth the resolution of the Business Revenue for such Measurement Period. Such report shall be final and binding upon the Parties to the fullest extent permitted by applicable Law and may be enforced in any court having jurisdiction. Each

of Purchaser and Parent shall bear all the fees and costs incurred by it in connection with this arbitration, except that all fees and expenses relating to the foregoing work by the Accountant shall be borne by the Party that does not prevail on the matters resolved by the Accountant.

(iv) On the second (2nd) Business Day after Purchaser and Parent agree on the Business Revenue for any Measurement Period (or after Purchaser and Parent receive notice of any final determination of the Business Revenue for such Measurement Period pursuant to the procedures set forth in Section 3.8(b)(iii)), then if the Business Revenue for such Measurement Period equals or exceeds the Target Revenue, then Purchaser shall make the Earn-Out Issuance to BGC US for such Measurement Period.

(c) *Acceleration Events.* If any Acceleration Event has occurred, Purchaser shall issue to BGC US, no later than the date on which such Acceleration Event has occurred, a number of Purchaser Shares equal to the Acceleration Issuance Number (an " Acceleration Issuance "). An Acceleration Issuance shall consist of Purchaser Shares that have been duly authorized, validly issued, fully paid and non-assessable, and shall be free and clear of all Liens (other than those Liens imposed by applicable federal or state securities Laws, those set forth in Purchaser's Restated Certificate of Incorporation and those pursuant to Section 3.8(g) of this Agreement). If an Acceleration Issuance shall have occurred, then Purchaser shall have no further obligations pursuant to Section 3.8(a) and (b), other than any obligation of Purchaser to make an Earn-Out Issuance for a Measurement Period that has occurred prior to the date of the Acceleration Event.

(d) *Adjustment of Earn-Out Number for Anti-Dilution* .

(i) *Earn-Out Number* . The " Earn-Out Number " shall mean the Initial Earn-Out Number, as it may be adjusted (if at all) pursuant to the remaining provisions of this Section 3.8(d); provided that, if more than one subsection of this Section 3.8(d) is applicable to a single event, the subsection shall be applied that produces the largest adjustment and no single event shall cause an adjustment under more than one subsection of this Section 3.8(d) so as to result in duplication. Any adjustments pursuant to this Section 3.8(d) shall be made successively whenever an event referred to herein shall occur.

(ii) *Adjustments for Stock Dividends and Distributions* . If Purchaser pays dividends or makes other distributions on Purchaser Shares in the form of Purchaser Shares, then the Earn-Out Number in effect immediately prior to the Ex-Date for such dividend or distribution will be multiplied by the following fraction:

$$OS_1 / OS_0 \text{, where}$$

OS_0 = the number of Purchaser Shares outstanding immediately prior to Ex-Date for such dividend or distribution.

OS_1 = the sum of the number of Purchaser Shares outstanding immediately prior to the Ex-Date for such dividend or distribution *plus* the total number of Purchaser Shares constituting such dividend or distribution.

If any dividend or distribution of the type described in this Section 3.8(d)(ii) is declared but not so paid or made, the Earn-Out Number shall be immediately readjusted, effective as of the date the Board of Directors of Purchaser determines not to pay such dividend or distribution, to the Earn-Out Number that would then be calculated if such dividend or distribution had not been declared.

(iii) *Subdivisions, Splits and Combinations of the Purchaser Shares* . If Purchaser subdivides, splits or combines the Purchaser Shares, then the Earn-Out Number in effect immediately prior to the effective date of such share subdivision, split or combination will be multiplied by the following fraction:

$$OS_1 / OS_0 \text{, where}$$

OS_0 = the number of Purchaser Shares outstanding immediately prior to the effective date of such share subdivision, split or combination.

OS_1 = the number of Purchaser Shares outstanding immediately after the opening of business on the effective date of such share subdivision, split or combination.

(iv) *Issuance of Stock Purchase Rights* . If Purchaser issues to all or substantially all holders of the Purchaser Shares rights or warrants (other than rights or warrants issued pursuant to a dividend reinvestment plan or share purchase plan or other similar plans) entitling them to subscribe for or purchase the Purchaser Shares at less than the Current Market Price on the date fixed for the determination of stockholders entitled to receive such rights or warrants, then the Earn-Out Number in effect immediately prior to the Ex-Date for such distribution will be multiplied by the following fraction:

$$(OS_0 + X) / (OS_0 + Y) \text{, where}$$

OS_0 = the number of Purchaser Shares outstanding immediately prior to the Ex-Date for such distribution.

X = the total number of Purchaser Shares issuable pursuant to such rights or warrants.

Y = the number of Purchaser Shares equal to the aggregate price payable to exercise such rights or warrants divided by the Current Market Price.

In determining the aggregate offering price payable to exercise such rights or warrants for such Purchaser Shares, there shall be taken into account any consideration received for such rights or warrants and the value of such consideration (if other than cash, to be determined in good faith

by the Purchaser board of directors or committee thereof). If an adjustment to the Earn-Out Number is required under this clause (iv), delivery of any additional Purchaser Shares that may be deliverable upon conversion as a result of an adjustment required under this clause (iv) shall be delayed to the extent necessary in order to complete the calculations provided in this clause (iv). To the extent that Purchaser Shares are not delivered after the expiration of such rights or warrants, the Earn-Out Number shall be readjusted to the Earn-Out Number that would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of Purchaser Shares actually delivered. If such rights or warrants are not so issued, the Earn-Out Number shall again be adjusted to be the Earn-Out Number that would then be in effect if such Ex-Date for such distribution had not been fixed.

(v) *Dilutive Issuance* . If Purchaser issues Purchaser Shares in a Dilutive Issuance, then the Earn-Out Number in effect immediately prior to the Ex-Date for such issuance will be multiplied by the following fraction:

$$(OS_0 + X) / (OS_0 + Y), \text{ where}$$

OS_0 = the number of Purchaser Shares outstanding immediately prior to the Ex-Date for such Dilutive Issuance.

X = the total number of Purchaser Shares issued in the Dilutive Issuance.

Y = the number of Purchaser Shares equal to the aggregate price payable for the Purchaser Shares issued divided by the Current Market Price.

In determining the aggregate offering price payable for such Purchaser Shares, there shall be taken into account any consideration received by Purchaser for such Purchaser Shares and the value of such consideration (if other than cash, to be determined in good faith by the Purchaser board of directors). If an adjustment to the Earn-Out Number is required under this clause (v), delivery of any additional Purchaser Shares that may be deliverable upon conversion as a result of an adjustment required under this clause (v) shall be delayed to the extent necessary in order to complete the calculations provided in this clause (v).

(vi) *Distributions* . If Purchaser distributes to all or substantially all holders of Purchaser Shares evidences of indebtedness, shares of capital stock, securities, cash or other assets (excluding any dividend or distribution referred to in clause (ii) of this Section 3.8(d), any rights or warrants referred to in clause (iv) of this Section 3.8(d), and any Non-Dilutive Cash Distribution), then the Earn-Out Number in effect on the first Business Day of the immediately succeeding fiscal quarter will be multiplied by the following fraction:

$$SP_0 / (SP_0 - FMV), \text{ where}$$

SP_0 = the Current Market Price per Purchaser Share on the Ex-Date for such distribution.

FMV = the fair market value of the portion of the distribution applicable to one Purchaser Share on such date, with such fair market value equal to (A) in the case of any cash, the amount of such cash, (B) in the case of any securities that trade on a securities exchange, the opening price of such security on such securities exchange immediately after the distribution and (C) in the case of any other asset, as reasonably determined by the Purchaser board of directors (or committee thereof).

With respect to making an adjustment to the Earn-Out Number with respect to a cash distribution, Purchaser may at its election (in lieu of making any adjustments pursuant to this clause (vi) for such cash distribution) deliver to BGC US an amount in cash payable on all Purchaser Shares that may be issuable in all Earn-Out Issuances subsequent to the record date of such cash distribution as if BGC US was the holder of such Purchaser Shares as of such record date.

(vii) *Self-Tender Offers* . If Purchaser or any of its Subsidiaries completes a tender offer, made to all or substantially all holders of Purchaser Shares, for the Purchaser Shares where the cash and the value of any other consideration included in the payment per share of the Purchaser Shares exceeds the arithmetic average of (x) the closing price per Purchaser Share on the trading day immediately prior to the announcement of the price of the tender offer and (y) the closing price per Purchaser Share on the closing date of the tender offer, then the Earn-Out Number in effect at the open of business on the day following the expiration of the tender offer will be multiplied by the following fraction:

$$(AC + (SP_0 \times OS_1)) / (OS_0 \times SP_0), \text{ where}$$

SP_0 = the arithmetic average of (x) the closing price per Purchaser Share on the trading day immediately prior to the announcement of the price of the tender offer and (y) the closing price per Purchaser Share on the closing date of the tender offer.

OS_0 = the number of Purchaser Shares outstanding immediately prior to the expiration of the tender offer, including any shares validly tendered and not withdrawn.

OS_1 = the number of Purchaser Shares outstanding immediately after the expiration of the tender offer, excluding any shares validly tendered and not withdrawn.

AC = the aggregate cash and fair market value of the other consideration payable in the tender or exchange offer, with such fair market value equal to (A) in the case of any securities that trade on a securities exchange, the opening price of such security on such securities exchange immediately after the completion of

the tender offer and (B) in the case of any other asset, as reasonably determined by the Purchaser board of directors (or committee thereof).

If the application of this clause (vii) to any tender offer would result in a decrease in the Earn-Out Number, no adjustment shall be made for such tender offer or exchange offer under this clause (vii). If an adjustment to the Earn-Out Number is required under this clause (vii), delivery of any additional Purchaser Shares that may be deliverable as a result of an adjustment required under this clause (vii) shall be delayed to the extent necessary in order to complete the calculations provided for in this clause (vii).

(viii) *Rounding of Calculations; Minimum Adjustments* . All calculations under this Section 3.8(d) shall be made to the nearest one-hundredth (1/100th) of a share.

(ix) *Proceedings Relating to any Adjustment* . In connection with any action that would require an adjustment to the Earn-Out Number pursuant to this Section 3.8(d), Purchaser shall take any action that may be necessary, including obtaining regulatory, stock exchange or stockholder approvals or exemptions, in order that Purchaser may thereafter validly and legally issue as fully paid and nonassessable all shares of Purchaser Shares that Parent is entitled to receive pursuant to this Section 3.8.

(x) *Consequences of Certain Transactions* . In the event of any reclassification of the Purchaser Shares or a consolidation, merger, combination or binding share exchange involving Purchaser, in each case in which holders of Purchaser Shares are entitled to receive cash, securities or other property for Purchaser Shares (" Reference Property "), the right to receive Purchaser Shares shall be substituted with the right to receive an amount of Reference Property that would have been deliverable in such transaction with respect to each such Purchaser Share; provided that nothing in this clause (x) is intended to limit any such transaction from triggering an Acceleration Event.

(xi) *Notice* . In the event that Purchaser shall have taken any action of the type described in this Section 3.8(d), Purchaser shall give notice to Parent, in the manner set forth in Section 11.1, which notice shall specify the record date, if any, with respect to any such action and the date on which such action has taken place. Such notice shall also set forth the facts with respect thereto as shall be reasonably necessary to indicate the effect on the Earn-Out Number. Such notice shall be given no later than 10 days following the taking of such action. Failure to give such notice, or any defect therein, shall not affect the legality or validity of any such action.

(xii) Notwithstanding any of the foregoing, the Earn-Out Number will not be adjusted:

(1) upon the issuance of any Purchaser Shares pursuant to any present or future employee stock plan providing for the reinvestment of dividends or interest payable on Purchaser's securities and the investment of additional optional amounts in Purchaser Shares under any employee stock plan;

(2) upon the issuance of any Purchaser Shares or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of, or assumed by, Purchaser or any of Purchaser's subsidiaries; or

(3) upon the issuance of any Purchaser Shares pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in clause (2) of this subsection and outstanding as of the date of this Agreement.

(e) *Transactions in Purchaser Shares During Pricing Period* . During the twenty (20) trading days immediately preceding the Closing Date, no member of the Parent Group, member of the Cantor Group or any Acquired Subsidiary shall, directly or indirectly, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any Purchaser Shares or any securities convertible into or exchangeable or exercisable for Purchaser Shares, whether now owned or hereafter acquired by Parent or with respect to which Parent has or hereafter acquires the power of disposition, or file, or cause to be filed, any registration statement under the Securities Act, with respect to any of the foregoing (collectively, the " Lock-Up Securities ") or (ii) enter into any swap, derivative or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Lock-Up Securities or the potential economic consequences of this Earn-Out provision, whether any such swap, derivative or other transaction is to be settled by delivery of Purchaser Shares or other securities, in cash or otherwise (each, a " Disposition Transaction "); provided that any member of the Parent Group or the Cantor Group or any Acquired Subsidiary may, at any time, as part of their ordinary course of business, make any Disposition Transaction (1) for the accounts of their unaffiliated customers or (2) in connection with customer trading, including as principal, in any currently existing, quoted stock index or publicly traded exchange-traded fund on a national stock exchange where the number of Purchaser Shares involved in the Disposition Transaction is consistent with the representation of Purchaser Shares in such stock index or exchange-traded fund During the twenty (20) trading days immediately preceding the Closing Date, Purchaser shall not, directly or indirectly, (i) offer, purchase, contract to purchase, sell any option or contract to sell, purchase any option or contract to purchase, acquire any option, right or warrant for the purchase of, or otherwise purchase or acquire any Purchaser Shares or any securities convertible into or exchangeable or exercisable for Purchaser Shares, whether now owned or hereafter acquired by Purchaser or with respect to which Purchaser has or hereafter acquires the power of disposition, or file, or cause to be filed, any tender offer document under the Exchange Act, with respect to any of the foregoing or (ii) enter into any swap, derivative or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of Purchaser Shares, whether any such swap, derivative or other transaction is to be settled by delivery of Purchaser Shares or other securities, in cash or otherwise (each, an " Acquisition Transaction "); provided that Purchaser may, at any time, as part of its ordinary course of business, make any (A) Acquisition Transaction for the accounts of its unaffiliated customers, (B) purchases pursuant to any employee stock purchase plans that require such purchases and (C) purchases pursuant to any share repurchase program consistent in amount and timing with past practice; provided that prior to effecting any such repurchase, Purchaser shall, through a third-party broker engaged in such

repurchase, offer BGC US to sell to Purchaser such Purchaser Shares at the price at which Purchaser intends to effect such repurchase. Each Party shall bear and be responsible for the commissions of its broker in such transaction, and no Party shall bear or be responsible for the commission of the other Party in such transaction or any other commission. To the extent that BGC US does not agree to sell such Purchaser Shares at such price, neither Purchaser nor Purchaser's third-party broker shall offer to repurchase Purchaser Shares during the twenty (20) trading days immediately preceding the Closing Date at price that is higher than that offered to BGC US (which price may be based on volume weighted average pricing methodology). If BGC US agrees to sell such Purchaser Shares to Purchaser, then such purchase will be settled at such time that BGC US would otherwise be entitled to receive an equal or greater number of Purchaser Shares pursuant to an Earn-Out Issuance (it being agreed that, if the Closing does not occur for any reason, then all purchases of Purchaser Shares by Purchaser from BGC US pursuant to this Section 3.8(e) shall be null and void with no interest, penalty or other payment to either Party in respect of such purchase).

(f) *Ownership Limitation* . In the event that any member of the Parent Group or Cantor Group would be prohibited under applicable Law from being the beneficial owner (as defined in Section 13(d)-3 of the Exchange Act) of voting securities representing more than 9.9% of Purchaser's outstanding voting securities (the " Ownership Limitation "), then Purchaser shall be entitled to defer any Earn-Out issuance (or portion thereof) otherwise required to be issued hereunder if such Earn-Out Issuance (or portion thereof) would cause the Ownership Limitation to be exceeded, until such time as such ownership of Purchaser's outstanding voting securities in excess of the Ownership Limitation would not be prohibited by such applicable Law; provided that, until such Purchaser Shares shall have been issued, Purchaser shall make payments to BGC US equal to the dividends that would have been payable on such Purchaser Shares. The Purchaser agrees to take all reasonable actions as may be requested by any member of the Parent Group or the Cantor Group to obtain all necessary or required approvals under applicable Law so such member of the Parent Group or the Cantor Group, as applicable, may hold outstanding voting securities in excess of the Ownership Limitation. In the event that the sum of all of the Earn-Out Issuances would cause Purchaser to issue a number of Purchaser Shares in excess of 19.99% of the number of Purchaser Shares outstanding as of the date of this Agreement (the " Share Issuance Limitation ") and such issuances would not be permitted by the listing rules of NASDAQ as of the date hereof without receipt of approval of the Purchaser's shareholders, then Purchaser shall substitute cash for Purchaser Shares in any Earn-Out Issuance solely to the extent required so that the sum of all of the Earn-Out Issuances would cause Purchaser to issue a number of Purchaser Shares equal to the Share Issuance Limitation, with such cash equal to (i) the number of Purchaser Shares that Purchaser otherwise would be obligated to issue to BGC US pursuant to such Earn-Out Issuance, *multiplied by* (ii) the Current Market Price as of the date on which Purchaser otherwise would be obligated to issue such Purchaser Shares to BGC US pursuant to such Earn-Out Issuance, and such substitution shall be made with respect to the earliest Earn-Out Issuances following the Closing.

(g) *Disposition Limitations* . No member of the Parent Group or Cantor Group shall directly or indirectly (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of Purchaser Shares or any securities convertible into or exchangeable or exercisable for Purchaser Shares, or (ii) enter into any swap

or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the such securities, whether any such swap or transaction is to be settled by delivery of Purchaser Shares or other securities, in cash or otherwise (any such transaction, " Potentially Disruptive Sale Transaction "), in an aggregate amount that, together with any other Potentially Disruptive Sale Transaction entered into in the immediately preceding four calendar weeks is an aggregate amount greater than 4.90% of the number of outstanding Purchaser Shares on such date; provided that none of the following shall, individually or in the aggregate, constitute a Potentially Disruptive Sale Transaction: (A) any transaction effected through an Underwritten Offering (as defined in the Registration Rights Agreement) pursuant to Section 2.2 of the Registration Rights Agreement, (B) any transaction involving Purchaser Shares in an amount on any date that is less than the greater of (1) the DTV for such date or (2) the immediately preceding Four Week ADTV or (C) any private sale to a purchaser of such Purchaser Shares that is purchasing for investment without an intention at such time of distributing or selling such Purchaser Shares; provided , further , that, if such purchaser acquires pursuant to such private sale a number of Purchaser Shares greater than an amount equal to (x) the Percentage Amount *multiplied by* (y) the number of outstanding Purchaser Shares as of the date of such transfer, then such purchaser shall agree in writing with Purchaser to be bound by disposition limitations substantially equivalent to those set forth in this Section 3.8(g). " Percentage Amount " means 4.90%, which shall be proportionately increased in the event that the percentage of the outstanding Purchaser Shares held by any member of the Parent Group or Cantor Group shall be increased as a result of an action taken by Purchaser, including a share repurchase, spin-off, split-off or other transaction.

(h) *Exemptions*. Purchaser shall take all necessary actions to ensure that the acquisition and ownership of the Purchaser Shares contemplated to be issued to BGC US pursuant to this Section 3.8 (or any permitted assignee pursuant to Section 11.8) shall not trigger any rights plan or other similar plan that Purchaser may adopt in the future (it being understood that such exemption shall not apply to any other Purchaser Shares that any member of the Parent Group or Cantor Group may acquire).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as disclosed in the (i) Parent SEC Documents to the extent it is reasonably apparent that a disclosure therein is applicable to any particular representation or warranty set forth herein (excluding any risk factor disclosures contained under the heading "Risk Factors" or any disclosure of risks included in any "forward-looking statements" section in such Parent SEC Documents) or (ii) Seller Disclosure Letter, Sellers (and Cantor, but only to the extent referenced in this Article IV), jointly and severally, hereby represent and warrant to Purchaser, as of the date hereof and as of the Closing Date (or as of such other date as may be expressly provided in any representation or warranty), as set forth below. Information disclosed in any section of the Seller Disclosure Letter shall be deemed to be disclosed with respect to such other section of the Seller Disclosure Letter to which such disclosure would reasonably pertain or where its relevance to such other section would be reasonably apparent.

Section 4.1 Organization and Good Standing .

(a) Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Each other Seller and any of its Affiliates that owns or has any right, title or interest in an Acquired Asset, and each Acquired Subsidiary is a legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization or incorporation, as the case may be. Each Seller and any of its Affiliates that owns or has any right, title or interest in an Acquired Asset, and each Acquired Subsidiary has all requisite corporate (or other) power and authority to own or lease the assets owned or leased by it and to carry on the Business, as currently conducted, except where the failure to have such power or authority would not have a Business Material Adverse Effect.

(b) Each Seller and any of its Affiliates that owns or has any right, title or interest in an Acquired Asset, and each Acquired Subsidiary is duly qualified to do business and is in good standing as a foreign entity in each jurisdiction where the ownership, lease or operation of the applicable assets or the conduct of the Business requires such qualification, except where the failure to be so qualified or in good standing would not adversely affect the ability of Sellers and such Affiliates to carry out their obligations under, and to consummate the transactions contemplated by this Agreement or the Related Agreements.

Section 4.2 Acquired Subsidiaries .

(a) All of the Acquired Subsidiary Equity has been duly authorized and validly issued (and has not been issued in violation of, and is not subject to, any preemptive rights, rights of first refusal, or similar rights or in violation of any applicable state or federal securities Laws) and is fully paid and non-assessable, and such Acquired Subsidiary Equity collectively constitutes all of the issued and outstanding equity interests of the Acquired Subsidiaries. Except for the Acquired Subsidiary Equity, there are no (x) issued, outstanding or authorized securities or other similar ownership interests of any class or type of or in any of the Acquired Subsidiaries, or (y) outstanding or authorized options, warrants, calls, purchase rights, subscription rights, exchange rights or other rights, convertible securities, agreements or commitments of any kind pursuant to which any of the Acquired Subsidiaries is or may become obligated to (i) issue, transfer, sell or otherwise dispose of any of its securities, or any securities convertible into or exercisable or exchangeable for its securities, or (ii) redeem, purchase or otherwise acquire any outstanding securities of either of the Acquired Subsidiaries. There are no outstanding or authorized stock appreciation, phantom stock, profits interest, economic interests, participation interests, or other similar rights with respect to any of the Acquired Subsidiaries.

(b) BGC US is the legal and beneficial owner of the Acquired Subsidiary Equity, and has good title thereto, free and clear of all Liens (other than restrictions on transfers of securities imposed by applicable federal or state securities Laws) and with no restriction on the voting rights and other incidents of record and beneficial ownership pertaining thereto. Except for this Agreement, there are no outstanding agreements or understandings between Parent or any of its Affiliates or members of the Cantor Group, on the one hand, and any other Person, on the other hand, with respect to the acquisition, disposition, transfer, registration or voting of or any other matters in any way pertaining or relating to, or any other restrictions on any of the securities of any of the Acquired Subsidiaries.

(c) The Acquired Subsidiaries do not own or hold, directly or indirectly, any shares of capital stock or other equity or voting interests or any other security or other interests in any Person. There is no outstanding or authorized obligation or agreement of any kind requiring any of the Acquired Subsidiaries to make an investment in or to acquire the capital stock or other equity or voting interests or any other security or other interest in any Person.

(d) Parent has delivered to Purchaser, prior to the execution of this Agreement, true and complete copies of the organizational documents of each Acquired Subsidiary. Such organizational documents are in full force and effect. No Acquired Subsidiary is in violation of any provision of such organizational documents. Parent has delivered to Purchaser copies of all applicable instruments, agreements, certificates or other documents entered into or filed in connection with the (i) contribution, assignment, conveyance or transfer to the Acquired Subsidiaries of the Acquired Assets and (ii) assumption by the Acquired Subsidiaries of the Assumed Liabilities.

(e) As of the Closing Date, none of the Acquired Subsidiaries will own any material assets that are not Acquired Assets. No Acquired Subsidiary conducts or operates any material business other than the Business.

Section 4.3 Authorization; Binding Obligations . Each Seller and Cantor have all necessary power and authority to make, execute and deliver this Agreement and the Related Agreements to which it is a party and to perform all of the obligations to be performed by it hereunder and thereunder. The making, execution, delivery and performance of this Agreement and the Related Agreements and the consummation by each Seller and Cantor of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate (or other) action on the part of each Seller and Cantor and no other corporate (or other) proceedings on the part of any Seller or Cantor is necessary to authorize the execution, delivery and performance by Sellers and Cantor of this Agreement or the Related Agreements or the transactions contemplated hereby or thereby. This Agreement has been and, as of the Closing Date, the Related Agreements will be, duly and validly executed and delivered by each Seller and Cantor to the extent a party thereto, and assuming the due authorization, execution and delivery by Purchaser, each of this Agreement and the Related Agreements will constitute the valid, legal and binding obligation of each Seller and Cantor to the extent a party thereto, enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency, fraudulent transfer, moratorium, reorganization, preference or similar Laws of general applicability relating to or affecting the rights of creditors generally and subject to general principles of equity (regardless of whether enforcement is sought in equity or at law) (collectively, the " Enforceability Exceptions ").

Section 4.4 No Conflicts . Assuming receipt of the Consents, none of the execution, delivery or performance of this Agreement or the Related Agreements by Sellers or Cantor, nor the consummation of the transactions contemplated hereby or thereby, will (i) violate, conflict with, result in the breach of, or constitute a default under, any provision of the organizational documents of any Seller, Cantor or any Acquired Subsidiary; (ii) violate, conflict with, result in the breach of, or constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, be prohibited by, require any approval or consent under, or give to any Person any right of termination, amendment, acceleration,

suspension, revocation or cancellation of, the Acquired Lease or any Acquired Contract; (iii) violate or conflict with any Law applicable to any Seller, Cantor, any Acquired Subsidiary or the Business (including any memorandum of understanding or similar arrangement with any Governmental Authority); or (iv) result in the creation or imposition of any Lien (other than any Permitted Lien), with or without the giving of notice or the lapse of time or both, upon the Acquired Assets or the Acquired Subsidiary Equity, except, in the cases of clauses (ii), (iii) and (iv), for such violations, conflicts, breaches, defaults, prohibitions, approvals, consents, terminations, amendments, accelerations, suspensions, revocations, cancelations or Liens as would not, individually or in the aggregate, be material to the Business, taken as a whole.

Section 4.5 Approvals . No material notices, approvals, reports or other filings are required to be made by any Seller, Cantor or any Acquired Subsidiary with, nor are there any material consents, registrations, approvals, permits or other authorizations required to be obtained by any Seller, Cantor or any Acquired Subsidiary from, any Governmental Authority or other third party in order for Sellers or Cantor to execute or deliver this Agreement or any of the Related Agreements or to consummate the transactions contemplated hereby or thereby except (i) the filings under the HSR Act and the expiration or termination of the applicable waiting period, (ii) the approvals set forth in Section 4.5 of the Seller Disclosure Letter (clauses (i) and (ii) collectively, the " Seller Consents ") and (iii) for the Purchaser Consents.

Section 4.6 Litigation . There is no material action, suit, proceeding, claim, arbitration or other litigation pending, or any investigation by any Governmental Authority pending or, to the Knowledge of Sellers, any material action, suit, proceeding, claim or other litigation or investigation by any Governmental Authority threatened in writing, against any Seller or any of its Affiliates that owns or has any right, title or interest in an Acquired Asset, with respect to an Acquired Asset, any Acquired Subsidiary or the Business.

Section 4.7 Compliance with Law .

(a) Each Acquired Subsidiary and, to the Knowledge of Sellers, each respective director, officer, employee and consultant of the foregoing and, solely as it relates to or affects the Business, each Seller, each Affiliate of a Seller that owns or has any right, title or interest in an Acquired Asset and the Business are, and have been since January 1, 2011, in compliance, in all material respects with all applicable Laws. Since January 1, 2011, no Acquired Subsidiary and, solely as it relates to or affects the Business, no Seller nor any of its Affiliates that owns or has any right, title or interest in an Acquired Asset has received any written or oral communication or notice from (or otherwise has any Knowledge of) any Governmental Authority that alleges any material noncompliance with any Law relating to or affecting the Business, except, in each case, as would not have a Business Material Adverse Effect.

(b) No Acquired Subsidiary and, to the Knowledge of Sellers, no director, officer, employee and consultant of the foregoing and, solely as it relates to or affects the Business, no Seller nor any of its Affiliates that owns or has any right, title or interest in an Acquired Asset is under any investigation by any Governmental Authority for alleged noncompliance with any Laws or is subject to any outstanding Governmental Order or Regulatory Agreement, in each case, relating to or affecting any Acquired Subsidiary or the

Business, nor has any Seller, or any of its Affiliates that owns or has any right, title or interest in an Acquired Asset been advised in writing since January 1, 2011 by any Governmental Authority that it is considering initiating or requesting any such investigation, Governmental Order or Regulatory Agreement relating to or affecting any Acquired Subsidiary or the Business. No audits, examinations or investigations are currently being performed or, to the Knowledge of Sellers, are scheduled to be performed on any Acquired Subsidiary or with respect to the Acquired Assets or the Business by any Governmental Authority.

Section 4.8 Transactions with Affiliates . As of immediately after the Closing, there will be no outstanding amounts payable to or receivable from, or advances by any member of the Parent Group or any member of the Cantor Group or any of their respective directors, employees, officers, consultants or Affiliates, on the one hand, and any Acquired Subsidiary or any Subsidiary of any Acquired Subsidiary or in connection with the Business or the Acquired Assets, on the other hand, other than pursuant to (a) the normal and customary terms of such persons' employment with Sellers or any of their Subsidiaries and (b) the terms of this Agreement or any Related Agreement. As of immediately after the Closing Date, other than as set forth on Section 4.8 of the Seller Disclosure Letter, no member of the Parent Group or member of the Cantor Group, on the one hand, is a party to any transaction, agreement, understanding or arrangement with any Acquired Subsidiary or any Subsidiary of any Acquired Subsidiary or any of their respective Affiliates, directors, employees, consultants or officers or relating to the Business or the Acquired Assets, on the other hand, other than pursuant to normal and customary terms of such director's, employee's or officer's employment with Sellers or any of their Subsidiaries.

Section 4.9 Financial Statements .

(a) Sellers have provided Purchaser with true and complete copies of (i) a pro forma statement of Acquired Assets and Assumed Liabilities as at December 31, 2012 (the " Reference Statement ") and (ii) pro forma statements of revenue and direct and dedicated expenses of the Business for each of the twelve (12) months ended December 31, 2011 and December 31, 2012 (together, the " Business Financial Information ").

(b) Except as otherwise described therein, the Business Financial Information (i) has been prepared from the books and records of the Business, (ii) has been prepared in accordance with GAAP applied on a basis consistent with past practice in all material respects and (iii) presents fairly in all material respects the pro forma financial position of the Business as of such date and the pro forma results of operations of the Business for such periods.

Section 4.10 Title .

(a) Sellers or their applicable Affiliates or the Acquired Subsidiaries, as applicable, are the sole owners of, and have good and valid title, free and clear of all Liens (other than Permitted Liens), to the Acquired Assets, other than the Acquired Contracts that have expired or been terminated in accordance with their terms and not in violation of Section 6.1(b)(vii).

(b) Assuming the accuracy of Purchaser's representations and warranties in this Agreement, immediately following the Closing, Purchaser shall be vested with good and valid title to (i) the Acquired Subsidiary Equity, free and clear of all Liens (other than restrictions on transfers of securities imposed by applicable federal or state securities Laws), and (ii) subject to Section 6.8(a), the Acquired Assets (other than the Acquired Contracts that have expired or been terminated in accordance with their terms and not in violation of Section 6.1(b)(vii)), free and clear of all Liens (other than Permitted Liens).

(c) Section 4.10(c) of the Seller Disclosure Letter describes or otherwise sets forth all assets used or held for use in the operation of the Business (other than the Acquired Assets) that are material to the Business.

Section 4.11 Employee Benefit Plans .

(a) Section 4.11(a)-1 of the Seller Disclosure Letter lists each material Parent Benefit Plan. Section 4.11(a)-2 of the Seller Disclosure Letter lists each collective bargaining or similar agreements to which Seller or any of its Affiliates or members of the Cantor Group are party with any labor organization or union representing any of the Business Employees or Business Consultants. No Parent Benefit Plan is sponsored, maintained or contributed to, or required to be contributed to, by an Acquired Subsidiary, no Acquired Subsidiary is party to any individual Contract for the (i) employment of any Business Employee or the provision of severance, retention or change of control benefits to any Business Employee (each, an " Employment Agreement ") or (ii) engagement of any Business Consultant or the provision of severance, retention or change of control benefits to any Business Consultant (each, a " Consulting Agreement "), or any collective bargaining or similar agreement, and, except as would not reasonably be expected to result in a material Liability to Purchaser or an Acquired Subsidiary, no Acquired Subsidiary has any actual or contingent Liability with respect to a Parent Benefit Plan, Employment Agreement or Consulting Agreement. No Business Consultants are eligible for or entitled to any employee benefits under any Parent Benefit Plan.

(b) Neither Seller nor any Subsidiary or Affiliate or member of the Cantor Group has any binding commitment or formal plan to create any additional material employee benefit plan or materially modify or change any existing Parent Benefit Plans other than as may be required by the terms of such Parent Benefit Plan or applicable Law. With respect to each material Parent Benefit Plan, Seller has heretofore delivered or made available to Purchaser true and complete copies of the Parent Benefit Plan and any material amendments thereto, any related trust or other funding vehicle, any reports or summaries required under ERISA or the Code and the most recent determination letter received from the IRS with respect to each Parent Benefit Plan intended to qualify under section 401 of the Code.

(c) No Parent Benefit Plan is subject to Title IV of ERISA and no liability under Title IV or section 302 of ERISA has been incurred by Parent or any ERISA Affiliate that has not been satisfied in full, and, except as would not reasonably be expected to result in a material Liability to Purchaser or an Acquired Subsidiary, no condition exists that presents a material risk to Parent or any of its ERISA Affiliates of incurring any such liability.

(d) The consummation of the transactions contemplated by this Agreement or the Related Agreements will not, either alone or in combination with another event, (i) entitle any Business Employee or Business Consultant to any transaction bonus, retention payment, severance pay, or any other payment or benefit under any Parent Benefit Plan, Employment Agreement or Consulting Agreement or (ii) accelerate the time of payment or vesting, or increase the amount, of compensation or benefits due any such Business Employee or Business Consultant under any Parent Benefit Plan, Employment Agreement or Consulting Agreement. Except as would not reasonably be expected to result in a material Liability to Purchaser or an Acquired Subsidiary, no amounts payable under the Parent Benefit Plans or Employment Agreements will fail to be deductible for federal income tax purposes by virtue of Section 280G of the Code.

(e) Parent has previously made available to Purchaser the following information as of the most recent practicable date with respect to each Business Employee and Business Consultant, as applicable, as of the date this Agreement: (i) date of hire and effective service date, (ii) job title or position held, (iii) city and state of employment, (iv) base salary, fee rate or current wages, (v) employment status (i.e., active or on leave, short-term disability or long-term disability and full-time or part-time), and (vi) accrued unused vacation days and other time off rights and the potential number of such days and rights such Business Employee or Business Consultant may accrue annually.

(f) The IRS has issued a favorable determination letter with respect to each Parent Benefit Plan that is intended to be qualified under Section 401(a) of the Code (a " Qualified Plan ") and the related trust that has not been revoked, and, except as would not reasonably be expected to result in a material Liability to Purchaser or an Acquired Subsidiary, there are no existing circumstances and no events have occurred that could adversely affect the qualified status of any Qualified Plan or the related trust.

(g) Except as would not reasonably be expected to result in a material Liability to Purchaser or an Acquired Subsidiary, there are no pending or, to the Knowledge of Sellers, threatened claims (other than claims for benefits in the Ordinary Course), lawsuits or arbitrations which have been asserted or instituted, and to the Knowledge of Sellers no set of circumstances exists which may reasonably give rise to a claim or lawsuit, against the Parent Benefit Plans, any fiduciaries thereof with respect to their duties to the Parent Benefit Plans or the assets of any of the trusts under any of the Parent Benefit Plans which could reasonably be expected to result in any material liability of Parent to the Pension Benefit Guaranty Corporation, the Department of Treasury, the Department of Labor, any multi-employer plan, any Parent Benefit Plan, any participant in a Parent Benefit Plan, or any other Person.

(h) The Acquired Subsidiaries do not and have not in the past employed or retained any individuals as employees, consultants or in any similar capacity.

Section 4.12 Labor Matters .

(a) With respect to any Business Employee or Business Consultant, (i) neither Sellers nor any of their Affiliates are party to, nor bound by, any labor agreement, collective bargaining agreement, work rules or practices, or any other labor-related agreements or

arrangements with any labor union or labor organization; (ii) there are otherwise no labor agreements, collective bargaining agreements, work rules or practices, or any other labor-related agreements or arrangements; (iii) no such employees or consultants are represented by any labor union or labor organization with respect to their employment or engagement; and (iv) no labor organization or group of such employees or consultants has made a pending demand for recognition or certification, and, to the Knowledge of Sellers, there are no representation or certification proceedings or petitions seeking a representation proceeding presently pending or threatened to be brought or filed, with the National Labor Relations Board or any other labor relations tribunal or authority. Sellers have no Knowledge of any labor union organizing activities with respect to any Business Employee or Business Consultant.

(b) To the Knowledge of Sellers, there are no actual, pending or threatened organizing activities, strikes, work stoppages, slowdowns, lockouts, material arbitrations or material grievances, or other material labor disputes against the Business or involving any Business Employee or Business Consultant and during the past three (3) years there has not been any such action.

(c) Except as would not reasonably be expected to result in a material liability to Purchaser, with respect to the Business Employees and Business Consultants, no Sellers have received notice of: (i) any unfair labor practice charge or complaint pending or threatened before the National Labor Relations Board or any other Governmental Authority against them; (ii) any complaints, grievances or arbitrations arising out of any collective bargaining agreement or any other complaints, grievances or arbitration procedures against them; (iii) any charge or complaint with respect to or relating to such Seller pending before the Equal Employment Opportunity Commission or any other Governmental Authority responsible for the prevention of unlawful employment practices; (iv) the intent of any Governmental Authority responsible for the enforcement of labor, employment, wages and hours of work, child labor, immigration, or occupational safety and health laws to conduct an investigation with respect to or relating to such Seller or notice that such investigation is in progress; or (v) any complaint, lawsuit or other proceeding pending or threatened in any forum by or on behalf of any such present or former employee of such entities, any applicant for employment or classes of the foregoing alleging breach of any express or implied contract of employment or engagement, any applicable Law governing employment or consulting or the termination thereof or other discriminatory, wrongful or tortious conduct in connection with the employment or consulting relationship.

(d) Except as would not reasonably be expected to result in a material liability to Purchaser, each Seller and each of its Affiliates is in compliance with all applicable Laws respecting employment and employment practices, terms and conditions of employment, wages and hours and occupational safety and health, and is not engaged in any unfair labor practices as defined in the National Labor Relations Act or other applicable Law, in each case with respect to Business Employees and Business Consultants. During the last two (2) years, with respect to Business Employees or Business Consultants, no Seller has effectuated a “plant closing” or a “mass layoff” (as such terms are defined in the Worker Adjustment and Retraining Notification Act (the “ WARN Act ”)), and with respect to Business Employees, no Seller nor any of its Affiliates has been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any state, local or foreign Law which is similar to the WARN Act. Except as set forth in Section 4.12(d) of the Seller Disclosure

Letter, none of the Business Employees or Business Consultants has suffered an “employment loss” (as defined in the WARN Act) during the ninety (90)-day period prior to the date of this Agreement.

(e) Except as would not reasonably be expected to result in a material liability to Purchaser, neither Sellers nor any of their Affiliates are delinquent in payments to any Business Employees or Business Consultants for any services or amounts required to be reimbursed or otherwise paid (or any former employees or consultants of any Seller or such Affiliates who would have been a Business Employee or Business Consultant had such former individuals continued employment or engagement through the date hereof).

Section 4.13 No Brokers or Finders . No broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement or the Related Agreements based upon arrangements made by or on behalf of any member of the Parent Group or Cantor Group.

Section 4.14 Undisclosed Liability . There are no Liabilities arising under the Acquired Contracts or relating to the other Acquired Assets, the Acquired Subsidiaries or the Business, other than:

(a) Liabilities that are Assumed Liabilities;

(b) Liabilities that are reflected on or reserved against in the Business Financial Information to the extent so reflected or reserved thereon;

(c) Liabilities disclosed in Section 4.14(c) of the Seller Disclosure Letter;

(d) Liabilities for which Purchaser is fully indemnified under Section 10.2 hereof; or

(e) other Liabilities which, individually or in the aggregate, are not material and were incurred in the Ordinary Course.

Section 4.15 Real Property .

(a) The Acquired Subsidiaries do not own, and have not owned, any real property, and there is no material real property owned by any Seller or any of its Affiliates used or held solely for use in the operation of the Business.

(b) Section 4.15(b) of Seller Disclosure Letter sets forth the address or other description of each parcel of Acquired Leased Real Property, and a true and complete description of the Acquired Lease (including the date, if available, and name of the parties to such Lease). Parent has delivered or made available to Purchaser a true and complete copy of the aforementioned Lease (including all amendments, modifications, supplements, exhibits, schedules, addenda and restatements thereto and thereof) and all material ancillary documents related thereto (including consents, documents recording variations, memoranda of lease, options, rights of expansion, extension, first refusal and first offer and evidence of commencement dates and expiration dates).

(c) The Acquired Lease is in full force and effect and is enforceable in accordance with its terms, subject to the Enforceability Exceptions. No Seller or any of its Affiliates (including the Acquired Subsidiaries) has received any written notice of any, and to the Knowledge of Sellers there is no, material default under the Acquired Lease. Except as set forth in Section 4.15(c) of the Seller Disclosure Letter, to the Knowledge of Sellers, with respect to the Lease: (i) there are no material disputes with respect to the Lease; (ii) no Seller or any of its Affiliates has subleased, licensed or otherwise granted any Person the right to use or occupy such Acquired Leased Real Property or any portion thereof; and (iii) there are no material Liens on the estate or interest created by such Lease except for Permitted Liens.

(d) To the Knowledge of Sellers, the Acquired Leased Real Property is free from any use or occupancy restrictions, except those imposed by applicable zoning laws, ordinances and regulations, none of which materially interfere with the use of the Acquired Leased Real Property, and from all non-ordinary course Taxes or assessments.

(e) To the Knowledge of Sellers, the Acquired Leased Real Property has not suffered any material damage by fire or other casualty which has not heretofore been repaired and restored in all material respects.

(f) To the Knowledge of Sellers, no Seller or any of its Affiliates has received any notice of material violation with respect to any of the Acquired Leased Real Property, and there exists no material conflict or dispute with any Governmental Authority relating to any Acquired Leased Real Property or the activities thereon.

Section 4.16 Insurance . Since January 1, 2011, Sellers, their Affiliates and the Acquired Subsidiaries have maintained, and continue to maintain, insurance policies and fidelity bonds (including financial institutions bond coverage (fidelity), property and casualty insurance, business interruption and workers' compensation insurance) which include coverage of the entities engaged in the Business of the type and in amounts as Sellers believe are sufficient and reasonably necessary to conduct the Business in all material respects as it has been conducted since such date. All such policies are in full force and effect, all premiums due thereon have been paid and Sellers and each of their Affiliates that owns or has any right, title or interest in an Acquired Asset or that employs the Business Employees or that is the counterparty to the Assumed Employment Agreements or Assumed Consulting Agreement are otherwise in compliance in all material respects with the terms and provisions of such policies. To the Knowledge of Sellers, there is no threatened termination of or material alteration of coverage under any of such policies or bonds.

Section 4.17 Licenses and Permits .

(a) Except as would not have a Business Material Adverse Effect: (i) all Permits are valid and in full force and effect; (ii) no Seller or any of its Affiliates is in default (or has received any notice alleging default), and no condition or circumstance exists that with notice or lapse of time or otherwise would constitute a default, under the Permits; and (iii) none of the Permits shall be terminated or impaired or become terminable, in whole or in part, as a result of the transactions contemplated hereby and by the Related Agreements. Each Business Employee and Business Consultant who is required to be registered or licensed as a registered

representative, sales person or equivalent person with any Governmental Authority in connection with the Business is duly registered as such and such registration is in full force and effect, except for such failures as would not have a Business Material Adverse Effect.

(b) Section 4.17(b) of the Seller Disclosure Letter sets forth all Permits. Except as would not have a Business Material Adverse Effect, none of Sellers or any Affiliate of Sellers that owns or has any right, title or interest in an Acquired Asset has received, at any time since January 1, 2012, any notice or other communication from any Governmental Authority regarding any actual or (i) alleged violation of, or failure to comply with, any term or requirement of any Permit or (ii) potential revocation, withdrawal, suspension, cancellation or termination of, or any modification to, or any action or proceeding to declare invalid, any Permit, in each case, that has not been remedied as of the date of this Agreement.

Section 4.18 Absence of Certain Changes .

(a) Except as set forth in Section 4.18 of the Seller Disclosure Letter, since December 31, 2012 through the date of this Agreement, the Business has been conducted in all material respects in the Ordinary Course, and none of Sellers, any Affiliate of Sellers nor the Acquired Subsidiaries has taken any action or omitted to take any action that if taken or omitted to be taken after the date hereof would constitute a violation of Section 6.1(b) (other than clauses (i), (ii), (iii), (iv), (v), (vii), (viii) and (xii) thereof).

(b) Since December 31, 2012, there has not occurred any Business Material Adverse Effect.

Section 4.19 Certain Contracts . Section 4.19(a) of the Seller Disclosure Letter sets forth the Acquired Contracts as of the date hereof that contain commitments by Sellers or the Acquired Subsidiaries for capital expenditures in excess of $50,000 per Acquired Contract. The exclusivity and non-competition restrictions set forth in the agreement set forth on Section 4.19(b) of the Seller Disclosure Letter have ceased to apply in accordance with the terms of such agreement. There are no Contracts that are exclusively used or held for use in the Business, other than the Acquired Contracts. Assuming due authorization, execution and delivery by each counterparty thereto, each Acquired Contract is the legal, valid and binding obligation of a Seller, an Affiliate of Seller or Acquired Subsidiary, as the case may be, that is a party thereto and, to the Knowledge of Sellers, of each other party thereto, enforceable in accordance with its terms subject to the Enforceability Exceptions. Except as set forth in Section 4.19(c) of the Seller Disclosure Letter, no Seller, any Affiliate of Sellers or any Acquired Subsidiary, as the case may be, that is a party thereto nor, to the Knowledge of Sellers, any other party, is in material violation or default of any term of any such agreement, and no condition or event exists which with the giving of notice or the passage of time, or both would constitute a material violation or default by a Seller, such Affiliate or any Acquired Subsidiary, as the case may be, or, to the Knowledge of Sellers, any other party thereto or permit the termination, modification, cancellation or acceleration of performance of the obligations of a Seller, such Affiliate or any Acquired Subsidiary, as the case may be, or, to the Knowledge of Sellers, any other party to the Acquired Contract, or the creation of any Lien upon any of the Acquired Assets. True and complete copies of each Acquired Contract in effect as of the date hereof have been made available to Purchaser in the Project Edison virtual data room as of March 28, 2013.

Section 4.20 Customers .

(a) Section 4.20 of the Seller Disclosure Letter sets forth a list of the (i) top twenty (20) customers of the Kleos Business (" Key Kleos Customers "), (ii) top ten (10) customers of the Market Data Direct Feed Business (" Key MDDF Customers "), (iii) top two (2) customers of the Market Data Vendor Business (" Key MDV Customers ") and (iv) top twenty-four (24) customers of the UST Business (" Key UST Customers ") and, collectively, with the Key Kleos Customers, the Key MDDF Customers and Key MDV Customers, the " Material Customers "), in each case, by revenue generated in the year ended December 31, 2012.

(b) The (i) Key Kleos Customers generated at least seventy-five percent (75%) of the revenue generated by all customers of the Kleos Business in the year ended December 31, 2012, (ii) Key MDDF Customers generated at least ninety percent (90%) of the revenue generated by all customers of the Market Data Direct Feed Business in the year ended December 31, 2012, (iv) Key MDV Customers generated at least eighty-five percent (85%) of the revenue generated by all customers of the Market Data Vendor Business in the year ended December 31, 2012 and (iv) Key UST Customers generated at least seventy percent (70%) of the revenue generated by all customers of the UST Business in the year ended December 31, 2012.

(c) The Material Customers, collectively, generated at least seventy percent (70%) of the aggregate revenues of the Business in the year ended December 31, 2012.

(d) As of the date of this Agreement, no Material Customer has given any Seller or any Affiliate of any Seller proper written notice (in accordance with the notice provisions of the applicable Contract) terminating, or declining to renew, or specifying an intention to terminate or not renew an Acquired Contract between such Material Customer, on the one hand, and the applicable Seller or Affiliate of any Seller, on the other hand, which notice has not been revoked, rescinded or the matter of such notice otherwise resolved.

Section 4.21 Intellectual Property .

(a) Section 4.21(a) of the Seller Disclosure Letter lists, with respect to the Acquired Intellectual Property, all: (i) registrations and applications for registration of Marks; (ii) registered copyrights; and (iii) material Software. All material Acquired Intellectual Property is valid, subsisting and enforceable, and a Seller or an Acquired Subsidiary, as applicable, is the sole owner of such Acquired Intellectual Property free and clear of all Liens (other than Permitted Liens).

(b) The operations of the Business do not infringe on, misappropriate or otherwise violate any Intellectual Property rights of any third party, except for such infringements, misappropriations or violations as would not have a Business Material Adverse Effect.

(c) Except as would not have a Business Material Adverse Effect, there are no proceedings pending before any Governmental Authority or, to the Knowledge of Sellers, threatened involving any Acquired Intellectual Property or Shared Intellectual Property or, to the Knowledge of Sellers, involving any Licensed Intellectual Property. To the Knowledge of Sellers, and except as would not have a Business Material Adverse Effect: (i) there is no

infringement, misappropriation or other violation of any Acquired Intellectual Property by any third party; (ii) none of the Acquired Intellectual Property or Shared Intellectual Property is subject to any outstanding judgment, injunction, writ, order, decree or agreement prohibiting or restricting the use thereof by Sellers or any of their Affiliates that owns or has any right, title or interest in any Acquired Intellectual Property or Shared Intellectual Property or prohibiting or restricting the assignment, licensing or transfer thereof by Sellers or any of their Affiliates that owns or has any right, title or interest in any Acquired Intellectual Property or Shared Intellectual Property to Purchaser (including through the Acquired Subsidiaries); and (iii) no Acquired Intellectual Property is the subject of any re-examination, opposition, cancellation or invalidation proceeding before any Governmental Authority.

(d) Except as would not have a Business Material Adverse Effect: (i) none of Sellers or their Affiliates has experienced any defects or disruption in the operation of any Information Technology or Software used in connection with the Business, including any error or omission in the processing of any transactions other than defects which have been corrected as of the date hereof and (ii) to the Knowledge of Sellers, there have been no security breaches in the Information Technology or Software used in connection with the Business.

(e) With respect to the material Software included in the Acquired Assets or the Shared Intellectual Property, or to be provided to Purchaser pursuant to the Services Agreement, to the Knowledge of Sellers, no such Software contains any device or feature designed to disrupt, disable or otherwise impair the functioning of any such Software. With respect to material Software included in the Acquired Assets, none of Sellers or their Affiliates has any duty or obligation (whether present, contingent or otherwise) to deliver, license or make available the source code for any such Software to any escrow agent or other Person.

(f) No Patent that is owned by Sellers, any of their respective Affiliates or any member of the Cantor Group exclusively covers the Business.

(g) No Software that is owned by Sellers, any of their respective Affiliates or any member of the Cantor Group is exclusively used in connection with the Business.

Section 4.22 Taxes .

(a) All material Tax Returns required to have been filed by or with respect to the Business and the Acquired Subsidiaries have been filed on a timely basis and all material Taxes required to have been paid by or with respect to the Business or the Acquired Subsidiaries whether or not shown to be due on such Tax Returns have been paid. All such Tax Returns were true, correct and complete in all material respects.

(b) (i) No written notice has been received of any material deficiencies for Taxes claimed, proposed or assessed by any Governmental Authority with respect to the Business or the Acquired Subsidiaries for which any Acquired Subsidiary may have any Liability; (ii) there are no pending, current or, to the Knowledge of Sellers, threatened in writing Tax Proceeding for or relating to any material liability in respect of any such Taxes; (iii) there are no outstanding agreements or waivers extending the statutory period of limitations applicable to any Tax Returns required to be filed by any Acquired Subsidiary, nor is any request for any

such agreement or waiver pending; (iv) no Acquired Subsidiary is a party to any tax-sharing or tax-allocation agreement or other similar agreement or arrangement relating to Taxes; (v) none of the Acquired Subsidiaries has received a ruling from any Governmental Authority relating to Taxes; and (vi) no closing agreement pursuant to section 7121 of the Code (or any similar provision of state, local or foreign law) has been entered into by or with respect to any of the Acquired Subsidiaries.

(c) Each of the Acquired Subsidiaries is and has been, at all times since its formation, disregarded as an entity for U.S. federal income tax purposes.

(d) Each of the Acquired Assets is used in the conduct of a trade or business in the United States, and none of the Acquired Assets is subject to taxation in any jurisdiction outside of the United States.

(e) The representations and warranties contained in Section 4.11 and this Section 4.22 are the sole representations and warranties provided by the Sellers under this Agreement with respect to Taxes.

Section 4.23 Environmental Matters .

(a) Sellers, each of their Affiliates that owns or has any right, title or interest in an Acquired Asset and the Acquired Subsidiaries are in compliance with all applicable Environmental Laws (which compliance includes the possession by each such Person of all permits and other governmental authorizations required under applicable Environmental Laws, and compliance with the terms and conditions thereof), except where failure to be in compliance would not have a Business Material Adverse Effect. Except as would not have a Business Material Adverse Effect, Sellers, each of their Affiliates that owns or has any right, title or interest in an Acquired Asset and Acquired Subsidiaries have not received any written communication from a Governmental Authority alleging that any such Person is not in such compliance with respect to the Business, Acquired Leased Real Property or Acquired Assets.

(b) Except as would not have a Business Material Adverse Effect, there is no Environmental Claim pending or, to the Knowledge of Sellers, threatened against any of Sellers, each of their Affiliates that owns or has any right, title or interest in an Acquired Asset (with respect to the Acquired Assets) or the Acquired Subsidiaries.

(c) To the Knowledge of the Sellers, there are no actions, activities, circumstances, conditions, events or incidents, including the Release, threatened Release or presence of any Hazardous Material which would reasonably be likely to form the basis of any Environmental Claim against any of Sellers, any of their Affiliates that owns or has any right, title or interest in an Acquired Asset (with respect to the Acquired Assets) or any Acquired Subsidiary that would be material to the Acquired Subsidiaries or the Business, taken as a whole.

(d) Sellers have delivered or otherwise made available for inspection to Purchaser true, complete and correct copies and results of any material reports, studies, analyses, tests or monitoring possessed or initiated by Seller, each of its Affiliates that owns or has any right, title or interest in an Acquired Asset (with respect to the Acquired Assets) or Acquired Subsidiary pertaining to Hazardous Materials in, on, beneath or adjacent to any property

currently or formerly owned, operated or leased by any of Sellers, any Affiliate of Sellers that owns or has any right, title or interest in an Acquired Asset or any Acquired Subsidiary, or regarding such Persons' compliance with applicable Environmental Laws with respect to the Business, Acquired Leased Real Property or Acquired Assets.

Section 4.24 Sufficiency of Assets . The Acquired Assets, together with the Business Employees and the rights of Purchaser and its Affiliates under this Agreement and the Related Agreements and the Permits, constitute all of the assets, properties, rights and interests necessary to conduct the Business in all material respects as conducted as of the date hereof and as of the Closing Date. All of the Acquired Assets are in operating condition and repair and are suitable for the purposes for which they are currently used, in all material respects.

Section 4.25 No Stockholder Approval . No vote or other action of the stockholders of Parent is required pursuant to any requirement of Law, the organizational documents of Parent or otherwise in order for Parent to consummate the transactions contemplated by this Agreement and the Related Agreements.

Section 4.26 Certain Business Practices . Except as would not have a Business Material Adverse Effect, none of Sellers, their Affiliates, the Acquired Subsidiaries or any of their respective directors, officers, agents, representatives, consultants or employees (in their capacity as directors, officers, agents, representatives, consultants or employees in relation to the Business) has in violation of Law and solely with respect to the Business: (a) used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity in respect of the Business; (b) directly or indirectly, paid or delivered any fee, commission or other sum of money or item of property, however characterized, to any finder, agent, or other party acting on behalf of or under the auspices of a governmental official or Governmental Authority, in the United States or any other country, which is in any manner illegal under any Law of the United States or any other country having jurisdiction; or (c) made any payment to any customer or supplier of the Business or any officer, director, partner, employee or agent of any such customer or supplier for an unlawful reciprocal practice, or made any other unlawful payment or given any other unlawful consideration to any such customer or supplier or any such officer, director, partner, employee or agent, in respect of the Business.

Section 4.27 Acquisition of the Shares for Investment . Each Seller has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its agreement to receive Purchaser Shares. Without limiting the other provisions hereof, each Seller confirms that Purchaser has made available to such Seller or such Seller's agent the opportunity to ask questions of the officers and management employees of Purchaser, as well as access to the documents, information and records of Purchaser and to acquire additional information about the business and financial condition of Purchaser, and each Seller confirms that it has made an independent investigation, analysis and evaluation of Purchaser and its properties, assets, business, financial condition, prospects, documents, information and records. BGC US is acquiring the Purchaser Shares for investment and not with a view toward or for sale in connection with any distribution thereof, or with any present intention of distributing or selling the Purchaser Shares. Each Seller acknowledges that the Purchaser Shares when issued to BGC US in accordance with this Agreement will not be registered under the U.S. Securities Act of 1933, as amended (the " Securities Act "), or any state

securities Laws, and agrees that the Purchaser Shares may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act, except pursuant to an exemption from such registration available, or in a transaction not subject to registration, under the Securities Act and without compliance with foreign securities Laws, in each case, to the extent applicable. BGC US and each of its Affiliate assignees is an “accredited investor” within the meaning of Rule 501 under the Securities Act, and any Purchaser Shares that BGC US receives hereunder will be received only on its own behalf and on behalf of its Affiliate assignees and not for the account or benefit of any other person or entity.

Section 4.28 No Additional Representations .

(a) Purchaser acknowledges that neither Sellers nor any of their Affiliates makes any representation or warranty as to any matter whatsoever except as expressly set forth in this Article IV or in any certificate delivered by a Seller to Purchaser in accordance with the terms hereof, and specifically (but without limiting the generality of the foregoing) that neither Parent nor any Seller makes any representation or warranty with respect to (i) any projections, estimates or budgets delivered or made available to Purchaser (or any of their respective Affiliates, officers, directors, employees or representatives) of future revenues, results of operations (or any component thereof), cash flows or financial condition (or any component thereof) of the Business or (ii) the future business and operations of the Business, and Purchaser has not relied on such information or any other representation or warranty not set forth in this Article IV.

(b) Purchaser has conducted its own independent review and analysis of the business, operations, assets, liabilities, results of operations, financial condition and prospects of Sellers and the Business and acknowledges that Purchaser has been provided access for such purposes. Except for the representations and warranties expressly set forth in this Article IV or in any certificate delivered to Purchaser by Sellers in accordance with the terms hereof, in entering into this Agreement, Purchaser has relied solely upon its independent investigation and analysis of Sellers and the Business, and Purchaser acknowledges and agrees that it has not been induced by and has not relied upon any representations, warranties or statements, whether express or implied, made by Parent or Sellers, or any of their respective Affiliates, stockholders, controlling persons or representatives that are not expressly set forth in this Article IV or in any certificate delivered by any Seller to Purchaser, whether or not such representations, warranties or statements were made in writing or orally. Purchaser acknowledges and agrees that, except for the representations and warranties expressly set forth in this Article IV or in any certificate delivered by any Seller to Purchaser, (i) Parent and Sellers do not make, or have not made, any representations or warranties relating to themselves or the Businesses or otherwise in connection with the transactions contemplated hereby and Purchaser is not relying on any representation or warranty except for those expressly set forth in this Agreement, (ii) no person has been authorized by Parent or any Seller to make any representation or warranty relating to themselves or their business or otherwise in connection with the transactions contemplated hereby, and if made, such representation or warranty must not be relied upon by Purchaser as having been authorized by such party, and (iii) any estimates, projections, predictions, data, financial information, memoranda, presentations or any other materials or information provided or addressed to Purchaser or any of its representatives are not and shall not be deemed to be or include representations or warranties unless any such materials or information is the subject of any express representation or warranty set forth in this Article IV.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Except as disclosed in the (i) Purchaser SEC Documents to the extent it is reasonably apparent that a disclosure therein is applicable to any particular representation or warranty set forth herein (excluding any risk factor disclosures contained under the heading “Risk Factors” or any disclosure of risks included in any “forward-looking statements” section in such Purchaser SEC Documents) or (ii) Purchaser Disclosure Letter, Purchaser hereby represents and warrants to Sellers, as of the date hereof and as of the Closing Date (or as of such other date as may be expressly provided in any representation or warranty), as set forth below. Information disclosed in any section of the Purchaser Disclosure Letter shall be deemed to be disclosed with respect to such other section of the Purchaser Disclosure Letter to which such disclosure would reasonably pertain or where its relevance to such other section would be reasonably apparent.

Section 5.1 Organization and Good Standing . Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Purchaser has all requisite corporate power and authority to own the Acquired Assets and the Acquired Subsidiary Equity and to carry on its business in a manner similar to that currently conducted and, as of the Closing Date, except where the failure to have such power and authority would not a have a Purchaser Material Adverse Effect.

Section 5.2 Capital Stock . The authorized capital stock of Purchaser consists of 300,000,000 shares of common stock, par value $0.01 per share (“ Purchaser Shares ”), of which 165,708,607 Purchaser Shares were outstanding at the close of business on March 26, 2013, and 30,000,000 shares of Purchaser Preferred Stock, par value $0.01 per share (the “ Purchaser Preferred Stock ”), of which none are outstanding as of the date hereof. All of the outstanding Purchaser Shares have been duly authorized and are validly issued, fully paid and non-assessable. Except as set forth above, at the close of business on March 26, 2013, no shares of capital stock or other equity interests in Purchaser were issued or outstanding. Purchaser has no Purchaser Shares or Purchaser Preferred Stock reserved for issuance, except that, at the close of business on March 26, 2013, there were 7,154,674 options to acquire Purchaser Shares, 4,990,766 Purchaser Shares underlying Purchaser restricted stock units and performance share units and 7,399,970 Purchaser Shares remaining in reserve for issuance for Purchaser employees and directors under Purchaser Equity Plans and non-U.S. stock incentive plans. Except as set forth above and except as set forth in Section 5.2 of the Purchaser Disclosure Letter, there are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, commitments or rights of any kind that obligate Purchaser to issue or sell any shares of capital stock or other securities of Purchaser or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquire, any shares of capital stock or other securities of Purchaser, and no securities or obligations evidencing such rights are authorized, issued or outstanding. Except as set forth in Section 5.2 of the Purchaser Disclosure Letter, Purchaser does not have outstanding any bonds, debentures, notes or other obligations the

holders of which have the right to vote (or convertible or exchangeable into or exercisable for securities having the right to vote) with the stockholders of Purchaser on any matter. When the Purchaser Shares are issued to BGC US pursuant to the terms of this Agreement, such shares will be duly authorized and validly issued, fully paid and non-assessable and free of any preemptive rights or Liens other than restrictions on transfers of securities imposed by applicable federal or state securities Laws, those set forth in Purchaser's Restated Certificate of Incorporation, in effect as of the date hereof and those pursuant to Section 3.8(g) of this Agreement.

Section 5.3 Authorization; Binding Obligations . Purchaser has all necessary power and authority to make, execute and deliver this Agreement and the Related Agreements and to perform all of the obligations to be performed by it hereunder and thereunder. The making, execution, delivery and performance of this Agreement and the Related Agreements and the consummation by Purchaser of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of Purchaser (including, with respect to each Earn-Out Issuance, for purposes of Section 203 of the Delaware General Corporation Law) and no other corporate proceedings on the part of Purchaser is necessary to authorize the execution, delivery and performance by Purchaser of this Agreement or the Related Agreements or the transactions contemplated hereby or thereby. This Agreement has been, and, as of the Closing Date, the Related Agreements will be, duly and validly executed and delivered by Purchaser, and assuming the due authorization, execution and delivery by Parent and the applicable Sellers that are party thereto, each of this Agreement and the Related Agreements will constitute the valid, legal and binding obligation of Purchaser, enforceable against it in accordance with its terms, except as may be limited by the Enforceability Exceptions. No "fair price," "moratorium," "control share acquisition" or other similar anti-takeover statute or regulation will be applicable to Purchaser Shares to be delivered pursuant to this Agreement.

Section 5.4 No Conflicts . Assuming receipt of the Consents, none of the execution, delivery or performance of this Agreement or the Related Agreements by Purchaser, nor the consummation of the transactions contemplated hereby or thereby, will (i) violate, conflict with, result in the breach of, or constitute a default under, any provision of the organizational documents of Purchaser; (ii) violate, conflict with, result in the breach of or constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, be prohibited by, require any approval or consent under, or give to any Person any right of termination, amendment, acceleration, suspension, revocation or cancellation of, any Lease or material Contract to which Purchaser is now a party or by which its assets are bound; or (iii) violate or conflict with any Law applicable to Purchaser (including any memorandum of understanding or similar arrangement with any Governmental Authority), except, in the cases of clauses (ii) and (iii), for such violations, conflicts, breaches, defaults, prohibitions, approvals, consents, terminations, amendments, accelerations, suspensions, revocations or cancelations as would not, individually or in the aggregate, have a Purchaser Material Adverse Effect.

Section 5.5 Approvals . No material notices, approvals, reports or other filings are required to be made by Purchaser with, nor are there any material consents, registrations, approvals, permits or other authorizations required to be obtained by Purchaser from, any Governmental Authority or other third party in order for Purchaser to execute or deliver this Agreement or any of the Related Agreements or to consummate the transactions contemplated

hereby or thereby except (i) the filings under the HSR Act and the expiration or termination of the applicable waiting period, (ii) the approvals set forth in Section 5.5 of the Purchaser Disclosure Letter (the " Purchaser Consents " and collectively with the Seller Consents, the " Consents ") and (iii) for the Seller Consents.

Section 5.6 Litigation . There is no action, suit, proceeding, claim, arbitration or other litigation pending, or any investigation by any Governmental Authority pending or, to the Knowledge of Purchaser, any action, suit, proceeding, claim or other litigation or investigation by any Governmental Authority threatened in writing, against Purchaser, except, in each case, as would not have a Purchaser Material Adverse Effect. There are no Governmental Orders binding upon Purchaser, except as would not have a Purchaser Material Adverse Effect.

Section 5.7 Financing . Purchaser will have at the Closing Date sufficient cash, available lines of credit or other sources of immediately available funds to enable it to pay the Closing Purchase Price as required by this Agreement.

Section 5.8 Acquisition of Shares for Investment . Purchaser has such knowledge and experience in financial and business matters, and is capable of evaluating the merits and risks of its purchase of the Acquired Subsidiary Equity. Without limiting the other provisions hereof, Purchaser confirms that Parent and Sellers have made available to Purchaser or Purchaser's agent the opportunity to ask questions of the officers and management employees of Parent and of Sellers, and of the Acquired Subsidiaries and their respective Subsidiaries as well as access to the documents, information and records of Parent, Sellers and the Acquired Subsidiaries and their respective Subsidiaries and to acquire additional information about the business and financial condition of the Business, and Purchaser confirms that it has made an independent investigation, analysis and evaluation of the Acquired Subsidiaries and their respective Subsidiaries and their properties, assets, business, financial condition, prospects, documents, information and records. Purchaser is acquiring the Acquired Subsidiary Equity for investment and not with a view toward or for sale in connection with any distribution thereof, or with any present intention of distributing or selling the Acquired Subsidiary Equity. Purchaser acknowledges that the Acquired Subsidiary Equity has not been registered under the Securities Act, or any state securities Laws, and agrees that the Acquired Subsidiary Equity may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act, except pursuant to an exemption from such registration available, or in a transaction not subject to registration, under the Securities Act and without compliance with foreign securities Laws, in each case, to the extent applicable. Purchaser is an "accredited investor" within the meaning of Rule 501 under the Securities Act, and any Acquired Subsidiary Equity that Purchaser receives hereunder will be received only on its own behalf and its Affiliate assignees and not for the account or benefit of any other person or entity.

Section 5.9 Reports; Financial Statements .

(a) Purchaser SEC Documents were filed in a timely manner and in material compliance with all applicable Laws and other requirements applicable thereto. As of their respective dates (or if amended prior to the date hereof, as of the date of such amendment), the Purchaser SEC Documents complied in all material respects with requirements under applicable Law regarding the accuracy and completeness of the disclosures contained therein, and none of

the Purchaser SEC Documents contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except that information set forth in the Purchaser SEC Documents as of a later date (but before the date of this Agreement) will be deemed to modify information as of an earlier date.

(b) The consolidated balance sheet (including the related notes and schedules) included in the audited consolidated financial statements of Purchaser for the fiscal year ended December 31, 2011 (the " Purchaser Financial Statements ") fairly presents the consolidated financial position of Purchaser and its Subsidiaries as of its date, and the consolidated statements of income, equity, and cash flows and of changes in financial position included in the Purchaser Financial Statements (including any related notes and schedules) fairly present the results of operations, equity, cash flows and changes in financial position, as the case may be, of Purchaser and its Subsidiaries for the periods set forth therein, in each case in conformity with GAAP consistently applied during the periods involved, except as may be noted therein.

Section 5.10 No Brokers or Finders . Except for Deutsche Bank Securities Inc., no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or the Related Agreements based upon arrangements made by or on behalf of Purchaser. Purchaser is solely responsible for all fees and expenses of Deutsche Bank Securities Inc.

Section 5.11 No Stockholder Approval . No vote or other action of the stockholders of Purchaser is required pursuant to any requirement of Law, the organizational documents of Purchaser or otherwise in order for Purchaser to consummate the transactions contemplated by this Agreement and the Related Agreements.

ARTICLE VI

COVENANTS

Section 6.1 Conduct of Business .

(a) From the date of this Agreement until the earlier of the Closing Date and the termination of this Agreement in accordance with its terms, except as (w) expressly contemplated or required by this Agreement, (x) required by applicable Law or the regulations or requirements of any stock exchange or regulatory organization applicable to Parent, Sellers or any of their Subsidiaries, (y) as may be agreed in writing by Purchaser (which consent shall not be unreasonably withheld, delayed or conditioned), or (z) as set forth in Section 6.1(a) of the Seller Disclosure Letter, each Seller agrees that it and its Affiliates shall conduct, and cause each of their respective Subsidiaries to conduct, the Business only in the ordinary course of business consistent with past practice (" Ordinary Course ") and to use their respective commercially reasonable efforts to (i) preserve intact the business organizations and relationships with third parties relating to the Business, and (ii) keep available the services of the management, consultants and employees of the Business, in each case, in the Ordinary Course; provided , however , that no action by Sellers or any of their respective Affiliates with respect to matters specifically addressed by any provision of Section 6.1(b) shall be deemed a breach of this sentence unless such action would constitute a breach of such other provision.

(b) Except as (w) expressly contemplated or required by this Agreement, (x) required by applicable Law or the regulations or requirements of any stock exchange or regulatory organization applicable to Parent, Sellers or any of their Subsidiaries, (y) as may be agreed in writing by Purchaser (which consent shall not be unreasonably withheld, delayed or conditioned), or (z) as set forth in Section 6.1(b) of the Seller Disclosure Letter, each Seller agrees that it and its Affiliates shall not, and to cause each of their respective Subsidiaries not to, with respect to the Business:

(i) authorize or effect any amendment to or change the organizational documents of any Acquired Subsidiary;

(ii) create any Subsidiary of any Acquired Subsidiary;

(iii) issue or authorize the issuance of any equity interests or grant any options, warrants, or other rights to purchase or obtain any of its equity securities or issue, sell or otherwise dispose of any of its equity securities or redeem, repurchase or otherwise acquire any securities of any Acquired Subsidiary (other than to another Acquired Subsidiary);

(iv) declare, authorize, make or pay any dividend or other distribution with respect to the equity interests of any Acquired Subsidiary, other than in the Ordinary Course and other than any cash dividend paid prior to the Closing;

(v) effect any recapitalization, reclassification or similar change in the capitalization of any Acquired Subsidiary;

(vi) with respect to any Acquired Subsidiary (or any Subsidiary of an Acquired Subsidiary), assume or incur any Indebtedness or make any loan to a third party other than routine advances to employees in the Ordinary Course;

(vii) other than in the Ordinary Course and except for renewals or terminations in accordance with the terms of any Acquired Contract, (A) terminate, amend or otherwise materially modify any Acquired Contract; or (B) enter into any new Contract that will be an Acquired Contract;

(viii) other than a renewal of a Contract on material terms no less favorable in the aggregate to Sellers or its Affiliates, enter into any new Contract that will be an Acquired Contract if such Contract (A) contains any non-competition agreement, exclusivity agreement or any other agreement or obligation which purports to limit in any respect (1) the ability of the Business to solicit customers or (2) the manner in which, or the localities in which the Business, or following consummation of the transactions contemplated by this Agreement, Purchaser's businesses, is or would be conducted; (B) provides for indemnification by Sellers, its Affiliates or the Acquired Subsidiaries of any Person, other than customary agreements relating to the indemnity of directors, officers and employees of Parent or its Affiliates and indemnifications made in the Ordinary

Course; (C) is a joint venture or partnership agreement; (D) grants any right of first refusal or right of first offer or similar right or that limits or purports to limit the ability of Sellers or any of their Affiliates to own, operate, sell, transfer, pledge or otherwise dispose of any material amount of assets or business related to the Business; (E) contains a “most favored nation” clause; (F) is for the sale of any material Acquired Asset or grants any rights to purchase any material Acquired Asset; (G) contemplates payment or payments by the Business outside the Ordinary Course; (H) restricts the use of the Acquired Intellectual Property; (I) is a Lease; (J) is a collective bargaining agreement, similar labor agreement, employment agreement or consulting agreement with respect to the Business Employees or Business Consultants; or (K) contains commitments by Sellers or any of their Affiliates for capital expenditures in excess of $50,000 individually or $250,000 in the aggregate for the duration of the Contract;

(ix) sell, lease, license, transfer or otherwise dispose of to a third party any of the Acquired Assets, other than leasing equipment to customers or sales of equipment or other de minimis assets no longer used in the Business, in each case, in the Ordinary Course;

(x) have any Acquired Subsidiary merge with, enter into a consolidation with, any Person or acquire a substantial portion of the assets or business of any Person or any division or line of business thereof with a value in excess of $50,000 individually or $250,000 in the aggregate, or otherwise acquire any assets with a value in excess of $50,000 individually or $250,000 in the aggregate, other than in the Ordinary Course;

(xi) (A) materially increase the compensation or benefits (including any bonus, option, incentive or deferred compensation, salary, severance, welfare or retirement benefits) of any Business Employee or Business Consultant whose base salary compensation is in excess of $150,000 per year, except for such increases in the Ordinary Course or as required by any Contract in effect on the date of this Agreement, (B) terminate, adopt, enter into, materially amend, or make any material determination with respect to, any provision of any Parent Benefit Plan or Employment Agreements affecting any Business Employee or Business Consultant, except in the case of such amendments or determinations made in the Ordinary Course, as required by any Contract in effect on the date of this Agreement or with respect to employees of Parent or its Affiliates generally (including Business Employees), (C) issue any broadly distributed written communication of a general nature to Business Employees or Business Consultants relating to benefits and compensation, except for communications in the Ordinary Course that do not relate to the transactions contemplated hereby or (D) enter into, amend, negotiate or terminate any collective bargaining or similar agreement affecting Business Employees or Business Consultants;

(xii) permit any Acquired Subsidiary to hire or retain any individual as an employee or consultant or in any similar capacity, other than hiring or retaining in the Ordinary Course any individual to replace any employee or consultant with a base annual salary of less than $150,000 whose employment or services was terminated after the date hereof;

(xiii) with respect to any Acquired Subsidiary, commit to make capital expenditures that have not been fully paid prior to the Closing;

(xiv) make, change, or revoke any Tax election, settle any Tax audit, file any amended Tax Return or change any method of Tax accounting, in each case in respect of any Acquired Subsidiary and if any such action would materially adversely affect Purchaser or any of its Affiliates (including the Acquired Subsidiaries) in a taxable period or portion thereof beginning after the Closing Date;

(xv) cancel, abandon or make any material change to any Software included in the Acquired Intellectual Property other than updates to such Software in the Ordinary Course;

(xvi) settle any material claim, action or proceeding for which Purchaser or any Acquired Subsidiary would be responsible after the Closing, or waive any material rights or claims under any Acquired Contract;

(xvii) other than changes required by GAAP, change any method of financial accounting or financial accounting practice or policy with respect to the Business or of any Acquired Subsidiary;

(xviii) except in the Ordinary Course, make any material change in the policies of Sellers or any of their Affiliates (with respect to the Business) regarding the payment of accounts payable or the collection of accounts receivable; or

(xix) agree, or commit to do, any of the foregoing.

(c) Following the date hereof until the Closing, Sellers shall use commercially reasonable efforts to deliver to Purchaser (i) the trading revenue and volume summary for the Business, (ii) pro forma statements of Acquired Assets and Assumed Liabilities and (iii) pro forma statements of revenue and direct and dedicated expenses for the Business as at or for each month-end occurring between the date hereof and the Closing, in each case, no later than fifteen (15) Business Days following the last day of the applicable month.

Section 6.2 Access and Confidentiality .

(a) From the date hereof until the earlier of the Closing and termination of this Agreement in accordance with its terms, subject to applicable Law, each (i) of Sellers, on the one hand, and Purchaser, on the other, will permit the other and their respective representatives to have reasonable access, during regular business hours and upon reasonable advance notice for purposes reasonably consistent with this Agreement, to their respective properties, premises, facilities, employees and representatives and books and records to the extent related to the transactions contemplated by this Agreement or by the Related Agreements, (ii) Parent or Purchaser, as applicable, shall direct its respective employees, agents and representatives and shall cause the employees, agents and representatives of its respective Affiliates, to cooperate fully with Purchaser or Sellers, as the case may be, and its respective representatives to the extent related to the transactions contemplated by this Agreement or by the Related Agreements and (iii) Sellers shall, and shall cause their Affiliates to, furnish promptly to Purchaser a copy of (x)

each regulatory report, schedule, form, registrations and other documents (and any amendment with respect thereto) filed with any Governmental Authority to the extent related to the Business, (y) the internal or external reports related to the Business and (z) all other information concerning the Business as Purchaser may reasonably request; provided , however , that nothing herein shall obligate any Seller or any Acquired Subsidiary or any of their respective Affiliates to take any actions that would (i) unreasonably interrupt or interfere with the normal course of their businesses or (ii) result in any waiver of attorney-client privilege or violate any Laws or the terms of any Contract to which Seller, any Acquired Subsidiaries or any of their Affiliates is a party or to which any of their respective assets are subject; provided , further , that prior to the expiration of any waiting period under the HSR Act and other similar Law applicable to the transactions contemplated by this Agreement, Purchaser and its representatives shall only be permitted such reasonable access which, in Seller's discretion, after consultation with counsel, is appropriate during such review process. Purchaser shall comply, and shall cause its representatives to comply, with all safety, health and security rules applicable to the premises being visited. In each case, Purchaser and each Seller, as applicable, and its respective representatives shall comply with the confidentiality obligations contained herein.

(b) In addition to the confidentiality arrangements contained herein, all information provided or obtained in connection with the transactions contemplated by this Agreement (including pursuant to subsection (a) above) will be held by Purchaser in accordance with the Non-Disclosure Agreement, dated October 13, 2011, as amended, between Purchaser and Parent (the " Non-Disclosure Agreement "). In the event of a conflict or inconsistency between the terms of this Agreement and the Non-Disclosure Agreement, the terms of this Agreement will govern.

(c) Each party hereto shall preserve and keep all books and records and all information relating to the accounting, business and financial affairs that are retained by Parent or any of its Affiliates or obtained by Purchaser hereunder, as the case may be, which information relates to the Business, the Acquired Assets or the Acquired Subsidiaries prior to the Closing, for five (5) years after the Closing Date, or for any longer period as may be (i) required by any Governmental Authority or (ii) reasonably necessary with respect to the prosecution or defense of any legal action that is then pending or threatened or audit and with respect to which the requesting Party has notified the other Party as to the need to retain such books, records or information. Notwithstanding the foregoing provisions of this Section 6.2(c), the provisions of Article VIII shall govern the preservation, retention and sharing of Tax Returns and Tax work papers. After the Closing Date, each Party shall, and shall cause its Subsidiaries to, permit the other Party and their respective representatives to have reasonable access to, and to inspect and copy, all materials referred to in this Section 6.2(c) and to meet with officers and employees of the other Party and its Subsidiaries on a mutually convenient basis in order to obtain explanations with respect to such materials, to obtain additional information, to call such officers and employees as witnesses and for any other reasonable business purpose.

Section 6.3 Notice . Until the Closing, each of Parent and Purchaser shall use commercially reasonable efforts to promptly notify the other in writing of any fact, change, condition, circumstance or occurrence of any event of which it is aware that will or is reasonably likely to result in the conditions set forth in Section 7.2(a) or (b) becoming incapable of being satisfied. Until the Closing, Parent shall use commercially reasonable efforts to notify Purchaser

in writing promptly following any Person set forth on Section 6.3 of the Seller Disclosure Letter learning that Parent or any of its Affiliates shall have received from a Material Customer proper written notice (in accordance with the notice provisions of the applicable Contract) of termination or non-renewal of such Material Customer's contract that constitutes an Acquired Contract.

Section 6.4 Efforts; Filings .

(a) Subject to the terms and conditions of this Agreement, each of Parent and Purchaser shall use its reasonable best efforts to take, agree to take, or cause to be taken, any and all actions and to do, or cause to be done, any and all things necessary, proper or advisable under applicable Law or otherwise, so as to, as promptly as practicable, consummate the transactions contemplated by this Agreement and the Related Agreements, and each shall, and shall cause its respective Affiliates (and in the case of Parent, the Cantor Group) to, cooperate fully to that end. Subject to Section 6.2 and the Non-Disclosure Agreement, each Party shall (i) permit the other Parties to review and discuss in advance, and consider in good faith the views of the other Parties in connection with, any proposed written (or any material proposed oral) communication with any Governmental Authority regarding the transactions contemplated by this Agreement and the Related Agreements; and (ii) promptly inform the other Parties (and if in writing, provide the other Parties or their counsel with copies of) all correspondence, filings and communications between the Party and any Governmental Authority regarding the transactions contemplated by this Agreement and the Related Agreements. The Parties may, as each deems advisable or necessary, reasonably designate any competitively sensitive material provided to the other Parties under this Section 6.4 as "outside counsel only." Such materials and the information contained therein shall be given only to the outside legal counsel of the recipient and will not be disclosed by such outside counsel to employees, officers or directors of the recipient unless express permission is obtained in advance from the source of the materials (Purchaser or Sellers, as the case may be) or its legal counsel; provided , however , that materials provided pursuant to this Section 6.4 may be redacted (x) to remove references concerning the valuation of the Business, (y) as necessary to comply with contractual arrangements, or (z) as necessary to address reasonable legal privilege concerns.

(b) Without limiting the provisions of Section 6.4(a) and notwithstanding any other provision of this Agreement, Purchaser shall take any and all steps necessary to avoid or eliminate each and every impediment under any antitrust, competition or trade regulation law (including the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder (the " HSR Act ")) that may be asserted with respect to the transactions contemplated by this Agreement and the Related Agreements so as to enable the Closing to occur expeditiously; provided , however , that Purchaser shall not be obligated to divest: (i) the Business, or (ii) assets unrelated to a marketplace of transactions in U.S. Treasury Securities, except to the extent that such assets are immaterial or (iii) any technology that Purchaser is required pursuant to the next sentence to be willing to agree to license. In addition, if required to consummate the transactions contemplated by this Agreement and the Related Agreements, Purchaser will, with respect to any third-party competitor of the Business, both (A) license (non-exclusively with respect to Purchaser) Purchaser's Competitive Technology for use by such competitor in operating a marketplace of transactions in U.S. Treasury Securities and (B) permit access to, and the right to modify, the source code underlying such Competitive

Technology. For purposes of the foregoing sentence, the Parties intend that such grant of a license and access shall, if required to consummate the transactions contemplated by this Agreement and the Related Agreements, be for no payment or royalty made to Purchaser or any of its Affiliates, and that such license shall, if required to consummate the transactions contemplated by this Agreement and the Related Agreements, be perpetual. " Competitive Technology " shall mean all technology of Purchaser and its Subsidiaries that is used by a third-party competitor of the Business related to a marketplace of transactions in U.S. Treasury Securities, including, if required to consummate the transactions contemplated hereby, any updates and upgrades of such technology and access to maintenance of such technology. In addition, Purchaser and Parent shall defend through litigation on the merits in a U.S. District Court (or any state trial court) any claim asserted in court by any party in order to avoid entry of, or to have vacated or terminated, any decree, order or judgment (whether temporary, preliminary or permanent) that would restrain, prevent or delay the Closing. For the avoidance of doubt, if Purchaser has complied with its obligations set forth above, and nonetheless a Governmental Authority has brought an action under any antitrust, competition or trade regulation Law that has resulted in a final, permanent Governmental Order preventing the Closing, then either Party will be entitled to terminate this Agreement pursuant to Section 9.1(b) without incurring any obligations to each other in connection with such termination. Notwithstanding anything to the contrary contained in this Agreement, Purchaser shall have the principal responsibility for devising and implementing the strategy for obtaining any necessary antitrust or competition clearances and shall take the lead in all meetings and communications with any Governmental Authority in connection with obtaining any necessary antitrust or competition clearances. No Party shall participate in any meeting with any Governmental Authority in connection with this Agreement (or make oral submissions at meetings or in telephone or other conversations) unless it consults with the other Parties in advance and, to the extent not prohibited by such Governmental Authority, gives the other Parties the opportunity to attend and participate thereat.

(c) As promptly as practicable but in no event later than thirty (30) days after the date of this Agreement, Parent and Purchaser shall prepare and file complete notifications with the Federal Trade Commission and the United States Department of Justice as are required to comply with the HSR Act. In the event that the Parties receive a formal request for additional information or documentary materials after an initial notification pursuant to the HSR Act, the Parties will use their respective reasonable best efforts to respond to such request as promptly as possible and counsel for the Parties will reasonably cooperate during the entirety of any such process.

(d) Each of Parent and Purchaser agrees to use its reasonable best efforts to prepare all documentation, to effect all filings and to obtain all permits, consents, clearances, approvals and authorizations of all Governmental Authorities and other Persons necessary to consummate the transactions contemplated by this Agreement and the Related Agreements as promptly as practicable.

(e) Purchaser and Sellers shall not, and shall not permit any of their Subsidiaries to, acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of or equity in, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire or agree to acquire any assets or take any other action if the entering into of a

definitive agreement relating to or the consummation of such acquisition, merger, consolidation or other action could reasonably be expected to (i) impose any delay in the obtaining of, or significantly increase the risk of not obtaining, any authorizations, consents, orders, declarations or approvals of any Governmental Authority necessary to consummate the transactions contemplated by this Agreement or the expiration or termination of any applicable waiting period, (ii) significantly increase the risk of any Governmental Authority entering an order prohibiting the consummation of the transactions contemplated by this Agreement and the Related Agreements, (iii) significantly increase the risk of not being able to remove any such order on appeal or otherwise, or (iv) delay or prevent the consummation of the transactions contemplated by this Agreement and the Related Agreements.

Section 6.5 Non-Solicitation of Alternative Transaction . From and after the date of this Agreement until the earlier of the Closing or the termination of this Agreement in accordance with its terms, Sellers shall not, nor shall they permit any of their respective Subsidiaries to, nor authorize or permit any director, officer or employee of Sellers or any of their respective Affiliates to, and shall use reasonable best efforts to cause any investment banker, attorney, accountant or other advisor or representative of Sellers or any of their respective Affiliates not to, directly or indirectly, (a) solicit, initiate or knowingly encourage, or take any other action knowingly to facilitate, any Alternative Proposal or (b) enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or otherwise cooperate in any way with, any Alternative Proposal. The term " Alternative Proposal " means any inquiry, proposal or offer from any Person relating to any direct or indirect acquisition, in one transaction or a series of related transactions (including any merger, consolidation, exchange offer, binding share exchange, business combination, recapitalization, liquidation, dissolution, joint venture or similar transaction) of any equity or voting interests of an Acquired Subsidiary or twenty-five percent (25%) or more of the Acquired Assets; provided that an Alternative Proposal shall not include any of the transactions contemplated by this Agreement or the Related Agreements or any inquiry, offer or proposal to acquire all or a majority of the outstanding common stock or equity interest of Parent or BGC Holdings.

Section 6.6 Non-Solicitation of Employees; Non-Competition .

(a) From and after the date of this Agreement until the second anniversary of the Closing Date (or, in the event that this Agreement is terminated in accordance with its terms, the second anniversary of the date of this Agreement):

(i) without the prior written consent of Purchaser, Parent agrees that no member of the Parent Group and Cantor agrees that no member of the Cantor Group will, directly or indirectly, (A) hire, employ, or engage as a consultant, any employee or consultant of any member of the Purchaser Group (but only if such member is a member of the Purchaser Group as of the date hereof) or, following the Closing, any Business Employee to whom Purchaser has made an offer pursuant to Section 6.10(a) or any Business Consultant to whom Purchaser has made an offer of consulting engagement pursuant to Section 6.10(k) or (B) solicit, induce, attempt to induce or otherwise encourage any employee or consultant of any member of the Purchaser Group (but only if such member is a member of the Purchaser Group as of the date hereof) or, following the

Closing, any Business Employee to whom Purchaser has made an offer pursuant to Section 6.10(a) or any Business Consultant to whom Purchaser has made an offer of consulting engagement pursuant to Section 6.10(k) to terminate employment or engagement with any member of the Purchaser Group; provided , however , the foregoing shall not preclude any member of the Parent Group or Cantor Group from (x) hiring or engaging any such employees whose employment was terminated by Purchaser or any member of the Purchaser Group (other than for cause) at least three (3) months prior to the date when he/she was first solicited for employment by such Person, or (y) making general or public solicitations not targeted at any such employee; and

(ii) without the prior written consent of Parent, Purchaser agrees that no member of the Purchaser Group will, directly or indirectly, (A) hire, employ, or engage as a consultant, any employee or consultant (other than any Business Employee or Business Consultant pursuant to the terms of this Agreement) of any member of the Parent Group or Cantor Group (but only if such member is a member of the Parent Group or Cantor Group, as applicable, as of the date hereof) or (B) solicit, induce, attempt to induce or otherwise encourage any employee or consultant (other than any Business Employee or Business Consultant pursuant to the terms of this Agreement) of any member of the Parent Group or Cantor Group (but only if such member is a member of the Parent Group or Cantor Group, as applicable, as of the date hereof) to terminate employment or engagement with any member of the Parent Group or Cantor Group; provided , however , the foregoing shall not preclude any member of the Purchaser Group from (x) hiring or engaging any such employees whose employment was terminated by any member of the Parent Group or Cantor Group (other than for cause) at least three (3) months prior to the date when he/she was first solicited for employment by a member of the Purchaser Group or (y) making general or public solicitations not targeted at any such employee.

In the event that any party breaches or violates its obligations under this Section 6.6(a) prior to the Closing, the non-breaching party shall provide written notice of such breach or violation to the breaching party and provide the breaching party with an opportunity to cure such breach, and the breaching party shall not be deemed to be in breach or violation of this Section 6.6(a) for purposes of Section 7.2(b), Section 7.3(b), Section 9.1(d) or Section 9.1(e), as applicable, so long as it shall have taken actions to cure such breach reasonably promptly following receipt of such notice. In addition to the foregoing, in the event that any party breaches or violates its obligations under this Section 6.6(a) prior to or after the Closing because it did not have knowledge that a Person was or was formerly an employee or consultant of the other party at the time of the solicitation, hiring or engagement, as the case may be, of such Person, then the breaching party shall not be deemed to be in breach or violation of this Section 6.6(a) so long as it shall have taken actions to cure such breach reasonably promptly following receipt of notice from the non-breaching party that such Person was or was formerly an employee or consultant of the non-breaching party

(b) From the Closing Date until the third anniversary thereof, without the prior written consent of Purchaser, and subject to Section 6.6(c), Parent agrees that no member of the Parent Group and Cantor agrees that no member of the Cantor Group will, directly or indirectly, including as principal, sole proprietor, partner, member, stockholder or investor or in any other capacity, own, control, manage or operate any business or entity that, anywhere in the world, in whole or in part, engages in the Competing Business.

(c) Nothing in Section 6.6(b) shall preclude any member of the Parent Group or any member of the Cantor Group from:

(i) collectively owning ten percent (10%) or less of the outstanding securities of any Person that are listed on any national securities exchange or otherwise publicly traded so long as such member is not otherwise directly or indirectly advising, directing or otherwise engaged in the Competing Business of such Person, including as an officer, director, consultant or employee of such Person;

(ii) acquiring and, after such acquisition, owning an interest in any Person (or its successor) that is engaged, directly or indirectly, in a Competing Business if (A) such Competing Business generated less than ten percent (10%) of such Person's consolidated annual revenues in the last completed fiscal year of such Person and (B) Parent enters into a definitive agreement to cause the divestiture of the Competing Business within nine (9) months after the consummation of such acquisition is consummated and has completed such disposition within six (6) months of the date of such definitive agreement (the " Divestiture Period "); provided that if such divestiture has not been consummated due to (x) any applicable waiting period (including extension thereof) applicable to such divestiture under the HSR Act, or under any other applicable Law not having expired or been terminated, or (y) the failure to procure or obtain any required governmental or regulatory consents, approvals, permits or authorizations applicable to such divestiture, then the Divestiture Period will automatically be extended so that it expires one week following the later of the expiration or termination of such waiting period and the procurement or obtainment of such consents, approvals, permits and authorizations; provided , further, that in no event shall the Divestiture Period extend beyond eighteen (18) months following the acquisition of the Competing Business;

(iii) exercising its rights under the License Agreement;

(iv) engaging in the ordinary or customary activities of primary dealers designated by the Federal Reserve Bank of New York, including operating a single dealer electronic platform or a request for quote platform; provided that such activities shall not include operating a transparent central limit order book in Recently Announced or Issued or Re-Opened or First Off-The-Run U.S. Treasury Securities; and

(v) engaging in any activity that constitutes a *de minimis* inadvertent breach or violation of its obligations pursuant to Section 6.6 (b); provided that upon receiving notice of such activity Parent and/or its Affiliate promptly ceases the activity causing such breach.

(d) Without limiting any other rights of Purchaser, Parent (on behalf of itself and the members of the Parent Group) and Cantor (on behalf of itself and the members of the Cantor Group) acknowledge and agree that the remedy at law for any breach, or threatened breach, of any of the provisions of Section 6.6(b) will be inadequate, and, accordingly, Parent

and Cantor hereby acknowledge and agree that Purchaser shall, in addition to any other rights and remedies which Purchaser may have at law or otherwise, be entitled to equitable relief, including injunctive relief, and to the remedy of specific performance with respect to any breach or threatened breach of Section 6.6(b).

(e) Parent (on behalf of itself and the members of the Parent Group), Cantor (on behalf of itself and the members of the Cantor Group) and Purchaser agree that the terms of the covenants in Section 6.6(b), as modified by Section 6.6(c), are fair and reasonable with respect to their duration, geographical area and scope, including in light of Purchaser's plans for the Business, are necessary to protect the value of the Acquired Assets and the Acquired Subsidiary Equity (including the goodwill related thereto) and were a material and necessary inducement for Purchaser, Parent (on behalf of itself and the members of the Parent Group) and Cantor (on behalf of itself and the members of the Cantor Group) to agree to the transactions contemplated hereby and by the Related Agreements. Parent has independently consulted with its counsel and after such consultation, hereby agrees that the covenants set forth in Section 6.6(b), as modified by 6.6(c), are reasonable and proper. In the event that any provision contained in Section 6.6(b), as modified Section 6.6(c), shall be determined by any court of competent jurisdiction or any Governmental Authority to be unenforceable for any reason whatsoever (including in relation to duration or the scope of the activities covered thereby), then the Parties agree that the maximum subject matter, duration, scope, geographic area or other restrictions deemed reasonable under such circumstances by such court shall be substituted for the stated subject matter, duration, scope, geographic area or other restrictions, with it being specifically acknowledged and agreed by Purchaser, Parent and Cantor that it is their continuing desire that each covenant in Section 6.6(b), as modified by Section 6.6(c), be enforced to the full extent of its terms and conditions.

Section 6.7 Further Assurances . After the Closing Date, each of Parent and Purchaser shall use its commercially reasonable efforts from time to time to execute and deliver, or cause to be executed and delivered, at the reasonable request of the other Party such additional documents and instruments (including any assignments, bills of sale, assumption agreements, consents and other similar instruments in addition to those required by this Agreement) as may be reasonably required to give effect to this Agreement and the transactions contemplated hereby, and to provide whatever documents or other evidence of ownership as may be reasonably requested by Purchaser to confirm Purchaser's ownership of the Acquired Assets and Acquired Subsidiary Equity. To the extent that any member of the Cantor Group owns or has any right, title or interest in an Acquired Asset, including those assets set forth on Section 6.7 of the Seller Disclosure Letter, Cantor shall and shall cause such member of the Cantor Group to execute and deliver, or cause to be executed and delivered such documents and instruments (including any assignments, bills of sale, assumption agreements, consents and other similar instruments) as may be reasonably required to transfer such ownership or right, title or interest to Purchaser, and shall also cause such member to comply with the provisions set forth in Sections 6.1 and 6.8 insofar as they apply to Affiliates of Sellers that own or have a right, title or interest in an Acquired Asset.

Section 6.8 Assignment of Contracts; Approvals and Consents; Novation .

(a) Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any Contract or Lease or any claim, right or benefit arising thereunder or resulting therefrom if an attempted assignment thereof, without the consent of a third party thereto, would constitute a breach or other contravention thereof or be ineffective with respect to any party thereto or would violate any applicable Law.

(b) With respect to any such Contract or Lease and any claim, right or benefit arising thereunder or resulting therefrom, Sellers shall, and shall cause their Affiliates to, use commercially reasonable efforts, and Purchaser shall reasonably cooperate with Sellers and their Affiliates, to obtain, or cause to be obtained, prior to Closing, any consent, substitution, approval or amendment (which requests for consents, substitution, approval or amendment shall be in form and substance reasonably satisfactory to Purchaser) required to novate or assign such Contract or Lease; provided , however , in no event shall any Seller, Purchaser or their Affiliates be obligated to pay any money (other than a *de minimis* amount) to any Person or to otherwise offer or grant other financial or other accommodations to any Person in connection with obtaining any such consent, substitution, approval or amendment with respect to any Contract or Lease.

(c) If any consent, substitution, approval or amendment required to novate or assign any Contract or Lease is not obtained prior to Closing, until the earlier of such time as such consent is obtained or one (1) year following the Closing Date, Sellers and Purchaser will each use reasonable best efforts to establish an agency type or other similar arrangement reasonably satisfactory to Sellers and Purchaser under which Purchaser would obtain, to the fullest extent practicable, the claims, rights and benefits and assume the corresponding liabilities and obligations thereunder from and after the Closing in accordance with this Agreement (including by means of any subcontracting, sublicensing or subleasing arrangement) and under which the applicable Seller or its Affiliates would enforce at the direction of and for the benefit of Purchaser, any and all claims, rights and benefits of such Seller or Affiliate against a third party thereto. During such period and without further consideration, (i) Sellers or its applicable Affiliates will promptly pay, assign and remit to Purchaser when received all monies and other consideration relating to the period after the Closing Date received by it under any Contract or any claim, right or benefit arising thereunder not transferred pursuant to this Section 6.8 and (ii) Purchaser will promptly pay, perform or discharge when due any Liability (including any liability for Taxes) arising thereunder after the Closing Date.

(d) Without limiting the generality of the obligations set forth in Section 2.1(a), any Contract to be assigned, transferred and conveyed in accordance with Section 2.1(a)(ii) that does not exclusively relate to the Business (each, a " Shared Contract ," including certain electronic trading agreements, development agreements, pricing agreements market data vendor agreements and market data direct fee agreements, shall be assigned, only with respect to (and preserving the meaning of) those parts that relate to the Business, to either an Acquired Subsidiary or Purchaser, if so assignable, or appropriately amended prior to, on or after the Closing (the form and substance of any such amendment to be reasonably satisfactory to Purchaser), so that Purchaser shall be entitled to the rights and benefit of those parts of the Shared Contract that relate to the Business and shall assume the related portion of any Liabilities contemplated by this Agreement; provided , however , that (x) in no event shall any Person be required to assign (or amend), either in its entirety or in part, any Shared Contract that is not

assignable (or cannot be amended) by its terms without the consent or approval of a third party thereto and (y) if any Shared Contract cannot be so partially assigned by its terms or otherwise, or cannot be amended, without the consent or approval of a third party thereto, until the earlier of such time as such consent or approval is obtained or one (1) year following the Closing Date, Sellers and Purchaser will each use reasonable best efforts to establish an agency type or other similar arrangement reasonably satisfactory to Sellers and Purchaser under which Purchaser would obtain, to the fullest extent practicable under such Shared Contract, the claims, rights and benefits of those parts that relate to the Business and assume the related portion of the liabilities and obligations thereunder from and after the Closing in accordance with this Agreement (including by means of any subcontracting, sublicensing or subleasing arrangement) and under which Sellers or its applicable Affiliates would enforce, at the direction of and for the benefit of Purchaser, any and all claims, rights and benefits of such Seller or Affiliate against a third party thereto to the extent relating to the Business. During such period and without further consideration, (i) Sellers and their applicable Affiliates will promptly pay, assign and remit to Purchaser when received all monies and other consideration relating to the period after the Closing Date received by them thereunder or any claim, right or benefit arising thereunder not transferred pursuant to this Section 6.8 and (ii) Purchaser will promptly pay, perform or discharge when due any Liability (including any liability for Taxes) arising thereunder after the Closing Date.

(e) If any consent, substitution, approval or amendment under any Contract or Lease is required for Sellers or Purchaser to perform their or its obligations pursuant to the Services Agreement, Parent or the applicable Seller shall use commercially reasonable efforts to obtain or cause to be obtained such consent, substitution, approval or amendment; provided , however , in no event shall any Seller be obligated to pay any money (other than a *de minimis* amount) to any Person or to otherwise offer or grant other financial or other accommodations to any Person in connection with obtaining any such consent, substitution, approval or amendment with respect to any Contract or Lease.

(f) The provisions of this Section 6.8 shall not affect any representation or warranty of any Seller under this Agreement.

Section 6.9 Intercompany Agreements; Intercompany Accounts .

(a) Except as set forth in Section 6.9 of the Seller Disclosure Letter or as otherwise expressly set forth in this Agreement or the Related Agreements and the attachments thereto, Sellers shall, and shall cause their respective Affiliates and the Cantor Group to, immediately prior to the Closing, execute and deliver such releases, termination agreements and discharges as are necessary to (i) release and discharge Sellers and such Affiliates (other than the Acquired Subsidiaries) and the Cantor Group from any and all obligations owed to the Acquired Subsidiaries, (ii) release and discharge any Acquired Subsidiary from any and all obligations owed to any Seller or any Affiliate thereof (other than any Acquired Subsidiary) or any member of the Cantor Group and (iii) terminate all arrangements, commitments, contracts and understandings among any Seller and any Affiliate or member of the Cantor Group, on the one hand, and any Acquired Subsidiary, on the other hand.

(b) On or prior to the Closing Date, all intercompany accounts between any Seller and/or any of its Subsidiaries (other than any Acquired Subsidiaries), on the one hand, and each Acquired Subsidiary, on the other hand, shall be settled or otherwise eliminated. Intercompany accounts between and among the Acquired Subsidiaries shall not be affected by this provision.

Section 6.10 Employee Matters .

(a) *Offers of Employment* . No later than five (5) Business Days prior to the Closing Date, Purchaser shall make or cause to be made offers of employment to each of the Business Employees, with such offers to be effective as of the Closing Date, except as otherwise set forth in Section 6.10(b). Each such offer of employment shall be on terms and conditions substantially comparable (but not necessarily identical) to those terms and conditions of employment applicable to the applicable Business Employee immediately prior to the Closing. Except as otherwise set forth in Section 6.10(b), all Business Employees who accept such offers of employment shall become " Continuing Business Employees " as of the Closing Date. Effective as of the Closing Date (or, if later, the date such individual becomes a Business Employee pursuant to Section 6.10(b)), Sellers or their Affiliates shall cause (i) each Continuing Business Employee to be fully vested in such employee's benefits under any Parent Benefit Plan that is a qualified or non-qualified pension or retirement plan and (ii) the employment of each of the Continuing Business Employees with Sellers or their Affiliates (other than those employed by an Acquired Subsidiary or described in Section 6.10(b)) to be terminated.

(b) *Inactive Employees* . Notwithstanding the provisions of Section 6.10(a), Purchaser's offer of employment to any Business Employee who is inactive as of the Closing Date due to short-term disability or other leave of absence shall not be effective until such employee is ready and able to return to work; provided that such employee is able to return to work within the one (1)-year period commencing on the Closing Date. Any such employee shall not become a Continuing Business Employee for purposes hereof until such employee returns to work within such period. Employees who do not return to work within such period shall not become Continuing Business Employees unless otherwise agreed to by Purchaser.

(c) *Employee Benefits Generally* . From the Closing Date until the first anniversary thereof, Purchaser shall provide or cause to be provided the Continuing Business Employees with compensation and welfare benefits (excluding any severance or retiree medical benefits) that are not materially less favorable in the aggregate than those generally provided to similarly situated employees of Parent or its Affiliates immediately prior to the Closing. Except as may be specifically required by this Agreement or by applicable Law, Purchaser or its Affiliates shall not be obligated to provide any particular employee benefits to any Continuing Business Employee for any specific period of time. Nothing in this Agreement shall be deemed to limit the right of Purchaser or any of its Affiliates to terminate the employment of any Business Employee.

(d) *Severance* . With respect to each Continuing Business Employee whose employment is terminated without cause (as defined in or within the meaning of the applicable severance plan, policy or statement or other similar Contract of Seller or any of its Affiliates in existence as of immediately prior to the Closing) during the one (1)-year period immediately

following the Closing Date, Purchaser shall, except as may otherwise be required by an Assumed Employment Agreement, provide or cause to be provided severance benefits and payments equal in value to those which such Continuing Business Employee would have received under such plan, policy or statement or other similar Contract had the employment of such Continuing Business Employee been terminated by Seller or its applicable Affiliate immediately prior to the Closing, and the amount of such severance benefits and payments shall be calculated in accordance with the terms of such applicable plan, policy or statement, Employment Agreement or other similar Contract in effect immediately prior to the Closing, taking into account the Continuing Business Employee's period of employment prior through the Closing and with Purchaser or its Affiliates after the Closing.

(e) *Preexisting Conditions; Deductibles; Credited Service* . As of the date on which the Continuing Business Employees become eligible to participate in the applicable Purchaser benefit plans, Purchaser shall cause to be (i) waived all limitations as to preexisting conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to Continuing Business Employees under any welfare plan of Purchaser or its Subsidiaries or Affiliates in which such Continuing Business Employees may be eligible to participate after the Closing, to the extent that such conditions, exclusions and waiting periods would have been waived or satisfied under the corresponding welfare plan in which any such Continuing Business Employee participated immediately prior to the Closing, (ii) provided to each Continuing Business Employee credit for any co-payments and deductibles paid prior to the Closing, in respect of the calendar year in which the Closing Date occurs, in satisfying any applicable deductible or out-of-pocket requirements under any welfare plans of Purchaser or its Subsidiaries or Affiliates in which such Continuing Business Employees may be eligible to participate after the Closing in the calendar year in which the Closing Date occurs and (iii) provided to each Continuing Business Employee credit for purposes of eligibility, vesting and benefit accrual (other than with respect to any defined benefit pension plan) under each employee benefit plan, program or arrangement of Purchaser or its Subsidiaries or Affiliates in which such Continuing Business Employees are eligible to participate after the Closing for all service recognized by Seller under the corresponding Parent Benefit Plan; provided , however , that in no event shall the Continuing Business Employees be entitled to any credit to the extent that it would result in a duplication of benefits with respect to the same period of service.

(f) *401(k) Plan*. Effective as of the Closing, Purchaser shall establish or cause to be established, and Seller shall reasonably cooperate with Purchaser to establish, participation by the Continuing Business Employees in Purchaser's tax-qualified defined contribution plan or plans with a cash or deferred feature (the " Purchaser 401(k) Plan ") for the benefit of each Continuing Business Employee who, as of immediately prior to the Closing, was eligible to participate in a tax-qualified defined contribution plan maintained by Seller or its Affiliates (the " Seller 401(k) Plan "). Purchaser shall continue to make available and maintain the Purchaser 401(k) Plan for a period ending no earlier than the first anniversary of the Closing Date. As soon as practicable after the Closing Date, the Seller 401(k) Plan shall, to the extent permitted by Section 401(k)(10) of the Code, make distributions available to Continuing Business Employees, and the Purchaser 401(k) Plan shall accept any such distribution (including loans) as a rollover distribution if so directed by the Continuing Business Employee. The Parties agree to cooperate so as not to place any loan with respect to a Continuing Business Employee's rollover account into default during the period from the Closing Date until the rollover is

completed; provided that such employee continues making loan repayments on a timely basis during such period in accordance with the established procedures of Seller and its Affiliates, as applicable.

(g) *COBRA* . Parent shall retain responsibility for continuation coverage under Sections 601 et seq. of ERISA and any state continuation coverage requirements (" COBRA Obligations ") to all Business Employees (and their qualified beneficiaries), for whom a "qualifying event" under COBRA occurs prior to the Closing. Purchaser shall be responsible for COBRA Obligations with respect to the Continuing Business Employees and their beneficiaries for whom a "qualifying event" under COBRA occurs at or after the Closing.

(h) *WARN Act* . Sellers shall not, by reason of its actions alone, at any time within the ninety (90)-day period immediately before the Closing Date, cause a Business Employee to incur an "employment loss" (as such term is defined in the WARN Act) without the consent of Purchaser (which will not be unreasonably withheld). Purchaser shall be solely responsible for and agrees to indemnify and hold harmless Seller and its Affiliates from and against any Liability under the WARN Act or any similar state Law to any Business Employee who is found to have suffered an "employment loss" under the WARN Act on or after the Closing Date as a result of the actions of Purchaser or any of its Affiliates, and any and all other Liabilities related to Purchaser's or any of its Affiliates' failure to comply with the WARN Act or any similar state Law, including attorneys' fees, arising out of or resulting from the actions Purchaser or any of its Affiliates with respect to Business Employees and the WARN Act or any similar state Law, or their failure to serve sufficient notice pursuant to the WARN Act or any similar state Law.

(i) *Flexible Spending Accounts* . With respect to each Continuing Business Employee, effective as of the Closing, Purchaser shall establish, and, through December 31, 2013, Purchaser shall maintain or cause to be maintained flexible spending accounts for medical and dependent care expenses. Purchaser shall credit each such account at Closing with the amount credited as of the Closing Date under the comparable account maintained under the applicable Parent Benefit Plan from the beginning of the plan year in which the Closing occurs through the Closing Date. As soon as practicable after the Closing Date, (i) Seller shall pay, or cause to be paid, to Purchaser in cash the amount, if any, by which aggregate contributions made by Continuing Business Employees to Parent's or its Affiliates' flexible spending accounts exceeded the aggregate benefits provided to Continuing Business Employees as of the Closing, or (ii) Purchaser shall pay to Parent or its applicable Affiliate, as determined by Parent, in cash the amount, if any, by which aggregate benefits provided to Continuing Business Employees under Parent's or its Affiliates' flexible spending accounts exceeded the aggregate contributions made by Continuing Business Employees as of the Closing.

(j) To the extent permitted by the Parent Benefit Plans and the applicable equity and equity-based compensation awards of Parent, prior to the Closing, Parent shall take action to cause the equity and equity-based compensation awards of Parent held by Continuing Business Employees that are unvested as of the Closing to be amended to provide that such awards will vest (and if applicable, become exercisable and/or exchangeable) in full in the event that a Continuing Business Employee remains employed with Purchaser or an Affiliate for a period of 120 days following the Closing; provided , however , that Parent shall have the right to

maintain its customary provisions with regard to forfeiture of such awards, including forfeiture for violation of non-competition obligations; provided further , however , that the performance of services by Continuing Business Employees for Purchaser or an Affiliate with respect to the Business will in no event be treated as a violation of such non-competition obligations. Each Seller hereby agrees, on behalf of itself and its Affiliates, that any Business Employee who becomes a Continuing Business Employee pursuant to the transactions contemplated by this Agreement and remains employed by Purchaser or an Affiliate of Purchaser shall not be deemed to violate any non-competition, duty of loyalty, confidentiality or other restrictive covenant set forth in the Amended and Restated Agreement of Limited Partnership of BGC Holdings, dated as of March 31, 2008, as amended, solely as a result of such Business Employee becoming a Continuing Business Employee pursuant to the transactions contemplated by this Agreement and remaining employed by Purchaser or an Affiliate of Purchaser, and each Seller hereby, on behalf of itself and its Affiliates, irrevocably waives any right to enforce any such covenant against a Business Employee following the Closing if such covenant would be violated solely as a result of such Business Employee becoming a Continuing Business Employee pursuant to the transactions contemplated by this Agreement and remaining employed by Purchaser or an Affiliate of Purchaser.

(k) Purchaser shall make or cause to be made offers of consulting engagement to the Business Consultants on consulting terms and conditions substantially comparable (but not necessarily identical) to those terms and conditions of consulting applicable to the applicable Business Consultant immediately prior to the Closing.

(l) Except as set forth on Section 6.10(l) of the Seller Disclosure Letter, each Seller shall cause each loan from such Seller or an Affiliate of such Seller to a Business Employee to be forgiven on the date that is 120 days following the Closing Date, subject to such individual becoming a Continuing Business Employee hereunder and remaining employed by Purchaser or an Affiliate of Purchaser during such 120-day period; provided, however, any such loan may be forgiven prior to such 120 th day if the terms of any such loan require such earlier forgiveness.

Section 6.11 Patent and Shared Intellectual Property License .

(a) From and after the Closing, each Seller hereby grants, on behalf of itself and its applicable Affiliates, and Cantor hereby grants, on behalf of each member of the Cantor Group, to Purchaser and its Affiliates (whether now existing or hereafter created or acquired), a non-exclusive, irrevocable, royalty-free, fully paid-up right and license to use the Shared Patents solely for use in (i) the Business and (ii) U.S. Treasury Securities transactions (and not derivatives thereon (*e.g.* , U.S. Treasury Security futures and U.S. dollar interest rate swaps) or bond transactions that trade on a yield spread to a U.S. Treasury Security). The rights granted pursuant to this Section 6.11(a) are collectively referred to herein as the " Patent License ."

(b) From and after the Closing, each Seller hereby grants, on behalf of itself and its applicable Affiliates, and Cantor hereby grants, on behalf of each member of the Cantor Group, to Purchaser and its Affiliates (whether now existing or hereafter acquired), a non-exclusive, irrevocable, royalty-free, fully paid-up right and license to use, reproduce, display, perform, distribute and modify the Shared Intellectual Property, with no restriction upon field of

use. Without limiting the generality of the foregoing, Purchaser and its Affiliates shall have the full and unconditional right to alter, modify, prepare derivative works of, duplicate, reproduce and distribute any Software included in the Shared Intellectual Property, including to alter or modify the source code thereof and to distribute such Software among its Affiliates. Purchaser and its Affiliates may permit their respective suppliers, contractors, service providers and consultants to exercise any or all of the rights and licenses granted to Purchaser and its Affiliates solely at the direction of, and on behalf of, Purchaser or its Affiliates, as applicable. The rights granted pursuant to this Section 6.11(b) are collectively referred to herein as the " Shared Intellectual Property License ."

(c) Purchaser and its Affiliates may sublicense the Patent License only to their customers of the Business and the business conducted by Purchaser and its Affiliates in respect of U.S. Treasury Securities transactions; provided , that such sublicense shall be limited to use of the Shared Patents by such customers only in their capacity as customers of the Business and the business conducted by Purchaser and its Affiliates in respect of U.S. Treasury Securities transactions.

(d) To the extent that there is Software included in the Shared Intellectual Property License that is not within the possession of the Acquired Subsidiaries as of the Closing, Sellers shall, or shall cause their Affiliates to, deliver to Purchaser within thirty (30) days following the Closing one copy of each of the (i) annotated source code for such Software, (ii) one copy of the object code for such Software and (iii) existing documentation for such Software, in each case on a mutually agreed commercially reasonable medium.

(e) The Patent License shall be binding on assignees and transferees of the Shared Patents, and the Shared Intellectual Property License shall be binding on assignees and transferees of the Shared Intellectual Property.

(f) The Patent License shall be transferrable by Purchaser or its Affiliates, as applicable (and its or their permitted assignees) only to any third party that acquires all or a majority of the Business, in which case Purchaser shall cease to have any rights in or under the Patent License.

(g) From and after the Closing, each Seller hereby grants, on behalf of itself and its applicable Affiliates, and Cantor hereby grants, on behalf of each member of the Cantor Group, to Purchaser and its Affiliates (whether now existing or hereafter acquired), a non-exclusive, irrevocable, royalty-free, fully paid-up right and license to use the Patents, if any, owned (whether beneficially or of record) by such Seller, its Affiliates or any member of the Cantor Group, as applicable, that include claims that are infringed by, or are capable of being infringed by, the listing and trading of a financial instrument (other than a U.S. Treasury Security) (i) on the same platform used by Purchaser and its Affiliates to trade U.S. Treasury Securities and (ii) using the exact same method by which the Business lists and trades U.S. Treasury Securities as of immediately prior to the Closing (if any). Purchaser and its Affiliates may sublicense the license granted in this Section 6.11(g) only to their customers of the business conducted in respect of the listing and trading of financial instruments as described in this Section 6.11(g); provided that such sublicense shall be limited to use of the Patents licensed pursuant to this Section 6.11(g) by such customers only in their capacity as customers of such business.

(h) Parent, Seller and Cantor make no warranty as to the validity or enforceability of the Shared Patents or the Shared Intellectual Property except as expressly set forth in Section 4.21.

Section 6.12 Business Mark License .

(a) *License* . Each Seller hereby acknowledges and agrees that the Marks set forth on Section 2.1(a)(iv) of the Seller Disclosure Letter (such Marks collectively, the " Business Marks ") will, immediately following the Closing, be owned by Purchaser or one of its Affiliates. Accordingly, Sellers shall, and shall cause their Affiliates to, cease using the Business Marks as promptly as reasonably practicable but in any event within nine (9) months following the Closing. Effective as of the Closing, and subject to the terms and conditions set forth in this Section 6.12, Purchaser hereby grants to Parent and its Affiliates a non-exclusive, non-transferable, royalty-free license to use and display the Business Marks for the sole purpose of conducting the retained business of Parent and its Affiliates, consistent with past practice, following Closing.

(b) *Manner of Use* . Within sixty (60) days of the Closing Date, Parent shall (i) cause the organizational documents of any of its Affiliates (other than the Acquired Subsidiaries) the corporate name of which includes the Business Marks to be amended to remove any reference to the Business Marks from its name and (ii) file such documents with any Governmental Authority as are necessary to effect such name change. Parent shall not use any Business Marks in any advertising or promotional activity if Purchaser determines that such advertising or promotional activity would be unethical, in poor taste, misleading or deceptive.

(c) *Sublicense* . Unless approved in writing by Purchaser, Parent and its Affiliates shall not sublicense, assign or transfer any rights granted under the Business Marks, respectively to any third party.

(d) *Proper Use* . Parent and its Affiliates shall use the Business Marks in a manner consistent with the provisions of this Agreement and in accordance with applicable Law, and shall use commercially reasonable efforts to not jeopardize or impair the condition, validity or enforceability of the Business Marks, either directly or indirectly, by such use.

(e) *Reservation of Rights* . All rights not expressly granted to Parent and its Affiliates under this Agreement are hereby reserved to Purchaser. Parent hereby disclaims any and all rights in, to or under the Business Marks, except to the extent expressly set forth in this Agreement. Purchaser shall have no obligation to host, maintain, support or provide any other assistance to Parent or its Affiliates with respect to the Business Marks.

(f) *Assistance with Claims* . Following the Closing and during such time as Parent or its Affiliates are using the Business Marks pursuant to this Section 6.12, Parent shall, promptly upon learning thereof, furnish Purchaser in writing with the name, address, and such other pertinent information as may be available, with respect to any third party that Parent reasonably believes may be infringing or otherwise violating any Purchaser rights in the

Business Marks or with respect to any third party that Parent reasonably believes may make a claim that the use of the Business Marks infringes upon or otherwise violates any rights of any nature of such third party. Parent shall cooperate in all respects, as required by Purchaser, with regard to any action which Purchaser reasonably deems advisable either to protect the right of Purchaser in the Business Marks or to contest a claim by a third party that the use of the Business Marks infringes upon or otherwise violates any rights of any nature of such third party.

(g) *Acknowledgements* . Parent hereby acknowledges that (i) any and all goodwill and proprietary rights in the Business Marks (including any derivatives thereof) remain entirely vested in Purchaser from and after the Closing and (ii) Parent derives from this Agreement no rights in or to use any Business Mark from and after the Closing other than under and in accordance with the terms of this Agreement.

Section 6.13 Access to the Business . Purchaser shall, and shall cause its Affiliates and any successor in interest to the Business (such Affiliates, together with any successor in interest to the Business, the " Acquiring Affiliates ") to, permit each member of the Parent Group and each member of the Cantor Group to be customers of the fully electronic brokerage of the Business and to pay the lowest commission paid by any other customer of the Business, whether by volume, dollar amount or other applicable measurements (including on a price per volume basis for the most recently completed calendar quarter), regardless of whether such customer is paying a fixed commission or has agreed to trade a minimum amount of securities. For example, if a customer of the Business is paying a fixed commission of $x to Purchaser or any of the Acquiring Affiliates to trade U.S. Treasury Securities for the first calendar quarter of a year, and such customer trades y million of U.S. Treasury Securities during such calendar quarter, then each member of the Parent Group and each member of the Cantor Group shall be entitled to be customers of the fully electronic brokerage of the Business and to pay a commission equal to $x divided by y per million of U.S. Treasury Securities traded by such member during the second calendar quarter of such year, without an obligation by such member to pay the full fixed commission paid by such customer and without any minimum trading volume or other requirements.

In addition, Purchaser shall, and shall cause its Affiliates and the Acquiring Affiliates to, permit each member of the Parent Group and each member of the Cantor Group to receive any co-location and related installation, maintenance, support, remote access, and management of communication services, in each case to the extent that Purchaser or any Acquiring Affiliate offers or provides such services to any other customers of the Business following the Closing Date, at a cost to such member equal to any incremental out-of-pocket costs incurred by Purchaser or the Acquiring Affiliates in providing such member with such services (it being agreed that such costs shall not include any rent costs but may include the cost of utilities), provided that neither Purchaser nor the Acquiring Affiliates shall have any obligation to continue offering or providing any such services to customers of the Business following the Closing Date. Such co-location and related services shall be provided to each member of the Parent Group and each member of the Cantor Group (and each permitted successor thereto) on such terms and conditions as are generally applicable to receipt of such services by customers of the Business as of the Closing Date. The foregoing right to receive co-location and related services may not be sublicensed to, sublet to or otherwise enjoyed by any customer of any member of the Parent Group or the Cantor Group. Each member of the Parent

Group and each member of the Cantor Group may assign the foregoing right to receive co-location and related services in whole, without the prior written consent of Purchaser, only to a third party that acquires all or a majority of (1) in the case of assignment by a member of the Parent Group, the business of BGC Financial, L.P. (or any Affiliate of Parent that is a successor to such business) and (2) in the case of assignment by a member of the Cantor Group, the business of Cantor Fitzgerald & Co. (or any Affiliate of Cantor that is a successor to such business). The Parties agree that (y) except for the assignment rights expressly granted in the foregoing sentence, no member of the Parent Group and no member of the Cantor Group shall have any right to assign such right to receive co-location and related services, in whole or in part; and (z) in the event that such right is assigned by any member of the Parent Group or any member of the Cantor Group, all members of the Parent Group, or all members of the Cantor Group, as applicable, shall be deemed to have assigned such right in its entirety insofar as it relates to the rights granted to the Parent Group or the Cantor Group, as applicable, and no member of the Parent Group or the Cantor Group, as applicable, shall retain any right to receive such services.

Section 6.14 Clearing . From and after the Closing, Purchaser shall not, and shall cause the Acquiring Affiliates not to, with respect to the Business, (a) prevent customers of the Business from clearing their transactions with any member of the Cantor Group (including the Clearing Affiliate) or any member of the Parent Group, including by refusing to provide a service to such customer at the price or on terms offered by the Acquiring Affiliates to other similarly situated customers or (b) treat the Clearing Affiliate in an unreasonable, discriminatory or anti-competitive manner (including with respect to pricing and terms and including by refusing to deal with and boycotting the Clearing Affiliate) as compared to any other Person that provides the same or similar services as the Clearing Affiliate. In furtherance of the foregoing, with respect to the Business, if any Person provides clearing services to Purchaser or its Affiliates, Purchaser and such Affiliate shall execute an agreement with such Person providing that such Person and its Affiliates shall not (a) prevent customers of the Business from clearing their transactions with any member of the Cantor Group (including the Clearing Affiliate) or any member of the Parent Group, including by refusing to provide a service to such customer at the price or on terms offered by the Acquiring Affiliates to other similarly situated customers or (b) treat the Clearing Affiliate in an unreasonable, discriminatory or anti-competitive manner (including with respect to pricing and terms and including by refusing to deal with or boycotting the Clearing Affiliate) as compared to any other Person that provides the same or similar services as the Clearing Affiliate, and such agreement shall provide that the Clearing Affiliate shall be a third-party beneficiary of such provisions in the agreement. The Parties agree that this Section 6.14 is not intended to prohibit the Acquiring Affiliates from competing with any member of the Cantor Group or any member of the Parent Group in any business in the ordinary course of business.

Section 6.15 License Agreement Fees . If, due to a change in applicable Law, the royalty-free nature of the License Agreement would prohibit Purchaser or its Affiliates from charging fees or royalties to other market data customers, Purchaser shall endeavor to take such steps as are necessary to not prejudice Parent and its Affiliates' rights under the License Agreement; provided that this Section 6.15 shall not require Purchaser to take any steps that would result in Purchaser or its Affiliates failing to comply with or violating any Law.

Section 6.16 Software License .

(a) From and after the Closing, Purchaser hereby grants to Parent, Sellers and their respective Affiliates (whether now existing or hereafter created or acquired), a non-exclusive, irrevocable, royalty-free, fully paid-up, world-wide right and license to use, reproduce, display, perform, distribute and modify all Software included within the Acquired Intellectual Property (the " Licensed Software "), with no restriction upon field of use. The rights granted pursuant to this Section 6.16(a) are collectively referred to herein as the " Software License ."

(b) Without limiting Section 6.16(a), Parent and its Affiliates shall have the full and unconditional right to alter, modify, prepare derivative works of, duplicate, reproduce and distribute the Licensed Software, including to alter or modify the source code thereof and to distribute such Licensed Software among any member of the Parent Group or the Cantor Group. Parent and its Affiliates may permit their respective suppliers, contractors, service providers and consultants to exercise any or all of the rights and licenses granted to Parent and its Affiliates solely at the direction of, and on behalf of, Parent or its Affiliates, as applicable.

(c) The Software License shall be binding on assignees and transferees of any of the Software included within the Acquired Intellectual Property.

(d) Purchaser makes no warranty with respect to the Licensed Software.

Section 6.17 Guarantees; Commitments .

(a) Purchaser shall use commercially reasonable efforts to cause itself or one of its Affiliates (including, after the Closing, any Acquired Subsidiary) to be substituted for Seller and any of its Affiliates, and for Seller and any of its Affiliates to be released, effective as of the Closing, in respect of all obligations of Seller and any of its Affiliates under each of the guarantees, indemnities, letters of credit, letters of comfort, commitments, understandings, agreements and other obligations of such Persons related to any Acquired Asset, which such guarantees, indemnities, letters of credit, letters of comfort, commitments, understandings, agreements and other obligations set forth on Section 6.17 of the Seller Disclosure Letter (collectively, the " Substituted Guarantees ").

(b) In the event that, as of the Closing, Purchaser or one of its Affiliates shall not have substituted itself for Seller and any of its Affiliates under, and caused Seller and its Affiliates to be released from, any Substituted Guarantee, (i) Purchaser shall continue to use commercially reasonable efforts to cause itself or one of its Affiliates (including any Acquired Subsidiary) to be substituted for Seller and any of its Affiliates, and for Seller and any of its Affiliates to be released, in respect of all obligations of Seller and any of its respective Affiliates under any Substituted Guarantee; and (ii) Purchaser shall indemnify and hold harmless Seller and its Affiliates against any Damages that Seller or any of its Affiliates suffers, incurs or is liable for by reason of or arising out of or in consequence of such Substituted Guarantee.

Section 6.18 Section 16 Matters . Subject to applicable Law, Purchaser agrees that, upon the reasonable request of Parent from time to time and for the benefit of Parent and its Affiliates, Purchaser's board of directors shall approve any issuance of Purchaser Shares to

Parent and its Affiliates pursuant to this Agreement for the purpose of exempting such issuances from the application of the "short-swing" trading rules under Section 16(b) of the Exchange Act pursuant to Rule 16b-3 under the Exchange Act; provided that Purchaser shall not be deemed to have represented or warranted that such exemption will apply.

Section 6.19 Exchange Listing . Purchaser shall promptly use its reasonable best efforts to cause the Purchaser Shares to be issued pursuant to this Agreement to be approved for listing on The NASDAQ Stock Market as promptly as practicable following each Earn-Out Issuance and, if applicable, the Acceleration Issuance.

Section 6.20 Reservation for Issuance . As of the Closing, Purchaser will have reserved for issuance that number of Purchaser Shares sufficient to issue to Sellers the total number of Purchaser Shares that could be issued pursuant to all of the Earn-Out Issuances, disregarding any adjustments that may be made to the Initial Earn-Out Number pursuant to Section 3.8(d). To the extent that any adjustments may be made to the Initial Earn-Out Number pursuant to Section 3.8(d), Purchaser shall reserve for issuance any additional number of Purchaser Shares that may be issued to Seller as a result of such adjustment.

Section 6.21 Broker-Dealer . Purchaser agrees that Purchaser and its Affiliates shall use reasonable best efforts to own as promptly as practicable after the date hereof an appropriately registered and licensed broker-dealer in connection with the Business. Sellers agree to, and to cause their Affiliates (including any Acquired Subsidiaries) to, use reasonable best efforts to cause their personnel to, cooperate with Purchaser in Purchaser's efforts to own such a broker-dealer, including by furnishing such information to Purchaser as Purchaser may reasonably request to assist in the ownership of such a broker-dealer.

Section 6.22 ELX Technology Contract . BGC US hereby agrees that it shall guarantee all payment obligations of ELX through December 31, 2014 under the ELX Technology Contract; provided that such guarantee shall no longer be in effect upon the involuntary bankruptcy of ELX. Beginning three (3) years after the Closing Date, Purchaser or its Affiliate, as applicable, may at any time upon twenty-four (24) months' prior written notice to Parent (such notice not to be given prior to the date that is three (3) years after the Closing Date), assign the ELX Technology Contract to BGC US or one its designated Affiliates. In the event of such assignment, Purchaser and its Affiliates shall, as a condition to such assignment and for no additional consideration: (a) transfer and convey to BGC US or one of its designated Affiliates, free and clear of all Liens, all Tangible Personal Property and (b) grant to BGC US or one of its designated Affiliates, a non-exclusive, irrevocable, royalty-free, fully paid-up, worldwide right and license to use any Software, in each of cases (a) and (b), then owned by Purchaser or its Affiliates to the extent used in connection with performance of Purchaser's or its Affiliate's obligations under the ELX Technology Contract; provided that, in the case of the right and license granted pursuant to clause (b), the field of use for such license shall be limited to use necessary to perform Parent's and its Affiliates' obligations under the ELX Technology Contract.

Section 6.23 Transition Services Matters . Between the date of this Agreement and the Closing Date, the Parties shall cooperate with each other to (a) identify any services (each, an " Additional Service ") currently provided by Sellers and their respective Affiliates to the Business that are not included as Transition Services in the form of Services Agreement

attached hereto as Exhibit A so as to provide to Purchaser the benefit of the Acquired Assets and the Continuing Business Employees to the same extent that the Business enjoyed such benefits as of immediately prior to the Closing; provided that none of services set forth on Section 6.23 of the Seller Disclosure Letter shall be an Additional Service; (b) determine the term that Sellers will provide such Additional Service to Purchaser after the Closing pursuant to the Services Agreement, which term shall be reasonable and shall not exceed twelve (12) months; (c) determine the cost to be charged to Purchaser in order to provide such Additional Service, with such cost to be equal to the cost incurred by Sellers and their Affiliates to provide such Additional Service to Purchaser and (d) reflect such Additional Services on the schedules to the Services Agreement to be executed by the Parties as of the Closing Date. The Parties agree that if they are not able to identify Additional Services to reflect in the Services Agreement, not able to determine the terms or costs for such Additional Services and/or not able to reflect such Additional Services on the schedule to the Services Agreement, then, at the Closing, they shall enter into the form of Services Agreement as attached as Exhibit A.

ARTICLE VII

CONDITIONS PRECEDENT

Section 7.1 Conditions of All Parties to Closing . The respective obligations of each Party hereunder to consummate the transactions contemplated hereby shall be subject to the fulfillment (or, if legally permissible, mutual waiver by Parent and Purchaser), prior to or at the Closing, of the following conditions:

(a) *Hart-Scott-Rodino* . Any applicable waiting period under the HSR Act with respect to the transactions contemplated hereby shall have expired or been terminated.

(b) *No Injunction* . No Governmental Order that prohibits the consummation of the transactions contemplated by this Agreement shall have been entered and shall continue to be in effect.

Section 7.2 Conditions to Obligations of Purchaser to Close . Purchaser's obligation to effect the transactions contemplated by this Agreement is subject to the satisfaction (or waiver by Purchaser in its sole discretion), prior to or at the Closing, of each of the following conditions:

(a) Each of the representations and warranties of Sellers and Cantor contained in this Agreement shall be true and correct as of the date hereof and as of the Closing Date as though made on and as of the Closing Date except where the failure to be so true and correct (after excluding the effect of any Business Material Adverse Effect or other materiality qualifications) would not result in a Business Material Adverse Effect; except that (i) those representations and warranties which address matters only as of a particular date shall be true and correct as of such particular date and (ii) the representation and warranties in Section 4.2(a) and (b) (Acquired Subsidiaries) and Section 4.10(a) (Title) shall be true and correct in all material respects.

(b) The covenants, agreements and obligations of Sellers and Cantor to be complied with on or prior to the Closing pursuant to the terms of this Agreement shall have been duly and fully complied with in all material respects on or before the Closing.

(c) Sellers shall have delivered, or caused to be delivered, to Purchaser each of the documents specified in Section 3.4 hereof that is contemplated to be delivered at the Closing.

(d) Purchaser shall have received at the Closing a certificate dated the Closing Date and validly executed on behalf of each Seller by an appropriate executive officer certifying that the conditions specified in Section 7.2(a) and Section 7.2(b) have been satisfied.

Section 7.3 Conditions to Obligations of Sellers to Close . The obligation of Sellers to effect the transactions contemplated by this Agreement is subject to the satisfaction (or waiver by Parent), prior to or at the Closing, of each of the following conditions:

(a) Each of the representations and warranties of Purchaser contained in this Agreement shall be true and correct as of the date hereof and as of the Closing Date as though made on and as of the Closing Date, except where the failure to be so true and correct (after excluding the effect of any Purchaser Material Adverse Effect or other materiality qualifications) would not result in a Purchaser Material Adverse Effect; except that those representations and warranties which address matters only as of a particular date shall be true and correct as of such particular date.

(b) The covenants, agreements and obligations of Purchaser to be complied with on or prior to Closing pursuant to the terms of this Agreement shall have been duly and fully complied with in all material respects on or before the Closing.

(c) Purchaser shall have delivered, or caused to be delivered, to Parent each of the documents specified in Section 3.5 hereof that is contemplated to be delivered at the Closing.

(d) Parent, on behalf of Sellers, shall have received at the Closing a certificate dated the Closing Date and validly executed on behalf of Purchaser by an appropriate executive officer of Purchaser certifying that the conditions specified in Section 7.3(a) and Section 7.3(b) have been satisfied.

ARTICLE VIII

TAX MATTERS

Section 8.1 Liability for Taxes .

(a) Subject to Section 10.5(d) and Section 10.5(e), Parent shall be responsible for and shall indemnify Purchaser and its Affiliates (including the Acquired Subsidiaries) (the " Purchaser Tax Indemnitees ") from and against all Damages arising from or attributable to (i) Excluded Taxes (" Specified Taxes "), (ii) any breach of or inaccuracy in any representation or warranty contained in Section 4.22 (such Damages or breach and/or inaccuracy determined without respect to any materiality, Business Material Adverse Effect or similar term or

qualifications) and (iii) any breach of any covenant contained in Section 6.1(b)(xiv) or this Article VIII. Notwithstanding anything to the contrary contained in this Agreement, following the Closing, neither Purchaser nor any of its Affiliates, including the Acquired Subsidiaries, shall have any obligation to assert any claim or exercise any other right of recovery against any customer of Purchaser or any of its Affiliates (including the Acquired Subsidiaries) in respect of any sales or use Taxes.

(b) Subject to Section 10.5(d), Purchaser shall be responsible for and shall indemnify Parent, Sellers and their respective Affiliates (the " Seller Tax Indemnitees ") from and against all Damages arising from or attributable to (i) Taxes of or relating to the Business or the Acquired Subsidiaries (other than Excluded Taxes), (ii) any breach of any covenant contained in this Article VIII and (iii) the portion of Transfer Taxes for which Purchaser is liable pursuant to Section 8.5.

Section 8.2 Filing Responsibility .

(a) Parent shall prepare and file, or cause to be prepared and filed, when due all Tax Returns required to be filed by any Acquired Subsidiary prior to the Closing. All such Tax Returns shall be prepared and filed in a manner that is consistent with prior practice, if any, except as required by applicable law. Parent shall pay or cause to be paid all Taxes due and payable in respect of all such Tax Returns. In the case of any Tax Return required to be prepared and filed by Parent pursuant to this subsection for which the position taken with respect to any Tax Item is reasonably likely to increase the Taxes of any Purchaser Tax Indemnitee with respect to any taxable period or portion thereof beginning after the Closing Date, Parent shall deliver a draft of such Tax Return to Purchaser for its review at least twenty (20) Business Days prior to the Due Date, and Parent shall consider in good faith any comments received from Purchaser.

(b) Purchaser shall, except to the extent that the filing of such Tax Returns is the responsibility of Parent under Section 8.2(a), prepare and file, or cause to be prepared and filed, all Tax Returns required to be filed by any Acquired Subsidiaries. In the case of any Tax Return required to be prepared and filed by Purchaser pursuant to this subsection for which any Taxes are the responsibility of Parent under Section 8.1(a), Purchaser shall deliver a draft of such Tax Return to Parent for its review at least twenty (20) Business Days prior to the Due Date and shall provide Parent with Purchaser's calculation, in reasonable detail, of Parent's share of the Taxes with respect to such Tax Return (determined in the case of a Straddle Period in accordance with Section 8.2(c)); provided , however , that such drafts of any such Tax Return and such calculations of Parent's share of the Taxes with respect to such Tax Return shall be subject to Parent's review and approval, which approval shall not be unreasonably withheld, conditioned or delayed. If Parent disputes any Tax Item on such Tax Return or Purchaser's calculation of Parent's share of the Taxes with respect to such Tax Return, Parent shall notify Purchaser (by written notice within five (5) days of receipt of Purchaser's calculation) of such disputed item (or items) and the basis for its objection. If Parent does not object by written notice within such period, Purchaser's calculation of Parent's share of the Taxes with respect to such Tax Return shall be deemed to have been accepted and agreed upon, and final and conclusive, for all purposes hereof. Parent and Purchaser shall act in good faith to resolve any such dispute prior to the Due Date. If Parent and Purchaser cannot resolve any disputed item, the item in question shall be resolved by the Accountant in a manner consistent with the standards set forth in Section

3.7(c) as promptly as practicable. No later than five (5) days prior to the filing of such Tax Return, Parent shall pay Purchaser in immediately available funds the amount of Parent's share of the Taxes with respect to such Tax Return determined pursuant to this Section 8.2(b). Subject to the preceding sentence, Purchaser shall pay or cause to be paid all Taxes due and payable in respect of all Tax Returns required to be prepared by Purchaser pursuant to this subsection. If the Accountant has not finalized its conclusion in respect of any disputed item prior to the Due Date, Purchaser shall (i) file such Tax Return in the form initially provided to Parent, (ii) amend such Tax Return if the dispute is subsequently resolved in favor of Parent, and (iii) pay Parent in immediately available funds the amount of any excess of (x) the amount paid by Parent to Purchaser pursuant to this Section 8.2(b) and (y) the amount of Parent's share of the Taxes with respect to such Tax Return as finally determined by the Accountant.

(c) In order to apportion appropriately any Taxes relating to a Straddle Period between the portion of such Straddle Period ending on and including the Closing Date and the portion of such Straddle Period beginning after the Closing Date, the Parties shall, to the extent permitted under applicable law, elect with the relevant Tax authority to treat for all Tax purposes the Closing Date as the last day of a taxable period. In the case of any other Taxes for a Straddle Period for which such election to close the taxable period is not permitted, the portion of such Taxes that are allocable to the portion of the Straddle Period ending on and including the Closing Date shall be: (i) in the case of ad valorem or similar Taxes that are imposed on a periodic basis, deemed to be the amount of such Taxes for the entire period (or, in the case of such Taxes determined on an arrears basis (such as real property Taxes), the amount of such Taxes for the immediately preceding period) multiplied by a fraction the numerator of which is the number of days in the Straddle Period ending on and including the Closing Date and the denominator of which is the number of days in the entire relevant Straddle Period; and (ii) in the case of Taxes not described in (i) (such as Taxes that are either (x) based upon or related to income, receipts or premiums, or (y) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible)), deemed equal to the amount that would be payable if the taxable period ended on and included the Closing Date.

Section 8.3 Cooperation and Exchange of Information .

(a) The Parties and Cantor shall cooperate with each other and furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information (including access to books and records) and assistance relating to the Business or the Acquired Subsidiaries as is reasonably requested for the filing of any Tax Returns, and the preparation and conduct of any Tax Proceeding. Anything to the contrary in this Agreement notwithstanding, Parent shall not be required to provide any person with any Tax Return (or copy thereof) of Parent or any consolidated, combined or unitary group that includes Parent or any member of the Parent Group.

(b) Cantor, Parent and Purchaser shall, and shall cause their respective Subsidiaries to, cooperate in the preparation of all Tax Returns that are required to be filed after the Closing Date relating to Pre-Closing Tax Periods or to Straddle Periods.

(c) Purchaser shall promptly notify Parent upon receipt by Purchaser or any of its Subsidiaries of notice of any claim, assessment or dispute relating to any Tax Proceeding for

which Parent has liability pursuant to Section 8.1(a) and shall promptly forward to Parent any written communications received from any Governmental Authority in connection with any such Tax Proceeding; provided , however , that a failure by Purchaser to give such notice will not affect the Purchaser Tax Indemnitees' rights to indemnification pursuant to Section 8.1(a) unless and solely to the extent Parent is materially prejudiced as a consequence of such failure.

(d) Parent may elect to control, contest, resolve and defend, at Parent's sole expense and with the participation of Purchaser, any Tax Proceeding relating to Taxes of any Acquired Subsidiary for a Pre-Closing Tax Period. If Parent desires to elect to control any such Tax Proceeding, Parent shall, within ten (10) days of receipt of the notice of the Tax Proceeding from Purchaser, notify Purchaser in writing of its intent to do so. If Parent timely elects to control any such Tax Proceeding, then Parent shall have the right to determine whether, when and on what terms to settle or dispose of such Tax Proceeding; provided , however , that Parent shall not settle or dispose of such Tax Proceeding if such settlement or disposition could affect the Liability for Taxes of any Purchaser Tax Indemnitee without the consent of Purchaser, which consent shall not be unreasonably withheld, conditioned or delayed. If Parent does not elect to control a Tax Proceeding which it is entitled to control pursuant to this subsection (or, after assuming control, Parent fails to reasonably pursue such Tax Proceeding), any of the Purchaser Tax Indemnitees may, without affecting its or any of the other Purchaser Tax Indemnitees' rights to indemnification under Section 8.1(a), assume and control such Tax Proceeding; provided , however , that if the settlement or disposition of such Tax Proceeding would affect the Liability for Taxes of any Seller Tax Indemnitee, such Purchaser Tax Indemnitee may not settle such Tax Proceeding without the consent of Parent, which consent shall not be unreasonably withheld, conditioned or delayed. Purchaser shall control, contest, resolve and defend, at Purchaser's sole expense and with the participation of Parent at its sole expense, any Tax Proceeding relating to Taxes of any Acquired Subsidiary for a Straddle Period. Purchaser shall have the right to determine whether, when and on what terms to settle or dispose of any such Tax Proceeding; provided , however , that Purchaser shall not settle or dispose of any such Tax Proceeding if such settlement or disposition could affect the Liability for Taxes of any Seller Tax Indemnitee, without the consent of Parent, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 8.4 Tax Sharing Agreements . Notwithstanding anything herein or in any other agreement to the contrary, all Liabilities between Parent or any of its Affiliates (other than the Acquired Subsidiaries), on the one hand, and the Acquired Subsidiaries, on the other hand, under any Tax allocation or Tax sharing agreement to which an Acquired Subsidiary is a party in effect prior to the Closing Date (other than this Agreement) shall cease and terminate as of the Closing Date.

Section 8.5 Transfer Taxes . Parent will be responsible for preparing and timely filing (and Purchaser will cooperate with Parent in preparing and filing) any Tax Returns required with respect to any Transfer Taxes. Parent will provide to Purchaser a true copy of each such Tax Return as filed and evidence of the timely filing thereof. Parent and Purchaser shall share equally the Liability for any Transfer Taxes and the costs for preparing any Tax Returns for Transfer Taxes. Each of Parent and Purchaser shall (a) use commercially reasonable efforts to minimize the amount of Transfer Taxes and (b) jointly control any Tax Proceeding relating to Transfer Taxes.

Section 8.6 Survival . All rights and obligations under this Article VIII shall survive the Closing Date and continue until after the expiration of all applicable statutes of limitation (including extensions thereof); provided , however , that in the event written notice of any bona fide claim for indemnification under this Article VIII shall have been given in accordance herewith within the applicable survival period, the rights and obligations that are the subject of such claim for indemnification shall survive with respect to such claim until such time as such claim is fully and finally resolved. The representations and warranties contained in Section 4.22 shall survive until after the expiration of all applicable statutes of limitations, which shall include the statute of limitations with respect to taxable years beginning after the Closing Date through and including the taxable year in which the fifteenth (15th) anniversary of the Closing Date occurs (including extensions thereof).

Section 8.7 Tax Treatment of Payments . Each member of the Parent Group, Sellers, the Acquired Subsidiaries, Purchaser, and their respective Affiliates shall treat any and all payments under this Article VIII, Section 3.8 or Article X as an adjustment to purchase price for all Tax purposes.

Section 8.8 Treatment as Asset Sale . The Parties acknowledge that for federal income Tax purposes, the sale of the equity of each Acquired Subsidiary pursuant to this Agreement is intended to be treated as a sale of the assets of such Acquired Subsidiary (and an assumption by Purchaser of the liabilities of such Acquired Subsidiary).

ARTICLE IX

TERMINATION

Section 9.1 Termination . This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing:

(a) by the mutual written consent of Purchaser and Parent;

(b) by either Purchaser or Parent, upon written notification of the non-terminating Party by the terminating Party, if any permanent Governmental Order prohibiting consummation of the transactions contemplated by this Agreement shall have been issued and shall have become final and non-appealable (except that a final, permanent Governmental Order preventing the Closing as a result of an action brought by a Governmental Authority under any antitrust, competition or trade regulation Law need not be non-appealable so long as Purchaser has complied with its obligations set forth in Section 6.4); provided , however , that a Party shall not have the right to terminate this Agreement pursuant to this Section 9.1(b) if the failure by such Party or of any of its Affiliates to perform any of its material covenants or obligations under this Agreement has been the cause of, or has resulted in, such Governmental Order;

(c) by either Purchaser or Parent, if the Closing has not occurred by the date that is twelve (12) months after the date hereof (the " Outside Date "); provided , however , that if, as of twelve (12) month anniversary of the date hereof, either the condition set forth in Section 7.1(a) or Section 7.1(b) (solely with respect to any Governmental Order under any antitrust or

competition Law) has not been satisfied or waived, but all other conditions to the Closing set forth in Article VII have been satisfied or mutually waived (other than those conditions which by their nature can only be satisfied at or immediately prior to the Closing, which conditions would be satisfied if the Closing Date were such twelve (12) month anniversary of the date hereof), then the Outside Date shall be extended until both the conditions set forth in Section 7.1(a) and Section 7.1(b) (solely with respect to any Governmental Order under any antitrust or competition Law) have been satisfied; provided , further, that neither Purchaser nor Parent shall have the right to terminate this Agreement pursuant to this Section 9.1(c) if (i) its failure to perform any of its material covenants or obligations under this Agreement has been the cause of, or has resulted in, the failure of the transactions contemplated by this Agreement to occur on or before such date or (ii) a Governmental Authority has brought an action under any antitrust, competition or trade regulation Law, and that action has not yet resulted in a final Governmental Order preventing the Closing;

(d) by Parent, if Purchaser shall have breached any of its representations, warranties, covenants or agreements contained in this Agreement that would give rise to the failure of a condition set forth in Section 7.3(a) or Section 7.3(b), which breach has not been cured within sixty (60) days after the giving of written notice by Parent to Purchaser specifying such breach, or cannot be cured by the earlier of (x) sixty (60) days after the giving of written notice by Parent to Purchaser specifying such breach or (y) the Outside Date; or

(e) by Purchaser, if any Seller or Cantor shall have breached any of its representations, warranties, covenants or agreements contained in this Agreement that would give rise to the failure of a condition set forth in Section 7.2(a) or Section 7.2(b), which breach has not been cured within sixty (60) days after the giving of written notice by Purchaser to Parent specifying such breach, or cannot be cured by the earlier of (x) sixty (60) days after the giving of written notice by Purchaser to Parent specifying such breach or (y) the Outside Date.

Section 9.2 Effect of Termination . If this Agreement is terminated, no party hereto (or any of its Affiliates, directors, officers, representatives or agents) will have any Liability to any other party to this Agreement, except for any Liability arising out of any knowing or willful breach of this Agreement prior to such termination and except for the obligations set forth in Sections 6.2(b) and 6.6(a) and Article XI, which shall survive termination.

ARTICLE X

INDEMNIFICATION

Section 10.1 Survival of Representations and Warranties and Covenants .

(a) Except as otherwise provided in Section 8.6, the right to commence any claim with respect to the representations and warranties set forth herein shall survive until the date that is twelve (12) months after the Closing Date; provided that the right to commence any claim with respect to the representations and warranties contained in (i) Section 4.11 (Employee Benefit Plans) will survive until the expiration of the applicable statute of limitations and (ii) Section 4.1(a) (Organization and Good Standing), Sections 4.2(a) and (b) (Acquired

Subsidiaries), Section 4.3 (Authorization; Binding Obligations), Section 4.8 (Transactions with Affiliates), Section 4.10(a) and (b) (Title), Section 5.1 (Organization and Good Standing) and Section 5.3 (Authorization; Binding Obligations) will survive indefinitely.

(b) The covenants and agreements that contemplate actions to be taken or not taken or obligations in effect after the Closing shall survive in accordance with their terms. This Section 10.1 shall not limit any covenant or agreement of the parties contained in this Agreement which by its terms contemplates performance after the Closing, and shall not extend the applicability of any covenant or agreement of the parties contained in this Agreement which by its terms relates only to a period between the date hereof and the Closing, except that the right to commence any claim with respect to any such covenant or agreement which by its terms relates only to a period between the date hereof and the Closing shall survive until the date that is twelve (12) months after the Closing Date.

(c) Notwithstanding Section 10.1(a) and Section 10.1(b), in the event written notice of any *bona fide* claim for indemnification under Section 10.2(a), Section 10.2(b), Section 10.3(a) or Section 10.3(b) shall have been given in accordance herewith within the applicable survival period setting forth in reasonable detail the legal and factual basis for such claim, the indemnification claim shall survive until such time as such claim is fully and finally resolved. Neither Purchaser nor Sellers shall have any liability pursuant to this Agreement with respect to any claim first asserted in connection with any indemnification claim for a breach of representation, warranty, covenant or agreement asserted after the survival period specified for such representation, warranty, covenant or agreement in Section 8.6, Section 10.1(a) or Section 10.1(b), as applicable.

Section 10.2 Indemnification of Purchaser . Subject to Section 10.5, from and after the Closing Date, each Seller shall, jointly and severally, indemnify, defend, save and hold harmless Purchaser and its Affiliates (including the Acquired Subsidiaries), each of their respective officers, directors, employees, agents and representatives, and each of the heirs, executors, successors and assigns of the foregoing (collectively, the " Purchaser Indemnified Parties "), from and against (whether in connection with a Third Party Claim or a direct claim) any and all Damages to the extent resulting from, arising out of or relating to:

(a) any breach by any Seller or Cantor of any representation or warranty under this Agreement or in any certificate or document delivered pursuant hereto (other than any representation or warranty set forth in Section 4.22 (Taxes)), such breach and Damages determined without regard to any Business Material Adverse Effect or materiality qualification (except for (i) the lists of information required to be set for the pursuant to the representations and warranties in Section 4.11 (Employee Benefit Plans), 4.15 (Real Property), 4.17 (Licenses and Permits), and Section 4.19 (Certain Contracts), and (ii) Section 4.9(b)(ii) (Financial Statements), Section 4.18 (Absence of Certain Changes), in each case, as to which such breaches and Damages shall be determined with regard to any Business Material Adverse Effect or materiality qualification contained therein);

(b) the failure by any Seller or Cantor to perform timely any of its covenants or agreements contained in this Agreement or in any agreement, certificate, document, or other instrument delivered pursuant hereto; and

(c) any Excluded Liabilities (other than Excluded Taxes).

Section 10.3 Indemnification of Sellers . Subject to Section 10.5 hereof, Purchaser hereby agrees to indemnify, defend, save and hold harmless Sellers and their respective Affiliates, each of their respective officers, directors, employees, agents and representatives, and each of the heirs, executors, successors and assigns of the foregoing (collectively, the " Seller Indemnified Parties " and together with the Purchaser Indemnified Parties, the " Indemnified Parties ") from and against (whether in connection with a Third Party Claim or a direct claim) any and all Damages to the extent resulting from:

(a) any breach by Purchaser of any representation or warranty under this Agreement or in any certificate or document delivered pursuant hereto (such breach and Damages determined without regard to any Purchaser Material Adverse Effect, or materiality or similar term or qualification);

(b) the failure by Purchaser to perform timely any of its covenants or agreements contained in this Agreement or in any agreement, certificate, document, or other instrument delivered pursuant hereto; and

(c) any Assumed Liability.

Section 10.4 Claims .

(a) *Third Party Claims* . Upon receipt by an Indemnified Party of notice of any action, suit, proceedings, audit, claim, demand, investigation or assessment made or brought by an unaffiliated third party (a " Third Party Claim ") with respect to a matter for which such Indemnified Party is indemnified under this Article X which has or is expected to give rise to a claim for Damages, the Indemnified Party shall promptly (but in any event within ten (10) Business Days of receipt of such Third Party Claim), in the case of a Purchaser Indemnified Party, notify Parent, and in the case of a Seller Indemnified Party, notify Purchaser (Parent or Purchaser, as the case may be, the " Indemnifying Party "), in writing, indicating the nature of such Third Party Claim and the basis therefor; provided , however , that any delay or failure by the Indemnified Party to give notice to the Indemnifying Party shall relieve the Indemnifying Party of its obligations hereunder only to the extent, if at all, that it is materially prejudiced by reason of such delay or failure. Such written notice (a " Claim Notice ") shall include (i) the facts and circumstances giving rise to such claim for indemnification, to the extent then known by the Indemnified Party and copies of all material written evidence thereof to the extent available, (ii) the nature of the Damages suffered or incurred or expected to be suffered or incurred, to the extent then known by the Indemnified Party, (iii) a reference to the provisions of this Agreement in respect of which such Damages have been suffered or incurred or are expected to be suffered or incurred and (iv) the amount of Damages actually suffered or incurred, to the extent then known by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after receipt of the Claim Notice to elect, at its option, to assume and control the defense of, at its own expense and by its own counsel, any such Third Party Claim and shall be entitled to assert any and all defenses available to the Indemnified Party to the fullest extent permitted by applicable law; provided that, prior to the Indemnifying Party assuming and controlling such defense, it shall first confirm to the Indemnified Party in writing that, assuming the facts then presented to

the Indemnifying Party by the Indemnified Party being true, the Indemnifying Party shall indemnify the Indemnified Party for any such Damages to the extent resulting from, or arising out of, such Third Party Claim; provided , further, that, if the Indemnifying Party assumes such defense and, in the course of defending such Third Party Claim, (x) the Indemnifying Party discovers that the facts presented at the time the Indemnifying Party acknowledged its indemnification obligation in respect of such Third Party Claim were not true and (y) such untruth provides a reasonable basis for asserting that the Indemnifying Party does not have an indemnification obligation in respect of such Third Party Claim, then (A) the Indemnifying Party shall not be bound by such acknowledgment, (B) the Indemnifying Party shall promptly thereafter provide the Indemnified Party written notice of its assertion that it does not have an indemnification obligation in respect of such Third Party Claim and (C) the Indemnified Party shall have the right to assume the defense of such Third Party Claim (it being agreed that all costs and expenses in conducting such defense prior to the date that the Indemnified Party shall have the ability to assume the defense, including costs and expenses of counsel, shall be the responsibility of the Indemnifying Party and not the Indemnified Party). If the Indemnifying Party shall undertake to compromise or defend any such Third Party Claim, it shall promptly notify the Indemnified Party of its intention to do so, and the Indemnified Party agrees to, and to cause its Affiliates to, cooperate with the Indemnifying Party and its counsel in the compromise of, or defense against, any such Third Party Claim, including by furnishing non-privileged books and records, personnel and witnesses, as appropriate for any defense of such Third Party Claim; provided , however , that the Indemnifying Party shall not settle, compromise or discharge, or admit any liability with respect to, any such Third Party Claim without the prior written consent of the Indemnified Party (which consent will not be unreasonably withheld or delayed) unless the relief consists solely of money damages and includes a provision whereby the plaintiff or claimant in the matter releases the Purchaser Indemnified Parties or Seller Indemnified Parties, as applicable, from all liability with respect thereto. Notwithstanding an election to assume the defense of such action or proceeding, the Indemnified Party shall have the right to employ separate counsel and to participate in the defense of such action or proceeding, and the Indemnifying Party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the Indemnified Party shall have determined in good faith after consultation with counsel that an actual or potential conflict of interest makes representation by the same counsel or the counsel selected by the Indemnifying Party inappropriate or (ii) the Indemnifying Party shall have authorized in writing the Indemnified Party to employ separate counsel at the Indemnifying Party's expense. In any event, the Indemnified Party and Indemnifying Party and their counsel shall cooperate in the defense of any Third Party Claim subject to this Article X and keep such Persons informed of all developments relating to any such Third Party Claims, and provide copies of all relevant correspondence and documentation relating thereto. All costs and expenses incurred in connection with the Indemnified Party's cooperation shall be borne by the Indemnifying Party. In any event, the Indemnified Party shall have the right at its own expense to participate in the defense of such asserted liability. If the Indemnifying Party receiving such notice of Third Party Claim does not elect to defend, or does not defend, such Third Party Claim, the Indemnified Party shall have the right, in addition to any other right or remedy it may have hereunder, at the Indemnifying Party's expense, to defend such Third Party Claim; provided , however , that (i) the Indemnified Party's defense of or participation in the defense of any such Third Party Claim shall not in any way diminish or lessen the obligations of the Indemnifying Party under this Article X; and (ii) the Indemnified Party shall not settle, compromise or discharge, or admit any liability with respect to, any such Third Party Claim without the written consent of the Indemnifying Party (which consent will not be unreasonably withheld or delayed).

(b) *Direct Claims* . As promptly as is reasonably practicable (but in any event, within ten (10) Business Days) after becoming aware of a claim for indemnification under this Agreement not involving a Third Party Claim, the Indemnified Party shall provide a Claim Notice to the Indemnifying Party of such claim. Each Party hereto also agrees that any direct claim which such Party may bring against any other Party hereto under the provisions of this Agreement shall be governed exclusively by the provisions of this Article X, other than Section 10.4(a).

Section 10.5 Limitations .

(a) To avoid any duplicative recovery, in no event shall Sellers or Purchaser be required to provide indemnification to any Purchaser Indemnified Party or Seller Indemnified Party, respectively, pursuant to Section 10.2 or 10.3 for any amount that is included in the final Adjustment Amount.

(b) In no event shall (i) Sellers be required to provide indemnification to any Purchaser Indemnified Party for any single claim or aggregated claims arising out of substantially the same events or circumstances under Section 8.1(a) or 10.2 or (ii) Purchaser be required to provide indemnification to any Seller Indemnified Party for any single claim or aggregated claims arising out of substantially the same events or circumstances under Section 8.1(b) or 10.3, in each of cases (i) and (ii), unless the amount of such claim or aggregated claims arising out of substantially the same events or circumstances is in excess of fifty thousand dollars ($50,000) (" De Minimis Claims "), in which event, subject to the Threshold, the applicable Indemnifying Party shall be required to pay for all Damages back to the first dollar of any such claims; provided , however , that the limitation set forth in this Section 10.5(b) shall not apply to any breach of the covenants or obligations set forth in Section 3.3 (Closing Purchase Price), Section 3.7 (Post-Closing Adjustment) or Section 3.8 (Earn-Out).

(c) Sellers shall not be liable for any amounts for which Purchaser Indemnified Parties are otherwise entitled to indemnification pursuant to Section 10.2(a) until the aggregate amount of all Damages exceeds, on a cumulative basis, seven million five hundred thousand dollars ($7,500,000) (the " Threshold "), and then the Purchaser Indemnified Parties shall be entitled to indemnification pursuant to Section 10.2(a) for all of their Damages (excluding any Damages with respect to De Minimis Claims) in excess of such Threshold; provided , however , that the limitation set forth in this Section 10.5(c) shall not apply to any breach of the representations and warranties set forth in Section 4.1(a) (Organization and Good Standing), Section 4.2(a) and (b) (Acquired Subsidiaries), Section 4.3 (Authorization; Binding Obligations), Section 4.5 (Approvals), Section 4.7(b) (Compliance with Law), Section 4.8 (Transactions with Affiliates), Section 4.10(a) and (b) (Title), Section 4.13 (No Brokers or Finders) or Section 4.24 (Sufficiency of Assets) and Damages related thereto shall not be included in the calculation of the Threshold. Purchaser shall not be liable for any amounts for which Seller Indemnified Parties are otherwise entitled to indemnification pursuant to Section 10.3(a) until the aggregate amount of all Damages exceeds, on a cumulative basis, the Threshold, and then the Seller Indemnified Parties shall be entitled to indemnification pursuant to Section

10.3(a) for all of their Damages (excluding any Damages with respect to De Minimis Claims) in excess of the Threshold; provided , however , that the limitation set forth in this Section 10.5(c) shall not apply to any breach of the representations and warranties set forth in Section 5.1 (Organization and Good Standing), Section 5.3 (Authorization; Binding Obligations), Section 5.5 (Approvals) or Section 5.10 (No Brokers or Finders) and Damages related thereto shall not be included in the calculation of the Threshold.

(d) In no event shall Sellers' aggregate liability pursuant to Section 8.1(a) and Section 10.2 (other than any liability thereunder for the Seller Excluded Items (and Damages related thereto shall not be included in the calculation of the Cap)) exceed an amount equal to one hundred million dollars ($100,000,000) (the " Cap "). " Seller Excluded Items " shall mean (i) any breach of the representations and warranties set forth in Section 4.1(b) (Organization and Good Standing), Section 4.2(a) and (b) (Acquired Subsidiaries), Section 4.3 (Authorization; Binding Obligations), Section 4.8 (Transactions with Affiliates), Section 4.10(a) and (b) (Title) or Section 4.13 (No Brokers or Finders), (ii) indemnification pursuant to Section 10.2(c), (iii) any breach of any covenant or agreement to be performed at or following the Closing and (iv) any fraud. In no event shall Purchaser's aggregate liability pursuant to Section 8.1(b) and Section 10.3 (other than any liability thereunder for the Purchaser Excluded Items (and Damages related thereto shall not be included in the calculation of the Cap)) exceed an amount equal to the Cap. " Purchaser Excluded Items " shall mean (i) any breach of the representations and warranties set forth in Section 5.1 (Organization and Good Standing), Section 5.3 (Authorization; Binding Obligations) or Section 5.10 (No Brokers or Finders), (ii) indemnification pursuant to Section 10.3(c), (iii) any breach of any covenant or agreement to be performed at or following the Closing and (iv) any fraud.

(e) In no event shall Sellers' aggregate liability pursuant to Section 8.1(a) and Section 10.2 (including any liability thereunder for the Seller Excluded Items) exceed an amount equal to five hundred million dollars ($500,000,000) (the " Aggregate Liability Cap "); provided , however, that the limitation set forth in this sentence shall not apply to any breach of the covenants or obligations set forth in Section 3.7 (Post-Closing Adjustment). In no event shall Purchaser's aggregate liability pursuant to Section 8.1(b) and Section 10.3 (including any liability thereunder for the Purchaser Excluded Items) exceed an amount equal to the Aggregate Liability Cap; provided , however , that the limitation set forth in this sentence shall not apply to any breach of the covenants or obligations set forth in Section 3.3 (Closing Purchase Price), Section 3.7 (Post-Closing Adjustment) or Section 3.8 (Earn-Out).

(f) The Purchaser Indemnified Parties shall have a right to set off any payment in respect of an indemnification claim of any Purchaser Indemnified Party under Article VIII and this Article X against any unissued Earn-Out Issuance (with such Purchaser Shares being valued at the Current Market Price as of the applicable date that Purchaser is required to make the Earn-Out Issuance subsequent to such time as a Purchaser Indemnified Party is entitled to payment pursuant to Article VIII or this Article X); it being agreed that the Purchaser Indemnified Party and the applicable Seller may agree to settle such set off in cash instead of Purchaser Shares. Such right of set-off shall be the sole and exclusive source of funds to satisfy any such indemnification claim other than in respect of any breach of the covenants or obligations set forth in Section 3.3 (Closing Purchase Price) and Section 3.7 (Post-Closing Adjustment); except in the event that such right of set-off is insufficient to fully indemnify the Purchaser Indemnified Parties with respect to claims for indemnification with respect to the Seller Excluded Items.

(g) Purchaser and Seller acknowledge and agree that, following the Closing, other than with respect to fraud, the indemnification provisions of Section 8.1, Section 10.2 and Section 10.3 shall be the sole and exclusive monetary remedies of Seller and Purchaser, respectively, for any Damages (including any Damages from claims for breach of contract, warranty, tortious conduct (including negligence) or otherwise and whether predicated on common law, statute, strict liability, or otherwise) that each party may at any time suffer or incur, or become subject to, as a result of or in connection with this Agreement, or the transaction contemplated by this Agreement, including any breach of any representation or warranty in this Agreement by any party, or any failure by any party to perform or comply with any covenant or agreement that, by its terms, was to have been performed, or complied with, under this Agreement.

(h) Except for amounts where the sole and exclusive source of funds shall be the right of set-off as set forth in Section 10.5(f), amounts payable by the Indemnifying Party to the Indemnified Party in respect of any Damages for which such party is entitled to indemnification hereunder (" Indemnity Payments ") shall be paid in immediately available funds within twenty (20) Business Days after the later of the (i) the receipt of a written request from the party entitled to such Indemnity Payment and (ii) date of payment of the amount that is the subject of the Indemnity Payment by the party entitled to receive the Indemnity Payment, except to the extent contested by the Indemnifying Party. All such Indemnity Payments shall be made to the designated account of, and in the manner specified in writing by, the party entitled to such Indemnity Payments.

Section 10.6 Insurance . Notwithstanding anything herein to the contrary, Damages shall be net of any insurance or other recoveries actually received by the Indemnified Party or its Affiliates in connection with the facts giving rise to the right of indemnification. The Indemnified Party shall use, and cause its Affiliates to use, commercially reasonable efforts to seek full recovery under all insurance and indemnity provisions covering such Damages to the same extent as it would if such Damages were not subject to indemnification hereunder. If an Indemnified Party shall have used its reasonable efforts to recover any amounts recoverable under insurance policies and shall not have recovered the applicable Damages in full within one hundred twenty (120) days, the Indemnifying Party shall promptly pay upon written request the amount with interest accrued thereon, by which such Damages exceeds the amounts actually recovered.

Section 10.7 Additional Limitations on Damages .

(a) In no event shall any Indemnified Party have any Liability for (i) Damages computed on a multiple of earnings, book value or similar basis, (ii) special, speculative, indirect or consequential Damages or lost profits to the extent not the direct and reasonably foreseeable consequence of the relevant breach or (iii) punitive damages, except in the case of clauses (i) and (ii), to the extent awarded against an Indemnified Party in connection with a Third Party Claim.

(b) In no event shall any Party be indemnified against any Damage arising out of a breach of any representation and warranty or covenant or agreement of the other Party, if the first Party had Knowledge at or before the (i) date hereof, of such breach or the facts underlying such breach, (ii) Closing, of such breach or the facts underlying such breach and such Party could have terminated this Agreement as a result of such breach in accordance with Section 9.1(d) or Section 9.1(e), as applicable, or (iii) Closing, of such breach or the facts underlying such breach and such party did not notify the other Party of such breach.

Section 10.8 Tax Indemnification . Other than Section 10.5 and 10.7, the provisions of this Article X shall not apply to indemnification with respect to matters relating to Taxes, which shall be governed exclusively by Article VIII.

Section 10.9 Mitigation . Each of the Parties agrees to use its commercially reasonable efforts to mitigate its respective Damages upon and after becoming aware of any event or condition that would reasonably be expected to give rise to any Damages that are indemnifiable hereunder. Upon making any payment to the Indemnified Party for any indemnification claim pursuant to this Article X , the Indemnifying Party shall be subrogated, to the extent of such payment, to any rights which the Indemnified Party may have against any third parties (but specifically excluding any right of recovery against any customer other than any Retained Claim) with respect to the subject matter underlying such indemnification claim, and the Indemnified Party shall assign any such rights to the Indemnifying Party.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Notices . All notices, demands, and other communications required or permitted to be given to any party under this Agreement shall be in writing and any such notice, demand or other communication shall be deemed to have been duly given when delivered by hand, courier or overnight delivery service or, if mailed, two (2) Business Days after deposit in the mail, certified or registered mail, return receipt requested and with first-class postage prepaid, or (to the extent applicable) if sent by electronic mail, when sent if confirmed by reply electronic mail that is not automated, or (to the extent applicable) in the case of facsimile notice, when sent and transmission is confirmed, and, regardless of method, addressed to the party at its address or (to the extent applicable) facsimile number set forth below (or at such other address or (to the extent applicable) facsimile number as the party shall furnish the other parties in accordance with this Section 11.1):

If to Sellers:

BGC Partners, Inc.
499 Park Avenue
New York, New York 10022
Attn: General Counsel

With a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attn: David K. Lam, Esq.
Facsimile: (212) 403-2000
Email: DKLam@wlrk.com
Telephone confirmation: (212) 403-1000

If to Cantor:

Cantor Fitzgerald, L.P.
110 East 59th Street
New York, New York 10022
Attn: General Counsel

If to Purchaser:

The NASDAQ OMX Group, Inc.
805 King Farm Blvd.
Rockville, Maryland 20850
Attn: General Counsel

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036
Attn: Stephen F. Arcano, Esq.
Jeffrey A. Brill, Esq.
Facsimile: (212) 735-2000
Email: Stephen.Arcano@skadden.com
Jeffrey.Brill@skadden.com
Telephone confirmation: (212) 735-3000

Section 11.2 Governing Law . This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to agreements made and to be performed entirely within such State, without regard to the conflict of laws principles of such State.

Section 11.3 Jurisdiction; Venue; Consent to Service of Process .

(a) Each party hereto hereby consents to submit to the exclusive jurisdiction of the Chancery Court in the State of Delaware in connection with any action or proceeding instituted relating to this Agreement. Each of the parties consents to the jurisdiction of such court (and of the appropriate appellate courts) in any such action or proceeding and hereby waives (x) any objection to venue laid therein and (y) any right to remove such action or proceeding to a

federal court. In addition, each of the parties hereto irrevocably and unconditionally waives and agrees not to assert by way of motion, as a defense or otherwise (i) any claim that it is not subject to the jurisdiction of the above court, (ii) that its property is exempt or immune from attachment or execution in any such action or proceeding in the above-named courts, (iii) that such action or proceeding is brought in an inconvenient or improper forum, (iv) that such action or proceeding should be transferred or removed to any court other than the above-named court, or should be stayed by reason of the pendency of some other proceeding in any other court other than the above-named court, or that this Agreement or the subject matter hereof may not be enforced in or by such court. Each of the parties hereto hereby agrees not to commence any such action or proceeding other than before the above-named court. Each of the parties hereto also hereby agrees that any final and unappealable judgment against a party in connection with any such action or proceeding shall be conclusive and binding on such party and that such judgment may be enforced in any court of competent jurisdiction, either within or outside of the United States. A certified or exemplified copy of such award or judgment shall be conclusive evidence of the fact and amount of such award or judgment. The foregoing consent to jurisdiction shall not (a) constitute submission to jurisdiction in the State of Delaware for any purpose except with respect to any action or proceeding resulting from, relating to or arising out of this Agreement or (b) be deemed to confer rights on any Person other than the respective parties to this Agreement. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 11.1 shall be deemed effective service of process on such party.

(b) To the extent that any party has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, each of such Seller or Purchaser hereby irrevocably waives such immunity in respect of its obligations with respect to this Agreement.

(c) Each party irrevocably consents to service of process in the manner provided for the giving of notices pursuant to Section 11.1 of this Agreement. Nothing in this Section 11.3 shall affect the right of any party to serve process in any other manner permitted by Law.

Section 11.4 Counterparts . This Agreement may be executed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures were upon the same instrument, and shall become effective when one or more counterparts have been signed by each of the parties and delivered (by telecopy, electronic delivery or otherwise) to the other parties. Signatures to this Agreement transmitted by facsimile transmission, by electronic mail in “portable document format” (“.pdf”) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signatures.

Section 11.5 Entire Agreement . This Agreement, together with the Related Agreements, the Disclosure Letters, the Non-Disclosure Agreement and the letter agreements set forth in Section 11.5 of the Seller Disclosure Letter and all annexes and exhibits hereto and thereto, embody the entire agreement of the parties hereto with respect to the subject matter hereof and supersede all prior agreements with respect thereto.

Section 11.6 Amendment, Modification and Waiver . No amendment to this Agreement shall be effective unless it shall be in writing and signed by each Party hereto. Any failure of a party to comply with any obligation, covenant, agreement or condition contained in this Agreement may be waived by the party entitled to the benefits thereof only by a written instrument duly executed and delivered by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure of compliance.

Section 11.7 Severability . If any provision of this Agreement or the application of any such provision is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable Law, the parties waive any provision of law that renders any provision of this Agreement invalid, illegal or unenforceable in any respect. The parties shall, to the extent lawful and practicable, use their reasonable efforts to enter into arrangements to reinstate the intended benefits, net of the intended burdens, of any such provision held invalid, illegal or unenforceable.

Section 11.8 Successors and Assigns; No Third-Party Beneficiaries . This Agreement and all its provisions shall be binding upon and inure to the benefit of the parties and their respective permitted successors and assigns. Nothing in this Agreement, whether expressed or implied, will confer on any Person, other than the parties hereto or their respective permitted successors and assigns, any rights, remedies or Liabilities; provided that the provisions of Article X will inure to the benefit of the Indemnified Parties. No party may assign its rights or obligations under this Agreement without the prior written consent of the other parties hereto and any purported assignment without such consent shall be void; provided , that Purchaser may, without the consent of Sellers, assign any or all of its rights or obligations hereunder to any of its Subsidiary that is wholly owned (although no such assignment shall relieve Purchaser of its obligations to Sellers or any Purchaser Indemnified Party hereunder) and Parent and Sellers may, without the consent of Purchaser, assign their right to receive the Closing Purchase Price and the Earn-Out Issuances to any their respective Affiliates.

Section 11.9 Publicity . With respect to any information in respect of the transactions contemplated hereby which shall not have been previously issued or disclosed, except as required by Law (including the rules and regulations of any applicable stock exchange), each of Parent and Purchaser agrees that neither it nor any of its Affiliates will issue a press release or make any other public statement or release any public communication with respect thereto without the prior consultation with the other Party. Purchaser and Parent agree, to the extent possible and legally permissible, to notify, cooperate and consult with, the other party prior to issuing or making any such public statement (and be provided a reasonable opportunity to comment on such public statement).

Section 11.10 WAIVER OF JURY TRIAL . TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM ARISING OUT OF, IN WHOLE OR IN PART, OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR THE RELATED AGREEMENTS.

Section 11.11 Expenses . Except as otherwise expressly stated in this Agreement, Sellers shall bear the costs of Seller Transaction Expenses, Purchaser shall bear the costs of Purchaser Transaction Expenses, and any other costs, expenses, or charges incurred by any of the parties hereto shall be borne by the party incurring such cost, expense or charge, in each case, whether or not the transactions contemplated hereby shall be consummated; provided , however , that Purchaser and Parent shall share in equal proportions any HSR Act filing fees.

Section 11.12 Specific Performance and Other Equitable Relief . The parties hereby expressly recognize and acknowledge that immediate, extensive and irreparable damage would result, no adequate remedy at law would exist and damages would be difficult to determine in the event that any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached. Each party further acknowledges that a breach or violation of this Agreement cannot be sufficiently remedied by money damages alone and, accordingly, each party shall be entitled, without the need to post a bond or other security, in addition to damages and any other remedies provided at law or in equity, to specific performance, injunctive and other equitable relief in order to enforce or prevent any violation. Each party agrees not to oppose the granting of such equitable relief, and to waive, and to cause its representatives to waive, any requirement for the securing or posting of any bond in connection with such remedy.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, each party hereto has caused this Agreement to be duly executed on its behalf as of the day and year first above written.

BGC PARTNERS, INC.

By: /s/ Howard W. Lutnick
Name: Howard W. Lutnick
Title: Chairman and Chief Executive Officer

BGC HOLDINGS, L.P.

By: /s/ Howard W. Lutnick
Name: Howard W. Lutnick
Title: Chairman and Chief Executive Officer

BGC PARTNERS, L.P.

By: /s/ Howard W. Lutnick
Name: Howard W. Lutnick
Title: Chairman and Chief Executive Officer

CANTOR FITZGERALD, L.P.

By: /s/ Howard W. Lutnick
Name: Howard W. Lutnick
Title: Chairman, President and Chief Executive Officer

THE NASDAQ OMX GROUP, INC.

By: /s/ Eric Noll
Name: Eric Noll
Title: Executive Vice President

[Signature Page to Purchase Agreement]

Exhibit 31.1

CERTIFICATION

I, Howard W. Lutnick, certify that:

1. I have reviewed this report on Form 10-Q of BGC Partners, Inc. for the quarter ended June 30, 2013;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this 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 with respect to BGC Partners, Inc. 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 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 the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
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:
   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

Howard W. Lutnick
Chairman of the Board and Chief Executive Officer

Date: August 7, 2013

Exhibit 31.2

CERTIFICATION

I, Anthony Graham Sadler, certify that:

1. I have reviewed this report on Form 10-Q of BGC Partners, Inc. for the quarter ended June 30, 2013;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this 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 with respect to BGC Partners, Inc. 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 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 the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
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:
   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/ ANTHONY GRAHAM SADLER

Anthony Graham Sadler
Chief Financial Officer

Date: August 7, 2013

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of BGC Partners, Inc., a Delaware corporation (the "Company"), on Form 10-Q for the period ended June 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), each of Howard W. Lutnick, Chairman of the Board and Chief Executive Officer of the Company, and Anthony Graham Sadler, Chief Financial Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ HOWARD W. LUTNICK
Name: Howard W. Lutnick
Title: Chairman of the Board and Chief Executive Officer

/s/ ANTHONY GRAHAM SADLER
Name: Anthony Graham Sadler
Title: Chief Financial Officer

Date: August 7, 2013