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, 2022

OR

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

Commission File Numbers: 0-28191

BGC Partners, Inc.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller Reporting Company	☐
Emerging growth company	☐		

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

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

On August 4, 2022, the registrant had 327,393,590 shares of Class A common stock, $0.01 par value, and 45,884,380 shares of Class B common stock, $0.01 par value, outstanding.

BGC PARTNERS, INC.

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GLOSSARY OF TERMS, ABBREVIATIONS AND ACRONYMS

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

TERM	DEFINITION
3.750% Senior Notes	The Company's $300.0 million principal amount of 3.750% senior notes maturing on October 1, 2024 and issued on September 27, 2019
4.375% Senior Notes	The Company's $300.0 million principal amount of 4.375% senior notes maturing on December 15, 2025 and issued on July 10, 2020
5.125% Senior Notes	The Company's original $300.0 million principal amount of 5.125% senior notes, which matured on May 27, 2021 and were issued on May 27, 2016, of which $44.0 million was redeemed through a cash tender offer by the Company on August 14, 2020
5.375% Senior Notes	The Company's $450.0 million principal amount of 5.375% senior notes maturing on July 24, 2023 and issued on July 24, 2018
Adjusted Earnings	A non-GAAP financial measure used by the Company to evaluate financial performance, which primarily excludes (i) certain non-cash items and other expenses that generally do not involve the receipt or outlay of cash and do not dilute existing stockholders, and (ii) certain gains and charges that management believes do not best reflect the ordinary results of BGC
ADV	Average daily volume
Algomi	Algomi Limited, a wholly owned subsidiary of the Company, acquired on March 6, 2020
API	Application Programming Interface
April 2008 distribution rights shares	Cantor's deferred stock distribution rights provided to current and former Cantor partners on April 1, 2008
Aqua	Aqua Securities L.P., an alternative electronic trading platform, which offers new pools of block liquidity to the global equities markets and is a 49%-owned equity method investment of the Company and 51% owned by Cantor
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Audit Committee	Audit Committee of the Board
Besso	Besso Insurance Group Limited, formerly a wholly owned subsidiary of the Company, acquired on February 28, 2017. Sold to The Ardonagh Group on November 1, 2021 as part of the Insurance Business Disposition
BGC	BGC Partners, Inc. and, where applicable, its consolidated subsidiaries
BGC or our Class A common stock	BGC Partners Class A common stock, par value $0.01 per share
BGC or our Class B common stock	BGC Partners Class B common stock, par value $0.01 per share
BGC Credit Agreement	Agreement between the Company and Cantor, dated March 19, 2018, that provides for each party or its subsidiaries to borrow up to $250.0 million, as amended on August 6, 2018 to increase the facility to $400.0 million
BGC Financial or BGCF	BGC Financial, L.P.
BGC Global OpCo	BGC Global Holdings, L.P., an operating partnership, which is owned jointly by BGC and BGC Holdings and holds the non-U.S. businesses of BGC
BGC Group	BGC, BGC Holdings, and BGC U.S. OpCo, and their respective subsidiaries (other than, prior to the Spin-Off, the Newmark Group), collectively

TERM	DEFINITION
BGC Holdings	BGC Holdings, L.P., an entity owned by Cantor, Founding Partners, BGC employee partners and, after the Separation, Newmark employee partners
BGC Holdings Distribution	Pro-rata distribution, pursuant to the Separation and Distribution Agreement, by BGC Holdings to its partners of all of the exchangeable limited partnership interests of Newmark Holdings owned by BGC Holdings immediately prior to the distribution, completed on the Distribution Date
BGC OpCos	BGC U.S. OpCo and BGC Global OpCo, collectively
BGC Partners	BGC Partners, Inc. and, where applicable, its consolidated subsidiaries
BGC U.S. OpCo	BGC Partners, L.P., an operating partnership, which is owned jointly by BGC and BGC Holdings and holds the U.S. businesses of BGC
Board	Board of Directors of the Company
Brexit	Exit of the U.K. from the EU
Cantor	Cantor Fitzgerald, L.P. and, where applicable, its subsidiaries
Cantor group	Cantor and its subsidiaries other than BGC Partners; including Newmark
Cantor units	Limited partnership interests of BGC Holdings or Newmark Holdings held by the Cantor group, which units are exchangeable into shares of BGC Class A common stock or BGC Class B common stock, or Newmark Class A common stock or Newmark Class B common stock, as applicable
CCRE	Cantor Commercial Real Estate Company, L.P.
CECL	Current Expected Credit Losses
CEO Program	Controlled equity offering program
CF&Co	Cantor Fitzgerald & Co., a wholly owned broker-dealer subsidiary of Cantor
CFGM	CF Group Management, Inc., the general partner of Cantor
CFS	Cantor Fitzgerald Securities, a wholly owned broker-dealer subsidiary of Cantor
CFTC	Commodity Futures Trading Commission
Class B Issuance	Issuance by BGC of 10,323,366 and 712,907 shares of BGC Class B common stock to Cantor and CFGM, respectively, in exchange for an aggregate of 11,036,273 shares of BGC Class A common stock under the Exchange Agreement, completed on November 23, 2018
CLOB	Central Limit Order Book
CME	CME Group Inc., the company that acquired NEX in November 2018
Company	BGC Partners, Inc. and, where applicable, its consolidated subsidiaries
Company Debt Securities	The 5.125% Senior Notes, 5.375% Senior Notes, 3.750% Senior Notes, 4.375% Senior Notes and any future debt securities issued by the Company
Compensation Committee	Compensation Committee of the Board
Contribution Ratio	Equal to a BGC Holdings limited partnership interest multiplied by one, divided by 2.2 (or 0.4545)
Corant	Corant Global Limited, BGC's former Insurance brokerage business
Corporate Conversion	The Company's decision to possibly convert its Umbrella Partnership/C-Corporation (Up-C) into a "Full-C-Corporation"

TERM	DEFINITION
COVID-19	Coronavirus Disease 2019
CRD	Capital Requirements Directive
Credit Facility	A $150.0 million credit facility between the Company and an affiliate of Cantor entered into on April 21, 2017, which was terminated on March 19, 2018
DCM	Designated Contract Market
DCO	Derivatives Clearing Organization
Distribution Date	November 30, 2018, the date that BGC and BGC Holdings completed the Spin-Off and the BGC Holdings Distribution, respectively
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
ECB	European Central Bank
Ed Broking	Ed Broking Group Limited, formerly a wholly owned subsidiary of the Company, acquired on January 31, 2019 and sold to The Ardonagh Group on November 1, 2021 as part of the Insurance Business Disposition
EMIR	European Market Infrastructure Regulation
EPS	Earnings Per Share
Equity Plan	Seventh Amended and Restated Long Term Incentive Plan, approved by the Company's stockholders at the annual meeting of stockholders on June 22, 2016
ESG	Environmental, social and governance, including sustainability or similar items
eSpeed	Various assets comprising the Fully Electronic portion of the Company's former benchmark on-the-run U.S. Treasury brokerage, market data and co-location service businesses, sold to Nasdaq on June 28, 2013
EU	European Union
Exchange Act	Securities Exchange Act of 1934, as amended
Exchange Agreement	A letter agreement by and between BGC Partners and Cantor and CFGM, dated June 5, 2015, that grants Cantor and CFGM the right to exchange shares of BGC Class A common stock into shares of BGC Class B common stock on a one-to-one basis up to the limits described therein
Exchange Ratio	Ratio by which a Newmark Holdings limited partnership interest can be exchanged for shares of Newmark Class A or Class B common stock
FASB	Financial Accounting Standards Board
FCA	Financial Conduct Authority of the U.K.
FCM	Futures Commission Merchant
February 2012 distribution rights shares	Cantor's deferred stock distribution rights provided to current and former Cantor partners on February 14, 2012
Fenics	BGC's group of electronic brands, offering a number of market infrastructure and connectivity services, Fully Electronic marketplaces, and the Fully Electronic brokerage of certain products that also may trade via Voice and Hybrid execution, including market data and related information services, Fully Electronic brokerage, connectivity software, compression and other post-trade services, analytics related to financial instruments and markets, and other financial technology solutions; includes Fenics Growth Platforms and Fenics Markets
Fenics Growth Platforms	Consists of Fenics UST, Fenics GO, Lucera, Fenics FX and other newer standalone platforms

TERM	DEFINITION
Fenics Integrated	Represents Fenics businesses that utilize sufficient levels of technology such that significant amounts of their transactions can be, or are, executed without broker intervention and have expected pre-tax margins of at least 25%
Fenics Markets	Consists of the Fully Electronic portions of BGC's brokerage businesses, data, software and post-trade revenues that are unrelated to Fenics Growth Platforms, as well as Fenics Integrated revenues
FINRA	Financial Industry Regulatory Authority
FMX	BGC's combined U.S. Treasury and Futures electronic marketplace
Founding Partners	Individuals who became limited partners of BGC Holdings in the mandatory redemption of interests in Cantor in connection with the 2008 separation and merger of Cantor's BGC division with eSpeed, Inc. (provided that members of the Cantor group and Howard W. Lutnick (including any entity directly or indirectly controlled by Mr. Lutnick or any trust with respect to which he is a grantor, trustee or beneficiary) are not founding partners) and became limited partners of Newmark Holdings in the Separation
Founding/Working Partners	Holders of FPUs
FPUs	Founding/Working Partners units in BGC Holdings or Newmark Holdings that are generally redeemed upon termination of employment
Freedom	Freedom International Brokerage Company, a 45%-owned equity method investment of the Company
Fully Electronic	Broking transactions intermediated on a solely electronic basis rather than by Voice or Hybrid broking
Futures Exchange Group	CFLP CX Futures Exchange Holdings, LLC, CFLP CX Futures Exchange Holdings, L.P., CX Futures Exchange Holdings, LLC, CX Clearinghouse Holdings, LLC, CX Futures Exchange, L.P. and CX Clearinghouse, L.P.
FX	Foreign exchange
GDPR	General Data Protection Regulation
GFI	GFI Group Inc., a wholly owned subsidiary of the Company, acquired on January 12, 2016
GILTI	Global Intangible Low-Taxed Income
Ginga Petroleum	Ginga Petroleum (Singapore) Pte Ltd, a wholly owned subsidiary of the Company, acquired on March 12, 2019
GUI	Graphical User Interface
HDUs	LPUs with capital accounts, which are liability awards recorded in "Accrued compensation" in the Company's consolidated statements of financial condition
Hybrid	Broking transactions executed by brokers and involving some element of Voice broking and electronic trading
ICAP	ICAP plc, a part of TP ICAP group, and a leading markets operator and provider of execution and information services
ICE	Intercontinental Exchange
Incentive Plan	The Company's Second Amended and Restated Incentive Bonus Compensation Plan, approved by the Company's stockholders at the annual meeting of stockholders on June 6, 2017
Insurance brokerage business	The insurance brokerage business of BGC, including Corant, Ed Broking, Besso, Piiq Risk Partners, Junge, Cooper Gay, Global Underwriting and Epsilon, which business was sold to The Ardonagh Group on November 1, 2021

TERM	DEFINITION
Insurance Business Disposition	The sale of the Insurance brokerage business for $534.9 million in gross cash proceeds after closing adjustments, subject to limited post-closing adjustments, completed on November 1, 2021
LCH	London Clearing House
Legacy BGC Holdings Units	BGC Holdings LPUs outstanding immediately prior to the Separation
Legacy Newmark Holdings Units	Newmark Holdings LPUs issued in connection with the Separation
LIBOR	London Interbank Offering Rate
LPUs	Certain limited partnership units in BGC Holdings or Newmark Holdings held by certain employees of BGC Partners or Newmark and other persons who have provided services to BGC Partners or Newmark, which units may include APSIs, APSUs, AREUs, ARPSUs, HDUs, U.K. LPUs, N Units, PLPUs, PPSIs, PPSUs, PSEs, PSIs, PSUs, REUs, and RPUs, along with future types of limited partnership units in BGC Holdings or Newmark Holdings
Lucera	A wholly owned subsidiary of the Company, also known as “LFI Holdings, LLC” or “LFI,” is a software defined network offering the trading community direct connectivity
March 2018 Sales Agreement	CEO sales agreement, by and between the Company and CF&Co, dated March 9, 2018, pursuant to which the Company could offer and sell up to an aggregate of $300.0 million of shares of BGC Class A common stock, which agreement expired in September 2021
MEA	Middle East and Africa region
MiFID II	Markets in Financial Instruments Directive II, a legislative framework instituted by the EU to regulate financial markets and improve protections for investors by increasing transparency and standardizing regulatory disclosures
Mint Brokers	A wholly owned subsidiary of the Company, acquired on August 19, 2010, registered as an FCM with both the CFTC and the NFA
Nasdaq	Nasdaq, Inc., formerly known as NASDAQ OMX Group, Inc.
NDF	Non-deliverable forwards
Newmark	Newmark Group, Inc. (NASDAQ symbol: NMRK), a publicly traded and former majority-owned subsidiary of BGC until the Distribution Date, and, where applicable, its consolidated subsidiaries
Newmark Class A common stock	Newmark Class A common stock, par value $0.01 per share
Newmark Class B common stock	Newmark Class B common stock, par value $0.01 per share
Newmark Group	Newmark, Newmark Holdings, and Newmark OpCo and their respective subsidiaries, collectively
Newmark Holdings	Newmark Holdings, L.P.
Newmark IPO	Initial public offering of 23 million shares of Newmark Class A common stock by Newmark at a price of $14.00 per share in December 2017
Newmark OpCo	Newmark Partners, L.P., an operating partnership, which is owned jointly by Newmark and Newmark Holdings and holds the business of Newmark
NEX	NEX Group plc, an entity formed in December 2016, formerly known as ICAP
NFA	National Futures Association
Non-GAAP	A financial measure that differs from the most directly comparable measure calculated and presented in accordance with U.S. GAAP, such as Adjusted Earnings and Adjusted EBITDA
N Units	Non-distributing partnership units of BGC Holdings or Newmark Holdings that may not be allocated any item of profit or loss, and may not be made exchangeable into shares of Class A common stock, including NREUs, NPREUs, NLPUs, NPLPUs, NPSUs, and NPPSUs

TERM	DEFINITION
OCI	Other comprehensive income (loss), including gains and losses on cash flow and net investment hedges, unrealized gains and losses on available for sale securities (in periods prior to January 1, 2018), certain gains and losses relating to pension and other retirement benefit obligations and foreign currency translation adjustments
OTC	Over-the-Counter
OTF	Organized Trading Facility, a regulated execution venue category introduced by MiFID II
PCD assets	Purchased financial assets with deterioration in credit quality since origination
Period Cost Method	Treatment of taxes associated with the GILTI provision as a current period expense when incurred rather than recording deferred taxes for basis differences
Poten & Partners	Poten & Partners Group, Inc., a wholly owned subsidiary of the Company, acquired on November 15, 2018
Preferred Distribution	Allocation of net profits of BGC Holdings or Newmark Holdings to holders of Preferred Units, at a rate of either 0.6875% (i.e., 2.75% per calendar year) or such other amount as set forth in the award documentation
Preferred Units	Preferred partnership units in BGC Holdings or Newmark Holdings, such as PPSUs, which are settled for cash, rather than made exchangeable into shares of Class A common stock, are only entitled to a Preferred Distribution, and are not included in BGC's or Newmark's fully diluted share count
Real Estate L.P.	CF Real Estate Finance Holdings, L.P., a commercial real estate-related financial and investment business controlled and managed by Cantor, of which Newmark owns a minority interest
Record Date	Close of business on November 23, 2018, in connection with the Spin-Off
Repurchase Agreements	Securities sold under agreements to repurchase that are recorded at contractual amounts, including interest, and accounted for as collateralized financing transactions
Revolving Credit Agreement	The Company's unsecured senior revolving credit agreement with Bank of America, N.A., as administrative agent, and a syndicate of lenders, dated as of November 28, 2018, that provides for a maximum revolving loan balance of $350.0 million, bearing interest at either LIBOR or a defined base rate plus additional margin, amended on December 11, 2019 to extend the maturity date to February 26, 2021 and further amended on February 26, 2020 to extend the maturity date to February 26, 2023. On March 10, 2022, the agreement was amended and restated to increase the size of the credit facility to $375.0 million, bearing interest at either SOFR or a defined base rate plus additional margin, and extend the maturity date to March 10, 2025
ROU	Right-of-Use
RSUs	BGC or Newmark unvested restricted stock units, payable in shares of BGC Class A common stock or Newmark Class A common stock, respectively, held by certain employees of BGC Partners or Newmark and other persons who have provided services to BGC Partners or Newmark, or issued in connection with certain acquisitions
Russia's Invasion of Ukraine	Russia's invasion of Ukraine, which led to imposed sanctions by the U.S., U.K., EU, and other countries on Russian counterparties
SaaS	Software as a Service
SBSEF	Security-based Swap Execution Facility
SEC	U.S. Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
SEF	Swap Execution Facility

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

SPECIAL NOTE ON FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q ("Form 10-Q") contains forward-looking statements. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, words such as "may," "will," "should," "estimates," "predicts," "possible," "potential," "continue," "strategy," "believes," "anticipates," "plans," "expects," "intends," and similar expressions are intended to identify forward-looking statements.

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:

- macroeconomic and other challenges and uncertainties resulting from the COVID-19 pandemic, the ongoing conflict in the Ukraine, inflation and the Federal Reserve's responses thereto, including increasing interest rates, the strengthening U.S. dollar, changes in the U.S. and global economies, financial markets and consumer and corporate clients and customers, including economic activity, employment levels, supply chain issues and market liquidity, and increasing energy costs, as well as the various actions taken in response to the challenges and uncertainties by governments, central banks and others, including us;
- the impact of the COVID-19 pandemic, including possible successive waves or variants of the virus, the emergence of new viruses, the continued distribution of effective vaccines and governmental and public reactions thereto, and the impact of a return to office for our employees on our operations;
- market conditions, including trading volume and volatility in the demand for the products and services we provide, resulting from the effects of COVID-19 or otherwise, possible disruptions in trading, potential deterioration of equity and debt capital markets and cryptocurrency markets, impact of significant changes in interest rates and our ability to access the capital markets as needed or on reasonable terms and conditions;
- pricing, commissions and fees, and market position with respect to any of our products and services and those of our competitors;
- the effect of industry concentration and reorganization, reduction of customers, and consolidation;
- liquidity, regulatory, cash and clearing capital requirements and the impact of credit market events, including the impact of COVID-19 and political events and conflicts and actions taken by governments and businesses in response thereto on the credit markets and interest rates;
- our relationships and transactions with Cantor and its affiliates, including CF&Co, and CCRE, our structure, including BGC Holdings, which is owned by us, Cantor, our employee partners and other partners, and the BGC OpCos, which are owned jointly by us and BGC Holdings, the timing and impact of any possible changes to our structure, any related transactions, conflicts of interest or litigation, any impact of Cantor's results on our credit ratings and associated outlooks, any loans to or from us or Cantor, BGC Holdings, or the BGC OpCos, including the balances and interest rates thereof from time to time and any convertible or equity features of any such loans, CF&Co's acting as our sales agent or underwriter under our CEO program or other offerings, Cantor's holdings of the Company's Debt Securities, CF&Co's acting as a market maker in the Company's Debt Securities, CF&Co's acting as our financial advisor in connection with potential acquisitions, dispositions, or other transactions, and our participation in various investments, stock loans or cash management vehicles placed by or recommended by CF&Co;
- the integration of acquired businesses and their operations and back office functions with our other businesses;
- the rebranding of our current businesses or risks related to any potential dispositions of all or any portion of our existing or acquired businesses;
- market volatility as a result of the effects of COVID-19, global inflation rates, potential economic downturns, including recessions, and similar effects, which may not be sustainable or predictable in future periods;
- economic or geopolitical conditions or uncertainties, the actions of governments or central banks, including the impact of COVID-19 on the global markets and governmental responses, and restrictions on business and commercial activity, uncertainty regarding the nature, timing and consequences of Brexit following the withdrawal process, including potential reduction in investment in the U.K., and the pursuit of trade, border control or other related policies by the U.S. and/or other countries (including U.S.- China trade relations), rising political and other tensions between the U.S. and China, political and labor unrest in Hong Kong, China and other jurisdictions, conflict in the Middle East, Russia, Ukraine or other jurisdictions, the impact of U.S.

government shutdowns, elections, political unrest, boycotts, stalemates or other social and political responses to governmental mandates and other restrictions related to COVID-19 in the U.S. or abroad, and the impact of terrorist acts, acts of war or other violence or political unrest, as well as natural disasters or weather-related or similar events, including hurricanes and heat waves as well as power failures, communication and transportation disruptions, and other interruptions of utilities or other essential services and the impacts of pandemics and other international health emergencies;

- risks inherent in doing business in international markets, and any failure to identify and manage those risks, as well as the impact of Russia's ongoing Invasion of Ukraine and additional sanctions and regulations imposed by governments and related counter-sanctions, including any related reserves;
- the effect on our businesses, our clients, the markets in which we operate, our possible restructuring, and the economy in general of changes in the U.S. and foreign tax and other laws, including changes in tax rates, repatriation rules, and deductibility of interest, potential policy and regulatory changes in Mexico and other countries, sequestrations, uncertainties regarding the debt ceiling and the federal budget, and other potential political policies;
- the effect on our businesses of changes in interest rates, changes in benchmarks, including the transition away from LIBOR, the effect on our business and revenues of strengthening U.S. dollar, the level of worldwide governmental debt issuances, austerity programs, government stimulus packages, including those related to COVID-19, increases and decreases in the federal funds interest rate and other actions to moderate inflation, increases or decreases in deficits and the impact of increased government tax rates, and other changes to monetary policy, and potential political impasses or regulatory requirements, including increased capital requirements for banks and other institutions or changes in legislation, regulations and priorities;
- extensive regulation of our businesses and customers, changes in regulations relating to financial services companies and other industries, and risks relating to compliance matters, including regulatory examinations, inspections, investigations and enforcement actions, and any resulting costs, increased financial and capital requirements, enhanced oversight, remediation, fines, penalties, sanctions, and changes to or restrictions or limitations on specific activities, including potential delays in accessing markets, including due to our regulatory status and actions, operations, compensatory arrangements, and growth opportunities, including acquisitions, hiring, and new businesses, products, or services;
- factors related to specific transactions or series of transactions, including credit, performance, and principal risk, trade failures, counterparty failures, and the impact of fraud and unauthorized trading;
- the effect on our businesses of any extraordinary transactions, including the restructuring of our partnership into a corporate structure, the timing and terms of any such transaction, including potential dilution, tax, cost, and other impacts, and our ability to complete such transaction on our anticipated schedule;
- costs and expenses of developing, maintaining, and protecting our intellectual property, as well as employment, regulatory, and other litigation and proceedings, and their related costs, including judgments, indemnities, fines, or settlements paid and the impact thereof on our financial results and cash flows in any given period;
- certain financial risks, including the possibility of future losses, reduced cash flows from operations, increased leverage, and the need for short- or long-term borrowings, including from Cantor, our ability to refinance our indebtedness, and changes to interest rates and liquidity or our access to other sources of cash relating to acquisitions, dispositions, or other matters, potential liquidity and other risks relating to our ability to maintain continued access to credit and availability of financing necessary to support our ongoing business needs, on terms acceptable to us, if at all, and risks associated with the resulting leverage, including potentially causing a reduction in our credit ratings and the associated outlooks and increased borrowing costs as well as interest rate and foreign currency exchange rate fluctuations;
- risks associated with the temporary or longer-term investment of our available cash, including in the BGC OpCos, defaults or impairments on our investments, joint venture interests, stock loans or cash management vehicles and collectability of loan balances owed to us by partners, employees, the BGC OpCos or others;
- our ability to enter new markets or develop new products, offerings, trading desks, marketplaces, or services for existing or new clients, including our ability to develop new Fenics platforms and products, to successfully launch our FMX initiative and to attract investors thereto, to expand our cryptocurrency offerings, including the launch of additional cryptocurrency and digital asset trading offerings in 2022, the risks inherent in operating our cryptocurrency business and in safekeeping cryptocurrency assets, and efforts to convert certain existing products to a Fully Electronic trade execution, and to induce such clients to use

these products, trading desks, marketplaces, or services and to secure and maintain market share, including changes to the likelihood or timing of such efforts due to COVID-19 or other measures;

- the impact of any restructuring or similar transactions on our ability to enter into marketing and strategic alliances and business combinations, attract investors or partners or engage in other transactions in the financial services and other industries, including acquisitions, tender offers, dispositions, reorganizations, partnering opportunities and joint ventures, the failure to realize the anticipated benefits of any such transactions, relationships or growth, and the future impact of any such transactions, relationships or growth on our other businesses and our financial results for current or future periods, the integration of any completed acquisitions and the use of proceeds of any completed dispositions, and the value of and any hedging entered into in connection with consideration received or to be received in connection with such dispositions and any transfers thereof;
- our estimates or determinations of potential value with respect to various assets or portions of our businesses, such as Fenics, including with respect to the accuracy of the assumptions or the valuation models or multiples used;
- our ability to manage turnover and hire, train, integrate and retain personnel, including brokers, salespeople, managers, technology professionals and other front-office personnel, back-office and support services, and departures of senior personnel;
- our ability to expand the use of technology for Hybrid and Fully Electronic trade execution in our product and service offerings;
- our ability to effectively manage any growth that may be achieved, while ensuring compliance with all applicable financial reporting, internal control, legal compliance, and regulatory requirements;
- our ability to identify and remediate any material weaknesses or significant deficiencies in our internal controls which could affect our ability to properly maintain books and records, prepare financial statements and reports in a timely manner, control our policies, practices and procedures, operations and assets, assess and manage our operational, regulatory and financial risks, and integrate our acquired businesses and brokers, salespeople, managers, technology professionals and other front-office personnel;
- the impact of unexpected market moves and similar events;
- information technology risks, including capacity constraints, failures, or disruptions in our systems or those of the clients, counterparties, exchanges, clearing facilities, or other parties with which we interact, including increased demands on such systems and on the telecommunications infrastructure from remote working during the COVID-19 pandemic, cyber-security risks and incidents, compliance with regulations requiring data minimization and protection and preservation of records of access and transfers of data, privacy risk and exposure to potential liability and regulatory focus;
- the effectiveness of our governance, risk management, and oversight procedures and impact of any potential transactions or relationships with related parties;
- the impact of our ESG or "sustainability" ratings on the decisions by clients, investors, ratings agencies, potential clients and other parties with respect to our businesses, investments in us, our borrowing opportunities or the market for and trading price of BGC Class A common stock, Company Debt Securities, or other matters;
- the fact that the prices at which shares of our Class A common stock are or may be sold in offerings, acquisitions, or other transactions may vary significantly, and purchasers of shares in such offerings or other transactions, as well as existing stockholders, may suffer significant dilution if the price they paid for their shares is higher than the price paid by other purchasers in such offerings or transactions;
- the impact of reductions to our dividends and distributions and the timing and amounts of any future dividends or distributions, including our ability to meet expectations with respect to payments of dividends and distributions and repurchases of shares of our Class A common stock and purchases or redemptions of limited partnership interests in BGC Holdings, or other equity interests in us or any of our other subsidiaries, including the BGC OpCos, including from Cantor, our executive officers, other employees, partners, and others, and the net proceeds to be realized by us from offerings of shares of BGC Class A common stock and Company Debt Securities; and
- the effect on the markets for and trading prices of our Class A common stock and Company Debt Securities due to COVID-19 and other market factors as well as on various offerings and other transactions, including

offerings of our Class A common stock and convertible or exchangeable debt or other securities, our repurchases of shares of our Class A common stock and purchases or redemptions of BGC Holdings limited partnership interests or other equity interests in us or in our subsidiaries, any exchanges by Cantor of shares of our Class A common stock for shares of our Class B common stock, any exchanges or redemptions of limited partnership units and issuances of shares of our Class A common stock in connection therewith, including in corporate or partnership restructurings, our payment of dividends on our Class A common stock and distributions on limited partnership interests in BGC Holdings and the BGC OpCos, convertible arbitrage, hedging, and other transactions engaged in by us or holders of our outstanding shares, Company Debt Securities, share sales and stock pledge, stock loans, and other financing transactions by holders of our shares (including by Cantor or others), including of shares acquired pursuant to our employee benefit plans, unit exchanges and redemptions, corporate or partnership restructurings, acquisitions, conversions of shares of our Class B common stock and our other convertible securities into shares of our Class A common stock, stock pledge, stock loan, or other financing transactions, and distributions of our Class A common stock by Cantor to its partners, including the April 2008 and February 2012 distribution rights shares.

The foregoing risks and uncertainties, as well as those risks and uncertainties set forth in this Quarterly Report on Form 10-Q, may cause actual results and events to differ materially from the forward-looking statements. The information included herein is given as of the filing date of this Form 10-Q with the SEC, and future results or events could differ significantly from these forward-looking statements. The Company does not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. These filings are available to the public from the SEC's website at *www.sec.gov*.

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 with respect to our securities filed on behalf of Cantor, CFGM, our directors and our executive officers; and amendments to those documents. Our website also contains additional information with respect to our industry and businesses. The information contained on, or that may be accessed through, our website is not part of, and is not incorporated into, this Quarterly Report on Form 10-Q.

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, 2022	December 31, 2021
Assets		
Cash and cash equivalents	$ 496,489	$ 553,598
Cash segregated under regulatory requirements	12,652	13,201
Securities owned	39,150	40,838
Marketable securities	293	406
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	2,359,053	782,446
Accrued commissions and other receivables, net	308,881	296,423
Loans, forgivable loans and other receivables from employees and partners, net	304,138	286,967
Fixed assets, net	181,942	190,112
Investments	37,507	33,039
Goodwill	487,214	486,919
Other intangible assets, net	200,237	207,747
Receivables from related parties	8,378	5,237
Other assets	450,955	445,233
Total assets	$ 4,886,889	$ 3,342,166
Liabilities, Redeemable Partnership Interest, and Equity		
Short-term borrowings	$ 3,818	$ 3,584
Repurchase agreements	900	—
Accrued compensation	187,381	214,379
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	2,173,291	656,278
Payables to related parties	90,491	53,764
Accounts payable, accrued and other liabilities	632,825	679,254
Notes payable and other borrowings	1,051,044	1,052,831
Total liabilities	4,139,750	2,660,090
Commitments, contingencies and guarantees (Note 20)		
Redeemable partnership interest	16,446	18,761
Equity		
Stockholders' equity:		
Class A common stock, par value $0.01 per share; 750,000 shares authorized; 451,760 and 435,944 shares issued at June 30, 2022 and December 31, 2021, respectively; and 324,087 and 317,023 shares outstanding at June 30, 2022 and December 31, 2021, respectively	4,518	4,359
Class B common stock, par value $0.01 per share; 150,000 shares authorized; 45,884 shares issued and outstanding at each of June 30, 2022 and December 31, 2021, convertible into Class A common stock	459	459
Additional paid-in capital	2,499,393	2,451,135
Treasury stock, at cost: 127,673 and 118,921 shares of Class A common stock at June 30, 2022 and December 31, 2021, respectively	(648,500)	(623,734)
Retained deficit	(1,138,628)	(1,171,919)
Accumulated other comprehensive income (loss)	(46,456)	(40,548)
Total stockholders' equity	670,786	619,752
Noncontrolling interest in subsidiaries	59,907	43,563
Total equity	730,693	663,315
Total liabilities, redeemable partnership interest, and equity	$ 4,886,889	$ 3,342,166

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

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,	
	2022	2021	2022	2021
Revenues:				
Commissions	$ 309,542	$ 389,768	$ 666,206	$ 824,988
Principal transactions	88,169	81,997	203,770	180,760
Fees from related parties	3,625	4,245	6,942	8,030
Data, software and post-trade	23,391	21,602	47,518	43,588
Interest and dividend income	8,961	11,455	11,396	14,493
Other revenues	2,068	3,383	6,388	8,167
Total revenues	435,756	512,450	942,220	1,080,026
Expenses:				
Compensation and employee benefits	211,873	270,586	469,141	578,929
Equity-based compensation and allocations of net income to limited partnership units and FPUs	46,133	58,290	104,009	91,785
Total compensation and employee benefits	258,006	328,876	573,150	670,714
Occupancy and equipment	39,921	47,159	78,584	95,549
Fees to related parties	6,009	4,518	11,734	9,900
Professional and consulting fees	13,810	20,029	29,441	36,235
Communications	27,166	30,776	55,057	60,586
Selling and promotion	12,443	8,618	23,381	16,106
Commissions and floor brokerage	14,239	14,308	31,582	32,237
Interest expense	14,342	18,680	28,645	36,533
Other expenses	23,010	23,772	40,785	39,809
Total expenses	408,946	496,736	872,359	997,669
Other income (losses), net:				
Gains (losses) on divestitures and sale of investments	—	(92)	—	(92)
Gains (losses) on equity method investments	2,729	1,323	5,532	2,789
Other income (loss)	1,909	1,924	1,413	7,330
Total other income (losses), net	4,638	3,155	6,945	10,027
Income (loss) from operations before income taxes	31,448	18,869	76,806	92,384
Provision (benefit) for income taxes	15,105	(1,191)	29,762	13,748
Consolidated net income (loss)	$ 16,343	$ 20,060	$ 47,044	$ 78,636
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	1,581	3,820	6,310	19,680
Net income (loss) available to common stockholders	$ 14,762	$ 16,240	$ 40,734	$ 58,956
Per share data:				
Basic earnings (loss) per share				
Net income (loss) available to common stockholders	$ 14,762	$ 16,240	$ 40,734	$ 58,956
Basic earnings (loss) per share	$ 0.04	$ 0.04	$ 0.11	$ 0.16
Basic weighted-average shares of common stock outstanding	375,613	384,902	371,988	379,639
Fully diluted earnings (loss) per share				
Net income (loss) for fully diluted shares	$ 19,710	$ 23,260	$ 53,348	$ 84,963
Fully diluted earnings (loss) per share	$ 0.04	$ 0.04	$ 0.11	$ 0.15
Fully diluted weighted-average shares of common stock outstanding	507,005	563,923	504,609	560,210

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Consolidated net income (loss)	$ 16,343	$ 20,060	$ 47,044	$ 78,636
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(10,814)	2,139	(7,019)	(1,897)
Benefit plans	—	(279)	—	(197)
Total other comprehensive income (loss), net of tax	(10,814)	1,860	(7,019)	(2,094)
Comprehensive income (loss)	5,529	21,920	40,025	76,542
Less: Comprehensive income (loss) attributable to noncontrolling interest in subsidiaries, net of tax	100	4,001	5,199	19,261
Comprehensive income (loss) attributable to common stockholders	$ 5,429	$ 17,919	$ 34,826	$ 57,281

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

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

	Six Months Ended June 30,	
	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net income (loss)	$ 47,044	$ 78,636
Adjustments to reconcile consolidated net income (loss) to net cash provided by (used in) operating activities:		
Fixed asset depreciation and intangible asset amortization	37,154	43,327
Employee loan amortization and reserves on employee loans	24,387	34,687
Equity-based compensation and allocations of net income to limited partnership units and FPUs	104,009	91,785
Deferred compensation expense	62	289
Losses (gains) on equity method investments	(5,532)	(2,855)
Losses (gains) on marketable securities and other investments	(1,810)	77
Amortization of discount (premium) on notes payable	1,396	1,967
Impairment of fixed assets, intangible assets and investments	5,226	3,272
Deferred tax provision (benefit)	653	(4,401)
Change in estimated acquisition earn-out payables	(454)	1,940
Forfeitures of Class A common stock	(17)	(330)
Other	823	(1,934)
Consolidated net income (loss), adjusted for non-cash and non-operating items	**212,941**	**246,460**
Decrease (increase) in operating assets:		
Securities owned	2,319	9,730
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	(1,576,645)	(1,151,410)
Accrued commissions receivable, net	(14,362)	(160,613)
Loans, forgivable loans and other receivables from employees and partners, net	(34,701)	(12,400)
Receivables from related parties	(3,652)	3,162
Other assets	(9,878)	(9,955)
Increase (decrease) in operating liabilities:		
Repurchase agreements	900	—
Accrued compensation	(21,387)	(16,973)
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	1,516,012	1,126,168
Payables to related parties	36,331	43,480
Accounts payable, accrued and other liabilities	(53,910)	120,697
Net cash provided by (used in) operating activities	**$ 53,968**	**$ 198,346**

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

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

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	$ (3,444)	$ (5,912)
Capitalization of software development costs	(22,445)	(23,895)
Purchase of equity method investments	(466)	(625)
Proceeds from equity method investments	1,534	5,318
Net cash provided by (used in) investing activities	**$ (24,821)**	**$ (25,114)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of long-term debt and collateralized borrowings	$ (3,177)	$ (263,102)
Issuance of long-term debt and collateralized borrowings, net of deferred issuance costs	(33)	188,449
Earnings distributions to limited partnership interests and other noncontrolling interests	(16,629)	(34,714)
Redemption and repurchase of limited partnership interests	(26,758)	(39,240)
Dividends to stockholders	(7,443)	(7,626)
Repurchase of Class A common stock	(26,408)	(107,783)
Proceeds from sale of Cantor Units in BGC Holdings	947	5,145
Short term borrowings, net of repayments	—	1,999
Acquisition of Futures Exchange Group	—	3,845
Payments on acquisition earn-outs	(4,384)	(8,139)
Net cash provided by (used in) financing activities	**$ (83,885)**	**$ (261,166)**
Effect of exchange rate changes on Cash and cash equivalents and Cash segregated under regulatory requirements	(2,920)	478
Net increase (decrease) in Cash and cash equivalents, and Cash segregated under regulatory requirements	(57,658)	(390,134)
Cash and cash equivalents and Cash segregated under regulatory requirements at beginning of period	566,799	853,406
Cash and cash equivalents and Cash segregated under regulatory requirements at end of period	**$ 509,141**	**$ 463,272**
Supplemental cash information:		
Cash paid during the period for taxes	$ 23,089	$ 21,334
Cash paid during the period for interest	26,419	35,352
Supplemental non-cash information:		
Issuance of Class A common stock upon exchange of limited partnership interests	$ 12,779	$ 132,907
Issuance of Class A and contingent Class A common stock and limited partnership interests for acquisitions	2,710	513
ROU assets and liabilities	15,693	—

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

BGC PARTNERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Three Months Ended June 30, 2022
(in thousands, except share amounts)
(unaudited)

	BGC Partners, Inc. Stockholders							
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Subsidiaries	Total
Balance, April 1, 2022	**$ 4,455**	**$ 459**	**$ 2,481,408**	**$ (623,734)**	**$ (1,149,657)**	**$ (37,123)**	**$ 59,856**	**$ 735,664**
Consolidated net income (loss)	—	—	—	—	14,762	—	1,581	16,343
Other comprehensive income (loss), net of tax	—	—	—	—	—	(9,333)	(1,481)	(10,814)
Equity-based compensation, 589,235 shares	6	—	1,274	—	—	—	410	1,690
Dividends to common stockholders	—	—	—	—	(3,733)	—	—	(3,733)
Earnings distributions to limited partnership interests and other noncontrolling interests	—	—	—	—	—	—	(1,436)	(1,436)
Grant of exchangeability and redemption of limited partnership interests, issuance of 5,064,529 shares	50	—	15,290	—	—	—	5,378	20,718
Issuance of Class A common stock (net of costs), 338,503 shares	4	—	3,319	—	—	—	3	3,326
Redemption of FPUs, 556,329 units	—	—	—	—	—	—	(61)	(61)
Repurchase of Class A common stock, 8,745,310 shares	—	—	—	(24,753)	—	—	(4,634)	(29,387)
Forfeiture of Class A common stock, 4,419 shares	—	—	(1)	(13)	—	—	(3)	(17)
Contributions of capital to and from Cantor for equity-based compensation	—	—	(2,386)	—	—	—	(766)	(3,152)
Grant of exchangeability, redemption of limited partnership interests and issuance of Class A common stock and RSUs for acquisitions, 281,230 shares	3	—	618	—	—	—	113	734
Cantor purchase of Cantor units from BGC Holdings upon redemption of founding/working partner units, 480,175 units	—	—	—	—	—	—	947	947
Other	—	—	(129)	—	—	—	—	(129)
Balance, June 30, 2022	**$ 4,518**	**$ 459**	**$ 2,499,393**	**$ (648,500)**	**$ (1,138,628)**	**$ (46,456)**	**$ 59,907**	**$ 730,693**

BGC PARTNERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Six Months Ended June 30, 2022
(in thousands, except share and per share amounts)
(unaudited)

	BGC Partners, Inc. Stockholders							
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Subsidiaries	Total
Balance, January 1, 2022	**$ 4,359**	**$ 459**	**$ 2,451,135**	**$ (623,734)**	**$ (1,171,919)**	**$ (40,548)**	**$ 43,563**	**$ 663,315**
Consolidated net income (loss)	—	—	—	—	40,734	—	6,310	47,044
Other comprehensive income (loss), net of tax	—	—	—	—	—	(5,908)	(1,111)	(7,019)
Equity-based compensation,2,570,323 shares	26	—	6,047	—	—	—	1,916	7,989
Dividends to common stockholders	—	—	—	—	(7,443)	—	—	(7,443)
Earnings distributions to limited partnership interests and other noncontrolling interests	—	—	—	—	—	—	141	141
Grant of exchangeability and redemption of limited partnership interests, issuance of 11,707,619 shares	117	—	37,823	—	—	—	12,825	50,765
Issuance of Class A common stock (net of costs), 343,459 shares	4	—	3,467	—	—	—	7	3,478
Redemption of FPUs, 585,717 units	—	—	—	—	—	—	(145)	(145)
Repurchase of Class A common stock, 8,745,310 shares	—	—	—	(24,753)	—	—	(4,634)	(29,387)
Forfeiture of Class A common stock, 4,419 shares	—	—	(1)	(13)	—	—	(3)	(17)
Contributions of capital to and from Cantor for equity-based compensation	—	—	(994)	—	—	—	(328)	(1,322)
Grant of exchangeability, redemption of limited partnership interests and issuance of Class A common stock and RSUs for acquisitions, 1,192,907 shares	12	—	2,279	—	—	—	419	2,710
Cantor purchase of Cantor units from BGC Holdings upon redemption of FPUs, 480,175 units	—	—	—	—	—	—	947	947
Other	—	—	(363)	—	—	—	—	(363)
Balance, June 30, 2022	**$ 4,518**	**$ 459**	**$ 2,499,393**	**$ (648,500)**	**$ (1,138,628)**	**$ (46,456)**	**$ 59,907**	**$ 730,693**

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Dividends declared per share of common stock	**$ 0.01**	**$ 0.01**	**$ 0.02**	**$ 0.02**
Dividends declared and paid per share of common stock	**$ 0.01**	**$ 0.01**	**$ 0.02**	**$ 0.02**

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

BGC PARTNERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Three and Six Months Ended June 30, 2021
(in thousands, except share amounts)
(unaudited)

	BGC Partners, Inc. Stockholders							
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Subsidiaries	Total
Balance, April 1, 2021	**$ 3,858**	**$ 459**	**$ 2,387,075**	**$ (318,864)**	**$ (1,241,886)**	**$ (32,284)**	**$ 75,455**	**$ 873,813**
Consolidated net income (loss)	—	—	—	—	16,240	—	3,820	20,060
Other comprehensive income (loss), net of tax	—	—	—	—	—	1,679	181	1,860
Equity-based compensation, 360,422 shares	3	—	1,722	—	—	—	762	2,487
Dividends to common stockholders	—	—	—	—	(3,852)	—	—	(3,852)
Earnings distributions to limited partnership interests and other noncontrolling interests	—	—	—	—	—	—	(4,958)	(4,958)
Grant of exchangeability and redemption of limited partnership interests, issuance of 30,155,970 shares	302	—	11,736	—	—	—	19,910	31,948
Issuance of Class A common stock (net of costs), 3,542 shares	—	—	126	—	—	—	4	130
Redemption of FPUs, 44,496 units	—	—	—	—	—	—	(108)	(108)
Repurchase of Class A common stock, 16,542,535 shares	—	—	—	(87,421)	—	—	(15,965)	(103,386)
Forfeiture of Class A common stock, 83,765 shares	—	—	137	(416)			(51)	(330)
Contributions of capital to and from Cantor for equity-based compensation	—	—	(14,746)	—	—	—	(12,425)	(27,171)
Grant of exchangeability, redemption of limited partnership interests and issuance of Class A common stock and RSUs for acquisitions, 536,893 shares	6	—	2,820	—	—	—	(2,338)	488
Other	—	—	3,638	—	—	—	(259)	3,379
Balance, June 30, 2021	**$ 4,169**	**$ 459**	**$ 2,392,508**	**$ (406,701)**	**$ (1,229,498)**	**$ (30,605)**	**$ 64,028**	**$ 794,360**

	BGC Partners, Inc. Stockholders							
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Subsidiaries	Total
Balance, January 1, 2021	**$ 3,735**	**$ 459**	**$ 2,375,113**	**$ (315,313)**	**$ (1,280,828)**	**$ (28,930)**	**$ 57,061**	**$ 811,297**
Consolidated net income (loss)	—	—	—	—	58,956	—	19,680	78,636
Other comprehensive income (loss), net of tax	—	—	—	—	—	(1,675)	(419)	(2,094)
Equity-based compensation, 1,727,516 shares	17	—	4,564	—	—	—	2,078	6,659
Dividends to common stockholders	—	—	—	—	(7,626)	—	—	(7,626)
Earnings distributions to limited partnership interests and other noncontrolling interests	—	—	—	—	—	—	(11,405)	(11,405)
Grant of exchangeability and redemption of limited partnership interests, issuance of 40,586,915 shares	406	—	17,740	—	—	—	24,638	42,784
Issuance of Class A common stock (net of costs), 265,915 shares	3	—	662	—	—	—	8	673
Redemption of FPUs, 661,704 units	—	—	—	—	—	—	(127)	(127)
Repurchase of Class A common stock, 17,507,006 shares	—	—	—	(90,972)	—	—	(16,811)	(107,783)
Forfeiture of Class A common stock, 83,765 shares	—	—	137	(416)			(51)	(330)
Contributions of capital to and from Cantor for equity-based compensation	—	—	(14,143)	—	—	—	(12,147)	(26,290)
Grant of exchangeability, redemption of limited partnership interests and issuance of Class A common stock and RSUs for acquisitions, 787,468 shares	8	—	4,037	—	—	—	(3,532)	513
Cantor purchase of Cantor units from BGC Holdings upon redemption of FPUs, 2,768,060 units	—	—	—	—	—		5,145	5,145
Other	—	—	4,398	—	—	—	(90)	4,308
Balance, June 30, 2021	**$ 4,169**	**$ 459**	**$ 2,392,508**	**$ (406,701)**	**$ (1,229,498)**	**$ (30,605)**	**$ 64,028**	**$ 794,360**

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. is a leading global financial brokerage and technology company servicing the global financial markets. Through brands including BGC®, Fenics®, GFI®, Sunrise Brokers™, Poten & Partners®, and RP Martin™, among others, the Company specializes in the brokerage of a broad range of products, including fixed income such as government bonds, corporate bonds, and other debt instruments, as well as related interest rate derivatives and credit derivatives. Additionally, the Company provides brokerage products across FX, Equities, Energy and Commodities, Shipping, and Futures and Options. The Company is also developing new and comprehensive cryptocurrency brokerage offerings. The Company's businesses also provide a wide variety of services, including trade execution, connectivity solutions, brokerage services, clearing, trade compression and other post-trade services, information, and other back-office services to a broad assortment of financial and non-financial institutions.

BGC Partners' integrated platform is designed to provide flexibility to customers with regard to price discovery, execution and processing of transactions, and enables them to use Voice, Hybrid, or in many markets, Fully Electronic brokerage services in connection with transactions executed either OTC or through an exchange. Through the Company's Fenics® group of electronic brands, BGC Partners offers a number of market infrastructure and connectivity services, Fully Electronic marketplaces, and the Fully Electronic brokerage of certain products that also may trade via Voice and Hybrid execution. The full suite of Fenics® offerings includes Fully Electronic and Hybrid brokerage, market data and related information services, trade compression and other post-trade services, analytics related to financial instruments and markets, and other financial technology solutions. Fenics® brands also operate under the names Fenics®, FMX™, FMX Futures Exchange™, Fenics Markets Xchange™, Fenics Futures Exchange™, Fenics UST™, Fenics FX™, Fenics Repo™, Fenics Direct™, Fenics MID™, Fenics Market Data™, Fenics GO™, Fenics PortfolioMatch™, kACE^2®, and Lucera®.

BGC, BGC Partners, BGC Trader, GFI, GFI Ginga, CreditMatch, Fenics, Fenics.com, FMX, Sunrise Brokers, Poten & Partners, RP Martin, kACE^2, Capitalab, Swaptioniser, CBID, Aqua, and Lucera are trademarks/service marks, and/or registered trademarks/service marks of BGC Partners, Inc. and/or its affiliates.

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

Basis of Presentation

The Company's unaudited Condensed Consolidated Financial Statements and Notes to the unaudited Condensed Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC and in conformity with U.S. GAAP. Accordingly, they do not include all information and footnotes required by U.S. GAAP for annual financial statements, as such, the information in this Quarterly Report on Form 10-Q should be read in conjunction with the audited Consolidated Financial Statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021. 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.

On November 1, 2021, the Company completed the Insurance Business Disposition (see Note 5—"Divestitures" for additional information).

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

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

The following table summarizes the impact of the Futures Exchange Group acquisition to the Company's unaudited Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2021 (in thousands, except per share amounts):

	Three Months Ended June 30, 2021			Six Months Ended June 30, 2021		
	As Previously Reported	Retrospective Adjustments	As Adjusted	As Previously Reported	Retrospective Adjustments	As Adjusted
Income (loss) from operations before income taxes	$ 21,650	$ (2,781)	$ 18,869	$ 95,714	$ (3,330)	$ 92,384
Consolidated net income (loss)	22,841	(2,781)	20,060	81,966	(3,330)	78,636
Net income (loss) attributable to noncontrolling interest in subsidiaries	4,672	(852)	3,820	20,706	(1,026)	19,680
Net income (loss) available to common stockholders	18,169	(1,929)	16,240	61,260	(2,304)	58,956
Basic earnings (loss) per share	0.05	(0.01)	0.04	0.16	—	0.16
Diluted earnings (loss) per share	0.05	(0.01)	0.04	0.16	(0.01)	0.15

Additionally, the unaudited Condensed Consolidated Statements of Comprehensive Income (Loss), unaudited Condensed Consolidated Statements of Cash Flows and unaudited Condensed Consolidated Statements of Changes in Equity have been adjusted to reflect these retrospective adjustments.

During the first quarter of 2022, the Company changed the name of the brokerage product line formerly labeled as “Equity derivatives and cash equity” to “Equities” to better align the caption with the underlying activity. The change did not result in any reclassification of revenues and had no impact on the Company’s Total brokerage revenues.

During the second quarter of 2022, the Company combined Realized losses (gains) on marketable securities, Unrealized losses (gains) on marketable securities, and Losses (gains) on other investments on the unaudited Condensed Consolidated Statements of Cash Flows into Losses (gains) on marketable securities and other investments. The recognition of gains and losses related to these investments are similar in nature and immaterial to the financial statements in the six month periods ending June 30, 2022 and 2021.

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 (Loss), 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.

Recently Adopted Accounting Pronouncements

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The ASU is part of the FASB’s simplification initiative, and it is expected to reduce cost and complexity related to accounting for income taxes by eliminating certain exceptions to the guidance in ASC 740, *Income Taxes* related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The guidance also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates, and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. BGC adopted the standard on the required effective date beginning January 1, 2021 on a prospective basis. The adoption of the standard did not have a material impact on the Company’s unaudited Condensed Consolidated Financial Statements.

In January 2020, the FASB issued ASU No. 2020-01, *Investments—Equity Securities (Topic 321)*, *Investments—Equity Method and Joint Ventures (Topic 323)*, and *Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the FASB Emerging Issues Task Force)*. These amendments improve previous guidance by reducing diversity in practice and increasing comparability of the accounting for the interactions between these codification topics as they pertain to certain equity securities, investments under the equity method of accounting and forward contracts or purchased options to purchase securities that, upon settlement of the forward contract or exercise of the purchased option, would be accounted for under the equity method of accounting or the fair value option. BGC adopted the standard on the required effective date beginning January 1, 2021 on a prospective basis. The adoption of this guidance did not have a material impact on the Company’s unaudited Condensed Consolidated Financial Statements.

In October 2020, the FASB issued ASU No. 2020-10, *Codification Improvements*. The standard amends the Codification by moving existing disclosure requirements to (or adding appropriate references in) the relevant disclosure sections. The ASU also clarifies various provisions of the Codification by amending and adding new headings, cross-referencing, and refining or correcting terminology. BGC adopted the standard on the required effective date beginning January 1, 2021 and it was applied using a modified retrospective method of transition. The adoption of this guidance did not have an impact on the Company's unaudited Condensed Consolidated Financial Statements.

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging —Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. The standard is expected to reduce complexity and improve comparability of financial reporting associated with accounting for convertible instruments and contracts in an entity's own equity. The ASU also enhances information transparency by making targeted improvements to the related disclosures guidance. Additionally, the amendments affect the diluted EPS calculation for instruments that may be settled in cash or shares and for convertible instruments. BGC adopted the standard on the required effective date beginning January 1, 2022, and it was applied using a modified retrospective method of transition. The adoption of this guidance did not have a material impact on the Company's unaudited Condensed Consolidated Financial Statements.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The guidance is designed to provide relief from the accounting analysis and impacts that may otherwise be required for modifications to agreements (e.g., loans, debt securities, derivatives, and borrowings) necessitated by reference rate reform as entities transition away from LIBOR and other interbank offered rates to alternative reference rates. This ASU also provides optional expedients to enable companies to continue to apply hedge accounting to certain hedging relationships impacted by reference rate reform. Application of the guidance is optional and only available in certain situations. The ASU is effective upon issuance and generally can be applied through December 31, 2022. In January 2021, the FASB issued ASU No. 2021-01, *Reference Rate Reform (Topic 848): Scope*. The amendments in this standard are elective and principally apply to entities that have derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform (referred to as the "discounting transition"). The standard expands the scope of ASC 848, *Reference Rate Reform* and allows entities to elect optional expedients to derivative contracts impacted by the discounting transition. Similar to ASU No. 2020-04, provisions of this ASU are effective upon issuance and generally can be applied through December 31, 2022. During the first quarter of 2022, the Company elected to apply the practical expedients to modifications of qualifying contracts as continuation of the existing contract rather than as a new contract. The adoption of the new guidance did not have an impact on the Company's unaudited condensed consolidated financial statements. Management will continue to evaluate the impacts of reference rate reform through December 31, 2022.

New Accounting Pronouncements

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. The standard improves the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice and inconsistency related to the recognition of an acquired contract liability, as well as payment terms and their effect on subsequent revenue recognized by the acquirer. The ASU requires companies to apply guidance in ASC 606, *Revenue from Contracts with Customers*, to recognize and measure contract assets and contract liabilities from contracts with customers acquired in a business combination, and, thus, creates an exception to the general recognition and measurement principle in ASC 805, *Business Combinations*. The new standard will become effective for the Company beginning January 1, 2023, can be applied prospectively for business combinations occurring on or after the effective date, and early adoption is permitted. Management is currently evaluating the impact of the new standard on the Company's unaudited Condensed Consolidated Financial Statements.

In November 2021, the FASB issued ASU No. 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*. The standard requires business entities to make annual disclosures about transactions with a government they account for by analogizing to a grant or contribution accounting model. The guidance is aimed at increasing transparency about government assistance transactions that are not in the scope of other U.S. GAAP guidance. The ASU requires disclosure of the nature and significant terms and considerations of the transactions, the accounting policies used and the effects of those transactions on an entity's financial statements. The new standard will become effective for the Company's financial statements issued for annual reporting periods beginning on January 1, 2022, can be applied prospectively or retrospectively, and early adoption is permitted. Management is currently evaluating the impact of the new standard on the Company's unaudited Condensed Consolidated Financial Statements.

In March 2022, the FASB issued ASU No. 2022-02, *Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. The guidance is intended to improve the decision usefulness of information provided to investors about certain loan refinancings, restructurings, and write-offs. The standard eliminates the recognition and measurement guidance on TDRs for creditors that have adopted ASC 326, *Financial Instruments — Credit Losses* and requires them to make enhanced disclosures about loan modifications for borrowers experiencing financial difficulty. The new guidance also requires public business entities to present current-period gross write-offs (on a current year-to-date basis for interim-period disclosures) by year of origination in their vintage disclosures. The new standard will become effective for the Company beginning January 1, 2023. The guidance for recognition and measurement of TDRs can be applied using either a prospective or modified retrospective transition method, and the amendments related to disclosures can be applied prospectively. Early adoption is permitted, and an entity may elect to early adopt the amendments related to TDRs separately from the amendments related to vintage disclosures. Management is currently evaluating the impact of the new standard on the Company's unaudited Condensed Consolidated Financial Statements.

2. Limited Partnership Interests in BGC Holdings and Newmark Holdings

BGC Partners is a holding company with no direct operations and conducts substantially all of its operations through its operating subsidiaries. Virtually all of the Company's consolidated net assets and net income are those of consolidated variable interest entities. BGC Holdings is a consolidated subsidiary of the Company for which the Company is the general partner. The Company and BGC Holdings jointly own BGC U.S. OpCo and BGC Global OpCo, the two operating partnerships. In addition, Newmark Holdings is a consolidated subsidiary of Newmark for which Newmark is the general partner. Newmark and Newmark Holdings jointly own Newmark OpCo, the operating partnership. Listed below are the limited partnership interests in BGC Holdings and Newmark Holdings. The FPUs, LPUs and limited partnership interests held by Cantor, each as described below, collectively represent all of the limited partnership interests in BGC Holdings and Newmark Holdings.

As a result of the Separation, limited partnership interests in Newmark Holdings were distributed to the holders of limited partnership interests in BGC Holdings, whereby each holder of BGC Holdings limited partnership interests at that time who held a BGC Holdings limited partnership interest received a corresponding Newmark Holdings limited partnership interest, determined by the Contribution Ratio, which was equal to a BGC Holdings limited partnership interest multiplied by one divided by 2.2, divided by the Exchange Ratio. Initially, the Exchange Ratio equaled one, so that each Newmark Holdings limited partnership interest was exchangeable for one share of Newmark Class A common stock. For reinvestment, acquisition or other purposes, Newmark may determine on a quarterly basis to distribute to its stockholders a smaller percentage than Newmark Holdings distributes to its equity holders (excluding tax distributions from Newmark Holdings) of cash that it received from Newmark OpCo. In such circumstances, the Separation and Distribution Agreement provides that the Exchange Ratio will be reduced to reflect the amount of additional cash retained by Newmark as a result of the distribution of such smaller percentage, after the payment of taxes. The Exchange Ratio as of June 30, 2022 equaled 0.9393.

Founding/Working Partner Units

Founding/Working Partners have FPUs in BGC Holdings and Newmark Holdings. The Company accounts for FPUs outside of permanent capital, as "Redeemable partnership interest," in the Company's 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.

FPUs are held by limited partners who are employees and generally receive quarterly allocations of net income. Upon termination of employment or otherwise ceasing to provide substantive services, the FPUs are generally redeemed, and the unit holders are no longer entitled to participate in the quarterly allocations of net income. Since these allocations of net income are cash distributed on a quarterly basis and are contingent upon services being provided by the unit holder, they are reflected as a component of compensation expense under "Equity-based compensation and allocations of net income to limited partnership units and FPUs" in the Company's unaudited Condensed Consolidated Statements of Operations.

Limited Partnership Units

Certain BGC employees hold LPUs in BGC Holdings and Newmark Holdings (e.g., REUs, RPUs, PSUs, and PSIs). Prior to the Separation, certain employees of both BGC and Newmark received LPUs in BGC Holdings. As a result of the Separation, these employees were distributed LPUs in Newmark Holdings equal to a BGC Holdings LPU multiplied by the Contribution Ratio. Subsequent to the Separation, BGC employees are only granted LPUs in BGC Holdings, and Newmark employees are only granted LPUs in Newmark Holdings.

Generally, LPUs receive quarterly allocations of net income, which are cash distributed and generally are contingent upon services being provided by the unit holder. As prescribed in U.S. GAAP guidance, following the Spin-Off, the quarterly allocations of net income on BGC Holdings and Newmark Holdings LPUs held by BGC employees are reflected as a component of compensation expense under "Equity-based compensation and allocations of net income to limited partnership units and FPUs" in the Company's unaudited Condensed Consolidated Statements of Operations, and the quarterly allocations of net income on BGC Holdings LPUs held by Newmark employees are reflected as a component of "Net income (loss) attributable to noncontrolling interest in subsidiaries" in the Company's unaudited Condensed Consolidated Statements of Operations. From time to time, the Company also issues BGC LPUs as part of the consideration for acquisitions.

Certain of these LPUs in BGC Holdings and Newmark Holdings, such as REUs, entitle the holders to receive post-termination payments equal to the notional amount of the units in four equal yearly installments after the holder's termination. These LPUs held by BGC employees are accounted for as post-termination liability awards, and in accordance with U.S. GAAP guidance, the Company records compensation expense for the awards based on the change in value at each reporting date in the Company's unaudited Condensed Consolidated Statements of Operations as part of "Equity-based compensation and allocations of net income to limited partnership units and FPUs."

The Company has also awarded certain Preferred Units. Each quarter, the net profits of BGC Holdings and Newmark Holdings are allocated to such units at a rate of either 0.6875% (which is 2.75% per calendar year) or such other amount as set forth in the award documentation. These allocations are deducted before the calculation and distribution of the quarterly partnership distribution for the remaining partnership interests and are generally contingent upon services being provided by the unit holder. The Preferred Units are not entitled to participate in partnership distributions other than with respect to the Preferred Distribution. Preferred Units may not be made exchangeable into Class A common stock, and are only entitled to the Preferred Distribution; accordingly they are not included in the fully diluted share count. The quarterly allocations of net income on Preferred Units are reflected the same as those of the LPUs described above in the Company's unaudited Condensed Consolidated Statements of Operations. After deduction of the Preferred Distribution, the remaining partnership units generally receive quarterly allocations of net income based on their weighted-average pro rata share of economic ownership of the operating subsidiaries. Preferred Units are granted in connection with the grant of certain LPUs, such as PSUs, which may be granted exchangeability or redeemed in connection with the issuance of shares of common stock to cover the withholding taxes owed by the unit holder, rather than issuing the gross amount of shares to employees, subject to cashless withholding of shares to pay applicable withholding taxes.

Cantor Units

Cantor holds limited partnership interests in BGC Holdings. Cantor units are reflected as a component of "Noncontrolling interest in subsidiaries" in the Company's unaudited Condensed Consolidated Statements of Financial Condition. Cantor receives allocations of net income (loss), which are cash distributed on a quarterly basis and are reflected as a component of "Net income (loss) attributable to noncontrolling interest in subsidiaries" in the Company's unaudited Condensed Consolidated Statements of Operations. Cantor units in BGC Holdings are generally exchangeable for up to 23.6 million shares of BGC Class B common stock.

General

Certain of the limited partnership interests, described above, have been granted exchangeability into shares of BGC or Newmark Class A common stock, and additional limited partnership interests may become exchangeable into shares of BGC or Newmark Class A common stock. In addition, certain limited partnership interests have been granted the right to exchange into a partnership unit with a capital account, such as HDUs. HDUs have a stated capital account which is initially based on the closing trading price of Class A common stock at the time the HDU is granted. HDUs participate in quarterly partnership distributions and are generally not exchangeable into shares of Class A common stock.

Subsequent to the Spin-Off, limited partnership interests in BGC Holdings held by a partner or Cantor may become exchangeable for BGC Class A or BGC Class B common stock on a one-for-one basis, and limited partnership interests in Newmark Holdings held by a partner or Cantor may become exchangeable for a number of shares of Newmark Class A or Newmark Class B common stock equal to the number of limited partnership interests multiplied by the then-current Exchange Ratio. Because limited partnership interests are included in the Company's fully diluted share count, if dilutive, any exchange of limited partnership interests into shares of BGC Class A or BGC Class B common stock would not impact the fully diluted number of shares and units outstanding. Because these limited partnership interests generally receive quarterly allocations of net income, such exchange would have no significant impact on the cash flows or equity of the Company.

Each quarter, net income (loss) is allocated between the limited partnership interests and the Company's common stockholders. In quarterly periods in which the Company has a net loss, the loss allocation for FPUs, LPUs and Cantor units in BGC Holdings is allocated to Cantor and reflected as a component of "Net income (loss) attributable to noncontrolling interest in subsidiaries" in the Company's unaudited Condensed Consolidated Statements of Operations. In subsequent quarters in which the Company has net income, the initial allocation of income to the limited partnership interests in BGC Holdings is to Cantor and is recorded as "Net income (loss) attributable to noncontrolling interests in subsidiaries," to recover any losses taken in earlier quarters, with the remaining income allocated to the limited partnership interests. This income (loss) allocation process has no impact on the net income (loss) allocated to common stockholders.

3. Summary of Significant Accounting Policies

For a detailed discussion about the Company's significant accounting policies, see Note 3—"Summary of Significant Accounting Policies," in its consolidated financial statements included in Part II, Item 8 of the Annual Report on Form 10-K for the year ended December 31, 2021. During the six months ended June 30, 2022, there were no significant changes made to the Company's significant accounting policies.

4. Acquisitions

Futures Exchange Group

On July 30, 2021, the Company completed the purchase of the Futures Exchange Group for a purchase price of $4.9 million at closing, plus the cash held at closing by the Futures Exchange Group, and an earn-out, only payable out of the Company's portion of the profits of the Futures Exchange Group, capped at the amount Cantor contributed to the Futures Exchange Group prior to closing. There were no other acquisitions completed by the Company for the six months ended June 30, 2022 and the year ended December 31, 2021. For additional information, see Note 1—"Organization and Basis of Presentation."

Total Consideration

The total consideration for acquisitions for the year ended December 31, 2021 was $4.9 million in cash, plus the cash held at closing, to Cantor for the Futures Exchange Group acquisition, and an earn-out payable out of the Company's portion of the profits of the Futures Exchange Group, capped at the amount Cantor contributed to the Futures Exchange Group prior to closing.

Except where otherwise noted, the results of operations of the Company's acquisitions have been included in the Company's unaudited Condensed Consolidated Financial Statements subsequent to their respective dates of acquisition. The Company has made preliminary allocations of the consideration to the assets acquired and liabilities assumed as of the acquisition dates, and expects to finalize its analysis with respect to acquisitions within the first year after the completion of the respective transaction. Therefore, adjustments to preliminary allocations may occur.

5. Divestitures

On November 1, 2021, the Company successfully completed the Insurance Business Disposition and, after closing adjustments, received $534.9 million in gross cash proceeds, subject to limited post-closing adjustments. As a result of this sale, the Company recognized a $312.9 million gain, net of banking fees and compensation expenses, which was included in "Gains (losses) on divestitures and sale of investments" in the Company's Consolidated Statements of Operations for the year ended December 31, 2021. CF&Co served as advisor to the Company in connection with the transaction, and as a result, the banking fees included $4.4 million paid to Cantor upon closing of the transaction.

6. Earnings Per Share

U.S. GAAP guidance establishes standards for computing and presenting EPS. Basic EPS excludes dilution and is computed by dividing net income (loss) available to common stockholders by the weighted-average number of shares of common stock outstanding and contingent shares for which all necessary conditions have been satisfied except for the passage of time. Net income (loss) is allocated to the Company's outstanding common stock, FPUs, LPUs and Cantor units (see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings").

Basic Earnings Per Share:

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Basic earnings (loss) per share:				
Net income (loss) available to common stockholders	$ 14,762	$ 16,240	$ 40,734	$ 58,956
Basic weighted-average shares of common stock outstanding	375,613	384,902	371,988	379,639
Basic earnings (loss) per share	$ 0.04	$ 0.04	$ 0.11	$ 0.16

Fully Diluted Earnings Per Share:

Fully diluted EPS is calculated utilizing net income (loss) available to common stockholders plus net income allocations to the limited partnership interests as the numerator. The denominator comprises the Company's weighted-average number of outstanding BGC shares of common stock, including contingent shares of BGC common stock, and, if dilutive, the weighted-average number of limited partnership interests, including contingent units of BGC Holdings, and other contracts to issue shares of BGC common stock, including RSUs. The limited partnership interests generally are potentially exchangeable into shares of BGC Class A common stock (see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings") and are entitled to their pro-rata share of earnings after the deduction for the Preferred Distribution; as a result, they are included in the fully diluted EPS computation to the extent that the effect would be dilutive.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Fully diluted earnings (loss) per share				
Net income (loss) available to common stockholders	$ 14,762	$ 16,240	$ 40,734	$ 58,956
Allocations of net income (loss) to limited partnership interests, net of tax	4,948	7,020	12,614	26,007
Net income (loss) for fully diluted shares	$ 19,710	$ 23,260	$ 53,348	$ 84,963
Weighted-average shares:				
Common stock outstanding	375,613	384,902	371,988	379,639
Partnership units[1]	129,163	173,606	129,420	175,849
RSUs (Treasury stock method)	1,188	4,141	2,084	3,475
Other	1,041	1,274	1,117	1,247
Fully diluted weighted-average shares of common stock outstanding	507,005	563,923	504,609	560,210
Fully diluted earnings (loss) per share	$ 0.04	$ 0.04	$ 0.11	$ 0.15

1 Partnership units collectively include FPUs, LPUs, and Cantor units (see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings" for more information).

For the three and six months ended June 30, 2022, 1.8 million and 0.5 million of potentially dilutive securities, respectively, were excluded from the computation of fully diluted EPS because their effect would have been anti-dilutive. Anti-dilutive securities for both the three and six months ended June 30, 2022, comprised RSUs. For the three and six months ended June 30, 2021, 31 thousand and 0.1 million of potentially dilutive securities, respectively, were excluded from the computation of fully diluted EPS because their effect would have been anti-dilutive. Anti-dilutive securities for both the three and six months ended June 30, 2021, comprised RSUs.

As of June 30, 2022 and 2021, approximately 41.9 million and 31.4 million shares, respectively, of contingent shares of BGC Class A common stock, N units, RSUs, and LPUs were excluded from the fully diluted EPS computations because the conditions for issuance had not been met by the end of the respective periods.

7. Stock Transactions and Unit Redemptions

Class A Common Stock

Changes in shares of BGC Class A common stock outstanding were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Shares outstanding at beginning of period	326,563	334,364	317,023	323,018
Share issuances:				
Redemptions/exchanges of limited partnership interests[1]	5,071	30,156	11,714	40,587
Vesting of RSUs	589	360	2,571	1,728
Acquisitions	274	537	1,186	787
Other issuances of BGC Class A common stock	339	5	342	266
Restricted stock forfeitures	(4)	(84)	(4)	(84)
Treasury stock repurchases	(8,745)	(16,543)	(8,745)	(17,507)
Shares outstanding at end of period	324,087	348,795	324,087	348,795

1 Included in redemptions/exchanges of limited partnership interests for the three months ended June 30, 2022 and 2021 are 4.7 million shares of BGC Class A common stock granted in connection with the cancellation of 4.8 million LPUs, and 13.8 million shares of BGC Class A common stock granted in connection with the cancellation of 14.6 million LPUs, respectively. Included in redemptions/exchanges of limited partnership interests for the six months ended June 30, 2022 and 2021 are 7.9 million shares of BGC Class A common stock granted in connection with the cancellation of 8.1 million LPUs, and 15.4 million shares of BGC Class A common stock granted in connection with the cancellation of 16.3 million LPUs, respectively. Because LPUs are included in the Company's fully diluted share count, if dilutive, redemptions/exchanges in connection with the issuance of BGC Class A common stock would not impact the fully diluted number of shares outstanding.

Class B Common Stock

The Company did not issue any shares of BGC Class B common stock during the three and six months ended June 30, 2022 and 2021. As of June 30, 2022 and December 31, 2021, there were 45.9 million shares of BGC Class B common stock outstanding.

CEO Program

On March 9, 2018, the Company filed a CEO program shelf registration statement on Form S-3 (the "March 2018 Form S-3") and entered into the March 2018 Sales Agreement, pursuant to which the Company could offer and sell up to an aggregate of $300.0 million of shares of BGC Class A common stock under the CEO Program. CF&Co is a wholly-owned subsidiary of Cantor and an affiliate of the Company. Under the March 2018 Sales Agreement, the Company agreed to pay CF&Co 2% of the gross proceeds from the sale of shares. The March 2018 Form S-3 and the March 2018 Sales Agreement expired in September 2021. As of the date of expiration, the Company had sold 17.6 million shares of BGC Class A common stock (or $210.8 million) under the March 2018 Sales Agreement. For additional information on the Company's CEO Program sales agreements, see Note 14—"Related Party Transactions." On March 8, 2021, the Company filed a new CEO Program shelf registration statement on Form S-3 with respect to the issuance and sale of up to an aggregate of $300.0 million of shares of BGC Class A common stock from time to time on a delayed or continuous basis (the "March 2021 Form S-3"). See Note 27—"Subsequent Events" for additional information regarding the new shelf registration statement filed by the Company for the CEO Program.

Unit Redemptions and Share Repurchase Program

The Company's Board and Audit Committee have authorized repurchases of BGC Class A common stock and redemptions of limited partnership interests or other equity interests in the Company's subsidiaries. On August 3, 2021, the Company's Board and Audit Committee increased the BGC Partners share repurchase and unit redemption authorization to $400.0 million, which may include purchases from Cantor, its partners or employees or other affiliated persons or entities. As of June 30, 2022, the Company had $158.4 million remaining from its share repurchase and unit redemption authorization. From time to time, the Company may actively continue to repurchase shares and/or redeem units.

The tables below represent the units redeemed and/or shares repurchased for cash and does not include units redeemed/cancelled in connection with the grant of shares of BGC Class A common stock nor the limited partnership interests exchanged for shares of BGC Class A common stock. The gross unit redemptions and share repurchases of BGC Class A common stock during the three and six months ended June 30, 2022 were as follows (in thousands, except for weighted-average price data):

Period	Total Number of Units Redeemed or Shares Repurchased		Weighted-Average Price Paid per Unit or Share		Approximate Dollar Value of Units and Shares That May Yet Be Redeemed/ Purchased Under the Program
Redemptions[1,2]					
January 1, 2022—March 31, 2022	43	$	4.01		
April 1, 2022—June 30, 2022	1,010	$	3.81		
Total Redemptions	1,053	$	3.82		
Repurchases[3,4]					
January 1, 2022—March 31, 2022	—	$	—		
April 1, 2022 - April 30, 2022	—	$	—		
May 1, 2022 - May 31, 2022	1,150	$	3.70		
June 1, 2022 - June 30, 2022	7,595	$	3.31		
Total Repurchases	8,745	$	3.36		
Total Redemptions and Repurchases	9,798	$	3.41	$	158,404

1. During the three months ended June 30, 2022, the Company redeemed 1.0 million LPUs at an aggregate redemption price of $3.7 million for a weighted-average price of $3.84 per unit. During the three months ended June 30, 2022, the Company redeemed 40 thousand FPUs at an aggregate redemption price of $0.1 million for a weighted-average price of $2.94 per unit. The table above does not include units redeemed/cancelled in connection with the grant of 4.7 million shares of BGC Class A common stock during the three months ended June 30, 2022, nor the limited partnership interests exchanged for 0.7 million shares of BGC Class A common stock during the three months ended June 30, 2022.
2. During the six months ended June 30, 2022, the Company redeemed 1.0 million LPUs at an aggregate redemption price of $3.8 million for a weighted-average price of $3.85 per unit. During the six months ended June 30, 2022, the Company redeemed 0.1 million FPUs at an aggregate redemption price of $0.2 million for a weighted-average of $3.33 per unit. The table above does not include units redeemed/cancelled in connection with the grant of 7.9 million shares of BGC Class A common stock during the six months ended June 30, 2022, nor the limited partnership interests exchanged for 4.5 million shares of BGC Class A common stock during the six months ended June 30, 2022.
3 During the three months ended June 30, 2022, the Company repurchased 8.7 million shares of BGC Class A common stock at an aggregate price of $29.4 million for a weighted-average price of $3.36 per share.
4 During the six months ended June 30, 2022, the Company repurchased 8.7 million shares of BGC Class A common stock at an aggregate price of $29.4 million for a weighted-average price of $3.36 per share.

The gross unit redemptions and share repurchases of BGC Class A common stock during the three and six months ended June 30, 2021 were as follows (in thousands, except for weighted-average price data):

Period	Total Number of Units Redeemed or Shares Repurchased		Weighted-Average Price Paid per Unit or Share		Approximate Dollar Value of Units and Shares That May Yet Be Redeemed/ Purchased Under the Program
Redemptions[1,2]					
January 1, 2021—March 31, 2021	20	$	4.40		
April 1, 2021—June 30, 2021	4,715	$	5.82		
Total Redemptions	4,735	$	5.82		
Repurchases[3,4]					
January 1, 2021—March 31, 2021	965	$	4.56		
April 2, 2021 - April 30, 2021	2	$	5.29		
May 1, 2021 - May 31, 2021	1,018	$	5.59		
June 1, 2021 - June 30, 2021	15,522	$	6.29		
Total Repurchases	17,507	$	6.16		
Total Redemptions and Repurchases	22,242	$	6.08	$	114,584

1 During the three months ended June 30, 2021, the Company redeemed 4.7 million LPUs at an aggregate redemption price of $27.3 million for a weighted-average price of $5.84 per unit. During the three months ended June 30, 2021, the Company redeemed 44 thousand FPUs at an aggregate redemption price of $0.2 million for an average price of $4.06 per unit. The table above does not include units redeemed/cancelled in connection with the grant of 13.8 million shares of BGC Class A common stock during the three months ended June 30, 2021, nor the limited partnership interests exchanged for 16.8 million shares of BGC Class A common stock during the three months ended June 30, 2021.

2 During the six months ended June 30, 2021, the Company redeemed 4.7 million LPUs at an aggregate redemption price of $27.3 million for a weighted-average price of $5.83 per unit. During the six months ended June 30, 2021, the Company redeemed 0.1 million FPUs at an aggregate redemption price of $0.2 million for a weighted-average price of $4.11 per unit. The table above does not include units redeemed/cancelled in connection with the grant of 15.4 million shares of BGC Class A common stock during the six months ended June 30, 2021, nor the limited partnership interests exchanged for 25.9 million shares of BGC Class A common stock during the six months ended June 30, 2021.

3 During the three months ended June 30, 2021, the Company repurchased 16.5 million shares of BGC Class A common stock at an aggregate price of $103.4 million for a weighted-average price of $6.25 per share.

4 During the six months ended June 30, 2021, the Company repurchased 17.5 million shares of BGC Class A common stock at an aggregate price of $107.8 million for a weighted-average price of $6.16 per share.

Redeemable Partnership Interest

The changes in the carrying amount of FPUs were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Balance at beginning of period	$ 17,786	$ 19,989	$ 18,761	$ 20,674
Consolidated net income allocated to FPUs	253	438	721	958
Earnings distributions	(465)	(520)	(1,539)	(520)
FPUs exchanged	(380)	(253)	(719)	(509)
FPUs redeemed	(748)	(72)	(778)	(1,021)
Balance at end of period	$ 16,446	$ 19,582	$ 16,446	$ 19,582

8. Securities Owned

Securities owned primarily consist of unencumbered U.S. Treasury bills held for liquidity purposes. Total Securities owned were $39.2 million and $40.8 million as of June 30, 2022 and December 31, 2021, respectively. For additional information, see Note 13—"Fair Value of Financial Assets and Liabilities."

9. Collateralized Transactions

Repurchase Agreements

Securities sold under Repurchase Agreements are accounted for as collateralized financing transactions and are recorded at the contractual amount for which the securities will be repurchased, including accrued interest. As of June 30, 2022, the Company facilitated $0.9 million of Repurchase Agreements for the purpose of financing fails. U.S. Treasury or other fixed income securities were provided to Cantor as collateral for the fair value of the Repurchase Agreements. These Repurchase Agreements had a maturity date of July 1, 2022. As of December 31, 2021, the Company had not facilitated any Repurchase Agreements for the purpose of financing fails.

10. Marketable Securities

Marketable securities consist of the Company's ownership of equity securities carried at fair value in accordance with ASU 2016-01. The securities had a fair value of $0.3 million and $0.4 million as of June 30, 2022 and December 31, 2021, respectively.

These marketable securities are measured at fair value, with any changes in fair value recognized in earnings and included in "Other income (loss)" in the Company's unaudited Condensed Consolidated Statements of Operations. The Company recognized unrealized net losses of $0.1 million and unrealized net gains of $21 thousand for the three months ended June 30, 2022 and 2021, respectively, related to the mark-to-market adjustments on shares and any related hedging transactions, when applicable. The Company recognized unrealized net losses of $0.1 million and unrealized net gains of $10 thousand for the six months ended June 30, 2022 and 2021, respectively, related to the mark-to-market adjustments on shares and any related hedging transactions, when applicable.

During the six months ended June 30, 2022 and 2021, the Company did not sell and did not purchase any marketable securities.

11. Receivables from and Payables to Broker-Dealers, Clearing Organizations, Customers and Related Broker-Dealers

Receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers primarily represent amounts due for undelivered securities, cash held at clearing organizations and exchanges to facilitate settlement and clearance of matched principal transactions, spreads on matched principal transactions that have not yet been remitted from/to clearing organizations and exchanges and amounts related to open derivative contracts (see Note 12—"Derivatives"). As of June 30, 2022 and December 31, 2021, Receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers consisted of the following (in thousands):

	June 30, 2022	December 31, 2021
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers[1]:		
Contract values of fails to deliver	$ 2,184,971	$ 640,696
Receivables from clearing organizations	138,541	118,979
Other receivables from broker-dealers and customers	17,869	14,386
Net pending trades	7,253	5,506
Open derivative contracts	10,419	2,879
Total	$ 2,359,053	$ 782,446
Payables to broker-dealers, clearing organizations, customers and related broker-dealers[1]:		
Contract values of fails to receive	$ 2,086,514	$ 617,018
Payables to clearing organizations	65,089	22,679
Other payables to broker-dealers and customers	14,471	13,732
Open derivative contracts	7,217	2,849
Total	$ 2,173,291	$ 656,278

1 Includes receivables and payables with Cantor. See Note 14—"Related Party Transactions" for additional information.

Substantially all open fails to deliver, open fails to receive and pending trade transactions as of June 30, 2022 have subsequently settled at the contracted amounts.

12. Derivatives

In the normal course of operations, the Company enters into derivative contracts to facilitate client transactions, hedge principal positions and facilitate hedging activities of affiliated companies. These derivative contracts primarily consist of FX swaps, FX/commodities options, futures and forwards.

Derivative contracts can be exchange-traded or OTC. Exchange-traded derivatives typically fall within Level 1 or Level 2 of the fair value hierarchy depending on whether they are deemed to be actively traded or not. The Company generally values exchange-traded derivatives using their closing prices. OTC derivatives are valued using market transactions and other market evidence whenever possible, including market-based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. For OTC derivatives that trade in liquid markets, such as forwards, swaps and options, model inputs can generally be verified and model selection does not involve significant management judgment. Such instruments are typically classified within Level 2 of the fair value hierarchy.

The Company does not designate any derivative contracts as hedges for accounting purposes. U.S. GAAP guidance requires that an entity recognize all derivative contracts as either assets or liabilities in the 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 fair value of derivative contracts, computed in accordance with the Company's netting policy, is set forth below (in thousands):

	June 30, 2022			December 31, 2021		
Derivative contract	Assets	Liabilities	Notional Amounts[1]	Assets	Liabilities	Notional Amounts[1]
Forwards	$ 837	$ 656	$ 262,815	$ 392	$ 419	$ 207,966
FX swaps	9,582	6,083	806,973	2,487	1,490	571,280
Futures	—	478	1,703,081	—	940	3,914,813
Total	$ 10,419	$ 7,217	$ 2,772,869	$ 2,879	$ 2,849	$ 4,694,059

1 Notional amounts represent the sum of gross long and short derivative contracts, an indication of the volume of the Company's derivative activity, and do not represent anticipated losses.

Certain of the Company's FX swaps are with Cantor. See Note 14—"Related Party Transactions," for additional information related to these transactions.

The replacement costs of contracts in a gain position were $10.4 million and $2.9 million, as of June 30, 2022 and December 31, 2021, respectively.

The following tables present information about the offsetting of derivative instruments (in thousands):

	June 30, 2022		
	Gross Amounts	Gross Amounts Offset	Net Amounts Presented in the Statements of Financial Condition[1]
Assets			
Forwards	$ 1,042	$ (205)	$ 837
FX swaps	10,245	(663)	9,582
Futures	103,886	(103,886)	—
Total derivative assets	$ 115,173	$ (104,754)	$ 10,419
Liabilities			
FX swaps	$ 6,746	$ (663)	$ 6,083
Forwards	861	(205)	656
Futures	104,364	(103,886)	478
Total derivative liabilities	$ 111,971	$ (104,754)	$ 7,217

	December 31, 2021		
	Gross Amounts	Gross Amounts Offset	Net Amounts Presented in the Statements of Financial Condition[1]
Assets			
Forwards	$ 452	$ (60)	$ 392
FX swaps	3,025	(538)	2,487
Futures	70,497	(70,497)	—
Total derivative assets	$ 73,974	$ (71,095)	$ 2,879
Liabilities			
FX swaps	$ 2,028	$ (538)	$ 1,490
Forwards	479	(60)	419
Futures	71,437	(70,497)	940
Total derivative liabilities	$ 73,944	$ (71,095)	$ 2,849

[1] There were no additional balances in gross amounts not offset as of June 30, 2022 and December 31, 2021.

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 change in fair value of equity options related to marketable securities is included as part of "Other income (loss)" in the Company's unaudited Condensed Consolidated Statements of Operations.

The table below summarizes gains and (losses) on derivative contracts (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
Derivative contract	**2022**	**2021**	**2022**	**2021**
Futures	$ 3,832	$ 3,321	$ 8,241	$ 7,155
FX swaps	601	140	930	138
FX/commodities options	48	78	148	164
Forwards	—	(63)	—	(28)
Gains, net	$ 4,481	$ 3,476	$ 9,319	$ 7,429

13. Fair Value of Financial Assets and Liabilities

Fair Value Measurements on a Recurring Basis

U.S. GAAP guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 measurements—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 measurements—Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 measurements—Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

As required by U.S. GAAP guidance, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following tables set forth by level within the fair value hierarchy financial assets and liabilities accounted for at fair value under U.S. GAAP guidance (in thousands):

	Assets at Fair Value at June 30, 2022				
	Level 1	**Level 2**	**Level 3**	**Netting and Collateral**	**Total**
Marketable securities	$ 293	$ —	$ —	$ —	$ 293
Securities owned—Government debt	37,918	—	—	—	37,918
Securities owned—Equities	787	—	—	—	787
Securities owned—Corporate bonds	—	445	—	—	445
Forwards	—	1,042	—	(205)	837
FX swaps	—	10,245	—	(663)	9,582
Futures	—	103,886	—	(103,886)	—
Total	$ 38,998	$ 115,618	$ —	$ (104,754)	$ 49,862

	Liabilities at Fair Value at June 30, 2022				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
FX swaps	$ —	$ 6,746	$ —	$ (663)	$ 6,083
Forwards	—	861	—	(205)	656
Futures	—	104,364	—	(103,886)	478
Contingent consideration	—	—	22,791	—	22,791
Total	$ —	$ 111,971	$ 22,791	$ (104,754)	$ 30,008

	Assets at Fair Value at December 31, 2021				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Marketable securities	$ 406	$ —	$ —	$ —	$ 406
Securities owned—Government debt	40,602	—	—	—	40,602
Securities owned—Equities	235	—	—	—	235
Securities owned—Corporate bonds	—	1	—	—	1
Forwards	—	452	—	(60)	392
FX swaps	—	3,025	—	(538)	2,487
Futures	—	70,497	—	(70,497)	—
Total	$ 41,243	$ 73,975	$ —	$ (71,095)	$ 44,123

	Liabilities at Fair Value at December 31, 2021				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Futures	$ —	$ 71,437	$ —	$ (70,497)	$ 940
FX swaps	—	2,028	—	(538)	1,490
Forwards	—	479	—	(60)	419
Contingent consideration	—	—	29,756	—	29,756
Total	$ —	$ 73,944	$ 29,756	$ (71,095)	$ 32,605

Level 3 Financial Liabilities

Changes in Level 3 liabilities measured at fair value on a recurring basis for the three months ended June 30, 2022 were as follows (in thousands):

							Unrealized (gains) losses for the period included in:	
	Opening Balance at April 1, 2022	Total realized and unrealized (gains) losses included in Net income (loss)[1]	Unrealized (gains) losses included in Other comprehensive income (loss)[2]	Purchases/ Issuances	Sales/ Settlements	Closing Balance at June 30, 2022	Net income (loss) on Level 3 Assets / Liabilities Outstanding at June 30, 2022	Other comprehensive income (loss) on Level 3 Assets / Liabilities Outstanding at June 30, 2022
Liabilities								
Accounts payable, accrued and other liabilities:								
Contingent consideration	$ 27,854	$ (679)	$ —	$ —	$ (4,384)	$ 22,791	$ (679)	$ —

1 Realized and unrealized gains (losses) are reported in “Other expenses” and “Other income (loss),” as applicable, in the Company’s unaudited Condensed Consolidated Statements of Operations.

2 Unrealized gains (losses) are reported in “Foreign currency translation adjustments,” in the Company’s unaudited Condensed Consolidated Statements of Comprehensive Income (Loss).

Changes in Level 3 liabilities measured at fair value on a recurring basis for the three months ended June 30, 2021 were as follows (in thousands):

	Opening Balance at April 1, 2021	Total realized and unrealized (gains) losses included in Net income (loss)[1]	Unrealized (gains) losses included in Other comprehensive income (loss)[2]	Purchases/ Issuances	Sales/ Settlements	Closing Balance at June 30, 2021	Unrealized (gains) losses for the period included in: Net income (loss) on Level 3 Assets / Liabilities Outstanding at June 30, 2021	Unrealized (gains) losses for the period included in: Other comprehensive income (loss) on Level 3 Assets / Liabilities Outstanding at June 30, 2021
Liabilities								
Accounts payable, accrued and other liabilities:								
Contingent consideration	$ 40,056	$ 838	$ —	$ —	$ (7,919)	$ 32,975	$ 838	$ —

1 Realized and unrealized gains (losses) are reported in “Other expenses” and “Other income (loss),” as applicable, in the Company’s unaudited Condensed Consolidated Statements of Operations.

2 Unrealized gains (losses) are reported in “Foreign currency translation adjustments,” in the Company’s unaudited Condensed Consolidated Statements of Comprehensive Income (Loss).

Changes in Level 3 liabilities measured at fair value on a recurring basis for the six months ended June 30, 2022 were as follows (in thousands):

	Opening Balance at January 1, 2022	Total realized and unrealized (gains) losses included in Net income (loss)[1]	Unrealized (gains) losses included in Other comprehensive income (loss)[2]	Purchases/ Issuances	Sales/ Settlements	Closing Balance at June 30, 2022	Unrealized (gains) losses for the period included in: Net income (loss) on Level 3 Assets / Liabilities Outstanding at June 30, 2022	Unrealized (gains) losses for the period included in: Other comprehensive income (loss) on Level 3 Assets / Liabilities Outstanding at June 30, 2022
Liabilities								
Accounts payable, accrued and other liabilities:								
Contingent consideration	$ 29,756	$ (454)	$ —	$ —	$ (6,511)	$ 22,791	$ (454)	$ —

1 Realized and unrealized gains (losses) are reported in “Other expenses” and “Other income (loss),” as applicable, in the Company’s unaudited Condensed Consolidated Statements of Operations.

2 Unrealized gains (losses) are reported in “Foreign currency translation adjustments,” in the Company’s unaudited Condensed Consolidated Statements of Comprehensive Income (Loss).

Changes in Level 3 liabilities measured at fair value on a recurring basis for the six months ended June 30, 2021 were as follows (in thousands):

	Opening Balance at January 1, 2021	Total realized and unrealized (gains) losses included in Net income (loss)[1]	Unrealized (gains) losses included in Other comprehensive income (loss)[2]	Purchases/ Issuances	Sales/ Settlements	Closing Balance at June 30, 2021	Unrealized (gains) losses for the period included in: Net income (loss) on Level 3 Assets / Liabilities Outstanding at June 30, 2021	Unrealized (gains) losses for the period included in: Other comprehensive income (loss) on Level 3 Assets / Liabilities Outstanding at June 30, 2021
Liabilities								
Accounts payable, accrued and other liabilities:								
Contingent consideration	$ 39,791	$ 1,939	$ —	$ —	$ (8,755)	$ 32,975	$ 1,939	$ —

1 Realized and unrealized gains (losses) are reported in “Other expenses” and “Other income (loss),” as applicable, in the Company’s unaudited Condensed Consolidated Statements of Operations.

2 Unrealized gains (losses) are reported in “Foreign currency translation adjustments,” in the Company’s unaudited Condensed Consolidated Statements of Comprehensive Income (Loss).

Quantitative Information About Level 3 Fair Value Measurements on a Recurring Basis

The following tables present quantitative information about the significant unobservable inputs utilized by the Company in the fair value measurement of Level 3 liabilities measured at fair value on a recurring basis (in thousands):

	Fair Value as of June 30, 2022: Assets	Fair Value as of June 30, 2022: Liabilities	Valuation Technique	Unobservable Inputs	Range	Weighted Average
				Discount rate[1]	6.8%-10.3%	9.9%
Contingent consideration	$ —	$ 22,791	Present value of expected payments	Probability of meeting earnout and contingencies	5%-100%	70.5%[2]

1 The discount rate is based on the Company’s calculated weighted-average cost of capital.

2 The probability of meeting the earnout targets was based on the acquirees’ projected future financial performance, including revenues.

	Fair Value as of December 31, 2021: Assets	Fair Value as of December 31, 2021: Liabilities	Valuation Technique	Unobservable Inputs	Range	Weighted Average
				Discount rate[1]	6.8%-10.3%	9.8%
Contingent consideration	$ —	$ 29,756	Present value of expected payments	Probability of meeting earnout and contingencies	11%-100%	71.8%[2]

1 The discount rate is based on the Company’s calculated weighted-average cost of capital.

2 The probability of meeting the earnout targets was based on the acquirees’ projected future financial performance, including revenues.

Information About Uncertainty of Level 3 Fair Value Measurements

The significant unobservable inputs used in the fair value of the Company’s contingent consideration are the discount rate and forecasted financial information. Significant increases (decreases) in the discount rate would have resulted in a significantly lower (higher) fair value measurement. Significant increases (decreases) in the forecasted financial information would have resulted in a significantly higher (lower) fair value measurement. As of June 30, 2022 and December 31, 2021, the present value of expected payments related to the Company’s contingent consideration was $22.8 million and $29.8 million, respectively. The undiscounted value of the payments, assuming that all contingencies are met, would be $33.7 million and $40.6 million, as of June 30, 2022 and December 31, 2021, respectively.

Fair Value Measurements on a Non-Recurring Basis

Pursuant to the recognition and measurement guidance for equity investments, effective January 1, 2018, equity investments carried under the measurement alternative are remeasured at fair value on a non-recurring basis to reflect observable transactions which occurred during the period. The Company applied the measurement alternative to equity securities with the fair value of $83.9 million and $82.0 million, which were included in "Other assets" in the Company's unaudited Condensed Consolidated Statements of Financial Condition as of June 30, 2022 and December 31, 2021, respectively. These investments are classified within Level 2 in the fair value hierarchy, because their estimated fair value is based on valuation methods using the observable transaction price at the transaction date.

14. Related Party Transactions

Service Agreements

Throughout Europe and Asia, the Company provides Cantor with administrative services, technology services and other support for which it charges Cantor based on the cost of providing such services plus a mark-up, generally 7.5%. In the U.K., the Company provides these services to Cantor through Tower Bridge. The Company owns 52% of Tower Bridge and consolidates it, and Cantor owns 48%. Cantor's interest in Tower Bridge is reflected as a component of "Noncontrolling interest in subsidiaries" in the Company's 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 (loss) 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 service recipient generally indemnifies the service provider for liabilities that it incurs arising from the provision of services other than liabilities arising from fraud or willful misconduct of the service provider. In accordance with the administrative service agreement, the Company has not recognized any liabilities related to services provided to affiliates.

For the three months ended June 30, 2022 and 2021, Cantor's share of the net profit (loss) in Tower Bridge was $(0.4) million and $0.5 million, respectively. For the six months ended June 30, 2022 and 2021, Cantor's share of the net profit (loss) in Tower Bridge was $(0.2) million and $0.6 million, respectively. This net profit is included as part of "Net income (loss) attributable to noncontrolling interest in subsidiaries" in the Company's unaudited Condensed Consolidated Statements of Operations.

On September 21, 2018, the Company entered into agreements to provide a guarantee and related obligation to Tower Bridge in connection with an office lease for the Company's headquarters in London. The Company is obligated to guarantee the obligations of Tower Bridge in the event of certain defaults under the applicable lease and ancillary arrangements. In July 2018, the Audit Committee also authorized management of the Company to enter into similar guarantees or provide other forms of credit support to Tower Bridge or other affiliates of the Company from time to time in the future in similar circumstances and on similar terms and conditions.

For the three months ended June 30, 2022 and 2021, the Company recognized related party revenues of $3.6 million and $4.2 million, respectively, for the services provided to Cantor. For the six months ended June 30, 2022 and 2021, the Company recognized related party revenues of $6.9 million and $8.0 million, respectively, for the services provided to Cantor. 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 administrative services agreement whereby certain employees of Cantor are deemed leased employees of the Company. For the three months ended June 30, 2022 and 2021, the Company was charged $20.3 million and $20.0 million, respectively, for the services provided by Cantor and its affiliates, of which $14.3 million and $15.5 million, respectively, were to cover compensation to leased employees for these periods. For the six months ended June 30, 2022 and 2021, the Company was charged $41.5 million and $41.1 million, respectively, for the services provided by Cantor and its affiliates, of which $29.8 million and $31.4 million, respectively, were to cover compensation to leased employees for these periods. The fees charged by Cantor for administrative and support services, other than those to cover the compensation costs of leased employees, are included as part of "Fees to related parties" in the Company's unaudited Condensed Consolidated Statements of Operations. The fees charged by Cantor to cover the compensation costs of leased employees are included as part of "Compensation and employee benefits" in the Company's unaudited Condensed Consolidated Statements of Operations.

Purchase of Futures Exchange Group

On July 30, 2021, the Company completed the purchase of the Futures Exchange Group for a purchase price of $4.9 million at closing, plus the cash held at closing by the Futures Exchange Group, and an earn-out, only payable out of the Company's portion of the profits of the Futures Exchange Group, capped at the amount Cantor contributed to the Futures Exchange Group prior to closing. The transaction has been accounted for as a transaction between entities under common control.

As part of the purchase of the Futures Exchange Group, Cantor has agreed to indemnify the Company for certain expenses arising at the Futures Exchange Group up to a maximum of $1.0 million. As of June 30, 2022 and December 31, 2021, the Company had recorded assets of $1.0 million and $0.4 million, respectively, in the Company's unaudited Condensed Consolidated Statements of Financial Condition for this indemnity.

In addition, the Futures Exchange Group received capital contributions from Cantor of $5.3 million for the year ended December 31, 2021. These capital contributions were made prior to BGC's acquisition of the Futures Exchange Group. There were no capital contributions received from Cantor by the Futures Exchange Group for the three and six months ended June 30, 2022.

Newmark Spin-Off

The Separation and Distribution Agreement sets forth the agreements among BGC, Cantor, Newmark and their respective subsidiaries. For additional information, see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings," and Note 1—"Organization and Basis of Presentation," Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings" and Note 14—"Related Party Transactions" to our consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2021.

Subsequent to the Spin-Off, there are remaining partners who hold limited partnership interests in BGC Holdings who are Newmark employees, and there are remaining partners who hold limited partnership interests in Newmark Holdings who are BGC employees. These limited partnership interests represent interests that were held prior to the Newmark IPO or were distributed in connection with the Separation. Following the Newmark IPO, employees of BGC and Newmark only receive limited partnership interests in BGC Holdings and Newmark Holdings, respectively. As a result of the Spin-Off, as the existing limited partnership interests in BGC Holdings held by Newmark employees and the existing limited partnership interests in Newmark Holdings held by BGC employees are exchanged/redeemed, the related capital can be contributed to and from Cantor, respectively.

Clearing Agreement with Cantor

The Company receives certain clearing services from Cantor pursuant to its clearing agreement. These clearing services are provided in exchange for payment by the Company of third-party clearing costs and allocated costs. The costs associated with these payments are included as part of "Fees to related parties" in the Company's unaudited Condensed Consolidated Statements of Operations. The costs for these services are included as part of the charges to BGC for services provided by Cantor and its affiliates as discussed in "Service Agreements" above.

Other Agreements with Cantor

The Company is authorized to enter into short-term arrangements with Cantor to cover any delivery failures in connection with U.S. Treasury securities transactions and to share equally in any net income resulting from such transactions, as well as any similar clearing and settlement issues. As of June 30, 2022, Cantor facilitated $0.9 million in Repurchase Agreements between the Company and Cantor. As of December 31, 2021, Cantor had not facilitated any Repurchase Agreements between the Company and Cantor.

To more effectively manage the Company's exposure to changes in FX rates, the Company and Cantor have agreed to jointly manage the exposure. As a result, the Company is authorized to divide the quarterly allocation of any profit or loss relating to FX currency hedging between the Company and Cantor. The amount allocated to each party is based on the total net exposure for the Company and Cantor. The ratio of gross exposures of the Company and Cantor is utilized to determine the shares of profit or loss allocated to each for the period. For the three months ended June 30, 2022 and 2021, the Company recognized its share of FX gains of $2.4 million and FX losses of $0.2 million, respectively. For the six months ended June 30, 2022 and 2021, the Company recognized its share of FX gains of $2.0 million and FX losses of $23 thousand, respectively.

These gains are included as part of “Other expenses” in the Company’s unaudited Condensed Consolidated Statements of Operations.

Pursuant to the separation agreement relating to the Company’s acquisition of certain BGC businesses from Cantor in 2008, Cantor has a right, subject to certain conditions, to be the Company’s customer and to pay the lowest commissions paid by any other customer, whether by volume, dollar or other applicable measure. In addition, Cantor has an unlimited right to internally use market data from the Company without any cost. Any future related-party transactions or arrangements between the Company and Cantor are subject to the prior approval by the Audit Committee. During the three months ended June 30, 2022 and 2021, the Company recorded revenues from Cantor entities of $0.1 million and $37 thousand, respectively, related to commissions paid to the Company by Cantor. For the six months ended June 30, 2022 and 2021, the Company recorded revenues from Cantor entities of $0.2 million and $0.1 million, respectively, related to commissions paid to the Company by Cantor. These revenues are included as part of “Commissions” in the Company’s unaudited Condensed Consolidated Statements of Operations.

The Company and Cantor are authorized to utilize each other’s brokers to provide brokerage services for securities not brokered by such entity, so long as, unless otherwise agreed, such brokerage services were provided in the ordinary course and on terms no less favorable to the receiving party than such services are provided to typical third-party customers.

In August 2013, the Audit Committee authorized the Company to invest up to $350.0 million in an asset-backed commercial paper program for which certain Cantor entities serve as placement agent and referral agent. The program issues short-term notes to money market investors and is expected to be used by the Company from time to time as a liquidity management vehicle. The notes are backed by assets of highly rated banks. The Company is entitled to invest in the program so long as the program meets investment policy guidelines, including policies related to ratings. Cantor will earn a spread between the rate it receives from the short-term note issuer and the rate it pays to the Company on any investments in this program. This spread will be no greater than the spread earned by Cantor for placement of any other commercial paper note in the program. As of both June 30, 2022 and December 31, 2021, the Company did not have any investments in the program.

On June 5, 2015, the Company entered into the Exchange Agreement with Cantor providing Cantor, CFGM and other Cantor affiliates entitled to hold BGC Class B common stock the right to exchange from time to time, on a one-to-one basis, subject to adjustment, up to an aggregate of 34.6 million shares of BGC Class A common stock now owned or subsequently acquired by such Cantor entities for up to an aggregate of 34.6 million shares of BGC Class B common stock. Such shares of BGC Class B common stock, which currently can be acquired upon the exchange of Cantor units owned in BGC Holdings, are already included in the Company’s fully diluted share count and will not increase Cantor’s current maximum potential voting power in the common equity. The Exchange Agreement enabled the Cantor entities to acquire the same number of shares of BGC Class B common stock that they were already entitled to acquire without having to exchange its Cantor units in BGC Holdings. The Audit Committee and Board determined that it was in the best interests of the Company and its stockholders to approve the Exchange Agreement because it will help ensure that Cantor retains its units in BGC Holdings, which is the same partnership in which the Company’s partner employees participate, thus continuing to align the interests of Cantor with those of the partner employees.

On November 23, 2018, in the Class B Issuance, BGC Partners issued 10.3 million shares of BGC Partners Class B common stock to Cantor and 0.7 million shares of BGC Partners Class B common stock to CFGM, in each case in exchange for shares of BGC Class A common stock owned by Cantor and CFGM, respectively, on a one-to-one basis pursuant to the Exchange Agreement. Pursuant to the Exchange Agreement, no additional consideration was paid to BGC Partners by Cantor or CFGM for the Class B Issuance. Following this exchange, Cantor and its affiliates have the right to exchange under the Exchange Agreement up to an aggregate of 23.6 million shares of BGC Class A common stock, now owned or subsequently acquired, or its Cantor units in BGC Holdings, into shares of BGC Class B common stock. As of June 30, 2022, Cantor and CFGM do not own any shares of BGC Class A common stock.

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

On March 19, 2018, the Company entered into the BGC Credit Agreement with Cantor. The BGC Credit Agreement provides for each party and certain of its subsidiaries to issue loans to the other party or any of its subsidiaries in the lender’s discretion in an aggregate principal amount up to $250.0 million outstanding at any time. The BGC Credit Agreement replaced the previous Credit Facility between BGC and an affiliate of Cantor. On August 6, 2018, the Company entered into an amendment to the BGC Credit Agreement, which increased the aggregate principal amount that could be loaned to the other party or any of its subsidiaries from $250.0 million to $400.0 million that can be outstanding at any time. The BGC Credit Agreement will mature on the earlier to occur of (a) March 19, 2023, after which the maturity date of the BGC Credit

Agreement will continue to be extended for successive one-year periods unless prior written notice of non-extension is given by a lending party to a borrowing party at least six months in advance of such renewal date and (b) the termination of the BGC Credit Agreement by either party pursuant to its terms. The outstanding amounts under the BGC Credit Agreement will bear interest for any rate period at a per annum rate equal to the higher of BGC's or Cantor's short-term borrowing rate in effect at such time plus 1.00%. As of both June 30, 2022 and December 31, 2021, there were no borrowings by BGC or Cantor outstanding under this Agreement. The Company did not record any interest expense related to the Agreement for the three and six months ended June 30, 2022 and 2021.

As part of the Company's cash management process, the Company may enter into tri-party reverse repurchase agreements and other short-term investments, some of which may be with Cantor. As of both June 30, 2022 and December 31, 2021, the Company had no reverse repurchase agreements outstanding.

Receivables from and Payables to Related Broker-Dealers

Amounts due to or from Cantor and Freedom, one of the Company's equity method investments, are for transactional revenues under a technology and services agreement with Freedom, as well as for open derivative contracts. These are included as part of "Receivables from broker-dealers, clearing organizations, customers and related broker-dealers" or "Payables to broker-dealers, clearing organizations, customers and related broker-dealers" in the Company's unaudited Condensed Consolidated Statements of Financial Condition. As of June 30, 2022 and December 31, 2021, the Company had receivables from Freedom of $2.2 million and $1.4 million, respectively. As of June 30, 2022 and December 31, 2021, the Company had $9.6 million and $2.5 million, respectively, in receivables from Cantor related to open derivative contracts. As of June 30, 2022 and December 31, 2021, the Company had $5.9 million and $1.5 million, respectively, in payables to Cantor related to open derivative contracts. As of June 30, 2022, the Company had $26.4 million in payables to Cantor related to fails and pending trades. As of December 31, 2021, the Company did not have any receivables from and payables to Cantor related to fails and pending trades.

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

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

As of June 30, 2022 and December 31, 2021, the aggregate balance of employee loans, net, was $304.1 million and $287.0 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, 2022 and 2021 was $14.5 million and $19.1 million, respectively. Compensation expense for the above-mentioned employee loans for the six months ended June 30, 2022 and 2021 was $24.4 million and $34.7 million, respectively. The compensation expense related to these employee loans is included as part of "Compensation and employee benefits" in the Company's unaudited Condensed Consolidated Statements of Operations.

Interest income on the above-mentioned employee loans for the three months ended June 30, 2022 and 2021 was $2.3 million and $3.3 million, respectively. Interest income on the above-mentioned employee loans for the six months ended June 30, 2022 and 2021 was $3.5 million and $5.5 million, respectively. The interest income related to these employee loans is included as part of "Interest and dividend income" in the Company's unaudited Condensed Consolidated Statements of Operations.

CEO Program and Other Transactions with CF&Co

As discussed in Note 7—"Stock Transactions and Unit Redemptions," the Company entered into the March 2018 Sales Agreement with CF&Co, as the Company's sales agent under the CEO Program. The March 2018 Sales Agreement expired in September 2021. During both the three and six months ended June 30, 2022 and 2021, the Company did not sell any shares of Class A common stock under the March 2018 Sales Agreement. For both the three and six months ended June 30, 2022 and 2021, the Company was not charged for services provided by CF&Co related to the CEO Program with CF&Co. The net proceeds of the shares sold are included as part of "Additional paid-in capital" in the Company's unaudited Condensed Consolidated Statements of Financial Condition. See Note 27—"Subsequent Events" for additional information regarding the new shelf registration statement filed by the Company for the CEO Program.

The Company has engaged CF&Co and its affiliates to act as financial advisors in connection with one or more third-party business combination transactions as requested by the Company on behalf of its affiliates from time to time on specified terms, conditions and fees. The Company may pay finders', investment banking or financial advisory fees to broker-dealers, including, but not limited to, CF&Co and its affiliates, from time to time in connection with certain business combination transactions, and, in some cases, the Company may issue shares of BGC Class A common stock in full or partial payment of such fees.

On October 3, 2014, management was granted approval by the Board and Audit Committee to enter into stock loan transactions with CF&Co utilizing equities securities. Such stock loan transactions will bear market terms and rates. As of June 30, 2022, and December 31, 2021, the Company did not have any Securities loaned transactions with CF&Co. Securities loaned transactions are included in "Securities loaned" in the Company's unaudited Condensed Consolidated Statements of Financial Condition.

On May 27, 2016, the Company issued an aggregate of $300.0 million principal amount of 5.125% Senior Notes. In connection with this issuance of the 5.125% Senior Notes, the Company recorded $0.5 million in underwriting fees payable to CF&Co. These fees were recorded as a deduction from the carrying amount of the debt liability, which is amortized as interest expense over the term of the notes. Cantor tendered $15.0 million of such senior notes in the tender offer completed on August 14, 2020, and did not hold such notes as of June 30, 2022.

On July 24, 2018, the Company issued an aggregate of $450.0 million principal amount of 5.375% Senior Notes. The 5.375% Senior Notes are general senior unsecured obligations of the Company. In connection with this issuance of the 5.375% Senior Notes, the Company recorded approximately $0.3 million in underwriting fees payable to CF&Co. The Company also paid CF&Co an advisory fee of $0.2 million in connection with the issuance. These fees were recorded as a deduction from the carrying amount of the debt liability, which is amortized as interest expense over the term of the notes.

On September 27, 2019, the Company issued an aggregate of $300.0 million principal amount of 3.750% Senior Notes. In connection with this issuance of the 3.750% Senior Notes, the Company recorded $0.2 million in underwriting fees payable to CF&Co. These fees were recorded as a deduction from the carrying amount of the debt liability, which is amortized as interest expense over the term of the notes.

On June 11, 2020, the Company's Board of Directors and its Audit Committee authorized a debt repurchase program for the repurchase by the Company of up to $50.0 million of Company Debt Securities. Repurchases of Company Debt Securities, if any, are expected to reduce future cash interest payments, as well as future amounts due at maturity or upon redemption. Under the authorization, the Company may make repurchases of Company Debt Securities for cash from time to time in the open market or in privately negotiated transactions upon such terms and at such prices as management may determine. Additionally, the Company is authorized to make any such repurchases of Company Debt Securities through CF&Co (or its affiliates), in its capacity as agent or principal, or such other broker-dealers as management shall determine to utilize from time to time, and such repurchases shall be subject to brokerage commissions which are no higher than standard market commission rates. As of June 30, 2022, the Company had $50.0 million remaining from its debt repurchase authorization.

On July 10, 2020, the Company issued an aggregate of $300.0 million principal amount of 4.375% Senior Notes. In connection with this issuance of the 4.375% Senior Notes, the Company recorded $0.2 million in underwriting fees payable to CF&Co. These fees were recorded as a deduction from the carrying amount of the debt liability, which is amortized as interest expense over the term of the notes. Cantor purchased $14.5 million of such senior notes and still holds such notes as of June 30, 2022.

Under rules adopted by the CFTC, all foreign introducing brokers engaging in transactions with U.S. persons are required to register with the NFA and either meet financial reporting and net capital requirements on an individual basis or obtain a guarantee agreement from a registered FCM. From time to time, the Company's foreign-based brokers engage in interest rate swap transactions with U.S.-based counterparties, and, therefore, the Company is subject to the CFTC requirements. Mint Brokers has entered into guarantees on behalf of the Company, and the Company is required to indemnify Mint Brokers for the amounts, if any, paid by Mint Brokers on behalf of the Company pursuant to this arrangement. Effective April 1, 2020, these guarantees were transferred to Mint Brokers from CF&Co. During both the three months ended June 30, 2022 and 2021, the Company recorded fees of $31 thousand, respectively, related to these guarantees. During both the six months ended June 30, 2022 and 2021, the Company recorded fees of $0.1 million with respect to these guarantees. These fees were included in "Fees to related parties" in the Company's unaudited Condensed Consolidated Statements of Operations.

Cantor Rights to Purchase Cantor Units from BGC Holdings

Cantor has the right to purchase Cantor units from BGC Holdings upon redemption of non-exchangeable FPUs redeemed by BGC Holdings upon termination or bankruptcy of the Founding/Working Partner. In addition, pursuant to Article

Eight, Section 8.08, of the Second Amended and Restated BGC Holdings Limited Partnership Agreement (previously the Sixth Amendment), where either current, terminating, or terminated partners are permitted by the Company to exchange any portion of their FPUs and Cantor consents to such exchangeability, the Company shall offer to Cantor the opportunity for Cantor to purchase the same number of Cantor units in BGC Holdings at the price that Cantor would have paid for Cantor units had the Company redeemed the FPUs. If Cantor acquires any Cantor units as a result of the purchase or redemption by BGC Holdings of any FPUs, Cantor will be entitled to the benefits (including distributions) of such units it acquires from the date of termination or bankruptcy of the applicable Founding/Working Partner. In addition, any such Cantor units purchased by Cantor are currently exchangeable for up to 23.6 million shares of BGC Class B common stock or, at Cantor's election or if there are no such additional shares of BGC Class B common stock, shares of BGC Class A common stock, in each case on a one-for-one basis (subject to customary anti-dilution adjustments).

On March 31, 2021, Cantor purchased from BGC Holdings an aggregate of 1,149,684 Cantor units for aggregate consideration of $2,104,433 as a result of the redemption of 1,149,684 FPUs, and 1,618,376 Cantor units for aggregate consideration of $3,040,411 as a result of the exchange of 1,618,376 FPUs. Each Cantor unit in BGC Holdings held by Cantor is exchangeable by Cantor at any time on a one-for-one basis (subject to adjustment) for shares of BGC Class A common stock.

On October 28, 2021, Cantor purchased from BGC Holdings an aggregate 460,929 Cantor units for aggregate consideration of $715,605 as a result of the redemption of 460,929 FPUs, and 1,179,942 Cantor units for aggregate consideration of $2,033,838 as a result of the exchange of 1,179,942 FPUs. Each Cantor unit in BGC Holdings held by Cantor is exchangeable by Cantor at any time on a one-for-one basis (subject to adjustment) for shares of BGC Class A common stock.

On May 17, 2022, Cantor purchased from BGC Holdings an aggregate 427,494 Cantor units for aggregate consideration of $841,010 as a result of the redemption of 427,494 FPUs, and 52,681 Cantor units for aggregate consideration of $105,867 as a result of the exchange of 52,681 FPUs. Each Cantor unit in BGC Holdings held by Cantor is exchangeable by Cantor at any time on a one-for-one basis (subject to adjustment) for shares of BGC Class A common stock.

As of June 30, 2022, there were 0.1 million FPUs in BGC Holdings remaining, which BGC Holdings had the right to redeem or exchange and with respect to which Cantor will have the right to purchase an equivalent number of Cantor units following such redemption or exchange.

Cantor Aurel Revenue Sharing Agreement

On June 24, 2021, the Board and Audit Committee authorized our French subsidiary, Aurel BGC SAS, to enter into a revenue sharing agreement pursuant to which Cantor shall provide services to Aurel to support Aurel's investment banking activities with respect to special purpose acquisition companies. The services provided by Cantor to Aurel in support of such SPAC Investment Banking Activities shall include referral of clients, structuring advice, financial advisory services, referral of investors, deal execution services, and other advisory services in support of Aurel's SPAC Investment Banking Activities pursuant to its French investment services license. As compensation, Cantor shall receive a revenue share of 80% of Aurel's net revenue attributable to SPAC Investment Banking Activities. The term of the revenue sharing agreement is for an initial period of 12 months, which automatically renews each year unless either party provides notice of termination at least three months prior to the anniversary. Aurel is also authorized to serve as bookrunner, underwriter or advisor in connection with French SPACs which are sponsored by Cantor at market rates for such services. For both the three and six months ended June 30, 2022 and 2021, Aurel had no revenue or fees payable to Cantor attributable to SPAC Investment Banking Activities.

Transactions with Executive Officers and Directors

On February 22, 2021, the Company granted Sean A. Windeatt 123,713 exchange rights with respect to 123,713 non-exchangeable LPUs that were previously granted to Mr. Windeatt on February 22, 2019. The resulting 123,713 exchangeable LPUs are immediately exchangeable by Mr. Windeatt for an aggregate of 123,713 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 28,477 non-exchangeable PLPUs held by Mr. Windeatt, for a payment of $178,266 for taxes when the LPU units are exchanged.

On April 8, 2021, the Compensation Committee approved the repurchase by the Company on April 23, 2021 of 123,713 exchangeable BGC Holdings LPU-NEWs held by Mr. Windeatt at the price of $5.65, which was the closing price of the Company's Class A common stock on April 23, 2021, and the redemption of 28,477 exchangeable BGC Holdings PLPU-NEWs held by Mr. Windeatt for $178,266, less applicable taxes and withholdings.

On April 8, 2021, the Compensation Committee approved the repurchase by the Company of the remaining 62,211 exchangeable BGC Holdings LPUs held by Mr. Windeatt that were granted exchangeability on March 2, 2020 at the price of $5.38, the closing price of Class A common stock on April 8, 2020.

On April 28, 2021, the Compensation Committee approved an additional monetization opportunity for Mr. Merkel. Effective April 29, 2021, 108,350 of Mr. Merkel’s 273,612 non-exchangeable BGC Holdings PSUs were redeemed for zero, 101,358 of Mr. Merkel’s 250,659 non- exchangeable BGC Holdings PPSUs were redeemed for a cash payment of $575,687, and 108,350 shares of BGC Class A common stock were issued to Mr. Merkel. On April 29, 2021, the 108,350 shares of BGC Class A common stock were repurchased from Mr. Merkel at the closing price of the Company's Class A common stock on that date, under the Company's stock buyback program.

On June 28, 2021, (i) the Company exchanged 520,380 exchangeable LPUs held by Mr. Lutnick at the price of $5.86, which was the closing price of the Company's Class A common stock on June 28, 2021, for 520,380 shares of BGC Class A common stock, less applicable taxes and withholdings, resulting in the delivery of 365,229 net shares of BGC Class A common stock to Mr. Lutnick, and in connection with the exchange of these 520,380 exchangeable LPUs, 425,765 exchangeable PLPUs were redeemed for a cash payment of $1,525,705 towards taxes; (ii) 88,636 non-exchangeable LPUs were redeemed for zero, and in connection therewith the Company issued Mr. Lutnick 88,636 shares of BGC Class A common stock, less applicable taxes and withholdings, resulting in the delivery of 41,464 net shares of BGC Class A common stock to Mr. Lutnick; and (iii) 1,131,774 H Units held by Mr. Lutnick were redeemed for 1,131,774 HDUs with a capital account of $7,017,000, and in connection with the redemption of these 1,131,774 H Units, 1,018,390 Preferred H Units were redeemed for $7,983,000 for taxes.

On December 21, 2021, the Compensation Committee approved a monetization opportunity for Mr. Lutnick. Effective December 21, 2021, 1,939,896 of Mr. Lutnick's non-exchangeable BGC Holdings PPSUs were redeemed for a payment of $10,851,803. Mr. Lutnick also elected to redeem all of his 425,766 exchangeable BGC Holdings PPSUs for a payment of $1,525,706. In connection with the foregoing, Mr. Lutnick's 2,011,731 non-exchangeable BGC Holdings PSUs were redeemed for zero and 2,011,731 shares of BGC Class A common stock were issued to Mr. Lutnick. In addition, 376,651 H Units held by Mr. Lutnick were redeemed for 376,651 HDUs with a capital account of $2,339,003, and in connection with the redemption of these 376,651 H Units, 463,969 Preferred H Units were redeemed for $2,661,000 for taxes.

On December 21, 2021, the Compensation Committee approved a monetization opportunity for Mr. Merkel. Effective December 21, 2021, 90,366 non-exchangeable BGC Holdings PSUs were redeemed for zero, 149,301 of Mr. Merkel's non-exchangeable BGC Holdings PPSUs were redeemed for a cash payment of $555,990, and 90,366 shares of BGC Class A common stock were issued to Mr. Merkel.

Transactions with the Relief Fund

During the year ended December 31, 2015, the Company committed to make charitable contributions to the Cantor Fitzgerald Relief Fund in the amount of $40.0 million, which was included in “Other expenses” in the Company’s unaudited Condensed Consolidated Statements of Operations for the year ended December 31, 2015. As of June 30, 2022 and December 31, 2021, the remaining liability associated with this commitment was $1.5 million and $1.7 million, respectively, which is included in “Accounts payable, accrued and other liabilities” in the Company’s unaudited Condensed Consolidated Statements of Financial Condition. Further, as of both June 30, 2022 and December 31, 2021, the Company had a liability to the Cantor Fitzgerald Relief Fund for $8.3 million, associated with $7.2 million and $1.1 million of additional expense taken in September of 2021 and 2020, respectively.

Other Transactions

As of December 31, 2021, BGC recognized $8.3 million, payable to Newmark, which is included as part of' “Payables to related parties” and “Accounts payable, accrued and other liabilities”, respectively, in the Company's unaudited Condensed Consolidated Statements of Financial Condition. The payable was a result of taxes paid by Newmark on its share of taxable income which were included as part of the Company's consolidated tax return in the periods prior to the Spin-Off. BGC repaid the $8.3 million tax payment to Newmark during the first three months ended March 31, 2022. There was no outstanding payable to Newmark as of June 30, 2022.

The Company is authorized to enter into loans, investments or other credit support arrangements for Aqua, an alternative electronic trading platform that offers new pools of block liquidity to the global equities markets; such arrangements are proportionally and on the same terms as similar arrangements between Aqua and Cantor. On February 15, 2022 and February 25, 2021, the Board and Audit Committee increased the authorized amount by an additional $1.0 million and $1.0 million, respectively, to an aggregate of $21.2 million. The Company has been further authorized to provide counterparty or similar guarantees on behalf of Aqua from time to time, provided that liability for any such guarantees, as well as similar guarantees provided by Cantor, would be shared proportionally with Cantor. Aqua is 51% owned by Cantor and 49% owned by the Company. Aqua is accounted for under the equity method. During the three months ended June 30, 2022 and 2021, the Company made $0.1 million and $0.3 million, respectively, in contributions to Aqua. During the six months ended June 30, 2022 and 2021, the Company made $0.5 million and $0.6 million, respectively, in contributions to Aqua. These contributions are recorded as part of "Investments" in the Company's unaudited Condensed Consolidated Statements of Financial Condition.

The Company has also entered into a subordinated loan agreement with Aqua, whereby the Company loaned Aqua the principal sum of $980 thousand. The scheduled maturity date on the subordinated loan is September 1, 2023, and the current rate of interest on the loan is 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.

On October 25, 2016, the Board and Audit Committee authorized the purchase of 9,000 Class B Units of Lucera, representing all of the issued and outstanding Class B Units of Lucera not already owned by the Company. On November 4, 2016, the Company completed this transaction. As a result of this transaction, the Company owns 100% of the ownership interests in Lucera.

In the purchase agreement, by which the Company acquired Cantor's remaining interest in Lucera, Cantor agreed, subject to certain exceptions, not to solicit certain senior executives of Lucera's business and was granted the right to be a customer of Lucera's businesses on the best terms made available to any other customer.

During the three months ended June 30, 2022 and 2021, Lucera recognized $9 thousand and $0.1 million, respectively, in related party revenues from Cantor. During the six months ended June 30, 2022 and 2021, Lucera recognized $21 thousand and $0.2 million, respectively, in related party revenues from Cantor. These revenues are included in "Data, software and post-trade" in the Company's unaudited Condensed Consolidated Statements of Operations.

BGC Sublease From Newmark

In May 2020, BGC U.S. OpCo entered into an arrangement to sublease excess space from RKF Retail Holdings LLC, a subsidiary of Newmark, which sublease was approved by the Audit Committee. The deal was a one-year sublease of approximately 21,000 rentable square feet in New York City. Under the terms of the sublease, BGC U.S. OpCo paid a fixed rent amount of $1.1 million in addition to all operating and tax expenses attributable to the lease. In May 2021, the sublease was amended to provide for a rate of $15 thousand per month based on the size of utilized space, with terms extending on a month-to-month basis, and expiring on December 31, 2021. In connection with the sublease, BGC U.S. OpCo paid $0.1 million and $0.4 million, for the three and six months ended 2021, respectively.

15. Investments

Equity Method Investments

The carrying value of the Company's equity method investments was $37.3 million as of June 30, 2022 and $32.8 million as of December 31, 2021, and is included in "Investments" in the Company's unaudited Condensed Consolidated Statements of Financial Condition.

The Company recognized gains of $2.7 million and $1.3 million related to its equity method investments for the three months ended June 30, 2022 and 2021, respectively. The Company recognized gains of $5.5 million and $2.8 million related to its equity method investments for the six months ended June 30, 2022 and 2021, respectively. The Company's share of the net gains or losses is reflected in "Gains (losses) on equity method investments" in the Company's unaudited Condensed Consolidated Statements of Operations.

For the three and six months ended June 30, 2022 and 2021, the Company did not record impairment charges related to existing equity method investments. The Company did not sell any equity method investments during the three and six months ended June 30, 2022. The Company sold part of an equity method investment with a fair value of $3.8 million during the three and six months ended June 30, 2021.

See Note 14—"Related Party Transactions," for information regarding related party transactions with unconsolidated entities included in the Company's unaudited Condensed Consolidated Financial Statements.

Investments Carried Under Measurement Alternative

The Company has acquired equity investments for which it did not have the ability to exert significant influence over operating and financial policies of the investees. These investments are accounted for using the measurement alternative in accordance with the guidance on recognition and measurement. The carrying value of these investments as of June 30, 2022 and December 31, 2021 was $0.2 million, respectively, and they are included in "Investments" in the Company's unaudited Condensed Consolidated Statements of Financial Condition. The Company did not recognize any gains, losses, or impairments relating to investments carried under the measurement alternative for both the three and six months ended June 30, 2022 and 2021.

In addition, the Company owns membership shares, which are included in "Other assets" in the Company's unaudited Condensed Consolidated Statements of Financial Condition as of June 30, 2022 and December 31, 2021. These equity investments are accounted for using the measurement alternative in accordance with the guidance on recognition and measurement. The Company recognized $1.8 million and $1.9 million of unrealized gains to reflect observable transactions for these shares during the three and six months ended June 30, 2022, respectively. The Company recognized $87 thousand of unrealized losses to reflect observable transactions for these shares during both the three and six months ended June 30, 2021. The unrealized gains (losses) are reflected in "Other income (loss)" in the Company's unaudited Condensed Consolidated Statements of Operations.

Investments in VIEs

Certain of the Company's equity method investments are considered VIEs, as defined under the accounting guidance for consolidation. The Company is not considered the primary beneficiary of and therefore does not consolidate these VIEs. The Company's involvement with such entities is in the form of direct equity interests and related agreements. The Company's maximum exposure to loss with respect to the VIEs is its investment in such entities, as well as a credit facility and a subordinated loan.

The following table sets forth the Company's investment in its unconsolidated VIEs and the maximum exposure to loss with respect to such entities (in thousands):

	June 30, 2022		December 31, 2021	
	Investment	Maximum Exposure to Loss	Investment	Maximum Exposure to Loss
Variable interest entities[1]	$ 1,749	$ 2,729	$ 1,159	$ 2,139

1 The Company has entered into a subordinated loan agreement with Aqua, whereby the Company agreed to lend the principal sum of $980 thousand. The Company's maximum exposure to loss with respect to its unconsolidated VIEs includes the sum of its equity investments in its unconsolidated VIEs and the $980 thousand subordinated loan to Aqua.

Consolidated VIE

The Company invested in a limited liability company that is focused on developing a proprietary trading technology. The limited liability company is a VIE and it was determined that the Company is the primary beneficiary of this VIE because the Company was the provider of the majority of this VIE's start-up capital and has the power to direct the activities of this VIE that most significantly impact its economic performance, primarily through its voting percentage and consent rights on the activities that would most significantly influence the entity. The consolidated VIE had total assets of $7.5 million and $6.8 million as of June 30, 2022 and December 31, 2021, respectively, which primarily consisted of clearing margin. There were no material restrictions on the consolidated VIE's assets. The consolidated VIE had total liabilities of $1.9 million and $1.3 million as of June 30, 2022 and December 31, 2021, respectively. The Company's exposure to economic loss on this VIE was $4.3 million and $4.5 million as of June 30, 2022 and December 31, 2021.

16. Fixed Assets, Net

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

	June 30, 2022	December 31, 2021
Computer and communications equipment	$ 97,638	$ 96,472
Software, including software development costs	298,872	280,540
Leasehold improvements and other fixed assets	99,695	105,362
	496,205	482,374
Less: accumulated depreciation and amortization	(314,263)	(292,262)
Fixed assets, net	$ 181,942	$ 190,112

Depreciation expense was $5.2 million and $6.6 million for the three months ended June 30, 2022 and 2021, respectively. Depreciation expense was $10.9 million and $12.9 million for the six months ended June 30, 2022 and 2021, respectively. Depreciation is included as part of "Occupancy and equipment" in the Company's unaudited Condensed Consolidated Statements of Operations.

The Company has $5.7 million and $6.2 million of asset retirement obligations related to certain of its leasehold improvements as of June 30, 2022 and December 31, 2021, respectively. The associated asset retirement cost is capitalized as part of the carrying amount of the long-lived asset. The liability is discounted and accretion expense is recognized using the credit adjusted risk-free interest rate in effect when the liability was initially recognized.

For the three months ended June 30, 2022 and 2021, software development costs totaling $11.4 million and $10.8 million, respectively, were capitalized. Amortization of software development costs totaled $9.8 million and $8.2 million for the three months ended June 30, 2022 and 2021, respectively. For the six months ended June 30, 2022 and 2021, software development costs totaling $22.4 million and $23.9 million, respectively, were capitalized. Amortization of software development costs totaled $18.2 million and $16.7 million for the six months ended June 30, 2022 and 2021, 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 $3.1 million and $1.1 million were recorded for the three months ended June 30, 2022 and 2021, respectively, related to the evaluation of capitalized software projects for future benefit and for fixed assets no longer in service. Impairment charges of $5.2 million and $3.1 million were recorded for the six months ended June 30, 2022 and 2021, 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.

17. Goodwill and Other Intangible Assets, Net

The changes in the carrying amount of goodwill were as follows (in thousands):

	Goodwill
Balance at December 31, 2021	$ 486,919
Cumulative translation adjustment	295
Balance at June 30, 2022	$ 487,214

For additional information on Goodwill, see Note 4—"Acquisitions."

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

Other intangible assets consisted of the following (in thousands, except weighted-average remaining life):

	June 30, 2022			
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Life (Years)
Definite life intangible assets:				
Customer-related	$ 173,515	$ 67,842	$ 105,673	9.7
Technology	23,997	23,997	—	N/A
Noncompete agreements	19,820	18,985	835	4.4
Patents	11,171	10,325	846	3.1
All other	17,494	6,495	10,999	8.4
Total definite life intangible assets	245,997	127,644	118,353	9.5
Indefinite life intangible assets:				
Trade names	79,570	—	79,570	N/A
Licenses	2,314	—	2,314	N/A
Total indefinite life intangible assets	81,884	—	81,884	N/A
Total	$ 327,881	$ 127,644	$ 200,237	9.5

	December 31, 2021			
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Life (Years)
Definite life intangible assets:				
Customer-related	$ 173,786	$ 61,571	$ 112,215	10.1
Technology	23,997	23,427	570	0.2
Noncompete agreements	19,820	18,891	929	4.9
Patents	10,861	10,265	596	2.6
All other	17,269	5,738	11,531	9.0
Total definite life intangible assets	245,733	119,892	125,841	9.9
Indefinite life intangible assets:				
Trade names	79,570	—	79,570	N/A
Licenses	2,336	—	2,336	N/A
Total indefinite life intangible assets	81,906	—	81,906	N/A
Total	$ 327,639	$ 119,892	$ 207,747	9.9

Intangible amortization expense was $3.7 million and $6.7 million for the three months ended June 30, 2022 and 2021, respectively. Intangible amortization expense was $8.1 million and $13.7 million for the six months ended June 30, 2022 and 2021, respectively. Intangible amortization is included as part of “Other expenses” in the Company’s unaudited Condensed Consolidated Statements of Operations. There were no impairment charges for the Company’s definite and indefinite life intangibles for the three and six months ended June 30, 2022 and 2021.

The estimated future amortization expense of definite life intangible assets as of June 30, 2022 is as follows (in millions):

2022	$ 7.4
2023	14.6
2024	14.5
2025	14.5
2026	14.1
2027 and thereafter	53.3
Total	$ 118.4

18. Notes Payable, Other and Short-Term Borrowings

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

	June 30, 2022	December 31, 2021
5.375% Senior Notes due July 24, 2023	$ 448,577	$ 447,911
3.750% Senior Notes due October 1, 2024	298,146	297,731
4.375% Senior Notes due December 15, 2025	297,857	297,547
Collateralized borrowings	6,464	9,642
Total Notes payable and other borrowings	1,051,044	1,052,831
Short-term borrowings	3,818	3,584
Total Notes payable, other and short-term borrowings	$ 1,054,862	$ 1,056,415

Unsecured Senior Revolving Credit Agreement

On November 28, 2018, the Company entered into the Revolving Credit Agreement with Bank of America, N.A., as administrative agent, and a syndicate of lenders, which replaced the existing committed unsecured senior revolving credit agreement. The maturity date of the Revolving Credit Agreement was November 28, 2020, and the maximum revolving loan balance was $350.0 million. Borrowings under this Revolving Credit Agreement bore interest at either LIBOR or a defined base rate plus additional margin. On December 11, 2019, the Company entered into an amendment to the Revolving Credit Agreement. Pursuant to the amendment, the maturity date was extended to February 26, 2021. On February 26, 2020, the Company entered into a second amendment to the Revolving Credit Agreement, pursuant to which, the maturity date was extended by two years to February 26, 2023. There was no change to the interest rate or the maximum revolving loan balance. On March 10, 2022, the Company entered into an amendment and restatement of the senior unsecured revolving credit agreement, pursuant to which, the maturity date was extended to March 10, 2025, the size of the credit facility was increased to $375.0 million, and borrowings under this agreement will bear interest based on either SOFR or a defined base rate plus additional margin. As of June 30, 2022 and December 31, 2021, there were no borrowings outstanding under the Revolving Credit Agreement. The Company recorded interest expense related to the Revolving Credit Agreement of $0.6 million and $0.7 million for the three months ended June 30, 2022 and 2021, respectively. The Company recorded interest expense related to the Revolving Credit Agreement of $1.1 million for each of the six months ended June 30, 2022 and 2021.

Senior Notes

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

	June 30, 2022		December 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
5.375% Senior Notes due July 24, 2023	$ 448,577	$ 454,320	$ 447,911	$ 475,857
3.750% Senior Notes due October 1, 2024	298,146	293,070	297,731	312,105
4.375% Senior Notes due December 15, 2025	297,857	293,160	297,547	320,490
Total	$ 1,044,580	$ 1,040,550	$1,043,189	$1,108,452

The fair values of the Senior Notes were determined using observable market prices as these securities are traded, and based on whether they are deemed to be actively traded, the 5.125% Senior Notes, the 5.375% Senior Notes, the 3.750% Senior Notes, and the 4.375% Senior Notes are considered Level 2 within the fair value hierarchy.

5.125% Senior Notes

On May 27, 2016, the Company issued an aggregate of $300.0 million principal amount of 5.125% Senior Notes, which matured on May 27, 2021. The 5.125% Senior Notes were general senior unsecured obligations of the Company. The 5.125% Senior Notes bore interest at a rate of 5.125% per year, payable in cash on May 27 and November 27 of each year, commencing November 27, 2016 and ending the maturity date. Prior to maturity, on August 5, 2020, the Company commenced a cash tender offer for any and all $300.0 million outstanding aggregate principal amount of its 5.125% Senior Notes. On August 11, 2020, the Company's cash tender offer expired at 5:00 p.m., New York City time. As of the expiration time, $44.0 million aggregate principal amount of the 5.125% Senior Notes were validly tendered. These notes were redeemed on the settlement date of August 14, 2020. On May 27, 2021, BGC repaid the remaining $256.0 million principal plus accrued interest on its 5.125% Senior Notes. The Company did not record any interest expense related to the 5.125% Senior Notes for the three and six months ended June 30, 2022. The Company recorded interest expense related to the 5.125% Senior Notes of $2.3 million and $5.8 million for the three and six months ended June 30, 2021, respectively.

5.375% Senior Notes

On July 24, 2018, the Company issued an aggregate of $450.0 million principal amount of 5.375% Senior Notes. The 5.375% Senior Notes are general senior unsecured obligations of the Company. The 5.375% Senior Notes bear interest at a rate of 5.375% per year, payable in cash on January 24 and July 24 of each year, commencing January 24, 2019. The 5.375% Senior Notes will mature on July 24, 2023. The Company may redeem some or all of the 5.375% Senior Notes at any time or from time to time for cash at certain "make-whole" redemption prices (as set forth in the Indenture related to the 5.375% Senior Notes). If a "Change of Control Triggering Event" (as defined in the Indenture) occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. The initial carrying value of the 5.375% Senior Notes was $444.2 million, net of the discount and debt issuance costs of $5.8 million. The issuance costs are amortized as interest expense, and the carrying value of the 5.375% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 5.375% Senior Notes as of June 30, 2022 was $448.6 million. The Company recorded interest expense related to the 5.375% Senior Notes of $6.4 million for each of the three months ended June 30, 2022 and 2021. The Company recorded interest expense related to the 5.375% Senior Notes of $12.8 million for each of the six months ended June 30, 2022 and 2021.

3.750% Senior Notes

On September 27, 2019, the Company issued an aggregate of $300.0 million principal amount of 3.750% Senior Notes. The 3.750% Senior Notes are general unsecured obligations of the Company. The 3.750% Senior Notes bear interest at a rate of 3.750% per year, payable in cash on April 1 and October 1 of each year, commencing April 1, 2020. The 3.750% Senior Notes will mature on October 1, 2024. The Company may redeem some or all of the 3.750% Senior Notes at any time or from time to time for cash at certain “make-whole” redemption prices (as set forth in the Indenture). If a “Change of Control Triggering Event” (as defined in the Indenture) occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. The initial carrying value of the 3.750% Senior Notes was $296.1 million, net of discount and debt issuance costs of $3.9 million. The issuance costs will be amortized as interest expense, and the carrying value of the 3.750% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 3.750% Senior Notes was $298.1 million as of June 30, 2022. The Company recorded interest expense related to the 3.750% Senior Notes of $3.0 million for each of the three months ended June 30, 2022 and 2021. The Company recorded interest expense related to the 3.750% Senior Notes of $6.0 million for each of the six months ended June 30, 2022 and 2021.

4.375% Senior Notes

On July 10, 2020, the Company issued an aggregate of $300.0 million principal amount of 4.375% Senior Notes. The 4.375% Senior Notes are general unsecured obligations of the Company. The 4.375% Senior Notes bear interest at a rate of 4.375% per year, payable in cash on June 15 and December 15 of each year, commencing December 15, 2020. The 4.375% Senior Notes will mature on December 15, 2025. The Company may redeem some or all of the 4.375% Senior Notes at any time or from time to time for cash at certain “make-whole” redemption prices. If a “Change of Control Triggering Event” occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. The initial carrying value of the 4.375% Senior Notes was $296.8 million, net of discount and debt issuance costs of $3.2 million. The issuance costs will be amortized as interest expense, and the carrying value of the 4.375% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 4.375% Senior Notes was $297.9 million as of June 30, 2022. The Company recorded interest expense related to the 4.375% Senior Notes of $3.4 million for each of the three months ended June 30, 2022 and 2021. The Company recorded interest expense related to the 4.375% Senior Notes of $6.9 million for each of the six months ended June 30, 2022 and 2021.

Collateralized Borrowings

On May 31, 2017, the Company entered into a $29.9 million secured loan arrangement, under which it pledged certain fixed assets as security for a loan. This arrangement incurred interest at a fixed rate of 3.44% per year and matured on May 31, 2021, therefore there were no borrowings outstanding as of June 30, 2022 and December 31, 2021. The Company did not record any interest expense related to this arrangement for the three and six months ended June 30, 2022. The Company recorded interest expense related to this arrangement of $11 thousand and $40 thousand for the three and six months ended June 30, 2021, respectively.

On April 8, 2019, the Company entered into a $15.0 million secured loan arrangement, under which it pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.77% and matures on April 8, 2023. As of June 30, 2022 and December 31, 2021, the Company had $4.0 million and $5.9 million, respectively, outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of June 30, 2022 and December 31, 2021 was $41 thousand and $0.1 million, respectively. The Company recorded interest expense related to this arrangement of $39 thousand and $0.1 million for the three months ended June 30, 2022 and 2021, respectively. The Company recorded interest expense related to this arrangement of $0.1 million for each of the six months ended June 30, 2022 and 2021.

On April 19, 2019, the Company entered into a $10.0 million secured loan arrangement, under which it pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.89% and matures on April 19, 2023. As of June 30, 2022 and December 31, 2021, the Company had $2.5 million and $3.8 million, respectively, outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of June 30, 2022 and December 31, 2021 was $0.6 million and $1.0 million, respectively. The Company recorded interest expense related to this arrangement of $26 thousand and $0.1 million for the three months ended June 30, 2022 and 2021, respectively. The Company recorded interest expense related to this arrangement of $0.1 million and $0.2 million for the six months ended June 30, 2022 and 2021, respectively.

Short-Term Borrowings

On August 22, 2017, the Company entered into a committed unsecured loan agreement with Itau Unibanco S.A. The agreement provides for short-term loans of up to $3.8 million (BRL $20.0 million). The maturity date of this agreement is September 9, 2022. Borrowings under this agreement bear interest at the Brazilian Interbank offering rate plus 3.20%. As of June 30, 2022, there were $1.9 million (BRL 10.0 million) of borrowings outstanding under the agreement. As of December 31, 2021, there were no borrowings outstanding under this agreement. As of June 30, 2022, the interest rate was 16.50%. The Company recorded interest expense related to the agreement of $0.1 million for each of the three months ended June 30, 2022 and 2021. The Company recorded interest expense related to the agreement of $0.1 million for each of the six months ended June 30, 2022 and 2021.

On August 23, 2017, the Company entered into a committed unsecured credit agreement with Itau Unibanco S.A. The agreement provided for an intra-day overdraft credit line up to $9.5 million (BRL 50.0 million). On August 20, 2021, the agreement was renegotiated, increasing the credit line to $11.5 million (BRL 60.0 million). The maturity date of the agreement is August 24, 2022. This agreement bears a fee of 1.35% per year. As of June 30, 2022 and December 31, 2021, there were no borrowings outstanding under this agreement. The Company recorded bank fees related to the agreement of $45 thousand and $36 thousand for the three months ended June 30, 2022 and 2021, respectively. The Company recorded bank fees related to the agreement of $0.1 million for each of the six months ended June 30, 2022 and 2021, respectively.

On January 25, 2021, the Company entered into a committed unsecured loan agreement with Banco Daycoval S.A., which provided for short-term loans of up to $1.9 million (BRL 10.0 million) and was renegotiated on June 1, 2021. The agreement provides for short-term loans of up to $3.8 million (BRL $20.0 million). The maturity date of the agreement is January 17, 2023. Borrowings under this agreement bear interest at the Brazilian Interbank offering rate plus 3.66%. As of June 30, 2022, there were $1.9 million (BRL 10.0 million) of borrowings outstanding under the agreement. As of June 30, 2022, the interest rate was 16.90%. The Company recorded interest expense related to the agreement of $0.1 million and $0.2 million for the three and six months ended June 30, 2022, respectively. The Company recorded interest expense related to the agreement of $10 thousand for each of the three and six months ended June 30, 2021.

19. Compensation

The Compensation Committee may grant various equity-based awards, including RSUs, restricted stock, stock options, LPUs and shares of BGC Class A common stock. Upon vesting of RSUs, issuance of restricted stock, exercise of stock options and redemption/exchange of LPUs, the Company generally issues new shares of BGC Class A common stock.

On November 22, 2021, at the annual meeting of stockholders, the stockholders approved the Equity Plan to increase from 400 million to 500 million the aggregate number of shares of BGC Class A common stock that may be delivered or cash-settled pursuant to awards granted during the life of the Equity Plan. As of June 30, 2022, the limit on the aggregate number of shares authorized to be delivered allowed for the grant of future awards relating to 138.7 million shares.

The Company incurred compensation expense related to Class A common stock, LPUs and RSUs held by BGC employees as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Issuance of common stock and grants of exchangeability	$ 20,460	$ 31,222	$ 50,595	$ 39,076
Allocations of net income[1]	4,734	6,846	8,424	12,477
LPU amortization	15,601	16,741	34,624	33,835
RSU amortization	5,338	3,481	10,366	6,397
Equity-based compensation and allocations of net income to limited partnership units and FPUs	$ 46,133	$ 58,290	$ 104,009	$ 91,785

1 Certain LPUs generally receive quarterly allocations of net income, including the Preferred Distribution, and are generally contingent upon services being provided by the unit holders.

Limited Partnership Units

A summary of the activity associated with LPUs held by BGC employees is as follows (in thousands):

	BGC LPUs	Newmark LPUs[2]
Balance at December 31, 2021	112,115	11,051
Granted	15,028	—
Redeemed/exchanged units	(20,759)	(637)
Forfeited units	(676)	(59)
Balance at June 30, 2022	105,708	10,355

The LPUs table above includes both regular and Preferred Units. The Preferred Units are not entitled to participate in partnership distributions other than with respect to the Preferred Distribution (see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings" for further information on Preferred Units). Subsequent to the Spin-Off, there are remaining partners who hold limited partnership interests in BGC Holdings who are Newmark employees, and there are remaining partners who hold limited partnership interests in Newmark Holdings who are BGC employees. These limited partnership interests represent interests that were held prior to the Newmark IPO or were distributed in connection with the Separation. Following the Newmark IPO, employees of BGC and Newmark only receive limited partnership interests in BGC Holdings and Newmark Holdings, respectively. As a result of the Spin-Off, as the existing limited partnership interests in BGC Holdings held by Newmark employees and the existing limited partnership interests in Newmark Holdings held by BGC employees are exchanged/redeemed, the related capital can be contributed to and from Cantor, respectively. The compensation expenses under GAAP related to the limited partnership interests are based on the company where the partner is employed. Therefore, compensation expenses related to the limited partnership interests of both BGC and Newmark but held by a BGC employee are recognized by BGC. However, the BGC Holdings limited partnership interests held by Newmark employees are included in the BGC share count and the Newmark Holdings limited partnership interests held by BGC employees are included in the Newmark share count.

A summary of the BGC Holdings and Newmark Holdings LPUs held by BGC employees is as follows (in thousands):

	BGC LPUs	Newmark LPUs
Regular Units	74,469	7,888
Preferred Units	31,239	2,467
Balance at June 30, 2022	105,708	10,355

Issuance of Common Stock and Grants of Exchangeability

Compensation expense related to the issuance of BGC or Newmark Class A common stock and grants of exchangeability on BGC Holdings and Newmark Holdings LPUs held by BGC employees is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Issuance of common stock and grants of exchangeability	$ 20,460	$ 31,222	$ 50,595	$ 39,076

BGC LPUs held by BGC employees may become exchangeable or redeemed for BGC Class A common stock on a one-for-one basis, and Newmark LPUs held by BGC employees may become exchangeable or redeemed for a number of shares of Newmark Class A common stock equal to the number of limited partnership interests multiplied by the then-current Exchange Ratio. As of June 30, 2022, the Exchange Ratio was 0.9393.

A summary of the LPUs redeemed in connection with the issuance of BGC Class A common stock or Newmark Class A common stock (at the then-current Exchange Ratio) or granted exchangeability for BGC Class A common stock or Newmark Class A common stock (at the then-current Exchange Ratio) held by BGC employees is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
BGC Holdings LPUs	4,879	5,568	10,666	6,666
Newmark Holdings LPUs	83	246	347	425
Total	4,962	5,814	11,013	7,091

As of June 30, 2022 and December 31, 2021, the number of share-equivalent BGC LPUs exchangeable for shares of BGC Class A common stock at the discretion of the unit holder held by BGC employees was 1.6 million and 1.3 million, respectively. As of June 30, 2022 and December 31, 2021, the number of Newmark LPUs exchangeable into shares of Newmark Class A common stock at the discretion of the unit holder held by BGC employees (at the then-current Exchange Ratio) was 0.4 million and 0.4 million, respectively.

LPU Amortization

Compensation expense related to the amortization of LPUs held by BGC employees is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Stated vesting schedule	$ 15,609	$ 16,702	$ 34,578	$ 33,776
Post-termination payout	(8)	39	46	59
LPU amortization	$ 15,601	$ 16,741	$ 34,624	$ 33,835

There are certain LPUs that have a stated vesting schedule and do not receive quarterly allocations of net income. These LPUs generally vest between two and five years from the date of grant. The fair value is determined on the date of grant based on the market value of an equivalent share of BGC or Newmark Class A common stock (adjusted if appropriate based upon the award's eligibility to receive quarterly allocations of net income), and is recognized as compensation expense, net of the effect of estimated forfeitures, ratably over the vesting period.

A summary of the outstanding LPUs held by BGC employees with a stated vesting schedule that do not receive quarterly allocations of net income is as follows (in thousands):

	June 30, 2022	December 31, 2021
BGC Holdings LPUs	38,371	42,754
Newmark Holdings LPUs	194	235
Aggregate estimated grant date fair value – BGC and Newmark Holdings LPUs	$ 169,937	$ 178,873

As of June 30, 2022, there was approximately $98.9 million of total unrecognized compensation expense related to unvested BGC and Newmark LPUs held by BGC employees with a stated vesting schedule that do not receive quarterly allocations of net income that is expected to be recognized over 1.91 years.

Compensation expense related to LPUs held by BGC employees with a post-termination pay-out amount, such as REUs, and/or a stated vesting schedule is recognized over the stated service period. These LPUs generally vest between two and five years from the date of grant. As of June 30, 2022, there were 0.7 million outstanding BGC LPUs with a post-termination payout, with a notional value of approximately $9.6 million and an aggregate estimated fair value of $4.6 million, and 0.1 million outstanding Newmark LPUs with a post-termination payout, with a notional value of approximately $0.6 million and an aggregate estimated fair value of $0.3 million. As of December 31, 2021, there were 1.3 million outstanding BGC LPUs with a post-termination payout, with a notional value of approximately $12.4 million and an aggregate estimated fair value of $7.4 million, and 0.1 million outstanding Newmark LPUs with a post-termination payout, with a notional value of approximately $0.8 million and an aggregate estimated fair value of $0.3 million.

Restricted Stock Units

Compensation expense related to RSUs held by BGC employees is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
RSU amortization	$ 5,338	$ 3,481	$ 10,366	$ 6,397

A summary of the activity associated with RSUs held by BGC employees and directors is as follows (RSUs and dollars in thousands):

	RSUs	Weighted-Average Grant Date Fair Value	Fair Value Amount	Weighted-Average Remaining Contractual Term (Years)
Balance at December 31, 2021	11,034	$ 3.87	$ 42,756	2.27
Granted	9,017	4.41	39,732	
Delivered	(3,916)	3.95	(15,474)	
Forfeited	(517)	3.57	(1,845)	
Balance at June 30, 2022	15,618	4.17	65,169	2.99

The fair value of RSUs held by BGC employees and directors is determined on the date of grant based on the market value of Class A common stock adjusted as appropriate based upon the award's ineligibility to receive dividends. The compensation expense is recognized ratably over the vesting period, taking into effect estimated forfeitures. The Company uses historical data, including historical forfeitures and turnover rates, to estimate expected forfeiture rates for both employee and director RSUs. Each RSU is settled in one share of Class A common stock upon completion of the vesting period.

For the RSUs that vested during the three months ended June 30, 2022 and 2021, the Company withheld shares of Class A common stock valued at $0.7 million and $0.6 million to pay taxes due at the time of vesting. For the RSUs that vested during the six months ended June 30, 2022 and 2021, the Company withheld shares of Class A common stock valued at $6.2 million and $3.8 million to pay taxes due at the time of vesting. As of June 30, 2022, there was approximately $62.9 million of total unrecognized compensation expense related to unvested RSUs held by BGC employees and directors that is expected to be recognized over a weighted-average period of 2.99 years.

Acquisitions

In connection with certain of its acquisitions, the Company has granted certain LPUs and RSUs, and other deferred compensation awards. As of June 30, 2022 and December 31, 2021, the aggregate estimated fair value of these acquisition-related LPUs and RSUs was $5.9 million and $8.9 million, respectively. As of June 30, 2022 and December 31, 2021, the aggregate estimated fair value of the deferred compensation awards was $20.8 million and $21.7 million, respectively. The liability for such acquisition-related LPUs and RSUs is included in "Accounts payable, accrued and other liabilities" on the Company's unaudited Condensed Consolidated Statements of Financial Condition.

Restricted Stock

BGC employees hold shares of BGC and Newmark restricted stock. Such restricted shares are generally saleable by partners in five to ten years. Partners who agree to extend the length of their employment agreements and/or other contractual modifications sought by the Company are expected to be able to sell their restricted shares over a shorter time period. Transferability of the restricted shares of stock is not subject to continued employment or service with the Company or any affiliate or subsidiary of the Company; however, transferability is subject to compliance with BGC and its affiliates' customary noncompete obligations.

During both the three and six months ended June 30, 2022, 4 thousand BGC or Newmark restricted shares held by BGC employees were forfeited in connection with this provision. During both the three and six months ended June 30, 2021, 0.1 million BGC or Newmark restricted shares held by BGC employees were forfeited in connection with this provision. During the three months ended June 30, 2022 and 2021, the Company released the restrictions with respect to 0.1 million and 0.2 million of such BGC shares held by BGC employees, respectively. During the six months ended June 30, 2022 and 2021, the Company released the restrictions with respect to 0.2 million and 0.4 million of such BGC shares held by BGC employees, respectively. As of June 30, 2022 and December 31, 2021, there were 2.4 million and 2.6 million of such restricted BGC shares held by BGC employees outstanding, respectively. Additionally, during the three months ended June 30, 2022 and 2021, Newmark released the restrictions with respect to 0.1 million and zero, respectively, of restricted Newmark shares held by BGC employees. Additionally, during both the six months ended June 30, 2022 and 2021, Newmark released the restrictions with respect to 0.1 million, of restricted Newmark shares held by BGC employees. As of June 30, 2022 and December 31, 2021, there were 1.1 million and 1.2 million, respectively, of restricted Newmark shares held by BGC employees outstanding.

Deferred Compensation

The Company maintains a deferred cash award program, which provides for the grant of deferred cash incentive compensation to eligible employees. The Company may pay certain bonuses in the form of deferred cash compensation awards, which generally vest over a future service period.

The total compensation expense recognized in relation to the deferred cash compensation awards for the three months ended June 30, 2022 and 2021 was $30 thousand and $0.2 million, respectively. The total compensation expense recognized in relation to the deferred cash compensation awards for the six months ended June 30, 2022 and 2021 was $0.1 million and $0.3 million, respectively. As of June 30, 2022 and December 31, 2021, the total liability for the deferred cash compensation awards was $2.3 million and $0.8 million, respectively, which is included in “Accrued compensation” on the Company’s unaudited Condensed Consolidated Statements of Financial Condition. As of June 30, 2022, total unrecognized compensation cost related to deferred cash compensation, prior to the consideration of forfeitures, was approximately $0.1 million and is expected to be recognized over a weighted-average period of 2.68 years.

20. Commitments, Contingencies and Guarantees

Contingencies

In the ordinary course of business, various legal actions are brought and are pending against the Company and its subsidiaries in the U.S. and internationally. In some of these actions, substantial amounts are claimed. The Company is also involved, from time to time, in reviews, examinations, investigations and proceedings by governmental and self-regulatory agencies (both formal and informal) regarding the Company’s businesses, operations, reporting or other matters, which may result in regulatory, civil and criminal judgments, settlements, fines, penalties, injunctions, enhanced oversight, remediation, or other relief. The following generally does not include matters that the Company has pending against other parties which, if successful, would result in awards in favor of the Company or its subsidiaries.

Employment, Competitor-Related and Other Litigation

From time to time, the Company and its subsidiaries are involved in litigation, claims and arbitrations in the U.S. and internationally, relating to, inter alia, various employment matters, including with respect to termination of employment, hiring of employees currently or previously employed by competitors, terms and conditions of employment and other matters. In light of the competitive nature of the brokerage industry, litigation, claims and arbitration between competitors regarding employee hiring are not uncommon. The Company is also involved, from time to time, in other reviews, investigations and proceedings by governmental and self-regulatory agencies (both formal and informal) regarding the Company’s businesses. Any such actions may result in regulatory, civil or criminal judgments, settlements, fines, penalties, injunctions, enhanced oversight, remediation, or other relief.

Legal reserves are established in accordance with U.S. GAAP guidance on Accounting for Contingencies, when a material legal liability is both probable and reasonably estimable. Once established, reserves are adjusted when there is more information available or when an event occurs requiring a change. The outcome of such items cannot be determined with certainty. The Company is unable to estimate a possible loss or range of loss in connection with specific matters beyond its current accruals and any other amounts disclosed. Management believes that, based on currently available information, the final outcome of these current pending matters will not have a material adverse effect on the Company’s financial condition, results of operations, or cash flows.

Letter of Credit Agreements

The Company has irrevocable uncollateralized letters of credit with various banks, where the beneficiaries are clearing organizations through which it transacts, that are used in lieu of margin and deposits with those clearing organizations. As of June 30, 2022 and December 31, 2021, the Company was contingently liable for $1.8 million in both periods, under these letters of credit.

Risk and Uncertainties

The Company generates revenues by providing financial intermediary, and brokerage activities to institutional customers and by executing and, in some cases, clearing transactions for institutional counterparties. Revenues for these services are transaction-based. As a result, revenues could vary based on the transaction volume of global financial markets. Additionally, financing is sensitive to interest rate fluctuations, which could have an impact on the Company’s overall profitability.

During the three and six months ended June 30, 2022, the Company recorded a $4.8 million and $10.8 million reserve for a potential loss associated with Russia's Invasion of Ukraine, which is included in “Other expenses” in the Company’s unaudited Condensed Consolidated Statements of Operations, and which was recorded as part of the CECL reserve (see Note 26—“CECL” for additional information). In addition, the Company has determined that as of June 30, 2022, it is reasonably possible that the incremental exposure, when considering the market value of securities related to unsettled trades, resulting from Russia's Invasion of Ukraine could potentially be up to $5.7 million.

Insurance

The Company is self-insured for health care claims, up to a stop-loss amount for eligible participating employees and qualified dependents in the U.S., subject to deductibles and limitations. The Company's liability for claims incurred but not reported is determined based on an estimate of the ultimate aggregate liability for claims incurred. The estimate is calculated from actual claim rates and adjusted periodically as necessary. The Company has accrued $1.4 million and $0.4 million in health care claims as of June 30, 2022 and December 31, 2021, respectively. The Company does not expect health care claims to have a material impact on its financial condition, results of operations, or cash flows.

Guarantees

The Company provides guarantees to securities clearinghouses and exchanges which meet the definition of a guarantee under FASB interpretations. Under these standard securities clearinghouse and exchange membership agreements, members are required to guarantee, collectively, the performance of other members and, accordingly, if another member becomes unable to satisfy its obligations to the clearinghouse or exchange, all other members would be required to meet the shortfall. In the opinion of management, the Company's liability under these agreements is not quantifiable and could exceed the cash and securities it has posted as collateral. However, the potential of being required to make payments under these arrangements is remote. Accordingly, no contingent liability has been recorded in the Company's unaudited Condensed Consolidated Statements of Financial Condition for these agreements.

Indemnifications

In connection with the acquisition of GFI, the Company has indemnified the directors and officers of GFI. As of June 30, 2022, no contingent liability has been recorded in the Company's unaudited Condensed Consolidated Statements of Financial Condition for these indemnifications, as the potential for being required to make payments under these indemnifications is remote.

21. Income Taxes

The Company's 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 UBT in New York City. Therefore, the tax liability or benefit related to the partnership income or loss, except for UBT, rests with the partners (see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings" for discussion of partnership interests), rather than the partnership entity.

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.

Pursuant to U.S. GAAP guidance, Accounting for Uncertainty in Income Taxes, the Company provides for uncertain tax positions as a component of income tax expense based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities.

As of June 30, 2022 and December 31, 2021, the Company's unrecognized tax benefits, excluding related interest and penalties, were $4.4 million in both periods, of which the entire amount, if recognized, would affect the effective tax rate. The Company is currently open to examination by tax authorities in U.S. federal, state and local jurisdictions and certain non-U.S. jurisdictions for tax years beginning 2017, 2009 and 2016, respectively. The Company is currently under examination by tax authorities in the U.S. Federal and certain state and local jurisdictions. The Company does not believe that the amounts of unrecognized tax benefits will materially change over the next 12 months.

The Company recognizes interest and penalties related to unrecognized tax benefits in "Provision (benefit) for income taxes" in the Company's unaudited Condensed Consolidated Statements of Operations. As of June 30, 2022 and December 31, 2021, the Company had accrued $2.9 million and $2.5 million, respectively, for income tax-related interest and penalties.

22. Regulatory Requirements

Many of the Company’s businesses are subject to regulatory restrictions and minimum capital requirements. These regulatory restrictions and capital requirements may restrict the Company’s ability to withdraw capital from its subsidiaries.

Certain U.S. subsidiaries of the Company are registered as U.S. broker-dealers or FCMs subject to Rule 15c3-1 of the SEC and Rule 1.17 of the CFTC, which specify uniform minimum net capital requirements, as defined, for their registrants, and also require a significant part of the registrants’ assets be kept in relatively liquid form. As of June 30, 2022, the Company’s U.S. subsidiaries had net capital in excess of their minimum capital requirements.

Certain U.K. and European subsidiaries of the Company are regulated by their national regulator, which include the FCA and L'Autorité des Marchés Financiers and must maintain financial resources (as defined by their national regulator) in excess of the total financial requirement (as defined by their national regulator). As of June 30, 2022, the U.K. and European subsidiaries had financial resources in excess of their requirements.

Certain other subsidiaries of the Company are subject to regulatory and other requirements of the jurisdictions in which they operate.

In addition, the Company’s SEFs, BGC Derivative Markets and GFI Swaps Exchange are required to maintain financial resources to cover operating costs for at least one year, keeping at least enough cash or highly liquid securities to cover six months’ operating costs.

The Company also operates a DCM and DCO through the Futures Exchange Group, that are required to maintain financial resources to cover operating costs for at least one year, keeping at least enough cash or highly liquid securities to cover six months’ operating costs.

The regulatory requirements referred to above may restrict the Company’s ability to withdraw capital from its regulated subsidiaries. As of June 30, 2022, the Company’s regulated subsidiaries held $663.3 million of net assets. These subsidiaries had aggregate regulatory net capital, as defined, in excess of the aggregate regulatory requirements, as defined, of $336.7 million.

23. Segment, Geographic and Product Information

Segment Information

The Company currently operates in one reportable segment, brokerage services. We provide or have provided brokerage services to the financial markets, through integrated Voice, Hybrid and Fully Electronic brokerage in a broad range of products, including fixed income (Rates and Credit), FX, Equities, Energy and Commodities, and Futures and Options. On November 1, 2021, we sold our Insurance brokerage business to The Ardonagh Group (see Note 5—"Divestitures"). It also provides a wide range of services, including trade execution, brokerage, clearing, trade compression, post-trade, information, consulting, and other back-office services to a broad range of financial and non-financial institutions.

Geographic Information

The Company offers products and services in the U.K., U.S., Asia (including Australia), Other Europe, MEA, France, and Other Americas. Information regarding revenues is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues:				
U.K.	$ 158,578	$ 216,228	$ 339,458	$ 452,792
U.S.	131,959	129,880	280,779	273,319
Asia	64,236	75,283	141,285	158,367
Other Europe/MEA	40,843	50,820	93,948	108,771
France	23,345	24,325	53,607	55,280
Other Americas	16,795	15,914	33,143	31,497
Total revenues	$ 435,756	$ 512,450	$ 942,220	$ 1,080,026

Information regarding long-lived assets (defined as loans, forgivable loans and other receivables from employees and partners, net; fixed assets, net; ROU assets; certain other investments; goodwill; other intangible assets, net of accumulated amortization; and rent and other deposits) in the geographic areas is as follows (in thousands):

	June 30, 2022	December 31, 2021
Long-lived assets:		
U.S.	$ 778,449	$ 771,696
U.K.	400,412	412,767
Asia	76,979	73,779
Other Europe/MEA	48,138	47,888
Other Americas	16,771	16,032
France	13,899	16,996
Total long-lived assets	$ 1,334,648	$ 1,339,158

Product Information

The Company's business is based on the products and services provided and reflect the manner in which financial information is evaluated by management.

The Company specializes in the brokerage of a broad range of products, including fixed income (Rates and Credit), FX, Equities, Energy and Commodities, and Futures and Options. On November 1, 2021, we sold our Insurance brokerage business to The Ardonagh Group (see Note 5—"Divestitures"). It also provides a wide range of services, including trade execution, broker-dealer services, clearing, trade compression, post-trade, information, consulting, and other back-office services to a broad range of financial and non-financial institutions.

Product information regarding revenues is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues:				
Rates	$ 137,129	$ 136,474	$ 295,938	$ 298,267
FX	74,347	72,807	154,372	156,240
Energy and commodities	66,687	74,735	149,082	150,603
Credit	61,257	72,609	145,165	162,656
Equities	58,291	60,825	125,419	131,287
Insurance[1]	—	54,315	—	106,695
Total brokerage revenues	$ 397,711	$ 471,765	$ 869,976	$ 1,005,748
All other revenues	38,045	40,685	72,244	74,278
Total revenues	$ 435,756	$ 512,450	$ 942,220	$ 1,080,026

1 On November 1, 2021, we sold our Insurance Brokerage business to The Ardonagh Group (see Note 5—"Divestitures")

24. Revenues from Contracts with Customers

The following table presents the Company's total revenues separated between revenues from contracts with customers and other sources of revenues (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues from contracts with customers:				
Commissions	$ 309,542	$ 389,768	$ 666,206	$ 824,988
Data, software, and post-trade	23,391	21,602	47,518	43,588
Fees from related parties	3,625	4,245	6,942	8,030
Other revenues	2,509	3,172	5,801	7,071
Total revenues from contracts with customers	339,067	418,787	726,467	883,677
Other sources of revenues:				
Principal transactions	88,169	81,997	203,770	180,760
Interest and dividend income	8,961	11,455	11,396	14,493
Other revenues (losses), net	(441)	211	587	1,096
Total revenues	$ 435,756	$ 512,450	$ 942,220	$ 1,080,026

See Note 3— "Summary of Significant Accounting Policies" in our consolidated financial statements included in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2021 for detailed information on the recognition of the Company's revenues from contracts with customers.

Disaggregation of Revenue

See Note 23—"Segment, Geographic and Product Information," for a further discussion on the allocation of revenues to geographic regions.

Contract Balances

The timing of our revenue recognition may differ from the timing of payment by our customers. The Company records a receivable when revenue is recognized prior to payment and the Company has an unconditional right to payment. Alternatively, when payment precedes the provision of the related services, the Company records deferred revenue until the performance obligations are satisfied.

The Company had receivables related to revenues from contracts with customers of $308.9 million and $296.4 million at June 30, 2022 and December 31, 2021, respectively. The Company had no impairments related to these receivables during the three and six months ended June 30, 2022 and 2021.

The Company's deferred revenue primarily relates to customers paying in advance or billed in advance where the performance obligation has not yet been satisfied. Deferred revenue at June 30, 2022 and December 31, 2021 was $13.4 million and $9.2 million, respectively.

During the three months ended June 30, 2022 and 2021, the Company recognized revenue of $7.8 million and $7.6 million, respectively, that was recorded as deferred revenue at the beginning of the period. During the six months ended June 30, 2022 and 2021, the Company recognized revenue of $8.2 million and $8.3 million, respectively, that was recorded as deferred revenue at the beginning of the period.

Contract Costs

The Company capitalizes costs to fulfill contracts associated with different lines of its business where the revenue is recognized at a point in time and the costs are determined to be recoverable. Capitalized costs to fulfill a contract are recognized at the point in time that the related revenue is recognized.

The Company did not have any capitalized costs to fulfill a contract as of June 30, 2022 and December 31, 2021.

25. Leases

The Company, acting as a lessee, has operating leases and finance leases primarily relating to office space, data centers and office equipment. The leases have remaining lease terms of 0.1 years to 17.1 years some of which include options to extend the leases in 1 to 10 year increments for up to 10 years. Renewal periods are included in the lease term only when renewal is reasonably certain, which is a high threshold and requires management to apply judgment to determine the appropriate lease term. Certain leases also include periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise the termination option. The Company measures its lease payments by including fixed rental payments and, where relevant, variable rental payments tied to an index, such as the Consumer Price Index. Payments for leases in place before the date of adoption of ASC 842, *Leases* were determined based on previous leases guidance. The Company recognizes lease expense for its operating leases on a straight-line basis over the lease term, and variable lease expense not included in the lease payment measurement is recognized as incurred.

Pursuant to the accounting policy election, leases with an initial term of twelve months or less are not recognized on the balance sheet. The short-term lease expense over the period reasonably reflects the Company's short-term lease commitments.

ASC 842, *Leases* requires the Company to make certain assumptions and judgments in applying the guidance, including determining whether an arrangement includes a lease, determining the term of a lease when the contract has renewal or cancelation provisions, and determining the discount rate.

The Company determines whether an arrangement is a lease or includes a lease at the contract inception by evaluating whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the Company has the right to obtain substantially all of the economic benefits from, and can direct the use of, the identified asset for a period of time, the Company accounts for the identified asset as a lease. The Company has elected the practical expedient to not separate lease and non-lease components for all leases other than real estate leases. The primary non-lease component that is combined with a lease component represents operating expenses, such as utilities, maintenance or management fees.

As the rate implicit in the lease is not usually available, the Company used an incremental borrowing rate based on the information available at the adoption date of the new *Leases* standard in determining the present value of lease payments for existing leases. The Company has elected to use a portfolio approach for the incremental borrowing rate, applying corporate bond rates to the leases. The Company calculated the appropriate rates with reference to the lease term and lease currency. The Company uses information available at the lease commencement date to determine the discount rate for any new leases.

The Company subleases certain real estate to its affiliates and to third parties. The value of these commitments is not material to the Company's unaudited Condensed Consolidated Financial Statements.

As of June 30, 2022, the Company did not have any leases that have not yet commenced but that create significant rights and obligations.

Supplemental information related to the Company's operating and financing leases are as follows (in thousands):

	Classification in Unaudited Condensed Consolidated Statements of Financial Condition	June 30, 2022	December 31, 2021
Assets			
Operating lease ROU assets	Other assets	$ 130,490	$ 136,252
Finance lease ROU assets	Fixed assets, net	$ 2,617	$ 2,893
Liabilities			
Operating lease liabilities	Accounts payable, accrued and other liabilities	$ 157,531	$ 166,220
Finance lease liabilities	Accounts payable, accrued and other liabilities	$ 2,683	$ 2,985

	June 30, 2022	December 31, 2021
Weighted-average remaining lease term		
Operating leases (years)	10.1	10.8
Finance leases (years)	4.3	4.7
Weighted-average discount rate		
Operating leases	4.8 %	4.9 %
Finance leases	3.1 %	3.1 %

The components of lease expense are as follows (in thousands):

	Classification in Unaudited Condensed Consolidated Statements of Operations	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Operating lease cost[1,2]	Occupancy and equipment	$ 9,137	$ 10,589	$ 16,460	$ 21,595
Finance lease cost					
Amortization on ROU assets	Occupancy and equipment	$ 152	$ 18	$ 304	$ 18
Interest on lease liabilities	Interest expense	$ 21	$ 3	$ 43	$ 3

1 The Company recorded operating lease costs related to the Insurance brokerage business of $1.1 million and $2.2 million for three and six months ended June, 30 2021.
2 Short-term lease expense was not material for the three and six months ended June 30, 2022 and 2021.

The following table shows the Company's maturity analysis of its operating lease liabilities (in thousands):

	June 30, 2022 Operating leases	June 30, 2022 Finance leases
2022 (excluding the six months ended June 30, 2022)	$ 17,729	$ 394
2023	32,131	657
2024	23,925	657
2025	18,923	657
2026	15,384	499
Thereafter	99,488	—
Total	$ 207,580	$ 2,864
Interest	(50,049)	(181)
Total	$ 157,531	$ 2,683

The following table shows cash flow information related to lease liabilities (in thousands):

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Cash paid for obligations included in the measurement of operating lease liabilities[1]	$ 9,647	$ 8,794	$ 17,564	$ 18,043
Cash paid for obligations included in the measurement of finance lease liabilities	$ 164	$ 20	$ 328	$ 20

1. The Company made payments for operating lease liabilities related to the Insurance brokerage business of $1.1 million and $2.3 million for the three and six months ended June 30, 2021.

26. Current Expected Credit Losses (CECL)

The CECL reserve reflects management's current estimate of potential credit losses related to the receivable balances included in the Company's unaudited Condensed Consolidated Statements of Financial Condition. See Note 3—"Summary of Significant Accounting Policies" for further discussion of the CECL reserve methodology.

As required, any subsequent changes to the CECL reserve are recognized in "Net income (loss) available to common stockholders" in the Company's unaudited Condensed Consolidated Statements of Operations. During the three and six months ended June 30, 2022 and 2021, the Company recorded increases in the CECL reserve as follows (in millions):

	Accrued commissions and other receivables, net	Loans, forgivable loans and other receivables from employees and partners, net	Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	Total
Beginning balance, April 1, 2022	$ 1.6	$ 2.1	$ 5.5	$ 9.2
Current-period provision for expected credit losses	$ 3.2	$ 1.2	$ 1.4	$ 5.8
Ending balance, June 30, 2022	$ 4.8	$ 3.3	$ 6.9	$ 15.0

	Accrued commissions and other receivables, net	Loans, forgivable loans and other receivables from employees and partners, net	Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	Total
Beginning balance, January 1, 2022	$ 0.7	$ 1.7	$ —	$ 2.4
Current-period provision for expected credit losses	$ 4.1	$ 1.6	$ 6.9	$ 12.6
Ending balance, June 30, 2022	$ 4.8	$ 3.3	$ 6.9	$ 15.0

	Accrued commissions and other receivables, net	Loans, forgivable loans and other receivables from employees and partners, net	Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	Total
Beginning balance, April 1, 2021	$ 1.0	$ 1.8	$ —	$ 2.8
Current-period provision for expected credit losses	$ —	$ (0.1)	$ —	$ (0.1)
Ending balance, June 30, 2021	$ 1.0	$ 1.7	$ —	$ 2.7

	Accrued commissions and other receivables, net	Loans, forgivable loans and other receivables from employees and partners, net	Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	Total
Beginning balance, January 1, 2021	$ 1.0	$ 1.6	$ —	$ 2.6
Current-period provision for expected credit losses	$ —	$ 0.1	$ —	$ 0.1
Ending balance, June 30, 2021	$ 1.0	$ 1.7	$ —	$ 2.7

For the three months ended June 30, 2022, there was an increase of $3.2 million in the CECL reserve against "Accrued commissions and other receivables, net" which reflected the downward credit rating migration of certain receivables in the portfolio. For the six months ended June 30, 2022, there was an increase of $4.1 million in the CECL reserve against "Accrued commissions and other receivables, net" which reflected the downward credit rating migration of certain receivables in the portfolio, which included a $3.9 million reserve related to Russia's Invasion of Ukraine, bringing the CECL reserve recorded pertaining to "Accrued commissions and other receivables, net" to $4.8 million as of June 30, 2022. There was no change in the CECL reserve recorded pertaining to "Accrued Commissions and other receivables, net" for the three and six months ended June 30, 2021.

For the three months ended June 30, 2022 and 2021, there was an increase of $1.2 million and decrease of $0.1 million, respectively, in the CECL reserve record pertaining to "Loans, forgivable loans and other receivables from employees and partners, net" as a result of employee terminations. For the six months ended June 30, 2022 and 2021, there was an increase of $1.6 million and $0.1 million, respectively, in the CECL reserve pertaining to "Loans, forgivable loans and other receivables from employees and partners, net" as a result of employee terminations, bringing the CECL reserve recorded pertaining to “Loans, forgivable loans and other receivables from employees and partners, net” to $3.3 million as of June 30, 2022.

For the three months ended June 30, 2022, there was an increase of $1.4 million in the CECL reserve against “Receivables from broker-dealers, clearing organizations, customers and related broker-dealers” which reflected the downward credit rating migration of certain unsettled trades related to Russia's Invasion of Ukraine. For the six months ended June 30, 2022, there was an increase of $6.9 million in the CECL reserve against “Receivables from broker-dealers, clearing organizations, customers and related broker-dealers” which reflected the downward credit rating migration of certain unsettled trades related to Russia's Invasion of Ukraine, bringing the CECL reserve recorded pertaining to “Receivables from broker-dealers, clearing organizations, customers and related broker-dealers” to $6.9 million as of June 30, 2022. There was no change in the CECL reserve recorded pertaining to “Receivables from broker-dealers, clearing organizations, customers and related broker-dealers” for the three and six months ended June 30, 2021.

27. Subsequent Events

Second Quarter 2022 Dividend

On August 2, 2022, the Company’s Board of Directors declared a quarterly cash dividend of $0.01 per share for the second quarter of 2022, payable on September 6, 2022 to BGC Class A and Class B common stockholders of record as of August 23, 2022.

CEO Program

On July 8, 2022, the Company filed an amendment to the March 2021 Form S-3 with respect to the issuance and sale of up to an aggregate of $300.0 million of shares of BGC Class A common stock from time to time on a delayed or continuous basis. On August 3, 2022, the March 2021 Form S-3 was declared effective by the SEC.

Corporate Conversion

The Joint Committee of BGC Partners' independent Directors of the Board, which was constituted to consider the conversion to a corporate structure, has agreed to pursue and move forward with a conversion of the Company's corporate structure from an Umbrella Partnership/C-Corporation ("Up-C") to a "Full C-Corporation." This conversion is intended to be effective January 1, 2023, subject to customary closing conditions in the agreement and regulatory approvals.

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

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

The objective of this Management's Discussion and Analysis is to allow investors to view the Company from management's perspective, considering items that would have a material impact on future operations. This discussion summarizes the significant factors affecting our results of operations and financial condition as of and during the three and six months ended June 30, 2022 and 2021. 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 financial brokerage and technology company servicing the global financial markets.

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

Our integrated platform is designed to provide flexibility to customers with regard to price discovery, execution and processing of transactions, and enables them to use Voice, Hybrid, or in many markets, Fully Electronic brokerage services in connection with transactions executed either OTC or through an exchange. Through our Fenics® group of electronic brands, we offer a number of market infrastructure and connectivity services, Fully Electronic marketplaces, and the Fully Electronic brokerage of certain products that also may trade via Voice and Hybrid execution. The full suite of Fenics® offerings includes Fully Electronic and Hybrid brokerage, market data and related information services, trade compression and other post-trade services, analytics related to financial instruments and markets, and other financial technology solutions. Fenics® brands also operate under the names Fenics®, FMX™, FMX Futures Exchange™, Fenics Markets Xchange™, Fenics Futures Exchange™, Fenics UST™, Fenics FX™, Fenics Repo™, Fenics Direct™, Fenics MID™, Fenics Market Data™, Fenics GO™, Fenics PortfolioMatch™, $kACE^2$®, and Lucera®.

BGC, BGC Partners, BGC Trader, GFI, GFI Ginga, CreditMatch, Fenics, Fenics.com, FMX, Sunrise Brokers, Poten & Partners, RP Martin, $kACE^2$, Capitalab, Swaptioniser, CBID, Aqua, and Lucera are trademarks/service marks, and/or registered trademarks/service marks of BGC Partners, Inc. and/or its affiliates.

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

As of June 30, 2022, we had approximately 2,025 brokers, salespeople, managers, technology professionals and other front-office personnel across our businesses.

Futures Exchange Group

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

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

The following table summarizes the impact of the Futures Exchange Group acquisition to the Company's unaudited Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2021 (in thousands, except per share amounts):

	Three Months Ended June 30, 2021			Six Months Ended June 30, 2021		
	As Previously Reported	Retrospective Adjustments	As Adjusted	As Previously Reported	Retrospective Adjustments	As Adjusted
Income (loss) from operations before income taxes	$ 21,650	$ (2,781)	$ 18,869	$ 95,714	$ (3,330)	$ 92,384
Consolidated net income (loss)	22,841	(2,781)	20,060	81,966	(3,330)	78,636
Net income (loss) attributable to noncontrolling interest in subsidiaries	4,672	(852)	3,820	20,706	(1,026)	19,680
Net income (loss) available to common stockholders	18,169	(1,929)	16,240	61,260	(2,304)	58,956
Basic earnings (loss) per share	0.05	(0.01)	0.04	0.16	—	0.16
Diluted earnings (loss) per share	0.05	(0.01)	0.04	0.16	(0.01)	0.15

Additionally, the unaudited Condensed Consolidated Statements of Comprehensive Income (Loss), unaudited Condensed Consolidated Statements of Cash Flows and unaudited Condensed Consolidated Statements of Changes in Equity have been adjusted to reflect these retrospective adjustments.

During the first quarter of 2022, we changed the name of the brokerage product line formerly labeled as “Equity derivatives and cash equity” to “Equities” to better align the caption with the underlying activity. The change did not result in any reclassification of revenues and had no impact on the Company’s Total brokerage revenues.

During the second quarter of 2022, we combined Realized losses (gains) on marketable securities, Unrealized losses (gains) on marketable securities, and Losses (gains) on other investments on the unaudited Condensed Consolidated Statements of Cash Flows into Losses (gains) on marketable securities and other investments. The recognition of gains and losses related to these investments are similar in nature and immaterial to the financial statements in the six month periods ending June 30, 2022 and 2021.

Recent Developments / Strengthening U.S. Dollar

The Company generates a significant amount of its revenues in non-U.S. dollar denominated currencies, particularly in the euro and pound sterling. During the quarter, the U.S. dollar appreciated against most major currencies, and particularly against the euro and pound sterling, which were approximately 12% and 10% lower, respectively. The Company's total revenue would have been $19.9 million higher, and in-line with the year ago period, but for the strengthening of the U.S. dollar, excluding Insurance.

Fenics

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

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

These electronic markets for OTC products have grown as a percentage of overall industry volumes over the past decade as firms like BGC have invested in the kinds of technology favored by our customers. Regulation across banking, capital markets, and OTC derivatives has accelerated the adoption of fully electronic execution, and we expect this demand to continue. We also believe that new clients, beyond our large bank customer base, will primarily transact electronically across our Fenics platforms.

The combination of wider adoption of hybrid and fully electronic execution and our competitive advantage in terms of technology and experience has contributed to our strong growth in electronically traded products. We continue to invest in our high-growth, high-margin, technology-driven businesses, including our standalone fully electronic Fenics Growth Platforms. Fenics has exhibited strong growth over the past several years, and we believe that this growth has outpaced the wholesale brokerage industry. We expect this trend to accelerate as we continue to convert more of our Voice/Hybrid execution into higher-margin, technology-driven execution across our Fenics platforms and continue to grow our Fenics Growth Platforms.

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

Revenue growth from Fenics Growth Platforms continued to grow at a leading pace. Fenics Growth Platforms revenue grew 16.9% to $12.4 million in the second quarter of 2022. Collectively, our newer Fenics Growth Platform offerings, such as those listed above, are not yet fully up to scale, but continue to grow at a leading rate. Over time, we expect these new products and services to become profitable, high-margin businesses as their scale and revenues increase, all else equal.

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

- Fenics UST, one of the largest CLOB platforms for U.S. Treasuries, had revenue growth of over 30% driven by ADV growth of 22%, new product offerings, and more traders using the platform. Fenics UST CLOB market share increased 162 basis points from a year ago to 19% in the second quarter. CLOB market share is from Greenwich Associates and BGC's internal estimates. From the third quarter of 2021 onward, Greenwich Associates updated its methodology for calculating CLOB market share to more accurately reflect CLOB-only trading volumes. Fenics UST is estimated to have saved our clients an estimated $25 million in the second quarter and $327 million from January 2019 through June 2022. Additionally, Fenics UST's newer T-bill offering gained traction during the second quarter, with ADV exceeding $1 billion for the month of June and reaching $3 billion on certain days.
- Lucera, our infrastructure and software business, offers the trading community direct connectivity to each other. Lucera has a fully built, scalable infrastructure that provides clients electronic trading connectivity with their counterparties within days, as opposed to months, and at a significantly lower cost. Lucera is comprised of two main business lines, LUMEMarkets and LuceraConnect. LUMEMarkets is our low latency aggregator, providing a single access point across multiple fragmented marketplaces and exchanges (FX, Rates, Futures and Credit markets). LuceraConnect provides on-demand connectivity to over one thousand endpoints across buy-side clients, trading firms, marketplaces, and exchanges. LuceraConnect has quickly become the industry standard for the FX market and is rapidly expanding in other asset classes. Lucera launched its cryptocurrency infrastructure business in the third quarter of 2021, offering clients access to cryptocurrency trading venues through LuceraConnect, leveraging its leading connectivity to exchanges, trading platforms, and custodians. Additionally, LUMEMarkets provides an aggregated view of prices from multiple cryptocurrency venues. Lucera's cryptocurrency solution is focused on providing clients with world-class infrastructure that offers fully compliant workflows**.** Lucera also supports the distribution of Fenics trading platforms, including Fenics UST, Fenics FX and Fenics MIDFX. In the second quarter of 2022, Lucera once again generated strong double-digit revenue growth, with revenue improving 25% year-over-year. This quarter's growth was driven by new clients, the expansion of existing relationships, and adding new cryptocurrency clients. Lucera is providing connectivity to 30 of the world's deepest crypto liquidity pools via its world-class infrastructure with a growing pipeline.
- Fenics FX, our ultra-low latency electronic FX trading platform, had another record quarter generating strong volume growth of 47%, outpacing other FX platforms and the overall market. Fenics FX has developed leading transaction cost, liquidity, and market impact tools, providing clients with critical information unique to the platform. These trading tools, along with its leading Lucera supported technology, has accelerated

Fenics FX's market share gains and led to consistent, strong double-digit volume growth throughout the course of the year.

- Fenics GO, our global options electronic trading platform, grew its market share, primarily driven by strong growth across its Asian index businesses. For the first six months of 2022, Fenics GO's revenue and volumes have already well exceeded its full year 2021 performance.
- Portfolio Match, our session-based, credit matching platform, continued to gain traction during the quarter with revenue more than doubling from a year ago. Portfolio Match currently supports U.S. and European investment grade credit, as well as European high yield credit. The platform continues to scale its client base as it rolls out new technology to fully automate the entire credit trading process.
- Capitalab, which has businesses included under both Fenics Markets and Fenics Growth Platforms.

Fenics Markets revenue grew 12.5% to $97.2 million in the second quarter of 2022 compared to the year prior.

Fenics Markets notable highlights for the second quarter of 2022 include:

- Fenics Market Data signed over 60 new contracts during the second quarter with the total contracted value increasing 27% versus the prior year. Fenics Market Data continues to see strong demand for its regulatory, interest rates, inflation, and FX data packages, with additional products to be added throughout the year. Fenics Market Data, which has a highly recurring and compounding subscription revenue model, grew over 17% year-over-year.
- Fenics Direct, our web-delivered multi-dealer FX options platform, grew its ADV by 94% in the second quarter versus the prior year period. Fenics Direct has grown its volume by over four-fold since the second quarter of 2020, driven by onboarding new clients as well as evolving client demand to trade FX options electronically.
- Fenics MIDFX, our leading wholesale FX hedging platform, continued to see strong client demand for the platform during the quarter. Fenics MIDFX's Asian NDF offering saw a 54% increase in ADV, as clients sought the same highly efficient, risk neutral qualities the platform offers for spot FX.
- Capitalab's NDF Match business, which helps clients reduce foreign exchange exposure, continued revenue growth versus a year ago.

Revenues in our Fenics businesses increased 13.0% to $109.6 million and 14.8% to $234.9 million for the three and six months ended June 30, 2022 compared to the prior year period. Within our Fenics businesses, Fenics Markets revenue grew to $97.2 million, and Fenics Growth Platforms increased 16.9% to $12.4 million. Fenics Markets had a pre-tax margin of 32.2% in the second quarter of 2022.

Total revenues from our high-margin data, software, and post-trade business, which is predominately comprised of recurring revenue, increased 8.3% and 9.0% for the three and six months ended June 30, 2022, respectively, over the prior year period and Fenics brokerage revenues increased by 14.5% to $86.2 million and 16.4% to $187.4 million for the three and six months ended June 30, 2022, respectively. Going forward, we expect Fenics to become an even more valuable part of BGC as it continues to grow. We continue to analyze how to optimally configure our Voice/Hybrid and fully electronic businesses.

FMX

FMX, which combines Fenics UST’s leading U.S. Treasury business with a state-of-the-art U.S. Interest Rates futures platform, continued to make significant progress on its expected fourth quarter futures exchange launch. FMX is working closely with regulators and its clearing partner, LCH, to deliver a comprehensive and efficient cross margining platform across U.S. dollar based futures and interest rate swaps. Beginning in the fourth quarter of 2022, FMX Futures Exchange will offer clients an alternative U.S. Rates futures platform for U.S. Treasury, euro, and SOFR futures products. The Company expects to announce strategic partners prior to the launch of FMX's Futures Exchange. FMX Futures Exchange recently announced Terry Belton and Dr. Sharon Brown-Hruska as Directors of the FMX Board, both of whom bring a wealth of experience across the futures and regulatory landscape.

Cryptocurrency Initiatives

We continued to advance on our comprehensive cryptocurrency offering, including the expansion of Lucera's infrastructure across the cryptocurrency ecosystem. Lucera's crypto offering leverages the Company's wholesale global electronic trading network to connect the world's largest capital markets participants to the exchanges and market makers of this asset class. BGC recently announced plans for a cryptocurrency exchange, which the Company anticipates will be launched in the late fourth or early first quarter of next year. Additionally, BGC arranged the first intermediated block trade of CME Group Bitcoin options in Asia in July.

Corporate Conversion

The Joint Committee of BGC Partners' independent Directors of the Board, which was constituted to consider the conversion to a corporate structure, has agreed to pursue and move forward with a conversion of the Company's corporate structure from an Umbrella Partnership/C-Corporation ("Up-C") to a "Full C-Corporation." This conversion is intended to be effective January 1, 2023, subject to customary closing conditions in the agreement and regulatory approvals. The Company's conversion to a simpler, more transparent corporate structure aims to improve operational efficiencies and provide investors with an easier to understand organizational structure. BGC is assessing the effect of the conversion on the Company's estimated tax rate, synergies and other impacts.

Cost Reduction Program

The Company is continuing to examine how best to operate our business with the goal of creating efficiencies and reducing expenses. During the first quarter of 2020, we implemented a $35.0 million cost reduction program to reduce our compensation-related cost base and streamline our operations. U.S. GAAP items recorded include:

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

Insurance Disposition

On November 1, 2021, the Company successfully completed the Insurance Business Disposition and, after closing adjustments, received $534.9 million in gross cash proceeds, subject to limited post-closing adjustments. The investment in the Insurance brokerage business generated an internal rate of return of 21.2% for our shareholders. The sale of the business did not represent a strategic shift that would have a major effect on the Company’s operations and financial results and was, therefore, not classified as discontinued operations. CF&Co served as advisor to the Company in connection with the transaction, and as a result, $4.4 million of banking fees was paid to Cantor upon closing of the transaction. For further information regarding the sale of our Insurance brokerage business, please see our Current Report on Form 8-K filed with the SEC on November 1, 2021 as well as Note 5—“Divestitures” to our unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

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

Other Matters

In February 2022, the U.S., U.K., EU, and other countries imposed sanctions on Russian counterparties, and as a result BGC has ceased trading with those clients. The Company derived less than one percent of total revenue from its Moscow branch and sanctioned Russian counterparties. Additionally, the Company has reserved $4.8 million and $10.8 million for the three and six months ended June 30, 2022, in connection with unsettled trades and receivables with sanctioned Russian entities.

Financial Services Industry

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

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

Due largely to the impacts of the global financial crisis of 2008-2009, our businesses had faced more challenging market conditions from 2009 until the second half of 2016. Accommodative monetary policies were enacted by several major central banks, including the Federal Reserve, Bank of England, Bank of Japan and the European Central Bank, in response to the global financial crises. These policies resulted in historically low levels of volatility and interest rates across many of the financial markets in which we operate. The global credit markets also faced structural issues, such as increased bank capital requirements under Basel III. Consequently, these factors contributed to lower trading volumes in our Rates and Credit asset classes across most geographies in which we operated.

From mid-2016 until the first quarter of 2020, the overall financial services industry benefited from sustained economic growth, lower unemployment rates in most major economies, higher consumer spending, the modification or repeal of certain U.S. regulations, and higher overall corporate profitability. The trend towards digitization and electronification within the industry contributed to higher overall volumes and transaction count in fully electronic execution. From the second quarter of 2020 onward, concerns about the future trade relationship between the U.K. and the EU after Brexit, a slowdown in global growth driven by the outbreak of COVID-19, and an increase in trade protectionism were tempered by monetary and fiscal stimulus. During 2021, as the global economy recovered from the COVID-19 pandemic, higher inflation across the U.S. and other G8 countries led many central banks to begin and/or announce tapering and unwinding of asset purchases under quantitative easing programs, as well as implement multiple interest rate hikes. This recent change in central bank monetary policies away from zero interest rates, following the highest inflation in decades, has set the stage, beginning in 2023, for a resurgence of secondary market trading volumes in rates, credit and foreign exchange, where we are a market leader. We believe BGC is well positioned as the market acclimates to the pace of rising interest rates and inflation and continue to expect tailwinds in our Rates business to begin this year driven by quantitative tightening and normalizing yield curves.

Impact of COVID-19

In recent years, we have been adversely affected as a result of COVID-19 and its impact on the macroeconomic environment. During the COVID-19 pandemic, our fully electronic businesses have been a key growth driver and competitive advantage as many of our brokers and clients have adapted to working remotely. Additional information with respect to the impact of COVID-19 on our businesses, results of operations and human capital resources is contained elsewhere in this report.

Impact of COVID-19 on Employees

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

- The vast majority of front-office personnel are working in a firm office and most BGC Shared Service and Technology employees are attending work in the office several days a week, while working remotely the other part of the week. We follow all applicable laws and regulations to ensure both compliance with the COVID-19 requirements and the safety of our employees.
- We update our COVID-19 policies and FAQs on a regular basis; they are also posted on the Company's intranet sites.
- Internal and external meetings are sometimes held in person, as well as conducted virtually and via phone calls.
- Our medical plans have waived applicable member cost sharing for all medically necessary diagnostic testing related to COVID-19.
- We have reminded employees about our Employee Assistance Program and the ways it can assist them during this challenging time.
- We provide paid leave in accordance with its policies and applicable COVID-19-related laws and regulations.

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

Impact of COVID-19 on the Company's Results

Revenues

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

We recorded total revenue of $435.8 million, 4.9% lower than a year ago, excluding Insurance.

Certain key items are summarized below:

- Revenues across Rates, Credit, FX, Equities, Energy and Commodities are generally correlated with corresponding industry volumes.
- Rising interest rates and inflation continued to flatten and invert the U.S. yield curve, resulting in higher activity in the short-end of the curve and lower secondary trading volumes in the medium and long-end of the curve.
- Global volatility drove Foreign Exchange trading volumes higher during the period.
- Global credit markets were generally mixed across geography, investment grade, and high yield.
- Energy & Commodities volumes were mixed as higher prices and volatility weighed on certain energy products.
- Equities trading volumes were generally higher across the industry, particularly in U.S. cash equities.

We expect record levels of global debt issuance, interest rate volatility, normalizing yield curves, tapering and unwinding of central bank asset purchases to provide tailwinds to our Rates business going forward.

Overall Fenics

For the three months ended June 30, 2022 and 2021, Fenics revenues increased 13.0% driven by a $10.8 million, or 12.5%, increase in Fenics Markets and a $1.8 million, or 16.9%, increase in Fenics Growth Platforms. For the six months ended June 30, 2022 and 2021, Fenics revenue increased 14.8% driven by a $26.0 million, or 14.2% increase in Fenics Markets and a $4.3 million, or 20.2% increase in Fenics Growth Platforms.

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

Expenses

BGC's compensation expenses decreased in the second quarter of 2022 and year on year primarily due to increased automation, the sale of Insurance, lower commissionable revenues, and the FX impact on its U.K. and European operations. BGC's non-compensation expenses decreased due to lower occupancy and equipment expense due to the sale of Insurance, as well as lower professional and consulting fees, interest and communications expenses. These expense reductions were partially offset by higher selling and promotion charges, as COVID-19 restrictions have relaxed across many of the major geographies in which BGC operates.

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

- Non-cash impairment charges with respect to assets;
- Non-cash mark-to-market adjustments for non-marketable investments;
- Certain severance charges incurred in connection with headcount reductions as part of a broad cost reduction program;

- Certain compensation and non-compensation-related charges incurred as part of a broad cost reduction program. Such U.S. GAAP items may include charges for exiting leases and/or other long-term contracts as part of cost-saving initiatives;
- Expenses relating to setting up and maintaining remote and/or back-up locations; and
- Communication expenses related to additional voice and data connections.

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

Capital and Liquidity

On August 2, 2022, our Board declared a $0.01 dividend for the second quarter of 2022. Additionally, BGC Holdings continues to have reduced distributions to or on behalf of its partners. The distributions to or on behalf of partners will at least cover their related tax payments. Whether any given post-tax amount is equivalent to the amount received by a stockholder also on an after-tax basis depends upon stockholders' and partners' domiciles and tax status. Our 2022 capital allocation priorities are to return capital to stockholders and to continue investing in our high growth Fenics businesses. Historically, we were deeply dividend-centric; going forward, we plan to prioritize share and unit repurchases over dividends and distributions.

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

Brexit

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

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

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

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

Regulation

Regulators in the U.S. have finalized most of the new rules across a range of financial marketplaces, including OTC derivatives, as mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act. Many of these rules became effective in prior years, while ongoing phase-ins are anticipated over coming years.

In addition to regulations in the U.S., legislators and regulators in Europe have crafted similar rules; MiFID II, which made sweeping changes to market infrastructure, European Market Infrastructure Regulation, which focused specifically on derivatives, and Capital Requirements Directive IV for prudential standards. Over the past years, European policymakers have launched various reviews of post-crisis legislation, leading to legislative updates such as EMIR Regulatory Fitness and Performance and CRD V. Furthermore, they introduced a new prudential regime tailored specifically to investment firms such as our firm –the Investment Firm Review. As all these rules take effect, they will continue to alter the environment in which we operate. We note that various internal and external factors have made the EU more rigid in its approach to non-EU countries which could impact the ease with which the global financial system is connected.

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

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

In November 2018, the CFTC issued proposed rules that would significantly revise CFTC Rule Part 37, which relates to SEFs. The proposed rules would significantly affect the trading of swaps and the facilities offering swaps trading by allowing for trading through "any means of interstate commerce" rather than the two (central limit order book and request for quote) methods prescribed under the current rules. The proposed rules may also expand the number and type of swaps required to be executed on SEFs. If these rules are passed, our SEFs will need to make numerous changes to facilitate trading under a new regulatory framework. A new CFTC Chairman was sworn in on July 15, 2019, and this change in leadership could impact these proposals.

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

On April 6, 2022, the SEC proposed Rules for the Registration and Regulation of Security-Based Swap Execution Facilities. The SEC proposed new Regulation SE under the Exchange Act to create a regime for the registration and regulation of SBSEFs. The new regulatory framework was one of the major reforms required under Title VII of the Dodd-Frank Act relating to the over-the-counter derivatives market.

In developing this proposal, the SEC sought to harmonize as closely as practicable with parallel rules of the CFTC that govern SEFs and swap execution generally. The proposal was published on SEC.gov and in the Federal Register with a public comment period of 60 days. If adopted, the proposal would implement the Exchange Act's trade execution requirement for security-based swaps and address the cross-border application of that requirement; implement Section 765 of the Dodd-Frank Act to mitigate conflicts of interest at SBSEFs and national securities exchanges that trade security-based swaps; and promote consistency between proposed Regulation SE and existing rules under the Exchange Act.

See "Regulation" included in Part I, Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2021 for additional information related to our regulatory environment.

Industry Consolidation

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

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

Growth Drivers

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

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

Overall Market Volumes and Volatility

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

Rates volumes in particular are influenced by market volumes and, in certain instances, volatility. Historically low and negative interest rates, as well as central bank quantitative easing programs across the globe have significantly reduced the overall trading appetite for rates products. Such programs have depressed rates volumes because they entail central banks buying government securities or other securities in the open market in an effort to promote increased lending and liquidity and bring down long-term interest rates. When central banks hold these instruments, they tend not to trade or hedge, thus lowering rates volumes across cash and derivatives markets industry-wide. Following the market dislocation and ongoing pandemic, major central banks such as the U.S. Federal Reserve, ECB, Bank of Japan, Bank of England, and Swiss National Bank restarted quantitative easing programs in 2020. While inflationary concerns have resulted in rising interest rates and tapering and/or unwinding of central bank asset purchases, interest rates remain low by historic standards. We expect the current rising interest rate environment to create, over the next two or three quarters, an uneven market for the industry with some product categories increasing dramatically, which others face short-term challenges as their key market participants deal with the difficulty of trading through rising interest rates., During the quarter, the Company experienced this performance across asset classes. For example, we generated strong growth in short-term interest rate products, government bonds, interest rate options, U.S. investment grade credit, spot FX and LatAm FX. The current rising interest rate environment created near-term challenges for businesses including longer-dated interest rate swaps, European credit, G10 FX forwards, Central and European FX options and even inflation products, all of which we expect to rebound strongly in 2023.

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

During the three and six months ended June 30, 2022, industry volumes were higher across short-term Rates, Foreign Exchange, and Equities, particularly U.S. cash equities. Secondary trading volumes were generally lower across medium- and long-term Rates. Global Credit markets were generally mixed across geography, investment grade, and high yield. Energy and Commodities volumes were also generally mixed as higher prices and volatility weighed on certain energy products. BGC's brokerage revenues, excluding Insurance, were down by 4.7% year-on-year in the quarter. Below is an expanded discussion of the volume and growth drivers of our various brokerage product categories.

Rates Volumes and Volatility

Our Rates business is influenced by a number of factors, including global sovereign issuances, interest rate, central bank policies, secondary trading and the hedging of these sovereign debt instruments. The amount of global sovereign debt outstanding remains at historically high levels; the level of secondary trading and related hedging activity was mixed during the second quarter of 2022 compared to the prior year period. According to Bloomberg and the Federal Reserve Bank of New York, the average daily volume of U.S. Treasuries with maturities less than three years were up 20%, while volumes for maturities six years and greater decreased by 18%. IRS volumes traded on SEF were down 36% compared to the second quarter of 2021, according to Clarus. In comparison, our revenue from Fenics Rates decreased 4.5%, while our overall Rates revenues were up 0.5% as compared to a year earlier to $137.1 million.

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

Overall, analysts and economists expect the absolute level of sovereign debt outstanding to remain at elevated levels for the foreseeable future as governments finance their future deficits and roll over their sizable existing debt. Additionally, yields on benchmark U.S. Treasuries exhibited volatility during the second quarter of 2022 on inflation concerns and the central bank tapering plans. The tapering and/or unwinding of asset purchases by central banks, interest rate hikes, along with elevated levels of government debt issuance, are expected to provide tailwinds to our Rates business in the latter half of 2022.

FX Volumes and Volatility

Global FX volumes were generally higher during the second quarter of 2022. Volumes for CME FX futures and options and CME EBS spot FX were up 24% and 6%, respectively, whereas Refinitiv was up 4%, during the quarter. In comparison, revenue from our Fenics FX platforms increased 63.5%, while our overall FX revenues increased by 2.1% to $74.3 million.

Equities Volumes

Global equity volumes were generally higher during the second quarter of 2022. Research from Raymond James indicated that the average daily volumes of U.S. cash equities and U.S. options were up 19% and 8%, respectively, as compared to a year earlier, while average daily volume of European cash equities shares were up 11% (in notional value). Over the same timeframe, Eurex average daily volumes of equity derivatives were up 14% while Euronext equity derivative index volumes increased by 17%. BGC's equity business primarily consists of equity derivatives, particularly European equity derivatives. Our overall revenues from Equities decreased by 4.2% to $58.3 million.

Credit Volumes

Our Credit business is impacted by the level of global corporate bond issuance, and the direction of interest rates. Global credit derivative market turnover has declined over the last few years due to the introduction of rules and regulations around the clearing of credit derivatives in the U.S. and elsewhere, along with non-uniform regulation across different geographies. In addition, many of our large bank customers continue to reduce their inventory of bonds and other credit products in order to comply with Basel III and other international financial regulations. Credit volumes were generally mixed during the second quarter of 2022. Primary dealer average daily volume for U.S. Investment Grade was up 8% and U.S. High Yield was down 5% according to Bloomberg and the Federal Reserve Bank of New York. In comparison, our overall Credit revenues decreased by 15.6% to $61.3 million.

Energy and Commodities

Energy and commodities volumes were generally mixed during the second quarter of 2022 compared with the year earlier. CME and ICE energy futures and options volumes were down 2% and up 3%, respectively, as higher prices and volatility weighed on certain energy products. In comparison, BGC's energy and commodities revenues decreased by 10.8% to $66.7 million.

Insurance Brokerage

The overall Insurance brokerage business, which we sold to The Ardonagh Group on November 1, 2021, included Ed Broking and Besso, as well as our aviation and space insurance brokerage business, Piiq. The pre-tax loss relating to Insurance was $6.7 million and $7.1 million for the three and six months ended June 30, 2021. The Insurance brokerage business contributed $54.4 million and $106.9 million in total revenues for the three and six months ended June 30, 2021.

REGULATORY ENVIRONMENT

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

LIQUIDITY

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

HIRING AND ACQUISITIONS

Key drivers of our revenue are front-office producer headcount and average revenue per producer. We believe that our strong technology platform and unique compensation structure have enabled us to use both acquisitions and recruiting to profitably grow at a faster rate than our largest competitors since our formation in 2004. Beginning in 2020, we have reduced front office headcount with a focus on underperforming or less profitable brokers, which has improved our average revenue per producer.

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

As of June 30, 2022, our front-office headcount was approximately 2,025 brokers, salespeople, managers, technology professionals and other front-office personnel, down 7.7% from approximately 2,200 a year ago. Compared to the prior year period, average revenue per front-office employee for the three and six months ended June 30, 2022, increased by 5% to approximately $207 thousand and 6% to approximately $446 thousand, respectively.

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

Our acquisitions have included Ed Broking, Ginga Petroleum, Algomi and the Futures Exchange Group.

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

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

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

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

FINANCIAL HIGHLIGHTS

For the three months ended June 30, 2022 compared to the three months ended June 30, 2021:

Income from operations before income taxes of $31.4 million compared to $18.9 million in the same period in the prior year.

Total revenues decreased $76.7 million, or 15.0%, to $435.8 million. This decrease was largely a result of the sale of the Insurance brokerage business during the fourth quarter of 2021, which generated $54.4 million in revenues in the same period in the prior year. Brokerage revenues, excluding the Insurance brokerage business, decreased $19.7 million, or 4.7%, to $397.7 million, which was driven by a decrease across all products except for FX and Rates.

Total expenses decreased $87.8 million, or 17.7%, to $408.9 million compared to the prior year period, primarily due to a $70.9 million decrease in total compensation expenses, which was primarily driven by the sale of the Insurance business during the fourth quarter of 2021, as well as lower commission revenues on variable compensation. The $16.9 million decrease in non-compensation expenses was primarily driven by lower occupancy and equipment expense due to the sale of the Insurance brokerage business, lower professional and consulting fees, lower interest expense recorded on the 5.125% Senior Notes due to repayment in full on May 27, 2021, as well as lower communications expenses. These expense reductions were partially offset by higher selling and promotion charges, as COVID-19 restrictions have relaxed across many of the major geographies in which we operate.

Total other income (losses), net increased $1.5 million, or 47.0%, to $4.6 million compared to the prior year period, primarily related to gains on equity method investments.

For the six months ended June 30, 2022 compared to the six months ended June 30, 2021:

Income from operations before income taxes of $76.8 million compared to $92.4 million in same period in the prior year.

Total revenues decreased $137.8 million, or 12.8%, to $942.2 million. This decrease was largely a result of the sale of the Insurance brokerage business during the fourth quarter of 2021, which generated $106.9 million in revenues in the same period in the prior year. Brokerage revenues, excluding the Insurance brokerage business, decreased $29.1 million, or 3.2%, to $870.0 million, which was driven by a decrease across all products.

Total expenses decreased $125.3 million, or 12.6% to $872.4 million compared to the prior year period, primarily due to a $97.6 million decrease in total compensation expenses, which was primarily driven by the sale of the Insurance business during the fourth quarter of 2021, as well as lower commission revenues on variable compensation. The $27.7 million decrease in non-compensation expenses was primarily driven by lower occupancy and equipment expense due to the sale of the Insurance brokerage business, lower interest expense recorded on the 5.125% Senior Notes due to repayment in full on May 27, 2021, as well as lower professional and consulting fees and lower communications expenses. These expense reductions were partially offset by higher selling and promotion charges, as COVID-19 restrictions have relaxed across many of the major geographies in which we operate.

Total other income (losses), net decreased $3.1 million, or 30.7% to $6.9 million compared to the prior year period, primarily due to a gain recognized on a litigation resolution in the first quarter of 2021, a decrease related to mark-to-market movements on other assets, and a decrease in other recoveries related to the Insurance brokerage business, partially offset by an increase related to gains on equity method investments and other recoveries.

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,			
	2022		2021		2022		2021	
	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	$ 309,542	71.1 %	$ 389,768	76.1 %	$ 666,206	70.7 %	$ 824,988	76.4 %
Principal transactions	88,169	20.2	81,997	16.0	203,770	21.6	180,760	16.7
Total brokerage revenues	397,711	91.3	471,765	92.1	869,976	92.3	1,005,748	93.1
Fees from related parties	3,625	0.8	4,245	0.8	6,942	0.7	8,030	0.7
Data, software and post-trade	23,391	5.4	21,602	4.2	47,518	5.1	43,588	4.0
Interest and dividend income	8,961	2.0	11,455	2.2	11,396	1.2	14,493	1.3
Other revenues	2,068	0.5	3,383	0.7	6,388	0.7	8,167	0.9
Total revenues	435,756	100.0	512,450	100.0	942,220	100.0	1,080,026	100.0
Expenses:								
Compensation and employee benefits	211,873	48.6	270,586	52.8	469,141	49.8	578,929	53.6
Equity-based compensation and allocations of net income to limited partnership units and FPUs[1]	46,133	10.6	58,290	11.4	104,009	11.0	91,785	8.5
Total compensation and employee benefits	258,006	59.2	328,876	64.2	573,150	60.8	670,714	62.1
Occupancy and equipment	39,921	9.2	47,159	9.2	78,584	8.3	95,549	8.8
Fees to related parties	6,009	1.4	4,518	0.9	11,734	1.3	9,900	0.9
Professional and consulting fees	13,810	3.2	20,029	3.9	29,441	3.1	36,235	3.4
Communications	27,166	6.2	30,776	6.0	55,057	5.8	60,586	5.6
Selling and promotion	12,443	2.8	8,618	1.7	23,381	2.5	16,106	1.5
Commissions and floor brokerage	14,239	3.3	14,308	2.8	31,582	3.4	32,237	3.0
Interest expense	14,342	3.3	18,680	3.6	28,645	3.0	36,533	3.4
Other expenses	23,010	5.3	23,772	4.6	40,785	4.3	39,809	3.7
Total expenses	408,946	93.9	496,736	96.9	872,359	92.5	997,669	92.4
Other income (losses), net:								
Gains (losses) on divestitures and sale of investments	—	—	(92)	0.0	—	—	(92)	0.0
Gains (losses) on equity method investments	2,729	0.6	1,323	0.3	5,532	0.6	2,789	0.3
Other income (loss)	1,909	0.5	1,924	0.3	1,413	0.1	7,330	0.7
Total other income (losses), net	4,638	1.1	3,155	0.6	6,945	0.7	10,027	1.0
Income (loss) from operations before income taxes	31,448	7.2	18,869	3.7	76,806	8.2	92,384	8.6
Provision (benefit) for income taxes	15,105	3.4	(1,191)	(0.2)	29,762	3.2	13,748	1.3
Consolidated net income (loss)	$ 16,343	3.8 %	$ 20,060	3.9 %	$ 47,044	5.0 %	$ 78,636	7.3 %
Less: Net income (loss) operations attributable to noncontrolling interest in subsidiaries	1,581	0.4	3,820	0.7	6,310	0.7	19,680	1.8
Net income (loss) available to common stockholders	$ 14,762	3.4 %	$ 16,240	3.2 %	$ 40,734	4.3 %	$ 58,956	5.5 %

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
	Actual Results	Percentage of Total Revenues	Actual Results	Percentage of Total Revenues	Actual Results	Percentage of Total Revenues	Actual Results	Percentage of Total Revenues
Issuance of common stock and grants of exchangeability	$ 20,460	4.7 %	$ 31,222	6.1 %	$ 50,595	5.4 %	$ 39,076	3.6 %
Allocations of net income	4,734	1.1	6,846	1.3	8,424	0.9	12,477	1.2
LPU amortization	15,601	3.6	16,741	3.3	34,624	3.7	33,835	3.1
RSU amortization	5,338	1.2	3,481	0.7	10,366	1.0	6,397	0.6
Equity-based compensation and allocations of net income to limited partnership units and FPUs	$ 46,133	10.6 %	$ 58,290	11.4 %	$ 104,009	11.0 %	$ 91,785	8.5 %

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2021

Revenues

Brokerage Revenues

Total brokerage revenues decreased by $74.1 million, or 15.7%, to $397.7 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. Commission revenues decreased by $80.2 million, or 20.6%, to $309.5 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. Principal transactions revenues increased by $6.2 million, or 7.5%, to $88.2 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021.

The decrease in total brokerage revenues was primarily driven by a decrease in revenues from Insurance, Credit, Energy and commodities, and Equities, partially offset by an increase in revenues from FX and Rates. The decreases in our brokerage revenues, excluding FX and Rates, was primarily due to the sale of the Insurance brokerage business during the fourth quarter of 2021, creating a lack of comparability in Insurance brokerage revenues between 2022 and 2021, and lower industry-wide trading volumes.

Our brokerage revenues from Insurance totaled $54.3 million for the three months ended June 30, 2021 as compared to no revenues for the three months ended June 30, 2022 as a result of the sale during the fourth quarter of 2021.

Our Credit revenues decreased by $11.4 million, or 15.6%, to $61.3 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. This was primarily driven by lower activity across structured products and FX headwinds, partially offset by U.S. investment grade credit, which generated strong double-digit revenue growth compared to a year ago.

Our brokerage revenues from Energy and commodities decreased by $8.0 million, or 10.8%, to $66.7 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021, which was primarily led by lower volumes across global oil trading driven by significantly elevated prices.

Our brokerage revenues from Equities decreased by $2.5 million, or 4.2%, to $58.3 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021.

Our FX revenues increased by $1.5 million, or 2.1%, to $74.3 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021, driven by higher spot FX and emerging markets volume.

Our brokerage revenues from Rates increased by $0.7 million, or 0.5%, to $137.1 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. This increase was largely driven by stronger volumes across short-term interest rates, government bonds, and interest rate options.

Fees from Related Parties

Fees from related parties decreased by $0.6 million, or 14.6%, to $3.6 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. This was primarily driven by a decrease in revenues in connection with services provided to Cantor.

Data, Software and Post-Trade

Data, software and post-trade revenues increased by $1.8 million, or 8.3%, to $23.4 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. This increase was primarily driven by new business contracts and Lucera expanding their client base, partially offset by a decrease in revenues from post-trade services.

Interest and Dividend Income

Interest and dividend income decreased by $2.5 million, or 21.8%, to $9.0 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. This decrease was primarily due to a decrease in dividend income and lower interest income earned on employee loans, partially offset by an increase in interest income on government bonds.

Other Revenues

Other revenues decreased by $1.3 million, or 38.9%, to $2.1 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021, primarily driven by a decrease in consulting income for Poten & Partners.

Expenses

Compensation and Employee Benefits

Compensation and employee benefits expense decreased by $58.7 million, or 21.7%, to $211.9 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. The main driver of this decrease was primarily due to the sale of the Insurance brokerage business during the fourth quarter of 2021, as well as lower commission revenues on variable compensation and the FX impact on U.K. and European operations.

Equity-Based Compensation and Allocations of Net Income to Limited Partnership Units and FPUs

Equity-based compensation and allocations of net income to limited partnership units and FPUs decreased by $12.2 million, or 20.9%, to $46.1 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. This was driven by a decrease in grants of exchangeability and issuance of Class A common stock.

Occupancy and Equipment

Occupancy and equipment expense decreased by $7.2 million, or 15.3%, to $39.9 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. This decrease was primarily due to the sale of the Insurance brokerage business during the fourth quarter of 2021, as well as a decrease in other rent and occupancy expenses, partially offset by an increase related to fixed asset impairments and amortization expense on internally developed software.

Fees to Related Parties

Fees to related parties increased by $1.5 million, or 33.0%, to $6.0 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. Fees to related parties are allocations paid to Cantor for administrative and support services (such as accounting, occupancy, and legal).

Professional and Consulting Fees

Professional and consulting fees decreased by $6.2 million, or 31.0%, to $13.8 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021, primarily driven by the sale of the Insurance brokerage business during the fourth quarter of 2021, as well as a decrease in legal fees.

Communications

Communications expense decreased by $3.6 million, or 11.7%, to $27.2 million for the three months ended June 30, 2022 as compared to three months ended June 30, 2021, which was primarily driven by decreases in various terminal and line service costs across market data and communications.

Selling and Promotion

Selling and promotion expense increased by $3.8 million, or 44.4%, to $12.4 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. This increase was primarily due to the impact of COVID-19 and the continued focus on tighter cost management during the three months ended June 30, 2021, which resulted in a significant reduction in travel and entertainment expenses.

Commissions and Floor Brokerage

Commissions and floor brokerage expense decreased by $0.1 million, or 0.5%, to $14.2 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. Commissions and floor brokerage expense tends to move in line with brokerage revenues.

Interest Expense

Interest expense decreased by $4.3 million, or 23.2%, to $14.3 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021, primarily driven by lower interest expense related to the 5.125% Senior Notes, which were repaid in May 2021, and a decrease in interest expense due to the sale of the Insurance brokerage business during the fourth quarter of 2021.

Other Expenses

Other expenses decreased by $0.8 million, or 3.2%, to $23.0 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021, which was primarily due to a decrease in amortization expense on intangible assets and a decrease in general insurance expense, which were driven by the sale of the Insurance brokerage business during the fourth quarter of 2021, as well as a decrease in revaluation expense, partially offset by a $4.8 million reserve recorded in the three months ended June 30, 2022 for potential losses associated with Russia's Invasion of Ukraine.

Other Income (Losses), net

Gains (Losses) on Divestitures and Sale of Investments

For the three months ended June 30, 2022, we had no gains or losses from divestitures or the sale of investments. For the three months ended June 30, 2021, we had a loss of $0.1 million on divestitures.

Gains (Losses) on Equity Method Investments

Gains (losses) on equity method investments increased by $1.4 million, or 106.3%, to a gain of $2.7 million, for the three months ended June 30, 2022 as compared to a gain of $1.3 million for the three months ended June 30, 2021.

Other Income (Loss)

Other income (loss) decreased by $15 thousand, or 0.8%, to $1.9 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021.

Provision (Benefit) for Income Taxes

Provision (benefit) for income taxes increased by $16.3 million, to $15.1 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021. The increase is primarily driven by an increase in pretax earnings, a benefit in the prior year from the revaluation of deferred tax due to enacted rate change in the U.K. and a change in the geographical and business mix of earnings, which can impact our consolidated effective tax rate from period-to-period.

Net Income (Loss) Attributable to Noncontrolling Interest in Subsidiaries

Net income (loss) attributable to noncontrolling interest in subsidiaries decreased by $2.2 million, to $1.6 million for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021.

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

Revenues

Brokerage Revenues

Total brokerage revenues decreased by $135.8 million, or 13.5%, to $870.0 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021. Commission revenues decreased by $158.8 million, or 19.2%, to $666.2 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021. Principal transactions revenues increased by $23.0 million, or 12.7%, to $203.8 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021.

The decrease in total brokerage revenues was primarily driven by decreases in Insurance, Credit, Equities, Rates, FX and Energy and commodities.

Our brokerage revenues from Insurance totaled $106.7 million for the six months ended June 30, 2021 as compared to no revenues for the six months ended June 30, 2022 as a result of the sale during the fourth quarter of 2021.

Our Credit revenues decreased by $17.5 million, or 10.8%, to $145.2 million for the six months ended June 30, 2022, as compared to the six months ended June 30, 2021. This decrease was primarily driven by lower activity across structured products and FX headwinds, partially offset by U.S. investment grade credit, which generated strong double-digit revenue growth compared to a year ago.

Our brokerage revenues from Equities decreased by $5.9 million, or 4.5%, to $125.4 million for the six months ended June 30, 2022, as compared to the six months ended June 30, 2021, which was primarily driven by lower global volumes.

Our brokerage revenues from Rates decreased by $2.3 million, or 0.8%, to $295.9 million for the six months ended June 30, 2022, as compared to the six months ended June 30, 2021.

Our FX revenues decreased by $1.9 million, or 1.2%, to $154.4 million for the six months ended June 30, 2022, as compared to the six months ended June 30, 2021, which was primarily driven by lower industry volumes.

Our brokerage revenues from Energy and Commodities decreased by $1.5 million, or 1.0%, to $149.1 million for the six months ended June 30, 2022, as compared to the six months ended June 30, 2021, which was primarily driven by lower volumes in global oil trading driven by significantly elevated prices.

Fees from Related Parties

Fees from related parties decreased by $1.1 million, or 13.5%, to $6.9 million for the six months ended June 30, 2022 as compared to the prior year, which was primarily driven by a decrease in revenues in connection with services provided to Cantor.

Data, Software and Post-Trade

Data, software and post-trade revenues increased by $3.9 million, or 9.0%, to $47.5 million for the six months ended June 30, 2022 as compared to the same period in prior year. This increase was primarily driven by Lucera expanding their client base, and an increase in revenues from post-trade services.

Interest and Dividend Income

Interest and dividend income decreased by $3.1 million, or 21.4%, to $11.4 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021. This was primarily driven by an decrease in dividend income and lower interest income earned on employee loans, partially offset by an increase in interest income on government bonds.

Other Revenues

Other revenues decreased by $1.8 million, or 21.8% to $6.4 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021. This was primarily driven by a decrease in consulting income for Poten & Partners.

Expenses

Compensation and Employee Benefits

Compensation and employee benefits expense decreased by $109.8 million, or 19.0%, to $469.1 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021. The main drivers of this decrease was primarily due to the sale of the Insurance brokerage business during the fourth quarter of 2021, as well as lower commission revenues on variable compensation and the FX impact on U.K. and European operations.

Equity-Based Compensation and Allocations of Net Income to Limited Partnership Units and FPUs

Equity-based compensation and allocations of net income to limited partnership units and FPUs increased by $12.2 million, or 13.3%, to $104.0 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021. This was primarily driven by an increase in grants of exchangeability and issuance of Class A common stock and an increase in RSU amortization expense.

Occupancy and Equipment

Occupancy and equipment expense decreased by $17.0 million, or 17.8%, to $78.6 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021. This was primarily driven by the sale of the Insurance brokerage business during the fourth quarter of 2021, as well as a decrease in other rent and occupancy expenses, partially offset by an increase related to fixed asset impairments and amortization expense on internally developed software.

Fees to Related Parties

Fees to related parties increased by $1.8 million, or 18.5%, to $11.7 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021. Fees to related parties are allocations paid to Cantor for administrative and support services.

Professional and Consulting Fees

Professional and consulting fees decreased by $6.8 million, or 18.7%, to $29.4 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021, primarily driven by the sale of the Insurance brokerage business during the fourth quarter of 2021, as well as a decrease in legal fees.

Communications

Communications expense decreased by $5.5 million, or 9.1%, to $55.1 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021, which was primarily driven by decreases in various terminal and line service costs across market data and communications.

Selling and Promotion

Selling and promotion expense increased by $7.3 million, or 45.2%, to $23.4 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021. This increase was primarily a result of a reduction in travel and entertainment expenses due to a continued focus on tighter cost management as well as the impact of COVID-19 during the six months ended June 30, 2021.

Commissions and Floor Brokerage

Commissions and floor brokerage expense decreased by $0.7 million, or 2.0%, to $31.6 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021. Commissions and floor brokerage expense tends to move in line with brokerage revenues.

Interest Expense

Interest expense decreased by $7.9 million, or 21.6%, to $28.6 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021, primarily driven by interest expense related to the 5.125% Senior Notes, which were repaid in May 2021, and a decrease in interest expense due to the sale of the Insurance brokerage business during the fourth quarter of 2021.

Other Expenses

Other expenses increased by $1.0 million, or 2.5%, to $40.8 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021, which was primarily related to an increase in amortization expense on intangible assets and a decrease in general insurance expense, which were driven by the sale of the Insurance brokerage business during the fourth quarter of 2021, as well as a decrease in revaluation expense, partially offset by $10.8 million of reserves recorded in the six months ended June 30, 2022 for potential losses associated with Russia's Invasion of Ukraine.

Other Income (Losses), net

Gains (Losses) on Divestitures and Sale of Investments

For the six months ended June 30, 2022, we had a no gains or losses from divestitures or the sale of investments. For the six months ended June 30, 2021, we had a loss of $0.1 million on divestitures.

Gains (Losses) on Equity Method Investments

Gains (losses) on equity method investments increased by $2.7 million, to a gain of $5.5 million, for the six months ended June 30, 2022 as compared to a gain of $2.8 million for the six months ended June 30, 2021.

Other Income (Loss)

Other income (loss) decreased by $5.9 million, to $1.4 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021. This was primarily driven by a decrease related to mark-to-market movements on other assets, a gain recognized on a litigation resolution during the six months ended June 30, 2021, a decrease in other recoveries related to the Insurance brokerage business which was sold during the fourth quarter of 2021, partially offset by an increase related to fair value adjustments of investments held, and an increase in other recoveries in the six months ended June 30, 2022.

Provision (Benefit) for Income Taxes

Provision (benefit) for income taxes increased by $16.0 million, or 116.5%, to $29.8 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021. This increase is primarily driven by a benefit in the prior year from the revaluation of deferred taxes due to enacted rate changes in the U.K. as well as a change in the geographical and business mix of earnings, which can impact our consolidated effective tax rate from period-to-period.

Net Income (Loss) Attributable to Noncontrolling Interest in Subsidiaries

Net income (loss) attributable to noncontrolling interest in subsidiaries decreased by $13.4 million, or 67.9%, to $6.3 million for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021, which was primarily driven by a decrease in earnings.

QUARTERLY RESULTS OF OPERATIONS

The following table sets forth our unaudited quarterly results of operations for the indicated periods (in thousands). Results of any period are not necessarily indicative of results for a full year and may, in certain periods, be affected by seasonal fluctuations in our business. Certain reclassifications have been made to prior period amounts to conform to the current period's presentation.

	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Revenues:								
Commissions	$ 309,542	$ 356,664	$ 349,896	$ 367,016	$ 389,768	$ 435,220	$ 377,146	$ 352,027
Principal transactions	88,169	115,601	73,004	73,997	81,997	98,763	73,687	65,182
Fees from related parties	3,625	3,317	3,356	3,470	4,245	3,785	4,857	8,814
Data, software and post-trade	23,391	24,127	24,137	22,238	21,602	21,986	20,860	21,523
Interest and dividend income	8,961	2,435	4,442	3,042	11,455	3,038	(783)	2,418
Other revenues	2,068	4,320	6,756	3,984	3,383	4,784	3,659	5,078
Total revenues	435,756	506,464	461,591	473,747	512,450	567,576	479,426	455,042
Expenses:								
Compensation and employee benefits	211,873	257,268	434,807	257,604	270,586	308,343	258,866	244,648
Equity-based compensation and allocations of net income to limited partnership units and FPUs	46,133	57,876	85,889	78,490	58,290	33,495	80,515	33,007
Total compensation and employee benefits	258,006	315,144	520,696	336,094	328,876	341,838	339,381	277,655
Occupancy and equipment	39,921	38,663	46,724	46,049	47,159	48,390	47,763	45,924
Fees to related parties	6,009	5,725	8,456	5,674	4,518	5,382	5,028	7,728
Professional and consulting fees	13,810	15,631	14,813	16,836	20,029	16,206	18,233	15,755
Communications	27,166	27,891	27,611	29,305	30,776	29,810	30,481	30,097
Selling and promotion	12,443	10,938	12,356	9,586	8,618	7,488	6,896	5,942
Commissions and floor brokerage	14,239	17,343	16,563	15,908	14,308	17,929	13,646	12,933
Interest expense	14,342	14,303	16,061	16,735	18,680	17,853	21,811	19,665
Other expenses	23,010	17,775	16,465	24,614	23,772	16,037	21,600	28,367
Total expenses	408,946	463,413	679,745	500,801	496,736	500,933	504,839	444,066
Other income (losses), net:								
Gain (loss) on divestiture and sale of investments	—	—	312,941	92	(92)	—	403	(9)
Gains (losses) on equity method investments	2,729	2,803	2,101	1,816	1,323	1,466	1,354	1,527
Other income (loss)	1,909	(496)	7,862	4,513	1,924	5,406	1,687	4,779
Total other income (losses), net	4,638	2,307	322,904	6,421	3,155	6,872	3,444	6,297
Income (loss) from operations before income taxes	31,448	45,358	104,750	(20,633)	18,869	73,515	(21,969)	17,273
Provision (benefit) for income taxes	15,105	14,657	15,957	(6,692)	(1,191)	14,939	(6,729)	8,558
Consolidated net income (loss)	$ 16,343	$ 30,701	$ 88,793	$ (13,941)	$ 20,060	$ 58,576	$ (15,240)	$ 8,715
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	1,581	4,729	12,340	(2,539)	3,820	15,860	(11,211)	(135)
Net income (loss) available to common stockholders	$ 14,762	$ 25,972	$ 76,453	$ (11,402)	$ 16,240	$ 42,716	$ (4,029)	$ 8,850

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

	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Brokerage revenue by product:								
Rates	$ 137,129	$ 158,809	$ 131,732	$ 128,508	$ 136,474	$ 161,793	$ 124,495	$ 119,325
FX	74,347	80,025	72,112	72,976	72,807	83,433	73,213	73,281
Energy and commodities	66,687	82,395	71,527	74,328	74,735	75,868	71,706	65,871
Credit	61,257	83,908	65,969	58,983	72,609	90,047	68,882	68,053
Equities	58,291	67,128	61,671	54,715	60,825	70,462	63,718	47,410
Insurance	—	—	19,889	51,503	54,315	52,380	48,819	43,269
Total brokerage revenues	$ 397,711	$ 472,265	$ 422,900	$ 441,013	$ 471,765	$ 533,983	$ 450,833	$ 417,209
Brokerage revenue by product (percentage):								
Rates	34.5 %	33.6 %	31.1 %	29.1 %	28.9 %	30.3 %	27.6 %	28.6 %
FX	18.7	17.0	17.1	16.5	15.4	15.6	16.2	17.6
Energy and commodities	16.8	17.4	16.9	16.9	15.8	14.2	15.9	15.8
Credit	15.4	17.8	15.6	13.4	15.4	16.9	15.3	16.3
Equities	14.6	14.2	14.6	12.4	12.9	13.2	14.2	11.3
Insurance	—	—	4.7	11.7	11.6	9.8	10.8	10.4
Total brokerage revenues	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Brokerage revenue by type:								
Voice/Hybrid	$ 311,541	$ 371,078	$ 345,681	$ 367,992	$ 396,480	$ 448,350	$ 387,305	$ 358,418
Fully Electronic	86,170	101,187	77,219	73,021	75,285	85,633	63,528	58,791
Total brokerage revenues	$ 397,711	$ 472,265	$ 422,900	$ 441,013	$ 471,765	$ 533,983	$ 450,833	$ 417,209
Brokerage revenue by type (percentage):								
Voice/Hybrid	78.3 %	78.6 %	81.7 %	83.4 %	84.0 %	84.0 %	85.9 %	85.9 %
Fully Electronic	21.7	21.4	18.3	16.6	16.0	16.0	14.1	14.1
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. Our assets consist largely of cash and cash equivalents, collateralized and uncollateralized short-dated receivables and less liquid assets needed to support our business. Longer-term capital (equity and notes payable) is held to support the less liquid assets and potential capital investment opportunities. Total assets as of June 30, 2022 were $4.9 billion, an increase of 46.2% as compared to December 31, 2021. The increase in total assets was driven primarily by an increase in Receivables from broker-dealers, clearing organizations, customers and related broker-dealers. We maintain a significant portion of our assets in Cash and cash equivalents and Securities owned, with our liquidity (which we define as Cash and cash equivalents, Reverse repurchase agreements, Marketable securities and Securities owned, less Securities loaned and Repurchase Agreements) as of June 30, 2022 of $535.0 million. See "Liquidity Analysis" below for a further discussion of our liquidity. Our Securities owned were $39.2 million as of June 30, 2022, compared to $40.8 million as of December 31, 2021. Our Marketable securities were $0.3 million as of June 30, 2022, compared to $0.4 million as of December 31, 2021. Our Repurchase agreements as of June 30, 2022 were $0.9 million. We had no Repurchase agreements as of December 31, 2021. Further, we did not have any Securities loaned or Reverse repurchase agreements as of June 30, 2022 and December 31, 2021.

As part of our cash management process, we may enter into tri-party reverse repurchase agreements and other short-term investments, some of which may be with Cantor. As of both June 30, 2022 and December 31, 2021, there were no reverse repurchase agreements outstanding.

Additionally, in August 2013, the Audit Committee authorized us to invest up to $350.0 million in an asset-backed commercial paper program for which certain Cantor entities serve as placement agent and referral agent. The program issues short-term notes to money market investors and is expected to be used from time to time as a liquidity management vehicle. The notes are backed by assets of highly rated banks. We are entitled to invest in the program so long as the program meets investment policy guidelines, including policies relating to ratings. Cantor will earn a spread between the rate it receives from the short-term note issuer and the rate it pays to us on any investments in this program. This spread will be no greater than the spread earned by Cantor for placement of any other commercial paper note in the program. As of June 30, 2022 and December 31, 2021, we had no investments in the program.

Funding

Our funding base consists of longer-term capital (equity and notes payable), collateralized financings, shorter-term liabilities and accruals that are a natural outgrowth of specific assets and/or our business model, such as matched fails and accrued compensation. We have limited need for short-term unsecured funding in our regulated entities for their brokerage business. Contingent liquidity needs are largely limited to potential cash collateral that may be needed to meet clearing bank, clearinghouse, and exchange margins and/or to fund fails. Current cash and cash equivalent balances exceed our potential normal course contingent liquidity needs. We believe that cash and cash equivalents in and available to our largest regulated entities, inclusive of financing provided by clearing banks and cash segregated under regulatory requirements, is adequate for potential cash demands of normal operations, such as margin or financing of fails. We expect our operating activities going forward to generate adequate cash flows to fund normal operations, including any dividends paid pursuant to our dividend policy. However, we continually evaluate opportunities for growth and to further enhance our strategic position, including, among other things, acquisitions, strategic alliances and joint ventures potentially involving all types and combinations of equity, debt and acquisition alternatives. As a result, we may need to raise additional funds to:

- increase the regulatory net capital necessary to support operations;
- support continued growth in our businesses;
- effect acquisitions, strategic alliances, joint ventures and other transactions;
- develop new or enhanced products, services and markets; and
- respond to competitive pressures.

Acquisitions and financial reporting obligations related thereto may impact our ability to access longer term capital markets funding on a timely basis and may necessitate greater short-term borrowings in the interim. This may impact our credit rating or our costs of borrowing. We may need to access short-term capital sources to meet business needs from time to time, including, but not limited to, conducting operations; hiring or retaining brokers, salespeople, managers, technology professionals and other front-office personnel; financing acquisitions; and providing liquidity, including in situations where we may not be able to access the capital markets in a timely manner when desired by us. Accordingly, we cannot guarantee that we will be able to obtain additional financing when needed on terms that are acceptable to us, if at all. In addition, as a result of regulatory actions, our registration statements under the Securities Act will be subject to SEC review prior to effectiveness, which may lengthen the time required for us to raise capital, potentially reducing our access to the capital markets or increasing our cost of capital.

As discussed above, our liquidity remains strong at $535.0 million as of June 30, 2022, which reflects, ordinary movements in working capital, cash paid with respect to employee year-end bonuses, tax payments, acquisitions, new hires, share and unit repurchases and redemptions, and our continued investment in Fenics Growth Platforms.

On November 1, 2021, BGC closed the sale of its Insurance brokerage business to the Ardonagh Group for gross proceeds of $534.9 million, subject to limited post-closing adjustments. The investment in the Insurance brokerage business generated an internal rate of return of 21.2% for our shareholders. The proceeds from the Insurance Business Disposition provided us with significant resources to continue repurchasing shares and to accelerate Fenics growth. Since the announced sale of the Insurance brokerage business in May 2021, BGC has repurchased and redeemed 81.2 million shares of BGC Class A common stock and LPUs as of June 30, 2022. In addition, a portion of these proceeds was used to fully repay the $300.0 million outstanding borrowings under the Company's Revolving Credit Agreement, on November 1, 2021, which had been borrowed earlier in 2021. This repayment along with the maturity of the 5.125% Senior Notes, which were paid in full on May 27, 2021, reduced our outstanding Notes payable and other borrowings. As of August 5, 2022, we have repurchased and redeemed an additional 3.7 million shares of BGC Class A common stock and LPUs during the third quarter for aggregate consideration of $14.0 million, representing a weighted-average price per share of $3.76.

On August 2, 2022, our Board declared a $0.01 dividend for the second quarter of 2022. Additionally, BGC Holdings continues to have reduced distributions to or on behalf of its partners. The distributions to or on behalf of partners will at least cover their related tax payments. Whether any given post-tax amount is equivalent to the amount received by a stockholder also on an after-tax basis depends upon stockholders' and partners' domiciles and tax status. Our 2022 capital allocation priorities are to return capital to stockholders and to continue investing in our high growth Fenics businesses. Historically, we were deeply dividend-centric; going forward, we plan to prioritize share and unit repurchases over dividends and distributions.

Notes Payable, Other and Short-term Borrowings

Unsecured Senior Revolving Credit Agreement

On November 28, 2018, we entered into the Revolving Credit Agreement with Bank of America, N.A., as administrative agent, and a syndicate of lenders, which replaced the existing committed unsecured senior revolving credit agreement. The maturity date of the Revolving Credit Agreement was November 28, 2020 and the maximum revolving loan balance was $350.0 million. Borrowings under this agreement bore interest at either LIBOR or a defined base rate plus additional margin. On December 11, 2019, we entered into an amendment to the Revolving Credit Agreement. Pursuant to the amendment, the maturity date was extended to February 26, 2021. On February 26, 2020, the Company entered into a second amendment to the Revolving Credit Agreement, pursuant to which, the maturity date was extended by two years to February 26, 2023. The size of the Revolving Credit Agreement, along with the interest rate on the borrowings therefrom, remained unchanged. On November 1, 2021, the Company repaid in full the $300.0 million borrowings outstanding, under the Revolving Credit Agreement, which had been borrowed earlier in 2021. On March 10, 2022, we entered into an amendment and restatement of the senior unsecured revolving credit agreement, pursuant to which, the maturity date was extended to March 10, 2025, the size of the credit facility was increased to $375.0 million, and borrowings under this agreement will bear interest based on either SOFR or a defined base rate plus additional margin. As of June 30, 2022 and December 31, 2021, there were no borrowings outstanding under the Revolving Credit Agreement. We may draw down on the Revolving Credit Agreement to provide flexibility in the normal course to meet ongoing operational cash needs and other general corporate purposes, including as necessary to manage through the current extraordinary macroeconomic/business environment as a result of the COVID-19 pandemic. Our liquidity remains strong, and was $535.0 million as of June 30, 2022, as discussed below.

5.125% Senior Notes

On May 27, 2016, we issued an aggregate of $300.0 million principal amount of 5.125% Senior Notes, which matured on May 27, 2021. The 5.125% Senior Notes were general senior unsecured obligations of the Company. The 5.125% Senior Notes bore interest at a rate of 5.125% per year, payable in cash on May 27 and November 27 of each year, commencing November 27, 2016 and ending on the maturity date. Prior to maturity, on August 5, 2020, the Company commenced a cash tender offer for any and all $300.0 million outstanding aggregate principal amount of its 5.125% Senior Notes. On August 11, 2020, the Company's cash tender offer expired at 5:00 p.m., New York City time. As of the expiration time, $44.0 million aggregate principal amount of the 5.125% Senior Notes were validly tendered. These notes were redeemed on the settlement date of August 14, 2020. The Company retained CF&Co as one of the dealer managers for the tender offer. As a result of this transaction, $14 thousand in dealer management fees were paid to CF&Co. Cantor tendered $15.0 million of such senior notes in the tender offer.

The initial carrying value of the 5.125% Senior Notes was $295.8 million, net of the discount and debt issuance costs of $4.2 million, of which $0.5 million were underwriting fees payable to CF&Co.

On August 16, 2016, we filed a Registration Statement on Form S-4 which was declared effective by the SEC on September 13, 2016. On September 15, 2016, BGC launched an exchange offer in which holders of the 5.125% Senior Notes, issued in a private placement on May 27, 2016, could exchange such notes for new registered notes with substantially identical terms. The exchange offer closed on October 12, 2016, at which point the initial 5.125% Senior Notes were exchanged for new registered notes with substantially identical terms. On May 27, 2021, we repaid the remaining $256.0 million principal plus accrued interest on our 5.125% Senior Notes.

5.375% Senior Notes

On July 24, 2018, we issued an aggregate of $450.0 million principal amount of 5.375% Senior Notes. The 5.375% Senior Notes are general senior unsecured obligations of the Company. The 5.375% Senior Notes bear interest at a rate of 5.375% per year, payable in cash on January 24 and July 24 of each year, commencing January 24, 2019. The 5.375% Senior Notes will mature on July 24, 2023. We may redeem some or all of the 5.375% Senior Notes at any time or from time to time for cash at certain "make-whole" redemption prices (as set forth in the indenture related to the 5.375% Senior Notes). If a "Change of Control Triggering Event" (as defined in the indenture related to the 5.375% Senior Notes) occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. The initial carrying value of the

5.375% Senior Notes was $444.2 million, net of the discount and debt issuance costs of $5.8 million, of which $0.3 million were underwriting fees paid to CF&Co. We also paid CF&Co an advisory fee of $0.2 million in connection with the issuance. The issuance costs are amortized as interest expense and the carrying value of the 5.375% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 5.375% Senior Notes as of June 30, 2022 was $448.6 million.

On July 31, 2018, we filed a Registration Statement on Form S-4 which was declared effective by the SEC on August 10, 2018. On August 10, 2018, BGC launched an exchange offer in which holders of the 5.375% Senior Notes, issued in a private placement on July 24, 2018, could exchange such notes for new registered notes with substantially identical terms. The exchange offer closed on September 17, 2018, at which point the initial 5.375% Senior Notes were exchanged for new registered notes with substantially identical terms.

3.750% Senior Notes

On September 27, 2019, we issued an aggregate of $300.0 million principal amount of 3.750% Senior Notes. The 3.750% Senior Notes are general unsecured obligations of the Company. The 3.750% Senior Notes bear interest at a rate of 3.750% per annum, payable in cash on each April 1 and October 1, commencing April 1, 2020. The 3.750% Senior Notes will mature on October 1, 2024. We may redeem some or all of the 3.750% Senior Notes at any time or from time to time for cash at certain “make-whole” redemption prices (as set forth in the indenture related to the 3.750% Senior Notes). If a “Change of Control Triggering Event” (as defined in the indenture related to the 3.750% Senior Notes) occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. The initial carrying value of the 3.750% Senior Notes was $296.1 million, net of discount and debt issuance costs of $3.9 million, of which $0.2 million were underwriting fees payable to CF&Co. The issuance costs will be amortized as interest expense and the carrying value of the 3.750% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 3.750% Senior Notes was $298.1 million as of June 30, 2022.

On October 11, 2019, we filed a Registration Statement on Form S-4, which was declared effective by the SEC on October 24, 2019. On October 28, 2019, BGC launched an exchange offer in which holders of the 3.750% Senior Notes, issued in a private placement on September 27, 2019, may exchange such notes for new registered notes with substantially identical terms. The exchange offer closed on December 9, 2019, at which point the initial 3.750% Senior Notes were exchanged for new registered notes with substantially identical terms.

4.375% Senior Notes

On July 10, 2020, we issued an aggregate of $300.0 million principal amount of 4.375% Senior Notes. The 4.375% Senior Notes are general unsecured obligations of the Company. The 4.375% Senior Notes bear interest at a rate of 4.375% per year, payable in cash on June 15 and December 15 of each year, commencing December 15, 2020. The 4.375% Senior Notes will mature on December 15, 2025. We may redeem some or all of the notes at any time or from time to time for cash at certain “make-whole” redemption prices (as set forth in the indenture related to the 4.375% Senior Notes). If a “Change of Control Triggering Event” (as defined in the indenture related to the 4.375% Senior Notes) occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. Cantor purchased $14.5 million of such senior notes and still holds such notes as of June 30, 2022. The initial carrying value of the 4.375% Senior Notes was $296.8 million, net of discount and debt issuance costs of $3.2 million, of which $0.2 million were underwriting fees payable to CF&Co. The carrying value of the 4.375% Senior Notes was $297.9 million as of June 30, 2022.

On August 28, 2020, we filed a Registration Statement on Form S-4, which was declared effective by the SEC on September 8, 2020. On September 9, 2020, BGC launched an exchange offer in which holders of the 4.375% Senior Notes, issued in a private placement on July 10, 2020, may exchange such notes for new registered notes with substantially identical terms. The exchange offer closed on October 14, 2020, at which point the initial 4.375% Senior Notes were exchanged for new registered notes with substantially identical terms.

Collateralized Borrowings

On May 31, 2017, we entered into a secured loan arrangement of $29.9 million under which we pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.44% per year and matured on May 31, 2021, therefore, there were no borrowings outstanding as of June 30, 2022 and December 31, 2021.

On April 8, 2019, we entered into a secured loan arrangement of $15.0 million, under which we pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.77% and matures on April 8, 2023. As of June 30, 2022, we had $4.0 million outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of June 30, 2022 was $41 thousand. As of December 31, 2021, we had $5.9 million outstanding related to this secured loan arrangement. The net book value of the fixed assets pledged as of December 31, 2021, was $0.1 million.

On April 19, 2019, we entered into a secured loan arrangement of $10.0 million, under which we pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.89% and matures on April 19, 2023. As of June 30, 2022 and December 31, 2021, the Company had $2.5 million and $3.8 million, respectively, outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of June 30, 2022 and December 31, 2021 was $0.6 million and $1.0 million, respectively.

Weighted-average Interest Rate

For the three months ended June 30, 2022 and 2021, the weighted-average interest rate of our total Notes payable and other borrowings, which include our Unsecured Senior Revolving Credit Agreement, Senior Notes, and Collateralized Borrowings, was 4.62% and 4.23%, respectively. For the six months ended June 30, 2022 and 2021, the weighted-average interest rate of our total Notes payable and other borrowings was 4.62% and 4.23%, respectively.

Short-term Borrowings

On August 22, 2017, we entered into a committed unsecured loan agreement with Itau Unibanco S.A. The credit agreement provided for short-term loans of up to $3.8 million (BRL 20.0 million). The maturity date of the agreement is September 9, 2022. Borrowings under this agreement bore interest at the Brazilian Interbank offering rate plus 3.20%. As of June 30, 2022, there were $1.9 million (BRL 10.0 million) of borrowings outstanding under the facility. As of December 31, 2021, there were no borrowings outstanding under the facility. As of June 30, 2022, the interest rate was 16.50%.

On August 23, 2017, we entered into a committed unsecured credit agreement with Itau Unibanco S.A. The credit agreement provided for an intra-day overdraft credit line up to $9.5 million (BRL 50.0 million). On August 20, 2021, the agreement was renegotiated, increasing the credit line to $11.5 million (BRL 60.0 million). The maturity date of the agreement is August 24, 2022. This agreement bears a fee of 1.35% per year. As of June 30, 2022 and December 31, 2021, there were no borrowings outstanding under this agreement.

On January 25, 2021, we entered into a committed unsecured loan agreement with Banco Daycoval S.A., which provided for short-term loans of up to $1.9 million (BRL 10.0 million) and was renegotiated on June 1, 2021. The amended agreement provides for short-term loans of up to $3.8 million (BRL 20.0 million). The maturity date of the agreement is January 17, 2023. Borrowings under this agreement bear interest at the Brazilian Interbank offering rate plus 3.66%. As of June 30, 2022, there were $1.9 million (BRL 10.0 million) of borrowings outstanding under the agreement. As of June 30, 2022, the interest rate was 16.90%.

BGC Credit Agreement with Cantor

On March 19, 2018, we entered into the BGC Credit Agreement with Cantor. The BGC Credit Agreement provides for each party and certain of its subsidiaries to issue loans to the other party or any of its subsidiaries in the lender's discretion in an aggregate principal amount up to $250.0 million outstanding at any time. The BGC Credit Agreement replaced the previous Credit Facility between BGC and an affiliate of Cantor, and was approved by the Audit Committee of BGC. On August 6, 2018, the Company entered into an amendment to the BGC Credit Agreement, which increased the aggregate principal amount that can be loaned to the other party or any of its subsidiaries from $250.0 million to $400.0 million that can be outstanding at any time. The BGC Credit Agreement will mature on the earlier to occur of (a) March 19, 2023, after which the maturity date of the BGC Credit Agreement will continue to be extended for successive one-year periods unless prior written notice of non-extension is given by a lending party to a borrowing party at least six months in advance of such renewal date and (b) the termination of the BGC Credit Agreement by either party pursuant to its terms. The outstanding amounts under the BGC Credit Agreement will bear interest for any rate period at a per annum rate equal to the higher of BGC's or Cantor's short-term borrowing rate in effect at such time plus 1.00%. As of both June 30, 2022 and December 31, 2021, there were no borrowings by BGC or Cantor outstanding under this Agreement.

CREDIT RATINGS

As of June 30, 2022, our public long-term credit ratings and associated outlooks are as follows:

	Rating	Outlook
Fitch Ratings Inc.	BBB-	Stable
Standard & Poor’s	BBB-	Stable
Japan Credit Rating Agency, Ltd.	BBB+	Stable
Kroll Bond Rating Agency	BBB	Stable

Credit ratings and associated outlooks are influenced by a number of factors including but not limited to: operating environment, earnings and profitability trends, the prudence of funding and liquidity management practices, balance sheet size/composition and resulting leverage, cash flow coverage of interest, composition and size of the capital base, available liquidity, outstanding borrowing levels and the firm’s competitive position in the industry. A credit rating and/or the associated outlook can be revised upward or downward at any time by a rating agency if such rating agency decides that circumstances warrant such a change. Any downgrade in our credit ratings and/or the associated outlooks could adversely affect the availability of debt financing on terms acceptable to us, as well as the cost and other terms upon which we are able to obtain any such financing. In addition, credit ratings and associated outlooks may be important to customers or counterparties when we compete in certain markets and when we seek to engage in certain transactions. In connection with certain agreements, we may be required to provide additional collateral in the event of a credit ratings downgrade.

LIQUIDITY ANALYSIS

We consider our liquidity to be comprised of the sum of Cash and cash equivalents, Reverse repurchase agreements, Marketable securities, and Securities owned, less Securities loaned and Repurchase agreements. The discussion below describes the key components of our liquidity analysis. Our cash, cash flows, and financing arrangements are sufficient to support our cash requirements for the next twelve months and beyond.

We consider the following in analyzing changes in our liquidity:

- Our liquidity analysis includes a comparison of our Consolidated net income (loss) adjusted for certain non-cash items (e.g., Equity-based compensation) as presented on the cash flow statement. Dividends and distributions are payments made to our holders of common shares and limited partnership interests and are related to earnings from prior periods. These timing differences will impact our cash flows in a given period;
- Our investing and funding activities represent a combination of our capital raising activities, including short-term borrowings and repayments, BGC Class A common stock repurchases and partnership unit redemptions, purchases and sales of securities, dispositions, and other investments (e.g., acquisitions, forgivable loans to new brokers and capital expenditures—all net of depreciation and amortization);
- Our securities settlement activities primarily represent deposits with clearing organizations;
- Other changes in working capital represent changes primarily in receivables and payables and accrued liabilities that impact our liquidity;
- Changes in Reverse repurchase agreements, Securities owned, and Marketable securities may result from additional cash investments or sales, which will be offset by a corresponding change in Cash and cash equivalents and, accordingly, will not result in a change in our liquidity. Conversely, changes in the market value of such securities are reflected in our earnings or other comprehensive income (loss) and will result in changes in our liquidity.

At December 31, 2019, the Company completed the calculation of the one-time transition tax on the deemed repatriation of foreign subsidiaries’ earnings pursuant to the Tax Act and previously recorded a net cumulative tax expense of $28.6 million, net of foreign tax credits. An installment election can be made to pay the taxes over eight years with 40% paid in equal installments over the first five years and the remaining 60% to be paid in installments of 15%, 20% and 25% in years six, seven and eight, respectively. The cumulative remaining balance as of June 30, 2022 is $20.2 million.

As of June 30, 2022, the Company and its consolidated subsidiaries had $496.5 million of Cash and cash equivalents. In addition, the Company and its consolidated subsidiaries also held securities of $39.4 million within their Liquidity position as of June 30, 2022.

Discussion of the six months ended June 30, 2022

The table below presents our Liquidity Analysis as of June 30, 2022 and December 31, 2021:

(in thousands)	June 30, 2022	December 31, 2021
Cash and cash equivalents	$ 496,489	$ 553,598
Securities owned	39,150	40,838
Marketable securities	293	406
Repurchase agreements	(900)	—
Total	$ 535,032	$ 594,842

The $59.8 million decrease in our liquidity position from $594.8 million as of December 31, 2021 to $535.0 million as of June 30, 2022 was primarily related to ordinary movements in working capital, cash paid with respect to annual employee bonuses, tax payments, acquisitions, new hires, share and unit repurchases and redemptions, and our continued investment in Fenics Growth Platforms.

Discussion of the six months ended June 30, 2021

The table below presents our Liquidity Analysis:

(in thousands)	June 30, 2021	December 31, 2020
Cash and cash equivalents	$ 426,824	$ 596,291
Securities owned	49,222	58,572
Marketable securities	360	349
Repurchase agreements	—	—
Total	$ 476,406	$ 655,212

The $178.8 million decrease in our liquidity position from $655.2 million as of December 31, 2020 to $476.4 million as of June 30, 2021, was primarily related to the $256.0 million repayment in full of the 5.125% Senior Notes, partially offset by drawing $190.0 million from our $350.0 million revolving credit facility. Our liquidity position also decreased due to Cash held for sale totaling $28.6 million, relating to our Insurance brokerage business. Further, Securities owned decreased $9.3 million resulting from sales of U.S. Treasury bills. The movement in our liquidity position is further reduced by ordinary movements in working capital, repurchases of Class A common stock, cash paid with respect to annual employee bonuses, tax payments, and our continued investment in Fenics Growth Platforms.

CLEARING CAPITAL

In November 2008, we entered into a clearing capital agreement with Cantor to clear U.S. Treasury and U.S. government agency securities transactions on our behalf. In June 2020, this clearing capital agreement was amended to cover Cantor providing clearing services in all eligible financial products to us and not just U.S. Treasury and U.S. government agency securities. Pursuant to the terms of this agreement, so long as Cantor is providing clearing services to us, Cantor shall be entitled to request from us cash or other collateral acceptable to Cantor in the amount reasonably requested by Cantor under the clearing capital agreement or Cantor will post cash or other collateral on our behalf for a commercially reasonable charge. Cantor had not requested any cash or other property from us as collateral as of June 30, 2022.

REGULATORY REQUIREMENTS

Our liquidity and available cash resources are restricted by regulatory requirements of our operating subsidiaries. Many of these regulators, including U.S. and non-U.S. government agencies and self-regulatory organizations, as well as state securities commissions in the U.S., are empowered to conduct administrative proceedings that can result in civil and criminal judgments, settlements, fines, penalties, injunctions, enhanced oversight, remediation, or other relief.

In addition, self-regulatory organizations, such as the FINRA and the NFA, along with statutory bodies such as the FCA, the SEC, and the CFTC require strict compliance with their rules and regulations. The requirements imposed by regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with broker-dealers and are not designed to specifically protect stockholders. These regulations often serve to limit our activities, including through net capital, customer protection and market conduct requirements.

The final phase of Basel III (unofficially called “Basel IV”) is a global prudential regulatory standard designed to make banks more resilient and increase confidence in the banking system. Its wide scope includes reviewing market, credit and operational risk along with targeted changes to leverage ratios. Basel IV includes updates to the calculation of bank capital requirements with the aim of making outcomes more comparable across banks globally. Most of the requirements are expected to be implemented by national and regional authorities by around 2023, with certain delays announced by regulators recently due to COVID-19. The adoption of these proposed rules could restrict the ability of our large bank and broker-dealer customers to operate trading businesses and to maintain current capital market exposures under the present structure of their balance sheets, and will cause these entities to need to raise additional capital in order to stay active in our marketplaces.

The FCA is the relevant statutory regulator in the U.K. The FCA's objectives are to protect customers, maintain the stability of the financial services industry and promote competition between financial services providers. It has broad rule-making, investigative and enforcement powers derived from the Financial Services and Markets Act 2000 and subsequent and derivative legislation and regulations.

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

These subsidiaries may also be prohibited from repaying the borrowings of their parents or affiliates, paying cash dividends, making loans to their parent or affiliates or otherwise entering into transactions, in each case, which result in a significant reduction in their regulatory capital position without prior notification or approval from their principal regulator. See Note 22—"Regulatory Requirements" to our unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for further details on our regulatory requirements.

As of June 30, 2022, $663.3 million of net assets were held by regulated subsidiaries. As of June 30, 2022, these subsidiaries had aggregate regulatory net capital, as defined, in excess of the aggregate regulatory requirements, as defined, of $336.7 million.

In April 2013, the Board and Audit Committee authorized management to enter into indemnification agreements with Cantor and its affiliates with respect to the provision of any guarantees provided by Cantor and its affiliates from time to time as required by regulators. These services may be provided from time to time at a reasonable and customary fee. In 2020, the introducing broker guarantees were moved from CF&Co to Mint Brokers for the firm's stand alone and foreign NFA registered introducing brokers.

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

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

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

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

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

On September 30, 2020, the SEC announced a settlement with BGC regarding alleged negligent disclosure violations related to one of BGC's non-GAAP financial measures for periods beginning with the first quarter of 2015 through the first quarter of 2016. All of the relevant disclosures related to those periods and pre-dated the SEC staff's May 2016 detailed compliance and disclosure guidance with respect to non-GAAP presentations. BGC revised its non-GAAP presentation beginning with the second quarter of 2016 as a result of the SEC's guidance, and the SEC has made no allegations with regard to any periods following the first quarter of 2016. In connection with the SEC settlement, BGC was ordered to cease and desist from any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act, Section 13(a) of the Exchange Act and Rule 13a-11 thereunder, and Rule 100(b) of Regulation G, and agreed to pay a civil penalty of $1.4 million without admitting or denying the SEC's allegations.

See "Regulation" in Part I, Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2021 for additional information related to our regulatory environment.

EQUITY

Class A Common Stock

Changes in shares of BGC Class A common stock outstanding were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Shares outstanding at beginning of period	326,563	334,364	317,023	323,018
Share issuances:				
Redemptions/exchanges of limited partnership interests[1]	5,071	30,156	11,714	40,587
Vesting of RSUs	589	360	2,571	1,728
Acquisitions	274	537	1,186	787
Other issuances of BGC Class A common stock	339	5	342	266
Restricted stock forfeitures	(4)	(84)	(4)	(84)
Treasury stock repurchases	(8,745)	(16,543)	(8,745)	(17,507)
Shares outstanding at end of period	324,087	348,795	324,087	348,795

1 Included in redemptions/exchanges of limited partnership interests for the three months ended June 30, 2022 and 2021 are 4.7 million shares of BGC Class A common stock granted in connection with the cancellation of 4.8 million LPUs, and 13.8 million shares of BGC Class A common stock granted in connection with the cancellation of 14.6 million LPUs, respectively. Included in redemptions/exchanges of limited partnership interests for the six months ended June 30, 2022 and 2021 are 7.9 million shares of BGC Class A common stock granted in connection with the cancellation of 8.1 million LPUs, and 15.4 million shares of BGC Class A common stock granted in connection with the cancellation of 16.3 million LPUs, respectively. Because LPUs are included in the Company's fully diluted share count, if dilutive, redemptions/exchanges in connection with the issuance of BGC Class A common stock would not impact the fully diluted number of shares outstanding.

Class B Common Stock

The Company did not issue any shares of BGC Class B common stock during the three and six months ended June 30, 2022 and 2021. As of June 30, 2022 and December 31, 2021, there were 45.9 million shares of BGC Class B common stock outstanding.

Unit Redemptions and Share Repurchase Program

The Company's Board and Audit Committee have authorized repurchases of BGC Class A common stock and redemptions of limited partnership interests or other equity interests in the Company's subsidiaries. On August 3, 2021, the Company's Board and Audit Committee increased the BGC Partners share repurchase and unit redemption authorization to $400.0 million, which may include purchases from Cantor, its partners or employees or other affiliated persons or entities. As of June 30, 2022, the Company had $158.4 million remaining from its share repurchase and unit redemption authorization. From time to time, the Company may actively continue to repurchase shares and/or redeem units.

The tables below represent the units redeemed and/or shares repurchased for cash and does not include units redeemed/cancelled in connection with the grant of shares of BGC Class A common stock nor the limited partnership interests exchanged for shares of BGC Class A common stock. The gross unit redemptions and share repurchases of BGC Class A common stock during the three and six months ended June 30, 2022 were as follows (in thousands, except for weighted-average price data):

Period	Total Number of Units Redeemed or Shares Repurchased	Weighted-Average Price Paid per Unit or Share	Approximate Dollar Value of Units and Shares That May Yet Be Redeemed/ Purchased Under the Program
Redemptions[1,2]			
January 1, 2022—March 31, 2022	43	$ 4.01	
April 1, 2022—June 30, 2022	1,010	$ 3.81	
Total Redemptions	1,053	$ 3.82	
Repurchases[3,4]			
January 1, 2022—March 31, 2022	—	$ —	
April 1, 2022 - April 30, 2022	—	$ —	
May 1, 2022 - May 31, 2022	1,150	$ 3.70	
June 1, 2022 - June 30, 2022	7,595	$ 3.31	
Total Repurchases	8,745	$ 3.36	
Total Redemptions and Repurchases	9,798	$ 3.41	$ 158,404

1. During the three months ended June 30, 2022, the Company redeemed 1.0 million LPUs at an aggregate redemption price of $3.7 million for a weighted-average price of $3.84 per unit. During the three months ended June 30, 2022, the Company redeemed 40 thousand FPUs at an aggregate redemption price of $0.1 million for a weighted-average price of $2.94 per unit. The table above does not include units redeemed/cancelled in connection with the grant of 4.7 million shares of BGC Class A common stock during the three months ended June 30, 2022, nor the limited partnership interests exchanged for 0.7 million shares of BGC Class A common stock during the three months ended June 30, 2022.
2. During the six months ended June 30, 2022, the Company redeemed 1.0 million LPUs at an aggregate redemption price of $3.8 million for a weighted-average price of $3.85 per unit. During the six months ended June 30, 2022, the Company redeemed 0.1 million FPUs at an aggregate redemption price of $0.2 million for a weighted-average of $3.33 per unit. The table above does not include units redeemed/cancelled in connection with the grant of 7.9 million shares of BGC Class A common stock during the six months ended June 30, 2022, nor the limited partnership interests exchanged for 4.5 million shares of BGC Class A common stock during the six months ended June 30, 2022.
3. During the three months ended June 30, 2022, the Company repurchased 8.7 million shares of BGC Class A common stock at an aggregate price of $29.4 million for a weighted-average price of $3.36 per share.
4. During the six months ended June 30, 2022, the Company repurchased 8.7 million shares of BGC Class A common stock at an aggregate price of $29.4 million for a weighted-average price of $3.36 per share.

The gross unit redemptions and share repurchases of BGC Class A common stock during the three and six months ended June 30, 2021 were as follows (in thousands, except for weighted-average price data):

Period	Total Number of Units Redeemed or Shares Repurchased	Weighted-Average Price Paid per Unit or Share	Approximate Dollar Value of Units and Shares That May Yet Be Redeemed/ Purchased Under the Program
Redemptions[1,2]			
January 1, 2021—March 31, 2021	20	$ 4.40	
April 1, 2021—June 30, 2021	4,715	$ 5.82	
Total Redemptions	4,735	$ 5.82	
Repurchases[3,4]			
January 1, 2021—March 31, 2021	965	$ 4.56	
April 2, 2021 - April 30, 2021	2	$ 5.29	
May 1, 2021 - May 31, 2021	1,018	$ 5.59	
June 1, 2021 - June 30, 2021	15,522	$ 6.29	
Total Repurchases	17,507	$ 6.16	
Total Redemptions and Repurchases	22,242	$ 6.08	$ 114,584

1 During the three months ended June 30, 2021, the Company redeemed 4.7 million LPUs at an aggregate redemption price of $27.3 million for a weighted-average price of $5.84 per unit. During the three months ended June 30, 2021, the Company redeemed 44 thousand FPUs at an aggregate redemption price of $0.2 million for an average price of $4.06 per unit. The table above does not include units redeemed/cancelled in connection with the grant of 13.8 million shares of BGC Class A common stock during the three months ended June 30, 2021, nor the limited partnership interests exchanged for 16.8 million shares of BGC Class A common stock during the three months ended June 30, 2021.

2 During the six months ended June 30, 2021, the Company redeemed 4.7 million LPUs at an aggregate redemption price of $27.3 million for a weighted-average price of $5.83 per unit. During the six months ended June 30, 2021, the Company redeemed 0.1 million FPUs at an aggregate redemption price of $0.2 million for a weighted-average price of $4.11 per unit. The table above does not include units redeemed/cancelled in connection with the grant of 15.4 million shares of BGC Class A common stock during the six months ended June 30, 2021, nor the limited partnership interests exchanged for 25.9 million shares of BGC Class A common stock during the six months ended June 30, 2021.

3 During the three months ended June 30, 2021, the Company repurchased 16.5 million shares of BGC Class A common stock at an aggregate price of $103.4 million for a weighted-average price of $6.25 per share.

4 During the six months ended June 30, 2021, the Company repurchased 17.5 million shares of BGC Class A common stock at an aggregate price of $107.8 million for a weighted-average price of $6.16 per share.

The weighted-average share counts, including securities that were anti-dilutive for our earnings per share calculations, for the six months ended June 30, 2022 were as follows (in thousands):

	Three Months Ended June 30, 2022
Common stock outstanding[1]	375,613
Partnership units[2]	129,163
RSUs (Treasury stock method)	1,188
Other	1,041
Total[3]	507,005

1 Common stock consisted of shares of BGC Class A common stock, shares of BGC Class B common stock and contingent shares of our Class A common stock for which all necessary conditions have been satisfied except for the passage of time. For the quarter ended June 30, 2022, the weighted-average number of shares of BGC Class A common stock was 328.4 million and shares of BGC Class B common stock was 45.9 million.

2 Partnership units collectively include FPUs, LPUs, including contingent units of BGC Holdings for which all necessary conditions have been satisfied except for the passage of time, and Cantor units (see Note 2—“Limited Partnership Interests in BGC Holdings and Newmark Holdings,” to our unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information).

3 For the three months ended June 30, 2022, 1.8 million potentially dilutive securities were not included in the computation of fully diluted EPS because their effect would have been anti-dilutive. Also as of June 30, 2022, 41.9 million shares of contingent BGC Class A common stock, N units, RSUs, and LPUs were excluded from fully diluted EPS computations because the conditions for issuance had not been met by the end of the period. The contingent BGC Class A common stock is recorded as a liability and

included in “Accounts payable, accrued and other liabilities” in our unaudited Condensed Consolidated Statements of Financial Condition as of June 30, 2022.

The fully diluted period-end spot share count was as follows (in thousands):

	As of June 30, 2022
Common stock outstanding	369,972
Partnership units	127,266
RSUs (Treasury stock method)	1,154
Other	2,316
Total	500,708

On June 5, 2015, we entered into the Exchange Agreement with Cantor providing Cantor, CFGM and other Cantor affiliates entitled to hold BGC Class B common stock the right to exchange from time to time, on a one-to-one basis, subject to adjustment, up to an aggregate of 34.6 million shares of BGC Class A common stock now owned or subsequently acquired by such Cantor entities for up to an aggregate of 34.6 million shares of BGC Class B common stock. Such shares of BGC Class B common stock, which currently can be acquired upon the exchange of Cantor units owned in BGC Holdings, are already included in our fully diluted share count and will not increase Cantor’s current maximum potential voting power in the common equity. The Exchange Agreement enabled the Cantor entities to acquire the same number of shares of BGC Class B common stock that they were already entitled to acquire without having to exchange its Cantor units in BGC Holdings. The Audit Committee and Board have determined that it was in the best interests of us and our stockholders to approve the Exchange Agreement because it will help ensure that Cantor retains its Cantor units in BGC Holdings, which is the same partnership in which our partner employees participate, thus continuing to align the interests of Cantor with those of the partner employees. On November 23, 2018, in the Class B Issuance, BGC issued 10.3 million shares of BGC Class B common stock to Cantor and 0.7 million shares of BGC Class B common stock to CFGM, an affiliate of Cantor, in each case in exchange for shares of BGC Class A common stock from Cantor and CFGM, respectively, on a one-to-one basis pursuant to the Exchange Agreement. Pursuant to the Exchange Agreement, no additional consideration was paid to BGC by Cantor or CFGM for the Class B Issuance. Following this exchange, Cantor and its affiliates only have the right to exchange under the Exchange Agreement up to an aggregate of 23.6 million shares of BGC Class A common stock, now owned or subsequently acquired, or its Cantor units in BGC Holdings, into shares of BGC Class B common stock. As of June 30, 2022, Cantor and CFGM do not own any shares of BGC Class A common stock.

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

On November 4, 2015, partners of BGC Holdings created five new classes of non-distributing partnership units (collectively with the NPSUs, “N Units”). These new N Units carry the same name as the underlying unit with the insertion of an additional “N” to designate them as the N Unit type and are designated as NREUs, NPREUs, NLPUs, NPLPUs and NPPSUs. The N Units are not entitled to participate in partnership distributions, will not be allocated any items of profit or loss and may not be made exchangeable into shares of BGC Class A common stock. The Eleventh Amendment was approved by the Audit Committee and by the Board.

Subject to the approval of the Compensation Committee or its designee, certain N Units may be converted into the underlying unit type (i.e., an NREU will be converted into an REU) and will then participate in partnership distributions, subject to terms and conditions determined by the general partner of BGC Holdings in its sole discretion, including that the recipient continue to provide substantial services to the Company and comply with his or her partnership obligations. Such N Units are not included in the fully diluted share count.

On December 14, 2016, partners of BGC Holdings amended certain terms and conditions of the partnership’s N Units in order to provide flexibility to the Company and the Partnership in using such N Units in connection with compensation arrangements and practices. The amendment provides for a minimum $5 million gross revenue requirement in a given quarter as a condition for an N Unit to be replaced by another type of partnership unit in accordance with the Partnership Agreement and the grant documentation. The amendment was approved by the Audit Committee.

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

- an apportionment of the existing economic attributes (including, among others, capital accounts and post-termination payments) of each BGC Holdings limited partnership interests outstanding immediately prior to the Separation between such Legacy BGC Holdings Unit and the fraction of a Newmark Holdings LPU issued in the Separation in respect of such Legacy BGC Holdings Unit, based on the relative value of BGC and Newmark as of after the Newmark IPO;
- an adjustment of the exchange mechanism between the Newmark IPO and the Distribution so that one exchangeable BGC Holdings unit together with a number of exchangeable Newmark Holdings units equal to 0.4545 divided by the Newmark Holdings Exchange Ratio as of such time, must be exchanged in order to receive one share of BGC Class A common stock; and
- a right of the employer of a partner (whether it be Newmark or BGC) to determine whether to grant exchangeability with respect to Legacy BGC Holdings Units or Legacy Newmark Holdings Units held by such partner.

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

Registration Statements

We previously had in place the March 2018 Form S-3 with respect to the issuance and sale of up to an aggregate of $300.0 million of shares of BGC Class A common stock from time to time on a delayed or continuous basis. On March 9, 2018, we entered into the March 2018 Sales Agreement, pursuant to which we could offer and sell up to an aggregate of $300.0 million of shares of BGC Class A common stock under the CEO Program. CF&Co is a wholly owned subsidiary of Cantor and an affiliate of us. Under this Sales Agreement, we agreed to pay CF&Co 2% of the gross proceeds from the sale of shares. The March 2018 Form S-3 and the March 2018 Sales Agreement expired in September 2021. As of the date of expiration, we had sold 17.6 million shares of BGC Class A common stock (or $210.8 million) under the March 2018 Sales Agreement, and $89.2 million of stock remained unsold by us under the March 2018 Sales Agreement. For additional information on our CEO Program sales agreements, see Note 14—"Related Party Transactions" to our unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q. On March 8, 2021, we filed a the March 2021 Form S-3 with respect to the issuance and sale of up to an aggregate of $300.0 million of shares of BGC Class A common stock from time to time on a delayed or continuous basis. On July 8, 2022, we filed an amendment to the March 2021 Form S-3. On August 3, 2022, the March 2021 Form S-3 was declared effective by the SEC.

We intend to use the net proceeds of any shares of BGC Class A common stock sold for general corporate purposes for potential acquisitions, redemptions of LPUs and FPUs in BGC Holdings and repurchases of shares of BGC Class A common stock from partners, executive officers and other employees of ours or our subsidiaries and of Cantor and its affiliates. Certain of such partners will be expected to use the proceeds from such sales to repay outstanding loans issued by, or credit enhanced by, Cantor, or BGC Holdings. In addition to general corporate purposes, these sales along with our share repurchase authorization are designed as a planning device in order to facilitate the redemption process. Going forward, we may redeem units and reduce our fully diluted share count under our repurchase authorization or later sell shares of BGC Class A common stock under the March 2021 Form S-3.

Further, we have an effective registration statement on Form S-4 filed on September 3, 2010, with respect to the offer and sale of up to 20 million shares of BGC Class A common stock from time to time in connection with business combination transactions, including acquisitions of other businesses, assets, properties or securities. As of June 30, 2022, we have issued an aggregate of 17.2 million shares of BGC Class A common stock under this Form S-4 registration statement. Additionally, on September 13, 2019, we filed a registration statement on Form S-4, with respect to the offer and sale of up to 20 million shares of Class A common stock from time to time in connection with business combination transactions, including acquisitions of other businesses, assets, properties or securities. As of June 30, 2022, we have not issued any shares of BGC Class A common stock under this Form S-4 registration statement. We also have an effective shelf registration statement on Form S-3 pursuant to which we can offer and sell up to 10 million shares of BGC Class A common stock under the BGC Partners, Inc. Dividend Reinvestment and Stock Purchase Plan. As of June 30, 2022, we have issued 0.8 million shares of BGC Class A common stock under the Dividend Reinvestment and Stock Purchase Plan.

The Compensation Committee may grant stock options, stock appreciation rights, deferred stock such as RSUs, bonus stock, performance awards, dividend equivalents and other equity-based awards, including to provide exchange rights for shares of BGC Class A common stock upon exchange of LPUs. On November 22, 2021, at our Annual Meeting of Stockholders, our stockholders approved our Equity Plan to increase from 400 million to 500 million the aggregate number of shares of BGC Class A common stock that may be delivered or cash-settled pursuant to awards granted during the life of the Equity Plan, subject to adjustment, and to remove the annual per-participant limit of 15 million awards that may be granted under the Plan. As of June 30, 2022, the limit on the aggregate number of shares authorized to be delivered allowed for the grant of future awards relating to 138.7 million shares of BGC Class A common stock.

On October 20, 2020, we filed a registration statement on Form S-3, which was declared effective on October 28, 2020, pursuant to which CF&Co may make offers and sales of our 5.125% Senior Notes, 5.375% Senior Notes, 3.750% Senior Notes and 4.375% Senior Notes in connection with ongoing market-making transactions which may occur from time to time. Such market-making transactions in these securities may occur in the open market or may be privately negotiated at prevailing market prices at a time of resale or at related or negotiated prices. Neither CF&Co, nor any other of our affiliates, has any obligation to make a market in our securities, and CF&Co or any such other affiliate may discontinue market-making activities at any time without notice.

CONTINGENT PAYMENTS RELATED TO ACQUISITIONS

Since 2016, the Company has completed acquisitions whose purchase price included an aggregate of approximately 2.2 million shares of the Company's Class A common stock (with an acquisition date fair value of approximately $9.2 million), 0.1 million LPUs (with an acquisition date fair value of approximately $0.2 million), 0.2 million RSUs (with an acquisition date fair value of approximately $1.2 million) and $37.5 million in cash that may be issued contingent on certain targets being met through 2023.

As of June 30, 2022, the Company has issued 1.0 million shares of BGC Class A common stock, 0.2 million of RSUs and paid $34.7 million in cash related to such contingent payments.

As of June 30, 2022, 1.3 million shares of BGC Class A common stock, 0.1 million RSUs and $16.4 million in cash remain to be issued if the targets are met, net of forfeitures and other adjustments.

DERIVATIVE SUIT

On October 5, 2018, Roofers Local 149 Pension Fund filed a putative derivative complaint in the Delaware Chancery Court, captioned *Roofers Local 149 Pension Fund vs. Howard Lutnick, et al.* (Case No. 2018-0722), alleging breaches of fiduciary duty against (i) the members of the Board, (ii) Howard Lutnick, CFGM, and Cantor as controlling stockholders of BGC, and (iii) Howard Lutnick as an officer of BGC. The complaint challenges the transactions by which BGC (i) completed the Berkeley Point acquisition from CCRE for $875 million and (ii) committed to invest $100 million for a 27% interest in Real Estate, L.P. (collectively, the "Transaction"). Among other things, the complaint alleges that (i) the price BGC paid in connection with the Transaction was unfair, (ii) the process leading up to the Transaction was unfair, and (iii) the members of the special committee of the Board were not independent. It seeks to recover for the Company unquantified damages, as well as attorneys' fees.

A month later, on November 5, 2018, the same plaintiffs' firm filed an identical putative derivative complaint against the same defendants seeking the same relief on behalf of a second client, Northern California Pipe Trades Trust Funds. The cases were consolidated into a single action, captioned *In re BGC Partners, Inc. Derivative Litigation* (Consolidated C.A. No. 2018-0722-AGB), and the complaint filed by Roofers Local 149 Pension Fund on October 5, 2018 was designated as the operative complaint.

In response to motions to dismiss filed by all defendants in December 2018, Plaintiffs filed a motion for leave to amend the operative complaint in February 2019, requesting that the Court allow them to supplement their allegations, which the Court granted. The amended complaint alleges the same purported breaches of fiduciary duty as the operative complaint, raises no new claims, and seeks identical relief, but includes additional allegations, including alleged reasons for plaintiffs' failure to make a demand on the Board, which was the basis of defendants' motion to dismiss. On March 19, 2019, all defendants filed motions to dismiss the amended complaints, again on demand grounds. On September 30, 2019, the Court denied defendants' motions to dismiss, permitting the case to move forward into discovery. In its ruling, the Court determined that the amended complaint sufficiently pled that plaintiffs were not required to make demand on the Board in order to file a derivative suit, but did not make findings of fact with respect to the underlying merits of plaintiffs' allegations concerning the Transaction. On February 11, 2021, following the close of discovery, the Company and the independent directors of the Board filed motions for summary judgment seeking dismissal of the case based on the discovery record, which plaintiffs opposed. Argument was held on defendants' summary judgment motions on June 22, 2021. On September 20, 2021, the Court partially granted the summary judgment motions, dismissing directors Stephen Curwood and Linda Bell and permitting the trial to move forward against the remaining defendants. A trial was held before Vice Chancellor Lori Will on October 11, 2021, which concluded on October 15, 2021. Following the close of the hearing, the parties submitted post-trial briefing and presented oral argument on March 2, 2022. On April 14, 2022, the Court requested limited additional briefing, which the parties submitted on May 13, 2022. The Court is expected to rule on all pending matters in or around the third quarter of 2022.

The Company continues to believe that the claims against the defendants are without merit and will continue to defend against them vigorously. However, as in any litigated matter, the outcome cannot be determined with certainty.

PURCHASE OF LIMITED PARTNERSHIP INTERESTS

Cantor has the right to purchase Cantor units from BGC Holdings upon redemption of non-exchangeable FPUs redeemed by BGC Holdings upon termination or bankruptcy of the Founding/Working Partner. In addition, pursuant to Article Eight, Section 8.08, of the Second Amended and Restated BGC Holdings Limited Partnership Agreement (previously the Sixth Amendment), where either current, terminating, or terminated partners are permitted by the Company to exchange any portion of their FPUs and Cantor consents to such exchangeability, the Company shall offer to Cantor the opportunity for Cantor to purchase the same number of Cantor units in BGC Holdings at the price that Cantor would have paid for Cantor units had the Company redeemed the FPUs. If Cantor acquires any Cantor units as a result of the purchase or redemption by BGC Holdings of any FPUs, Cantor will be entitled to the benefits (including distributions) of such units it acquires from the date of termination or bankruptcy of the applicable Founding/Working Partner. In addition, any such Cantor units purchased by Cantor are currently exchangeable for up to 23.6 million shares of BGC Class B common stock or, at Cantor's election or if there are no such additional shares of BGC Class B common stock, shares of BGC Class A common stock, in each case on a one-for-one basis (subject to customary anti-dilution adjustments).

On March 31, 2021, Cantor purchased from BGC Holdings an aggregate of 1,149,684 Cantor units for aggregate consideration of $2,104,433 as a result of the redemption of 1,149,684 FPUs, and 1,618,376 Cantor units for aggregate consideration of $3,040,411 as a result of the exchange of 1,618,376 FPUs. Each Cantor unit in BGC Holdings held by Cantor is exchangeable by Cantor at any time on a one-for-one basis (subject to adjustment) for shares of BGC Class A common stock.

On October 28, 2021, Cantor purchased from BGC Holdings an aggregate of 460,929 Cantor units for an aggregate consideration of $715,605 as a result of the redemption of 460,929 FPUs, and 1,179,942 Cantor units for aggregate consideration of $2,033,838 as a result of the exchange of 1,179,942 FPUs. Each Cantor unit in BGC Holdings held by Cantor is exchangeable by Cantor at any time on a one-for-one basis (subject to adjustment) for shares of BGC Class A common stock.

On May 17, 2022, Cantor purchased from BGC Holdings an aggregate 427,494 Cantor units for aggregate consideration of $841,010 as a result of the redemption of 427,494 FPUs, and 52,681 Cantor units for aggregate consideration of $105,867 as a result of the exchange of 52,681 FPUs. Each Cantor unit in BGC Holdings held by Cantor is exchangeable by Cantor at any time on a one-for-one basis (subject to adjustment) for shares of BGC Class A common stock.

As of June 30, 2022, there were 0.1 million FPUs in BGC Holdings remaining, which BGC Holdings had the right to redeem or exchange and with respect to which Cantor will have the right to purchase an equivalent number of Cantor units following such redemption or exchange.

JOINT SERVICES AGREEMENT WITH CANTOR

In February 2019, the Audit Committee authorized us to enter into a short-term services agreement with Cantor pursuant to which Cantor would be responsible for clearing, settling and processing certain transactions executed on behalf of customers in exchange for a 33% revenue share based on net transaction revenue and the payment by BGC of the fully allocated cost of certain salespersons related thereto. In May 2020, the Audit Committee authorized us to extend the initial term of the short-term services agreement for an additional nine months.

GUARANTEE AGREEMENT FROM MINT BROKERS

Under rules adopted by the CFTC, all foreign introducing brokers engaging in transactions with U.S. persons are required to register with the NFA and either meet financial reporting and net capital requirements on an individual basis or obtain a guarantee agreement from a registered Futures Commission Merchant. Our European-based brokers engage from time to time in interest rate swap transactions with U.S.-based counterparties, and therefore we are subject to the CFTC requirements. Mint Brokers has entered into guarantees on our behalf (and on behalf of GFI), and we are required to indemnify Mint Brokers for the amounts, if any, paid by Mint Brokers on our behalf pursuant to this arrangement. Effective April 1, 2020, these guarantees were transferred to Mint Brokers from CF&Co. During both the three months ended June 30, 2022 and 2021, the Company recorded fees of $31 thousand, respectively, related to these guarantees. During both the six months ended June 30, 2022 and 2021, the Company recorded expenses of $63 thousand with respect to these guarantees.

BGC SUBLEASE FROM NEWMARK

In May 2020, BGC U.S. OpCo entered into an arrangement to sublease excess space from RKF Retail Holdings LLC, a subsidiary of Newmark, which sublease was approved by the Audit Committee. The deal is a one-year sublease of approximately 21,000 rentable square feet in New York City. Under the terms of the sublease, BGC U.S. OpCo paid a fixed rent amount of $1.1 million in addition to all operating and tax expenses attributable to the lease. In May 2021, the sublease was amended to provide for a rate of $15 thousand per month based on the size of utilized space, with terms extending on a month-to-month basis, and expiring on December 31, 2021. In connection with the sublease, BGC U.S. OpCo paid $0.1 million and $0.4 million, for the three and six months ended 2021, respectively.

DEBT REPURCHASE PROGRAM

On June 11, 2020, the Company's Board of Directors and its Audit Committee authorized a debt repurchase program for the repurchase by the Company of up to $50.0 million of Company Debt Securities. Repurchases of Company Debt Securities, if any, are expected to reduce future cash interest payments, as well as future amounts due at maturity or upon redemption.

Under the authorization, the Company may make repurchases of Company Debt Securities for cash from time to time in the open market or in privately negotiated transactions upon such terms and at such prices as management may determine. Additionally, the Company is authorized to make any such repurchases of Company Debt Securities through CF&Co (or its affiliates), in its capacity as agent or principal, or such other broker-dealers as management shall determine to utilize from time to time, and such repurchases shall be subject to brokerage commissions which are no higher than standard market commission rates.

As of June 30, 2022, the Company had $50.0 million remaining from its debt repurchase authorization.

EQUITY METHOD INVESTMENTS

The Company was authorized to enter into loans, investments or other credit support arrangements for Aqua (see Note 14— "Related Party Transactions," to our unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q); such arrangements are proportionally and on the same terms as similar arrangements between Aqua and Cantor. On February 5, 2020 and February 25, 2021, the Company's Board and Audit Committee increased the authorized amount by an additional $2.0 million and $1.0 million respectively, to an aggregate of $20.2 million. The Company has been further authorized to provide counterparty or similar guarantees on behalf of Aqua from time to time, provided that liability for any such guarantees, as well as similar guarantees provided by Cantor, would be shared proportionally with Cantor.

UNIT REDEMPTIONS AND EXCHANGES—EXECUTIVE OFFICERS

On February 22, 2021, the Company granted Sean A. Windeatt 123,713 exchange rights with respect to 123,713 non-exchangeable LPUs that were previously granted to Mr. Windeatt on February 22, 2019. The resulting 123,713 exchangeable LPUs are immediately exchangeable by Mr. Windeatt for an aggregate of 123,713 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 28,477 non-exchangeable PLPUs held by Mr. Windeatt, for a payment of $178,266 for taxes when the LPU units are exchanged.

On April 8, 2021, the Compensation Committee approved the repurchase by the Company on April 23, 2021 of 123,713 exchangeable BGC Holdings LPU-NEWs held by Mr. Windeatt at the price of $5.65, which was the closing price of our Class A common stock on April 23, 2021, and the redemption of 28,477 exchangeable BGC Holdings PLPU-NEWs held by Mr. Windeatt for $178,266, less applicable taxes and withholdings.

On April 8, 2021, the Compensation Committee approved the repurchase by the Company of the remaining 62,211 exchangeable BGC Holdings LPUs held by Mr. Windeatt that were granted exchangeability on March 2, 2020 at the price of $5.38, the closing price of Class A common stock on April 8, 2020.

On April 28, 2021, the Compensation Committee approved an additional monetization opportunity for Mr. Merkel. Effective April 29, 2021, 108,350 of Mr. Merkel's 273,612 non-exchangeable BGC Holdings PSUs were redeemed for zero, 101,358 of Mr. Merkel's 250,659 non- exchangeable BGC Holdings PPSUs were redeemed for a cash payment of $575,687, and 108,350 shares of BGC Class A common stock were issued to Mr. Merkel. On April 29, 2021, the 108,350 shares of BGC Class A common stock were repurchased from Mr. Merkel at the closing price of our Class A common stock on that date, under our stock buyback program.

On June 28, 2021, (i) the Company exchanged 520,380 exchangeable LPUs held by Mr. Lutnick at the price of $5.86, which was the closing price of the Company's Class A common stock on June 28, 2021, for 520,380 shares of BGC Class A common stock, less applicable taxes and withholdings, resulting in the delivery of 365,229 net shares of BGC Class A common stock to Mr. Lutnick, and in connection with the exchange of these 520,380 exchangeable LPUs, 425,765 exchangeable PLPUs were redeemed for a cash payment of $1,525,705 towards taxes; (ii) 88,636 non-exchangeable LPUs were redeemed for zero, and in connection therewith the Company issued Mr. Lutnick 88,636 shares of BGC Class A common stock, less applicable taxes and withholdings, resulting in the delivery of 41,464 net shares of BGC Class A common stock to Mr. Lutnick; and (iii) 1,131,774 H Units held by Mr. Lutnick were redeemed for 1,131,774 HDUs with a capital account of $7,017,000, and in connection with the redemption of these 1,131,774 H Units, 1,018,390 Preferred H Units were redeemed for $7,983,000 for taxes.

On December 21, 2021, the Compensation Committee approved a monetization opportunity for Mr. Lutnick. Effective December 21, 2021, 1,939,896 of Mr. Lutnick's non-exchangeable BGC Holding PPSUs were redeemed for a payment of $10,851,803. Mr. Lutnick also elected to redeem all of his 425,766 exchangeable BGC Holdings PPSUs for a payment of $1,525,706. In connection with the foregoing, Mr. Lutnick's 2,011,731 non-exchangeable BGC Holdings PSUs were redeemed for zero and 2,011,731 shares of BGC Class A common stock were issued to Mr. Lutnick. In addition, 376,651 H Units held by Mr. Lutnick were redeemed for 376,651 HDUs with a capital account of $2,339,003, and in connection with the redemption of these 376,651 H Units, 463,969 Preferred H Units were redeemed for $2,661,000 for taxes.

On December 21, 2021, the Compensation Committee approved a monetization opportunity for Mr. Merkel. Effective December 21, 2021, 90,366 non-exchangeable BGC Holdings PSUs were redeemed for zero, 149,301 of Mr. Merkel's non-exchangeable BGC Holdings PPSUs were redeemed for a cash payment of $555,990, and 90,366 shares of BGC Class A common stock were issued to Mr. Merkel.

MARKET SUMMARY

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

	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Notional Volume (in billions)					
Total Fully Electronic volume	$ 11,335	$ 13,488	$ 10,941	$ 10,087	$ 10,105
Total Hybrid volume[1]	63,558	59,920	61,846	62,859	62,345
Total Fully Electronic and Hybrid volume	$ 74,893	$ 73,408	$ 72,787	$ 72,946	$ 72,450
Transaction Count (in thousands, except for days)					
Total Fully Electronic transactions	3,876	4,473	3,817	3,367	3,217
Total Hybrid transactions	1,499	1,419	1,205	1,070	1,113
Total Fully Electronic and Hybrid transactions	5,375	5,892	5,022	4,437	4,330
Trading days	62	62	64	64	63

Note: Certain information may have been recast with current estimates to reflect changes in reporting methodology. Such revisions have no impact on the Company's revenues or earnings.

1 Hybrid is defined as transactions involving some element of electronic trading but executed by BGC's brokers, exclusive of voice-only transactions. Fully electronic involves customer-to-customer trades, free from broker execution.

Fully Electronic volume, including new products, was $11.3 trillion for the three months ended June 30, 2022, compared to $10.1 trillion for the three months ended June 30, 2021. Our Hybrid volume for the three months ended June 30, 2022 was $63.6 trillion, compared to $62.3 trillion for the three months ended June 30, 2021.

OFF-BALANCE SHEET ARRANGEMENTS

In the ordinary course of business, we enter into arrangements with unconsolidated entities, including variable interest entities. See Note 15—"Investments" to our 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 AND ESTIMATES

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. These accounting estimates require the use of assumptions about matters, some of which are highly uncertain at the time of estimation. Management bases its estimates on historical experience and on various other assumptions it believes to be reasonable under the circumstances, the results of which form the basis for making judgments, and we evaluate these estimates on an ongoing basis. To the extent actual experience differs from the assumptions used, our unaudited Condensed Consolidated Statements of Financial Condition, unaudited Condensed Consolidated Statements of Operations and unaudited Condensed Consolidated Statements of Cash Flows could be materially affected. We believe that the following accounting policies involve a higher degree of judgment and complexity.

Revenue Recognition

We derive our revenues primarily through commissions from brokerage services, the spread between the buy and sell prices on matched principal transactions, fees from related parties, data, software and post-trade services, and other revenues. See Note 3—"Summary of Significant Accounting Policies" to our consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2021, for further information regarding revenue recognition.

Equity-Based and Other Compensation

Discretionary Bonus: A portion of our compensation and employee benefits expense is comprised of discretionary bonuses, which may be paid in cash, equity, partnership awards or a combination thereof. We accrue expense in a period based on revenues in that period and on the expected combination of cash, equity and partnership units. Given the assumptions used in estimating discretionary bonuses, actual results may differ.

Restricted Stock Units: We account for equity-based compensation under the fair value recognition provisions of the U.S. GAAP guidance. RSUs provided to certain employees are accounted for as equity awards, and in accordance with the U.S. GAAP, we are required to record an expense for the portion of the RSUs that is ultimately expected to vest. Further, forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Because assumptions are used in estimating employee turnover and associated forfeiture rates, actual results may differ from our estimates under different assumptions or conditions.

The fair value of RSU awards to employees is determined on the date of grant, based on the fair value of BGC Class A common stock. Generally, RSUs granted by us as employee compensation do not receive dividend equivalents; as such, we adjust the fair value of the RSUs for the present value of expected forgone dividends, which requires us to include an estimate of expected dividends as a valuation input. This grant-date fair value is amortized to expense ratably over the awards' vesting periods. For RSUs with graded vesting features, we have made an accounting policy election to recognize compensation cost on a straight-line basis. The amortization is reflected as part of "Equity-based compensation and allocations of net income to limited partnership units and FPUs" in our unaudited Condensed Consolidated Statements of Operations.

Restricted Stock: Restricted stock provided to certain employees is accounted for as an equity award, and as per the U.S. GAAP guidance, we are required to record an expense for the portion of the restricted stock that is ultimately expected to vest. We have granted restricted stock that is not subject to continued employment or service; however, transferability is subject to compliance with our and our affiliates' customary noncompete obligations. Such shares of restricted stock are generally saleable by partners in five to ten years. Because the restricted stock is not subject to continued employment or service, the grant-date fair value of the restricted stock is expensed on the date of grant. The expense is reflected as non-cash equity-based compensation expense in our unaudited Condensed Consolidated Statements of Operations.

Limited Partnership Units: LPUs in BGC Holdings and Newmark Holdings are generally held by employees. Generally, such units receive quarterly allocations of net income, which are cash distributed on a quarterly basis and generally contingent upon services being provided by the unit holders. In addition, Preferred Units are granted in connection with the grant of certain LPUs, such as PSUs, which may be granted exchangeability or redeemed in connection with the grant of shares of common stock to cover the withholding taxes owed by the unit holder upon such exchange or grant. This is an acceptable alternative to the common practice among public companies of issuing the gross amount of shares to employees, subject to cashless withholding of shares to pay applicable withholding taxes. Our Preferred Units are not entitled to participate in partnership distributions other than with respect to a distribution at a rate of either 0.6875% (which is 2.75% per calendar year) or such other amount as set forth in the award documentation. The quarterly allocations of net income to such LPUs are reflected as a component of compensation expense under "Equity-based compensation and allocations of net income to limited partnership units and FPUs" in our unaudited Condensed Consolidated Statements of Operations.

Certain of these LPUs entitle the holders to receive post-termination payments equal to the notional amount, generally in four equal yearly installments after the holder's termination. These LPUs are accounted for as post-termination liability awards under the U.S. GAAP. Accordingly, we recognize a liability for these units on our 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 "Equity-based compensation and allocations of net income to limited partnership units and FPUs."

Certain LPUs are granted exchangeability into shares of BGC or Newmark Class A common stock or are redeemed in connection with the grant of BGC or Newmark Class A common stock issued; BGC Class A common stock is issued on a one-for-one basis, and Newmark Class A common stock is issued based on the number of LPUs exchanged or redeemed multiplied by the then Exchange Ratio. At the time exchangeability is granted or shares of BGC or Newmark Class A common stock are issued, we recognize an expense based on the fair value of the award on that date, which is included in "Equity-based compensation and allocations of net income to limited partnership units and FPUs" in our unaudited Condensed Consolidated Statements of Operations. During the three months ended June 30, 2022 and 2021, we incurred equity-based compensation expense of $20.5 million and $31.2 million, respectively. During the six months ended June 30, 2022 and 2021, we incurred equity-based compensation expense of $50.6 million and $39.1 million, respectively.

Certain LPUs have a stated vesting schedule and do not receive quarterly allocations of net income. Compensation expense related to these LPUs is recognized over the stated service period, and these units generally vest between two and five years. During the three months ended June 30, 2022 and 2021, we incurred equity-based compensation expense related to these LPUs of $15.6 million and $16.7 million, respectively. During the six months ended June 30, 2022 and 2021, we incurred equity-based compensation expense related to LPUs of $34.6 million and $33.8 million, respectively. This expense is included in "Equity-based compensation and allocations of net income to limited partnership units and FPUs" in our unaudited Condensed Consolidated Statements of Operations.

Employee Loans: We have entered into various agreements with certain employees and partners, whereby these individuals receive loans that may be either wholly or in part repaid from distributions that the individuals receive on some or all of their LPUs and from proceeds of the sale of the employees' shares of BGC Class A common stock or may be forgiven over a period of time. Cash advance distribution loans are documented in formal agreements and are repayable in timeframes outlined in the underlying agreements. We intend for these advances to be repaid in full from the future distributions on existing and future awards granted. The distributions are treated as compensation expense when made and the proceeds are used to repay the loan. The forgivable portion of any loans is recognized as compensation expense in our unaudited Condensed Consolidated Statements of Operations over the life of the loan. We review the loan balances each reporting period for collectability. If we determine that the collectability of a portion of the loan balances is not expected, we recognize a reserve against the loan balances. Actual collectability of loan balances may differ from our estimates.

As of June 30, 2022 and December 31, 2021, the aggregate balance of employee loans, net of reserve, was $304.1 million and $287.0 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 (benefit) for the above-mentioned employee loans for the three months ended June 30, 2022 and 2021 was $14.5 million and $19.1 million, respectively. Compensation expense (benefit) for the above-mentioned employee loans for the six months ended June 30, 2022 and 2021 was $24.4 million and $34.7 million, respectively. The compensation expense related to these loans was 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 the U.S. GAAP guidance, *Intangibles – Goodwill and Other*, goodwill is not amortized, but instead is periodically tested for impairment. We review goodwill for impairment on an annual basis during the fourth quarter of each fiscal year or whenever an event occurs or circumstances change that could reduce the fair value of a reporting unit below its carrying amount.

When reviewing goodwill for impairment, we first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If the results of the qualitative assessment indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, or if we choose to bypass the qualitative assessment, we perform a quantitative goodwill impairment analysis as follows.

The quantitative goodwill impairment test, used to identify both the existence of impairment and the amount of impairment loss, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss should be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill is deemed not to be impaired. To estimate the fair value of the reporting unit, we use a discounted cash flow model and data regarding market comparables. The valuation process requires significant judgment and involves the use of significant estimates and assumptions. These assumptions include cash flow projections, estimated cost of capital and the selection of peer companies and relevant multiples. Because assumptions and estimates are used in projecting future cash flows, choosing peer companies and selecting relevant multiples, actual results may differ from our estimates under different assumptions or conditions; and changes to these estimates and assumptions, as a result of changing economic and competitive conditions, could materially affect the determination of fair value and/or impairment.

CECL

We present financial assets that are measured at amortized cost net of an allowance for credit losses, which represents the amount expected to be collected over their estimated life. Expected credit losses for newly recognized financial assets carried at amortized cost, as well as changes to expected lifetime credit losses during the period, are recognized in earnings. In accordance with the U.S. GAAP guidance, *Financial Instruments — Credit Losses*, the CECL methodology's impact on expected credit losses, among other things, reflects the Company's view of the current state of the economy, forecasted macroeconomic conditions and BGC's portfolios. The amount of the allowance is based on significant estimates and the ultimate losses may vary from such estimates as more information becomes available or conditions change.

Income Taxes

We account for income taxes using the asset and liability method as prescribed in the U.S. GAAP guidance, *Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to basis differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Certain of our entities are taxed as U.S. partnerships and are subject to UBT in the City of New York. Therefore, the tax liability or benefit related to the partnership income or loss except for UBT rests with the partners (see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings" to our unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q 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.

We provide for uncertain tax positions based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. Management is required to determine whether a tax position is more likely than not to be sustained upon examination by tax authorities, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Because significant assumptions are used in determining whether a tax benefit is more likely than not to be sustained upon examination by tax authorities, actual results may differ from our estimates under different assumptions or conditions. We recognize interest and penalties related to income tax matters in "Provision for income taxes" in our unaudited Condensed Consolidated Statements of Operations.

A valuation allowance is recorded against deferred tax assets if it is deemed more likely than not that those assets will not be realized. In assessing the need for a valuation allowance, we consider all available evidence, including past operating results, the existence of cumulative losses in the most recent fiscal years, estimates of future taxable income and the feasibility of tax planning strategies.

The measurement of current and deferred income tax assets and liabilities is based on provisions of enacted tax laws and involves uncertainties in the application of tax regulations in the U.S. and other tax jurisdictions. Because our interpretation of complex tax law may impact the measurement of current and deferred income taxes, actual results may differ from these estimates under different assumptions regarding the application of tax law.

The Tax Act includes the global intangible low-taxed income, GILTI, provision. This provision requires inclusion in the Company's U.S. income tax return the earnings of certain foreign subsidiaries. The Company has elected to treat taxes associated with the GILTI provision using the Period Cost Method and thus has not recorded deferred taxes for basis differences under this regime.

See Note 3—"Summary of Significant Accounting Policies" to our consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K as of December 31, 2021 for additional information regarding these critical accounting policies and other significant accounting policies.

RECENT 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 recent accounting pronouncements.

CAPITAL DEPLOYMENT PRIORITIES, DIVIDEND POLICY AND REPURCHASE AND REDEMPTION PROGRAM

BGC's 2022 capital allocation priorities are to use our liquidity to return capital to stockholders and to continue investing in its high growth Fenics businesses. BGC plans to prioritize share and unit repurchases over dividends and distributions.

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

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

Non-GAAP Financial Measures

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

Adjusted Earnings Defined

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

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

Calculations of Compensation Adjustments for Adjusted Earnings and Adjusted EBITDA

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

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

- Charges with respect to grants of exchangeability, which reflect the right of holders of limited partnership units with no capital accounts, such as LPUs and PSUs, to exchange these units into shares of common stock, or into partnership units with capital accounts, such as HDUs, as well as cash paid with respect to taxes withheld or expected to be owed by the unit holder upon such exchange. The withholding taxes related to the exchange of certain non-exchangeable units without a capital account into either common shares or units with a capital account may be funded by the redemption of preferred units such as PPSUs.

- Charges with respect to preferred units. Any preferred units would not be included in the Company's fully diluted share count because they cannot be made exchangeable into shares of common stock and are entitled only to a fixed distribution. Preferred units are granted in connection with the grant of certain limited partnership units that may be granted exchangeability or redeemed in connection with the grant of shares of common stock at ratios designed to cover any withholding taxes expected to be paid. This is an alternative to the common practice among public companies of issuing the gross amount of shares to employees, subject to cashless withholding of shares, to pay applicable withholding taxes.
- GAAP equity-based compensation charges with respect to the grant of an offsetting amount of common stock or partnership units with capital accounts in connection with the redemption of non-exchangeable units, including PSUs and LPUs.
- Charges related to amortization of RSUs and limited partnership units.
- Charges related to grants of equity awards, including common stock or partnership units with capital accounts.
- Allocations of net income to limited partnership units and FPUs. Such allocations represent the pro-rata portion of post-tax GAAP earnings available to such unit holders.

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

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

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

Compensation charges are also adjusted for certain other cash and non-cash items.

Certain Other Compensation-Related Adjustments for Adjusted Earnings

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

Calculation of Non-Compensation Adjustments for Adjusted Earnings

Adjusted Earnings calculations may also exclude items such as:

- Non-cash GAAP charges related to the amortization of intangibles with respect to acquisitions;
- Acquisition related costs;
- Certain rent charges;
- Non-cash GAAP asset impairment charges; and

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

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

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

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

Methodology for Calculating Adjusted Earnings Taxes

Although Adjusted Earnings are calculated on a pre-tax basis, BGC also reports post-tax Adjusted Earnings to fully diluted shareholders. The Company defines post-tax Adjusted Earnings to fully diluted shareholders as pre-tax Adjusted Earnings reduced by the non-GAAP tax provision described below and net income (loss) attributable to noncontrolling interest for Adjusted Earnings.

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

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

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

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

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

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

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

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

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

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

Management Rationale for Using Adjusted Earnings

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

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

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

Adjusted EBITDA Defined

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

- Provision (benefit) for income taxes;
- Net income (loss) attributable to noncontrolling interest in subsidiaries;
- Interest expense;
- Fixed asset depreciation and intangible asset amortization;
- Equity-based compensation and allocations of net income to limited partnership units and FPUs;
- Impairment of long-lived assets;
- (Gains) losses on equity method investments; and

- Certain other non-cash GAAP items, such as non-cash charges of amortized rents incurred by the Company for its new U.K. based headquarters.

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

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

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

Liquidity Defined

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

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

Constant Currency Defined

BGC generates a significant amount of its revenues in non-U.S. dollar denominated currencies, particularly in the euro and pound sterling. In order to present a better comparison of the Company's revenues during the period, which exhibited highly volatile foreign exchange movements, BGC provides revenues year-over-year comparisons on a "Constant Currency" basis. BGC uses a Constant Currency financial metric to provide a better comparison of the Company's underlying operating performance by eliminating the impacts of foreign currency fluctuations between comparative periods. Since BGC's consolidated financial statements are presented in U.S. dollars, fluctuations in non-U.S. dollar denominated currencies have an impact on the Company's GAAP results. The Company's Constant Currency metric, which is a non-GAAP financial measure, assumes the foreign exchange rates used to determine the Company's comparative prior period revenues, apply to the current period revenues. Constant Currency revenue percentage change is calculated by determining the change in current quarter non-GAAP constant currency revenues over prior period revenues. Non-GAAP constant currency revenues are total revenues excluding the effect of foreign exchange rate movements and are calculated by remeasuring and/or translating current quarter revenues using prior period exchange rates. BGC presents certain non-GAAP Constant Currency percentage changes in constant currency revenues as a supplementary measure because it facilitates the comparison of the Company's core operating results. This information should be considered in addition to, and not as a substitute for, results reported in accordance with GAAP.

OUR ORGANIZATIONAL STRUCTURE

Stock Ownership

As of June 30, 2022, there were 324.1 million shares of BGC Class A common stock outstanding. On June 21, 2017, Cantor pledged 10.0 million shares of BGC Class A common stock in connection with a partner loan program. On November 23, 2018, those shares of BGC Class A common stock were converted into 10.0 million shares of BGC Class B common stock and remain pledged in connection with the partner loan program. On November 23, 2018, BGC Partners issued 10.3 million shares of BGC Class B common stock to Cantor and 0.7 million shares of BGC Class B common stock to CFGM, an affiliate of

Cantor, in each case in exchange for shares of BGC Class A common stock from Cantor and CFGM, respectively, on a one-to-one basis pursuant to Cantor's and CFGM's right to exchange such shares under the letter agreement, dated as of June 5, 2015, by and between BGC Partners and Cantor. Pursuant to the Exchange Agreement, no additional consideration was paid to BGC Partners by Cantor or CFGM for the Class B Issuance. The Class B Issuance was exempt from registration pursuant to Section 3(a)(9) of the Securities Act. As of June 30, 2022, Cantor and CFGM did not own any shares of BGC Class A common stock. Each share of BGC Class A common stock is entitled to one vote on matters submitted to a vote of our stockholders.

In addition, as of June 30, 2022, Cantor and CFGM held 45.9 million shares of BGC Class B common stock (which represents all of the outstanding shares of BGC Class B common stock), representing approximately 58.6% of our voting power on such date. Each share of BGC Class B common stock is generally entitled to the same rights as a share of BGC Class A common stock, except that, on matters submitted to a vote of our stockholders, each share of Class B common stock is entitled to ten votes. The BGC Class B common stock generally votes together with the BGC Class A common stock on all matters submitted to a vote of our stockholders.

Through June 30, 2022, Cantor has distributed to its current and former partners an aggregate of 20.9 million shares of BGC Class A common stock, consisting of (i) 19.4 million April 2008 distribution rights shares, and (ii) 1.5 million February 2012 distribution rights shares. As of June 30, 2022, Cantor is still obligated to distribute to its current and former partners an aggregate of 15.8 million shares of BGC Class A common stock, consisting of 14.0 million April 2008 distribution rights shares and 1.8 million February 2012 distribution rights shares.

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

BGC Partners, Inc. Partnership Structure

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

As of June 30, 2022, we held directly and indirectly, through wholly-owned subsidiaries, 370.0 million BGC U.S. OpCo limited partnership units and 370.0 million BGC Global OpCo limited partnership units, representing approximately 76.7% of the outstanding limited partnership units in both BGC U.S. OpCo and BGC Global OpCo. As of that date, BGC Holdings held 112.2 million BGC U.S. OpCo limited partnership units and 112.2 million BGC Global OpCo limited partnership units, representing approximately 23.3% of the outstanding limited partnership units in both BGC U.S. OpCo and BGC Global OpCo.

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

As of June 30, 2022, excluding Preferred Units and NPSUs described below, outstanding BGC Holdings partnership interests included 62.4 million LPUs, 7.6 million FPUs and 57.3 million Cantor units.

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

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

As of June 30, 2022, there were 0.1 million FPUs remaining which BGC Holdings had the right to redeem or exchange and with respect to which Cantor had the right to purchase an equivalent number of Cantor units following such redemption or exchange. On October 28, 2021, Cantor purchased from BGC Holdings an aggregate of 460,929 Cantor units for an aggregate consideration of $715,605 as a result of the redemption of 460,929 FPUs, and 1,179,942 Cantor units for aggregate consideration of $2,033,838 as a result of the exchange of 1,179,942 FPUs. On March 31, 2021, Cantor purchased from BGC Holdings an aggregate of 1,149,684 Cantor units for aggregate consideration of $2,104,433 as a result of the redemption of 1,149,684 FPUs, and 1,618,376 Cantor units for aggregate consideration of $3,040,411 as a result of the exchange of 1,618,376 FPUs. Each Cantor unit in BGC Holdings held by Cantor is exchangeable by Cantor at any time on a one-for-one basis (subject to adjustment) for shares of BGC Class A common stock. On May 17, 2022, Cantor purchased from BGC Holdings an aggregate 427,494 Cantor units for aggregate consideration of $841,010 as a result of the redemption of 427,494 FPUs, and 52,681 Cantor units for aggregate consideration of $105,867 as a result of the exchange of 52,681 FPUs. Each Cantor unit in BGC Holdings held by Cantor is exchangeable by Cantor at any time on a one-for-one basis (subject to adjustment) for shares of BGC Class A common stock.

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

Such Preferred Units may not be made exchangeable into BGC Class A common stock and accordingly will not be included in the fully diluted share count. Each quarter, the net profits of BGC Holdings are allocated to such Units at a rate of either 0.6875% (which is 2.75% per calendar year) of the allocation amount assigned to them based on their award price, or such other amount as set forth in the award documentation, before calculation and distribution of the quarterly Partnership distribution for the remaining Partnership units. The Preferred Units will not be entitled to participate in Partnership distributions other than with respect to the Preferred Distribution. As of June 30, 2022, there were 20.2 million such units granted and outstanding in BGC Holdings.

On June 5, 2015, we entered into an agreement with Cantor providing Cantor, CFGM and other Cantor affiliates entitled to hold BGC Class B common stock the right to exchange from time to time, on a one-to-one basis, subject to adjustment, up to an aggregate of 34.6 million shares of BGC Class A common stock now owned or subsequently acquired by such Cantor entities for up to an aggregate of 34.6 million shares of BGC Class B common stock. Such shares of BGC Class B common stock, which currently can be acquired upon the exchange of exchangeable LPUs owned in our Holdings, are already included in the Company's fully diluted share count and will not increase Cantor's current maximum potential voting power in the common equity. The Exchange Agreement will enable the Cantor entities to acquire the same number of shares of BGC Class B common stock that they were already entitled to acquire without having to exchange their exchangeable LPUs in our Holdings.

Under the Exchange Agreement, Cantor and CFGM have the right to exchange shares of BGC Class A common stock owned by them for the same number of shares of BGC Class B common stock. As of June 30, 2022, Cantor and CFGM do not own any shares of BGC Class A common stock. Cantor and CFGM would also have the right to exchange any shares of BGC Class A common stock subsequently acquired by either of them for shares of BGC Class B common stock, up to 23.6 million shares of BGC Class B common stock.

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

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

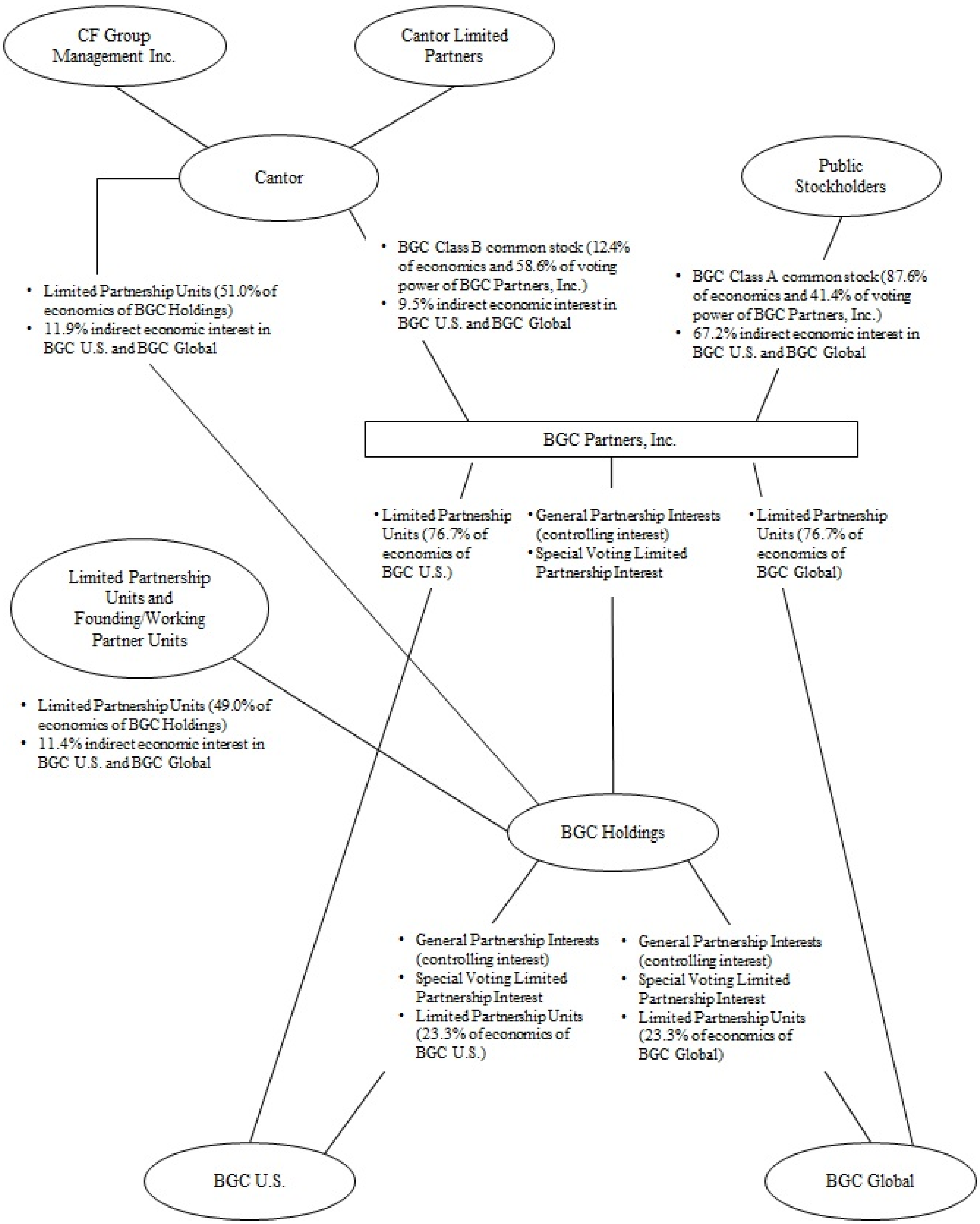
On December 13, 2017, the Amended and Restated BGC Holdings Partnership Agreement was amended and restated a second time to include prior standalone amendments and to make certain other changes related to the Separation. The Second Amended and Restated BGC Holdings Partnership Agreement, among other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

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

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

The following diagram illustrates our organizational structure as of June 30, 2022. The diagram does not reflect the various subsidiaries of BGC, BGC U.S. OpCo, BGC Global OpCo, or Cantor, or the noncontrolling interests in our consolidated subsidiaries other than Cantor's units in BGC Holdings.*

STRUCTURE OF BGC PARTNERS, INC. AS OF JUNE 30, 2022



* Shares of BGC Class B common stock are convertible into shares of BGC Class A common stock at any time in the discretion of the holder on a one-for-one basis. Accordingly, if Cantor and CFGM converted all of their BGC Class B common stock into BGC Class A common stock, Cantor would hold 12.2% of the voting power, CFGM would hold 0.2% of the voting power, and the public stockholders would hold 87.6% of the voting power (and Cantor and CFGM's indirect economic interests

in BGC U.S. and BGC Global would remain unchanged). The diagram does not reflect certain BGC Class A common stock and BGC Holdings partnership units as follows: (a) any shares of BGC Class A common stock that may become issuable upon the conversion or exchange of any convertible or exchangeable debt securities that may in the future be sold under our shelf Registration Statement on Form S-3 (Registration No. 333-180331); (b) 20.2 million Preferred Units granted and outstanding to BGC Holdings partners (see "BGC Partners, Inc. Partnership Structure" herein); and (c) 63.0 million N Units granted and outstanding to BGC Holdings partners.

The diagram reflects BGC Class A common stock and BGC Holdings partnership unit activity from January 1, 2022 through June 30, 2022 as follows: (a) 8.8 million LPUs for vested N Units; (b) 8.7 million shares of BGC Class A common stock repurchased; (c) an aggregate of 2.6 million LPUs granted by BGC Holdings; (d) 2.6 million shares of BGC Class A common stock issued for vested restricted stock units; (e) 2.0 million shares of BGC Class A common stock issued for vested N Units; (f) 1.2 million shares of Class A common stock issued by us under our acquisition shelf Registration Statement on Form S-4 (Registration No. 333-169232), but not the 2.8 million of such shares remaining available for issuance by us under such Registration Statement or the 20.0 million shares of BGC Class A common stock available for issuance under our 2019 Form S-4 Registration Statement (Registration No. 333-233761); (g) 1.1 million BGC Holdings LPUs and FPUs redeemed by us for cash; (h) 0.3 million FPUs related to prior period adjustments; (i) 0.2 million LPUs forfeited; (j) (0.1) million LPUs related to prior period adjustments; and (k) 12 thousand shares issued by us under our Dividend Reinvestment and Stock Purchase Plan shelf Registration Statement on Form S-3 (Registration No. 333-173109), but not the 9.2 million of such shares remaining available for issuance by us under shelf Registration Statement on Form S-3 (Registration No. 333-196999).

Corporate Conversion

The Joint Committee of BGC Partners' independent Directors of the Board, which was constituted to consider the conversion to a corporate structure, has agreed to pursue and move forward with a conversion of the Company's corporate structure from an Umbrella Partnership/C-Corporation ("Up-C") to a "Full C-Corporation." This conversion is intended to be effective January 1, 2023, subject to customary closing conditions in the agreement and regulatory approvals. The Company's conversion to a simpler, more transparent corporate structure aims to improve operational efficiencies and provide investors with an easier to understand organizational structure. BGC is assessing the effect of the conversion on the Company's estimated tax rate, synergies and other impacts.

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.

In addition, BGC Partners incurs limited credit risk related to certain brokerage activities. The counterparty risk relates to the collectability of the outstanding brokerage fee receivables. The review process includes monitoring both the clients and the related brokerage receivables. The review includes an evaluation of the ongoing collection process and an aging analysis of the brokerage receivables.

Principal Transaction Risk

Through its subsidiaries, BGC Partners executes matched principal transactions in which it acts as a "middleman" by serving as counterparty to both a buyer and a seller in matching back-to-back trades. These transactions are then settled through a recognized settlement system or third-party clearing organization. Settlement typically occurs within one to three business days after the trade date. Cash settlement of the transaction occurs upon receipt or delivery of the underlying instrument that was traded. BGC Partners generally avoids settlement of principal transactions on a free-of-payment basis or by physical delivery of the underlying instrument. However, free-of-payment transactions may occur on a very limited basis.

The number of matched principal trades BGC Partners executes has continued to grow as compared to prior years. Receivables from broker-dealers, clearing organizations, customers and related broker-dealers and Payables to broker-dealers, clearing organizations, customers and related broker-dealers on the Company's 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, however, the ability to settle has the potential to be impacted by unforeseen circumstances.

Market Risk

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

We also have investments in marketable equity securities, which are publicly-traded, and which had a fair value of $0.3 million as of June 30, 2022. Investments in marketable securities carry a degree of risk, as there can be no assurance that the marketable securities will not lose value and, in general, securities markets can be volatile and unpredictable. As a result of these different market risks, our holdings of marketable securities could be materially and adversely affected. We may seek to minimize the effect of price changes on a portion of our investments in marketable securities through the use of derivative contracts. However, there can be no assurance that our hedging activities will be adequate to protect us against price risks associated with our investments in marketable securities. See Note 10—"Marketable Securities" and Note 12—"Derivatives" to our unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information regarding these investments and related hedging activities.

Our risk management procedures and strict limits are designed to monitor and limit the risk of unintended loss and have been effective in the past. However, there is no assurance that these procedures and limits will be effective at limiting unanticipated losses in the future. Adverse movements in the securities positions or a downturn or disruption in the markets for these positions could result in a substantial loss. In addition, principal gains and losses resulting from these positions could on occasion have a disproportionate effect, positive or negative, on BGC Partners' unaudited condensed consolidated financial condition and results of operations for any particular reporting period.

Operational Risk

Our businesses are highly dependent on our ability to process a large number of transactions across numerous and diverse markets in many currencies on a daily basis. If any of our data processing systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes, people or systems, we could suffer impairment to our liquidity, financial loss, a disruption of our businesses, liability to clients, regulatory intervention or reputational damage. These systems may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, including cybersecurity incidents, a disruption of electrical or communications services or our inability to occupy one or more of our buildings. The inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand our businesses.

In addition, despite our contingency plans, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the communities in which they are located. This may include a disruption involving electrical, communications, transportation or other services used by us or third parties with whom we conduct business.

Further, our operations rely on the secure processing, storage and transmission of confidential and other information on our computer systems and networks. Although we take protective measures such as software programs, firewalls and similar technology to maintain the confidentiality, integrity and availability of our and our clients' information, the nature of the threats continue to evolve. As a result, our computer systems, software and networks may be vulnerable to unauthorized access, loss or destruction of data (including confidential client information), account takeovers, unavailability or disruption of service, computer viruses, acts of vandalism, or other malicious code, cyber-attacks and other events that could have an adverse security impact. There have also been an increasing number of malicious cyber incidents in recent years in various industries, including ours. Any such cyber incidents involving our computer systems and networks, or those of third parties important to our businesses, could present risks to our operations.

Foreign Currency Risk

BGC Partners is exposed to risks associated with changes in FX rates. Changes in FX rates create volatility in the U.S. dollar equivalent of the Company's revenues and expenses. In addition, changes in the remeasurement of BGC Partners' foreign currency denominated financial assets and liabilities are recorded as part of its results of operations and fluctuate with changes in foreign currency rates. BGC monitors the net exposure in foreign currencies on a daily basis and hedges its exposure as deemed appropriate with highly rated major financial institutions.

The majority of the Company's foreign currency exposure is related to the U.S. dollar versus the pound sterling and the euro. For the financial assets and liabilities denominated in the pound sterling and euro, including foreign currency hedge positions related to these currencies, we evaluated the effects of a 10% shift in exchange rates between those currencies and the U.S. dollar, holding all other assumptions constant. The analysis identified the stress-tested scenario as the U.S. dollar weakening against both the euro and against the pound sterling. If as of June 30, 2022, the U.S. dollar had weakened against both the euro and the pound sterling by 10%, the currency movements would have had an aggregate negative impact on our net income of approximately $6.0 million.

Interest Rate Risk

BGC Partners had $1,051.0 million in fixed-rate debt outstanding as of June 30, 2022. These debt obligations are not currently subject to fluctuations in interest rates, although in the event of refinancing or issuance of new debt, such debt could be subject to changes in interest rates. In addition, as of June 30, 2022, BGC Partners had no borrowings outstanding under its Revolving Credit Agreement. The Revolving Credit Agreement interest rate on borrowings was previously based on LIBOR or a defined base rate plus additional margin. On March 10, 2022, the Revolving Credit Agreement was amended, restated and increased, and the corresponding interest rate on any borrowings under its Revolving Credit Agreement is based on SOFR or a defined base rate plus additional margin.

Disaster Recovery

Our processes address disaster recovery concerns. We operate most of our technology from U.S. and U.K. primary data centers. Either site alone is typically capable of running all of our essential systems. Replicated instances of this technology are maintained in our redundant data centers. Our data centers are generally built and equipped to best-practice standards of physical security with appropriate environmental monitoring and safeguards. Failover for the majority of our systems is automated.

The economic and financial disruptions from the COVID-19 outbreak, as well as measures taken by various governmental authorities in response to the outbreak, led us to implement operational changes as we executed our business continuity plan. We took significant steps to protect our employees. A majority of BGC staff members are attending work in the office several days a week, while working remotely the other part of the week. Unvaccinated employees are required to wear masks in common spaces and when not able to maintain six feet of distance. We have deferred some corporate events and participation in industry conferences. We are also dependent on third-party vendors for the performance of certain critical processes and such vendors are also operating under business continuity plans.

ITEM 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 of the Board and Chief Executive Officer and its Chief Financial Officer, to allow timely decisions regarding required disclosures, and reported within the time periods specified in the SEC's rules and forms. The Chairman of the Board and Chief Executive Officer and the Chief Financial Officer have performed an evaluation of the effectiveness of the design and operation of BGC Partners disclosure controls and procedures as of June 30, 2022. Based on that evaluation, the Chairman of the Board and Chief Executive Officer and the Chief Financial Officer concluded that BGC Partners' disclosure controls and procedures were effective as of June 30, 2022.

Changes in Internal Control over Financial Reporting

During the three months ended June 30, 2022, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information required by this Item is set forth in Note 20—"Commitments, Contingencies and Guarantees" to the Company's unaudited Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, and under the heading "Derivative Suit" included in Part I, Item 2 of this Quarterly Report on Form 10-Q, Management's Discussion and Analysis of Financial Condition and Results of Operations and is incorporated by reference herein.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed under Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 28, 2022.

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

The information required by this Item is set forth in Note 7— "Stock Transactions and Unit Redemptions" to the unaudited Condensed Consolidated Financial Statements included in of Part I, Item 1 of this Quarterly Report on Form 10-Q and in Part I, Item 2 of this Quarterly Report on Form 10-Q, Management's Discussion and Analysis of Financial Condition and Results of Operations 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

The exhibit index set forth below is incorporated by reference in response to this ITEM 6.

Exhibit Number	Exhibit Title
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of the Chief Executive Officer and Chief Financial Officer 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, 2022 are formatted in inline eXtensible Business Reporting Language (iXBRL): (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 (Loss), (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. The XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the iXBRL document.
104	The cover page from this Quarterly Report on Form 10-Q, formatted in Inline XBRL (included in Exhibit 101).

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, 2022 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 / JASON HAUF
Name:	**Jason Hauf**
Title:	**Chief Financial Officer**

Date: August 8, 2022

[Signature page to the Quarterly Report on Form 10-Q for the period ended June 30, 2022 dated August 8, 2022].

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, 2022 as filed with the Securities and Exchange Commission on the date hereof;

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 periods 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 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 this 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ HOWARD W. LUTNICK

Howard W. Lutnick
Chairman of the Board and Chief Executive Officer

Date: August 8, 2022

Exhibit 31.2

CERTIFICATION

I, Jason Hauf, certify that:

1. I have reviewed this report on Form 10-Q of BGC Partners, Inc. for the quarter ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof;

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 periods 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 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 this 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of registrant's Board of Directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JASON HAUF

Jason Hauf
Chief Financial Officer

Date: August 8, 2022

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 report of BGC Partners, Inc., a Delaware corporation (the "Company"), on Form 10-Q for the period ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof, each of Howard W. Lutnick, Chairman of the Board and Chief Executive Officer of the Company, and Jason Hauf, 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		/s/ JASON HAUF
Name:	**Howard W. Lutnick**	**Name:**	**Jason Hauf**
Title:	**Chairman of the Board and Chief Executive Officer**	**Title:**	**Chief Financial Officer**

Date: August 8, 2022