

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

**FORM 10-K**

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

(Mark One)

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

For the fiscal year ended December 31, 2020

OR

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

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

Commission File Number: 0-28191

**BGC Partners, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)  
499 Park Avenue, New York, NY  
(Address of Principal Executive Offices)

13-4063515  
(I.R.S. Employer  
Identification No.)  
10022  
(Zip Code)

(212) 610-2200

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered	
Class A Common Stock, \$0.01 par value	BGCP	The Nasdaq Stock Market, LLC	
Securities registered pursuant to Section 12(g) of the Act: <b>None</b>			
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.    Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.    Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			
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 <input checked="" type="checkbox"/> No <input type="checkbox"/>			
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 <input checked="" type="checkbox"/> No <input type="checkbox"/>			
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.			
Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. <input type="checkbox"/>			
Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. <input checked="" type="checkbox"/>			
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).    Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			
The aggregate market value of voting common equity held by non-affiliates of the registrant, based upon the closing price of the Class A common stock on June 30, 2020 as reported on NASDAQ, was approximately \$836,497,422.			
Indicate the number of shares outstanding of each of the registrant’s classes of common stock, as of the latest practicable date.			
On February 25, 2021, the registrant had 323,716,736 shares of Class A common stock, \$0.01 par value, and 45,884,380 shares of Class B common stock, \$0.01 par value, outstanding.			

**DOCUMENTS INCORPORATED BY REFERENCE.**

Portions of the registrant's definitive proxy statement for its 2021 annual meeting of stockholders (the "2021 Proxy Statement") are incorporated by reference in Part III of this Annual Report on Form 10-K. We anticipate that we will file the 2021 Proxy Statement with the SEC on or before April 30, 2021.

## 2020 FORM 10-K ANNUAL REPORT

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## GLOSSARY OF TERMS, ABBREVIATIONS AND ACRONYMS

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

<b><u>TERM</u></b>	<b><u>DEFINITION</u></b>
2019 Promissory Note	BGC U.S. OpCo's \$300.0 million principal amount promissory note, issued as of December 9, 2014 to the Company in relation to the 5.375% Senior Notes and assumed by Newmark OpCo in connection with the Separation, which was repaid on November 23, 2018
2042 Promissory Note	BGC U.S. OpCo's \$112.5 million principal amount promissory note, issued as of June 26, 2012 to the Company in relation to the 8.125% Senior Notes and assumed by Newmark OpCo in connection with the Separation, which was repaid on September 5, 2018
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 maturing on May 27, 2021 and 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
8.125% Senior Notes	The Company's \$112.5 million principal amount of 8.125% senior notes due 2042, issued on June 26, 2012, which were repaid on September 5, 2018
8.375% Senior Notes	The Company's \$240.0 million principal amount of GFI 8.375% senior notes due July 2018, assumed by BGC in connection with the GFI Merger, which were repaid on July 19, 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
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
April 2017 Sales Agreement	CEO sales agreement, by and between the Company and CF&Co, dated April 12, 2017, pursuant to which the Company offered and sold an aggregate of 20 million shares of BGC Class A common stock
Aqua	Aqua Securities L.P., an alternative electronic trading platform, which offers new pools of block liquidity to the global equities markets and is a 49%-owned equity method investment of the Company and 51% owned by Cantor
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Audit Committee	Audit Committee of the Board
BEAT	Base Erosion and Anti-abuse Tax
Berkeley Point	Berkeley Point Financial LLC, a wholly owned subsidiary of the Company acquired on September 8, 2017 and contributed to Newmark in the Separation
Besso	Besso Insurance Group Limited, a wholly owned subsidiary of the Company, acquired on February 28, 2017

**TERM****DEFINITION**

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
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
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
Charity Day	BGC's annual event held on September 11 <sup>th</sup> where employees of the Company raise proceeds for charity
Class B Issuance	Issuance by BGC of 10,323,366 and 712,907 shares of BGC Class B common stock to Cantor and CFGM, respectively, in exchange for 11,036,273 shares of BGC Class A common stock under the Exchange Agreement, completed on November 23, 2018

**TERM****DEFINITION**

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)
Converted Term Loan	BGC's term loan in an aggregate principal amount of \$400.0 million entered into on November 22, 2017 in conversion of its then-outstanding borrowings under its revolving credit facility, which Converted Term Loan was assumed by Newmark in connection with the Separation and was repaid on November 6, 2018
Corant	Corant Global Limited, the proposed holding company for all insurance interests of BGC Partners, Inc. subject to regulatory consent; comprises its broking operations of Ed Broking, Besso, Piiq Risk Partners and Junge as well as the group's managing general agents Cooper Gay, Globe Underwriting and Epsilon
COVID-19	Coronavirus Disease 2019
CRD	Capital Requirements Directive
Credit Facility	A \$150.0 million credit facility between the Company and an affiliate of Cantor entered into on April 21, 2017, which was terminated on March 19, 2018
CSC	CSC Commodities UK Limited
Distribution Date	November 30, 2018, the date that BGC and BGC Holdings completed the Spin-Off and the BGC Holdings Distribution, respectively
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
ECB	European Central Bank
Ed Broking	Ed Broking Group Limited, a wholly owned subsidiary of the Company, acquired on January 31, 2019
EMIR	European Market Infrastructure Regulation
EPS	Earnings Per Share
EPUs	Exchangeable preferred limited partnership units, issued by Newmark OpCo in June 2018 and September 2018 in the Newmark OpCo Preferred Investments, and entitled to a preferred payable-in-kind dividend
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
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
ETR	Effective Tax Rate
EU	European Union
Exchange Act	Securities Exchange Act of 1934, as amended

**TERM****DEFINITION**

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
FINRA	Financial Industry Regulatory Authority
Founding Partners	Individuals who became limited partners of BGC Holdings in the mandatory redemption of interests in Cantor in connection with the 2008 separation and merger of Cantor's BGC division with eSpeed, Inc. (provided that members of the Cantor group and Howard W. Lutnick (including any entity directly or indirectly controlled by Mr. Lutnick or any trust with respect to which he is a grantor, trustee or beneficiary) are not founding partners) and became limited partners of Newmark Holdings in the Separation
Founding/Working Partners	Holders of FPU's
FPU's	Founding/Working Partners units in BGC Holdings or Newmark Holdings that are generally redeemed upon termination of employment
Freedom	Freedom International Brokerage Company, a 45%-owned equity method investment of the Company
Fully Electronic	Broking transactions intermediated on a solely electronic basis rather than by Voice or Hybrid Broking
FX	Foreign exchange
GDPR	General Data Protection Regulation
GFI	GFI Group Inc., a wholly owned subsidiary of the Company, acquired on January 12, 2016
GFI Merger	Acquisition of GFI by a wholly owned subsidiary of the Company pursuant to the GFI Merger Agreement, completed on January 12, 2016 after BGC's acquisition of Jersey Partners, Inc., GFI's largest shareholder
GFI Merger Agreement	Agreement in connection with the GFI Merger, dated December 22, 2015
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 statements of financial condition
Hybrid	Broking transactions executed by brokers and involving some element of Voice Broking and electronic trading

**TERM****DEFINITION**

ICAP	ICAP plc, a part of TP ICAP group, and a leading markets operator and provider of execution and information services
ICE	Intercontinental Exchange
IMO	Initial Margin Optimization
Incentive Plan	The Company's Second Amended and Restated Incentive Bonus Compensation Plan, approved by the Company's stockholders at the annual meeting of stockholders on June 6, 2017
Intercompany Credit Agreement	Agreement between the Company and Newmark entered into on December 13, 2017 that provided for each party to issue revolving loans to the other party in the lender's discretion, as amended March 19, 2018
Investment in Newmark	Purchase of 16.6 million Newmark Holdings limited partnership units for \$242.0 million by BGC Partners and BGC U.S. OpCo on March 7, 2018
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
LGD	Loss Given Default
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 RPU, along with future types of limited partnership units in BGC Holdings or Newmark Holdings
Lucera	A wholly owned subsidiary of the Company. Lucera (also known as "LFI Holdings, LLC" or "LFI") is our 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 may offer and sell up to an aggregate of \$300.0 million of shares of BGC Class A common stock
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 NFA
Nasdaq	Nasdaq, Inc., formerly known as NASDAQ OMX Group, Inc.
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 Group Class A common stock, par value \$0.01 per share
Newmark Class B common stock	Newmark Group 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

**TERM****DEFINITION**

Newmark OpCo Preferred Investments	Issuances of EPU's by Newmark OpCo in June 2018 and September 2018
NYAG	New York Attorney General's Office
NEX	NEX Group plc, an entity formed in December 2016, formerly known as ICAP
NFA	National Futures Association
Non-GAAP	A financial measure that differs from the most directly comparable measure calculated and presented in accordance with U.S. GAAP, such as Adjusted Earnings and Adjusted EBITDA
N Units	Non-distributing partnership units of BGC Holdings or Newmark Holdings that may not be allocated any item of profit or loss, and may not be made exchangeable into shares of Class A common stock, including NREUs, NPREUs, NLPUs, NPLPUs, NPSUs, and NPPSUs
OCC	Options Clearing Corporation
OCI	Other comprehensive income (loss), including gains and losses on cash flow and net investment hedges, unrealized gains and losses on available for sale securities (in periods prior to January 1, 2018), certain gains and losses relating to pension and other retirement benefit obligations and foreign currency translation adjustments
OECD	Organization for Economic Cooperation and Development
OTC	Over-the-Counter
OTF	Organized Trading Facility, a regulated execution venue category introduced by MiFID II
PCD assets	Purchased financial assets with deterioration in credit quality since origination
PD	Probability of Default
Period Cost Method	Treatment of taxes associated with the GILTI provision as a current period expense when incurred rather than recording deferred taxes for basis differences
Poten & Partners	Poten & Partners Group, Inc., a wholly owned subsidiary of the Company, acquired on November 15, 2018
Preferred Distribution	Allocation of net profits of BGC Holdings or Newmark Holdings to holders of Preferred Units, at a rate of either 0.6875% (i.e., 2.75% per calendar year) or such other amount as set forth in the award documentation
Preferred Units	Preferred partnership units in BGC Holdings or Newmark Holdings, such as PPSUs, which are settled for cash, rather than made exchangeable into shares of Class A common stock, are only entitled to a Preferred Distribution, and are not included in BGC's or Newmark's fully diluted share count
Real Estate L.P.	CF Real Estate Finance Holdings, L.P., a commercial real estate-related financial and investment business controlled and managed by Cantor, of which Newmark owns a minority interest. On September 8, 2017, the Company invested \$100.0 million in Real Estate L.P. which was part of the Spin-Off on November 30, 2018
Real GDP	Real Gross Domestic Product is a macroeconomic measure of the value of economic output adjusted for price changes (i.e. inflation or deflation), which transforms the money-value measure, nominal GDP, into an index for quantity of total output
Record Date	Close of business on November 23, 2018, in connection with the Spin-Off
Repurchase Agreements	Securities sold under agreements to repurchase that are recorded at contractual amounts, including interest, and accounted for as collateralized financing transactions



**TERM****DEFINITION**

Revolving Credit Agreement	The Company's unsecured senior revolving credit facility with Bank of America, N.A., as administrative agent, and a syndicate of lenders, dated as of November 28, 2018, that provides for a maximum revolving loan balance of \$350.0 million, bearing interest at either LIBOR or a defined base rate plus additional margin, amended on December 11, 2019 to extend the maturity date to February 26, 2021 and further amended on February 26, 2020 to extend the maturity date to February 26, 2023
ROU	Right-of-Use
RSUs	BGC or Newmark unvested restricted stock units, payable in shares of BGC Class A common stock or Newmark Class A common stock, respectively, held by certain employees of BGC Partners or Newmark and other persons who have provided services to BGC Partners or Newmark, or issued in connection with certain acquisitions
SaaS	Software as a Service
SEC	U.S. Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
SEF	Swap Execution Facility
Separation	Principal corporate transactions pursuant to the Separation and Distribution Agreement, by which BGC, BGC Holdings and BGC U.S. OpCo and their respective subsidiaries (other than the Newmark Group) transferred to Newmark, Newmark Holdings and Newmark OpCo and their respective subsidiaries the assets and liabilities of the BGC Group relating to BGC's real estate services business, and related transactions, including the distribution of Newmark Holdings units to holders of units in BGC Holdings and the assumption and repayment of certain BGC indebtedness by Newmark
Separation and Distribution Agreement	Separation and Distribution Agreement, by and among the BGC Group, the Newmark Group, Cantor and BGC Global OpCo, originally entered into on December 13, 2017, as amended on November 8, 2018 and amended and restated on November 23, 2018
SMCR	Senior Managers Certification Regime
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
Term Loan	BGC's term loan in an aggregate principal amount of \$575.0 million under a credit agreement with Bank of America, N.A., as administrative agent, and a syndicate of lenders, dated as of September 8, 2017, as amended, which Term Loan was assumed by Newmark in connection with the Separation and repaid on March 31, 2018
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

**TERM****DEFINITION**

VIE	Variable Interest Entity
Voice	Voice-only broking transactions executed by brokers over the telephone

## SPECIAL NOTE ON FORWARD-LOOKING INFORMATION

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

## RISK FACTOR SUMMARY

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

- *The COVID-19 pandemic, and governmental measures taken in response thereto, have materially adversely affected, and may in the future continue to materially adversely affect, the global economy, the United States economy and the global financial markets, resulting in a global recession that may adversely affect our businesses, financial condition and results of operations. The extent to which the COVID-19 pandemic, including any successive waves or variants of the virus, or the emergence of another pandemic, and measures taken in response thereto, including “shelter-in-place” orders and other restrictions and delays or complications in the implementation of vaccination programs, could continue to materially adversely affect the conduct of our business will depend upon future developments and conditions, which remain highly uncertain.*
- *The COVID-19 pandemic, and governmental measures taken in response thereto, have severely disrupted the global conduct of business, and have disrupted, and may continue to disrupt, our operations and our clients' operations, which has had, and may continue to have, a material adverse effect on our businesses, financial condition and results of operations. As a result, we have been required to implement operational changes, including transitioning a large portion of our workforce to remote working, thus exposing us to greater cybersecurity risks. The extent to which the pandemic, and governmental measures taken in response thereto, could materially adversely affect our businesses, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and the actions taken by governmental authorities in response thereto.*
- *The U.K. exit from the EU could materially adversely impact our customers, counterparties, businesses, financial condition, results of operations and prospects.*
- *We may pursue strategic alliances, acquisitions, dispositions, joint ventures or other growth opportunities (including hiring new brokers and salespeople), which could present unforeseen integration obstacles or costs and could dilute our stockholders. We may also face competition in our acquisition strategy, and such competition may limit our number of strategic alliances, acquisitions, joint ventures and other growth opportunities (including hiring new brokers and salespeople).*
- *We may be adversely affected by changes in LIBOR reporting practices, the method in which LIBOR is determined, the expected transition away from LIBOR and the use of alternative reference rates, including financial risks arising from any changes in the valuation of financial instruments, and operational risks due to the potential requirement to adapt our information technology systems and operational processes to address the transition away from LIBOR.*
- *We are subject to certain risks relating to our indebtedness, including constraints on our ability to raise additional capital, declines in our credit ratings and limitations on our financial flexibility to react to changes in the economy or the financial services industry. We may need to incur additional indebtedness to finance our growth strategy, including in connection with the re-positioning of aspects of our business to adapt to changes in market conditions in the financial services industry.*
- *Our ability to retain our key employees and the ability of certain key employees to devote adequate time and attention to us are critical to the success of our businesses, and failure to do so may materially adversely affect our businesses, financial condition, results of operations and prospects.*

- *Our management has identified a material weakness in our internal control over financial reporting. While the remediation is in process, if we are unable to successfully remediate this material weakness, or if we otherwise fail to implement and maintain an effective internal control environment, our operations, reputation and stock price could suffer, we may need to restate our financial statements and we may be delayed in or prevented from accessing the capital markets.*
- *The financial services industry in general faces potential regulatory, litigation and/or criminal risks that may result in damages or fines or other penalties as well as costs, and we may face damage to our professional reputation and legal liability if our products and services are not regarded as satisfactory, our employees do not adhere to all applicable legal and professional standards, or for other reasons, all of which could have a material adverse effect on our businesses, financial condition, results of operations and prospects.*
- *Because competition for the services of brokers, salespeople, managers, and other professionals, in the financial services industry is intense, it could affect our ability to attract and retain a sufficient number of highly skilled brokers or other professional services personnel, in turn adversely impacting our revenues, resulting in a material adverse effect on our businesses, financial condition, results of operations and prospects.*
- *We are a holding company with dual class common stock. Holders of our Class A common stock are subject to certain risks resulting from our structure, including our dependence upon distributions from the BGC OpCos and the concentration of our voting control among the holders of our Class B common stock, which may materially adversely affect the market price of our Class A common stock.*
- *Reductions in our quarterly cash dividend and corresponding reductions in distributions by BGC Holdings to its partners may reduce the value of our common stock and the attractiveness of our equity-based compensation and limit the ability of our partners to repay employee loans.*
- *We are controlled by Cantor and Mr. Lutnick, who have potential conflicts of interest with us and may exercise their control in a way that favors their interests to our detriment. Cantor's interests may conflict with our interests, and Cantor may exercise its control in a way that favors its interests to our detriment, including in competition with us for acquisitions or other business opportunities. In addition, agreements between us and Cantor are between related parties, and the terms of these agreements may be less favorable to us than those that we could negotiate with third parties and may subject us to litigation.*
- *If there is a determination that the Spin-Off (as defined below) was taxable for U.S. federal income tax purposes, then we and our stockholders could incur significant U.S. federal income tax liabilities, and we could incur significant liabilities.*
- *Purchasers, as well as existing stockholders, may experience significant dilution as a result of offerings of shares of our Class A common stock. Our management will have broad discretion as to the timing and amount of sales of our Class A common stock, as well as the application of the net proceeds of any such sales.*

#### WHERE YOU CAN FIND MORE INFORMATION

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

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

## PART I

### ITEM 1. BUSINESS

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

#### Our Businesses

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

Through brands including BGC®, GFI®, Sunrise Brokers™, Besso™, Ed® Broking, Poten & Partners®, RP Martin™, CORANT™, and CORANT GLOBAL™, among others, our businesses specialize in the brokerage of a broad range of products, including fixed income such as government bonds, corporate bonds, and other debt instruments, as well as related interest rate derivatives and credit derivatives. We also broker products across FX, equity derivatives and cash equities, energy and commodities, shipping, insurance, and futures and options. Our businesses also provide a wide variety of services, including trade execution, brokerage services, clearing, 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 include Fully Electronic 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 operate under the names Fenics®, BGC Trader™, CreditMatch®, Fenics Market Data™, BGC Market Data™, kACE2®, EMBonds®, Capitalab®, Swaptioniser®, CBID® and Lucera®.

BGC, BGC Partners, BGC Trader, GFI, GFI Ginga, CreditMatch, Fenics, Fenics.com, Sunrise Brokers, Corant, Corant Global, Besso, Ed Broking, Poten & Partners, RP Martin, kACE2, EMBonds, 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. We have dozens of offices globally in major markets including New York and London, as well as in Bahrain, Beijing, Bermuda, Bogotá, Brisbane, Buenos Aires, Chicago, Copenhagen, Dubai, Dublin, Frankfurt, Geneva, Hong Kong, Houston, Istanbul, Johannesburg, Madrid, Melbourne, Mexico City, Moscow, Nyon, Paris, Rio de Janeiro, Santiago, São Paulo, Seoul, Shanghai, Singapore, Sydney, Tel Aviv, Tokyo and Toronto.

As of December 31, 2020, we had over 2,822 brokers, salespeople, managers and other front-office personnel across our businesses.

The outbreak of COVID-19 has impacted our business. See “—COVID-19 Information,” “Item 1A — Risk Factors —Risks Related to Our Business Generally— Risks Related to the COVID-19 Pandemic” and “Item 7. — Management’s Discussion and Analysis of Financial Condition and Results of Operations —COVID -19” for additional information.

#### Our History

Our business originates from one of the oldest and most established inter-dealer or wholesale brokerage franchises in the financial intermediary industry. Cantor started our wholesale intermediary brokerage operations in 1972. In 1996, Cantor launched its eSpeed system, which revolutionized the way government bonds are traded in the inter-dealer market by providing a fully electronic trading marketplace. eSpeed completed an initial public offering in 1999 and began trading on NASDAQ, yet it remained one of Cantor’s controlled subsidiaries. Following eSpeed’s initial public offering, Cantor continued to operate its inter-dealer voice/hybrid brokerage business separately from eSpeed. In August 2004, Cantor announced the reorganization and separation of its inter-dealer voice/hybrid brokerage business into a subsidiary called “BGC,” in honor of B. Gerald Cantor, the pioneer in screen brokerage services and fixed income market data products. In April 2008, BGC and certain other Cantor assets merged with and into eSpeed, and the combined company began operating under the name “BGC Partners, Inc.” In June 2013, BGC sold certain assets relating to its U.S. Treasury benchmark business and the name “eSpeed” to Nasdaq.

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

Since the formation of BGC in 2004, we have substantially rebuilt our U.S. presence and have continued to expand our global footprint through the acquisition and integration of established brokerage companies and the hiring of experienced brokers. Through these actions, we have been able to expand our presence in key markets and position our business for sustained growth. Since 2015, our acquisitions have included those of GFI Group, Inc., Sunrise Brokers Group, Poten & Partners Group, Inc., Ed Broking Group Limited, Perimeter Markets Inc.,

Lucera, Micromega Securities Proprietary Limited, Besso Insurance Group Limited, Gingga Petroleum (Singapore) Private Limited, Emerging Markets Bond Exchange Ltd, Kalahari Ltd and Algomi Limited.

## **COVID-19 Information**

Our businesses have been and continue to be adversely impacted by the COVID-19 pandemic and the dislocations it has caused our brokers, salespeople, and clients. Globally, both national and local governments have taken unprecedented actions to abate the spread of COVID-19, which include lockdowns, shelter-in-place orders, quarantines, travel bans and mandated business closures.

Our revenues were adversely impacted for the year ended December 31, 2020 as a result of COVID-19 and its impact on the macroeconomic environment, including interest rates, FX, and oil prices. This resulted in lower year-on-year secondary trading volumes across rates and certain FX products, which impacted our rates and FX businesses.

Responsive actions taken by Central Banks across the globe lowered interest rates and included restarting quantitative easing programs at levels not seen since the financial crisis. While both low interest rates and high levels of quantitative easing adversely affect certain of our businesses, including Rates and FX, we believe record levels of government and corporate debt issued in conjunction with pandemic will provide a tailwind for our businesses going forward. In certain areas of our businesses, such as our fully-electronic Fenics business, we believe the pandemic's promotion of virtual and remote work arrangements, will support existing trends of electronification across our business. Other businesses, such as our data, software and post-trade businesses, continue to be recurring. The insurance brokerage industry also tends to be more predictable at certain times of year and we expect the pandemic to generate greater demand for insurance brokerage and we expect growth in this business over time.

From the onset of the pandemic, we have been able to provide our front, middle and back office staff with a remote work environment. While the majority of our front office brokers and salesforce have returned to designated office locations, a significant number of our middle and back office employees continue to work remotely.

The continued impact of the pandemic on our businesses is largely dependent on global efforts to stem the spread of COVID-19, including governmental efforts to distribute vaccines and overall vaccination rates across the United States, Europe, Asia and other geographies.

Additional information about the impact of COVID-19 on our businesses as a whole or specific businesses or line items, and the risks and other factors impacting our results, may be found in Item 1A –“Risk Factors”, Item 7 – Management, Discussion and Analysis - Forward-Looking Cautionary Statements,” “Impact of COVID-19 on Employees” and “Impact of COVID-19 on the Company’s Results” and in other portions of this Annual Report on Form 10-K.

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

### ***Financial Brokerage (including Fenics)***

We are focused on serving four principal financial brokerage markets:

- traditional, liquid brokerage markets, such as government bonds, over the counter (OTC) European and U.S. interest rate, foreign exchange, and energy derivatives, as well as listed futures and options;
- less liquid markets, such as emerging market bonds and single name credit derivatives;
- targeted local markets throughout the world; and
- wholesale insurance brokerage.

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

We provide electronic marketplaces in multiple financial markets through numerous products and services, including Fenics, BGC Trader, and several multi-asset hybrid offerings for voice and electronic execution, including BGC’s Volume Match and GFI’s CreditMatch. These electronic marketplaces include government bond markets, interest rate derivatives, spot foreign exchange, foreign exchange derivatives, corporate bonds, and credit derivatives. We believe that we offer a comprehensive application providing volume, access, connectivity, speed of execution and ease of use. Our trading platform establishes a direct link between our brokers and customers and occupies valuable real estate on traders’ desktops, which is difficult to replicate. We believe that we can leverage our platform to offer fully electronic trading as additional products transition from voice and hybrid trading to fully electronic execution.

During the COVID-19 pandemic, our fully electronic Fenics business has been a key growth driver and competitive advantage as many of our brokers and clients have adapted to working remotely. We have leveraged our hybrid platform to provide real-time product and price discovery information through applications such as BGC Trader. We also provide straight-through processing to our customers for an increasing number of products. Our end-to-end solution includes real-time and auction-based transaction processing, credit and risk management tools and back-end processing and billing systems. Customers can access our trading application through our privately managed global high speed data network, over the Internet, or through third-party communication networks.

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

Rates	Interest rate derivatives
	Benchmark U.S. Treasuries
	Off-the-run U.S. Treasuries
	Other global government bonds
	Agencies
	Futures
	Inflation derivatives
	Repurchase agreements
	Non-deliverable swaps
	Interest rate swaps and options
Credit	Credit derivatives
	Asset-backed securities
	Convertibles
	Corporate bonds
	High yield bonds
	Emerging market bonds
Foreign Exchange	Foreign exchange forwards and options
	G-10
	Emerging markets
	Cross currencies
	Exotic options
	Spot FX
	Emerging market FX options
	Non-deliverable forwards
Energy and Commodities (OTC and listed derivatives)	Environmental products and emissions
	Electricity
	Natural Gas
	Coal
	Base and precious metals
	Refined and crude oil

Equity Derivatives and Cash Equities	Soft commodities
	Shipping brokerage
	Equity derivatives
	Cash equities
	Index futures
Insurance	Other derivatives and futures
	Accident and Health
	Aerospace
	Aviation
	Cargo
	Cyber
	Energy
	Engineering
	Financial and Political Risk
	Marine
	Parametric insurance products
	Professional and Executive Risk
	Property and Casualty
	Specialty
	Reinsurance
	Fine Art, Jewelry and Specie

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

#### ***Market Data***

Fenics Market Data™ is a supplier of real-time, tradable, indicative, end-of-day and historical market data. Our market data product suite includes fixed income, interest rate derivatives, credit derivatives, foreign exchange, foreign exchange options, money markets, energy, metals, and equity derivatives and structured market data products and services. The data are sourced from the voice, hybrid and electronic broking operations, as well as the market data operations, including BGC, GFI and RP Martin, among others. The data are made available to financial professionals, research analysts and other market participants via direct data feeds and BGC-hosted FTP environments, as well as via information vendors such as Bloomberg, Refinitiv, ICE Data Services, QUICK Corp., and other select specialist vendors. In the fourth quarter of 2020, we began delivering our innovative new data product created for compliance and surveillance departments.



### ***Software Solutions and Post-Trade Services***

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

We offer a derivative price discovery, pricing analysis, risk management and trading software used by over 200 institutions across 38 countries. Our clients include mid-tier banks, financial institutions and corporate clients. In 2020, we acquired Algomi (a buy-side focused platform that allows bond market participants to improve their workflow and liquidity by data aggregation, pre-trade information analysis, and execution facilitation) which is being folded into LumeMarkets. In 2019 we launched our Gateway module that links our client base with their counterparties, trading venues and regulators, enabling clients to automate order flow, straight through processing, data distribution and regulatory reporting. During the first half of 2018, we fully integrated Fenics software and Kalahari software to form kACE2, our analytics brand.

Our Software Solutions business provides the software and technology infrastructure for the transactional and technology related elements of the Freedom International Brokerage Company marketplace as well as certain other services in exchange for specified percentages of transaction revenue from the marketplace.

As part of our Software Solutions business, our Lucera® brand delivers high-performance technology solutions designed to be secure and scalable and to power demanding financial applications across several offerings: LumeFX® (distributed FX platform with managed infrastructure and software stack), LumeMarkets™ (multi-asset class aggregation platform), Connect™ (global SDN for rapid provisioning of connectivity to counter-parties), and Compute™ (on-demand, co-located compute services in key financial data centers).

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

### ***Aqua Business***

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

### ***Insurance Brokerage (Corant Global)***

In February 2017, we completed the acquisition of Besso and in January 2019, we completed the acquisition of Ed Broking, each an independent Lloyd’s of London insurance broker. In addition, in 2019 we established Piiq Risk Partners Inc. and Piiq Risk Partners Limited as brokers in the U.S. and U.K., respectively, to focus exclusively on the insurance requirements of the aerospace and aviation industry. We established Ed Broking (Bermuda) Limited in 2019 to develop additional insurance opportunities in the Bermuda market, and in 2020, we expanded the Piiq platform further by establishing Piiq Risk Partners SAS in France. In January 2021 we launched Corant Global Limited (“Corant”). Subject to regulatory consent, Corant will become the holding company for all the insurance interests of BGC. Our insurance brokerage business has a strong reputation across Accident and Health, Aerospace, Aviation, Cargo, Cyber, Energy, Engineering, Financial and Political Risk, Marine, Parametric Insurance Products, Professional and Executive Risk, Property and Casualty, Specialty and Reinsurance and Fine Art, Jewelry and Specie.

### ***Shipping Brokerage***

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

## **Energy Brokerage**

In March 2019, we acquired Ginga Petroleum, which complements our existing energy brokerage businesses within BGC, GFI, and Poten. 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.

## **Industry Recognition**

Our business has consistently won global industry awards and accolades in recognition of its performance and achievements. Recent examples include:

- Fenics GO was named OTC Trading Platform of the Year by Risk.net and Risk magazine at the Risk Awards 2021
- Capitalab was named OTC Infrastructure Service of the Year by Risk.net and Risk magazine at the Risk Awards 2021
- Fenics GO was named Trading and Execution Solution of the Year at the FOW International Awards 2020
- BGC was named Interdealer Broker of the Year at the Financial News Trading and Technology Awards in 2020
- BGC was named Equity Derivatives Interdealer Broker of the Year at the GlobalCapital Global Derivatives Awards in 2020
- BGC won Best Broker for Currency Options at the FX Markets Best Bank Awards in 2020
- In 2020, GFI was ranked #1 Overall for Precious Metals; #1 in Gold; #1 in Silver; and #1 in France for European Power in the Energy Risk Commodity Rankings 2020
- In 2020, GFI was named #1 Overall Top Bulk Commodities Inter-Dealer Broker; #1 Overall Iron Ore Inter-Dealer Broker; #1 62% Iron Ore Futures Inter-Dealer Broker; and #1 Coking Coal Options Inter-Dealer Broker by the Singapore Exchange for their SGX Commodities Awards 2019.

## **Customers and Clients**

We primarily serve the wholesale financial, energy and insurance markets, with clients including many of the world's largest banks, brokerage houses, investment firms, hedge funds, and investment banks. Customers using our branded products and services also include professional trading firms, futures commission merchants, and other professional market participants and financial institutions. Our market data products and services are available through many platforms and are available to a wide variety of capital market participants, including banks, investment banks, brokerage firms, asset managers, hedge funds, investment analysts and financial advisors. We also license our intellectual property portfolio and offerings in Software Solutions to various financial markets participants. For the year ended December 31, 2020, our top ten customers, collectively, accounted for approximately 27.8% of our total revenue on a consolidated basis, and our largest customer accounted for approximately 4.4% of our total revenue on a consolidated basis.

## **Sales and Marketing**

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

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

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

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

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

## **Technology**

**Pre-Trade Technology.** Our financial brokers use a suite of pricing and analytical tools that have been developed both in-house and in cooperation with specialist software suppliers. The pre-trade software suite combines proprietary market data, pricing and calculation

libraries, together with those outsourced from external providers. The tools in turn publish to a normalized, global market data distribution platform, allowing prices and rates to be distributed to our proprietary network, data vendor pages, secure websites and trading applications as indicative pricing.

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

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

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

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

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

## Software Development

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

## Our Intellectual Property

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

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

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

#### **Credit Risk**

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

#### **Principal Transaction Risk**

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

#### **Market Risk**

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

#### **Operational Risk**

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

#### **Foreign Currency Risk**

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

#### **Interest Rate Risk**

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

#### **Disaster Recovery**

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

#### **Competition**

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

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

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

We also compete with global wholesale insurance and reinsurance brokers, including Aon, Marsh & McLennan Companies, Arthur J. Gallagher & Co., as well as numerous regional and specialist firms.

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

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

#### ***Market Data and Financial Software Vendors***

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

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

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

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

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

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

In addition, certain investment management firms that traditionally deal with banks and broker-dealers have expressed a desire to have direct access to certain parts of the wholesale financial markets via firms such as ours. We believe that over time, interdealer-brokers will therefore gain a small percentage of the sales and trading market currently dominated by banks and broker-dealers. Since their collective revenues are many times those of the global inter-dealer market, we believe that gaining even a small share of banks and broker-dealers’ revenues could lead to a meaningful increase in our revenues. Additionally, wholesale financial brokers have aimed to grow their agency brokerage businesses, which typically serve a broader client set, including banks, broker-dealers, and institutional clients. Recent actions taken by wholesale financial brokers to expand their agency businesses include our acquisition of Algomi in March 2020 and TP ICAP’s announced acquisition of Liquidnet in October 2020.

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

## Seasonality

Traditionally, the financial markets around the world generally experience lower volume during the late summer and at the end of the year due to a slowdown in the business environment around holiday seasons. Therefore, our revenues tend to be strongest in the first quarter and lowest in the fourth quarter. For the year 2020, we earned approximately 29.3% of our revenues in the first quarter, while in 2019 we earned 25.9% of such revenues in the first quarter.

## Partnership Overview

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

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

## Relationship Between BGC Partners and Cantor

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

## Debt

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

## Newmark Spin-Off

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

For more information about the Newmark Spin-Off, see Note 1—“Organization and Basis of Presentation” to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Overview and Business Environment.”

## Regulation

### *U.S. Regulation*

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

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

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

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

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

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

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

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

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

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

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

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

### ***Recent Settlements***

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

### ***Brexit***

On June 23, 2016, the U.K. held a referendum regarding continued membership of the EU. The exit from the EU is commonly referred to as Brexit. On January 1, 2021, the UK formally left the EU and UK-EU trade became subject to a new agreement that was concluded in December of 2020. Financial services falls 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 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 have implemented plans to ensure continuity of service in Europe and continue to have regulated entities 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, BGC’s Insurance division (Corant) has established new brokerage platforms in Cyprus and France and we have been generally increasing our footprint in the EU.

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.

### ***Insurance Regulation***

Our insurance business is regulated by various national regulators, such as the FCA in the U.K., the Monetary Authority of Singapore in Singapore, the Dubai Financial Supervisory Authority in Dubai and the Bermuda Monetary Authority in Bermuda. Our insurance operations adhere to the statutory regulatory requirements but there are occasions where regulators will conduct periodic thematic reviews into specific practices and procedures within a chosen market. We fully comply with these reviews, however we may become the subject of these reviews at any point, often with little or no notice.

### ***Other Regulation***

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

<b>Jurisdiction</b>	<b>Regulatory Authorities/Self-Regulatory Organizations</b>
Argentina	Comisión Nacional de Valores
Australia	Australian Securities and Investments Commission and Australian Securities Exchange
Bahrain	The Central Bank of Bahrain
Belgium	National Bank of Belgium, L’Autorité des services et marchés financiers
Bermuda	Bermuda Monetary Authority
Brazil	Brazilian Securities and Exchange Commission, the Central Bank of Brazil, BM&F BOVESPA and Superintendencia de Seguros Privados

<b>Jurisdiction</b>	<b>Regulatory Authorities/Self-Regulatory Organizations</b>
Canada	Ontario Securities Commission, Autorite des Marches Financiers (Quebec), Investment Industry Regulatory Organization of Canada (IIROC)
Cayman	Cayman Islands Monetary Authority
Chile	Superintendencia de Valores y Seguros
China	China Banking Regulatory Commission, State Administration of Foreign Exchange and China Insurance Regulatory Commission
Columbia	Superintendencia Financiera de Columbia
Cyprus	Superintendent of Insurance
Denmark	Finanstilsynet
Dubai	Dubai Financial Supervisory Authority
France	ACPR (L'Autorité de Contrôle Prudentiel et de Résolution), AMF (Autorité des Marchés Financiers)
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht (BAFIN)
Guernsey	Guernsey Financial Services Commission
Hong Kong	Hong Kong Securities and Futures Commission, The Hong Kong Monetary Authority and Professional Insurance Brokers Association
Ireland	Central Bank of Ireland
Japan	Japanese Financial Services Agency, Japan Securities Dealers Association and the Securities and Exchange Surveillance Commission
Jersey	Jersey Financial Services Commission
Mexico	Banking and Securities National Commission, Comision Nacional Bancaria y de Valores (CNBV)
Peru	Ministerio de Economica y Finanzas
Philippines	Securities and Exchange Commission
Russia	Federal Service for Financial Markets
Singapore	Monetary Authority of Singapore
South Africa	Johannesburg Stock Exchange
South Korea	Ministry of Strategy and Finance, The Bank of Korea, The Financial Services Commission and The Financial Supervisory Service
Spain	Comision Nacional del Mercado de Valores (CNMV)
Switzerland	Financial Markets Supervisory Authority (FINMA), Swiss Federal Banking Commission

Jurisdiction	Regulatory Authorities/Self-Regulatory Organizations
Turkey	Capital Markets Board of Turkey, The Financial Crimes Investigation Board of Turkey, the Undersecretariat of the Turkish Treasury and the Insurance Regulation and Supervision Authority
United Kingdom	Financial Conduct Authority

## Capital Requirements

### *U.S.*

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

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

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

Five of our subsidiaries, BGCF, GFI Securities LLC, Fenics Execution, LLC, Sunrise Brokers LLC and Mint, are registered with the SEC and are subject to the Uniform Net Capital Requirements. As a FCM, Mint is also subject to CFTC minimum capital requirements. In December of 2018, BGCF submitted an application with the CFTC to withdraw its FCM license which was approved. BGCF now conducts its business as an Introducing Broker registered with the NFA. BGCF is also a member of the FICC, which imposes capital requirements on its members. We also hold a 49% limited partnership interest in Aqua, a U.S. registered broker-dealer and ATS. In addition, our SEFs, BGC Derivative Markets and GFI Swaps Exchange are required to maintain financial resources to cover operating costs for at least one year, keeping at least enough cash or highly liquid securities to cover six months’ operating costs. Compliance with the Uniform Net Capital Requirements may limit the extent and nature of our operations requiring the use of our registered broker-dealer subsidiaries’ capital, and could also restrict or preclude our ability to withdraw capital from our broker-dealer subsidiaries or SEFs.

### *Non-U.S.*

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

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

We had net assets in our regulated subsidiaries of \$676.3 million and \$561.9 million for the years ended December 31, 2020 and 2019, respectively.

## **Human Capital Management**

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

As of December 31, 2020, we employed approximately 5,000 employees in 28 countries spread across five continents. Within this total, 98% of our employee base was comprised of full-time employees. Brokers, salespeople, managers and other front-office employees comprise approximately 3,600 employees, representing 72% of the total workforce. Approximately 22% of our brokers, salespeople, managers and other front-office employees were based in the Americas, and approximately 57% were based in Europe, the Middle East and Africa, with the remaining approximately 21% based in the Asia-Pacific region. Various of our employees also work for Cantor and its affiliates and provide services to us pursuant to the Administrative Services Agreement, and therefore devote only a portion of their time to our business. Generally, our employees are not subject to any collective bargaining agreements, except for certain of our employees based in our European offices that are covered by the national, industry-wide collective bargaining agreements relevant to the countries in which they work.

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

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

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

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

Our key human capital measures and objectives include front-office employee headcount (described above) and average revenue per front-office employee. With respect to this area, we have made significant investments in our insurance brokerage business (Corant), including meaningful increases in front-office employees. Our average revenue per front-office employee has historically declined year-over-year for the period immediately following significant headcount increases, and the additional brokers and salespeople generally achieve significantly higher productivity levels in their second or third year with the Company. Further, because revenue per broker is not a widely used or relevant statistic for the insurance brokerage industry, we do not commonly provide revenue statistics with respect to front-office staff for our insurance brokerage business. Excluding our insurance brokerage business, as of December 31, 2020, our front-office headcount was 2,297 brokers, salespeople, managers and other front-office personnel, down 10.7% from 2,573 a year ago. Compared to the prior year period, average revenue per front-office employee for the year ended December 31, 2020, increased by 1.9% to approximately \$750 thousand. On a stand-alone basis, our total insurance brokerage headcount increased by 16.4% to 900 from 773 a year ago.

We invest heavily in developing our technology and new products and services in order to drive increased front-office productivity and generate higher margins, in particular with respect to our Fenics, insurance brokerage and other higher-margin businesses. For example, in our Fenics businesses, we aim to convert Voice and Hybrid trading to Fully Electronic trading in order to improve our margins. This is largely because automated and electronic trading efficiency allows the same number of employees to manage a greater volume of trades resulting in a decrease in the marginal cost of trading. Our Fully Electronic business has generally overcome challenges associated with remote working during the COVID-19 pandemic and productivity has remained high with revenue growth of 14.1% for the year ended December 31, 2020 compared to the prior year. From time to time, we also engage in cost-savings initiatives and restructurings in order to improve our margins.

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

Virtually all of our executives and front-office employees have equity or partnership stakes in the Company and its subsidiaries and generally receive grants of deferred equity or LPUs as part of their compensation. A significant percentage of BGC's fully diluted shares are owned by its executives, partners and employees.

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

violated, are also extremely retentive. In addition, we pay amounts due to a partner upon termination of service over a number of years in order to ensure compliance with partner obligations.

We also rely heavily on various agreements we enter into with certain of our employees and partners whereby these individuals receive loans which may be either wholly or in part repaid from the distribution earnings that the individual receives on some or all of their LPUs or may be forgiven over a period of time. These loans provide incentives and promote retention.

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

We are committed to our people, stakeholders and to the community as a whole. We are investing in the long-term development and engagement of our employees by delivering training and development programs and a culture where our people can thrive. We are committed to equal opportunity, diversity and other policies and practices. And, we have a passionate commitment to community service and charity. We also take seriously the health, safety and welfare of our employees, clients, vendors and the broader communities in which we operate and are taking extraordinary measures in light of the current COVID-19 pandemic

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

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

### **Legal Proceedings**

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

## **OUR ORGANIZATIONAL STRUCTURE**

### ***Stock Ownership***

As of December 31, 2020, there were 323,017,960 shares of BGC Class A common stock outstanding. On June 21, 2017, Cantor pledged 10,000,000 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 10,000,000 shares of BGC Class B common stock and remain pledged in connection with the partner loan program. On November 23, 2018, BGC Partners issued 10,323,366 shares of BGC Class B common stock to Cantor and 712,907 shares of BGC Class B common stock to CFGM, an affiliate of Cantor, in each case in exchange for shares of BGC Class A common stock from Cantor and CFGM, respectively, on a one-to-one basis pursuant to Cantor's and CFGM's right to exchange such shares under the letter agreement, dated as of June 5, 2015, by and between BGC Partners and Cantor. Pursuant to the Exchange Agreement, no additional consideration was paid to BGC Partners by Cantor or CFGM for the Class B Issuance. The Class B Issuance was exempt from registration pursuant to Section 3(a)(9) of the Securities Act. As of December 31, 2020, Cantor and CFGM did not own any shares of BGC Class A common stock. Each share of BGC Class A common stock is entitled to one vote on matters submitted to a vote of our stockholders.

In addition, as of December 31, 2020, Cantor and CFGM held 45,884,380 shares of BGC Class B common stock (which represents all of the outstanding shares of BGC Class B common stock), representing approximately 58.7% of our voting power on such date. Each share of BGC Class B common stock is generally entitled to the same rights as a share of BGC Class A common stock, except that, on matters submitted to a vote of our stockholders, each share of Class B common stock is entitled to ten votes. The BGC Class B common stock generally votes together with the BGC Class A common stock on all matters submitted to a vote of our stockholders.

Through December 31, 2020, Cantor has distributed to its current and former partners an aggregate of 20,850,346 shares of BGC Class A common stock, consisting of (i) 19,372,639 April 2008 distribution rights shares, and (ii) 1,477,707 February 2012 distribution rights shares. As of December 31, 2020, Cantor is still obligated to distribute to its current and former partners an aggregate of 15,756,625 shares of BGC Class A common stock, consisting of 13,999,105 April 2008 distribution rights shares and 1,757,520 February 2012 distribution rights shares.

We received shares of Newmark in connection with the Separation, and Newmark completed the Newmark IPO on December 19, 2017. However, on the Distribution Date, we completed our previously announced Spin-Off to our stockholders of all of the shares of common stock of Newmark owned by us as of immediately prior to the effective time of the Spin-Off. Following the Spin-Off, we ceased to be Newmark's controlling stockholder, and we and our subsidiaries no longer held any shares of Newmark's common stock or other equity interests in Newmark or its subsidiaries. For more information on the Spin-Off of Newmark, see Note 1—"Organization and Basis of Presentation" to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K, and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview and Business Environment – Newmark Spin-Off."

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

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

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

As of December 31, 2020, we held directly and indirectly, through wholly-owned subsidiaries, 368,902,340 BGC U.S. OpCo limited partnership units and 368,902,340 BGC Global OpCo limited partnership units, representing approximately 68.9% of the outstanding limited partnership units in both BGC U.S. OpCo and BGC Global OpCo. As of that date, BGC Holdings held 166,877,100 BGC U.S. OpCo limited partnership units and 166,877,100 BGC Global OpCo limited partnership units, representing approximately 31.1% of the outstanding limited partnership units in both BGC U.S. OpCo and BGC Global OpCo.

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

As of December 31, 2020, excluding Preferred Units and NPSUs described below, outstanding BGC Holdings partnership interests included 115,269,224 LPUs, 11,518,592 FPU and 52,362,964 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 23,613,420 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 December 31, 2020, there were 2,703,089 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.

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, RPU, 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 December 31, 2020, there were 48,128,948 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 34,649,693 shares of BGC Class A common stock now owned or subsequently acquired by such Cantor entities for up to an aggregate of 34,649,693 shares of BGC Class B common stock. Such shares of BGC Class B common stock, which currently can be acquired upon the exchange of exchangeable LPUs owned in our Holdings, are already included in the Company's fully diluted share count and will not

increase Cantor's current maximum potential voting power in the common equity. The Exchange Agreement will enable the Cantor entities to acquire the same number of shares of BGC Class B common stock that they were already entitled to acquire without having to exchange their exchangeable LPUs in our Holdings.

Under the Exchange Agreement, Cantor and CFGM have the right to exchange shares of BGC Class A common stock owned by them for the same number of shares of BGC Class B common stock. As of December 31, 2020, 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 23,613,420 shares of BGC Class B common stock.

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

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

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

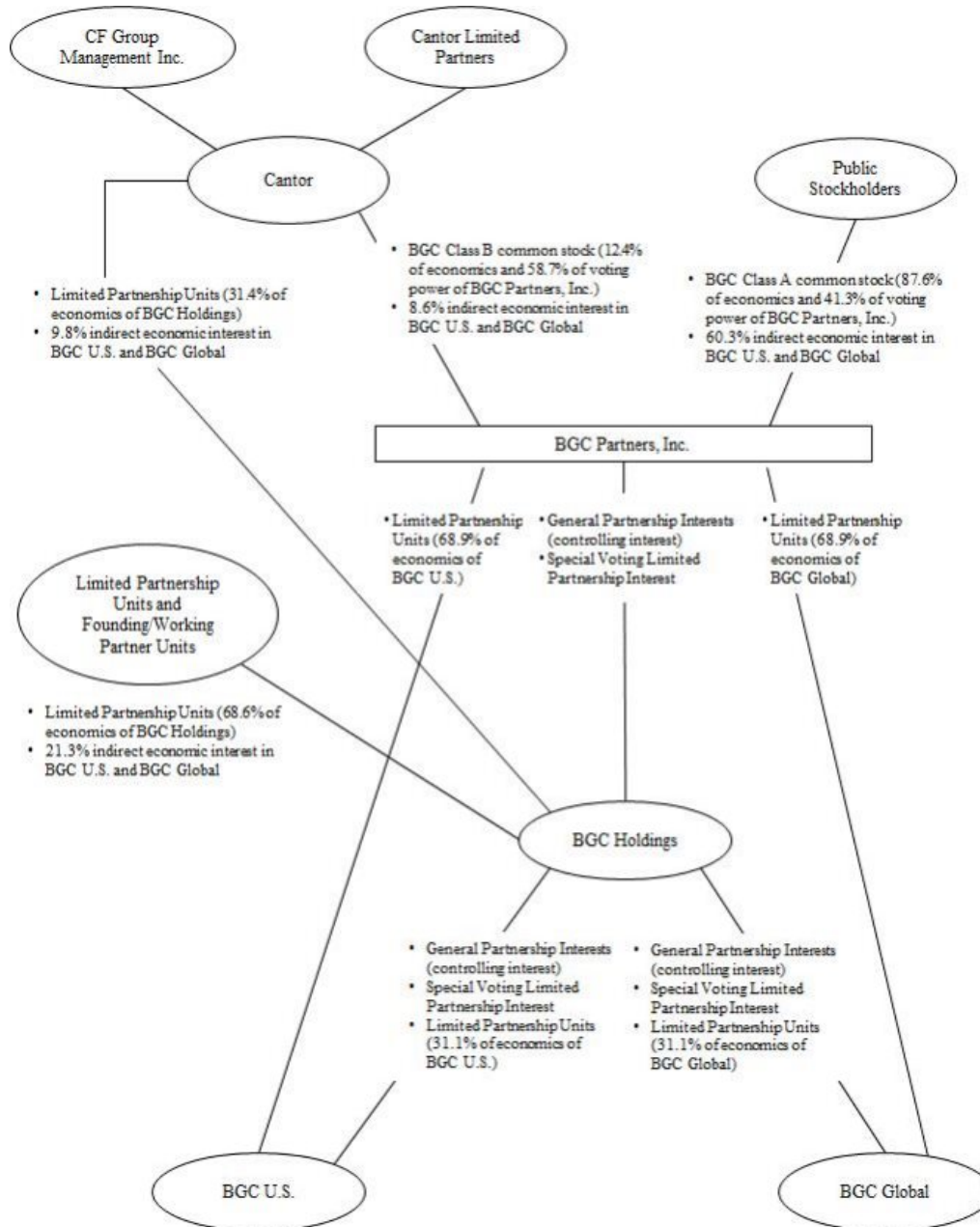
- an apportionment of the existing economic attributes (including, among others, capital accounts and post-termination payments) of each BGC Holdings LPU outstanding immediately prior to the Separation between such Legacy BGC Holdings Unit and the 0.4545 of a Newmark Holdings LPU issued in the Separation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

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

The following diagram illustrates our organizational structure as of December 31, 2020. The diagram does not reflect the various subsidiaries of BGC, BGC U.S. OpCo, BGC Global OpCo, or Cantor, or the noncontrolling interests in our consolidated subsidiaries other than Cantor's units in BGC Holdings.\*



STRUCTURE OF BGC PARTNERS, INC. AS OF DECEMBER 31, 2020



\* 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) 48,128,948 Preferred Units granted and outstanding to BGC Holdings partners (see "BGC Partners, Inc. Partnership Structure" herein); and (c) 27,521,164 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, 2020 through December 31, 2020 as follows: (a) an aggregate of 22,839,991 LPUs granted by BGC Holdings; (b) 1,449,089 LPUs repurchased by us; (c) 230,176 shares of BGC Class A common stock sold by us under the March 2018 Sales Agreement pursuant to our Registration Statement on Form S-3 (Registration No. 333-223550), but not the remaining \$89.2 million of stock remaining for sale by us under such sales agreement; (d) 1,133,725 shares of BGC Class A common stock issued for vested restricted stock units; (e) 390,775 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 5,778,100 of such shares remaining available for issuance by us under such Registration Statement; (f) 105,228 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 9,263,094 of such shares remaining available for issuance by us under shelf Registration Statement on Form S-3 (Registration No. 333-196999); (g) 50,315 shares sold by selling stockholders under our resale shelf Registration Statement on Form S-3 (Registration No. 333-175034), but not the 418,476 of such shares remaining available for sale by selling stockholders under such Registration Statement; (h) 8,421 shares sold by selling stockholders under our resale shelf Registration Statement on Form S-3 (Registration No. 333-167953), but not the 136,975 shares remaining available for sale by selling stockholders under such Registration Statement. As December 31, 2020, we have not issued any shares of BGC Class A common stock under our 2019 Form S-4 Registration Statement (Registration No. 333-233761).

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

The Company continues to explore a possible conversion into a simpler corporate structure, weighing any significant change in taxation policy. In particular, the Company is awaiting insight into future U.S. Federal tax policies, which remain uncertain after the results of the U.S. elections. Should the Company decide to move forward with a corporate conversion it will work with regulators, lenders, and rating agencies, and BGC's board and committees will review potential transaction arrangements.

#### ***Newmark Real Estate Services Business (Discontinued Operations)***

We have determined that the Spin-Off met the criteria for reporting the financial results of Newmark as discontinued operations within our consolidated results for all periods through November 30, 2018. See Note 28—"Discontinued Operations" in our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

## ITEM 1A. RISK FACTORS

*Any investment in shares of our Class A common stock, our 5.125% Senior Notes, our 5.375% Senior Notes, our 3.750% Senior Notes, our 4.375% Senior Notes or our other securities involves risks and uncertainties. The following are important risks and uncertainties that could affect our businesses, but we do not ascribe any particular likelihood or probability to them unless specifically indicated. Any of the risks and uncertainties set forth below, should they occur, could significantly and negatively affect our businesses, financial condition, results of operations, and prospects and/or the trading price of our Class A common stock, our 5.125% Senior Notes, our 5.375% Senior Notes, our 3.750% Senior Notes, our 4.375% Senior Notes or our other securities.*

### RISKS RELATED TO OUR BUSINESSES GENERALLY

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

**The COVID-19 pandemic, and governmental measures taken in response thereto, have materially adversely affected, and may in the future continue to materially adversely affect, the global economy, the United States economy and the global financial markets, resulting in a global recession that may adversely affect our businesses, financial condition and results of operations. The extent to which the COVID-19 pandemic, including any successive waves or variants of the virus, or the emergence of another pandemic, and measures taken in response thereto, including “shelter-in-place” orders and other restrictions and delays or complications in the implementation of vaccination programs, could continue to materially adversely affect the conduct of our businesses will depend upon future developments and conditions, which remain highly uncertain.**

The outbreak of COVID-19, and governmental measures taken in response thereto, have materially adversely affected the global economy, the United States economy and the global financial markets. Unemployment rates in the United States have increased dramatically to levels not experienced since the Great Depression. The United States reported 4.0% growth in GDP for the fourth quarter of 2020 following a significant improvement in the third quarter of 2020. Most economists expect the recovery, to continue throughout 2021. The U.S. equity capital markets (as measured by the S&P 500) suffered a more than 30% decline during the first few weeks of the pandemic after many national and regional governments implemented “shelter-in-place” orders. While the S&P 500 increased by 11.7% over the course of the fourth quarter of 2020, there can be no assurance that the broader equity markets will not suffer similar declines in future periods should the pandemic further harm the U.S. or global economy. Oil prices and interest rates remain low, primarily as a result of the decline in economic activity. All of these unprecedented developments in the global economy and the United States economy have led to substantial uncertainty about future economic conditions.

Our revenues were adversely impacted in the fiscal year 2020 as a result of COVID-19 and its impact on the macroeconomic environment, including interest rates, FX, and oil prices, as well as causing continued dislocations faced by us and our clients. All these factors negatively impacted, and may continue to negatively impact, market volumes, which have had and could continue to have an adverse effect on our businesses, financial condition and results of operations. Governmental actions in response to the pandemic, including in response to further spreading of the virus through successive waves or variants of the virus, such as “shelter in place” orders, have been confronted and may continue to be confronted with resistance. While vaccines have been approved, there may be a lengthy period of time before any vaccine is widely distributed. It is also uncertain whether there will be sufficient public confidence in the effectiveness of any vaccine to enable widespread vaccination of the public. Because of these and other factors, we are unable to predict the full impact of the pandemic if conditions persist, and there can be no assurance that these increased levels of volumes will be replicated in future quarters. Should these global market conditions be prolonged or worsen, or the pandemic lead to additional market disruptions, we could experience reduced client activity and demand for our products and services, counterparty defaults, impairments of other financial assets and other negative impacts on our financial position.

A decline in economic conditions may also lead to constraints on capital and liquidity, a higher cost of capital, and possible change or downgrades to our credit ratings, and additional restructuring charges.

The full extent to which the COVID-19 outbreak, or the emergence of another pandemic, and measures taken in response thereto, could continue to negatively affect the global economy, the United States economy, and global financial markets and, in turn, materially adversely affect our businesses, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the outbreak or pandemic, actions taken by governmental authorities to contain the financial and economic impact of the outbreak or pandemic, the effects on our clients, employees and third-party vendors, and the overall impact on financial markets, the economy and society.

**The COVID-19 pandemic, and governmental measures taken in response thereto, have severely disrupted the global conduct of business, and have disrupted, and may continue to disrupt, our operations and our clients' operations, which has had, and may continue to have, a material adverse effect on our businesses, financial condition and results of operations. As a result, we have been required to implement operational changes, including transitioning a large portion of our workforce to remote working, thus exposing us to greater cybersecurity risks. The extent to which the pandemic, and governmental measures taken in response thereto, could materially adversely affect our businesses, financial condition and results of operations will depend on future developments,**

**which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and the actions taken by governmental authorities in response thereto.**

The ongoing COVID-19 global and national health emergency has caused significant disruption in the international and United States economies and financial markets. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The global spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, significant reduction in business activity and financial transactions, labor shortages, supply chain interruptions and overall economic and financial market instability. As of February 26, 2021, the United States had the world's most reported COVID-19 cases, and all 50 states and the District of Columbia have reported cases of infected individuals. Several states and countries, including New York and the U.K., where we are headquartered, have declared states of emergency.

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 in the first quarter of 2020. We continue to take significant steps to protect our employees. While a majority of the front office personnel are working in a firm office currently, a majority of BGC staff members continue to work from home or other remote locations and disaster recovery venues. In all cases, the Company has mandated appropriate social distancing measures.

Although our information technology systems have been able to support remote working to date, we cannot assure you that they will continue to be able to support the volume of business conducted remotely by our employees in the future or to address increased volumes as our workforce shifts to additional locations and venues. We are also dependent on third-party vendors for the performance of certain critical processes and many such vendors are continuing to operate under business continuity plans. In addition, many of our vendors' and clients' workforces continue to work from home or remote locations and their normal operations have been disrupted due to the COVID-19 pandemic. Working remotely may place additional stress on the telecommunications infrastructure in the areas where our employees live and work. Disruptions in the availability of internet and telephone service has adversely affected and may continue to adversely affect the ability of our employees to perform their operations remotely in a timely manner. An extended period of remote working by our employees could also increase our cybersecurity risk. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts that seek to exploit the COVID-19 pandemic. While we have taken significant precautions to protect employees who work in our offices, no assurance can be given that measures will contain the spread of the virus. Even as phased re-openings continue for some workers and in some locations, the current increase in infections has led to the re-implementation of restrictions in many jurisdictions, including New York City, and further changes in state and local work orders or in our policies or those of our clients and vendors, including in response to further spreading of the virus through successive waves or variants of the virus, may impact work arrangements of our employees, clients and vendors for the foreseeable future.

In particular, any disruption in our Fenics business operations has had and may continue to have an adverse effect on our results. We believe the pandemic's promotion of virtual and remote work arrangements will support existing trends of electronification across our business. A disruption or certain employees in our Fenics operations not being able to fully utilize our most advanced technology while working remotely has led and may continue to lead to an increased reliance on Voice and Hybrid brokerage, which may adversely affect our revenues and profit margins. Any disruption in the insurance markets may also adversely affect our businesses.

If significant portions of our, third-party vendors' or our clients' workforce, including executives or key personnel, are unable to work effectively because of illness, government actions, or other restrictions in connection with the pandemic, this may impair our ability to operate our businesses, particularly when coupled with the significant increase in client trading volumes and inquiries. COVID-19 presents a threat to our employees' well-being. While we implemented a business continuity plan at the end of the first quarter of 2020 and continue to revise the plan to implement changes in state and local responses and development of protocols and other factors to protect the health of our employees, such plan cannot anticipate all scenarios. These factors significantly impacted productivity during the fourth quarter and fiscal year 2020, and we experienced and may continue to experience a continuing loss of productivity or adjustment to our business over time. Additionally, due to the physical dislocations experienced by our brokers and clients, the pace of adoption of some of our newer fully electronic brokerage offerings has been and may continue to be adversely affected.

The extent to which the COVID-19 pandemic, including any successive waves or variants of the virus, or the emergence of another pandemic, and measures taken in response thereto could continue to materially adversely affect the conduct of our businesses will depend upon future developments, which are highly uncertain. While vaccines have been approved, there may be a lengthy period of time before any vaccine is widely distributed. It is also uncertain whether there will be sufficient public confidence in the effectiveness of any vaccine to enable widespread vaccination of the public. Any increase in the duration and impact of the pandemic, including any successive waves variants of the virus, as well as measures taken in response thereto, could materially adversely affect our businesses, financial condition and results of operations.

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

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

Our businesses and results of operations have been and may continue to be affected both positively and negatively by conditions in the global economy and financial markets generally. Difficult market and economic conditions and geopolitical uncertainties have in the past

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

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

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

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

Low transaction volumes for any of our brokerage asset classes generally result in reduced revenues. Under these conditions, our profitability is adversely affected since many of our costs are fixed. In addition, although less common, some of our transaction revenues are determined on the basis of the value of transactions or on spreads. For these reasons, substantial decreases in trading volume, declining prices, and/or reduced spreads could have material adverse effects on our businesses, financial condition, results of operations and prospects.

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

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

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

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

Historically, our business operations have been substantially located in the U.S. and the U.K. While we are expanding our businesses to new geographic areas, we are still highly concentrated in these areas. Because we derived approximately 42.2% and approximately 25.2% of our total revenues on a consolidated basis for the year ended December 31, 2020 from our operations in the U.K. and the U.S., respectively, our businesses are exposed to adverse regulatory and competitive changes, economic downturns and changes in political conditions in these countries. If we are unable to identify and successfully manage or mitigate these risks, our businesses, financial condition, results of operations and prospects could be materially adversely affected.

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

On June 23, 2016, the U.K. held a referendum regarding continued membership of the EU. The exit from the EU is commonly referred to as Brexit. On January 1, 2021, the UK formally left the EU and UK-EU trade became subject to a new agreement that was concluded in December of 2020. Financial services falls 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 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 have implemented plans to ensure continuity of service in Europe and continue to have regulated entities 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 were transferred to Aurel BGC SAS (a French based operation and therefore based in the EU) in July 2020, BGC’s Insurance division (Corant) has established new brokerage platforms in Cyprus and France and we have been generally increasing our footprint in the EU.

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.

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

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

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

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

We have explored a wide range of strategic alliances, acquisitions and joint ventures with other financial services companies that have interests in related businesses or other strategic opportunities. We continue to evaluate and potentially pursue or amend possible

strategic alliances, acquisitions, dispositions, joint ventures and other growth opportunities (including hiring new brokers and salespeople). Such transactions may be necessary in order for us to enter into or develop new products or services or markets, as well as to strengthen our current ones.

Strategic alliances, acquisitions, dispositions, joint ventures and other growth opportunities (including hiring new brokers and salespeople) specifically involve a number of risks and challenges, including:

- potential disruption of our ongoing business and product, service and market development and distraction of management;
- difficulty retaining and integrating personnel and integrating administrative, operational, financial reporting, internal control, compliance, technology and other systems;
- the necessity of hiring additional managers and other critical professionals and integrating them into current operations;
- increasing the scope, geographic diversity and complexity of our operations;
- to the extent that we pursue these opportunities internationally, exposure to political, economic, legal, regulatory, operational and other risks that are inherent in operating in a foreign country, including risks of possible nationalization and/or foreign ownership restrictions, expropriation, price controls, capital controls, foreign currency fluctuations, regulatory and tax requirements, economic and/or political instability, geographic, time zone, language and cultural differences among personnel in different areas of the world, exchange controls and other restrictive government actions, as well as the outbreak of hostilities;
- the risks relating to integrating accounting and financial systems and accounting policies and the related risk of having to recast our historical financial statements;
- potential dependence upon, and exposure to liability, loss or reputational damage relating to systems, controls and personnel that are not under our control;
- addition of business lines in which we have not previously engaged;
- potential unfavorable reaction to our strategic alliance, acquisition, disposition or joint venture strategy by our customers, counterparties, and employees;
- the upfront costs associated with pursuing transactions and recruiting personnel, which efforts may be unsuccessful in the increasingly competitive marketplace for the most talented producers and managers;
- conflicts or disagreements between any strategic alliance or joint venture partner and us;
- exposure to potential unknown liabilities of any acquired business, strategic alliance or joint venture that are significantly larger than we anticipate at the time of acquisition, and unforeseen increased expenses or delays associated with acquisitions, including costs in excess of the cash transition costs that we estimate at the outset of a transaction;
- reduction in availability of financing due to tightened credit markets or credit ratings downgrades or defaults by us, in connection with strategic alliances, acquisitions, dispositions, joint ventures and other growth opportunities;
- a significant increase in the level of our indebtedness in order to generate cash resources that may be required to effect acquisitions;
- dilution resulting from any issuances of shares of our Class A common stock or limited partnership units in connection with strategic alliances, acquisitions, joint ventures and other growth opportunities in the event that these arrangements are amended or terminated;
- a reduction of the diversification of our businesses resulting from any dispositions;
- the necessity of replacing certain individuals and functions that are sold in dispositions;
- the cost of rebranding and the impact on our market awareness of dispositions;
- adverse effects on our liquidity as a result of payment of cash resources and/or issuance of shares of our Class A common stock or limited partnership units;
- the impact of any reduction in our asset base resulting from dispositions on our ability to obtain financing or the terms thereof; and
- a lag in the realization of financial benefits from these transactions and arrangements.

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

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

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

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

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

#### **Risks Related to Change in LIBOR**

**We may be adversely affected by changes in LIBOR reporting practices, the method in which LIBOR is determined, the expected transition away from LIBOR and the use of alternative reference rates, including financial risks arising from any changes in the valuation of financial instruments, and operational risks due to the potential requirement to adapt our information technology systems and operational processes to address the transition away from LIBOR.**

Our \$350 million Revolving Credit Agreement is indexed to LIBOR. As of December 31, 2020, we had no indebtedness outstanding under the Revolving Credit Agreement. LIBOR is the rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the interest rate on loans globally. In July 2017, the head of the FCA announced the desire to phase out the use of LIBOR by the end of 2021. However, the ICE Benchmark Administration, in its capacity as administrator of USD LIBOR, has announced that it intends to extend publication of USD LIBOR (other than one-week and two-month tenors) by 18 months to June 2023. Several regulatory agencies have encouraged banks to cease entering into new contracts using USD LIBOR as a reference rate by the end of 2021. Federal and state legislative proposals to adopt a replacement reference rate are currently under consideration. At this time, no consensus exists as to what reference rate or rates may become accepted alternatives to LIBOR, and it is impossible to predict whether and to what extent banks will continue to provide LIBOR submissions to the administrator of LIBOR, whether LIBOR rates will cease to be published or supported before or after 2021 or whether any additional reforms to LIBOR may be enacted in the U.K. or elsewhere. As such, the potential effect of any such event on our cost of capital and interest expense cannot yet be determined.

The expected withdrawal and replacement of LIBOR with alternative benchmarks also introduces a number of risks for us, our clients and the financial services industry more widely. Globally, vast amounts of loans, securities, derivatives and other financial instruments are linked to the LIBOR benchmark, and any failure by market participants and regulators to successfully introduce benchmark rates to



replace LIBOR and implement effective transitional arrangements to address the discontinuation of LIBOR could result in disruption in the global financial markets in which we do business and suppress capital markets activities and trading volume. We may also be subject to legal implementation risks, as extensive changes to documentation for new and existing clients may be required, and operational risks due to the potential requirement to adapt information technology systems and operational processes to address the withdrawal and replacement of LIBOR.

In addition, any further changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, the use of various alternative rates, and disruption in the financial markets which rely on the availability of a broadly accepted reference rate, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

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

Our indebtedness, which at December 31, 2020 was \$1,315.9 million, may have important, adverse consequences to us and our investors, including:

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

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

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

We are dependent upon availability of adequate funding and liquidity to meet our clearing margin requirements, among other financial needs. Clearing margin is the amount of cash, guarantees or similar collateral that we must provide or deposit with our third-party clearing organizations in support of our obligations under contractual clearing arrangements with these organizations. Historically, these needs have been satisfied from internally generated funds and proceeds from debt and equity financings. We have also relied on arrangements with Cantor to clear certain of our transactions under the clearing agreement we entered into with Cantor in November 2008 which was

amended in June 2020. Our next bond maturity is in May 2021 and the Company's senior unsecured revolving credit facility matures in February 2023. Although we have historically been able to raise debt on acceptable terms, the impact of the COVID-19 pandemic on the world's credit markets could make it more difficult for us to refinance or replace such indebtedness in a timely manner or on acceptable terms. Further, if for any reason we need to raise additional funds, including in order to meet regulatory capital requirements and/or clearing margin requirements arising from growth in our brokerage businesses, to complete acquisitions or otherwise, we may not be able to obtain additional financing when needed. If we cannot raise additional funds on acceptable terms, we may not be able to develop or enhance our businesses, take advantage of future growth opportunities or respond to competitive pressure or unanticipated requirements.

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

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

- create liens on certain assets;
- incur additional debt;
- make significant investments and acquisitions;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- dispose of certain assets;
- pay additional dividends on or make additional distributions in respect of our capital stock or make restricted payments;
- repurchase shares of our Class A common stock or purchase limited partnership units;
- enter into certain transactions with our affiliates; and
- place restrictions on certain distributions from subsidiaries.

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

**Risks Related to Our Senior Notes**

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

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

As of December 31, 2020, BGC Partners' public long-term credit ratings were BBB- from Fitch Ratings Inc. and Standard & Poor's, BBB from Kroll Bond Rating Agency and BBB+ from Japan Credit Rating Agency, Ltd. and the associated outlooks on all the ratings were stable. No assurance can be given that the credit ratings will remain unchanged in the future. Any additional indebtedness that we incur, as well as any negative change to our credit ratings and associated outlooks, may restrict our ability to raise additional capital or refinance debt on favorable terms, and consequently, any resulting impacts on our funding access, liquidity or creditworthiness perception among our clients, counterparties, lenders, investors, or other market participants, could have a material adverse effect on our businesses, financial condition, results of operations and prospects.

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

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

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

We may incur substantial additional debt in the future, some of which may be secured debt. We are not restricted under the terms of the indentures governing our 5.125% Senior Notes, 5.375% Senior Notes, 3.750% Senior Notes and 4.375% Senior Notes from incurring additional debt, securing existing or future debt (with certain exceptions, including to the extent already secured), recapitalizing our debt or taking a number of other actions that are not limited by the terms of our debt instruments that could have the effect of diminishing our ability to make payments on our debt when due.

**We may not have the funds necessary to repurchase our 5.125% Senior Notes, 5.375% Senior Notes, 3.750% Senior Notes or 4.375% Senior Notes upon a change of control triggering event as required by the indentures governing these notes.**

Upon the occurrence of a "change of control triggering event" (as defined in the indentures governing the 5.125% Senior Notes, the 5.375% Senior Notes, the 3.750% Senior Notes and the 4.375% Senior Notes), unless we have exercised our right to redeem such notes, holders of the notes will have the right to require us to repurchase all or any part of their notes at a price in cash equal to 100% of the then-outstanding aggregate principal amount of the notes repurchased plus accrued and unpaid interest, if any. There can be no assurance that we would have sufficient, readily available financial resources, or would be able to arrange financing, to repurchase the 5.125% Senior Notes, the 5.375% Senior Notes, the 3.750% Senior Notes or the 4.375% Senior Notes upon a "change of control triggering event." A failure by us to repurchase the notes when required would result in an event of default with respect to the notes. In addition, such failure may also constitute an event of default and result in the effective acceleration of the maturity of our other then-existing indebtedness.

**The requirement to offer to repurchase the 5.125% Senior Notes, the 5.375% Senior Notes, the 3.750% Senior Notes and the 4.375% Senior Notes upon a "change of control triggering event" may delay or prevent an otherwise beneficial takeover attempt of us.**

The requirement to offer to repurchase the 5.125% Senior Notes, the 5.375% Senior Notes, the 3.750% Senior Notes and the 4.375% Senior Notes upon a "change of control triggering event" may in certain circumstances delay or prevent a takeover of us and/or the removal of incumbent management that might otherwise be beneficial to investors in our Class A common stock.

**Risks Related to the Spin-Off**

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

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

Moreover, notwithstanding the opinion of counsel, the Internal Revenue Service ("IRS") could determine that the Spin-Off is taxable if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated, or if it disagrees with the conclusions in the opinion, or for any other reasons. In addition, certain events occurring after the Spin-Off may not be in our control, including certain significant changes in the stock ownership of us or Newmark after the Spin-Off. If the Spin-Off or a related

transaction is determined to be taxable for U.S. federal income tax purposes, we and our stockholders could incur significant U.S. federal income tax liabilities. Any such liabilities could be substantial and could have a negative impact on our financial results and operations.

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

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

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

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

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

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

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

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

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

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

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

Because our technology, products and services are complex and use or incorporate a variety of computer hardware, software and databases, both developed in-house and acquired from third party vendors, our technology, products and services may have errors or defects. Errors and defects could result in unanticipated downtime or failure and could cause financial loss and harm to our reputation and our business. We have from time to time found defects and errors in our technology, products and service and defects and errors in our technology, products or services may be detected in the future. In addition, our customers may use our technology, products and services in unanticipated ways that may cause a disruption for other customers. As we acquire companies, we may encounter difficulty in incorporating the acquired technologies, products and services, and maintaining the quality standards that are consistent with our technology, products and services. Since our customers use our technology, products and services for important aspects of their businesses and for financial transactions, any errors, defects, or disruptions in such technology, products and services or other performance problems with our technology, products and services could subject our customers to financial loss and hurt our reputation.

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

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

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

We also face the risk of operational disruption, failure, termination or capacity constraints of any of the third parties that facilitate our business activities, including vendors, customers, counterparties, exchanges, clearing agents, clearinghouses or other financial intermediaries. Such parties could also be the source of a cyber-attack on or breach of our operational systems, network, data or infrastructure.

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

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

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

Additionally, data privacy is subject to frequently changing rules and regulations in countries where we do business. For example, the EU adopted a new regulation that became effective in May 2018, the GDPR, which requires entities both in the European Economic Area and outside to comply with new regulations regarding the handling of personal data. We are also subject to certain U.S. federal and state laws governing the protection of personal data. These laws and regulations are increasing in complexity and number. In addition to the increased cost of compliance, our failure to successfully implement or comply with appropriate processes to adhere to the GDPR and other laws and regulations relating to personal data could result in substantial financial penalties for non-compliance, expose us to litigation risk and harm our reputation.

### **Risk Relating to Our Key Personnel and Employees**

**Our ability to retain our key employees and the ability of certain key employees to devote adequate time and attention to us are critical to the success of our businesses, and failure to do so may materially adversely affect our businesses, financial condition, results of operations and prospects.**

Our people are our most important resource. We must retain the services of our key employees and strategically recruit and hire new talented employees to attract customer transactions that generate most of our revenues.

Howard W. Lutnick, who serves as our Chief Executive Officer and as Chairman of us and Newmark, is also the Chairman of the Board, President and Chief Executive Officer of Cantor and President of CFGM, the managing partner of Cantor. Stephen M. Merkel, who serves as our Executive Vice President and General Counsel, is employed as Executive Managing Director, General Counsel and Secretary of Cantor and Executive Vice President and Chief Legal Officer of Newmark. In addition, Messrs. Lutnick and Merkel also hold offices at various other affiliates of Cantor. These two key employees are not subject to employment agreements with us or any of our subsidiaries. Our Board appointed Steven Bisgay as our Chief Financial Officer, effective January 1, 2020. Mr. Bisgay previously served as the Chief Financial Officer of Cantor. While Mr. Bisgay will no longer be involved in Cantor's operating businesses, including its investment bank and broker-dealer. Mr. Bisgay continues to oversee overlapping functions such as bondholder, lender, and rating agency relations at Cantor and its affiliates, including Newmark.

Currently, Mr. Lutnick and Mr. Merkel each typically spends at least 50% of his time on our matters, and Mr. Bisgay is expected to spend a significant majority of his time on our matters. These percentages may vary depending on business developments at us or Newmark or Cantor or any of our or Cantor's other affiliates, including SPACs sponsored by Cantor and other ventures or investments. As a result, these key employees (and others in key executive or management roles whom we may hire from time to time) dedicate only a portion of their professional efforts to our businesses and operations, and there is no contractual obligation for them to spend a specific amount of their time with us and/or Cantor and its affiliates. These key employees may not be able to dedicate adequate time and attention to our businesses and operations, and we could experience an adverse effect on our operations due to the demands placed on our management team by their other professional obligations. In addition, these key employees' other responsibilities could cause conflicts of interest with us.

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

In addition, our success has largely been dependent on the efforts of Mr. Lutnick and other executive officers. Should Mr. Lutnick leave or otherwise become unavailable to render services to us, control of us would likely pass to Cantor, and indirectly pass to the then-controlling stockholder of CFGM (which is Mr. Lutnick), Cantor's managing general partner, or to such other managing general partner as CFGM would appoint, and as a result control could remain with Mr. Lutnick. If any of our key employees were to join an existing competitor, form a competing company, offer services to Cantor or any affiliates that compete with our products, services or otherwise leave us, some of our customers could choose to use the services of that competitor or another competitor instead of our services, which could adversely affect our revenues and as a result could materially adversely affect our businesses, financial condition, results of operations and prospects.

#### **Internal Controls**

**Our management has identified a material weakness in our internal control over financial reporting. While the remediation is in process, if we are unable to successfully remediate this material weakness, or if we otherwise fail to implement and maintain an effective internal control environment, our operations, reputation and stock price could suffer, we may need to restate our financial statements and we may be delayed in or prevented from accessing the capital markets.**

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

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

Our ability to identify and remediate any material weaknesses in our internal controls over financial reporting could affect our ability to prepare financial reports in a timely manner, control our policies, procedures, operations and assets, assess and manage our operational, regulatory and financial risks, and integrate our acquired businesses. Similarly, we need to effectively manage any growth that we achieve in such a way as to ensure continuing compliance with all applicable control, financial reporting and legal and regulatory requirements.

As disclosed in "Item 9A – Controls and Procedures," management has identified a material weakness in our internal control over financial reporting. Because of the material weakness identified, our management concluded that we did not maintain effective internal control over financial reporting as of December 31, 2020. Management has taken immediate action to remediate the material weakness identified. While certain remedial actions have been completed, others are in process. If we are unable to successfully remediate this material weakness in our internal control over financial reporting, or if we otherwise fail to implement and maintain an effective internal control environment, our operations, reputation and stock price could suffer, we may need to restate our financial statements, and we may be delayed or prevented from accessing the capital markets.

#### **Risks Related to Seasonality**

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

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

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

## **Risks Related to Income Tax Regulations**

### **We may be adversely affected by the impact of recent income tax regulations.**

On December 22, 2017, the Tax Act, was signed into law in the U.S. During 2020, the Treasury and the IRS released proposed and finalized regulations associated with certain provisions of the Tax Act to provide taxpayers with clarifying guidance. Certain provisions of the Tax Act, such as the reduction in the Federal income tax rate from 35% to 21% is expected to have a favorable impact on the Company's effective tax rate and net income as reported under U.S. GAAP in 2020 and subsequent reporting periods to which the Tax Act is effective, while other provisions, such as the Global Intangible Low Taxed Income ("GILTI") is expected to have an unfavorable impact. We are continuing to evaluate the Tax Act and its requirements, as well as its application to our business and impact on our effective tax rate. The impact of the Tax Act may differ from our estimate for the provision for income taxes, possibly materially, due to, among other things, changes in interpretations, additional guidance that may be issued, unexpected negative changes in business and market conditions that could reduce certain tax benefits, and actions taken by the Company as a result of the Tax Act.

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

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

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

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

We also face existing and potential competition from large exchanges, which seek or may seek to migrate trading from the inter-dealer market to their own platform. Consolidation and concentration of market share are occurring in this area as well. For example, in recent years, CME acquired NEX; BATS Global Markets acquired the foreign-exchange trading venue, Hotspot, from KCG Holdings ("KCG"). KCG was itself acquired by Virtu in 2017, while BATS was acquired by CBOE. In early 2018, the Intercontinental Exchange acquired BondPoint, a provider of electronic fixed income trading solutions, from Virtu Financial. In addition, the Hong Kong Exchange and Clearing Limited acquired the London Metal Exchange, ICE completed the acquisition of NYSE Euronext, and London Stock Exchange completed its acquisition of Refinitiv in January 2021. Most recently, in February 2021, Tradeweb announced it had entered into a definitive agreement to acquire Nasdaq's U.S. fixed income electronic trading platform, formerly known as eSpeed. In 2013, BGC sold the eSpeed platform to Nasdaq, and subsequently launched a competing platform, Fenics UST. In addition, in April of 2019, Tradeweb completed its initial public offering, which may increase their ability to hire and acquire in competition with us. Finally, TP ICAP announced an agreement to acquire Liquidnet, an electronic trading network, in October 2020. This transaction is expected to close in the first quarter of 2021. Consolidation among exchanges may increase their financial resources and ability to compete with us.

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

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

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



For example, as of January 27, 2021, the U.S. Federal Reserve held approximately \$5.5 trillion worth of long-dated U.S. Treasury and Federal Agency securities which are not being traded or hedged. This compares to \$2.9 trillion prior to the onset of the Covid-19 pandemic, \$1.7 trillion at the beginning of 2011 and zero prior to September 2008. This has reduced volatility and volumes for listed and OTC interest rate products in the U.S. In addition, the Federal Reserve and other central banks may continue to use traditional methods to keep short-term interest rates low by historical standards.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Risks Related to Our Insurance Brokerage Business**

**We face significant competitive pressures in the insurance brokerage business.**

The insurance brokerage business is highly competitive, and many insurance brokerage firms actively compete with us in one or more areas of our business. We compete with global wholesale insurance and reinsurance brokers, including Aon, Marsh & McLennan Companies, Arthur J. Gallagher & Co., as well as numerous regional and specialist firms. Firms that we compete with may have greater financial, technical, and marketing resources, larger customer bases, greater name recognition, stronger presence in certain geographies, or more established relationships with their customers and suppliers than we have. In addition, new competitors in the insurance industry, alliances among competitors, or mergers of competitors could emerge and gain significant market share. Over the past decade, private equity sponsors have invested heavily in the insurance industry, creating new competitors, and strengthening existing ones. The insurance industry continued to see robust market consolidation in 2020, and this trend could continue or accelerate in 2021. If we fail to respond successfully to the competition we face, our insurance brokerage business, financial condition, results of operations and prospects could be negatively affected.

**Our ability to retain senior insurance brokerage management and key brokers is critical to the success of our insurance brokerage business.**

We rely upon the contributions of our senior insurance brokerage management team to manage the future growth of our insurance brokerage business. The loss of any of these individuals could limit our ability to successfully execute our insurance brokerage business' strategy or adversely affect our ability to retain existing and attract new clients. Across all our insurance brokerage businesses, brokers and other employees are critical to developing and retaining client relationships as well as performing the services on which our revenues are earned. Losing key brokers who manage or support substantial client relationships or possess substantial experience or expertise and/or the managerial and other professionals who support them could adversely affect our ability to secure and complete client engagements. Additionally, if a key insurance broker or employee were to join an existing competitor or form a competing company, some of our insurance brokerage clients could choose to use the services of that competitor instead of our services. Competition for experienced insurance brokers and employees is intense, and we are constantly working to retain and attract these individuals. If we cannot successfully do so, our insurance brokerage business, financial condition, results of operations and prospects could be negatively affected.

### **We may be subject to errors and omissions and other claims.**

Through our insurance brokerage business, we assist our insurance brokerage customers by placing insurance and reinsurance coverage and handling related claims. Errors and omissions (“E&O”) claims against us may allege our potential liability for damages arising from these services. E&O claims could include, for example, the failure of our employees, whether negligently or intentionally, to place coverage correctly or notify carriers of claims on behalf of clients or to provide insurance carriers with complete and accurate information relating to the risks being insured. While we provide regular trainings to all our insurance brokerage staff, have a client servicing team and have instituted a file review process with peer to peer checks, it is not always possible to prevent and detect errors and omissions. In addition, our insurance business is subject to other types of claims, litigation, and proceedings in the ordinary course of business, which along with E&O claims, may subject us to liability for monetary damages, negative publicity or other reputational harm.

### **Risks Related to Regulatory and Legal Compliance**

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

Many aspects of our businesses, like those of other financial services firms, are subject to significant capital requirements. In the U.S., the SEC, FINRA, the CFTC, the NFA and various other regulatory bodies have stringent provisions with respect to capital applicable to the operation of brokerage firms, which vary depending upon the nature and extent of these entities’ activities. Five of our subsidiaries, BGCF, GFI Securities LLC, Fenics Execution LLC, Sunrise Brokers LLC and Mint are registered with the SEC and subject to the Uniform Net Capital Requirements. As a FCM, Mint is also subject to CFTC capital requirements. In December of 2018, BGCF submitted an application with the CFTC to withdraw its FCM license which was approved. BGCF now conducts its business as an Introducing Broker registered with the NFA. BGCF is also a member of the FICC, which imposes capital requirements on its members. We also hold a 49% limited partnership interest in Aqua, a U.S. registered broker-dealer and ATS. These entities are subject to SEC, FINRA, CFTC and NFA net capital requirements. In addition, our SEFs, BGC Derivative Markets and GFI Swaps Exchange, are required to maintain financial resources to cover operating costs for at least one year, keeping at least enough cash or highly liquid securities to cover six months’ operating costs.

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

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

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

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

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

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

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

Changes in legislation and in the rules and regulations promulgated by the SEC, FINRA, the CFTC, the NFA, the U.S. Treasury, the FCA, the European Commission, ESMA and other domestic and international regulators and self-regulatory organizations, as well as changes in the interpretation or enforcement of existing laws and rules, often directly affect the method of operation and profitability of brokerage and could result in restrictions in the way we conduct our businesses. For example, the U.S. Congress, the U.S. Treasury, the Board of Governors of the Federal Reserve System, the SEC and the CFTC are continuing to review the nature and scope of their regulation and oversight of the government securities markets and U.S. securities and derivative markets. Furthermore, in Europe, MiFID II was implemented in January 2018. MiFID II requires a significant part of the market in these instruments to trade on trading venues subject to pre- and post-trade transparency regimes and non-discriminatory fee structures and access. In addition, it has had a particularly significant impact in several key areas, including corporate governance, transaction reporting, technology synchronization, best execution and investor protection. MiFID II also introduced a new regulated execution venue category to accompany the existing Multilateral Trading Facility regime. The new venue category is known as an OTF, and it captures much of the voice and hybrid trading in EU. Certain of our existing EU derivatives and fixed income execution business now take place on OTFs, and we currently operate one OTF for each of the U.K.-regulated entities, one in France at Aurel BGC and one MTF under GFI Securities Limited. In 2019, a new European Commission took office which may over the course of its five-year mandate or introduce new legislative proposals for the financial services sector. This will include various legislative reviews of MiFID, which have started in 2020. After the Brexit transition period, the U.K. may introduce new Financial Services legislation, which could deviate from EU legislation. The uncertainties resulting from the possibility of additional legislation and/or regulation could materially adversely impact our businesses. Failure to comply with any of these laws, rules or regulations could result in fines, penalties, restrictions or limitations on business activity, suspension, or expulsion from the industry, any of which could have a material adverse effect upon us. The European Commission's CSD regulation ("CSDR") introduces mandatory buy-ins for transactions where the seller fails to deliver the instrument contracted for in February 2022 to all transactions settled on an EU CSD. Market participants have warned for possible risks this may pose to market liquidity. There may also be some specific risks associated with the Matched Principal trading model. These risks are currently being addressed by various industry bodies.

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

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

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

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

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

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

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

Our businesses are subject to regulation by governmental and self-regulatory organizations in the jurisdictions in which we operate around the world. Many of these regulators, including U.S. and non-U.S. government agencies and self-regulatory organizations, as well as state securities commissions in the U.S., are empowered to bring enforcement actions and to conduct administrative proceedings and examinations, inspections, and investigations, which may result in costs, penalties, fines, enhanced oversight, increased financial and capital requirements, restrictions or limitations, and censure, suspension, or expulsion. Self-regulatory organizations such as FINRA and the NFA, along with statutory bodies such as the SEC, the CFTC, and the FCA, and other international regulators, require strict compliance with their rules and regulations. In addition, as a result of regulatory actions, our registration statements under the Securities Act will be subject to SEC review prior to effectiveness, which may lengthen the time required for us to raise capital, reducing our access to the capital markets or increasing our cost of capital.

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

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

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

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

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

A settlement of, or judgment related to, any such matters could result in regulatory, civil or criminal liability, fines, penalties, restrictions or limitations on our operations and activities and other sanctions and could otherwise have a material adverse effect on our businesses, results of operations, financial condition and prospects. Any such action could also cause us significant reputational harm, which, in turn, could seriously harm us. In addition, regardless of the outcome of such matters, we may incur significant legal and other costs, including substantial management time, dealing with such matters, even if we are not a party to the litigation or a target of the inquiry. For example, in September 2019, the Company settled investigations conducted jointly by the CFTC and the NYAG which alleged that certain emerging markets foreign exchange options (EFX options) brokers in the U.S. misrepresented that certain prices posted to their electronic platform were immediately executable when in fact they were not and that such brokers had communicated that matches had occurred when they had not. We have agreed to pay certain financial penalties in connection with the settlements and have agreed to a monitor for two years to assess regulatory compliance for certain of our businesses. In addition, in September 2020, the SEC announced a settlement with BGC regarding alleged negligent disclosure violations related to one of BGC's non-GAAP financial measures for periods beginning with the first quarter of 2015 through the first quarter of 2016. All of the relevant disclosures related to those periods and pre-dated the SEC staff's May 2016 detailed compliance and disclosure guidance with respect to non-GAAP presentations. BGC revised its non-GAAP presentation beginning with the second quarter of 2016 as a result of the SEC's guidance, and the SEC has made no allegations with regard to any periods following the first quarter of 2016. In connection with the SEC settlement, BGC was ordered to cease and desist from any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act, Section 13(a) of the Exchange Act and Rule 13a-11 thereunder, and Rule 100(b) of Regulation G, and agreed to pay a civil penalty of \$1.4 million without admitting or denying the SEC's allegations. Further, during the fourth quarter, management identified the theft of UK tax payment related funds from the Company. The theft, which occurred over several years ending September 2020, was perpetrated by two individuals associated with the Company, and did not involve the operations or business of the Company. Litigation has commenced against the two individuals seeking recovery of stolen amounts. The cumulative impact to the Company's "Consolidated net income (loss)" as a result of the theft was determined to be \$35.2 million. The Company expects to recover most or substantially all of the stolen funds through a combination of insurance and return of assets through litigation.

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

#### **Risks Related to Competition**

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

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

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

In addition, recruitment and retention of qualified professionals could result in substantial additional costs. We have been and are currently a party to, or otherwise involved in, several lawsuits and arbitrations involving competitor claims in connection with employee hires and/or departures. We may also pursue our rights through litigation when competitors hire our employees who are under contract with us. We believe such proceedings are common in the financial services industry due to its highly competitive nature. An adverse settlement or judgment related to these or similar types of claims could have a material adverse effect on our businesses, financial condition, results of

operations and prospects. Regardless of the outcome of these claims, we generally incur significant costs and substantial management time in dealing with them.

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

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

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

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

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

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

In addition, new competitors may emerge, and our product and service lines may be threatened by new technologies or market trends that reduce the value of our existing product and service lines. If we are not able to compete successfully in the future, our revenues could be adversely impacted, and as a result our businesses, financial condition, results of operations and prospects could be materially adversely affected.

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

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

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

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

We currently provide products and services to customers in many foreign countries, and we may seek to further expand our operations into additional jurisdictions. On a consolidated basis, revenues from foreign countries were approximately \$1.5 billion, or approximately 75% of total revenues for the year ended December 31, 2020. In many countries, the laws and rules and regulations applicable to the financial services industry are uncertain and evolving, and it may be difficult for us to determine the exact requirements of local regulations in every jurisdiction. Our inability to remain in compliance with local laws and rules and regulations in a particular foreign jurisdiction could have a significant and negative effect not only on our businesses in that market but also on our reputation generally. If we are unable to manage any of these risks effectively, our businesses, financial condition, results of operations and prospects could be adversely affected.

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

- less developed automation in exchanges, depositories and national clearing systems;
- additional or unexpected changes in regulatory requirements, capital requirements, tariffs and other trade barriers;
- the impact of the laws, rules and regulations of foreign governmental and regulatory authorities of each country in which we conduct business, including initiatives such as Brexit;
- possible nationalization, expropriation and regulatory, political and price controls;
- difficulties in staffing and managing international operations;
- capital controls, exchange controls and other restrictive governmental actions;
- failure to develop effective compliance and reporting systems, which could result in regulatory penalties in the applicable jurisdiction;
- fluctuations in currency exchange rates;
- reduced protections for intellectual property rights;
- adverse labor and employment laws, including those related to compensation, tax, health insurance and benefits, and social security;
- outbreak of hostilities or mass demonstrations, pandemics, etc.; and
- potentially adverse tax consequences arising from compliance with foreign laws, rules, and regulations to which our international businesses are subject and the repatriation of overseas earnings.

## **Credit Risk**

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

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

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



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

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

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

We have adopted policies and procedures to identify, monitor and manage credit and market risks, in both agency and principal transactions, leveraging risk reporting and control procedures and by monitoring credit standards applicable to our customers and counterparties. These policies and procedures, however, may not be fully effective, particularly against fraud, unauthorized trading, and similar incidents. Some of these risk management methods depend upon the evaluation of information regarding markets, customers, counterparties, or other matters that are publicly available or otherwise accessible by us. That information may not, in all cases, be accurate, complete, up-to-date, or properly evaluated. If our policies and procedures are not fully effective or we are not always successful in monitoring or evaluating the risks to which we are, or may be, exposed, our businesses, financial condition, results of operations and prospects could be materially adversely affected. In addition, our insurance policies do not provide coverage for these risks.

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

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

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

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

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

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

## **Concentration and Market Risk**

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

We offer our brokerage services in six broad product categories: rates, credit, FX, energy and commodities, insurance, and equity derivatives and cash equities. Our brokerage revenues are strongest in our rates products, which accounted for approximately 28.3% of our total brokerage revenues on a consolidated basis for the year ended December 31, 2020. While we focus on expanding and have successfully diversified our product offerings, we may currently be exposed to any adverse change or condition affecting the rates product market. Accordingly, the concentration of our brokerage businesses on rates products subjects our results to a greater market risk than if we had more diversified product offerings.

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

For the year ended December 31, 2020, on a consolidated basis, our top ten customers, collectively, accounted for approximately 27.8% of our total revenues. We have limited long-term contracts with certain of these customers. If we were to lose one or more of these significant customers for any reason, including as a result of further consolidation and concentration in the financial services industry, and not be compensated for such loss by doing additional business with other customers or by adding new customers, our revenues would decline significantly and our businesses, financial condition, results of operations and prospects would materially suffer.

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

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

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

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

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

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

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

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

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

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

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

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

## Other General Risks

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

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

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

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

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

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

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

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

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

## RISKS RELATED TO OUR CORPORATE AND PARTNERSHIP STRUCTURE

### Risks Related to Our Corporate Structure

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

As of February 25, 2021, Cantor (including CFGM) beneficially owned all of the outstanding shares of our Class B common stock, representing approximately 58.6% of our total voting power. In addition, Cantor has the right to exchange exchangeable partnership interests in BGC Holdings into additional shares of our Class B common stock, and pursuant to an exchange agreement with us, Cantor has the right to exchange shares of our Class A common stock for additional shares of our Class B common stock.

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

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

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

We continue to explore a possible conversion into a simpler corporate structure, weighing any significant change in taxation policy. In particular, the Company is awaiting insight into future U.S. Federal tax policies, which remain uncertain after the results of the U.S. elections. Should the Company decide to move forward with a corporate conversion it will work with regulators, lenders, and rating agencies, and BGC's board and committees will review potential transaction arrangements.

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

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

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

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

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

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

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

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

Our amended and restated bylaws require advance written notice prior to a meeting of our stockholders of a proposal or director nomination which a stockholder desires to present at such a meeting, which generally must be received by our Secretary not later than 120

days prior to the first anniversary of the date of our proxy statement for the preceding year's annual meeting. In the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of the 120<sup>th</sup> day prior to the date of such proxy statement or the tenth day following the day on which public announcement of the date of such meeting is first made by us. Our bylaws provide that all amendments to our bylaws must be approved by either the holders of a majority of the voting power of all of our outstanding capital stock entitled to vote or by a majority of our Board.

We are subject to Section 203 of the DGCL. In general, Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the date the person became an interested stockholder, unless the "business combination" or the transaction in which the person became an "interested stockholder" is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the "interested stockholder." An "interested stockholder" is a person who, together with affiliates and associates, owns 15% or more of a corporation's outstanding voting stock, or was the owner of 15% or more of a corporation's outstanding voting stock at any time within the prior three years, other than "interested stockholders" prior to the time our Class A common stock was traded on Nasdaq. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by our Board, including discouraging takeover attempts that might result in a premium over the market price for shares of our Class A common stock.

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

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

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

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

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

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

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

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

BGC's 2021 capital allocation priorities are 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. The Company plans to reassess its current dividend and distribution with an aim to nominally increase it toward the end of the year.

Traditionally, our dividend policy provides that we expect to pay a quarterly cash dividend to our common stockholders based on our post-tax Adjusted Earnings per fully diluted share. Please see below for a detailed definition of post-tax Adjusted Earnings per fully diluted share. Beginning in the first quarter of 2020, and for all of the quarterly periods in 2020, the Board reduced the quarterly dividend to \$0.01 per share out of an abundance of caution in order to strengthen the Company's balance sheet as the global capital markets faced difficult and unprecedented macroeconomic conditions related to the global pandemic. Additionally, during 2020, BGC Holdings, L.P. reduced its distributions to or on behalf of its partners. BGC plans to reassess its current dividend and distribution with an aim to nominally increase it toward the end of the year. BGC believes that these steps will allow the Company to maintain its financial strength.

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

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

Our Board and our Audit Committee have authorized repurchases of shares of BGC Class A common stock and purchases of BGC Holdings limited partnership interests or other equity interests in us or in subsidiaries, from Cantor, our executive officers, other employees, partners and others. On August 1, 2018, our Board renewed and increased the authorization to \$300 million. As of December 31, 2020, we had approximately \$249.9 million remaining under this authorization and may continue to actively make repurchases or purchases, or cease to make such repurchases or purchases, from time to time. In addition, from time to time, we may reinvest all or a portion of the distributions we receive from BGC U.S. OpCo and BGC Global OpCo in our businesses. Accordingly, there can be no assurance that future dividends will be paid or that dividend amounts will be maintained or that repurchases and purchases will be made at current or future levels.

**Reductions in our quarterly cash dividend and corresponding reductions in distributions by BGC Holdings to its partners may reduce the value of our common stock and the attractiveness of our equity-based compensation and limit the ability of our partners to repay employee loans.**

Our Board has authorized a dividend policy which 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. On February 23, 2021, our Board declared a quarterly qualified cash dividend of \$0.01 per share to Class A and Class B common stockholders of record as of March 16, 2021. Our Board took the step in the first quarter of 2020 of reducing the quarterly dividend from the previous \$0.10 per share in order to strengthen our balance sheet as the global capital markets face difficult and unprecedented macroeconomic conditions due to the COVID-19 pandemic. We cannot predict the duration of the current economic slowdown and its impact on our future quarterly dividend payments. Investors seeking a high short-term dividend yield may find our Class A common stock less attractive than securities of issuers continuing to pay larger dividends.

Our ability to pay dividends is dependent upon our available cash on hand and funds received from distributions, loans or other payments from BGC U.S. OpCo and BGC Global OpCo. The BGC OpCos intend to distribute to its limited partners, including us, on a pro rata and quarterly basis, cash in an amount that will be determined by BGC Holdings, their general partner, of which we are the general partner. The BGC OpCos' ability, and in turn our ability, to make such distributions will depend upon the continuing profitability and strategic and operating needs of our business. We may not pay the same dividend to our shares as the distribution paid by the BGC OpCos to their limited partners.

Additionally, beginning with the first quarter of 2020 and for the foreseeable future, BGC Holdings has reduced its 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 depends upon stockholders' and partners' domiciles and tax status. Current or potential partners may find our equity-based compensation structure less attractive as a result. Moreover, we have entered into various agreements with certain partners, whereby these partners receive loans that may be either wholly or in part repaid from distributions that the partners receive on some or all of their limited partner units or may be forgiven over a period of time. The reduction in

BGC Holdings distributions may adversely affect the ability of such partners to repay such loans. The inability of partners to repay the loans may require us to forgive a greater portion of such loans, increasing our compensation expense.

We believe that these actions reinforce the Company's ability to maintain financial flexibility during the pandemic and emerge from the crisis with market share gains, but we cannot assure you that such steps will prevent a decline in our financial condition. The Company plans to reassess its current dividend and distribution during year with an aim to nominally increase it from current levels. We may also repurchase shares of our common stock or purchase BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor or our executive officers, other employees, partners and others, or cease to make such repurchases or purchases, from time to time. In addition, from time to time, we may reinvest all or a portion of the distributions we receive in the BGC OpCos' businesses. Accordingly, there can be no assurance that future dividends will be paid, that dividend amounts will be maintained or that repurchases or purchases will be made at current or future levels. See "Item 5-Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities-Dividend Policy."

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

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

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

Generally, an entity is deemed an "investment company" under Section 3(a)(1)(A) of the Investment Company Act if it is primarily engaged in the business of investing, reinvesting, or trading in securities, and is deemed an "investment company" under Section 3(a)(1)(C) of the Investment Company Act if it owns "investment securities" having a value exceeding 40% of the value of its total assets (exclusive of U.S. Government Securities and cash items) on an unconsolidated basis. We believe that neither we nor BGC Holdings should be deemed an "investment company" as defined under Section 3(a)(1)(A) because neither of us is primarily engaged in the business of investing, reinvesting, or trading in securities. Rather, through our operating subsidiaries, we and BGC Holdings are primarily engaged in the operation of various types of brokerage businesses as described in this report. Neither we nor BGC Holdings is an "investment company" under Section 3(a)(1)(C) because more than 60% of the value of our total assets on an unconsolidated basis are interests in majority-owned subsidiaries that are not themselves "investment companies." In particular, our BGC brokerage subsidiaries are entitled to rely on, among other things, the broker-dealer/market intermediary exemption in Section 3(c)(2) of the Investment Company Act.

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

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



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

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

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

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

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

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

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

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

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

Certain partnership interests in BGC Holdings may be exchanged for shares of BGC Partners common stock. In the vast majority of cases, the partnership units that become exchangeable for shares of BGC common stock are units that have been granted as compensation, and, therefore, the exchange of such units will not result in an increase in BGC’s share of the tax basis of the tangible and intangible assets of

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

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

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

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

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

- potential acquisitions and dispositions of businesses;
- the issuance, acquisition or disposition of securities by us;
- the election of new or additional directors to our Board;
- the payment of dividends by us (if any), distribution of profits by BGC U.S. OpCo, BGC Global OpCo and/or BGC Holdings and repurchases of shares of our Class A common stock or purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor, our executive officers, other employees, partners, and others;
- any loans to or from us or Cantor;
- business operations or business opportunities of ours and Cantor's that would compete with the other party's business opportunities, including Cantor's and our brokerage and financial services;
- intellectual property matters;
- business combinations involving us;
- conflicts between our agency trading for primary and secondary bond sales and Cantor's investment banking bond origination business;
- competition between our and Cantor's other equity derivatives and cash equity inter-dealer brokerage businesses;
- the nature, quality and pricing of administrative services to be provided to or by Cantor and/or Tower Bridge; and
- provision of clearing capital pursuant to the Clearing Agreement and potential and existing loan arrangements.

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

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

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

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

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

If any Cantor Company or any its representatives acquires knowledge of a potential transaction or matter that may be a corporate opportunity (as defined in our restated certificate of incorporation) for any such person, on the one hand, and us or any of our representatives, on the other hand, such person will have no duty to communicate or offer such corporate opportunity to us or any of our representatives, and will not be liable to us, any of our stockholders or any of our representatives for breach of any fiduciary duty by reason of the fact that they pursue or acquire such corporate opportunity for themselves, direct such corporate opportunity to another person or do not present such corporate opportunity to us or any of our representatives, subject to the requirement described in the following sentence. If a third party presents a corporate opportunity to a person who is both our representative and a representative of a Cantor Company, expressly and solely in such person's capacity as our representative, and such person acts in good faith in a manner consistent with the policy that such corporate opportunity belongs to us, then such person will be deemed to have fully satisfied and fulfilled any fiduciary duty that such person has to us as our representative with respect to such corporate opportunity, provided that any Cantor Company or any of its representatives may pursue such corporate opportunity if we decide not to pursue such corporate opportunity.

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

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

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

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

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

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

We are controlled by Cantor, which in turn controls its wholly owned subsidiary, CF&Co, which has acted in the past and may continue to act as our sales agent in our CEO program, including pursuant to the March 2018 Sales Agreement, and received fees in connection therewith. We may enter into similar agreements in the future. Pursuant to the March 2018 Sales Agreement, we may offer and sell up to \$300 million of shares of our Class A common stock. Under the March 2018 Sales Agreement, we agree to pay CF&Co 2% of the gross proceeds from the sale of shares of our Class A common stock. For certain transactions during 2020, we paid CF&Co 1% of the gross proceeds from the sale of shares of our Class A common stock in our CEO program. As of December 31, 2020, we have issued and sold 17.6 million shares of BGC Class A common stock (or \$210.8 million) under the March 2018 Sales Agreement.

In selling shares of our Class A common stock under the March 2018 Sales Agreement, we may determine to instruct CF&Co not to sell our shares at less than a minimum price per share designated by us. Alternatively, we may instruct CF&Co to sell our shares so as to seek to realize a designated minimum price per share for all shares sold over a designated time period, or so as to seek to raise a designated minimum dollar amount of gross proceeds from sales of all such shares over a designated time period.

CF&Co has retained independent legal advisors in connection with its role as sales agent under the March 2018 Sales Agreement, but for the reasons described below it may not be in a position to provide us with independent financial input in connection with the offering of shares of our Class A common stock pursuant to the March 2018 Sales Agreement. We are not required to, and have not engaged, an independent investment banking firm to act as a qualified independent underwriter or to otherwise provide us with independent input in our CEO program.

While our Board and Audit Committee will be involved with any decision by us to enter into or terminate new sales agreements with CF&Co, our management has been delegated the authority to determine, and to so instruct CF&Co with respect to, matters involving the manner, timing, number of shares, and minimum prices per share or proceeds for sales of our shares, or the suspension thereof, in our CEO program pursuant to the March 2018 Sales Agreement. Our management may be expected to consult with appropriate personnel from CF&Co in making such determinations, but given the overlap between our senior management and that of Cantor and its wholly-owned subsidiary, CF&Co, it may be expected that any joint determinations by our senior management and that of CF&Co with respect to our CEO program will involve the same individuals. In making such joint determinations, our Audit Committee has instructed our senior management to act in the best interests of us and our stockholders. Nevertheless, in making such determinations, such individuals will not have the benefit of input from an independent investment banking firm that is able to make its own determinations with respect to our CEO program, including, but not limited to, whether to suspend sales under the March 2018 Sales Agreement or to terminate the March 2018 Sales Agreement.

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

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

**Purchasers, as well as existing stockholders, may experience significant dilution as a result of offerings of shares of our Class A common stock, which may occur from time to time through our CEO Program or otherwise, as well as other potential forms of employee share monetization, including issuance of shares to employees and partners which may be sold through broker transactions. Our management will have broad discretion as to the timing and amount of sales of our Class A common stock under the March 2018 Sales Agreement or in any other offering, as well as the application of the net proceeds of any such sales.**

The March 2018 Sales Agreement with CF&Co currently remains in effect to assist us with partner and employee sales of shares of Class A common stock, which may occur from time to time, as well as other potential forms of employee share monetization including issuance of shares to employees and partners which may be sold through broker transactions. The March 2018 Sales Agreement provides for the issuance and sale of up to \$300 million of shares of our Class A common stock of our Class A common stock from time to time on a delayed or continuous basis. As of December 31, 2020, we have issued and sold 17.6 million shares of BGC Class A common stock (or \$210.8 million) under the March 2018 Sales Agreement. Upon the sale of the remaining amount available under the March 2018 Sales Agreement or at another time, we may enter into a new sales agreement with CF&Co.

We have an effective registration statement on Form S-4 filed on September 3, 2010 (the “2010 Form S-4 Registration Statement”), with respect to the offer and sale of up to 20 million shares of BGC Class A common stock from time to time in connection with business combination transactions, including acquisitions of other businesses, assets, properties or securities. As of December 31, 2020, we have issued an aggregate of 14.2 million shares of BGC Class A common stock under the 2010 Form S-4 Registration Statement. Additionally, on

September 13, 2019, we filed a registration statement on Form S-4 (the “2019 Form S-4 Registration Statement”), with respect to the offer and sale of up to 20 million shares of BGC Class A common stock from time to time in connection with business combination transactions, including acquisitions of other businesses, assets, properties or securities. As of December 31, 2020, we have not issued any shares of BGC Class A common stock under the 2019 Form S-4 Registration Statement. We also have an effective shelf Registration Statement on Form S-3 pursuant to which we can offer and sell up to 10 million shares of BGC Class A common stock under the BGC Partners, Inc. Dividend Reinvestment and Stock Purchase Plan. As of December 31, 2020, we have issued 0.7 million shares of BGC Class A common stock under the Dividend Reinvestment and Stock Purchase Plan. We have filed a number of registration statements on Form S-8 pursuant to which we have registered the shares underlying our Equity Plan. As of December 31, 2020, there were 118.5 million shares remaining for sale under such registration statements.

Because the sales of shares of our Class A common stock under the March 2018 Sales Agreement have been made, and any other future sales of our Class A common stock may be made, in the markets at prevailing market prices or at prices related to such prevailing market prices, the prices at which these shares have been sold and may be sold in the future will vary, and these variations may be significant. Purchasers of these shares may suffer significant dilution if the price they pay is higher than the price paid by other purchasers of shares of our Class A common stock under the March 2018 Sales Agreement and any future offerings of shares of our Class A common stock.

Our management will have broad discretion as to the timing and amount of sales of our Class A common stock under the March 2018 Sales Agreement or in any other offering, as well as application of the net proceeds of any such sale. Accordingly, purchasers in any such offering will be relying on the judgment of our management with regard to the use of such net proceeds, and purchasers will not have the opportunity, as part of their investment decision, to assess whether the proceeds are being used appropriately. It is possible that the proceeds will be invested in a way that does not yield a favorable, or any, return for us and cause the price of our Class A common stock to decline.

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

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

**Because we intend to use the net proceeds from any sales of shares of our Class A common stock under the March 2018 Sales Agreement from time to time, and may use the net proceeds from future offerings, for general corporate purposes, which, among other things, are expected to include repurchases of shares of our Class A common stock and purchases of BGC Holdings units or other equity interests in us or in our subsidiaries from Cantor, our executive officers, other employees, partners, and others, and/or to replenish cash used to effect such repurchases and purchases, investors should be aware that such net proceeds will not be available for other corporate purposes, and that, depending upon the timing and prices of such repurchases of shares and purchases of units and of the sales of our shares under the March 2018 Sales Agreement and the liquidity and depth of our market, we may sell a greater aggregate number of shares, at a lower average price per share, under the March 2018 Sales Agreement than the number of shares or units repurchased or purchased, thereby increasing the aggregate number of shares and units outstanding and potentially decreasing our EPS.**

In the event that we make any such sales, we intend to use any net proceeds of the sale of shares of BGC Class A common stock from time to time under the March 2018 Sales Agreement, and may use the net proceeds from any future offerings, for general corporate purposes, which among other things, are expected to include repurchases of shares of our Class A common stock and purchases of BGC Holdings units or other equity interests in us or in our subsidiaries, from Cantor, our executive officers, other employees, partners, and others, and/or to replenish cash used to effect such repurchases and purchases. From January 1, 2020 to December 31, 2020, we repurchased an aggregate of 2 thousand shares of our Class A common stock at an aggregate purchase price of approximately \$6 thousand, with a weighted-average repurchase price of \$2.58 per share. During that period, we redeemed for cash an aggregate of 1.8 million limited partnership units at a weighted-average price of \$3.03 per unit and an aggregate of 0.7 million founding/working partner units at a weighted-average price of \$1.79 per unit. In the future, we may continue to repurchase shares of our Class A common stock and purchase partnership units from Cantor, our executive officers, other employees, partners, and others, and these repurchases and purchases may be significant.

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

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

**Not applicable.**

**ITEM 2. PROPERTIES**

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

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

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

**ITEM 3. LEGAL PROCEEDINGS**

See Note 22—"Commitments, Contingencies and Guarantees" to the Company's consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K and the section under the heading "Derivative Suit" included in Part I, Item 7 of this Annual Report on Form 10-K, Management's Discussion and Analysis of Financial Condition and Results of Operations for a description of our legal proceedings, which are incorporated by reference herein.

**ITEM 4. MINE SAFETY DISCLOSURES**

**Not Applicable**

## PART II

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

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

As of February 25, 2021, there were 731 holders of record of our Class A common stock and two holders of record of our Class B common stock.

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

BGC's 2021 capital allocation priorities are 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. The Company plans to reassess its current dividend and distribution with an aim to nominally increase it toward the end of the year.

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

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

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

#### Stock and Unit Repurchase and Redemption Program and 2020 Activity

Our Board of Directors and our Audit Committee have authorized repurchases of our Class A common stock and redemptions of BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor, our executive officers, other employees, partners and others, including Cantor employees and partners. On August 1, 2018, our Board of Directors and Audit Committee renewed and increased the authorized repurchases of stock or units, including from Cantor employees and partners to \$300 million. As of December 31, 2020, we had approximately \$249.9 million remaining under this authorization and may continue to actively make repurchases or purchases, or cease to make such repurchases or purchases, from time to time.

During the year ended December 31, 2020, we repurchased 2,259 shares of our Class A common stock at an aggregate price of \$5.8 thousand for a weighted-average price of \$2.58 per share. During the year ended December 31, 2020, we redeemed 2,538,629 limited partnership interests at an aggregate price of \$6.8 million for a weighted-average price of \$2.67 per unit.

We did not repurchase any shares of our Class A common stock during the fourth quarter of 2020. During the fourth quarter of 2020, we redeemed 719,591 limited partnership interests at an aggregate price of \$1.3 million for a weighted-average price of \$1.78 per unit.

#### Performance Graph

On November 30, 2018, all the shares of Newmark Group, Inc. (NASDAQ: NMRK) ("Newmark") held by BGC Partners, Inc. (NASDAQ: BGCP) ("BGC Partners" or "BGC" or the "Company") were distributed to stockholders of the Company (the "Spin-Off" or "Distribution"). The Spin-Off included the shares of Newmark Class A and Class B common stock owned by BGC, as well as the shares of Newmark common stock into which the limited partnership units of Newmark Holdings, L.P. and Newmark Partners, L.P. owned by BGC were exchanged prior to and in connection with the Spin-Off. Based on the number of shares of BGC common stock outstanding on the

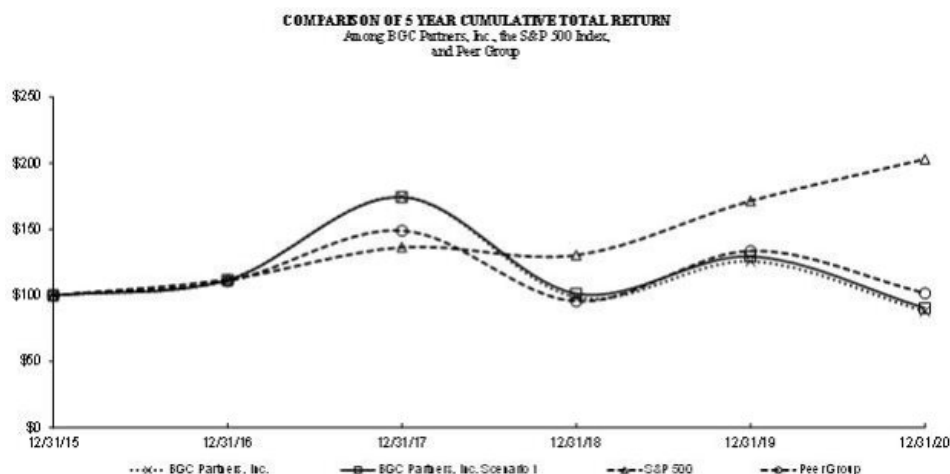
Record Date, BGC's stockholders as of the Record Date received 0.463895 of a share of Newmark Class A common stock for each share of BGC Class A common stock held as of the Record Date, and 0.463895 of a share of Newmark Class B common stock for each share of BGC Class B common stock held as of the Record Date (the "Distribution Ratio"). No fractional shares of Newmark common stock were distributed in the Spin-Off. Instead, BGC stockholders received cash in lieu of any fraction of a share of Newmark common stock that they otherwise would have received in the Spin-Off. For more information, see the press release titled "BGC Partners Announces Completion of Spin-Off of Newmark" dated November 30, 2018, and the related filing on Form 8-K filed before market open on December 6, 2018.

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

The performance graph below shows a comparison of the cumulative total stockholder return, on a net dividend reinvestment basis (other than the dividend that effected the Spin-Off), of \$100 invested in shares of the Company (identified as "BGC Partners, Inc."), and the effects of the restatement of historical prices on December 31, 2015, measured on December 31, 2016, December 31, 2017, December 31, 2018, December 31, 2019, and December 31, 2020. The Peer Group consists of Compagnie Financière Tradition SA and TP ICAP plc. In December 2016, Tullett Prebon plc acquired ICAP plc's global hybrid voice broking and information businesses and became TP ICAP plc. The stock performance of TP ICAP plc before December 29, 2016 reflects the performance of Tullett Prebon plc. The returns of the Peer Group have been weighted at the beginning of the period according to their U.S. dollar stock market capitalizations for purposes of arriving at a Peer Group average.

The performance graph below also shows a hypothetical situation in which BGCP stockholders re-invested the proceeds they received from the NMRK Spin-Off into BGCP on 11/30/2018, the date of the Spin-Off (identified as "BGC Partners, Inc. Scenario 1"). In Scenario 1, Zacks Investment Research, Inc. applied a special dividend of \$3.89676 on 12/3/2018 to account for the NMRK shares being re-invested into BGCP, and assumed the reinvestment of dividends received on the BGCP shares purchased with the proceeds of the Spin-Off, to calculate this return. This was the approach followed by the Company in performance graphs in 2019 and will be the approach going forward.

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



Note: The above chart reflects \$100 invested on 12/31/15 in stock or index, including reinvestment of dividends.

A second scenario that is not depicted in the above chart represents a hypothetical situation in which BGCP stockholders held onto their shares of both BGCP and NMRK after the Spin-Off and re-invested the dividends they received from both companies ("Scenario 2"). In other words, Scenario 2 assumes shareholders did not sell the shares of NMRK received for each share of BGCP at the time of the Spin-Off. In Scenario 2, the total return on \$100 would have resulted in approximately \$100 from 12/31/2015 - 12/31/2020.



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

- The 10-year total return for BGC Partners, Inc. from 12/31/2010 through 12/31/2020 would have resulted in approximately \$157.
- The 10-year total return for BGC Partners, Inc. Scenario 1 would have resulted in approximately \$162 from 12/31/2010 through 12/31/2020.
- The 10-year total return for BGCP under Scenario 2 would have resulted in approximately \$180 from 12/31/2010 through 12/31/2020.
- In comparison, the 10-year total return for \$100 invested in the Peer Group, Russell 2000, Russell 2000 Financial Services, and S&P 500 from 12/31/2010 through 12/31/2020 would have resulted in approximately \$101, \$289, \$254, and \$367, respectively.

Note: Peer group indices use beginning of period market capitalization weighting. The above graph was prepared by Zacks Investment Research, Inc. and used with their permission, all rights reserved, Copyright 1980-2021. S&P 500 is Copyright © 2021 S&P Dow Jones Indices LLC, a division of S&P Global, all rights reserved. The second hypothetical scenario above was calculated by S&P Global.

#### **Certain Definitions**

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

#### **Adjusted Earnings Defined**

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

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

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

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

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

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

- \* GAAP equity-based compensation charges with respect to the grant of an offsetting amount of common stock or partnership units with capital accounts in connection with the redemption of non-exchangeable units, including PSUs and LPUs.
- \* Charges related to amortization of RSUs and limited partnership units.
- \* Charges related to grants of equity awards, including common stock or partnership units with capital accounts.
- \* Allocations of net income to limited partnership units and FPU's. Such allocations represent the pro-rata portion of post-tax GAAP earnings available to such unit holders.

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

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

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

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

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

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

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

Adjusted Earnings calculations may also exclude items such as:

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

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

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

- \* Gains or losses on divestitures;
- \* Fair value adjustment of investments;
- \* Certain other GAAP items, including gains or losses related to BGC's investments accounted for under the equity method; and

\* Any unusual, one-time, non-ordinary, or non-recurring gains or losses.

### Methodology for Calculating Adjusted Earnings Taxes

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

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

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

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

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

BGC incurs income tax expenses based on the location, legal structure and jurisdictional taxing authorities of each of its subsidiaries. Certain of the Company's entities are taxed as U.S. partnerships and are subject to the 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 percent of earnings were taxed at global corporate rates.

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

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

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

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

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

### Management Rationale for Using Adjusted Earnings

BGC's calculation of Adjusted Earnings excludes the items discussed above because they are either non-cash in nature, because the anticipated benefits from the expenditures are not expected to be fully realized until future periods, or because the Company views results excluding these items as a better reflection of the underlying performance of BGC's ongoing operations. Management uses Adjusted Earnings in part to help it evaluate, among other things, the overall performance of the Company's business, to make decisions with respect

to the Company's operations, and to determine the amount of dividends payable to common stockholders and distributions payable to holders of limited partnership units. Dividends payable to common stockholders and distributions payable to holders of limited partnership units are included within "Dividends to stockholders" and "Earnings distributions to limited partnership interests and noncontrolling interests," respectively, in our 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 FPU's;
- \* Impairment of long-lived assets;
- \* (Gains) losses on equity method investments; and
- \* Certain other non-cash GAAP items, such as non-cash charges of amortized rents incurred by the Company for its new UK based headquarters.

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

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

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

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

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

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

### Liquidity Defined

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

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

**ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA**

The following table sets forth selected consolidated financial data for the last five years ended December 31, 2020. This selected consolidated financial data should be read in conjunction with “Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our Consolidated Financial Statements and the accompanying Notes thereto included elsewhere in this Annual Report on Form 10-K. Amounts in thousands, except per share data.

	Year Ended December 31,				
	2020	2019 (1)	2018 (1) (2)	2017 (1) (2)	2016 (1) (2) (3) (4)
<b>Consolidated Statements of Operations Data:</b>					
<b>Revenues:</b>					
Commissions	\$ 1,567,668	\$ 1,645,818	\$ 1,511,522	\$ 1,340,608	\$ 1,136,248
Principal transactions	351,633	321,923	313,053	317,856	326,682
Total brokerage revenues	1,919,301	1,967,741	1,824,575	1,658,464	1,462,930
Fees from related parties	25,754	29,442	24,076	27,094	24,200
Data, software and post-trade	81,920	73,166	65,185	54,557	54,309
Interest and dividend income	12,332	18,319	14,404	14,557	8,896
Other revenues	17,413	15,563	9,570	2,504	5,177
Total revenues	2,056,720	2,104,231	1,937,810	1,757,176	1,555,512
<b>Expenses:</b>					
Compensation and employee benefits	1,131,650	1,125,911	1,004,793	947,764	856,708
Equity-based compensation and allocations of net income to limited partnership units and FPU's	183,545	170,625	200,057	233,241	155,057
Total compensation and employee benefits	1,315,195	1,296,536	1,204,850	1,181,005	1,011,765
Other expenses	670,617	738,678	619,066	602,994	520,692
Total expenses	1,985,812	2,035,214	1,823,916	1,783,999	1,532,457
<b>Other income (losses), net:</b>					
Gain (loss) on divestiture and sale of investments	394	18,421	—	561	7,044
Gains (losses) on equity method investments	5,023	4,115	7,377	4,627	3,543
Other income (loss)	1,580	30,511	50,645	25,863	84,078
Total other income (losses), net	6,997	53,047	58,022	31,051	94,665
Income (loss) from operations before income taxes	77,905	122,064	171,916	4,228	117,720
Provision (benefit) for income taxes	21,303	49,811	63,768	97,756	57,271
Consolidated net income (loss) from continuing operations	56,602	72,253	108,148	(93,528)	60,449
Consolidated net income (loss) from discontinued operations, net of tax	—	—	178,462	165,986	191,645
Consolidated net income (loss)	56,602	72,253	286,610	72,458	252,094
Less: Net income (loss) from continuing operations attributable to noncontrolling interest in subsidiaries	7,694	24,691	31,293	33,449	69,356
Less: Net income (loss) from discontinued operations attributable to noncontrolling interest in subsidiaries	—	—	53,121	(6,681)	(1,189)
Net income (loss) available to common stockholders	\$ 48,908	\$ 47,562	\$ 202,196	\$ 45,690	\$ 183,927
<b>Per share data:</b>					
Basic earnings (loss) per share from continuing operations	\$ 0.14	\$ 0.14	\$ 0.24	\$ (0.44)	\$ (0.03)
Fully diluted earnings (loss) per share from continuing operations	\$ 0.13	\$ 0.13	\$ 0.24	\$ (0.44)	\$ (0.03)
Basic weighted-average shares of common stock outstanding	361,736	344,332	322,141	287,378	277,073
Fully diluted weighted-average shares of common stock outstanding	546,848	459,743	323,844	287,378	277,073
Dividends declared per share of common stock	\$ 0.17	\$ 0.56	\$ 0.72	\$ 0.70	\$ 0.62
Dividends declared and paid per share of common stock	\$ 0.17	\$ 0.56	\$ 0.72	\$ 0.70	\$ 0.62
Cash and cash equivalents	\$ 593,646	\$ 415,379	\$ 336,535	\$ 513,306	\$ 468,986
Total assets	\$ 3,949,300	\$ 3,926,914	\$ 3,437,366	\$ 5,437,981	\$ 5,048,930
Notes payable and other borrowings	\$ 1,315,935	\$ 1,142,687	\$ 763,548	\$ 575,029	\$ 965,767
Total liabilities	\$ 3,120,397	\$ 3,178,308	\$ 2,562,879	\$ 4,263,696	\$ 3,367,172
Total stockholders' equity	\$ 748,939	\$ 674,647	\$ 760,415	\$ 626,662	\$ 1,180,953

- (1) Prior years reflect revisions of our previously issued financial statements. See Note 4—“Prior Periods’ Financial Statement Revisions” in our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K for additional information.
- (2) Financial results have been retrospectively adjusted as a result of the Spin-Off to reflect Newmark through November 30, 2018 as discontinued operations for all periods presented.
- (3) Amounts include the gain related to the earn-out associated with the NASDAQ transaction. During the third quarter of 2017, the Company transferred the right to receive the Nasdaq earn-out payments to Newmark.
- (4) Financial results have been retrospectively adjusted to include the financial results of Lucera.

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

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

This discussion summarizes the significant factors affecting our results of operations and financial condition as of and during the years ended December 31, 2020, 2019, and 2018. This discussion is provided to increase the understanding of, and should be read in conjunction with, our consolidated financial statements and the notes thereto included elsewhere in this report.

As described in both Note 4—"Prior Periods' Financial Statement Revisions" and Note 5—"Quarterly Results of Operations (Unaudited)" in our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K, we have revised previously issued financial statements to correct for immaterial revisions. Accordingly, this Management's Discussion and Analysis of Financial Condition and Results of Operations reflects the effects of the revisions as of and for the years ended December 31, 2019 and 2018, as well as the first three quarters of 2020 and all interim periods of 2019.

### FORWARD-LOOKING CAUTIONARY STATEMENTS

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

- the impact of the COVID-19 pandemic, including possible successive waves or variants of the virus, on our operations, including the continued ability of our executives, employees, customers, clients, third-party service providers, exchanges and other facilities to perform their functions at normal levels and the availability of the requisite technology to execute trades in certain Fully Electronic offerings while working remotely;
- macroeconomic and other challenges and uncertainties resulting from the COVID-19 pandemic, such as the extent and duration of the impact on public health, including the distribution of effective vaccines, public acceptance of the vaccines, and governmental and public reactions thereto, the U.S. and global economies, financial and insurance markets and consumer and corporate clients and customers, including economic activity, employment levels and market liquidity, as well as the various actions taken in response to the challenges and uncertainties by governments, central banks and others, including us;
- market conditions, including trading volume and volatility in the demand for the products and services we provide, resulting from the effects of COVID-19 or otherwise, possible disruptions in trading, developments in the insurance industry, potential deterioration of equity and debt capital markets, impact of significant changes in interest rates and our ability to access the capital markets as needed or on reasonable terms and conditions;
- pricing, commissions and fees, and market position with respect to any of our products and services and those of our competitors;
- the effect of industry concentration and reorganization, reduction of customers, and consolidation;
- liquidity, regulatory, cash and clearing capital requirements and the impact of credit market events, including the impact of COVID-19 and actions taken by governments and businesses in response thereto on the credit markets and interest rates;
- our relationships and transactions with Cantor and its affiliates, including CF&Co, and CCRE, our structure, including BGC Holdings, which is owned by us, Cantor, our employee partners and other partners, and the BGC OpCos, which are owned jointly by us and BGC Holdings, any possible changes to our structure, any related transactions, conflicts of interest or litigation, any impact of Cantor's results on our credit ratings and associated outlooks, any loans to or from us or Cantor, BGC Holdings, or the BGC OpCos, including the balances and interest rates thereof from time to time and any convertible or equity features of any such loans, CF&Co's acting as our sales agent or underwriter under our CEO program or other offerings, Cantor's holdings of the Company's Debt Securities, CF&Co's acting as a market maker in the Company's Debt Securities, CF&Co's acting as our financial advisor in connection with potential acquisitions, dispositions, or other transactions and our participation in various investments, stock loans or cash management vehicles placed by or recommended by CF&Co;
- the impact on our stock price of the reduction of our dividend and potential future changes in our dividend policy, as well as reductions in BGC Holdings distributions to partners and the related impact of such reductions, as well as layoffs, salary cuts, and expected lower commissions or bonuses on the repayment of partner loans;
- the integration of acquired businesses with our other businesses;
- the rebranding of our current businesses or risks related to any potential dispositions of all or any portion of our existing or acquired businesses;

- market volatility as a result of the effects of COVID-19, which may not be sustainable or predictable in future periods;
- economic or geopolitical conditions or uncertainties, the actions of governments or central banks, including the impact of COVID-19 on the global markets, and related government stimulus packages, government “shelter-in-place” mandates and other restrictions on business and commercial activity and timing of reopening of world economies, uncertainty regarding the nature, timing and consequences of Brexit following the withdrawal process, including potential reduction in investment in the U.K., and the pursuit of trade, border control or other related policies by the U.S. and/or other countries (including U.S. - China trade relations), political and labor unrest in France, Hong Kong, China, and other jurisdictions, conflict in the Middle East, the impact of U.S. government shutdowns, elections, political unrest or stalemates in response to governmental mandates and other restrictions related to COVID-19 in the U.S. or abroad, risks of illness of the U.S. President and other governmental officials, and the impact of terrorist acts, acts of war or other violence or political unrest, as well as natural disasters or weather-related or similar events, including hurricanes as well as power failures, communication and transportation disruptions, and other interruptions of utilities or other essential services and the impacts of pandemics and other international health emergencies, including COVID-19;
- the effect on our businesses, our clients, the markets in which we operate, our possible restructuring, and the economy in general of changes in the U.S. and foreign tax and other laws, including changes in tax rates, repatriation rules, and deductibility of interest, potential policy and regulatory changes in Mexico and other countries, sequestrations, uncertainties regarding the debt ceiling and the federal budget, and other potential political policies;
- the effect on our businesses of changes in interest rates, changes in benchmarks, including the phase out of LIBOR, the level of worldwide governmental debt issuances, austerity programs, government stimulus packages, including those related to COVID-19, increases or decreases in deficits and the impact of increased government tax rates, and other changes to monetary policy, and potential political impasses or regulatory requirements, including increased capital requirements for banks and other institutions or changes in legislation, regulations and priorities;
- extensive regulation of our businesses and customers, changes in regulations relating to financial services companies and other industries, and risks relating to compliance matters, including regulatory examinations, inspections, investigations and enforcement actions, and any resulting costs, increased financial and capital requirements, enhanced oversight, remediation, fines, penalties, sanctions, and changes to or restrictions or limitations on specific activities, including potential delays in accessing markets, including due to our regulatory status and actions, operations, compensatory arrangements, and growth opportunities, including acquisitions, hiring, and new businesses, products, or services;
- factors related to specific transactions or series of transactions, including credit, performance, and principal risk, trade failures, counterparty failures, and the impact of fraud and unauthorized trading;
- the effect on our businesses of any extraordinary transactions, including the possible restructuring of our partnership into a corporate structure, including potential dilution and other impacts;
- costs and expenses of developing, maintaining, and protecting our intellectual property, as well as employment, regulatory, and other litigation and proceedings, and their related costs, including judgments, indemnities, fines, or settlements paid and the impact thereof on our financial results and cash flows in any given period;
- certain financial risks, including the possibility of future losses, reduced cash flows from operations, increased leverage, reduced availability under the Revolving Credit Agreement resulting from recent borrowings, and the need for short- or long-term borrowings, including from Cantor, our ability to refinance our indebtedness, including in the credit markets weakened by the impact of COVID-19, 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, trading desks, marketplaces, or services for existing or new clients, including efforts to convert certain existing products to a Fully Electronic trade execution, and to induce such clients to use these products, trading desks, marketplaces, or services and to secure and maintain market share, including changes to the likelihood or timing of such efforts due to COVID-19 or other measures;
- the impact of any restructuring or similar transactions on our ability to enter into marketing and strategic alliances and business combinations or other transactions in the financial services and other industries, including acquisitions, tender offers, dispositions, reorganizations, partnering opportunities and joint ventures, the failure to realize the anticipated benefits of any such transactions, relationships or growth and the future impact of any such transactions, relationships or growth on our other businesses and our financial results for current or future periods, the integration of any completed



acquisitions and the use of proceeds of any completed dispositions, and the value of and any hedging entered into in connection with consideration received or to be received in connection with such dispositions and any transfers thereof;

- our estimates or determinations of potential value with respect to various assets or portions of our businesses, such as Fenics and our insurance brokerage business, including with respect to the accuracy of the assumptions or the valuation models or multiples used;
- our ability to hire and retain personnel, including brokers, salespeople, managers, and other professionals, and recent 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 remediate our material weakness in our internal controls and our ability to identify and remediate any other 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 and other professionals;
- the impact of unexpected market moves and similar events;
- information technology risks, including capacity constraints, failures, or disruptions in our systems or those of the clients, counterparties, exchanges, clearing facilities, or other parties with which we interact, including increased demands on such systems and on the telecommunications infrastructure from remote working during the COVID-19 pandemic, cyber-security risks and incidents, compliance with regulations requiring data minimization and protection and preservation of records of access and transfers of data, privacy risk and exposure to potential liability and regulatory focus;
- the effectiveness of our governance, risk management, and oversight procedures and impact of any potential transactions or relationships with related parties;
- the impact of our ESG or “sustainability” ratings on the decisions by clients, investors, ratings agencies, potential clients and other parties with respect to our businesses, investments in us or the market for and trading price of BGC Class A common stock, Company Debt Securities, or other matters;
- the fact that the prices at which shares of our Class A common stock are or may be sold in one or more of our CEO Program or in other 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 our recent significant 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 our CEO Program and other offerings of our Class A common stock and convertible or exchangeable debt or other securities, our repurchases of shares of our Class A common stock and purchases or redemptions of BGC Holdings limited partnership interests or other equity interests in us or in our subsidiaries, any exchanges by Cantor of shares of our Class A common stock for shares of our Class B common stock, any exchanges or redemptions of limited partnership units and issuances of shares of our Class A common stock in connection therewith, including in corporate or partnership restructurings, our payment of dividends on our Class A common stock and distributions on limited partnership interests in BGC Holdings and the BGC OpCos, convertible arbitrage, hedging, and other transactions engaged in by us or holders of our outstanding shares, Company Debt Securities, share sales and stock pledge, stock loans, and other financing transactions by holders of our shares (including by Cantor or others), including of shares acquired pursuant to our employee benefit plans, unit exchanges and redemptions, corporate or partnership restructurings, acquisitions, conversions of shares of our Class B common stock and our other convertible securities into shares of our Class A common stock, stock pledge, stock loan, or other financing transactions, and distributions of our Class A common stock by Cantor to its partners, including the April 2008 and February 2012 distribution rights shares.

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

## OVERVIEW AND BUSINESS ENVIRONMENT

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

Through brands including BGC®, GFI®, Sunrise Brokers™, Besso™, Ed® Broking, Poten & Partners®, RP Martin™, CORANT™, and CORANT GLOBAL™, among others, our businesses specialize in the brokerage of a broad range of products, including fixed income such as government bonds, corporate bonds, and other debt instruments, as well as related interest rate derivatives and credit derivatives. We also broker products across FX, equity derivatives and cash equities, energy and commodities, shipping, insurance, and futures and options. Our businesses also provide a wide variety of services, including trade execution, brokerage services, clearing, 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 include Fully Electronic 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 operate under the names Fenics®, BGC Trader™, CreditMatch®, Fenics Market Data™, BGC Market Data™, kACE2®, EMBonds®, Capitalab®, Swaptioniser®, CBID® and Lucera®. We previously offered real estate services through our publicly traded subsidiary, Newmark (NASDAQ: NMRK). On November 30, 2018, we completed the Spin-Off of Newmark (see “Newmark Spin-Off” for more information).

BGC, BGC Partners, BGC Trader, GFI, GFI Ginga, CreditMatch, Fenics, Fenics.com, Sunrise Brokers, Corant, Corant Global, Besso, Ed Broking, Poten & Partners, RP Martin, kACE2, EMBonds, 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. We have dozens of offices globally in major markets including New York and London, as well as in Bahrain, Beijing, Bermuda, Bogotá, Brisbane, Buenos Aires, Chicago, Copenhagen, Dubai, Dublin, Frankfurt, Geneva, Hong Kong, Houston, Istanbul, Johannesburg, Madrid, Melbourne, Mexico City, Moscow, Nyon, Paris, Rio de Janeiro, Santiago, São Paulo, Seoul, Shanghai, Singapore, Sydney, Tel Aviv, Tokyo and Toronto.

As of December 31, 2020, we had over 2,822 brokers, salespeople, managers and other front-office personnel across our businesses.

### *Newmark Spin-Off*

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

For more information about the Newmark Spin-Off, see Note 1—“Organization and Basis of Presentation” to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K.

### *Fully Electronic (Fenics) and Hybrid Execution*

For the purposes of this document and subsequent SEC filings, all of our Fully Electronic businesses are referred to as Fenics. The Fenics business includes our group of electronic brands offering a number of Fully Electronic marketplaces, market infrastructure and connectivity services, and the Fully Electronic brokerage of certain products that also may trade via Voice and Hybrid execution. In addition, our Fenics offerings include 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.

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 thus often to similar or higher overall revenues. We have been a pioneer in creating and encouraging Hybrid and Fully Electronic execution, and we continually work with our customers to expand such trading across more asset classes and geographies.

Outside of U.S. Treasuries and spot FX, the banks and financial firms that dominate the OTC markets had, until recent years, generally been hesitant in adopting electronically traded products. However, banks, broker-dealers, and other professional trading firms are now much more active in Hybrid and Fully Electronically traded markets across various OTC products, including credit derivative indices, FX derivatives, non-U.S. sovereign bonds, corporate bonds, and interest rate derivatives. These electronic markets have grown as a percentage of overall industry volumes for the past few years as firms like BGC have invested in the kinds of technology favored by our

customers. Regulation in Asia, Europe and the U.S. regarding 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 Hybrid and Fully Electronic technology broadly across our product categories, not only expanding existing product offerings, but also launching new platforms with market leading protocols and functionality, which we believe will be game changing in the sector. Fenics has exhibited strong growth over the past several years, and we believe that this growth has outpaced the wholesale brokerage industry as a whole. We expect this trend to accelerate as we convert more of our Voice and Hybrid execution into Fully Electronic execution across our Fenics platforms and introduce new standalone Fully Electronic trading platforms.

We expect to benefit from the secular 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 brokerage platforms across more products and geographies with the goal of seamlessly integrating Voice liquidity with customer electronic orders either by a graphical user interface, application programming interface, or web-based interface, and we expect to have continued success converting Voice/Hybrid desks over time as we roll out these platforms across more products and geographies.

We have continued to invest in our newer Fenics stand-alone Fully Electronic offerings, which currently include:

- Fenics GO, our electronic trading platform, which provides live, real-time and tradeable two-way electronic liquidity for exchange-listed futures and options, such as Eurex Euro Stoxx 50 Index Options, Euro Stoxx Banks Index Options, which launched in August 2020, Nikkei 225 Index Options, Hang Seng Composite Index Options, which launched in December 2020, and related Delta One strategies. In July of this year, Fenics GO added Susquehanna International Securities (SIG), which joined DRW, Lighthouse, Citadel Securities, IMC, Maven Securities, and Optiver as electronic liquidity providers. Our Fenics GO fully electronic options trading platform has increased its volumes by over 600% in the fourth quarter of 2020 from a year ago. Strong performance across its index options offering, and recent launches of additional European and Asian index products drove volumes and market share higher during 2020. Fenics GO is the only anonymous multilateral electronic platform for block-sized listed equity index options, giving it a unique advantage in helping clients satisfy their best execution requirements. In its short time since going live, we estimate that, as of December 31, 2020, Fenics GO commanded over 5% and 10% market share in Euro Stoxx 50 and Nikkei 225 front-month block-sized options, respectively. Fenics GO's market share is based on estimated Euro Stoxx 50 and Nikkei 225 IDB block-sized transactions for "front-month" option volume, which refers to the nearest expiration date for an options contract (within 32 days of expiration);
- Fenics UST, which generated notional volume growth of more than 66% for year ended December 31, 2020 and increased its CLOB market share by 600 basis points and is now the second largest CLOB platform for U.S. Treasuries. This compares with an increase of 3% for overall primary dealer U.S. Treasury volumes. Primary dealer volumes are based on data from the Securities Industry and Financial Markets Association. Over 70% of all trades in the fourth quarter were transacted at prices only offered on the Fenics UST platform, providing a tremendous competitive advantage. CLOB market share is based on BGC's estimates and data from Greenwich Associates for the U.S. Treasury volumes of Fenics UST, CME BrokerTec, Nasdaq Fixed Income, and Tradeweb's Dealerweb platform. Including these CLOB platforms as well as the volumes of platforms using other fully electronic U.S. Treasury trading protocols, Fenics UST increased its market share from 5.4% to 7.0% year-on-year in December 2020, per Greenwich Associates. Fenics UST is estimated to have saved our clients approximately \$140 million from January 2019 through December 2020 by offering the tightest spreads in the market. As a result of our continued technological innovations and strong client support, we expect both volumes and market share to continue to outperform the overall market. Additionally, Fenics UST optimized its commercial agreements going into 2021, which is expected to drive revenue growth. Advancing on its success in U.S. Treasuries, Fenics UST launched Treasury Bills at the end of the fourth quarter and is expected to introduce U.S. Repo products in the first quarter of 2021;
- Our expanded Fenics FX platforms, including MidFX, Spot, FX Options, and non-deliverable and FX forwards;
- Lucera, which is our software-defined network, offering 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 two days, as opposed to months, and at a significantly lower cost. Lucera Connect is quickly becoming the industry standard for the FX market;
- Capitalab's interest rate and equity options compression, FX matching and initial margin optimization services; and
- Algom, acquired in March 2020, which is a dealer-to-client credit marketplace for banks streaming to buy-side clients, and provides the buy-side aggregated access to broad bank liquidity. This subscription SaaS improves their workflow and liquidity through data aggregation, pre-trade information analysis, and execution facilitation. We are integrating this business with our existing Lucera SaaS connectivity subscription service in order to provide both data and execution capabilities directly between banks/dealers and their buy-side customers.

Collectively, our newer Fenics offerings, such as those listed above, are not yet fully up to scale, and are not yet generating significant revenues. Fenics brokerage revenue comprised 15.5% of overall financial brokerage revenue for the fourth quarter of 2020, representing its highest ever contribution. Additionally, revenue growth from Fenics standalone businesses, including Fenics UST, Fenics GO and Lucera, continued to significantly outpace the overall business. Over time, we expect these new products and services to become profitable, high-margin businesses as their scale and revenues increase, all else equal.

During the second quarter of 2020, we introduced Fenics Integrated, which seamlessly integrates hybrid liquidity with customer electronic orders either by GUI and/or API. Desks are categorized as “Fenics Integrated” if they utilize sufficient levels of technology such that significant amounts of their transactions can be or are executed without broker intervention and have expected pre-tax margins of at least 25%. Fenics brokerage revenues include revenues from Fenics Integrated from the second quarter of 2020 onward. We believe that Fenics Integrated will enhance profit margins by further incentivizing our brokers and clients to automate execution and create superior real-time information and improve the robustness and value of Fenics Market Data, which will accelerate our growth rate.

Net revenues in our Fully Electronic businesses across brokerage, data, software, and post-trade increased 12.0% to \$81.9 million for the year ended December 31, 2020. Within our Fenics business, total revenues from our high-margin data, software, and post-trade business, which is predominately comprised of recurring revenue, were up 14.1% for the year ended December 31, 2020, primarily driven by Lucera’s LumeMarkets platform, their Connect platform winning new SaaS client contracts and the acquisition of Algomi. Fenics Market Data had solid growth in both the fourth quarter and full year 2020, signing a record number of new, multiyear contracts throughout the year. 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.

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

The Company continues to explore a possible conversion into a simpler corporate structure, weighing any significant change in taxation policy. In particular, the Company is awaiting insight into future U.S. Federal tax policies, which remain uncertain after the results of the U.S. elections. Should the Company decide to move forward with a corporate conversion it will work with regulators, lenders, and rating agencies, and BGC’s board and committees will review potential transaction arrangements.

#### ***Impact of ASC 606 on Results***

From 2014 through 2016, the FASB issued several accounting standard updates, which together comprise ASC Topic 606, *Revenue from Contracts with Customers*. Beginning in the first quarter of 2018, the Company began recording its financial results to conform to ASC 606. ASC 606 does not currently materially impact the results of BGC. The consolidated Company has elected to adopt the guidance using the modified retrospective approach to ASC 606, under which the consolidated Company applied the new standard only to new contracts initiated on or after January 1, 2018 and recorded the transition adjustments as part of “Total equity”.

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

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

#### **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. In addition, the secular trend towards digitalization and electrification 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 are tempered by expectations of monetary and fiscal stimulus.

### **COVID-19**

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

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

- We activated our Business Continuity Plan in the first quarter of 2020. While a majority of the front office personnel are working in a firm office currently, a majority of BGC staff members continue to work from home, or other remote locations and disaster recovery venues. In all cases, we have mandated appropriate social distancing measures.
- We provide ongoing informational COVID-19 related messages and notices.
- Where applicable, we are applying more frequent and vigorous cleaning and sanitation measures and providing personal protective equipment (PPE).
- Internal and external meetings are generally conducted virtually or via phone calls.
- Non-essential business travel, has been restricted since the beginning of March this year, particularly to areas most affected by the pandemic.
- We have deferred and are continuing to defer corporate events and participation in industry conferences.
- We are deploying clinical staff internally to support its employees and requiring self-quarantine.
- Our medical plans have waived applicable member cost sharing for all 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. There is a zero co-pay for Teladoc mental health visits.
- We update employees on vaccination availability as it becomes available from state governmental agencies.
- 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. Even as re-opening continues for some workers and in some locations, changes in state work orders and virus spread may impact work arrangements of our employees, vendors and clients for the foreseeable future. While we have taken significant precautions to protect employees who work in our offices, no assurance can be given that measures will contain the spread of the virus.

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

##### **Revenues**

##### **Voice/Hybrid and/or Fully Electronic Brokerage**

Our revenues were adversely impacted for the year ended December 31, 2020 as a result of COVID-19 and its impact on the macroeconomic environment, including interest rates, FX, and oil prices. This resulted in lower year-on-year secondary trading volumes across rates and certain FX products, which impacted our Rates and FX businesses. In addition, BGC and our clients faced continued dislocations due to COVID-19.

For the year ended December 31, 2020, Fenics net revenues increased 14.1% driven by double-digit growth in electronic brokerage and data, software, and post-trade. Our Insurance brokerage business benefitted from favorable pricing trends and improved productivity from previously hired brokers and salespeople.

Certain key items are summarized below:

- Revenues across Rates, Credit, FX, Equity derivatives and cash equities, Energy and commodities are generally correlated with corresponding industry volumes.
- The elevated levels of government and corporate debt issuance are expected to benefit BGC's Rates and Credit businesses in the long-term.
- Conversely, additional quantitative easing measures taken by central banks around the world have lowered and may continue to lower market volumes.
- Responsive actions taken by Central Banks across the globe lowered interest rates and included restarting quantitative easing programs at levels not seen since the financial crisis. Uniformly low or negative interest rates and quantitative easing measures in many major economies have negatively impacted and may continue to negatively impact global rates and FX volumes.
- An extended period of historically low oil prices and demand for commodities has led and may continue to lead to lower demand for hedging and increased risk aversion, which has lowered and may continue to lower market volumes across Energy and commodities.

Although we have been challenged by the pandemic, we believe that the massive issuance of global debt in the world will eventually be a tailwind driving our voice business for the long term.

#### **Overall Fenics**

- BGC's Fenics business continued to demonstrate strength and resilience, outperforming a challenging macro trading backdrop in the fourth quarter of 2020.
- Fenics has benefited and is expected to continue to benefit from secular trend 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.
- The pace of adoption of certain financial technology offerings may slow in the short-term due to physical dislocations experienced by BGC's employees and clients as a result of the pandemic. Our medium-to longer-term overall strategy with respect to Fenics is not expected to be impacted.
- BGC's data, software, and post-trade businesses are predominantly comprised of recurring revenues.

#### **Insurance Brokerage (Corant)**

- The insurance brokerage industry typically generates significant amounts of predictable revenues at specific times of the year as different categories of clients sign or renew policies.
- Although certain clients may be facing financial hardship or dislocation due to the pandemic, the insurance brokerage industry has generally performed well during past economic downturns.
- BGC expects certain insurance market participants to have an even greater demand for the types of policies it brokers.
- Corant generated organic growth in the fourth quarter of 2020 as previously hired brokers and salespeople ramped up production and the business benefited from favorable pricing trends.

#### **Expenses**

BGC's compensation expenses declined in the fourth quarter of 2020 primarily due to the impact of lower revenues on variable compensation, as well as our cost reduction program. BGC's non-compensation expenses declined largely due to lower professional and consulting fees, and selling and promotion expenses, the latter of which tend to move in line with commission revenues. Selling and promotion expenses were significantly lower due to a continued focus on tighter cost management as well as the impact of the pandemic. BGC's compensation expenses increased for the year ended December 31, 2020 primarily driven by an increase in equity award amortization. BGC's non-compensation expenses declined largely due to lower selling and promotion expenses and other expenses. Selling and promotion expenses, which tend to move in line with commission revenues, were much lower due to a continued focus on tighter cost management as well as the COVID-19 pandemic significantly impacting travel and entertainment.

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**

With the outbreak of COVID-19, we reduced our dividend and focused on strengthening our balance sheet. Effective with the first quarter of 2020 dividend, the Board took the step of reducing the quarterly dividend out of an abundance of caution in order to strengthen the Company's balance sheet as the global capital markets face difficult and unprecedented macroeconomic conditions. On February 23, 2021, our Board declared a \$0.01 dividend for the fourth quarter. Additionally, BGC Holdings reduced its distributions to or on behalf of its partners. The distributions to or on behalf of partners will at least cover their related tax payments. Whether any given post-tax amount is equivalent to the amount received by a stockholder also on an after-tax basis depends upon stockholders' and partners' domiciles and tax status. BGC believes that these steps will allow the Company to prioritize its financial strength. Our 2021 capital allocation priorities are to return capital to stockholders and to continue investing in our high growth Fenics businesses. Previously, we were deeply dividend-centric; going forward, we plan to prioritize share and unit repurchases over dividends and distributions. We plan to reassess our current dividend and distribution with an aim to nominally increase it toward the end of the year.

The balance sheet as of December 31, 2020 reflects the issuance of \$300.0 million of the 4.375% Senior Notes, the \$68.9 million net payoff of the Revolving Credit Agreement and the \$44.0 million cash tender offer on the 5.125% Senior Notes, ordinary movements in working capital, cash paid with respect to annual employee bonuses, taxes, and our continued investment in stand-alone Fenics products and our insurance brokerage businesses. We continue to manage our business with a focus on its investment grade ratings.

### ***Brexit***

On June 23, 2016, the U.K. held a referendum regarding continued membership of the EU. The exit from the EU is commonly referred to as Brexit. On January 1, 2021, the UK formally left the EU and UK-EU trade became subject to a new agreement that was concluded in December of 2020. Financial services falls 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 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 have implemented plans to ensure continuity of service in Europe and continue to have regulated entities 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, BGC's Insurance division (Corant) has established new brokerage platforms in Cyprus and France and we have been generally increasing our footprint in the EU.

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

### ***Industry Consolidation***

In recent years, there has been significant consolidation among the interdealer-brokers and wholesale brokers with which we compete. We expect to continue to compete with the electronic markets, post-trade and information businesses of NEX, that are part of CME now, through the various offerings on our Fenics platform. We will also continue to compete with TP ICAP and Tradition across various Voice/Hybrid brokerage marketplaces as well as via Fenics. There has also been significant consolidation among smaller non-public wholesale brokers, including our acquisitions of RP Martin, Heat Energy Group, Remate Lince and Sunrise Brokers Group. 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 and other front-office personnel, regulatory issues, and the percentage of our revenues we are able to generate by Fully Electronic means. BGC's revenues tend to have low correlation in the short and medium-term with global bank and broker-dealer sales and trading revenues, which reflect bid-ask spreads and mark-to-market movements, as well as industry volumes in both the primary and secondary markets.

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

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

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

Rates volumes in particular are influenced by market volumes and, in certain instances, volatility. Historically low and negative interest rates across the globe have significantly reduced the overall trading appetite for rates products. As a result of central bank policies and actions, as well as continued expectations of low inflation rates, many sovereign bonds continue to trade at or close to negative yields, especially in real terms. Also weighing on yields and rates volumes are global central bank quantitative easing programs. The programs depress rates volumes because they entail central banks buying government securities or other securities in the open market in an effort to promote increased lending and liquidity and bring down long-term interest rates. When central banks hold these instruments, they tend not to trade or hedge, thus lowering rates volumes across cash and derivatives markets industry-wide. Following the market dislocation and ongoing pandemic, major central banks such as the U.S. Federal Reserve, ECB, Bank of Japan, Bank of England, and Swiss National Bank have restarted or may restart quantitative easing programs, and continue to maintain historically low interest rates, keep key short-term interest rates low, or a combination of both. The overall dollar value of balance sheets of the G-4 (the U.S., Eurozone, Japan, and U.K.) is expected to increase and remain high as a percentage of G-4 GDP over the medium-to-long-term.

Additional factors have weighed down 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 is expected to be fully phased in as of January 1, 2022, has already required most large banks in G-20 nations to hold approximately three times as much Tier 1 capital as was required under the previous set of rules. These capital rules have made it more expensive for banks to hold non-sovereign debt assets on their balance sheets, and as a result, analysts say that banks have reduced their proprietary trading activity in corporate and asset-backed fixed income securities as well as in various other OTC cash and derivative instruments. We believe that this has further reduced overall market exposure and industry volumes in many of the products we broker, particularly in Credit.

For the year ended December 31, 2020, industry volumes were lower year-over-year across Rates, mixed across FX, and generally higher across Credit, Equity derivatives and cash equities, and Energy and commodities. BGC's brokerage revenues, excluding Insurance, were down by 4.2% year-on-year. Below is an expanded discussion of the volume and growth drivers of our various brokerage product categories.

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

Our Rates business is influenced by a number of factors, including global sovereign issuances, secondary trading and the hedging of these sovereign debt instruments. The amount of global sovereign debt outstanding remains high by historical standards, however the level of secondary trading and related hedging activity was lower during 2020. In addition, according to Bloomberg and the Federal Reserve Bank of New York, the average daily volume of various U.S. Treasuries, excluding Treasury bills, among primary dealers was 11% lower in 2020 as compared to a year earlier. Additionally, interest rate derivative volumes were down 5% and 22% at ICE and the CME, respectively, all according to company press releases. In comparison, our revenue from Fenics Fully Electronic Rates increased 20.6%, while our overall Rates revenues were down 8.5% as compared to a year earlier to \$544.1 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. Meanwhile, economists expect that the effects of various forms of quantitative easing previously and currently being undertaken by the various major central banks will continue to negatively impact financial market volumes. As a result, we expect long-term tailwinds in our Rates business from continuing high levels of government debt, but continued near-term headwinds due to the current low interest rate environment and continued accommodative monetary policies globally.

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

Global FX volumes were generally mixed during 2020. Volumes for CME FX futures and options, Refinitiv (formerly the Financial & Risk business of Thomson Reuters) and CME EBS spot FX were up 1%, and down 4%, respectively. In comparison, our overall FX revenues decreased by 14.9% to \$315.3 million.

#### ***Insurance Brokerage***

Our overall Insurance brokerage business (Corant) includes Ed Broking and Besso, as well as our newly established aviation and space insurance brokerage business, whose producers are not yet generating meaningful revenue. Therefore, these newer insurance businesses are not yet up to scale. The pre-tax loss relating to Corant was \$25.4 million and \$17.8 million for the years ended December 31, 2020 and 2019, respectively. Corant posted record revenue for both the fourth quarter and full year 2020 as it continued to benefit from improved productivity from previously hired brokers and hardening pricing trends. Corant's growth was also driven by new business lines including its aviation & aerospace business, Piiq Risk Partners, which won new key clients.

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

Global equity volumes were higher during 2020. Research from Raymond James indicated that the average daily volumes of U.S. cash equities and U.S. options were up 56% and 52%, respectively, as compared to a year earlier, while average daily volume of European cash equities shares were up 5% (in notional value). Over the same timeframe, Eurex average daily volumes of equity derivatives were down 36% while Euronext equity derivative index volumes increased by 10%. BGC's equity business primarily consists of equity derivatives, which is why we have renamed this revenue line-item: Equity derivatives and cash equities. Our overall revenues from Equity derivatives and cash equities increased by 1.3% to \$254.7 million.

#### ***Credit Volumes***

The cash portion of our Credit business is impacted by the level of global corporate bond issuance, while both the cash and credit derivatives parts of our business is impacted by corporate issuance. Global credit derivative market turnover has declined over the last few years due to the introduction of rules and regulations around the clearing of credit derivatives in the U.S. and elsewhere, along with non-uniform regulation across different geographies. In addition, many of our large bank customers continue to reduce their inventory of bonds and other credit products in order to comply with Basel III and other international financial regulations. During 2020, primary dealer average daily volume for corporate bonds (excluding commercial paper) was up by 21% according to Bloomberg and the Federal Reserve Bank of New York. Total notional traded credit derivatives as reported by the International Swaps and Derivatives Association — a reflection of the OTC derivatives market — were up by 15%, from a year earlier. In comparison, our overall Credit revenues increased by 7.6% to \$329.9 million.

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

Energy and commodities volumes were generally higher during 2020 compared with the year earlier. CME and ICE energy futures and options volumes were up 1% and 15%, respectively, in 2020 compared to the previous year. In comparison, BGC's Energy and commodities revenues increased by 1.4% to \$292.6 million.

### **FINANCIAL OVERVIEW**

#### ***Revenues***

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

#### ***Brokerage***

We earn revenues from our brokerage services on both an agency and matched principal basis. In agency transactions, we charge a commission for connecting buyers and sellers and assisting in the negotiation of the price and other material terms of the transaction. After all

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

We offer our brokerage services in seven broad product categories: Rates, FX, Credit, Energy & commodities, Insurance, Equity derivatives and cash equities classes. The chart below details brokerage revenues by product category and by Voice/Hybrid versus Fully Electronic (in thousands):

	For the Year Ended December 31,		
	2020	2019	2018
<b>Brokerage revenue by product:</b>			
Rates	\$ 544,094	\$ 594,884	\$ 549,825
Credit	329,904	306,713	292,171
FX	315,253	370,318	396,256
Energy and commodities	292,641	288,697	229,121
Equity derivatives and cash equities	254,702	251,339	288,265
Insurance	182,707	155,790	68,937
Total brokerage revenues	<u>\$ 1,919,301</u>	<u>\$ 1,967,741</u>	<u>\$ 1,824,575</u>
<b>Brokerage revenue by product (percentage):</b>			
Rates	28.3%	30.2%	30.1%
Credit	17.2	15.6	16.0
FX	16.4	18.8	21.7
Energy and commodities	15.2	14.7	12.6
Equity derivatives and cash equities	13.4	12.8	15.8
Insurance	9.5	7.9	3.8
Total brokerage revenues	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Brokerage revenue by type:</b>			
Voice/Hybrid	\$ 1,684,380	\$ 1,763,114	\$ 1,628,653
Fully Electronic	234,921	204,627	195,922
Total brokerage revenues	<u>\$ 1,919,301</u>	<u>\$ 1,967,741</u>	<u>\$ 1,824,575</u>
<b>Brokerage revenue by type (percentage):</b>			
Voice/Hybrid	87.8%	89.6%	89.3%
Fully Electronic	12.2	10.4	10.7
Total brokerage revenues	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

As the above table indicates, our brokerage operations in the Rates product category produce a significant percentage of our total brokerage revenues. We expect that revenues from our Rates product brokerage operations will increase in absolute terms, but decline as a percentage of our overall revenues as we continue to invest in expanding in other asset classes.

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

#### *Rates*

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

#### *FX*

The FX market is one of the largest financial markets in the world. FX transactions can either be undertaken in the spot market, in which one currency is sold and another is bought, or in the derivative market in which future settlement of the identical underlying currencies

are traded. We provide full execution OTC brokerage services in most major currencies, including all G8 currencies, emerging market, cross and exotic options currencies.

#### *Credit*

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

#### *Energy and Commodities*

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

#### *Insurance*

We provide wholesale insurance and reinsurance broking solutions and underwriting services across the global marketplace, operating through the brands Ed Broking, Besso, Piiq Risk Partners and Junge, as well as the group's managing general agents Cooper Gay, Globe Underwriting and Epsilon. Subject to regulatory consent, Corant will become the holding company for all insurance interests of BGC, comprising the brands referenced above.

#### *Equity Derivatives and Cash Equities*

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

#### *Fees from Related Parties*

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

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

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

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

In the fourth quarter of 2017, Capitalab completed its largest G-4 Interest Rates IMO to date with more than 15 participating counterparties. The service enabled these counterparties to multilaterally shrink delta, vega and curvature bilateral counterparty risks and significantly reduce both non-cleared and cleared initial margin at the Central Clearing Counterparty. In January of 2018, Capitalab executed the first combined compression cycle in Swaptions, Caps, Floors and cleared interest rate swaps due to its appointment as an Approved Compression Service Provider at LCH's SwapClear. In the second quarter of 2019, Capitalab launched its Nikkei 225 options compression service in partnership with the Singapore Exchange.

#### *Interest Income*

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

### *Other Revenues*

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

### *Expenses*

#### *Compensation and Employee Benefits*

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

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

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

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

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

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

In addition, we also enter into deferred compensation agreements with employees providing services to us. The costs associated with such plans are generally amortized over the period in which they vest. See Note 21—"Compensation" to our consolidated financial statements.

#### *Other Operating Expenses*

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

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

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

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

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

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

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

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

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

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

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

## **REGULATORY ENVIRONMENT**

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

## **LIQUIDITY**

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

## **HIRING AND ACQUISITIONS**

Key drivers of our revenue are front-office producer headcount and average revenue per producer. We believe that our strong technology platform and unique compensation structure have enabled us to use both acquisitions and recruiting to profitably increase our front-office staff at a faster rate than our largest competitors since our formation in 2004.

We have invested significantly through acquisitions and the hiring of new brokers, salespeople, managers 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 and other front-office personnel to our platform as we believe they recognize that we have the scale, technology, experience and expertise to succeed.

We have made significant investments in our Insurance brokerage business (Corant), including meaningful increases in front-office employees. Our average revenue per front-office employee has historically declined year-over-year for the period immediately following significant headcount increases, and the additional brokers and salespeople generally achieve significantly higher productivity levels in their second or third year with the Company. Excluding Corant, as of December 31, 2020, our front-office headcount was 2,297 brokers, salespeople, managers and other front-office personnel, down 10.7% from 2,573 a year ago. Compared to the prior year, average revenue per front-office employee for the year ended December 31, 2020 increased by 1.9% to \$750 thousand from \$736 thousand. On a stand-alone basis, total Corant headcount increased by 16.4% to 900 from 773 a year ago.

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

Since 2018, our acquisitions have included Poten & Partners, Ed Broking, Ginga Petroleum, Algomi and several smaller acquisitions.

On November 15, 2018, we acquired Poten & Partners, a leading ship brokerage, consulting and business intelligence firm specializing in LNG, tanker and LPG markets. Founded over 80 years ago and with 170 employees worldwide, Poten & Partners provides its clients with valuable insight into the international oil, gas and shipping markets.

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 has become part of the Company's overall Insurance brokerage business.

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

## FINANCIAL HIGHLIGHTS

For the year ended December 31, 2020, we had income (loss) from operations before income taxes of \$77.9 million compared to income (loss) from operations before income taxes of \$122.1 million in the year earlier period. We have made excellent progress this year with respect to our investments in Fenics and Insurance brokerage. Our Fenics brokerage revenues grew by double digits in the year ended December 31, 2020 compared to the year earlier period. Fenics UST and Fenics GO, two of our newer fully electronic offerings, reached record levels of market share, and our Insurance brokerage group (Corant) is positioned to turn profitable in the near-term. We believe the macro trends of accelerated adoption of electronic trading, record levels of global debt issuance, and a hardening insurance market will drive positive fundamentals for our businesses.

Total revenues for the year ended December 31, 2020 decreased \$47.5 million to \$2,056.7 million compared to the year earlier period, which was primarily due to a \$48.4 million decrease in brokerage revenues. Our revenues were adversely impacted in the year ended December 31, 2020 as a result of COVID-19 and its impact on the macroeconomic environment, including interest rates, FX and oil prices. Corant generated 17.3% growth as it benefitted from favorable pricing trends and improved productivity from previously hired brokers and salespeople. In addition, our Credit business generated a 7.6% increase, while our Energy and commodities, and Equity derivatives and cash equities businesses generated growths of 1.4% and 1.3%, respectively. Our FX and Rates businesses were adversely impacted by lower year-on-year secondary trading volumes in certain markets. Net revenues in our Fully Electronic businesses across brokerage, data, software, and post-trade increased 14.1% to \$316.8 million compared to the prior year period. Within our Fenics business, total revenues from our high-margin data, software, and post-trade business, which is predominantly comprised of recurring revenue, were up 12.0% to \$81.9 million compared to the prior year period. During the second quarter of 2020, we introduced Fenics Integrated, which seamlessly integrates hybrid liquidity with customer electronic orders. We believe that Fenics Integrated will enhance profit margins by further incentivizing the Company's brokers and clients to automate execution. We believe that Fenics Integrated will create superior real-time information, improving the robustness and value of Fenics Market Data, which will accelerate our growth. As we expand our product offerings, optimize our commercial agreements, and add new clients across our electronic platforms, we continue to expect profitability in our newer Fenics stand-alone businesses, which includes Fenics UST, Fenics GO, and Lucera.

Total expenses for the year ended December 31, 2020 decreased \$49.4 million to \$1,985.8 million compared to the prior year period, primarily due to a \$68.1 million decrease in non-compensation expenses largely as a result of lower selling and promotion expenses due to a continued focus on tighter cost management as well as the impact of COVID-19, a decrease in other expenses due to certain legal settlements in the prior year, as well as a decrease in professional and consulting fees. This was partially offset by an increase in interest expense, driven by the \$300 million 3.750% Senior Notes, which were issued in September 2019, and the \$300 million 4.375% Senior Notes, which were issued in July 2020, less lower interest expense on BGC's revolving credit facility, which was repaid in full during the third quarter of 2020. Compensation expenses for the year ended December 31, 2020 increased \$18.7 million compare to the year earlier period, which was primarily driven by an increase in equity-based compensation expenses.

Total other income (losses), net for the year ended December 31, 2020 decreased \$46.1 million to \$7.0 million compared to the prior year period, primarily due to a \$18.4 million gain on the divestiture of CSC Commodities in the prior year and gains of \$20.3 million related to fair value adjustments on investments during 2019.

On February 23, 2021, our Board declared a \$0.01 dividend for the fourth quarter. Effective with the first quarter of 2020 dividend, the Board took the step of reducing the quarterly dividend out of an abundance of caution in order to strengthen the Company's balance sheet as the global capital markets face difficult and unprecedented macroeconomic conditions. Additionally, BGC Holdings reduced its distributions to or on behalf of its partners. The distributions to or on behalf of partners will at least cover their related tax payments. Whether any given post-tax amount is equivalent to the amount received by a stockholder also on an after-tax basis depends upon stockholders' and partners' domiciles and tax status. BGC believes that these steps will allow the Company to prioritize its financial strength. Our 2021 capital allocation priorities are to return capital to stockholders and to continue investing in our high growth Fenics businesses. Previously, we were deeply dividend-centric; going forward, we plan to prioritize share and unit repurchases over dividends and distribution with an aim to nominally increase it toward the end of the year.

## RESULTS OF OPERATIONS

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

	Year Ended December 31,					
	2020		2019		2018	
	Actual Results	Percentage of Total Revenues	Actual Results	Percentage of Total Revenues	Actual Results	Percentage of Total Revenues
<b>Revenues:</b>						
Commissions	\$ 1,567,668	76.2%	\$ 1,645,818	78.2%	\$ 1,511,522	78.0%
Principal transactions	351,633	17.1	321,923	15.3	313,053	16.2
Total brokerage revenues	1,919,301	93.3	1,967,741	93.5	1,824,575	94.2
Fees from related parties	25,754	1.3	29,442	1.4	24,076	1.2
Data, software and post-trade	81,920	4.0	73,166	3.5	65,185	3.4
Interest and dividend income	12,332	0.6	18,319	0.9	14,404	0.7
Other revenues	17,413	0.8	15,563	0.7	9,570	0.5
Total revenues	2,056,720	100.0	2,104,231	100.0	1,937,810	100.0
<b>Expenses:</b>						
Compensation and employee benefits	1,131,650	55.0	1,125,911	53.5	1,004,793	51.9
Equity-based compensation and allocations of net income to limited partnership units and FPU's <sup>1</sup>	183,545	8.9	170,625	8.1	200,057	10.3
Total compensation and employee benefits	1,315,195	63.9	1,296,536	61.6	1,204,850	62.2
Occupancy and equipment	189,268	9.2	183,207	8.7	151,194	7.8
Fees to related parties	23,193	1.1	19,365	0.9	20,163	1.0
Professional and consulting fees	73,470	3.6	92,167	4.4	84,103	4.3
Communications	121,603	5.9	119,982	5.7	118,014	6.1
Selling and promotion	38,167	1.9	81,645	3.9	69,338	3.6
Commissions and floor brokerage	59,376	2.9	63,617	3.0	61,891	3.2
Interest expense	76,607	3.7	60,246	2.9	42,494	2.2
Other expenses	88,933	4.4	118,449	5.6	71,869	3.7
Total expenses	1,985,812	96.6	2,035,214	96.7	1,823,916	94.1
<b>Other income (losses), net:</b>						
Gains (losses) on divestitures and sale of investments	394	0.0	18,421	0.9	—	—
Gains (losses) on equity method investments	5,023	0.2	4,115	0.2	7,377	0.4
Other income (loss)	1,580	0.1	30,511	1.4	50,645	2.6
Total other income (losses), net	6,997	0.3	53,047	2.5	58,022	3.0
Income (loss) from continuing operations before income taxes	77,905	3.7	122,064	5.8	171,916	8.9
Provision (benefit) for income taxes	21,303	0.9	49,811	2.4	63,768	3.3
Consolidated net income (loss) from continuing operations	56,602	2.8	72,253	3.4	108,148	5.6
Consolidated net income (loss) from discontinued operations, net of tax	—	—	—	—	178,462	9.2
Consolidated net income (loss)	56,602	2.8	72,253	3.4	286,610	14.8
Less: Net income (loss) from continuing operations attributable to noncontrolling interest in subsidiaries	7,694	0.4	24,691	1.1	31,293	1.7
Less: Net income (loss) from discontinued operations attributable to noncontrolling interest in subsidiaries	—	—	—	—	53,121	2.7
Net income (loss) available to common stockholders	\$ 48,908	2.4%	\$ 47,562	2.3%	\$ 202,196	10.4%



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

	Year Ended December 31,					
	2020		2019		2018	
	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	\$ 84,966	4.1%	\$ 100,948	4.8%	\$ 150,147	7.7%
Allocations of net income	14,006	0.7	20,491	1.0	38,352	2.0
LPU amortization	74,282	3.6	41,721	2.0	6,346	0.3
RSU amortization	10,291	0.5	7,465	0.3	5,212	0.3
Equity-based compensation and allocations of net income to limited partnership units and FPU's	\$ 183,545	8.9%	\$ 170,625	8.1%	\$ 200,057	10.3%

#### *Year Ended December 31, 2020 Compared to Year Ended December 31, 2019*

##### *Revenues*

###### *Brokerage Revenues*

Total brokerage revenues decreased by \$48.4 million, or 2.5%, to \$1,919.3 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. Commission revenues decreased by \$78.2 million, or 4.7%, to \$1,567.7 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. Principal transactions revenues increased by \$29.7 million, or 9.2%, to \$351.6 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019.

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

Our FX revenues decreased by \$55.1 million, or 14.9%, to \$315.3 million for the year ended December 31, 2020. This decrease was primarily driven by lower industry volumes due to quantitative easing undertaken by several major central banks and uniformly lower global interest rates.

Our brokerage revenues from Rates decreased by \$50.8 million, or 8.5%, to \$544.1 million for the year ended December 31, 2020. The decrease in Rates revenues was primarily driven by lower industry volumes in certain markets due to quantitative easing undertaken by several major central banks and uniformly lower global interest rates.

Our brokerage revenues from Insurance increased by \$26.9 million, or 17.3%, to \$182.7 million for the year ended December 31, 2020. This increase was primarily due to organic growth, as previously hired brokers and salespeople ramped up production and benefited from favorable pricing trends for insurance renewals.

Our Credit revenues increased by \$23.2 million, or 7.6%, to \$329.9 million for the year ended December 31, 2020. This increase was mainly due to greater trading volumes.

Our brokerage revenues from Energy and commodities increased by \$3.9 million, or 1.4%, to \$292.6 million for the year ended December 31, 2020. This increase was primarily driven by organic growth.

Our brokerage revenues from equity derivatives and cash equities increased by \$3.4 million, or 1.3%, to \$254.7 million for the year ended December 31, 2020. This was primarily driven by organic growth.

###### *Fees from Related Parties*

Fees from related parties decreased by \$3.7 million, or 12.5% to \$25.8 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019.

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

Data, software and post-trade revenues increased by \$8.8 million, or 12.0%, to \$81.9 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This increase was primarily driven by Lucera's Connect platform winning new SaaS client contracts, the acquisition of Algomi, as well as an increase in revenues from post-trade services.

###### *Interest and Dividend Income*

Interest and dividend income decreased by \$6.0 million, or 32.7%, to \$12.3 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This decrease was primarily due to a decrease in dividend income and lower interest earned on deposits.

#### *Other Revenues*

Other revenues increased by \$1.9 million, or 11.9% to \$17.4 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This increase was primarily driven by an increase in consulting income for Poten & Partners.

#### ***Expenses***

##### *Compensation and Employee Benefits*

Compensation and employee benefits expense increased by \$5.7 million, or 0.5%, to \$1,131.7 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The main drivers of this increase were costs associated with the implementation of a cost reduction program designed to reduce future expenses and streamline operations, partially offset by the impact of lower brokerage revenues on variable compensation.

##### *Equity-Based Compensation and Allocations of Net Income to Limited Partnership Units and FPU's*

Equity-based compensation and allocations of net income to limited partnership units and FPU's increased by \$12.9 million, or 7.6%, to \$183.5 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This increase was primarily driven by an increase in equity award amortization.

##### *Occupancy and Equipment*

Occupancy and equipment expense increased by \$6.1 million, or 3.3%, to \$189.3 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This increase was primarily driven by higher software license costs, amortization expense on developed software, and fixed asset impairments. This was partially offset by a decrease in rent expense related to the build-out phase of BGC's new U.K. — based headquarters in the prior year period.

##### *Fees to Related Parties*

Fees to related parties increased by \$3.8 million, or 19.8%, to \$23.2 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. Fees to related parties are allocations paid to Cantor for administrative and support services, such as accounting, occupancy, and legal.

##### *Professional and Consulting Fees*

Professional and consulting fees decreased by \$18.7 million, or 20.3%, to \$73.5 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This decrease was primarily driven by a decrease in legal and consulting fees.

##### *Communications*

Communications expense increased by \$1.6 million, or 1.4%, to \$121.6 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019.

##### *Selling and Promotion*

Selling and promotion expense decreased by \$43.5 million, or 53.3%, to \$38.2 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This decrease was primarily a result of a reduction in travel and entertainment expenses due to a continued focus on tighter cost management as well as the impact of COVID-19.

##### *Commissions and Floor Brokerage*

Commissions and floor brokerage expense decreased by \$4.2 million, or 6.7%, to \$59.4 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. Commissions and floor brokerage expense tends to move in line with brokerage revenues.

#### *Interest Expense*

Interest expense increased by \$16.4 million, or 27.2%, to \$76.6 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This increase was primarily driven by interest expense related to the 3.750% Senior Notes issued in September 2019 and interest expense on the 4.375% Senior Notes issued in July 2020, partially offset by lower interest expense related to the borrowings on BGC's credit facility.

#### *Other Expenses*

Other expenses decreased by \$29.5 million, or 24.9%, to \$88.9 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019, which was primarily related to a decrease in settlements, and partially offset by an increase in other provisions.

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

##### *Gains (Losses) on Divestitures and Sale of Investments*

For the year ended December 31, 2020, we had a gain of \$394 thousand on divestitures. For the year ended December 31, 2019, there was a gain of \$18.4 million as a result of the sale of CSC Commodities.

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

Gains (losses) on equity method investments increased by \$0.9 million, to a gain of \$5.0 million, for the year ended December 31, 2020 as compared to a gain of \$4.1 million for the year ended December 31, 2019. Gains (losses) on equity method investments represent our pro-rata share of the net gains or losses on investments over which we have significant influence, but which we do not control.

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

Other income (loss) decreased by \$28.9 million, or 94.8%, to \$1.6 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This was primarily driven by a decrease related to fair value adjustments on investments carried under the measurement alternative. There was also a decrease related the mark-to-market and/or hedging on the Nasdaq shares.

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

Provision (benefit) for income taxes decreased by \$28.5 million, or 57.2%, to \$21.3 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. This decrease was primarily driven by lower pre-tax earnings, as well as a change in the geographical and business mix of earnings. In general, our consolidated effective tax rate can vary from period-to-period depending on, among other factors, the geographic and business mix of our earnings.

#### ***Net Income (Loss) From Continuing Operations Attributable to Noncontrolling Interest in Subsidiaries***

Net income (loss) from continuing operations attributable to noncontrolling interest in subsidiaries decreased by \$17.0 million, or 68.8%, to \$7.7 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019, which was primarily driven by a decrease in earnings.

#### ***Year Ended December 31, 2019 Compared to Year Ended December 31, 2018***

##### ***Revenues***

##### *Brokerage Revenues*

Total brokerage revenues increased by \$143.2 million, or 7.8%, to \$1,967.7 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018. Commission revenues increased by \$134.3 million, or 8.9%, to \$1,645.8 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018. Principal transactions revenues increased by \$8.9 million, or 2.8%, to \$321.9 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018.

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

Our brokerage revenues from Insurance increased by \$86.9 million, to \$155.8 million, for the year ended December 31, 2019. This increase was primarily driven by the acquisition of Ed Broking.

Our brokerage revenues from Energy and commodities increased by \$59.6 million, or 26.0%, to \$288.7 million for the year ended December 31, 2019. This increase was primarily driven by the acquisitions of Poten & Partners and Ginga Petroleum, as well as organic growth, partially offset by the sale of CSC Commodities.

Our brokerage revenues from Rates increased by \$45.1 million, or 8.2%, to \$594.9 million for the year ended December 31, 2019. This increase in Rates was primarily driven by higher global volumes and improvement in our Fully Electronic Rates business, which was a result of our continued investment in technology and the ongoing conversion of our businesses to more profitable Fully Electronic execution.

Our Credit revenues increased by \$14.5 million, or 5.0%, to \$306.7 million for the year ended December 31, 2019. The increase was mainly due to higher global volumes.

Our Equity derivatives and cash equities revenues decreased by \$36.9 million, or 12.8%, to \$251.3 million for the year ended December 31, 2019. This decrease was mainly due to lower trading volumes.

Our FX revenues decreased by \$25.9 million, or 6.5%, to \$370.3 million for the year ended December 31, 2019. This decrease was primarily driven by lower global volumes and a decrease in market volatility.

#### *Fees from Related Parties*

Fees from related parties increased by \$5.4 million, or 22.3% to \$29.4 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018.

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

Data, software and post-trade revenues increased by \$8.0 million, or 12.2%, to \$73.2 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018. This increase was primarily driven by the acquisition of Poten & Partners, an increase in revenues from post-trade services and new business contracts.

#### *Interest and Dividend Income*

Interest and dividend income increased by \$3.9 million, or 27.2%, to \$18.3 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018. This increase was primarily due to higher interest earned on deposits and an increase in dividend income.

#### *Other Revenues*

Other revenues increased by \$6.0 million, or 62.6% to \$15.6 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018. This increase was primarily driven by revenues generated from the acquisitions of Poten & Partners and Ed Broking.

### **Expenses**

#### *Compensation and Employee Benefits*

Compensation and employee benefits expense increased by \$121.1 million, or 12.1%, to \$1,125.9 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018. The main drivers of this increase were the acquisitions of Poten & Partners, Ed Broking, and Ginga Petroleum, as well as the impact of higher brokerage revenues on variable compensation.

#### *Equity-Based Compensation and Allocations of Net Income to Limited Partnership Units and FPU's*

Equity-based compensation and allocations of net income to limited partnership units and FPU's decreased by \$29.4 million, or 14.7%, to \$170.6 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018. This decrease was primarily driven by a decrease in charges related to equity-based compensation, as well as a decrease in allocations of net income to limited partnership units and FPU's.

#### *Occupancy and Equipment*

Occupancy and equipment expense increased by \$32.0 million, or 21.2%, to \$183.2 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018. This increase was primarily driven by increases related to the acquisitions of Poten & Partners, Ed Broking, and Ginga Petroleum, as well as rent expense related to the build-out phase of BGC's new U.K.-based headquarters.

#### *Fees to Related Parties*

Fees to related parties decreased by \$0.8 million, or 4.0%, to \$19.4 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018. 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 increased by \$8.1 million, or 9.6%, to \$92.2 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018. This increase was primarily driven by fees attributed to the acquisitions of Ed Broking and Poten & Partners, and an increase in legal fees, which was partially offset by a decrease in consulting fees, notably with regards to the implementation of MiFID II during the year ended December 31, 2018.

#### *Communications*

Communications expense increased by \$2.0 million, or 1.7%, to \$120.0 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018. As a percentage of total revenues, communications expense slightly decreased from the prior year period.

#### *Selling and Promotion*

Selling and promotion expense increased by \$12.3 million, or 17.7%, to \$81.6 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018. This increase was primarily driven by the acquisitions of Poten & Partners, Ed Broking, and Ginga Petroleum.

#### *Commissions and Floor Brokerage*

Commissions and floor brokerage expense increased by \$1.7 million, or 2.8%, to \$63.6 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018. This line item tends to move in line with brokerage revenues.

#### *Interest Expense*

Interest expense increased by \$17.8 million, or 41.8%, to \$60.2 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018. This increase was primarily driven by interest expense on the \$450.0 million 5.375% Senior Notes issued in July 2018, interest expense related to the borrowings on the Revolving Credit Agreement, and interest expense on the \$300 million 3.750% Senior Notes issued in September 2019, partially offset by lower interest expense on the \$240.0 million 8.375% Senior Notes which were repaid in July 2018.

#### *Other Expenses*

Other expenses increased by \$46.6 million, or 64.8%, to \$118.4 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018, which was primarily related to our previously disclosed settlements with the CFTC and the NYAG, as well as higher costs associated with the acquisitions of Poten & Partners and Ed Broking.

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

##### *Gains (Losses) on Divestitures and Sale of Investments*

For the year ended December 31, 2019, there was a gain of \$18.4 million as a result of the sale of CSC Commodities. We had no gains or losses from divestitures or sale of investments in the year ended December 31, 2018.

*Gains (Losses) on Equity Method Investments*

Gains (losses) on equity method investments decreased by \$3.3 million, to a gain of \$4.1 million, for the year ended December 31, 2019 as compared to a gain of \$7.4 million for the year ended December 31, 2018. Gains (losses) on equity method investments represent our pro-rata share of the net gains or losses on investments over which we have significant influence, but which we do not control.

*Other Income (Loss)*

Other income (loss) decreased by \$20.1 million, or 39.8% to \$30.5 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018. This was primarily driven by a decrease related to fair value adjustments on investments carried under the measurement alternative. There was also a decrease related the mark-to-market and/or hedging on the Nasdaq earn out shares. This was partially offset by an increase in other recoveries related to our insurance business.

*Provision (Benefit) for Income Taxes*

Provision (benefit) for income taxes decreased by \$14.0 million, or 21.9%, to \$49.8 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018. This decrease was primarily driven by lower pre-tax earnings, as well as a change in the geographical and business mix of earnings, which can have an impact on our consolidated effective tax rate from period-to-period.

*Net Income (Loss) From Continuing Operations Attributable to Noncontrolling Interest in Subsidiaries*

Net income (loss) from continuing operations attributable to noncontrolling interest in subsidiaries decreased by \$6.6 million, or 21.1%, to \$24.7 million for the year ended December 31, 2019 as compared to the year ended December 31, 2018.

*Net Income (Loss) From Discontinued Operations Attributable to Noncontrolling Interest in Subsidiaries*

For the year ended December 31, 2019 there was no net income (loss) from discontinued operations attributable to noncontrolling interest in subsidiaries. For the year ended December 31, 2018, we had net income (loss) from discontinued operations attributable to noncontrolling interest in subsidiaries of \$53.1 million.

## QUARTERLY RESULTS OF OPERATIONS

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

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
<b>Revenues:</b>								
Commissions	\$ 377,146	\$ 352,027	\$ 382,640	\$ 455,855	\$ 382,897	\$ 409,765	\$ 422,974	\$ 430,182
Principal transactions	73,687	65,182	99,453	113,311	71,725	75,536	90,432	84,230
Fees from related parties	4,857	8,814	6,562	5,521	8,218	8,208	7,221	5,795
Data, software and post-trade	20,860	21,523	20,139	19,398	18,151	18,364	18,741	17,910
Interest and dividend income	(783)	2,418	6,536	4,161	2,865	3,976	7,813	3,665
Other revenues	3,659	5,075	3,758	4,921	3,300	5,288	4,006	2,969
Total revenues	479,426	455,039	519,088	603,167	487,156	521,137	551,187	544,751
<b>Expenses:</b>								
Compensation and employee benefits	258,687	244,419	283,616	344,928	268,696	278,744	290,271	288,200
Equity-based compensation and allocations of net income to limited partnership units and FPU's	80,515	33,007	27,819	42,204	69,389	44,093	45,002	12,141
Total compensation and employee benefits	339,202	277,426	311,435	387,132	338,085	322,837	335,273	300,341
Occupancy and equipment	45,723	45,224	47,247	51,074	47,387	44,709	45,109	46,002
Fees to related parties	4,954	7,610	5,194	5,435	2,858	7,123	6,457	2,927
Professional and consulting fees	18,072	15,637	19,805	19,956	27,553	21,262	23,347	20,005
Communications	30,470	30,088	30,524	30,521	29,715	29,882	29,974	30,411
Selling and promotion	6,891	5,943	6,634	18,699	21,432	20,320	21,491	18,402
Commissions and floor brokerage	13,646	12,933	13,520	19,277	16,377	15,831	16,791	14,618
Interest expense	21,811	19,665	17,625	17,506	16,354	15,403	15,136	13,353
Other expenses	21,574	28,348	21,480	17,531	29,487	42,257	21,354	25,351
Total expenses	502,343	442,874	473,464	567,131	529,248	519,624	514,932	471,410
<b>Other income (losses), net:</b>								
Gain (loss) on divestiture and sale of investments	403	(9)	—	—	(14)	—	(1,619)	20,054
Gains (losses) on equity method investments	1,354	1,527	1,119	1,023	1,064	1,530	738	783
Other income (loss)	1,687	4,779	1,129	(6,015)	11,642	2,095	194	16,580
Total other income (losses), net	3,444	6,297	2,248	(4,992)	12,692	3,625	(687)	37,417
Income (loss) from operations before income taxes	(19,473)	18,462	47,872	31,044	(29,400)	5,138	35,568	110,758
Provision (benefit) for income taxes	(6,729)	8,558	8,599	10,875	4,075	6,691	13,261	25,784
Consolidated net income (loss)	\$ (12,744)	\$ 9,904	\$ 39,273	\$ 20,169	\$ (33,475)	\$ (1,553)	\$ 22,307	\$ 84,974
Less: Net income (loss) operations attributable to noncontrolling interest in subsidiaries	(10,406)	251	11,354	6,495	(12,914)	4,752	8,335	24,518
Net income (loss) available to common stockholders	\$ (2,338)	\$ 9,653	\$ 27,919	\$ 13,674	\$ (20,561)	\$ (6,305)	\$ 13,972	\$ 60,456

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

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
<b>Brokerage revenue by product:</b>								
Rates	\$ 124,495	\$ 119,325	\$ 133,034	\$ 167,240	\$ 129,549	\$ 156,765	\$ 152,959	\$ 155,611
FX	73,213	73,281	74,393	94,366	80,369	86,492	101,899	101,558
Energy and commodities	71,706	65,871	71,326	83,738	71,456	73,012	73,887	70,342
Credit	68,882	68,053	95,780	97,189	70,438	72,382	78,166	85,727
Equity derivatives and cash equities	63,718	47,410	61,777	81,797	59,533	56,958	65,078	69,770
Insurance	48,819	43,269	45,783	44,836	43,277	39,692	41,417	31,404
Total brokerage revenues	<u>\$ 450,833</u>	<u>\$ 417,209</u>	<u>\$ 482,093</u>	<u>\$ 569,166</u>	<u>\$ 454,622</u>	<u>\$ 485,301</u>	<u>\$ 513,406</u>	<u>\$ 514,412</u>
<b>Brokerage revenue by product (percentage):</b>								
Rates	27.6%	28.6%	27.6%	29.4%	28.5%	32.3%	29.8%	30.2%
FX	16.2	17.6	15.4	16.6	17.7	17.8	19.8	19.7
Energy and commodities	15.9	15.8	14.8	14.6	15.7	15.0	14.4	13.7
Credit	15.3	16.3	19.9	17.1	15.5	14.9	15.2	16.7
Equity derivatives and cash equities	14.2	11.3	12.8	14.4	13.1	11.8	12.7	13.6
Insurance	10.8	10.4	9.5	7.9	9.5	8.2	8.1	6.1
Total brokerage revenues	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Brokerage revenue by type:</b>								
Voice/Hybrid	\$ 388,388	\$ 359,194	\$ 423,697	\$ 513,101	\$ 410,332	\$ 436,841	\$ 460,359	\$ 455,582
Fully Electronic	62,445	58,015	58,396	56,065	44,290	48,460	53,047	58,830
Total brokerage revenues	<u>\$ 450,833</u>	<u>\$ 417,209</u>	<u>\$ 482,093</u>	<u>\$ 569,166</u>	<u>\$ 454,622</u>	<u>\$ 485,301</u>	<u>\$ 513,406</u>	<u>\$ 514,412</u>
<b>Brokerage revenue by type (percentage):</b>								
Voice/Hybrid	86.1%	86.1%	87.9%	90.1%	90.3%	90.0%	89.7%	88.6%
Fully Electronic	13.9	13.9	12.1	9.9	9.7	10.0	10.3	11.4
Total brokerage revenues	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

## LIQUIDITY AND CAPITAL RESOURCES

### Balance Sheet

Our balance sheet and business model are not capital intensive. Our assets consist largely of cash and cash equivalents, collateralized and uncollateralized short-dated receivables and less liquid assets needed to support our businesses. Longer-term capital (equity and notes payable) is held to support the less liquid assets and potential capital investment opportunities. Total assets as of December 31, 2020 were \$3.9 billion, an increase of 0.6% as compared to December 31, 2019. The increase in total assets was driven primarily by increases in Loans, forgivable loans and other receivables from employees and partners, net, Other assets, as well as Cash and cash equivalents. We maintain a significant portion of our assets in Cash and cash equivalents and Securities owned, with our liquidity (which we define as Cash and cash equivalents, Reverse repurchase agreements, Marketable securities and Securities owned, less Securities loaned and Repurchase Agreements) as of December 31, 2020 of \$652.6 million. See “Liquidity Analysis” below for a further discussion of our liquidity. Our Securities owned were \$58.6 million as of December 31, 2020, compared to \$57.5 million as of December 31, 2019. Our Marketable securities decreased to \$0.3 million as of December 31, 2020, compared to \$14.2 million as of December 31, 2019. We had no Repurchase agreements as of December 31, 2020 and 2019. Further, we did not have any Reverse repurchase agreements as of December 31, 2020 and December 31, 2019. We also had no Securities loaned as of December 31, 2020, compared to \$13.9 million as of December 31, 2019.

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. 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, 2020, after which the maturity date of the BGC Credit Agreement will continue to be extended for successive one-year periods unless prior written notice of non-extension is given by a lending party to a borrowing party at least six months in advance of such renewal date and (b) the termination of the BGC Credit Agreement by either party pursuant to its terms. The outstanding amounts under the BGC Credit Agreement will bear interest for any rate period at a per annum rate equal to the higher of BGC’s or Cantor’s short-term borrowing rate in effect at such time plus 1.00%. As of December 31, 2020, there were no borrowings by BGC or Cantor outstanding under this Agreement.



As part of our cash management process, we may enter into tri-party reverse repurchase agreements and other short-term investments, some of which may be with Cantor. As of December 31, 2020 and 2019, there were no reverse repurchase agreements outstanding.

Additionally, in August 2013, the Audit Committee authorized us to invest up to \$350 million in an asset-backed commercial paper program for which certain Cantor entities serve as placement agent and referral agent. The program issues short-term notes to money market investors and is expected to be used from time to time as a liquidity management vehicle. The notes are backed by assets of highly rated banks. We are entitled to invest in the program so long as the program meets investment policy guidelines, including policies relating to ratings. Cantor will earn a spread between the rate it receives from the short-term note issuer and the rate it pays to us on any investments in this program. This spread will be no greater than the spread earned by Cantor for placement of any other commercial paper note in the program. As of December 31, 2020 and 2019, 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. Capital expenditures tend to be cash neutral and approximately in line with depreciation. 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 fail financing. 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 us to maximize our growth and 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 the interest rates on our debt. We may need to access short-term capital sources to meet business needs from time to time, including, but not limited to, conducting operations; hiring or retaining brokers, salespeople, managers 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, reducing our access to the capital markets or increasing our cost of capital.

As described earlier in this document, on November 30, 2018, we completed the Spin-Off of Newmark. (See “Newmark Spin-Off” above for more information). As set forth in the Separation and Distribution Agreement, Newmark assumed certain BGC indebtedness and repaid such indebtedness. (See “Notes Payable, Other and Short-term Borrowings” below for more information).

As discussed above, our liquidity was \$652.6 million as of December 31, 2020. Our liquidity remains strong and the steps taken during the first quarter of 2020 were intended to prevent unwarranted financial stress during this extraordinary COVID-19 period. Our decision to reduce our dividend and draw down additional funds on the Revolving Credit Agreement, in the first quarter of 2020, was a result of preparing for the unknown in the current extraordinary macroeconomic/social environment and was not taken to meet an external demand for liquidity, but rather to strengthen our balance sheet. We continue to operate soundly without stress and do not have any Company-specific financial issues. The reduction of the dividend was an internally driven, precautionary step to ensure the financial security of the company in uncertain times. We have no meaningful debt maturities due until May 2021. Further, as of the third quarter of 2020 we have fully repaid the \$225.0 million borrowings then-outstanding under the Revolving Credit Agreement.

## ***Notes Payable, Other and Short-term Borrowings***

### ***Unsecured Senior Revolving Credit Agreement***

On September 8, 2017, we entered into a committed unsecured senior revolving credit agreement with Bank of America, N.A., as administrative agent, and a syndicate of lenders. The revolving credit agreement provided for revolving loans of up to \$400.0 million. The maturity date of the facility was September 8, 2019. On November 22, 2017, the Company and Newmark entered into an amendment to the unsecured senior revolving credit agreement. Pursuant to the amendment, the then-outstanding borrowings of the Company under the revolving credit facility were converted into the Converted Term Loan. There was no change in the maturity date or interest rate. Effective December 13, 2017, Newmark assumed the obligations of the Company as borrower under the Converted Term Loan. We remained a borrower under, and retained access to, the revolving credit facility for any future draws, subject to availability which increased as Newmark repaid the Converted Term Loan. During the year ended December 31, 2018, Newmark repaid the outstanding balance of the Converted Term Loan. During the year ended December 31, 2018, we borrowed \$195.0 million under the committed unsecured senior revolving credit agreement and repaid the \$195.0 million during the year. Therefore, there were no borrowings outstanding as of December 31, 2018.

On November 28, 2018, we entered into the Revolving Credit Agreement with Bank of America, N.A., as administrative agent, and a syndicate of lenders, which replaced the existing committed unsecured senior revolving credit agreement. The maturity date of the Revolving Credit Agreement was November 28, 2020 and the maximum revolving loan balance is \$350.0 million. Borrowings under this agreement bear interest at either LIBOR or a defined base rate plus additional margin. On December 11, 2019, we entered into an amendment to the new unsecured Revolving Credit Agreement. Pursuant to the amendment, the maturity date was extended to February 26, 2021. On February 26, 2020, the Company entered into a second amendment to the unsecured revolving credit agreement, pursuant to which, the maturity date was extended by two years to February 26, 2023. The size of the Revolving Credit Agreement, along with the interest rate on the borrowings therefrom, remained unchanged. On July 14, 2020, the Company repaid in full the \$225.0 million borrowings outstanding under the Revolving Credit Agreement. As of December 31, 2020, there were no borrowings outstanding under the new unsecured Revolving Credit Agreement. As of December 31, 2019, there was \$68.9 million of borrowings outstanding, net of deferred financing costs of \$1.1 million, under the new unsecured Revolving Credit Agreement. The average interest rate on the outstanding borrowings was 2.88% for the year ended December 31, 2020. We may draw down on the Revolving Credit Agreement to provide flexibility in the normal course to meet ongoing operational cash needs, 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 \$652.6 million as of December 31, 2020, as discussed below.

### *8.375% Senior Notes*

As part of the GFI acquisition, we assumed \$240.0 million in aggregate principal amount of 8.375% Senior Notes. Interest on these notes was payable, semi-annually in arrears on the 19<sup>th</sup> of January and July. On July 19, 2018, the Company repaid the \$240.0 million principal amount of its 8.375% Senior Notes upon their maturity.

### *5.125% Senior Notes*

On May 27, 2016, we issued an aggregate of \$300.0 million principal amount of 5.125% Senior Notes. The 5.125% Senior Notes are general senior unsecured obligations of the Company. The 5.125% Senior Notes bear 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. The 5.125% Senior Notes will mature on May 27, 2021. The Company 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). 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 its 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 \$15.0 million of such senior notes and does not hold such notes as of December 31, 2020. 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 and \$18 thousand were underwriting fees payable to CastleOak Securities, L.P. The carrying value of the 5.125% Senior Notes as of December 31, 2020 was \$255.6 million.

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.

### *Tender Offer for 5.125% Senior Notes*

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 as of December 31, 2020.

### *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 and \$41 thousand were underwriting fees paid to CastleOak Securities, L.P. We also paid CF&Co an advisory fee of \$0.2 million in connection with the issuance. The issuance costs are amortized as interest expense and the carrying value of the 5.375% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 5.375% Senior Notes as of December 31, 2020 was \$446.6 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 and \$36 thousand were underwriting fees payable to CastleOak Securities, L.P. The issuance costs will

be amortized as interest expense and the carrying value of the 3.750% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 3.750% Senior Notes was \$296.9 million as of December 31, 2020.

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

#### *4.375% Senior Notes*

On July 10, 2020, we issued an aggregate of \$300.0 million principal amount of 4.375% Senior Notes. The 4.375% Senior Notes are general unsecured obligations of the Company. The 4.375% Senior Notes bear interest at a rate of 4.375% per year, payable in cash on June 15 and December 15, commencing December 15, 2020. The 4.375% Senior Notes will mature on December 15, 2025. We may redeem some or all of the notes at any time or from time to time for cash at certain “make-whole” redemption prices (as set forth in the indenture related to the 4.375% Senior Notes). If a “Change of Control Triggering Event” (as defined in the indenture related to the 4.375% Senior Notes) occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. Cantor purchased \$14.5 million of such senior notes and still holds such notes as of December 31, 2020. 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 and \$36 thousand were underwriting fees payable to CastleOak Securities, L.P. BGC intends to use the net proceeds to repurchase, redeem and/or repay at maturity all \$300 million outstanding aggregate principal amount of its 5.125% Senior Notes, including to pay any applicable redemption premium. The carrying value of the 4.375% Senior Notes was \$297.0 million as of December 31, 2020.

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 March 13, 2015, we entered into a secured loan arrangement of \$28.2 million under which it pledged certain fixed assets as security for a loan. This arrangement incurred interest at a fixed rate of 3.70% per year and matured on March 13, 2019, therefore, there were no borrowings outstanding as of December 31, 2020 and December 31, 2019.

On May 31, 2017, we entered into a secured loan arrangement of \$29.9 million under which it pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.44% per year and matures on May 31, 2021. As of December 31, 2020 and 2019, we had \$4.0 million and \$11.7 million, respectively, outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of December 31, 2020 was \$0.8 million. The book value of the fixed assets pledged as of December 31, 2019 was \$2.3 million.

On April 8, 2019, we entered into a secured loan arrangement of \$15.0 million, under which we pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.77% and matures on April 8, 2023. As of December 31, 2020, we had \$9.6 million outstanding related to this secured loan arrangement. The net book value of the fixed assets pledged as of December 31, 2020 was \$1.2 million. As of December 31, 2019, we had \$13.2 million outstanding related to this secured loan arrangement. The net book value of the fixed assets pledged as of December 31, 2019 was \$8.1 million. Also, on April 19, 2019, we entered into a secured loan arrangement of \$10.0 million, under which we pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.89% and matures on April 19, 2023. As of December 31, 2020, we had \$6.3 million outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of December 31, 2020 was \$2.7 million. As of December 31, 2019, we had \$8.8 million outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of December 31, 2019 was \$5.7 million.

#### *Weighted-average Interest Rate*

For the years ended December 31, 2020 and 2019, 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 4.71% and 4.77%, respectively.

#### *Short-term Borrowings*

On August 22, 2017, we entered into a committed unsecured loan agreement with Itau Unibanco S.A. The credit agreement provides for short-term loans of up to \$3.8 million (BRL 20.0 million). The maturity date of the agreement is August 19, 2021, 2021. Borrowings under this agreement bear interest at the Brazilian Interbank offering rate plus 3.30%. As of December 31, 2020, there were \$3.8 million (BRL 20.0 million) of borrowings outstanding under the facility. As of December 31, 2019, there were \$5.0 million (BRL 20.0 million) of borrowings outstanding under the facility. As of December 31, 2020, the interest rate was 5.3%.

On August 23, 2017, we entered into a committed unsecured credit agreement with Itau Unibanco S.A. The credit agreement provides for an intra-day overdraft credit line up to \$9.6 million (BRL 50.0 million). The maturity date of the agreement is March 9, 2021. This agreement bears a fee of 1.28% per year. As of December 31, 2020 and 2019, there were no borrowings outstanding under this agreement.

#### *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, 2021, after which the maturity date of the BGC Credit Agreement will continue to be extended for successive one-year periods unless prior written notice of non-extension is given by a lending party to a borrowing party at least six months in advance of such renewal date and (b) the termination of the BGC Credit Agreement by either party pursuant to its terms. The outstanding amounts under the BGC Credit Agreement will bear interest for any rate period at a per annum rate equal to the higher of BGC's or Cantor's short-term borrowing rate in effect at such time plus 1.00%. As of December 31, 2020, there were no borrowings by BGC or Cantor outstanding under this Agreement.

## CREDIT RATINGS

As of December 31, 2020, 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 reduction 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, including earnings, dividends and distributions, net investing and funding activities, including repurchases and redemptions of BGC Class A common stock and partnership units, security settlements, changes in securities held and marketable securities, and changes in our working capital.

We consider the following in analyzing changes in our liquidity.

Our liquidity analysis includes a comparison of our Consolidated net income (loss) adjusted for Consolidated net income from discontinued operations, net of tax and certain non-cash items (e.g., Equity-based compensation) as presented on the cash flow statement. Dividends and distributions are payments made to our holders of common shares and limited partnership interests and are related to earnings from prior periods. These timing differences will impact our cash flows in a given period.

Our investing and funding activities represent a combination of our capital raising activities, including short-term borrowings and repayments, issuances of shares under our CEO Program (net), BGC Class A common stock repurchases and partnership unit redemptions, purchases and sales of securities, dispositions, and other investments (e.g. acquisitions, forgivable loans to new brokers and capital expenditures—all net of depreciation and amortization).

Our securities settlement activities primarily represent deposits with clearing organizations. In addition, when advantageous, we may elect to facilitate the settlement of matched principal transactions by funding failed trades, which results in a temporary secured use of cash and is economically beneficial to us.

Other changes in working capital represent changes primarily in receivables and payables and accrued liabilities that impact our 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 \$25.0 million, net of foreign tax credits. An installment election can be made to pay the taxes over eight years with 40% paid in equal installments over the first five years and the remaining 60% to be paid in installments of 15%, 20% and 25% in years six, seven and eight, respectively. The cumulative remaining balance as of December 31, 2020 is \$15.8 million.

As of December 31, 2020, the Company had \$593.6 million of Cash and cash equivalents, and included in this amount was \$443.5 million of Cash and cash equivalents held by foreign subsidiaries.

#### ***Discussion of the year ended December 31, 2020***

The table below presents our Liquidity Analysis as of December 31, 2020 and December 31, 2019:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<i>(in thousands)</i>		
Cash and cash equivalents	\$ 593,646	\$ 415,379
Securities owned	58,572	57,525
Marketable securities <sup>1</sup>	349	326
Total	<u>\$ 652,567</u>	<u>\$ 473,230</u>

1 As of December 31, 2019, \$13.9 million of Marketable securities on our balance sheet had been lent in a Securities loan transaction and, therefore, are not included in this Liquidity Analysis.

The \$179.3 million increase in our liquidity position from \$473.2 million as of December 31, 2019 to \$652.6 million as of December 31, 2020 was primarily related to the issuance of \$300.0 million of the 4.375% Senior Notes, partially reduced by the \$68.9 million net payoff of the Revolving Credit Agreement and the \$44.0 million cash tender offer on the 5.125% Senior Notes. This net increase was partially offset by ordinary movements in working capital (including settlement of payables to related parties), cash paid with respect to annual employee bonuses and associated tax and compensation expenses, cost reduction charges, tax payments, acquisitions and our continued investment in new revenue generating hires.

#### ***Discussion of the year ended December 31, 2019***

The table below presents our Liquidity Analysis as of December 31, 2019 and December 31, 2018:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<i>(in thousands)</i>		
Cash and cash equivalents	\$ 415,379	\$ 336,535
Securities owned	57,525	58,408
Marketable securities <sup>1</sup>	326	16,924
Repurchase agreements	—	(986)
Total	<u>\$ 473,230</u>	<u>\$ 410,881</u>

1 As of December 31, 2019 and 2018, \$13.9 million and \$15.1 million, respectively, of Marketable securities on our balance sheet had been lent in a Securities loan transaction and, therefore, are not included in this Liquidity Analysis.

The \$62.3 million increase in our liquidity position from \$410.9 million as of December 31, 2018 to \$473.2 million as of December 31, 2019 was primarily related to the issuance of \$300.0 million of the 3.750% Senior Notes, increased collateralized and other net borrowings of \$82.6 million, partially offset by the financing of acquisitions, ordinary movements in working capital, and our continued investment in new revenue generating hires.

## CLEARING CAPITAL

In November 2008, we entered into a clearing capital agreement with Cantor to clear U.S. Treasury and U.S. government agency securities transactions on our behalf. In June 2020, this clearing capital agreement was amended to cover Cantor providing clearing services in all eligible financial products to us and not just U.S. Treasury and U.S. government agency securities. Pursuant to the terms of this agreement, so long as Cantor is providing clearing services to us, Cantor shall be entitled to request from us cash or other property acceptable to Cantor in the amount reasonably requested by Cantor under the clearing capital agreement or Cantor will post cash or other property on our behalf for a commercially reasonable charge. Cantor had not requested any cash or other property from us as collateral as of December 31, 2020.

## 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; 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, that result in a significant reduction in their regulatory capital position without prior notification or approval from their principal regulator. See Note 24 —“Regulatory Requirements” to our consolidated financial statements for further details on our regulatory requirements.

As of December 31, 2020, \$676.3 million of net assets were held by regulated subsidiaries. As of December 31, 2020, these subsidiaries had aggregate regulatory net capital, as defined, in excess of the aggregate regulatory requirements, as defined, of \$373.4 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.

BGC Derivative Markets and GFI Swaps Exchange, our subsidiaries, operate as SEFs. Mandatory Dodd-Frank Act compliant execution on SEFs by eligible U.S. persons commenced in February 2014 for “made available to trade” products, and a wide range of other rules relating to the execution and clearing of derivative products have been finalized with implementation periods in 2016 and beyond. We also own ELX, which became a dormant contract market on July 1, 2017. As these rules require authorized execution facilities to maintain robust front-end and back-office IT capabilities and to make large and ongoing technology investments, and because these execution facilities

may be supported by a variety of voice and auction-based execution methodologies, we expect our Hybrid and Fully Electronic trading capability to perform strongly in such an environment.

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

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

MiFID II is intended to help improve the functioning of the EU single market by achieving a greater consistency of regulatory standards. By design, therefore, it is intended that EU member states should have very similar regulatory regimes in relation to the matters addressed to MiFID. MiFID II has also introduced a new regulated execution venue category known as an OTF that captures much of the Voice-and Hybrid-oriented trading in EU. Much of our existing EU derivatives and fixed income execution business now take place on OTFs. Further to its decision to leave the EU, the U.K. has implemented MiFID II's requirements into its own domestic legislation. Brexit may impact future market structures and MiFID II rulemaking and implementation due to potential changes in mutual passporting between the U.K. and EU member states. In addition, the GDPR came into effect in the EU on May 25, 2018 and creates new compliance obligations in relation to personal data. The GDPR may affect our practices, and will increase financial penalties for non-compliance significantly.

On September 30, 2020, the SEC announced a settlement with BGC regarding alleged negligent disclosure violations related to one of BGC's non-GAAP financial measures for periods beginning with the first quarter of 2015 through the first quarter of 2016. All of the relevant disclosures related to those periods and pre-dated the SEC staff's May 2016 detailed compliance and disclosure guidance with respect to non-GAAP presentations. BGC revised its non-GAAP presentation beginning with the second quarter of 2016 as a result of the SEC's guidance, and the SEC has made no allegations with regard to any periods following the first quarter of 2016. In connection with the SEC settlement, BGC was ordered to cease and desist from any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act, Section 13(a) of the Exchange Act and Rule 13a-11 thereunder, and Rule 100(b) of Regulation G, and agreed to pay a civil penalty of \$1.4 million without admitting or denying the SEC's allegations. See "Regulation" included in Part I, Item 1 of this Annual Report on Form 10-K for additional information related to our regulatory environment.

## EQUITY

### *Class A Common Stock*

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

	Year Ended December 31,	
	2020	2019
Shares outstanding at beginning of period	307,915	291,475
Share issuances:		
Redemptions/exchanges of limited partnership interests <sup>1</sup>	13,190	15,008
Vesting of RSUs	1,134	435
Acquisitions	391	1,039
Other issuances of BGC Class A common stock	345	213
Issuance of BGC Class A common stock for general corporate purposes	45	—
Treasury stock repurchases	(2)	(233)
Forfeitures of restricted BGC Class A common stock	—	(22)
Shares outstanding at end of period	323,018	307,915

<sup>1</sup> Included in redemptions/exchanges of limited partnership interests for the year ended December 31, 2020, are 9.5 million shares of BGC Class A common stock granted in connection with the cancellation of 9.2 million LPUs. Included in redemption/exchanges of limited partnership interests for the year ended December 31, 2019, are 10.1 million shares of BGC Class A common stock granted in connection with the cancellation of 11.5 million LPUs. Because LPUs are included in the Company's fully diluted share count, if dilutive, redemptions/exchanges in connection with the issuance of BGC Class A common stock would not impact the fully diluted number of shares outstanding.



### Class B Common Stock

The Company did not issue any shares of BGC Class B common stock during the years ended December 31, 2020 and 2019. As of December 31, 2020 and 2019, there were 45.9 million shares of BGC Class B common stock outstanding.

### Unit Redemptions and Share Repurchase Program

The Board and Audit Committee have authorized repurchases of BGC Class A common stock and redemptions of limited partnership interests or other equity interests in our subsidiaries. On August 1, 2018, the Board and Audit Committee increased the Company's share repurchase and unit redemption authorization to \$300.0 million, which may include purchases from Cantor, its partners or employees or other affiliated persons or entities. As of December 31, 2020, the Company had \$249.9 million remaining from its share repurchase and unit redemption authorization. From time to time, the Company may actively continue to repurchase shares and/or redeem units.

The table below represents the units redeemed and/or shares repurchased for cash and does not include units redeemed/cancelled in connection with the grant of shares of BGC Class A common stock nor the limited partnership interests exchanged for shares of BGC Class A common stock. The unit redemptions and share repurchases of BGC Class A common stock during the year ended December 31, 2020 were as follows (in thousands, except for weighted-average price data):

Period	Total Number of Units Redeemed or Shares Repurchased	Weighted-Average Price Paid per Unit or Share	Approximate Dollar Value of Units and Shares That May Yet Be Redeemed/ Purchased Under the Program
<b>Redemptions<sup>1</sup></b>			
January 1, 2020—March 31, 2020	235	\$ 4.30	
April 1, 2020—June 30, 2020	103	3.05	
July 1, 2020—September 30, 2020	1,481	2.80	
October 1, 2020—December 31, 2020	720	1.78	
<b>Total Redemptions</b>	<b>2,539</b>	<b>\$ 2.67</b>	
<b>Repurchases<sup>2</sup></b>			
January 1, 2020—March 31, 2020	—	\$ —	
April 1, 2020—June 30, 2020	—	—	
July 1, 2020—September 30, 2020	2	2.58	
October 1, 2020—December 31, 2020	—	—	
<b>Total Repurchases</b>	<b>2</b>	<b>2.58</b>	
<b>Total Redemptions and Repurchases</b>	<b>2,541</b>	<b>\$ 2.67</b>	<b>\$ 249,908</b>

<sup>1</sup> During the year ended December 31, 2020, the Company redeemed 1.8 million LPUs at an aggregate redemption price of \$5.5 million for a weighted-average price of \$3.03 per unit and 0.7 million FPU's at an aggregate redemption price of \$1.3 million for a weighted-average price of \$1.79 per unit. During the year ended December 31, 2019, the Company redeemed 1.4 million LPUs at an aggregate redemption price of \$8.0 million for a weighted-average price of \$5.92 per unit and approximately 56.9 thousand FPU's at an aggregate redemption price of \$320.6 thousand for a weighted-average price of \$5.64 per unit. The table above does not include units redeemed/cancelled in connection with the grant of 9.5 million shares and 10.1 million shares of BGC Class A common stock during the years ended December 31, 2020 and 2019, respectively, nor the limited partnership interests exchanged for 3.7 million and 4.4 million shares of BGC Class A common stock during the years ended December 31, 2020 and 2019, respectively.

<sup>2</sup> During the year ended December 31, 2020, the Company repurchased 2 thousand shares of BGC Class A common stock at an aggregate price of \$6 thousand for a weighted-average price of \$2.58 per share. During the year ended December 31, 2019, the Company repurchased approximately 0.2 million shares of BGC Class A common stock at an aggregate price of \$1.2 million for a weighted-average price of \$5.30 per share.

The weighted-average share counts from continuing operations, including securities that were anti-dilutive for our earnings per share calculations, for the three months and year ended December 31, 2020 were as follows (in thousands):

	Three Months Ended December 31, 2020	Year Ended December 31, 2020
Common stock outstanding <sup>1</sup>	365,259	361,736
Partnership units <sup>2</sup>	—	183,130
RSUs (Treasury stock method)	—	737
Other	—	1,245
Total <sup>3</sup>	365,259	546,848

<sup>1</sup> Common stock consisted of shares of BGC Class A common stock, shares of BGC Class B common stock and contingent shares of our Class A common stock for which all necessary conditions have been satisfied except for the passage of time. For the quarter ended December 31, 2020, the weighted-average number shares of BGC Class A common stock was 319.4 million and Class B shares was 45.9 million. For the year ended December 31, 2020, the weighted-average number shares of BGC Class A common stock was 315.9 million and Class B shares was 45.9 million.

<sup>2</sup> Partnership units collectively include FPU, LPU, including contingent units of BGC Holdings for which all necessary conditions have been satisfied except for the passage of time, and Cantor units (see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings" to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for more information).

<sup>3</sup> For the quarter ended December 31, 2020, approximately 188.8 million potentially dilutive securities were not included in the computation of fully diluted EPS because their effect would have been anti-dilutive. Anti-dilutive securities for the quarter ended December 31, 2020 included, on a weighted-average basis, approximately 185.3 million limited partnership interests, 2.4 million RSUs, and 1.1 million other contracts to issue shares of BGC Class A common stock. For the year ended December 31, 2020, approximately 0.7 million potentially dilutive securities were not included in the computation of fully diluted EPS because their effect would have been anti-dilutive. Anti-dilutive securities for the year ended December 31, 2020 included, on a weighted-average basis, approximately 0.7 million RSUs. As of December 31, 2020, approximately 27.7 million shares of contingent BGC Class A common stock, N units, RSUs, and LPUs were excluded from fully diluted EPS computations because the conditions for issuance had not been met by the end of the period. The contingent BGC Class A common stock is recorded as a liability and included in "Accounts payable, accrued and other liabilities" in our consolidated statement of financial condition as of December 31, 2020.

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

	As of December 31, 2020
Common stock outstanding	368,902
Partnership units	179,151
RSUs (Treasury stock method)	1,971
Other	3,168
Total	553,192

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 34,649,693 shares of BGC Class A common stock now owned or subsequently acquired by such Cantor entities for up to an aggregate of 34,649,693 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 10,323,366 shares of BGC Class B common stock to Cantor and 712,907 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 23,613,420 shares of BGC Class A common stock, now owned or subsequently acquired, or its Cantor units in BGC Holdings, into shares of BGC Class B common stock. As of December 31, 2020, 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 currently have in place an effective equity shelf registration statement on Form S-3 filed on March 9, 2018 with respect to the issuance and sale of up to an aggregate of \$300.0 million of shares of BGC Class A common stock from time to time on a delayed or continuous basis. On March 9, 2018, we entered into the March 2018 Sales Agreement, pursuant to which we may offer and sell up to an aggregate of \$300.0 million of shares of BGC Class A common stock under the CEO Program. Proceeds from shares of BGC Class A common stock sold under this CEO Program Sales Agreement may be used for redemptions of limited partnership interests in BGC Holdings, as well as for general corporate purposes, including acquisitions and the repayment of debt. CF&Co is a wholly owned subsidiary of Cantor and an affiliate of us. Under this Sales Agreement, we have agreed to pay CF&Co 2% of the gross proceeds from the sale of shares. For certain transactions during 2020, we paid CF&Co 1% of the gross proceeds from the sale of shares of our Class A common stock in our CEO program. As of the date of filing of this Form 10-K, we have issued and 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 is remaining for sale by us under the March 2018 Sales Agreement. For additional information on the Company’s CEO Program sales agreements, see Note 16—“Related Party Transactions” to our consolidated financial statements in Part 8, Item II of this Annual Report on Form 10-K.

As of December 31, 2020, we have issued and sold 17.6 million shares of BGC Class A common stock (or \$210.8 million) under the March 2018 Sales Agreement. As of March 31, 2018, we had sold all 20 million shares of BGC Class A common stock pursuant to the April 2017 Sales Agreement. We intend to use the net proceeds of any shares of BGC Class A common stock sold for general corporate purposes for potential acquisitions, redemptions of LPUs and FPU’s in BGC Holdings and repurchases of shares of BGC Class A common stock from partners, executive officers and other employees of ours or our subsidiaries and of Cantor and its affiliates. Certain of such partners will be expected to use the proceeds from such sales to repay outstanding loans issued by, or credit enhanced by, Cantor, or BGC Holdings. In addition to general corporate purposes, these sales along with our share repurchase authorization are designed as a planning device in order to facilitate the redemption process. Going forward, we may redeem units and reduce our fully diluted share count under our repurchase authorization or later sell shares of BGC Class A common stock under the March 2018 Sales Agreement.

Further, we have an effective registration statement on Form S-4 filed on September 3, 2010, with respect to the offer and sale of up to 20 million shares of BGC Class A common stock from time to time in connection with business combination transactions, including acquisitions of other businesses, assets, properties or securities. As of December 31, 2020, we have issued an aggregate of 14.2 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 December 31, 2020, we have not issued any shares of BGC Class A common stock under this Form S-4 registration statement. We also have an effective shelf registration statement on Form S-3 pursuant to which we can offer and sell up to 10 million shares of BGC Class A common stock under the BGC Partners, Inc. Dividend Reinvestment and Stock Purchase Plan. As of December 31, 2020, we have issued approximately 0.7 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 June 22, 2016, at our Annual Meeting of Stockholders, our stockholders approved our Equity Plan to increase from 350 million to 400 million the aggregate number of shares of BGC Class A common stock that may be delivered or cash-settled pursuant to awards granted during the life of the Equity Plan. As of December 31, 2020, the limit on the aggregate number of shares authorized to be delivered allowed for the grant of future awards relating to 118.5 million shares of BGC Class A common stock.

On July 31, 2018, we filed a registration statement on Form S-4 pursuant to which the holders of the 5.375% Senior Notes which were issued in a private placement, exchanged such notes for new registered notes with substantially identical terms.

On October 11, 2019, we filed a registration statement on Form S-4 pursuant to which the holders of the 3.750% Senior Notes which were issued in a private placement, exchanged such notes for new registered notes with substantially identical terms.

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

## CONTINGENT PAYMENTS RELATED TO ACQUISITIONS

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

As of December 31, 2020, the Company has issued 0.4 million shares of BGC Class A common stock, 0.1 million of RSUs, and paid \$19.2 million in cash related to such contingent payments.

As of December 31, 2020, 1.9 million shares of the Company's Class A common stock and 0.2 million RSUs, and \$26.4 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, disgorgement of any payments received by defendants, and 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 have been 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.

The Company continues to believe that the allegations pled against the defendants in the amended complaint are without merit and intends to defend against them vigorously as the case moves forward. However, as in any litigated matter, the outcome cannot be determined with certainty.

#### **PURCHASE OF LIMITED PARTNERSHIP INTERESTS**

Cantor has the right to purchase limited partnership interests (Cantor units) from BGC Holdings upon redemption of non-exchangeable FPU's redeemed by BGC Holdings upon termination or bankruptcy of the Founding/Working Partner. In addition, pursuant to Article Eight, Section 8.08, of the Second Amended and Restated BGC Holdings Limited Partnership Agreement (previously the Sixth Amendment) and Article Eight, Section 8.08, of the Newmark Holdings Limited Partnership Agreement, where either current, terminating, or terminated partners are permitted by the Company to exchange any portion of their FPU's and Cantor consents to such exchangeability, the Company shall offer to Cantor the opportunity for Cantor to purchase the same number of new exchangeable limited partnership interests (Cantor units) in BGC Holdings at the price that Cantor would have paid for the FPU's had the Company redeemed them. Any such Cantor units purchased by Cantor are currently exchangeable for up to 23,613,420 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).

As of December 31, 2020, there were 2.7 million FPU's in BGC Holdings remaining, which the partnerships had the right to redeem or exchange and with respect to which Cantor had the right to purchase an equivalent number of Cantor units.

#### **JOINT SERVICES AGREEMENT WITH CANTOR**

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

#### **GUARANTEE AGREEMENT FROM MINT BROKERS**

Under rules adopted by the CFTC, all foreign introducing brokers engaging in transactions with U.S. persons are required to register with the NFA and either meet financial reporting and net capital requirements on an individual basis or obtain a guarantee agreement from a registered Futures Commission Merchant. Our European-based brokers engage from time to time in interest rate swap transactions with U.S.-based counterparties, and therefore we are subject to the CFTC requirements. Mint Brokers has entered into guarantees on our behalf (and on behalf of GFI), and we are required to indemnify Mint Brokers for the amounts, if any, paid by Mint Brokers on our behalf pursuant to this arrangement. Effective April 1, 2020, these guarantees were transferred to Mint Brokers from CF&Co. During the years ended December 31, 2020 and 2019, the Company recorded expenses of \$125,000 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 will pay a fixed rent amount of \$1.1 million in addition to all operating and tax expenses attributable to the lease. In connection with the sublease, BGC U.S. OpCo paid \$0.8 million for the year ended December 31, 2020.

#### **DEBT REPURCHASE PROGRAM**

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

Under the authorization, the Company may make repurchases of Company Debt Securities for cash from time to time in the open market or in privately negotiated transactions upon such terms and at such prices as management may determine. Additionally, the Company

is authorized to make any such repurchases of Company Debt Securities through CF&Co (or its affiliates), in its capacity as agent or principal, or such other broker-dealers as management shall determine to utilize from time to time, and such repurchases shall be subject to brokerage commissions which are no higher than standard market commission rates.

As of December 31, 2020, the Company had \$50.0 million remaining from its debt repurchase authorization.

## EQUITY METHOD INVESTMENTS

The Company was authorized to enter into loans, investments or other credit support arrangements for Aqua; such arrangements are proportionally and on the same terms as similar arrangements between Aqua and Cantor. On February 5, 2020 and February 25, 2021, the Company's Board and Audit Committee increased the authorized amount by an additional \$2.0 million and \$1.0 million respectively, to an aggregate of \$20.2 million. The Company has been further authorized to provide counterparty or similar guarantees on behalf of Aqua from time to time, provided that liability for any such guarantees, as well as similar guarantees provided by Cantor, would be shared proportionally with Cantor (see Note 16—"Related Party Transactions," to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for more information).

## UNIT REDEMPTIONS AND EXCHANGES—EXECUTIVE OFFICERS

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

On February 22, 2021, the Company granted Shaun Lynn 558,107 exchange rights with respect to 558,107 non-exchangeable LPUs that were previously granted to Mr. Lynn on February 22, 2019. The resulting 558,107 exchangeable LPUs are immediately exchangeable by Mr. Lynn for an aggregate of 558,107 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 128,468 non-exchangeable PLPUs held by Mr. Lynn, for a payment of \$804,210 for taxes when the LPU units are exchanged.

On March 2, 2020, the Company granted Stephen M. Merkel 360,065 exchange rights with respect to 360,065 non-exchangeable LPUs that were previously granted to Mr. Merkel. The resulting 360,065 exchangeable LPUs were immediately exchangeable by Mr. Merkel for an aggregate of 360,065 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 265,568 non-exchangeable PLPUs held by Mr. Merkel, for a payment of \$1,507,285 for taxes when the LPU units were exchanged. On March 20, 2020, the Company redeemed 185,300 of such 360,065 exchangeable LPUs held by Mr. Merkel at the average price of shares of BGC Class A common stock sold under BGC's CEO Program from March 10, 2020 to March 13, 2020 less 1% (approximately \$4.0024 per LPU, for an aggregate redemption price of approximately \$741,644). This transaction was approved by the Compensation Committee. On July 30, 2020, the Company redeemed the remaining 174,765 exchangeable LPUs held by Mr. Merkel at the price of \$2.76, the closing price of our Class A Common Stock on July 30, 2020. This transaction was approved by the Compensation Committee. In connection with the redemption of the 185,300 exchangeable LPUs on March 20, 2020, 122,579 PLPUs were redeemed for \$661,303 for taxes. In connection with the redemption of the 174,765 LPUs on July 30, 2020, 142,989 PLPUs were redeemed for \$846,182 for taxes.

On March 2, 2020, the Company granted Shaun D. Lynn 883,348 exchange rights with respect to 883,348 non-exchangeable LPUs that were previously granted to Mr. Lynn. The resulting 883,348 exchangeable LPUs were immediately exchangeable by Mr. Lynn for an aggregate of 883,348 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 245,140 non-exchangeable PLPUs held by Mr. Lynn, for a payment of \$1,099,599 for taxes when the LPU units are exchanged. On July 30, 2020, the Company redeemed 797,222 exchangeable LPUs held by Mr. Lynn at the price of \$2.76, the closing price of our Class A Common Stock on July 30, 2020. This transaction was approved by the Compensation Committee. In connection with the redemption of the 797,222 exchangeable LPUs, 221,239 exchangeable PLPUs were redeemed for \$992,388 for taxes. In connection with the redemption, Mr. Lynn's remaining 86,126 exchangeable LPUs and 23,901 exchangeable PLPUs were redeemed for zero upon exchange in connection with his LLP status.

On March 2, 2020, the Company granted Sean A. Windeatt 519,725 exchange rights with respect to 519,725 non-exchangeable LPUs that were previously granted to Mr. Windeatt. The resulting 519,725 exchangeable LPUs were immediately exchangeable by Mr. Windeatt for an aggregate of 519,725 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 97,656 non-exchangeable PLPUs held by Mr. Windeatt, for a payment of \$645,779 for taxes when the LPU units are exchanged. On August 5, 2020, the Company redeemed 436,665 exchangeable LPUs held by Mr. Windeatt at the price of \$2.90, the closing price of our Class A common stock on August 5, 2020. This transaction was approved by the Compensation Committee. In connection with the redemption of the 436,665 exchangeable LPUs, 96,216 exchangeable PLPUs were redeemed for \$637,866 for taxes. In connection with the redemption, 20,849 exchangeable LPUs and 1,440 exchangeable PLPUs were redeemed for zero upon exchange in connection with Mr. Windeatt's LLP status.

Additionally, on August 5, 2020, the Company granted Mr. Windeatt 40,437 exchange rights with respect to 40,437 non-exchangeable LPUs that were previously granted to Mr. Windeatt. The resulting 40,437 exchangeable LPUs were immediately exchangeable by Mr. Windeatt for an aggregate of 40,437 shares of BGC Class A common stock. The grant was approved by the Compensation Committee.

Additionally, the Compensation Committee approved the right to exchange for cash 21,774 non-exchangeable PLPUs held by Mr. Windeatt. On August 5, 2020 the Company redeemed these 40,437 exchangeable LPUs held by Mr. Windeatt at the price of \$2.90, the closing price of our Class A common stock on August 5, 2020. This transaction was approved by the Compensation Committee. In connection with the redemption of these 40,437 exchangeable LPUs, the 21,774 exchangeable PLPUs were redeemed for \$136,305 for taxes.

In addition to the foregoing, on August 6, 2020, Mr. Windeatt was granted exchange rights with respect to 43,890 non-exchangeable Newmark Holding LPUs that were previously granted to Mr. Windeatt. Additionally, Mr. Windeatt was granted the right to exchange for cash 17,068 non-exchangeable Newmark Holdings PLPUs held by Mr. Windeatt. As these Newmark Holdings LPUs and PLPUs were previously non-exchangeable, the Company took a transaction charge of \$381,961 upon grant of exchangeability. On August 6, 2020, Newmark redeemed the 40,209 Newmark Holdings exchangeable LPUs held by Mr. Windeatt for an amount equal to the closing price of Newmark's Class A Common Stock on August 6, 2020 (\$4.16) multiplied by 37,660 (the amount of shares of Newmark's Class A Common Stock the 40,209 Newmark Holdings LPUs were exchangeable into based on the Exchange Ratio at August 6, 2020). In connection with the redemption of these 40,209 exchangeable Newmark Holdings LPUs, 15,637 exchangeable Newmark Holdings PLPUs were redeemed for \$194,086 for taxes. In connection with the redemption, 3,681 exchangeable Newmark Holding LPUs and 1,431 exchangeable Newmark Holdings PLPUs were redeemed for zero upon exchange in connection with Mr. Windeatt's LLP status.

On March 27, 2019, the Audit and Compensation Committees authorized the purchase by the Company from Mr. Merkel of up to 250,000 shares of BGC Class A common stock at the closing price on March 26, 2019. Pursuant to this authorization, 233,172 shares of BGC Class A common stock were purchased by the Company on March 27, 2019 at \$5.30 per share, the closing price on March 26, 2019.

On February 27, 2019, the Audit Committee authorized the purchase by Mr. Lutnick's retirement plan of up to \$56,038 of BGC Class A common stock at the closing price on March 4, 2019. Pursuant to this authorization, 8,980 shares of BGC Class A common stock were purchased by the plan on March 5, 2019 at \$6.24 per share, the closing price on March 4, 2019.

On October 3, 2018, Mr. Lutnick donated an aggregate of 53,368 shares of BGC Class A common stock from his personal asset trust to a charitable foundation for which his spouse serves as a director. The Company repurchased the 53,368 shares from the charitable foundation at a price of \$11.73 per share, which was the closing price of BGC Class A common stock on that date. The transaction was approved by the Audit Committee.

On February 16, 2018, the Audit Committee authorized the purchase by Mr. Lutnick's retirement plan of up to \$105,000 of BGC Class A common stock at the closing price on the date of purchase. Pursuant to this authorization, 7,883 shares of BGC Class A common stock were purchased by the plan on February 26, 2018 at \$13.17 per share, the closing price on the date of purchase.

In connection with the Company's 2018 executive compensation process, the Company's executive officers received certain monetization of prior awards as set forth below.

On December 31, 2018, the Compensation Committee approved the cancellation of 113,032 non-exchangeable PSUs held by Mr. Merkel, and the cancellation of 89,225 non-exchangeable PPSUs (which had a determination price of \$5.36 per unit). In connection with these transactions, the Company issued \$1,062,500 in BGC Class A common stock, less applicable taxes and withholdings at a 45% tax rate, resulting in 113,032 net shares of BGC Class A common stock at a price of \$5.17 per share and the payment of \$478,123 for taxes.

On December 31, 2018, the Compensation Committee approved the monetization of 760,797 PPSUs held by Mr. Lutnick (which at an average determination price of \$6.57 per share on such date, had a value of \$5,000,000). On February 1, 2019, the Compensation Committee approved a modification which consisted of the following: (i) the right to exchange 376,651 non-exchangeable PSUs held by Mr. Lutnick into 376,651 non-exchangeable HDUs (which, based on the closing price of BGC Class A common stock of \$6.21 per share on such date, had a value of \$2,339,000); and (ii) the right to exchange for cash 463,969 non-exchangeable PPSUs held by Mr. Lutnick, for a payment of \$2,661,000 for taxes when (i) is exchanged.

On December 31, 2018, the Compensation Committee approved the grant of exchange rights to Mr. Windeatt with respect to 139,265 non-exchangeable U.K. LPUs (which at the closing price of \$5.17 per share on such date, had a value of \$720,000) and the exchange for cash (at the average determination price of \$4.388 per unit) of 63,814 non-exchangeable PLPUs for a payment of \$280,002 for taxes. On February 22, 2019, the Compensation Committee approved the grant of exchange rights to Mr. Windeatt with respect to an additional 22,020 non-exchangeable U.K. LPUs (which at the closing price of \$6.26 per share on such date, had a value of \$137,845) and the exchange for cash (at the average determination price of \$5.6457 per unit) of 9,495 non-exchangeable PLPUs for a payment of \$53,606 for taxes.

On December 31, 2018, the Compensation Committee approved the grant of exchange rights to Mr. Lynn with respect to 750,308 non-exchangeable U.K. LPUs (which at the closing price of \$5.17 per share on such date, had a value of \$3,879,092) and the exchange for cash (at the average determination price of \$3.894 per unit) of 287,888 non-exchangeable PLPUs for a payment of \$1,120,909 for taxes. On February 22, 2019, the Compensation Committee approved the grant of exchange rights to Mr. Lynn with respect to an additional 43,131 non-exchangeable U.K. LPUs (which at the closing price of \$6.26 per share on such date, had a value of \$270,000) and the exchange for cash (at the average determination price of \$4.1239 per unit) of 25,461 non-exchangeable PLPUs for a payment of \$105,000 for taxes.

On March 11, 2018, as part of 2017 year-end compensation, the BGC Compensation Committee authorized the Company to issue Mr. Lutnick \$30.0 million of BGC Class A common stock, less applicable taxes and withholdings, based on a price of \$14.33 per share, which was the closing price of BGC Class A common stock on the trading day prior to the date of issuance, which resulted in the net issuance of 979,344 shares of BGC Class A common stock. In exchange, the following equivalent units were redeemed and cancelled: an aggregate of 2,348,479 non-exchangeable LPU of BGC Holdings consisting of 1,637,215 non-exchangeable BGC Holdings PSUs and 711,264 BGC Holdings PPSUs, having various determination prices per unit based on the date of the grant, and associated non-exchangeable LPU of Newmark Holdings consisting of 774,566 of non-exchangeable Newmark Holdings PSUs and 336,499 of non-exchangeable Newmark Holdings PPSUs.

## MARKET SUMMARY

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

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
<b>Notional Volume (in billions)</b>					
Total Fully Electronic volume	\$ 8,600	\$ 8,383	\$ 7,132	\$ 8,051	\$ 5,978
Total Hybrid volume <sup>1</sup>	62,056	64,298	63,873	85,290	66,996
Total Fully Electronic and Hybrid volume	\$ 70,656	\$ 72,681	\$ 71,005	\$ 93,341	\$ 72,974
<b>Transaction Count (in thousands, except for days)</b>					
Total Fully Electronic transactions	2,819	2,711	3,205	4,229	3,108
Total Hybrid transactions	1,129	1,115	1,333	1,513	1,165
Total Fully Electronic and Hybrid transactions	3,948	3,826	4,538	5,742	4,273
Trading days	64	64	63	62	64

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

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

Fully Electronic volume, including new products, was \$32.2 trillion for the year ended December 31, 2020, compared to \$25.0 trillion for the year ended December 31, 2019. Our Hybrid volume for the year ended December 31, 2020 was \$275.5 trillion, compared to \$275.9 trillion for the year ended December 31, 2019.

## CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table summarizes certain of our contractual obligations at December 31, 2020 (in thousands):

	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Long-term debt and collateralized borrowings <sup>1</sup>	\$ 1,369,854	\$ 310,212	\$ 459,642	\$ 600,000	—
Operating leases <sup>2</sup>	250,572	36,541	60,222	39,798	114,011
Interest on long-term debt and collateralized borrowings <sup>3</sup>	177,619	55,566	88,220	33,833	—
Short-term borrowings <sup>4</sup>	3,849	3,849	—	—	—
Interest on Short-term borrowings	183	183	—	—	—
One-time transition tax <sup>5</sup>	15,817	1,440	4,907	9,470	—
Other <sup>6</sup>	5,599	5,599	—	—	—
Total contractual obligations	\$ 1,823,493	\$ 413,390	\$ 612,991	\$ 683,101	\$ 114,011

<sup>1</sup> Long-term debt and collateralized borrowings reflects long-term borrowings of \$300.0 million of the 5.125% Senior Notes due on May 27, 2021 (the \$300.0 million represents the principal amount of the debt; the carrying value of the 5.125% Senior Notes as of December 31, 2020 was approximately \$255.6 million), \$450.0 million of the 5.375% Senior Notes due on July 24, 2023 (the \$450.0 million represents the principal amount of the debt; the carrying value of the 5.375% Senior Notes as of December 31, 2020 was \$446.6 million), \$300.0 million of the 3.750% Senior Notes due October 1, 2024 (the \$300.0 million represents the principal amount of the debt; the carrying value of the 3.750% Senior Notes as of December 31, 2020 was approximately \$296.9 million), \$300.0 million of the 4.375% Senior Notes due December 15, 2025 (the \$300.0 million represents the principal amount of the debt; the carrying value of the 4.375% Senior Notes as of December 31, 2020 was approximately \$297.0 million), \$4.0 million of collateralized borrowings due May 31, 2021, \$9.6 million of collateralized borrowings due April 8, 2023, and \$6.3 million of collateralized borrowings due April 19, 2023. See Note 20—"Notes Payable, Other and Short-term Borrowings" to our consolidated financial statements in Part II, Item 8 of



this Annual Report on Form 10-K for more information regarding these obligations, including timing of payments and compliance with debt covenants.

- 2 Operating leases are related to rental payments under various non-cancelable leases, principally for office space, net of sublease payments to be received. There are no sublease payments to be received over the life of the agreement.
- 3 Interest on long-term debt and collateralized borrowings also includes interest on the undrawn portion of the committed unsecured senior Revolving Credit Agreement which was calculated through the maturity date of the facility, which is February 26, 2023. As of December 31, 2020, the undrawn portion of the committed unsecured Revolving Credit Agreement was \$350.0 million (repaid in full).
- 4 Short-term borrowings reflects approximately \$3.8 million (BRL 20.0 million) of borrowing under the Company's committed unsecured loan agreement. See Note 20—"Notes Payable, Other and Short-term Borrowings" for more information regarding this obligation.
- 5 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 \$25.0 million, net of foreign tax credits, with an election to pay the taxes over eight years with 40% to be paid in equal installments over the first five years and the remaining 60% to be paid in installments of 15%, 20% and 25% in years six, seven and eight, respectively. The cumulative remaining balance as of December 31, 2020 is \$15.8 million.
- 6 Other contractual obligations reflect commitments to make charitable contributions, which are recorded as part of "Accounts payable, accrued and other liabilities" in the Company's consolidated statements of financial condition. The amount payable each year reflects an estimate of future Charity Day obligations.

## OFF-BALANCE SHEET ARRANGEMENTS

In the ordinary course of business, we enter into arrangements with unconsolidated entities, including variable interest entities. See Note 17—"Investments" to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information related to our investments in unconsolidated entities.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in our consolidated financial statements. These accounting estimates require the use of assumptions about matters, some of which are highly uncertain at the time of estimation. To the extent actual experience differs from the assumptions used, our consolidated statements of financial condition, consolidated statements of operations and consolidated statements of cash flows could be materially affected. We believe that the following accounting policies involve a higher degree of judgment and complexity.

### *Revenue Recognition*

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

### *Equity-Based and Other Compensation*

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

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

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

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

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

Certain of these LPUs entitle the holders to receive post-termination payments equal to the notional amount, generally in four equal yearly installments after the holder's termination. These LPUs are accounted for as post-termination liability awards under the U.S. GAAP. Accordingly, we recognize a liability for these units on our consolidated statements of financial condition as part of "Accrued compensation" for the amortized portion of the post-termination payment amount, based on the current fair value of the expected future cash payout. We amortize the post-termination payment amount, less an expected forfeiture rate, over the vesting period, and record an expense for such awards based on the change in value at each reporting period in our consolidated statements of operations as part of "Equity-based compensation and allocations of net income to limited partnership units and FPU's."

Certain LPUs are granted exchangeability into shares of BGC or Newmark Class A common stock or are redeemed in connection with the grant of BGC or Newmark Class A common stock issued; BGC Class A common stock is issued on a one-for-one basis, and Newmark Class A common stock is issued based on the number of LPUs exchanged or redeemed multiplied by the then Exchange Ratio. At the time exchangeability is granted or shares of BGC or Newmark Class A common stock are issued, we recognize an expense based on the fair value of the award on that date, which is included in "Equity-based compensation and allocations of net income to limited partnership units and FPU's" in our consolidated statements of operations. During the years ended December 31, 2020, 2019 and 2018, we incurred equity-based compensation expense of \$85.0 million, \$100.9 million and \$150.1 million, respectively, related to LPUs and issuance of common stock.

Certain LPUs have a stated vesting schedule and do not receive quarterly allocations of net income. Compensation expense related to these LPUs is recognized over the stated service period, and these units generally vest between two and five years. During the years ended December 31, 2020, 2019 and 2018, we incurred compensation expense related to these LPUs of \$74.3 million, \$41.7 million, and \$6.3 million, respectively. This expense is included in "Equity-based compensation and allocations of net income to limited partnership units and FPU's" in our consolidated statements of operations.

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

As of December 31, 2020 and 2019, the aggregate balance of employee loans, net of reserve, was \$408.1 million and \$315.6 million, respectively, and is included as "Loans, forgivable loans and other receivables from employees and partners, net" in our consolidated statements of financial condition. Compensation expense (benefit) for the above-mentioned employee loans for the years ended December 31, 2020, 2019 and 2018 was \$67.0 million, \$35.7 million and \$16.5 million, respectively. The compensation expense related to these loans was included as part of "Compensation and employee benefits" in our consolidated statements of operations.

## **Goodwill**

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination. As prescribed in the U.S. GAAP guidance, *Intangibles – Goodwill and Other*, goodwill is not amortized, but instead is periodically tested for impairment. We review goodwill for impairment on an annual basis during the fourth quarter of each fiscal year or whenever an event occurs or circumstances change that could reduce the fair value of a reporting unit below its carrying amount.

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

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

## **CECL**

We present financial assets that are measured at amortized cost net of an allowance for credit losses, which represents the amount expected to be collected over their estimated life. Expected credit losses for newly recognized financial assets carried at amortized cost, as well as changes to expected lifetime credit losses during the period, are recognized in earnings. The CECL methodology, which became effective for the Company on January 1, 2020, represents a significant change from prior U.S. GAAP and replaced the prior multiple impairment methods, which generally required that a loss be incurred before it was recognized. Within the life cycle of a loan or other financial asset in scope, the methodology generally results in the earlier recognition of the provision for credit losses and the related allowance for credit losses than under prior U.S. GAAP. 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.

## **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" for a discussion of partnership interests), rather than the partnership entity. As such, the partners' tax liability or benefit is not reflected in our consolidated financial statements. The tax-related assets, liabilities, provisions or benefits included in our consolidated financial statements also reflect the results of the entities that are taxed as corporations, either in the U.S. or in foreign jurisdictions.

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

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

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

The Tax Act was enacted on December 22, 2017, which includes the global intangible low-taxed income, GILTI, provision. This provision requires inclusion in the Company's U.S. income tax return the earnings of certain foreign subsidiaries. The Company has elected to treat taxes associated with the GILTI provision using the Period Cost Method and thus has not recorded deferred taxes for basis differences under this regime.

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

#### **RECENT ACCOUNTING PRONOUNCEMENTS**

See Note 1—“Organization and Basis of Presentation” to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for information regarding recent accounting pronouncements.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### ***Credit Risk***

Credit risk arises from potential non-performance by counterparties and customers. BGC Partners has established policies and procedures to manage its exposure to credit risk. BGC Partners maintains a thorough credit approval process to limit exposure to counterparty risk and employs stringent monitoring to control the counterparty risk from its matched principal and agency businesses. BGC Partners' account opening and counterparty approval process includes verification of key customer identification, anti-money laundering verification checks and a credit review of financial and operating data. The credit review process includes establishing an internal credit rating and any other information deemed necessary to make an informed credit decision, which may include correspondence, due diligence calls and a visit to the entity's premises, as necessary.

Credit approval is granted subject to certain trading limits and may be subject to additional conditions, such as the receipt of collateral or other credit support. Ongoing credit monitoring procedures include reviewing periodic financial statements and publicly available information on the client and collecting data from credit rating agencies, where available, to assess the ongoing financial condition of the client.

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

### ***Principal Transaction Risk***

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

The number of matched principal trades BGC Partners executes has continued to grow as compared to prior years. Receivables from broker-dealers, clearing organizations, customers and related broker-dealers and Payables to broker-dealers, clearing organizations, customers and related broker-dealers on the Company's consolidated statements of financial condition primarily represent the simultaneous purchase and sale of the securities associated with those matched principal transactions that have not settled as of their stated settlement dates. BGC Partners' experience has been that substantially all of these transactions ultimately settle at the contracted amounts.

### ***Market Risk***

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

We also have investments in marketable equity securities, which are publicly-traded, and which had a fair value of \$0.3 million as of December 31, 2020. 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 12—"Marketable Securities" and Note 14—"Derivatives" to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for further information regarding these investments and related hedging activities.

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

### ***Operational Risk***

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

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

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

### ***Foreign Currency Risk***

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

The majority of the Company's foreign currency exposure is related to the U.S. Dollar versus the British Pound and the Euro. While our international results of operations, as measured in U.S. Dollars, are subject to FX fluctuations, we do not consider the related risk to be material to our results of operations. For the financial assets and liabilities denominated in the British Pound and Euro, including foreign currency hedge positions related to these currencies, we evaluated the effects of a 10% shift in exchange rates between those currencies and the U.S. Dollar, holding all other assumptions constant. The analysis identified the worst case scenario as the U.S. Dollar strengthening against both the Euro and the British Pound. If as of December 31, 2020, the U.S. Dollar had strengthened against both the Euro and the British Pound by 10%, the currency movements would have had an aggregate negative impact on our net income of approximately \$1.5 million.

### ***Interest Rate Risk***

BGC Partners had \$1,315.9 million in fixed-rate debt outstanding as of December 31, 2020. These debt obligations are not currently subject to fluctuations in interest rates, although in the event of refinancing or issuance of new debt, such debt could be subject to changes in interest rates. In addition, as of December 31, 2020, BGC Partners had no borrowings outstanding under its Revolving Credit Agreement. The interest rate on any borrowings under its Revolving Credit Agreement is based on LIBOR.

### ***Disaster Recovery***

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

The economic and financial disruptions from the COVID-19 outbreak, as well as measures taken by various governmental authorities in response to the outbreak, have led us to implement operational changes as we have executed our business continuity plan. We have taken significant steps to protect our employees. A majority of BGC staff members are working from home, or other remote locations and disaster recovery venues, and we restricted business travel. We are also dependent on third-party vendors for the performance of certain critical processes and such vendors are also operating under business continuity plans.

ITEM 8. FINANCIAL STATEMENTS

BGC Partners, Inc. and Subsidiaries

<i>Consolidated Financial Statements for the years ended December 31, 2020, 2019 and 2018</i>	
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## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of BGC Partners, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial condition of BGC Partners, Inc. (the “Company”) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), cash flows and changes in equity for each of the three years in the period ended December 31, 2020, and the related notes and the financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), as applicable and our report dated March 1, 2021 expressed an adverse opinion thereon.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Accounting for Income Taxes*

##### *Description of the Matter*

As discussed in Notes 3 and 23 to the consolidated financial statements, the Company is subject to income taxes in the U.S. and numerous foreign jurisdictions, which affect the Company's provision for income taxes. The provision for income taxes is an estimate based on management's understanding of current enacted tax laws and tax rates of each tax jurisdiction. For the year-ended December 31, 2020, the Company recognized a consolidated provision for income taxes of \$21.3 million.

Auditing management's calculation of the provision for income taxes was complex because the Company's global structure required an assessment of the Company's application of tax laws in multiple jurisdictions including the income tax impact of the legal entity ownership structure. The assessment of tax positions involves the evaluation and application of complex statutes, regulations, and case law which are subject to legal and factual interpretation. Our audit procedures required significant audit effort including the use of our tax professionals to assist in evaluating the provision for income taxes.



*How We Addressed the Matter in Our Audit* We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls related to the Company's global tax structure. For example, we tested management's controls over the completeness and accuracy of the data utilized, the effective tax rate reconciliation and the evaluation of permanent and temporary differences within various jurisdictions.

To test the Company's provision for income taxes and to address the risks associated with the complexity of the Company's global tax structure, we performed audit procedures that included, among others, evaluating the income tax impact of the Company's structure, operations and jurisdictional tax law and considered the impact of any changes in the current year. We used our tax professionals with specialized skill and knowledge to assist in evaluating the provision for income taxes including the application of relevant local and foreign tax laws to management's calculation methodologies and tax positions. Additionally, we tested the related effective tax rate reconciliation, evaluated the tax impact of permanent and temporary differences, and tested the application of new regulations, case law, and other authoritative guidance.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2008.

New York, New York  
March 1, 2021

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of BGC Partners, Inc.

### Opinion on Internal Control Over Financial Reporting

We have audited BGC Partners, Inc.'s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria, BGC Partners, Inc. (the "Company") has not maintained effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management has identified a material weakness in controls related to the remittance of certain cash payments in the UK.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial condition of BGC Partners, Inc. as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive income (loss), cash flows and changes in equity for each of the three years in the period ended December 31, 2020, and the related notes and the financial statement schedule listed in the Index at Item 15(a)(2). This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2020 consolidated financial statements, and this report does not affect our report dated March 1, 2021, which expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

New York, New York  
March 1, 2021

**BGC PARTNERS, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
(in thousands, except per share data)

	December 31, 2020	December 31, 2019
<b>Assets</b>		
Cash and cash equivalents	\$ 593,646	\$ 415,379
Cash segregated under regulatory requirements	257,031	220,735
Securities owned	58,572	57,525
Marketable securities	349	14,228
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	304,022	551,445
Accrued commissions and other receivables, net	739,009	788,284
Loans, forgivable loans and other receivables from employees and partners, net	408,142	315,590
Fixed assets, net	214,782	204,841
Investments	38,008	40,349
Goodwill	556,211	553,745
Other intangible assets, net	287,157	303,224
Receivables from related parties	11,953	14,273
Other assets	480,418	447,296
Total assets	<u>\$ 3,949,300</u>	<u>\$ 3,926,914</u>
<b>Liabilities, Redeemable Partnership Interest, and Equity</b>		
Short-term borrowings	\$ 3,849	\$ 4,962
Securities loaned	—	13,902
Accrued compensation	220,726	215,085
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	179,716	416,566
Payables to related parties	36,252	72,497
Accounts payable, accrued and other liabilities	1,363,919	1,312,609
Notes payable and other borrowings	<u>1,315,935</u>	<u>1,142,687</u>
Total liabilities	3,120,397	3,178,308
Commitments, contingencies and guarantees (Note 22)		
Redeemable partnership interest	20,674	23,638
<b>Equity</b>		
Stockholders' equity:		
Class A common stock, par value \$0.01 per share; 750,000 shares authorized; 373,545 and 358,440 shares issued at December 31, 2020 and December 31, 2019, respectively; and 323,018 and 307,915 shares outstanding at December 31, 2020 and December 31, 2019, respectively	3,735	3,584
Class B common stock, par value \$0.01 per share; 150,000 shares authorized; 45,884 shares issued and outstanding at each of December 31, 2020 and December 31, 2019, convertible into Class A common stock	459	459
Additional paid-in capital	2,354,492	2,272,103
Treasury stock, at cost: 50,527 and 50,525 shares of Class A common stock at December 31, 2020 and December 31, 2019, respectively	(315,313)	(315,308)
Retained deficit	(1,265,504)	(1,253,089)
Accumulated other comprehensive income (loss)	(28,930)	(33,102)
Total stockholders' equity	<u>748,939</u>	<u>674,647</u>
Noncontrolling interest in subsidiaries	59,290	50,321
Total equity	<u>808,229</u>	<u>724,968</u>
Total liabilities, redeemable partnership interest, and equity	<u>\$ 3,949,300</u>	<u>\$ 3,926,914</u>

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

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

	Year Ended December 31,		
	2020	2019	2018
<b>Revenues:</b>			
Commissions	\$ 1,567,668	\$ 1,645,818	\$ 1,511,522
Principal transactions	351,633	321,923	313,053
Fees from related parties	25,754	29,442	24,076
Data, software and post-trade	81,920	73,166	65,185
Interest and dividend income	12,332	18,319	14,404
Other revenues	17,413	15,563	9,570
Total revenues	2,056,720	2,104,231	1,937,810
<b>Expenses:</b>			
Compensation and employee benefits	1,131,650	1,125,911	1,004,793
Equity-based compensation and allocations of net income to limited partnership units and FPU's	183,545	170,625	200,057
Total compensation and employee benefits	1,315,195	1,296,536	1,204,850
Occupancy and equipment	189,268	183,207	151,194
Fees to related parties	23,193	19,365	20,163
Professional and consulting fees	73,470	92,167	84,103
Communications	121,603	119,982	118,014
Selling and promotion	38,167	81,645	69,338
Commissions and floor brokerage	59,376	63,617	61,891
Interest expense	76,607	60,246	42,494
Other expenses	88,933	118,449	71,869
Total expenses	1,985,812	2,035,214	1,823,916
<b>Other income (losses), net:</b>			
Gain (loss) on divestitures and sale of investments	394	18,421	—
Gains (losses) on equity method investments	5,023	4,115	7,377
Other income (loss)	1,580	30,511	50,645
Total other income (losses), net	6,997	53,047	58,022
Income (loss) from operations before income taxes	77,905	122,064	171,916
Provision (benefit) for income taxes	21,303	49,811	63,768
Consolidated net income (loss) from continuing operations	\$ 56,602	\$ 72,253	\$ 108,148
Consolidated net income (loss) from discontinued operations, net of tax	—	—	178,462
Consolidated net income (loss)	\$ 56,602	\$ 72,253	\$ 286,610
Less: Net income (loss) from continuing operations attributable to noncontrolling interest in subsidiaries	7,694	24,691	31,293
Less: Net income (loss) from discontinued operations attributable to noncontrolling interest in subsidiaries	—	—	53,121
Net income (loss) available to common stockholders	\$ 48,908	\$ 47,562	\$ 202,196
<b>Per share data:</b>			
<i>Basic earnings (loss) per share from continuing operations</i>			
Net income (loss) from continuing operations available to common stockholders	\$ 48,908	\$ 47,562	\$ 76,855
Basic earnings (loss) per share from continuing operations	\$ 0.14	\$ 0.14	\$ 0.24
Basic weighted-average shares of common stock outstanding	361,736	344,332	322,141
<i>Fully diluted earnings (loss) per share from continuing operations</i>			
Net income (loss) from continuing operations for fully diluted shares	\$ 70,430	\$ 62,054	\$ 76,855
Fully diluted earnings (loss) per share from continuing operations	\$ 0.13	\$ 0.13	\$ 0.24
Fully diluted weighted-average shares of common stock outstanding	546,848	459,743	323,844

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

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

	Year Ended December 31,		
	2020	2019	2018
Consolidated net income (loss)	\$ 56,602	\$ 72,253	\$ 286,610
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	6,457	(86)	(13,543)
Benefit plans	(1,840)	(12,928)	—
Total other comprehensive income (loss), net of tax	4,617	(13,014)	(13,543)
Comprehensive income (loss)	61,219	59,239	273,067
Less: Comprehensive income (loss) from continuing operations attributable to noncontrolling interest in subsidiaries, net of tax	8,139	20,314	29,436
Less: Comprehensive income (loss) from discontinued operations attributable to noncontrolling interest in subsidiaries, net of tax	—	—	53,121
Less: Comprehensive income (loss) attributable to noncontrolling interest in subsidiaries, net of tax	8,139	20,314	82,557
Comprehensive income (loss) attributable to common stockholders	\$ 53,080	\$ 38,925	\$ 190,510

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

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

	Year Ended December 31,		
	2020	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Consolidated net income (loss)	\$ 56,602	\$ 72,253	\$ 286,610
Less: Consolidated net income from discontinued operations, net of tax	—	—	(178,462)
Adjustments to reconcile consolidated net income (loss) to net cash provided by (used in) operating activities:			
Fixed asset depreciation and intangible asset amortization	84,115	79,466	71,495
Employee loan amortization and reserves on employee loans	67,032	35,650	16,460
Equity-based compensation and allocations of net income to limited partnership units and FPU's	183,545	170,625	200,057
Deferred compensation expense	630	5,879	5,879
Losses (gains) on equity method investments	(1,126)	(4,115)	(7,377)
Realized losses (gains) on marketable securities	(289)	(3,528)	(11,831)
Unrealized losses (gains) on marketable securities	(69)	(3,204)	2,316
Loss (gains) on other investments	431	(18,163)	(43,113)
Amortization of discount (premium) on notes payable	4,187	3,223	(1,081)
Impairment of fixed assets, intangible assets and investments	9,396	4,466	2,807
Deferred tax provision (benefit)	(16,549)	(4,196)	(23,737)
Change in estimated acquisition earn-out payables	4,661	5,622	2,885
Forfeitures of Class A common stock	—	(139)	(1,458)
Other	2,730	(5,682)	4,445
<b>Consolidated net income (loss), adjusted for non-cash and non-operating items</b>	<b>395,296</b>	<b>338,157</b>	<b>325,895</b>
Decrease (increase) in operating assets:			
Securities owned	(1,346)	883	(25,401)
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	246,498	389,058	(206,051)
Accrued commissions receivable, net	44,389	(22,287)	(108,851)
Loans, forgivable loans and other receivables from employees and partners, net	(149,145)	(119,469)	(104,266)
Receivables from related parties	5,427	(4,215)	37,506
Other assets	(20,070)	5,239	(25,343)
Increase (decrease) in operating liabilities:			
Repurchase agreements	—	(986)	986
Securities loaned	(13,902)	(1,238)	(129,580)
Accrued compensation	13,752	(7,231)	(49,853)
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	(235,605)	(353,313)	167,443
Payables to related parties	(38,822)	32,342	(833)
Accounts payable, accrued and other liabilities	57,791	(17,878)	51,003
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 304,263</b>	<b>\$ 239,062</b>	<b>\$ (67,345)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of fixed assets	\$ (30,829)	\$ (46,665)	\$ (24,528)
Capitalization of software development costs	(53,997)	(48,846)	(49,813)
Purchase of equity method investments	(1,458)	(1,715)	(925)
Proceeds from equity method investments	4,326	3,737	7,046
Payments for acquisitions, net of cash acquired	(7,871)	28,261	(50,562)
Proceeds from sale of marketable securities	14,237	24,626	128,018
Purchase of other assets	(2,000)	—	—
<b>Net cash provided by (used in) investing activities</b>	<b>\$ (77,592)</b>	<b>\$ (40,602)</b>	<b>\$ 9,236</b>

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

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

	Year Ended December 31,		
	2020	2019	2018
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayments of long-term debt and collateralized borrowings	\$ (357,789)	\$ (332,378)	\$ (449,598)
Issuance of long-term debt and collateralized borrowings, net of deferred issuance costs	524,396	709,849	639,196
Earnings distributions to limited partnership interests and other noncontrolling interests	(63,109)	(113,673)	(163,935)
Redemption and repurchase of limited partnership interests	(47,613)	(43,270)	(51,943)
Dividends to stockholders	(60,440)	(192,442)	(231,446)
Repurchase of Class A common stock	(6)	(1,236)	(10,439)
Cancellation of RSUs in satisfaction of withholding tax requirements	—	(458)	(647)
Proceeds from issuance of Class A common stock, net of costs	—	—	327,624
Payments on acquisition earn-outs	(8,540)	(8,146)	(7,924)
<b>Net cash provided by (used in) financing activities</b>	<b>\$ (13,101)</b>	<b>\$ 18,246</b>	<b>\$ 50,888</b>
Net cash provided by (used in) operating activities from discontinued operations	—	—	(748,231)
Net cash provided by (used in) investing activities from discontinued operations	—	—	18,347
Net cash provided by (used in) financing activities from discontinued operations	—	—	367,931
Effect of exchange rate changes on Cash and cash equivalents, and Cash segregated under regulatory requirements	993	2,630	(10,838)
<b>Net increase (decrease) in Cash and cash equivalents, and Cash segregated under regulatory requirements</b>	<b>214,563</b>	<b>219,336</b>	<b>(380,012)</b>
Cash and cash equivalents, and Cash segregated under regulatory requirements at beginning of period	636,114	416,778	796,790
<b>Cash and cash equivalents, and Cash segregated under regulatory requirements at end of period</b>	<b>\$ 850,677</b>	<b>\$ 636,114</b>	<b>\$ 416,778</b>
Supplemental cash information:			
Cash paid during the period for taxes	\$ 41,910	\$ 47,997	\$ 66,540
Cash paid during the period for interest	69,572	51,776	41,951
Supplemental non-cash information:			
Issuance of Class A common stock upon exchange of limited partnership interests	\$ 11,388	\$ 26,146	\$ 143,232
Issuance of Class A and contingent Class A common stock and limited partnership interests for acquisitions	1,578	3,040	21,899
ROU assets and liabilities	34,456	169,065	—

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

**BGC PARTNERS, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the Year Ended December 31, 2018**  
**(in thousands, except share amounts)**

	BGC Partners, Inc. Stockholders								
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Contingent Class A Common Stock	Treasury Stock	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Subsidiaries	Total
<b>Balance, January 1, 2018</b>	<b>\$ 3,063</b>	<b>\$ 348</b>	<b>\$ 1,764,013</b>	<b>\$ 40,472</b>	<b>\$ (303,873)</b>	<b>\$ (866,875)</b>	<b>\$ (10,486)</b>	<b>\$ 501,208</b>	<b>\$ 1,127,870</b>
Consolidated net income (loss)	—	—	—	—	—	202,196	—	84,414	286,610
Other comprehensive gain, net of tax	—	—	—	—	—	—	(11,686)	(1,857)	(13,543)
Equity-based compensation, 527,951 shares	5	—	4,242	—	—	—	—	3,219	7,466
Dividends to common stockholders	—	—	—	—	—	(231,446)	—	(6,300)	(237,746)
Earnings distributions to limited partnership interests and other noncontrolling interests	—	—	—	—	—	—	—	(201,484)	(201,484)
Grant of exchangeability and redemption of limited partnership interests, issuance of 18,287,721 shares	183	—	158,913	—	—	—	—	79,556	238,652
Issuance of Class A common stock (net of costs), 26,003,424 shares	260	—	245,338	—	—	—	—	67,244	312,842
Exchange Class A to Class B common stock, 11,036,273 shares	(111)	111	—	—	—	—	—	—	—
Redemption of FPU's, 108,967 units	—	—	—	—	—	—	—	(925)	(925)
Repurchase of Class A common stock, 788,788 shares	—	—	—	—	(8,185)	—	—	(2,254)	(10,439)
Forfeitures of restricted Class A common stock, 231,602 shares	—	—	1,031	—	(2,182)	—	—	(306)	(1,457)
Contributions of capital to and from Cantor for equity-based compensation	—	—	(15,921)	—	—	(3,932)	—	(10,321)	(30,174)
Issuance of Class A common stock for acquisitions, 1,743,963 shares	17	—	46,454	(40,472)	—	—	—	1,649	7,648
Issuance of contingent shares and limited partnership interests in connection with acquisitions	—	—	—	—	—	—	—	14,251	14,251
Purchase of Newmark noncontrolling interest	—	—	—	—	—	—	—	(54)	(54)
Newmark noncontrolling interest	—	—	—	—	—	—	—	2,053	2,053
Cumulative effect of revenue standard adoption	—	—	—	—	—	16,387	—	2,303	18,690
Cumulative effect of adoption of standard on equity investments	—	—	—	—	—	1,671	(2,293)	622	—
Issuance of EPU's	—	—	—	—	—	—	—	320,786	320,786
Spin-Off of Newmark	—	—	—	—	—	(226,210)	—	(764,103)	(990,313)
Other	—	—	(617)	—	—	—	—	(335)	(952)
<b>Balance, December 31, 2018</b>	<b>\$ 3,417</b>	<b>\$ 459</b>	<b>\$ 2,203,453</b>	<b>\$ —</b>	<b>\$ (314,240)</b>	<b>\$ (1,108,209)</b>	<b>\$ (24,465)</b>	<b>\$ 89,366</b>	<b>\$ 849,781</b>

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



**BGC PARTNERS, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the Year Ended December 31, 2019**  
**(in thousands, except share amounts)**

	BGC Partners, Inc. Stockholders						Noncontrolling Interest in Subsidiaries	Total
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Deficit	Accumulated Other Comprehensive Income (Loss)		
<b>Balance, January 1, 2019</b>	<b>\$ 3,417</b>	<b>\$ 459</b>	<b>\$ 2,203,453</b>	<b>\$ (314,240)</b>	<b>\$ (1,108,209)</b>	<b>\$ (24,465)</b>	<b>\$ 89,366</b>	<b>\$ 849,781</b>
Consolidated net income (loss)	—	—	—	—	47,562	—	24,691	72,253
Other comprehensive gain, net of tax	—	—	—	—	—	(8,637)	(4,377)	(13,014)
Equity-based compensation, 434,694 shares	4	—	7,066	—	—	—	3,419	10,489
Dividends to common stockholders	—	—	—	—	(192,442)	—	—	(192,442)
Earnings distributions to limited partnership interests and other noncontrolling interests	—	—	—	—	—	—	(89,616)	(89,616)
Grant of exchangeability and redemption of limited partnership interests, issuance of 15,008,431 shares	150	—	56,455	—	—	—	29,853	86,458
Issuance of Class A common stock (net of costs), 212,711 shares	2	—	879	—	—	—	235	1,116
Redemption of FPU's, 56,878 units	—	—	—	—	—	—	(256)	(256)
Repurchase of Class A common stock, 233,172 shares	—	—	—	(970)	—	—	(266)	(1,236)
Forfeiture of Class A common stock, 22,046 shares	—	—	(12)	(98)	—	—	(29)	(139)
Contributions of capital to and from Cantor for equity-based compensation	—	—	(382)	—	—	—	246	(136)
Issuance of Class A common stock and RSUs for acquisitions, 1,039,452 shares	11	—	4,471	—	—	—	(1,442)	3,040
Other	—	—	173	—	—	—	(1,503)	(1,330)
<b>Balance, December 31, 2019</b>	<b>\$ 3,584</b>	<b>\$ 459</b>	<b>\$ 2,272,103</b>	<b>\$ (315,308)</b>	<b>\$ (1,253,089)</b>	<b>\$ (33,102)</b>	<b>\$ 50,321</b>	<b>\$ 724,968</b>

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

**BGC PARTNERS, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the Year Ended December 31, 2020**  
(in thousands, except share amounts)

	BGC Partners, Inc. Stockholders						Noncontrolling Interest in Subsidiaries	Total
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Deficit	Accumulated Other Comprehensive Income (Loss)		
<b>Balance, January 1, 2020</b>	<b>\$ 3,584</b>	<b>\$ 459</b>	<b>\$ 2,272,103</b>	<b>\$ (315,308)</b>	<b>\$ (1,253,089)</b>	<b>\$ (33,102)</b>	<b>\$ 50,321</b>	<b>\$ 724,968</b>
Consolidated net income (loss)	—	—	—	—	48,908	—	7,694	56,602
Other comprehensive income (loss), net of tax	—	—	—	—	—	4,172	445	4,617
Equity-based compensation, 1,133,725 shares	11	—	8,565	—	—	—	4,096	12,672
Dividends to common stockholders	—	—	—	—	(60,440)	—	—	(60,440)
Earnings distributions to limited partnership interests and other noncontrolling interests	—	—	—	—	—	—	(36,569)	(36,569)
Grant of exchangeability and redemption of limited partnership interests, issuance of 13,190,311 shares	132	—	61,766	—	—	—	31,895	93,793
Issuance of Class A common stock (net of costs), 390,570 shares	4	—	5,381	—	—	—	120	5,505
Redemption of FPU's, 730,141 units	—	—	—	—	—	—	(102)	(102)
Repurchase of Class A common stock, 2,259 shares	—	—	—	(5)	—	—	(1)	(6)
Contributions of capital to and from Cantor for equity-based compensation	—	—	3,613	—	—	—	1,906	5,519
Issuance of Class A common stock and RSUs for acquisitions, 390,775 shares	4	—	1,664	—	—	—	(90)	1,578
Cumulative effect of CECL standard adoption	—	—	—	—	(883)	—	(417)	(1,300)
Other	—	—	1,400	—	—	—	(8)	1,392
<b>Balance, December 31, 2020</b>	<b>\$ 3,735</b>	<b>\$ 459</b>	<b>\$ 2,354,492</b>	<b>\$ (315,313)</b>	<b>\$ (1,265,504)</b>	<b>\$ (28,930)</b>	<b>\$ 59,290</b>	<b>\$ 808,229</b>

	For the Year Ended December 31,		
	2020	2019	2018
<b>Dividends declared per share of common stock</b>	<b>\$ 0.17</b>	<b>\$ 0.56</b>	<b>\$ 0.72</b>
<b>Dividends declared and paid per share of common stock</b>	<b>\$ 0.17</b>	<b>\$ 0.56</b>	<b>\$ 0.72</b>

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

**BGC PARTNERS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Organization and Basis of Presentation**

***Business Overview***

BGC Partners, Inc. is a leading global brokerage and financial technology company servicing the global financial markets. Through the Company's financial service brands, including BGC, GFI, Sunrise Brokers, Besso, Ed Broking, Poten & Partners, RP Martin, CORANT, and CORANT GLOBAL, among others, the Company specializes in the brokerage of a broad range of products, including fixed income such as government bonds, corporate bonds, and other debt instruments, as well as related interest rate derivatives and credit derivatives. The Company also brokers products across FX, equity derivatives and cash equities, energy and commodities, shipping, insurance, and futures and options. The Company's businesses also provide a wide variety of services, including trade execution, brokerage services, clearing, 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 include Fully Electronic 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 operate under the names Fenics, BGC Trader, CreditMatch, Fenics Market Data, BGC Market Data, kACE2, EMBonds, Capitalab, Swaptioniser, CBID and Lucera,

BGC, BGC Partners, BGC Trader, GFI, GFI Ginga, CreditMatch, Fenics, Fenics.com, Sunrise Brokers, Corant, Corant Global, Besso, Ed Broking, Poten & Partners, RP Martin, kACE2, EMBonds, 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, Chicago, Copenhagen, Dubai, Dublin, Frankfurt, Geneva, Hong Kong, Houston, Istanbul, Johannesburg, Madrid, Melbourne, Mexico City, Moscow, Nyon, Paris, Rio de Janeiro, Santiago, São Paulo, Seoul, Shanghai, Singapore, Sydney, Tel Aviv, Tokyo, and Toronto.

The Company previously offered real estate services through its publicly traded subsidiary, Newmark (NASDAQ: NMRK). On November 30, 2018, BGC completed the Spin-Off, 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 as of the close of business on the Record Date and shares of Newmark Class B common stock distributed to the holders of shares of BGC Partners Class B common stock (consisting of Cantor and CFGM) of record as of the close of business on the Record Date. The Spin-Off was effective as of 12:01 a.m., New York City time, on the Distribution Date.

***Separation and Distribution Agreement and Newmark IPO***

The Separation and Distribution Agreement sets forth the agreements among BGC, Cantor, Newmark and their respective subsidiaries regarding, among other things:

- the Separation;
- the proportional distribution of interests in Newmark Holdings to holders of interests in BGC Holdings in the Separation;
- the Newmark IPO;
- the assumption and repayment of indebtedness by the BGC Group and the Newmark Group;
- the BGC Holdings Distribution; and
- the Spin-Off distribution of the shares of Newmark Class A common stock and the shares of Newmark Class B common stock held by BGC, pursuant to which shares of Newmark Class A common stock held by BGC would be distributed to the holders of shares of BGC Class A common stock and shares of Newmark Class B common stock held by BGC would be distributed to the holders of shares of BGC Class B common stock (which were Cantor and CFGM). The Spin-Off is intended to qualify as generally tax-free for U.S. federal income tax purposes.

As part of the Separation described above, BGC contributed its interests in both Berkeley Point and Real Estate L.P. to Newmark.

On December 15, 2017, Newmark announced the pricing of the Newmark IPO of 20 million shares of Newmark Class A common stock at a price to the public of \$14.00 per share, which was completed on December 19, 2017. Newmark Class A shares began trading on December 15, 2017 on the NASDAQ Global Select Market. In addition, Newmark granted the underwriters of the Newmark IPO a 30-day option to purchase up to an additional 3 million shares of Newmark Class A common stock at the IPO price, less underwriting discounts and commissions. On December 26, 2017, the underwriters of the Newmark IPO exercised in full their overallotment option to purchase an additional 3 million shares of Newmark Class A common stock from Newmark at the IPO price, less underwriting discounts and commission.

#### *Assumption and Repayment of Indebtedness by Newmark Group*

In connection with the Separation, on December 13, 2017, Newmark OpCo assumed all of BGC U.S. OpCo's rights and obligations under the 2042 Promissory Note in relation to the 8.125% Senior Notes and the 2019 Promissory Note in relation to the 5.375% Senior Notes. Newmark repaid the \$112.5 million outstanding principal amount under the 2042 Promissory Note on September 5, 2018, and repaid the \$300.0 million outstanding principal amount under the 2019 Promissory Note on November 23, 2018. In addition, as part of the Separation, Newmark assumed the obligations of BGC as borrower under the Term Loan and Converted Term Loan. Newmark repaid the outstanding balance of the Term Loan as of March 31, 2018, and repaid the outstanding balance of the Converted Term Loan on November 6, 2018. In addition, on March 19, 2018, the Company borrowed \$150.0 million under the BGC Credit Agreement from Cantor, and loaned Newmark \$150.0 million under the Intercompany Credit Agreement on the same day. All borrowings outstanding under the Intercompany Credit Agreement were repaid on November 7, 2018. See Note 20—"Notes Payable, Other and Short-Term Borrowings" for more information on the Company's long-term debt.

#### *Spin-Off of Newmark*

As described above, on November 30, 2018 the Company completed the Spin-Off. Based on the number of shares of BGC common stock outstanding on the Record Date, BGC's stockholders as of the Record Date received 0.463895 of a share of Newmark Class A common stock for each share of BGC Class A common stock held as of the Record Date, and 0.463895 of a share of Newmark Class B common stock for each share of BGC Class B common stock held as of the Record Date. No fractional shares of Newmark common stock were distributed in the Spin-Off. Instead, BGC stockholders received cash in lieu of any fraction of a share of Newmark common stock that they otherwise would have received in the Spin-Off.

In the aggregate, BGC Partners distributed 131,886,409 shares of Newmark Class A common stock and 21,285,537 shares of Newmark Class B common stock to BGC's stockholders in the Spin-Off. These shares of Newmark common stock collectively represented approximately 94% of the total voting power of the outstanding Newmark common stock and approximately 87% of the total economics of the outstanding Newmark common stock in each case as of the Distribution Date.

On November 30, 2018, BGC Partners also caused its subsidiary, BGC Holdings, to distribute pro-rata all of the 1,458,931 exchangeable limited partnership interests in Newmark Holdings held by BGC Holdings immediately prior to the Distribution Date to its limited partners entitled to receive distributions on their BGC Holdings units who were holders as of the Record Date (including Cantor and executive officers of BGC). The Newmark Holdings units distributed to BGC Holdings partners in the BGC Holdings Distribution are exchangeable for shares of Newmark Class A common stock, and in the case of the 449,917 Newmark Holdings units received by Cantor also into shares of Newmark Class B common stock, at the current Exchange Ratio. As of December 31, 2020, the Exchange Ratio equaled 0.9379 shares of Newmark common stock per Newmark Holdings unit (subject to adjustment).

Following the Spin-Off and the BGC Holdings Distribution, BGC ceased to be a controlling stockholder of Newmark, and BGC and its subsidiaries no longer held any shares of Newmark common stock or other equity interests in Newmark or its subsidiaries. Therefore, the Company no longer consolidates Newmark with its financial results. Cantor continues to control Newmark and its subsidiaries following the Spin-Off and the BGC Holdings Distribution.

#### *Basis of Presentation*

The Company's consolidated financial statements have been prepared pursuant to the rules and regulations of the SEC and in conformity with U.S. GAAP. The Company's consolidated financial statements include the Company's accounts and all subsidiaries in which the Company has a controlling interest. Intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made to previously reported amounts to conform to the current presentation.

During the year ended December 31, 2018, the Company changed the line item formerly known as "Allocations of net income and grant of exchangeability to limited partnership units and FPU's" to "Allocations of net income and grant of exchangeability to limited partnership units and FPU's and issuance of common stock" in the Company's consolidated statements of operations.

During the year ended December 31 2019, the Company changed the line item formerly known as “Allocations of net income and grant of exchangeability to limited partnership units and FPU’s and issuance of common stock” to “Equity-based compensation and allocations of net income to limited partnership units and FPU’s” in the Company’s consolidated statements of operations and consolidated statements of cash flows. The change resulted in the reclassification of amortization charges related to equity-based awards such as REUs and RSUs from “Compensation and employee benefits” to “Equity-based compensation and allocations of net income to limited partnership units and FPU’s.” This change in presentation had no impact on the Company’s “Total compensation and employee benefits” nor “Total expenses.”

During the year ended December 31 2020, the Company changed the line item formerly known as “Interest income” to “Interest and dividend income” in the Company’s consolidated statements of operation. The change did not result in any reclassification of revenue, had no impact on the Company’s “Total revenues” and is viewed only as a name change to better reflect the underlying activity.

“Equity-based compensation and allocations of net income to limited partnership units and FPU’s” reflects the following items related to cash and equity-based compensation:

- Charges with respect to the issuance of shares of common stock or LPU’s with capital accounts, such as HDUs, including in connection with the redemption of non-exchangeable LPU’s, including PSU’s, as well as the cash paid in the settlement of the related Preferred Units to pay withholding taxes owed by the unit holder upon such grant.
- Charges with respect to the grant of exchangeability, such as the right of holders of LPU’s with no capital accounts, such as PSU’s, to exchange the units into shares of Class A common stock or HDUs, as well as the cash paid in the settlement of the related Preferred Units to pay the withholding taxes owed by the unit holder upon such issuance or exchange.
- Charges related to the amortization of RSUs and LPU’s, including REUs.
- Allocations of net income to LPU’s and FPU’s, including the Preferred Distribution

The consolidated financial statements contain all normal and recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the consolidated statements of financial condition, the consolidated statements of operations, the consolidated statements of comprehensive income (loss), the consolidated statements of cash flows and the consolidated statements of changes in equity of the Company for the periods presented.

#### ***Revisions of Previously Issued Financial Statements***

During the fourth quarter of 2020, the Company’s management identified the theft of U.K. tax payment related funds from the Company. The theft, which occurred over several years ending September 2020, was perpetrated by two individuals associated with the Company, and did not involve the operations or business of the Company. Litigation has commenced against the two individuals seeking recovery of stolen amounts. The cumulative impact to the Company’s “Consolidated net income (loss)” as a result of the theft was determined to be \$35.2 million. As a result, the Company has revised its previously issued financial statements as of and for the years ended December 31, 2019 and 2018, as well as the first three quarters of 2020 and all interim periods of 2019. The Company believes that these revisions are not material to any of the Company’s previously issued financial statements based on an analysis of quantitative and qualitative factors in accordance with the SEC Staff Bulletin Nos. 99 and 108. Accordingly, the Company has concluded that an amendment of previously filed periodic reports is not required. However, though the revisions were not material to any previously issued financial statements, correcting the accumulated adjustment in 2020 would have been material to the Company’s consolidated financial statements for the year ended December 31, 2020. Therefore, the Company has revised the historical periods in this Annual Report on Form 10-K, in addition to the historical interim periods that will be presented in the Company’s prospective filings.

For more information about the revisions to the Company’s previously issued financial statements, see both Note 4—“Prior Periods’ Financial Statement Revisions” and Note 5 —“Quarterly Results of Operations (Unaudited)” in the Company’s consolidated financial statements.

#### ***Discontinued Operations***

As described earlier, on November 30, 2018, the Company completed the Spin-Off, and distributed to its stockholders all of the shares of Newmark Class A common stock and Newmark Class B common stock that the Company then owned in a manner that is intended to qualify as generally tax-free for U.S. federal income tax purposes. The shares of Newmark Class A common stock held by the Company were distributed to the holders of shares of BGC Class A common stock, and the shares of Newmark Class B common stock held by the Company were distributed to the holders of shares of BGC Class B common stock. Therefore, the Company no longer consolidates Newmark within its financial results subsequent to the Spin-Off.

The Company has determined that the Spin-Off met the criteria for reporting the financial results of Newmark as discontinued operations within BGC’s consolidated results for all periods through the Distribution Date. Newmark’s results are presented in “Consolidated net income (loss) from discontinued operations, net of tax” and the related noncontrolling interest in Newmark and its subsidiaries is presented in “Net income (loss) from discontinued operations attributable to noncontrolling interest in subsidiaries” in the Company’s consolidated statements of operations for the year ended December 31, 2018. Unless otherwise noted, discussion within these Notes to the Consolidated Financial Statements relates to the Company’s continuing operations. See Note 30—“Discontinued Operations” for more information.

Additionally, the consolidated statements of comprehensive income (loss) and consolidated statements of cash flows have been adjusted to reflect Newmark as discontinued operations for all periods through the Distribution Date.

Prior to the Spin-Off, the Company's operations consisted of two reporting segments, Financial Services and Real Estate Services. As a result of the Spin-Off, the Company operates its businesses in one reportable segment.

#### ***Recently Adopted Accounting Pronouncements***

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which relates to how an entity recognizes the revenue it expects to be entitled to for the transfer of promised goods and services to customers. The ASU replaced certain previously existing revenue recognition guidance. The FASB has subsequently issued several additional amendments to the standard, including ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which clarifies the guidance on principal versus agent analysis based on the notion of control and affects recognition of revenue on a gross or net basis. The Company adopted the new revenue recognition guidance on its required effective date of January 1, 2018 using the modified retrospective transition approach applied to contracts that were not completed as of the adoption date. Accordingly, the new revenue standard is applied prospectively in the Company's financial statements from January 1, 2018 onward and reported financial information for historical comparable periods is not revised and continues to be reported under the accounting standards in effect during those historical periods. The new revenue recognition guidance does not apply to revenues associated with financial instruments, including loans and securities that are accounted for under other U.S. GAAP, and as a result, it did not have a material impact on the elements of the Company's consolidated statements of operations most closely associated with financial instruments such as revenues from Principal transactions. As a result, the adoption of the new revenue recognition guidance as of January 1, 2018 did not have a material impact on the Company's consolidated financial statements. Further, the adoption of the new guidance on principal versus agent considerations impacted the Company's presentation of revenues versus expenses incurred on behalf of customers for certain commissions contracts. The Company concluded that it controls the services provided by a third party on behalf of the customers and, therefore, acts as a principal under those contracts. Accordingly, upon adoption on January 1, 2018 and going forward, for these commission-related contracts the Company began to present expenses incurred on behalf of its customers along with a corresponding reimbursement revenue on a gross basis in its consolidated statements of operations, with no impact to Net income (loss) available to common stockholders. See Note 26—"Revenues from Contracts with Customers" for additional information.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This ASU requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income (loss) unless the investments qualify for the new measurement alternative. The guidance also requires entities to record changes in instrument-specific credit risk for financial liabilities measured under the fair value option in other comprehensive income (loss). In February 2018, the FASB issued ASU No. 2018-03, *Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, to clarify transition and subsequent accounting for equity investments without a readily determinable fair value, among other aspects of the guidance issued in ASU No. 2016-01. The amendments in ASU No. 2018-03 were effective for fiscal years beginning January 1, 2018 and interim periods beginning July 1, 2018. The amendments and technical corrections provided in ASU No. 2018-03 could be adopted concurrently with ASU No. 2016-01, which was effective for the Company on January 1, 2018. The Company adopted both ASUs on January 1, 2018 using the modified retrospective approach for equity securities with a readily determinable fair value and the prospective method for equity investments without a readily determinable fair value. As a result, upon transition the Company recognized a cumulative-effect adjustment as a decrease to both Retained deficit and Accumulated other comprehensive income (loss) and an increase in Noncontrolling interest in subsidiaries of approximately \$2.1 million, \$2.9 million, and \$0.8 million, respectively, on a pre-tax basis. The tax effect of the impact of the adoption was an increase to both Retained deficit and Accumulated other comprehensive income (loss) and a decrease in Noncontrolling interest in subsidiaries of approximately \$0.4 million, \$0.6 million, and \$0.2 million, respectively.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, which clarifies the definition of a business with the objective of providing additional guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The standard became effective for the Company beginning January 1, 2018 and is applied on a prospective basis. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In February 2017, the FASB issued ASU No. 2017-05, *Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*, which clarifies the scope and application of ASC 610-20, *Other Income—Gains and Losses from Derecognition of Nonfinancial Assets*, and defines in substance nonfinancial assets. The ASU also impacts the accounting for partial sales of nonfinancial assets (including in substance real estate). Under this guidance, when an entity transfers its controlling interest in a nonfinancial asset but retains a noncontrolling ownership interest, the entity is required to measure the retained interest at fair value, which results in a full gain or loss recognition upon the sale of a controlling interest in a nonfinancial asset. The Company adopted the standard on its required effective date of January 1, 2018. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting*, which amends the scope of modification accounting for share-based payment arrangements and provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting. Under this guidance, an entity would not apply modification accounting if the fair value, the vesting conditions, and the classification of the awards (as equity or liability) are the same immediately before and after the modification. The standard was effective for the Company beginning January 1, 2018 on a prospective basis for awards modified on or after the adoption date. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This standard requires lessees to recognize an ROU asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. The amendments also require certain quantitative and qualitative disclosures. Accounting guidance for lessors is mostly unchanged. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*, to clarify how to apply certain aspects of the new leases standard. The amendments address the rate implicit in the lease, impairment of the net investment in the lease, lessee reassessment of lease classification, lessor reassessment of lease term and purchase options, variable payments that depend on an index or rate and certain transition adjustments, among other issues. In addition, in July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842), Targeted Improvements*, which provided an additional (and optional) transition method to adopt the new leases standard. Under the new transition method, a reporting entity would initially apply the new lease requirements at the effective date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption; continue to report comparative periods presented in the financial statements in the period of adoption in accordance with legacy U.S. GAAP (i.e., ASC 840, *Leases*); and provide the required disclosures under ASC 840 for all periods presented under legacy U.S. GAAP. Further, ASU No. 2018-11 contains a practical expedient that allows lessors to avoid separating lease and associated non-lease components within a contract if certain criteria are met. In December 2018, the FASB issued ASU No. 2018-20, *Leases (Topic 842), Narrow-Scope Improvements for Lessors*, to clarify guidance for lessors on sales taxes and other similar taxes collected from lessees, certain lessor costs and recognition of variable payments for contracts with lease and non-lease components. In March 2019, the FASB issued ASU No. 2019-01, *Leases (Topic 842), Codification Improvements*, to clarify certain application and transitional disclosure aspects of the new leases standard. The amendments address determination of the fair value of the underlying asset by lessors that are not manufacturers or dealers and clarify interim period transition disclosure requirements, among other issues. The guidance in ASUs No. 2016-02, 2018-10, 2018-11 and 2018-20 was effective beginning January 1, 2019, with early adoption permitted; whereas the guidance in ASU No. 2019-01 is effective beginning January 1, 2020, with early adoption permitted. The Company adopted the abovementioned standards on January 1, 2019 using the effective date as the date of initial application. Therefore, pursuant to this transition method financial information was not updated and the disclosures required under the new leases standards were not provided for dates and periods before January 1, 2019. The guidance provides a number of optional practical expedients to be utilized by lessees upon transition. Accordingly, BGC elected the "package of practical expedients," which permitted the Company not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. BGC did not elect the use-of-hindsight or the practical expedient pertaining to land easements, with the latter not being applicable to the Company. The standard also provides practical expedients for an entity's ongoing accounting as a lessee. BGC elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, the Company will not recognize ROU assets and lease liabilities, and this includes not recognizing ROU assets and lease liabilities for existing short-term leases of those assets upon transition. The Company also elected the practical expedient to not separate lease and non-lease components for all of leases other than leases of real estate. As a result upon adoption, acting primarily as a lessee, BGC recognized a \$192.4 million ROU asset and a \$206.0 million lease liability on its consolidated statements of financial condition for its real estate and equipment operating leases. The adoption of the guidance did not have a material impact on the Company's consolidated statements of operations, consolidated statements of changes in equity and consolidated statements of cash flows. See Note 27—"Leases" for additional information on the Company's leasing arrangements.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. The guidance intends to better align an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. To meet that objective, the amendments expand and refine hedge accounting for both nonfinancial and financial risk components and align the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. In October 2018, the FASB issued ASU No. 2018-16, *Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes*. Based on concerns about the sustainability of LIBOR, in 2017, a committee convened by the Federal Reserve Board and the Federal Reserve Bank of New York identified a broad Treasury repurchase agreement (repo) financing rate referred to as the SOFR as its preferred alternative reference rate. The guidance in ASU No. 2018-16 adds the OIS rate based on SOFR as a U.S. benchmark interest rate to facilitate the LIBOR to SOFR transition and provide sufficient lead time for entities to prepare for changes to interest rate risk hedging strategies for both risk management and hedge accounting purposes. The amendments in this ASU were required to be adopted concurrently with the guidance in ASU No. 2017-12. The guidance became effective for the Company on January 1, 2019 and was required to be applied on a prospective and modified retrospective basis. The adoption of this guidance did not have a material impact on BGC's consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. The guidance helps organizations address certain stranded income tax effects in accumulated other comprehensive income resulting from the Tax Cuts and Jobs Act by providing an option to reclassify these stranded tax effects to retained earnings in each period in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act (or portion thereof) is recorded. The standard became effective for BGC on January 1, 2019. The guidance was required to be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized. The Company adopted the guidance starting on January 1, 2019. The adoption of the standard did not have a material impact on the Company's consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. The guidance largely aligns the accounting for share-based payment awards issued to employees and nonemployees, whereby the existing employee guidance will apply to nonemployee share-based transactions (as long as the transaction is not effectively a form of financing), with the exception of specific guidance related to the attribution of compensation cost. The cost of nonemployee awards will continue to be recorded as if the grantor had paid cash for the goods or services. In addition, the contractual term will be able to be used in lieu of an expected term in the option-pricing model for nonemployee awards. The standard became effective for the Company on January 1, 2019. The ASU was required to be applied on a prospective basis to all new awards granted after the date of adoption. In addition, any liability-classified awards that were not settled and equity-classified awards for which a measurement date had not been established by the adoption date were remeasured at fair value as of the adoption date with a cumulative effect adjustment to opening retained earnings in the year of adoption. BGC adopted this standard on its effective date. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In July 2019, the FASB issued ASU No. 2019-07, *Codification Updates to SEC Sections—Amendments to SEC Paragraphs Pursuant to SEC Final Rule Releases No. 33-10532, Disclosure Update and Simplification, and Nos. 33-10231 and 33-10442, Investment Company Reporting Modernization, and Miscellaneous Updates*. The guidance clarifies or improves the disclosure and presentation requirements of a variety of codification topics by aligning them with already effective SEC final rules, thereby eliminating redundancies and making the codification easier to apply. This ASU was effective upon issuance, and it did not have a material impact on the Company's consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)—Measurement of Credit Losses on Financial Instruments*, which requires financial assets that are measured at amortized cost to be presented, net of an allowance for credit losses, at the amount expected to be collected over their estimated life. Expected credit losses for newly recognized financial assets, as well as changes to credit losses during the period, are recognized in earnings. For certain PCD assets, the initial allowance for expected credit losses is recorded as an increase to the purchase price. Expected credit losses, including losses on off-balance-sheet exposures such as lending commitments, are measured based on historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. The new standard became effective for the Company beginning January 1, 2020, under a modified retrospective approach, and early adoption was permitted. In November 2018, the FASB issued ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*, to clarify that operating lease receivables accounted for under ASC 842, *Leases*, are not in the scope of the new credit losses guidance, and, instead, impairment of receivables arising from operating leases should be accounted for in accordance with ASC 842, *Leases*. In April 2019, the FASB issued ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. The ASU makes changes to the guidance introduced or amended by ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)—Measurement of Credit Losses on Financial Instruments*. See below for the description of the amendments stipulated in ASU No. 2019-04. In addition, in May 2019, the FASB issued ASU No. 2019-05, *Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief*. The amendments in this ASU allow entities, upon adoption of ASU No. 2016-13, to irrevocably elect the fair value option for financial instruments that were previously carried at amortized cost and are eligible for the fair value option under ASC 825-10, *Financial Instruments: Overall*. In November 2019, the FASB issued ASU No. 2019-11, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*. The amendments in this ASU require entities to include certain expected recoveries of the amortized cost basis previously written off, or expected to be written off, in the allowance for credit losses for PCD assets; provide transition relief related to troubled debt restructurings; allow entities to exclude accrued interest amounts from certain required disclosures; and clarify the requirements for applying the collateral maintenance practical expedient. The amendments in ASUs No. 2018-19, 2019-04, 2019-05 and 2019-11 were required to be adopted concurrently with the guidance in ASU No. 2016-13. BGC adopted the standards on their required effective date beginning January 1, 2020. The primary effect of adoption related to the increase in the allowances for credit losses for Accrued commissions receivable, and Loans, forgivable loans and other receivables from employees and partners. As a result, on a pre-tax basis, the Company recognized a decrease in assets and noncontrolling interest in subsidiaries, and an increase in retained deficit, of approximately \$1.9 million, \$0.6 million, and \$1.3 million, respectively, as of January 1, 2020. The tax effect of the impact of the adoption was an increase in assets and noncontrolling interest in subsidiaries, and a decrease in retained deficit of approximately \$0.6 million, \$0.2 million, and \$0.4 million, respectively.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which eliminates the requirement to determine the fair value of individual assets and liabilities of a reporting unit to measure goodwill impairment. Under the amendments in the ASU, goodwill impairment testing is performed by comparing the fair value of the reporting unit with its carrying amount and recognizing an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The Company adopted the standard on its required effective date beginning January 1, 2020, and the guidance was applied on a prospective basis starting with the goodwill impairment test during the year ended December 31, 2020. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The guidance is part of the FASB's disclosure framework project, whose objective and primary focus are to improve the effectiveness of disclosures in the notes to financial statements. The ASU eliminates, amends and adds certain disclosure requirements for fair value measurements. The FASB concluded that these changes improve the overall usefulness of the footnote disclosures for financial statement users and reduce costs for preparers. Certain disclosures are required to be applied prospectively and other disclosures need to be adopted retrospectively in the period of adoption. As permitted by the transition guidance in the ASU, the Company early adopted, eliminated and modified disclosure requirements as of September 30, 2018. The early adoption of this guidance did not have an impact on the Company's consolidated financial statements. The additional disclosure requirements were adopted by BGC beginning January 1, 2020, and the adoption of these fair value measurement disclosures did not have an impact on the Company's consolidated financial statements. See Note 15—"Fair Value of Financial Assets and Liabilities" for additional information.



In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force)*. The guidance on the accounting for implementation, setup, and other upfront costs (collectively referred to as implementation costs) applies to entities that are a customer in a hosting arrangement that is a service contract. The amendments align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by the guidance in this ASU. BGC adopted the standard on its effective date beginning January 1, 2020. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In October 2018, the FASB issued ASU No. 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities*. The guidance was issued in response to stakeholders' observations that Topic 810, *Consolidation*, could be improved in the areas of applying the variable interest entity guidance to private companies under common control and in considering indirect interests held through related parties under common control for determining whether fees paid to decision makers and service providers are variable interests. BGC adopted the standard on its effective date beginning January 1, 2020. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In April 2019, the FASB issued ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. The ASU amends guidance introduced or amended by ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)—Measurement of Credit Losses on Financial Instruments*, ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, and ASU No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The amendments to ASU No. 2016-13 clarify the scope of the credit losses standard and address guidance related to accrued interest receivable balances, recoveries, variable interest rates and prepayments, among other issues. With respect to amendments to ASU No. 2017-12, the guidance addresses partial-term fair value hedges, fair value hedge basis adjustments, and certain transition requirements, along with other issues. The clarifying guidance pertaining to ASU No. 2016-01 requires an entity to remeasure an equity security without a readily determinable fair value accounted for under the measurement alternative at fair value in accordance with guidance in ASC 820, *Fair Value Measurement*; specifies that equity securities without a readily determinable fair value denominated in nonfunctional currency must be remeasured at historical exchange rates; and provides fair value measurement disclosure guidance. BGC adopted the standard on the required effective date beginning January 1, 2020. The adoption of the hedge accounting and the recognition and measurement guidance amendments did not have a material impact on the Company's consolidated financial statements. See above for the impact of adoption of the amendments related to the credit losses standard.

In November 2019, the FASB issued ASU No. 2019-08, *Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Codification Improvements—Share-Based Consideration Payable to a Customer*. The ASU simplifies and increases comparability of accounting for nonemployee share-based payments, specifically those made to customers. Under the guidance, such awards will be accounted for as a reduction of the transaction price in revenue, but should be measured and classified following the stock compensation guidance in ASC 718, *Compensation—Stock Compensation*. BGC adopted the standard on the required effective date beginning January 1, 2020. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-03, *Codification Improvements to Financial Instruments*. This ASU which makes narrow-scope amendments related to various aspects pertaining to financial instruments and related disclosures by clarifying or improving the Codification. For the most part, the guidance was effective upon issuance, and the adoption of the standard did not have a material impact on the Company's consolidated financial statements.

#### ***New 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 new 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. The new standard became effective for the Company beginning January 1, 2021 and, with certain exceptions, will be applied prospectively.

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. The new standard became effective for the Company beginning January 1, 2021 and will be applied prospectively. The adoption of this guidance is not expected to have a material impact on the Company's 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. Management is evaluating and planning for adoption of the new guidance, including forming a cross-functional LIBOR transition team to determine the Company’s transition plan and facilitate an orderly transition to alternative reference rates, and continuing its assessment on the Company’s consolidated financial statements.

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*. The standard is expected to reduce complexity and improve comparability of financial reporting associated with accounting for convertible instruments and contracts in an entity’s own equity. The ASU also enhances information transparency by making targeted improvements to the related disclosures guidance. Additionally, the amendments affect the diluted EPS calculation for instruments that may be settled in cash or shares and for convertible instruments. The new standard will become effective for the Company beginning January 1, 2022 and can be applied using either a modified retrospective or a fully retrospective method of transition. Early adoption is permitted, but no earlier than beginning January 1, 2021. Management is currently evaluating the impact of the new standard on the Company’s consolidated financial statements.

In October 2020, the FASB issued ASU No. 2020-10, *Codification Improvements*. The standard amends the Codification by moving existing disclosure requirements to (or adding appropriate references in) the relevant disclosure sections. The ASU also clarifies various provisions of the Codification by amending and adding new headings, cross-referencing, and refining or correcting terminology. The new standard became effective for the Company beginning January 1, 2021 and can be applied using either a modified retrospective or a fully retrospective method of transition. The adoption of this guidance is not expected to have a material impact on the Company’s consolidated financial statements.

## **2. Limited Partnership Interests in BGC Holdings and Newmark Holdings**

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

As a result of the Separation, limited partnership interests in Newmark Holdings were distributed to the holders of limited partnership interests in BGC Holdings, whereby each holder of BGC Holdings limited partnership interests at that time who held a BGC Holdings limited partnership interest received a corresponding Newmark Holdings limited partnership interest, determined by the Contribution Ratio, which was equal to a BGC Holdings limited partnership interest multiplied by one divided by 2.2, divided by the Exchange Ratio. Initially, the Exchange Ratio equaled one, so that each Newmark Holdings limited partnership interest was exchangeable for one share of Newmark Class A common stock. For reinvestment, acquisition or other purposes, Newmark may determine on a quarterly basis to distribute to its stockholders a smaller percentage than Newmark Holdings distributes to its equity holders (excluding tax distributions from Newmark Holdings) of cash that it received from Newmark OpCo. In such circumstances, the Separation and Distribution Agreement provides that the Exchange Ratio will be reduced to reflect the amount of additional cash retained by Newmark as a result of the distribution of such smaller percentage, after the payment of taxes. The Exchange Ratio as of December 31, 2020 equaled 0.9379.

### **Founding/Working Partner Units**

Founding/Working Partners have FPU, LPU in BGC Holdings and Newmark Holdings. The Company accounts for FPU, LPU outside of permanent capital, as “Redeemable partnership interest,” in the Company’s consolidated statements of financial condition. This classification is applicable to Founding/Working Partner units because these units are redeemable upon termination of a partner, including a termination of employment, which can be at the option of the partner and not within the control of the issuer.

FPU, LPU 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 FPU, LPU 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 FPU, LPU” in the Company’s consolidated statements of operations.

### ***Limited Partnership Units***

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

Generally, LPUs receive quarterly allocations of net income, which are cash distributed and generally are contingent upon services being provided by the unit holder. As prescribed in U.S. GAAP guidance, prior to the Spin-Off, the quarterly allocations of net income on BGC Holdings LPUs held by all employees and the quarterly allocations of net income on Newmark Holdings LPUs held by BGC employees were reflected as a component of compensation expense under “Equity-based compensation and allocations of net income to limited partnership units and FPU” in the Company’s consolidated statements of operations. In addition, prior to the Spin-Off, the quarterly allocation of net income on such LPUs in Newmark Holdings held by Newmark employees were reflected as a component of “Consolidated net income (loss) from discontinued operations, net of tax” in the Company’s consolidated statements of operations. Following the Spin-Off, the quarterly allocations of net income on BGC Holdings and Newmark Holdings LPUs held by BGC employees are reflected as a component of compensation expense under “Equity-based compensation and allocations of net income to limited partnership units and FPU” in the Company’s consolidated statements of operations, and the quarterly allocations of net income on BGC Holdings LPUs held by Newmark employees are reflected as a component of “Net income (loss) from continuing operations attributable to noncontrolling interest in subsidiaries” in the Company’s consolidated statements of operations. From time to time, the Company also issues BGC LPUs as part of the consideration for acquisitions.

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

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

### ***Cantor Units***

Cantor holds limited partnership interests in BGC Holdings. Cantor units are reflected as a component of “Noncontrolling interest in subsidiaries” in the Company’s consolidated statements of financial condition. Cantor receives allocations of net income (loss), which are cash distributed on a quarterly basis and are reflected as a component of “Net income (loss) from continuing operations attributable to noncontrolling interest in subsidiaries” in the Company’s consolidated statements of operations. In addition, Cantor holds limited partnership interests in Newmark Holdings, which were reflected as a component of “Noncontrolling interest in subsidiaries” in the Company’s consolidated statements of financial condition until the Spin-Off. The allocations of net income (loss) Cantor received for its interests in Newmark Holdings, which was cash distributed on a quarterly basis, were reflected as a component of “Net income (loss) from discontinued operations attributable to noncontrolling interest in subsidiaries” in the Company’s consolidated statements of operations until the Spin-Off. 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.

Prior to the Separation, BGC Holdings limited partnership interests could become exchangeable for a BGC Class A common stock on a one-for-one basis (subject to adjustment). Following the Separation and prior to the Spin-Off, in order for a partner or Cantor to exchange a limited partnership interest in BGC Holdings or Newmark Holdings into a share of BGC Class A or BGC Class B common stock, such

partner or Cantor was required to exchange both one BGC Holdings limited partnership interest and a number of Newmark Holdings limited partnership interests equal to a BGC Holdings limited partnership interest multiplied by the quotient obtained by dividing Newmark Class A and Newmark Class B common stock, Newmark OpCo interests, and Newmark Holdings limited partnership interests held by BGC as of such time by the number of shares of BGC Class A and BGC Class B common stock outstanding as of such time, referred to as the “Distribution Ratio”, divided by the Exchange Ratio. Initially the Distribution Ratio was equivalent to the Contribution Ratio (one divided by 2.2 or 0.4545), and at the time of the Spin-Off, the Distribution Ratio equaled 0.463895. As a result of the change in the Distribution Ratio, certain BGC Holdings limited partnership interests no longer had a corresponding Newmark Holdings limited partnership interest. The exchangeability of these BGC Holdings limited partnership interests along with any new BGC Holdings limited partnership interests issued after the Separation (together referred to as “standalone”) into BGC Class A or BGC Class B common stock was contingent upon the Spin-Off. Following the Spin-Off, a partner or Cantor is no longer required to have paired BGC Holdings and Newmark Holdings limited partnership interests to exchange into BGC Class A or BGC Class B 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. Therefore, standalone BGC limited partnership interests, which were previously excluded from the Company’s fully diluted number of shares and units outstanding, are now included in the Company’s fully diluted number of shares and units outstanding if dilutive. 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 FPU’s, LPU’s and Cantor units in BGC Holdings is allocated to Cantor and reflected as a component of “Net income (loss) from continuing operations attributable to noncontrolling interest in subsidiaries” in the Company’s consolidated statements of operations. In subsequent quarters in which the Company has net income, the initial allocation of income to the limited partnership interests in BGC Holdings is to Cantor and is recorded as “Net income (loss) from continuing operations 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. In addition, in quarterly periods in which Newmark has a net loss, the loss allocation for FPU’s, LPU’s and Cantor units in Newmark Holdings is allocated to Cantor. In subsequent quarters in which Newmark has net income, the initial allocation of income to limited partnership interests in Newmark Holdings is allocated to Cantor to recover any losses taken in earlier quarters, with the remaining income allocated to the limited partnership interests. These income (loss) allocations to Cantor by Newmark have no impact on BGC’s consolidated statements of operations following the Spin-Off.

### 3. Summary of Significant Accounting Policies

#### Use of Estimates:

The preparation of the Company's consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in these consolidated financial statements. Management believes that the estimates utilized in preparing these consolidated financial statements are reasonable. Estimates, by their nature, are based on judgment and available information. Actual results could differ materially from the estimates included in the Company's consolidated financial statements. Certain reclassifications have been made to previously reported amounts to conform to the current period presentation.

#### Revenue Recognition:

BGC derives its revenues primarily through commissions from brokerage services, the spread between the buy and sell prices on matched principal transactions, fees from related parties, data, software and post-trade services, and other revenues.

The accounting policies described below were updated pursuant to the adoption of the U.S. GAAP standard on *Revenue from Contracts with Customers* and related amendments on January 1, 2018. These revenue recognition policy updates have been applied prospectively in the Company's consolidated financial statements from January 1, 2018 onward. See Note 26 —“Revenue from Contracts with Customers” for additional information.

#### Commissions:

The Company derives its commission revenues from securities, commodities and insurance-related transactions, whereby the Company connects buyers and sellers in the OTC and exchange markets and assists in the negotiation of the price and other material terms. These transactions result from the provision of service related to executing, settling and clearing transactions for customers. Trade execution and clearing services, when provided together, represent a single performance obligation as the services are not separately identifiable in the context of the contract. Commission revenues are recognized at a point in time on the trade-date, when the customer obtains control of the service and can direct the use of, and obtain substantially all of the remaining benefits from the asset. The Company records a receivable between the trade-date and settlement date, when payment is received.

#### Principal Transactions:

Principal transaction revenues are primarily derived from matched principal transactions, whereby the Company simultaneously agrees to buy securities from one customer and sell them to another customer. A very limited number of trading businesses are allowed to enter into unmatched principal transactions to facilitate a customer's execution needs for transactions initiated by such customers. Revenues earned from principal transactions represent the spread between the buy and sell price of the brokered security, commodity or derivative. Principal transaction revenues and related expenses are recognized on a trade-date basis. Positions held as part of a principal transaction are marked-to-market on a daily basis.

#### Fees from Related Parties:

Fees from related parties consist of charges for back-office services provided to Cantor and its affiliates, including occupancy of office space, utilization of fixed assets, accounting, operations, human resources and legal services, and information technology. The services are satisfied over time and measured using a time-elapsed measure of progress as the customer receives the benefits of the services evenly throughout the term of the contract. The transaction price is considered variable consideration as the level and type of services fluctuate from period to period and revenues are recognized only to the extent it is probable that a significant reversal in the amount of cumulative revenues recognized will not occur when the uncertainty is resolved. Fees from related parties are determined based on the cost incurred by the Company to perform or provide the service as evidenced by an allocation of employee expenses or a third-party invoice. Net cash settlements between affiliates are generally performed on a monthly basis.

#### Data, Software and Post-trade:

Data revenues primarily consist of subscription fees and fees from customized one-time sales provided to customers either directly or through third-party vendors. Regarding this revenue stream, the Company determined that software implementation, license usage, and related support services represent a single-performance obligation because the combination of these deliverables is necessary for the customer to derive benefit from the data. As such, once implementation is complete, monthly subscription fees are billed in advance and recognized on a straight-line basis over the life of the license period.

The Company also provides software customization services contracted through work orders that each represent a separate performance obligation. Revenue is recognized over time using an output method as a measure of progress. As circumstances change over time, the Company updates its measure of progress to reflect any changes in the outcome of the performance obligation. Such updates are accounted for as a change in accounting estimate. As a practical expedient, when the work-order period is less than 12 months, the Company recognizes revenue upon acceptance from the customer after work is completed. The contract price is fixed and billed to the customer as combination of an upfront fee, progress fees, and a post-delivery fee.

**Other Revenues:**

Other revenues are earned from various sources, including underwriting and advisory fees.

**Other Income (Losses), Net:****Gain (Loss) on Divestiture and Sale of Investments:**

Gain (loss) on divestiture and sale of investments is comprised of gains or losses recorded in connection with the divestiture of certain businesses or sale of investments (see Note 7—“Divestitures”).

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

Gains (losses) on equity method investments represent the Company’s pro-rata share of the net gains or losses on investments over which the Company has significant influence but which it does not control.

**Other Income (Loss):**

Other income (loss) is primarily comprised of gains or losses associated with the movements related to the changes in fair value and/or hedges on marketable equity securities and investments carried under the measurement alternative (see Note 12—“Marketable Securities” and Note 17—“Investments”).

**Segments:**

Prior to the Spin-Off, the Company’s operations consisted of two reportable segments, Financial Services and Real Estate Services. As a result of the Spin-Off, the Company has one reportable segment (see Note 25—“Segment, Geographic and Product Information”).

**Cash and Cash Equivalents:**

The Company considers all highly liquid investments with maturities of 90 days or less at the date of acquisition that are not segregated under regulatory requirements, other than those used for trading purposes, to be cash equivalents. Cash and cash equivalents include money market funds, deposits with banks, certificates of deposit, commercial paper, and U.S. Treasury securities.

**Cash Segregated Under Regulatory Requirements:**

Cash segregated under regulatory requirements represents funds received in connection with customer activities that the Company is obligated to segregate or set aside to comply with regulations mandated by authorities such as the SEC and FINRA in the U.S. and the FCA in the U.K. that have been promulgated to protect customer assets.

In addition, BGC premiums collected from insureds but not yet remitted to insurance companies and claims collected from insurance companies but not yet remitted to insureds are recorded as “Cash segregated under regulatory requirements,” and the corresponding liability is recorded as “Accounts payable, accrued and other liabilities” in the Company’s consolidated statements of financial condition.

**Securities Owned:**

Securities owned primarily consist of unencumbered U.S. Treasury bills held for liquidity purposes. Securities owned are classified as trading and marked-to-market daily based on current listed market prices (or, when applicable, broker or dealer quotes), with the resulting gains and losses included in operating income in the current period. Unrealized and realized gains and losses from securities owned are included as part of “Principal transactions” in the Company’s consolidated statements of operations.

**Fair Value:**

U.S. GAAP defines fair value as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and further expands disclosures about such fair value measurements.

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

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

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

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

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

In determining fair value, the Company separates financial instruments owned and financial instruments sold, but not yet purchased into two categories: cash instruments and derivative contracts.

Cash Instruments – Cash instruments are generally classified within Level 1 or Level 2. The types of instruments generally classified within Level 1 include most U.S. government securities, certain sovereign government obligations, and actively traded listed equities. The Company does not adjust the quoted price for such instruments. The types of instruments generally classified within Level 2 include agency securities, most investment-grade and high-yield corporate bonds, certain sovereign government obligations, money market securities, and less liquid listed equities, and state, municipal and provincial obligations.

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

See Note 15—“Fair Value of Financial Assets and Liabilities” for more information on the fair value of financial assets and liabilities.

#### **Marketable Securities:**

Marketable securities comprise equity securities with readily determinable fair value. These securities are held for investment purposes and accounted for in accordance with the U.S. GAAP guidance, *Investments—Debt and Equity Securities*. In accordance with the guidance on recognition and measurement of equity investments, the Company carries its marketable equity securities at fair value and recognizes any changes in fair value currently within “Other income (loss)” in the Company's consolidated statements of operations. See Note 12—“Marketable Securities” for additional information.

#### **Receivables from and Payables to Broker-Dealers, Clearing Organizations, Customers and Related Broker-Dealers:**

Receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers primarily represent principal transactions for which the stated settlement dates have not yet been reached and principal transactions which have not settled as of their stated settlement dates, cash held at clearing organizations and exchanges to facilitate settlement and clearance of matched principal transactions, and spreads on matched principal transactions that have not yet been remitted from/to clearing organizations and exchanges. Also included are amounts related to open derivative contracts, which are generally executed on behalf of the Company's customers. A portion of the unsettled principal transactions and open derivative contracts that constitute receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers are with related parties (see Note 16—“Related Party Transactions” for more information regarding these receivables and payables).

#### **Current Expected Credit Losses (CECL)**

The accounting policy changes described below were updated pursuant to the adoption of ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)—Measurement of Credit Losses on Financial Instruments* and related amendments on January 1, 2020. These policy updates have been applied using the modified retrospective approach in the Company's consolidated financial statements from January 1, 2020 onward. Financial information for the historical comparable periods was not revised and continues to be reported under the accounting standards in effect during those historical periods. In accordance with the guidance in ASC Topic 326, the Company presents its financial assets that are measured at amortized cost, net of an allowance for credit losses, which represents the amount expected to be collected over their estimated life. Expected credit losses for newly recognized financial assets carried at amortized cost, as well as changes to expected lifetime credit losses during the period, are recognized in earnings. The CECL methodology represents a significant change from prior U.S. GAAP and replaced the prior multiple impairment methods, which generally required that a loss be incurred before it was recognized. Within the life cycle of a loan or other financial asset in scope, the methodology generally results in the earlier recognition of the provision for credit losses and the related allowance for credit losses than under prior U.S. GAAP. The CECL methodology's impact on expected credit losses, among other things, reflects the Company's view of the current state of the economy, forecasted macroeconomic conditions and the Company's portfolios. Refer to Note 28—“Current Expected Credit Losses (CECL)” for additional information.

#### **Accrued Commissions and Other Receivables, Net:**

The Company has accrued commissions receivable from securities and commodities transactions. Accrued commissions receivable are presented net of allowance for doubtful accounts of approximately \$14.0 million and \$10.5 million as of December 31, 2020 and 2019, respectively. The allowance is based on management's estimate and reviewed periodically based on the facts and circumstances of each outstanding receivable.

The Company's CECL methodology for Accrued commissions receivable follows a PD/LGD framework with adjustments for the macroeconomic outlook, with the calculation performed at a counterparty level. The receivable balance for each counterparty is the outstanding receivable amount adjusted for any volume discounts. Accrued commissions receivable are not subject to an interest income accrual. The Company writes off a receivable in the period in which such balance is deemed uncollectible.

The PD rate is sourced from Moody's Annual Default Study for Corporates and it corresponds to the 1983-2020 average 1-year default rate by rating. The Moody's quarterly updated data is used as well, if deemed appropriate. A significant number of the Company's counterparties are publicly rated, and, therefore, the Moody's PD rate is used as a proxy based on the counterparty's external rating. In addition, the Company maintains internal obligor ratings that map to Moody's long-term ratings.

The LGD rate is derived from the Basel Committee's June 2004 Second Basel Accord on international banking laws and regulations. The Company understands that the LGD assumption is a well-known industry benchmark for unsecured credits, which aligns with the unsecured nature of these receivables. Management considered that historically the Company has collected on substantially all its receivables, and, therefore, the LGD assumption is a reasonable benchmark in absence of internal data from which to develop an LGD measure.

The macroeconomic adjustment is based on an average of the outlook scenarios for changes in the Real GDP growth rate for advanced economies over the next year, including the impact of COVID-19. Historical and forecast data for this metric is obtained from the International Monetary Fund's World Economic Outlook database. The Company believes that changes in expected credit losses for its counterparties are impacted by changes in broad economic activity and, therefore, determined that the Real GDP growth rate was a reasonable metric to evaluate for macroeconomic adjustments. Further, given that the Company's receivables are related to counterparties with global operations, management sourced the data for this metric as applicable to advanced economies. The Company notes that, given the short-term nature of these receivables, a forecast beyond 1 year is neither required nor appropriate, and, therefore, the adjustment also covers the approximated life of these assets with no need for reversion.

In the Company's capacity as insurance agent and broker, BGC collects premiums from insureds and, after deducting its commission, remits the premiums to the respective insurers. BGC also collects claims or refunds from insurers on behalf of insureds. Uncollected premiums from insureds and uncollected claims or refunds from insurers are recorded as "Accrued commissions and other receivables, net", and the corresponding unremitted insurance premiums and claims held in a fiduciary capacity are recorded as "Accounts payable, accrued and other liabilities" in the Company's consolidated statements of financial condition.

#### **Loans, Forgivable Loans, and Other Receivables from Employees and Partners, Net:**

The Company has entered into various agreements with certain employees and partners whereby these individuals receive loans which may be either wholly or in part repaid from the distributions that the individuals receive on some or all of their LPUs and from proceeds of the sale of the employees' shares of BGC Class A common stock, or may be forgiven over a period of time. The forgivable portion of these loans is not included in the Company's estimate of expected credit losses when employees meet the conditions for forgiveness through their continued employment over the specified time period, and is recognized as compensation expense over the life of the loan. The amounts due from terminated employees that the Company does not expect to collect are included in the allowance for credit losses.

From time to time, the Company may also enter into agreements with employees and partners to grant bonus and salary advances or other types of loans. These advances and loans are repayable in the timeframes outlined in the underlying agreements. The Company reviews loan balances each reporting period for collectability. If the Company determines that the collectability of a portion of the loan balances is not expected, the Company recognizes a reserve against the loan balances as compensation expense.

#### **Fixed Assets, Net:**

Fixed assets are carried at cost net of accumulated depreciation and amortization. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Internal and external direct costs of developing applications and obtaining software for internal use are capitalized and amortized over three years on a straight-line basis. Computer equipment is depreciated over three to five years. Leasehold improvements are depreciated over the shorter of their estimated economic useful lives or the remaining lease term. Routine repairs and maintenance are expensed as incurred. When fixed assets are retired or otherwise disposed of, the related gain or loss is included in operating income. The Company has asset retirement obligations related to certain of its leasehold improvements, which it accounts for in accordance with U.S. GAAP guidance, *Asset Retirement Obligations*. The guidance requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement cost is capitalized as part of the carrying amount of the long-lived asset. The liability is discounted and accretion expense is recognized using the credit-adjusted risk-free interest rate in effect when the liability was initially recognized.

#### **Investments:**

The Company's investments in which it has a significant influence but not a controlling financial interest and of which it is not the primary beneficiary are accounted for under the equity method.



In accordance with the guidance on recognition and measurement of equity investments, the Company has elected to use a measurement alternative for its equity investments without a readily determinable fair value, pursuant to which these investments are initially recognized at cost and remeasured through earnings when there is an observable transaction involving the same or similar investment of the same issuer, or due to an impairment. See Note 15—“Fair Value of Financial Assets and Liabilities” and Note 17—“Investments” for additional information.

The Company’s consolidated financial statements include the accounts of the Company and its wholly owned and majority-owned subsidiaries. The Company’s policy is to consolidate all entities of which it owns more than 50% unless it does not have control over the entity. In accordance with the U.S. GAAP guidance, *Consolidation of Variable Interest Entities*, the Company also consolidates any VIE of which it is the primary beneficiary.

#### **Long-Lived Assets:**

The Company periodically evaluates potential impairment of long-lived assets and amortizable intangibles, when a change in circumstances occurs, by applying the U.S. GAAP guidance, *Impairment or Disposal of Long-Lived Assets*, and assessing whether the unamortized carrying amount can be recovered over the remaining life through undiscounted future expected cash flows generated by the underlying assets. If the undiscounted future cash flows were less than the carrying value of the asset, an impairment charge would be recorded. The impairment charge would be measured as the excess of the carrying value of the asset over the present value of estimated expected future cash flows using a discount rate commensurate with the risks involved.

#### **Leases:**

The Company enters into leasing arrangements in the ordinary course of business as a lessee of office space, data centers and office equipment.

The accounting policies described below were updated pursuant to the adoption of the U.S. GAAP standard on *Leases* and related amendments on January 1, 2019. These policy updates have been applied using the modified retrospective approach in the Company’s consolidated financial statements from January 1, 2019 onward. Financial information for the year ended December 31, 2018 was not revised and continues to be reported under the previous accounting guidance on leases in effect during that historical period.

BGC determines whether an arrangement is a lease at inception. ROU lease assets represent the Company’s right to use an underlying asset for the lease term, and lease liabilities represent BGC’s obligation to make lease payments arising from the lease. Other than for leases with an initial term of twelve months or less, operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise those options. Lease expense pertaining to operating leases is recognized on a straight-line basis over the lease term. Refer to Note 27—“Leases” for additional information.

#### **Goodwill and Other Intangible Assets, Net:**

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination. As prescribed in the U.S. GAAP guidance, *Intangibles—Goodwill and Other*, goodwill and other indefinite-lived intangible assets are not amortized, but instead are periodically tested for impairment. The Company reviews goodwill and other indefinite-lived intangible assets for impairment on an annual basis during the fourth quarter of each fiscal year or whenever an event occurs or circumstances change that could reduce the fair value of a reporting unit below its carrying amount. When reviewing goodwill for impairment, BGC first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. The Company performed impairment evaluations for the years ended December 31, 2020, 2019 and 2018 and concluded that there was no impairment of its goodwill during any of these periods. There was no impairment charge recognized for the Company’s indefinite-lived intangible assets other than goodwill for the years ended December 31, 2020, 2019 and 2018.

Intangible assets with definite lives are amortized on a straight-line basis over their estimated useful lives. Definite-lived intangible assets arising from business combinations include customer relationships, internally developed software, and covenants not to compete. Also included in the definite-lived intangible assets are purchased patents. The costs of acquired patents are amortized over a period not to exceed the legal life or the remaining useful life of the patent, whichever is shorter, using the straight-line method.

#### **Income Taxes:**

The Company accounts for income taxes using the asset and liability method as prescribed in the U.S. GAAP guidance, *Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Certain of the Company’s entities are taxed as U.S. partnerships and are subject to the UBT in New York City. Therefore, the tax liability or benefit related to the partnership income or loss except for UBT rests with the partners (see Note 2—“Limited Partnership Interests in BGC Holdings and Newmark Holdings” for a discussion of partnership interests), rather than the partnership entity. As such, the partners’ tax liability or benefit is not reflected in the

Company's consolidated financial statements. The tax-related assets, liabilities, provisions or benefits included in the Company's consolidated financial statements also reflect the results of the entities that are taxed as corporations, either in the U.S. or in foreign jurisdictions. The Company provides for uncertain tax positions based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. The Company recognizes interest and penalties related to income tax matters in "Provision (benefit) for income taxes" in the Company's consolidated statements of operations.

The Company files income tax returns in the United States federal jurisdiction and various states, local and foreign jurisdictions. The Company is currently open to examination by tax authorities in United States federal, state and local jurisdictions and certain non-U.S. jurisdictions for tax years beginning 2008, 2009 and 2012, respectively.

On December 22, 2017, the Tax Act was signed into law in the U.S. During 2018, the Treasury and the IRS released proposed regulations associated with certain provisions of the Tax Act to provide taxpayers with additional guidance. The Tax Act is expected to have a favorable impact on the Company's ETR and net income as reported under U.S. GAAP in 2018 and subsequent reporting periods to which the Tax Act is effective due to the reduction in the Federal income tax rate from 35% to 21%. The impact of the Tax Act may differ from our estimate for the provision for income taxes, possibly materially, due to, among other things, changes in interpretations, additional guidance that may be issued, unexpected negative changes in business and market conditions that could reduce certain tax benefits, and actions taken by the Company as a result of the Tax Act.

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

#### **Equity-Based and Other Compensation:**

The Company accounts for equity-based compensation under the fair value recognition provisions. Equity-based compensation expense recognized during the period is based on the value of the portion of equity-based payment awards that is ultimately expected to vest. The grant-date fair value of equity-based awards is amortized to expense ratably over the awards' vesting periods. As equity-based compensation expense recognized in the Company's consolidated statements of operations is based on awards ultimately expected to vest, it has been reviewed for estimated forfeitures. Further, forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

#### ***Restricted Stock Units:***

RSUs held by certain employees of the Company are accounted for as equity awards, and in accordance with U.S. GAAP, the Company is required to record an expense for the portion of the RSUs that is ultimately expected to vest. The grant-date fair value of RSUs is amortized to expense ratably over the awards' expected vesting periods. The non-cash equity-based amortization expense is reflected as a component of "Equity-based compensation and allocations of net income to limited partnership units and FPU's" in the Company's consolidated statements of operations.

#### ***Restricted Stock:***

Restricted stock provided to certain employees by the Company is accounted for as an equity award, and as per the U.S. GAAP guidance, the Company is required to record an expense for the portion of the restricted stock that is ultimately expected to vest. The Company has granted restricted stock that is fully vested and not subject to continued employment or service with the Company or any affiliate or subsidiary of the Company; however, transferability is subject to compliance with BGC Partners' and its affiliates' customary noncompete obligations. Such shares of restricted stock are generally saleable by partners in five to ten years. Because the restricted stock is not subject to continued employment or service, the grant-date fair value of the restricted stock is expensed on the date of grant. The non-cash equity-based expense is reflected as a component of "Equity-based compensation and allocations of net income to limited partnership units and FPU's" in the Company's consolidated statements of operations.

**Limited Partnership Units:**

LPUs in BGC Holdings and Newmark Holdings generally are held by employees of both BGC and Newmark and receive quarterly allocations of net income, which are cash distributed on a quarterly basis and generally contingent upon services being provided by the unit holders. Following the Spin-Off, the quarterly allocations of net income on BGC Holdings and Newmark Holdings LPUs held by BGC employees are reflected as a component of compensation expense under “Equity-based compensation and allocations of net income to limited partnership units and FPU,” and the quarterly allocations of net income on BGC Holdings LPUs held by Newmark employees are reflected as a component of “Net income (loss) from continuing operations attributable to noncontrolling interest in subsidiaries” in the Company’s consolidated statements of operations.

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

Following the Spin-Off, certain limited partnership units in BGC Holdings are granted exchangeability or redeemed in connection with the grant of shares of BGC Class A common stock on a one-for-one basis (subject to adjustment), and certain limited partnership units in Newmark Holdings are granted exchangeability or redeemed in connection with the grant of shares of Newmark Class A common stock based on the exchange ratio at the time. At the time exchangeability or redemption is granted for BGC employees, the Company recognizes an expense based on the fair value of the award on that date, which is included in “Equity-based compensation and allocations of net income to limited partnership units and FPU” in the Company’s consolidated statements of operations.

Further, certain LPUs in BGC Holdings and Newmark Holdings have a stated vesting schedule and do not receive quarterly allocations of net income. The grant-date fair value of these LPUs is amortized to expense ratably over the awards’ expected vesting periods. The non-cash equity-based amortization expense is reflected as a component of “Equity-based compensation and allocations of net income to limited partnership units and FPU” in the Company’s consolidated statements of operations.

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

For additional information, see Note 2—“Limited Partnership Interests in BGC Holdings and Newmark Holdings.”

**Redeemable Partnership Interest:**

Redeemable partnership interest represents limited partnership interests in BGC Holdings held by Founding/Working Partners. See Note 2—“Limited Partnership Interests in BGC Holdings and Newmark Holdings” for additional information related to the FPU.

**Contingent Class A Common Stock:**

In connection with certain acquisitions, the Company committed to issue shares of the Company’s Class A common stock upon the achievement of certain performance targets. The contingent shares met the criteria for liability classification, are measured at fair value on a recurring basis and presented in “Accounts payable, accrued and other liabilities” in the Company’s consolidated statements of financial condition. Realized and unrealized gains (losses) resulting from changes in fair value are reported in “Other income (loss)” in the Company’s consolidated statements of operations.

**Noncontrolling Interest in Subsidiaries:**

Noncontrolling interest in subsidiaries represents equity interests in consolidated subsidiaries that are not attributable to the Company, such as Cantor units and the noncontrolling interest holders’ proportionate share of the profit or loss associated with joint ownership of the Company’s administrative services company in the U.K. (Tower Bridge).

In addition, prior to the Spin-Off, the Company’s noncontrolling interest in subsidiaries included equity interests in Newmark and its consolidated subsidiaries that were not attributable to BGC, such as Cantor’s limited partnership interest in Newmark Holdings, the

noncontrolling interest holders' proportionate share of the profit or loss associated with Newmark's affiliate entities, the portion of Newmark owned by the public, and the EPU's issued by Newmark OpCo in the Newmark OpCo Preferred Investment.

#### Foreign Currency Transactions and Translation:

Assets and liabilities denominated in nonfunctional currencies are converted at rates of exchange prevailing on the date of the Company's consolidated statements of financial condition, and revenues and expenses are converted at average rates of exchange for the period. Gains and losses on remeasurement of foreign currency transactions denominated in nonfunctional currencies are recognized within "Other expenses" in the Company's consolidated statements of operations. Gains and losses on translation of the financial statements of non-U.S. operations into U.S. dollar reporting currency of the Company are presented as foreign currency translation adjustments within "Other comprehensive income (loss), net of tax" in the Company's consolidated statements of comprehensive income and as part of "Accumulated other comprehensive income (loss)" in the Company's consolidated statements of financial condition.

#### Derivative Financial Instruments:

Derivative contracts are instruments, such as futures, forwards, options or swaps contracts, that derive their value from underlying assets, indices, reference rates or a combination of these factors. Derivative instruments may be listed and traded on an exchange, or they may be privately negotiated contracts, which are often referred to as OTC derivatives. Derivatives may involve future commitments to purchase or sell financial instruments or commodities, or to exchange currency or interest payment streams. The amounts exchanged are based on the specific terms of the contract with reference to specified rates, securities, commodities, currencies or indices.

U.S. GAAP requires that an entity recognize all derivative contracts as either assets or liabilities in the consolidated statements of financial condition and measure those instruments at fair value. The fair value of all derivative contracts is recorded on a net-by-counterparty basis where a legal right of offset exists under an enforceable netting agreement. Derivative contracts are recorded as part of receivables from or payables to broker-dealers, clearing organizations, customers and related broker-dealers in the Company's consolidated statements of financial condition.

#### 4. Prior Periods' Financial Statement Revisions

During the fourth quarter of 2020, the Company's management identified the theft of U.K. tax payment related funds from the Company. The theft, which occurred over several years ending September 2020, was perpetrated by two individuals associated with the Company, and did not involve the operations or business of the Company. Litigation has commenced against the two individuals seeking recovery of stolen amounts. The cumulative impact to the Company's "Consolidated net income (loss)" as a result of the theft was determined to be \$35.2 million. As a result, the Company has revised its previously issued financial statements as of and for the years ended December 31, 2019 and 2018, as well as the first three quarters of 2020 and all interim periods of 2019.

The Company assessed the materiality of these revisions on prior periods' financial statements in accordance with SEC Staff Accounting Bulletin Topic 1.M, Materiality, codified in ASC Topic 250, Accounting Changes and Error Corrections, and concluded that the revisions were not material to the prior annual or interim periods. Although the revisions were not material to any previously issued financial statements, correcting the accumulated revision in 2020 would have been material to the Company's consolidated financial statements for the year ended December 31, 2020. Accordingly, the Company has concluded that an amendment of previously filed periodic reports is not required. Therefore, the Company has revised the historical periods in this Annual Report on Form 10-K, and the historical interim periods that will be presented in the Company's prospective filings. The Company is revising other prior period financial statements to reflect certain previously unrecorded immaterial adjustments, primarily related to BGC's provision (benefit) for income taxes, in the Company's consolidated financial statements for the periods stated above. The accompanying notes to the consolidated financial statements further reflect the impact of these revisions. The Company has also reflected the impact of these revisions in the applicable unaudited quarterly financial results presented in Note 5—"Quarterly Results of Operations (Unaudited)."

The following table includes the effects of the revisions on the "Additional paid-in capital", "Retained deficit" and "Noncontrolling interest in subsidiaries" beginning balances as of January 1, 2018 which represents the cumulative impact to periods prior to 2018.

	As of January 1, 2018		
	As Reported	Adjustments	As Revised
Additional paid-in capital	\$ 1,763,371	\$ 642	\$ 1,764,013
Retained deficit	\$ (859,009)	\$ (7,866)	\$ (866,875)
Noncontrolling interest in subsidiaries	\$ 505,855	\$ (4,647)	\$ 501,208

The following table presents the effect of the resulting revision on the consolidated statements of financial condition as of December 31, 2019.

	December 31, 2019		
	As Reported	Adjustments	As Revised
<b>Assets</b>			
Accrued commissions and other receivables, net	778,415	9,869	788,284
Other assets	446,371	925	447,296
Total assets	<u>\$ 3,916,120</u>	<u>\$ 10,794</u>	<u>\$ 3,926,914</u>
<b>Liabilities, Redeemable Partnership Interest, and Equity</b>			
Accounts payable, accrued and other liabilities	1,283,046	29,563	1,312,609
Total liabilities	3,148,745	29,563	3,178,308
<b>Equity</b>			
Stockholders' equity:			
Additional paid-in capital	2,271,947	156	2,272,103
Retained deficit	(1,241,754)	(11,335)	(1,253,089)
Total stockholders' equity	685,826	(11,179)	674,647
Noncontrolling interest in subsidiaries	57,911	(7,590)	50,321
Total equity	743,737	(18,769)	724,968
Total liabilities, redeemable partnership interest, and equity	<u>\$ 3,916,120</u>	<u>\$ 10,794</u>	<u>\$ 3,926,914</u>

The following tables present the effect of the resulting revision on the consolidated statements of operations for the years ended December 31, 2019 and 2018.

	Year Ended December 31, 2019		
	As Reported	Adjustments	As Revised
<b>Expenses:</b>			
Compensation and employee benefits	1,127,911	(2,000)	1,125,911
Equity-based compensation and allocations of net income to limited partnership units and FPU's	165,612	5,013	170,625
Total compensation and employee benefits	1,293,523	3,013	1,296,536
Occupancy and equipment	184,807	(1,600)	183,207
Interest expense	59,077	1,169	60,246
Other expenses	107,423	11,026	118,449
Total expenses	2,021,606	13,608	2,035,214
<b>Other income (losses), net:</b>			
Other income (loss)	32,953	(2,442)	30,511
Total other income (losses), net	55,489	(2,442)	53,047
Income (loss) from operations before income taxes	138,114	(16,050)	122,064
Provision (benefit) for income taxes	53,171	(3,360)	49,811
Consolidated net income (loss)	<u>\$ 84,943</u>	<u>\$ (12,690)</u>	<u>\$ 72,253</u>
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	29,236	(4,545)	24,691
Net income (loss) available to common stockholders	<u>\$ 55,707</u>	<u>\$ (8,145)</u>	<u>\$ 47,562</u>
<b>Per share data:</b>			
<i>Basic earnings (loss) per share</i>			
Net income (loss) available to common stockholders	<u>\$ 55,707</u>	<u>\$ (8,145)</u>	<u>\$ 47,562</u>
Basic earnings (loss) per share	<u>\$ 0.16</u>	<u>\$ (0.02)</u>	<u>\$ 0.14</u>
Basic weighted-average shares of common stock outstanding	<u>344,332</u>	<u>—</u>	<u>344,332</u>
<i>Fully diluted earnings (loss) per share</i>			
Net income (loss) for fully diluted shares	<u>\$ 83,531</u>	<u>\$ (21,477)</u>	<u>\$ 62,054</u>
Fully diluted earnings (loss) per share	<u>\$ 0.16</u>	<u>\$ (0.03)</u>	<u>\$ 0.13</u>
Fully diluted weighted-average shares of common stock outstanding	<u>524,550</u>	<u>(64,807)</u>	<u>459,743</u>

	Year Ended December 31, 2018		
	As Reported	Adjustments	As Revised
<b>Expenses:</b>			
Compensation and employee benefits	1,001,623	3,170	1,004,793
Equity-based compensation and allocations of net income to limited partnership units and FPU's	205,070	(5,013)	200,057
Total compensation and employee benefits	1,206,693	(1,843)	1,204,850
Occupancy and equipment	149,594	1,600	151,194
Interest expense	41,733	761	42,494
Other expenses	64,309	7,560	71,869
Total expenses	1,815,838	8,078	1,823,916
<b>Other income (losses), net:</b>			
Other income (loss)	50,468	177	50,645
Total other income (losses), net	57,845	177	58,022
Income (loss) from operations before income taxes	179,817	(7,901)	171,916
Provision (benefit) for income taxes	76,120	(12,352)	63,768
Consolidated net income (loss) from continuing operations	\$ 103,697	\$ 4,451	\$ 108,148
Consolidated net income (loss) from discontinued operations, net of tax	176,169	2,293	178,462
Consolidated net income (loss)	\$ 279,866	\$ 6,744	\$ 286,610
Less: Net income (loss) from continuing operations attributable to noncontrolling interest in subsidiaries	29,993	1,300	31,293
Less: Net income (loss) from discontinued operations attributable to noncontrolling interest in subsidiaries	52,353	768	53,121
Net income (loss) available to common stockholders	\$ 197,520	\$ 4,676	\$ 202,196
<b>Per share data:</b>			
<i>Basic earnings (loss) per share from continuing operations</i>			
Net income (loss) from continuing operations available to common stockholders	\$ 73,704	\$ 3,151	\$ 76,855
Basic earnings (loss) per share from continuing operations	\$ 0.23	\$ 0.01	\$ 0.24
Basic weighted-average shares of common stock outstanding	322,141	—	322,141
<i>Fully diluted earnings (loss) per share from continuing operations</i>			
Net income (loss) from continuing operations for fully diluted shares	\$ 73,704	\$ 3,151	\$ 76,855
Fully diluted earnings (loss) per share from continuing operations	\$ 0.23	\$ 0.01	\$ 0.24
Fully diluted weighted-average shares of common stock outstanding	323,844	—	323,844

The following tables present the effect of the resulting revision on the consolidated statements of cash flows for the years ended December 31, 2019 and 2018.

	Year Ended December 31, 2019		
	As Reported	Adjustments	As Revised
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Consolidated net income (loss)	\$ 84,943	\$ (12,690)	\$ 72,253
Adjustments to reconcile consolidated net income (loss) to net cash provided by (used in) operating activities:			
Equity-based compensation and allocations of net income to limited partnership units and FPU's	165,612	5,013	170,625
Loss (gains) on other investments	(22,785)	4,622	(18,163)
Deferred tax provision (benefit)	(1,803)	(2,393)	(4,196)
<b>Consolidated net income (loss), adjusted for non-cash and non-operating items</b>	<b>343,605</b>	<b>(5,448)</b>	<b>338,157</b>
Decrease (increase) in operating assets:			
Accrued commissions receivable, net	(12,418)	(9,869)	(22,287)
Other assets	3,784	1,455	5,239
Increase (decrease) in operating liabilities:			
Accrued compensation	(4,131)	(3,100)	(7,231)
Accounts payable, accrued and other liabilities	(34,840)	16,962	(17,878)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 239,062</b>	<b>\$ —</b>	<b>\$ 239,062</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
<b>Net cash provided by (used in) investing activities</b>	<b>\$ (40,602)</b>	<b>\$ —</b>	<b>\$ (40,602)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
<b>Net cash provided by (used in) financing activities</b>	<b>\$ 18,246</b>	<b>\$ —</b>	<b>\$ 18,246</b>
Effect of exchange rate changes on Cash and cash equivalents, and Cash segregated under regulatory requirements	2,630	—	2,630
<b>Net increase (decrease) in Cash and cash equivalents, and Cash segregated under regulatory requirements</b>	<b>219,336</b>	<b>\$ —</b>	<b>219,336</b>
Cash and cash equivalents, and Cash segregated under regulatory requirements at beginning of period	416,778	—	416,778
<b>Cash and cash equivalents, and Cash segregated under regulatory requirements at end of period</b>	<b>\$ 636,114</b>	<b>\$ —</b>	<b>\$ 636,114</b>

	Year Ended December 31, 2018		
	As Reported	Adjustments	As Revised
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Consolidated net income (loss)	\$ 279,866	\$ 6,744	\$ 286,610
Less: Consolidated net income from discontinued operations, net of tax	(176,169)	(2,293)	(178,462)
Adjustments to reconcile consolidated net income (loss) to net cash provided by (used in) operating activities:			
Employee loan amortization and reserves on employee loans	13,015	3,445	16,460
Equity-based compensation and allocations of net income to limited partnership units and FPU's	205,070	(5,013)	200,057
Loss (gains) on other investments	(38,491)	(4,622)	(43,113)
Deferred tax provision (benefit)	(22,635)	(1,102)	(23,737)
Other	—	4,445	4,445
<b>Consolidated net income (loss), adjusted for non-cash and non-operating items</b>	<b>324,291</b>	<b>1,604</b>	<b>325,895</b>
Decrease (increase) in operating assets:			
Reverse repurchase agreements	986	(986)	—
Other assets	(30,924)	5,581	(25,343)
Increase (decrease) in operating liabilities:			
Repurchase agreements	—	986	986
Accrued compensation	(52,953)	3,100	(49,853)
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	165,517	1,926	167,443
Accounts payable, accrued and other liabilities	63,214	(12,211)	51,003
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (67,345)</b>	<b>\$ —</b>	<b>\$ (67,345)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
<b>Net cash provided by (used in) investing activities</b>	<b>\$ 9,236</b>	<b>\$ —</b>	<b>\$ 9,236</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
<b>Net cash provided by (used in) financing activities</b>	<b>\$ 50,888</b>	<b>\$ —</b>	<b>\$ 50,888</b>
Net cash provided by (used in) operating activities from discontinued operations	(748,231)	—	(748,231)
Net cash provided by (used in) investing activities from discontinued operations	18,347	—	18,347
Net cash provided by (used in) financing activities from discontinued operations	367,931	—	367,931
Effect of exchange rate changes on Cash and cash equivalents, and Cash segregated under regulatory requirements	(10,838)	—	(10,838)
<b>Net increase (decrease) in Cash and cash equivalents, and Cash segregated under regulatory requirements</b>	<b>(380,012)</b>	<b>\$ —</b>	<b>(380,012)</b>
Cash and cash equivalents, and Cash segregated under regulatory requirements at beginning of period	796,790	—	796,790
<b>Cash and cash equivalents, and Cash segregated under regulatory requirements at end of period</b>	<b>\$ 416,778</b>	<b>\$ —</b>	<b>\$ 416,778</b>

The following tables present the effect of the resulting revision on the consolidated statements of changes in equity for the years ended December 31, 2019 and 2018.



	BGC Partners, Inc. Stockholders									As		
	As Reported Additional Paid-in Capital	Adjustments Additional Paid-in Capital	As Revised Additional Paid-in Capital	As Reported Retained Deficit	Adjustments Retained Deficit	As Revised Retained Deficit	As Reported Noncontrolling Interest in Subsidiaries	Adjustments Noncontrolling Interest in Subsidiaries	As Revised Noncontrolling Interest in Subsidiaries	As Reported Total	Adjustments Total	As Revised Total
<b>Balance, January 1, 2019</b>	<b>\$ 2,208,221</b>	<b>\$ (4,768)</b>	<b>\$ 2,203,453</b>	<b>\$ (1,105,019)</b>	<b>\$ (3,190)</b>	<b>\$ (1,108,209)</b>	<b>\$ 94,801</b>	<b>\$ (5,435)</b>	<b>\$ 89,366</b>	<b>\$ 863,174</b>	<b>\$ (13,393)</b>	<b>\$ 849,781</b>
Consolidated net income (loss)	—	—	—	55,707	(8,145)	47,562	29,236	(4,545)	24,691	84,943	(12,690)	72,253
Grant of exchangeability and redemption of limited partnership interests, issuance of 15,008,431 shares	51,531	4,924	56,455	—	—	—	27,463	2,390	29,853	79,144	7,314	86,458
<b>Balance, December 31, 2019</b>	<b>\$ 2,271,947</b>	<b>\$ 156</b>	<b>\$ 2,272,103</b>	<b>\$ (1,241,754)</b>	<b>\$ (11,335)</b>	<b>\$ (1,253,089)</b>	<b>\$ 57,911</b>	<b>\$ (7,590)</b>	<b>\$ 50,321</b>	<b>\$ 743,737</b>	<b>\$ (18,769)</b>	<b>\$ 724,968</b>

	BGC Partners, Inc. Stockholders									As		
	As Reported Additional Paid-in Capital	Adjustments Additional Paid-in Capital	As Revised Additional Paid-in Capital	As Reported Retained Deficit	Adjustments Retained Deficit	As Revised Retained Deficit	As Reported Noncontrolling Interest in Subsidiaries	Adjustments Noncontrolling Interest in Subsidiaries	As Revised Noncontrolling Interest in Subsidiaries	As Reported Total	Adjustments Total	As Revised Total
<b>Balance, January 1, 2018</b>	<b>\$ 1,763,371</b>	<b>\$ 642</b>	<b>\$ 1,764,013</b>	<b>\$ (859,009)</b>	<b>\$ (7,866)</b>	<b>\$ (866,875)</b>	<b>\$ 505,855</b>	<b>\$ (4,647)</b>	<b>\$ 501,208</b>	<b>\$ 1,139,741</b>	<b>\$ (11,871)</b>	<b>\$ 1,127,870</b>
Consolidated net income (loss)	—	—	—	197,520	4,676	202,196	82,346	2,068	84,414	279,866	6,744	286,610
Grant of exchangeability and redemption of limited partnership interests, issuance of 18,287,721 shares	163,706	(4,793)	158,913	—	—	—	82,077	(2,521)	79,556	245,966	(7,314)	238,652
Other	—	(617)	(617)	—	—	—	—	(335)	(335)	—	(952)	(952)
<b>Balance, December 31, 2018</b>	<b>\$ 2,208,221</b>	<b>\$ (4,768)</b>	<b>\$ 2,203,453</b>	<b>\$ (1,105,019)</b>	<b>\$ (3,190)</b>	<b>\$ (1,108,209)</b>	<b>\$ 94,801</b>	<b>\$ (5,435)</b>	<b>\$ 89,366</b>	<b>\$ 863,174</b>	<b>\$ (13,393)</b>	<b>\$ 849,781</b>

Certain prior period line items in the consolidated statements of comprehensive income (loss) were affected by the revisions of previously issued financial statements. All of the changes in the consolidated statements of comprehensive income were related to the change in net income, which has been addressed through the preceding disclosures.

## **5. Quarterly Results of Operations (Unaudited)**

The following tables present the revisions to the Company's previously issued financial statements for the relevant quarterly periods of 2020 and 2019.

As described in Note 4—"Prior Periods' Financial Statement Revisions," during 2020 the Company's management identified the theft of U.K. tax payment related funds from the Company. As a result, the Company has revised its previously issued financial statements. The effect of the revision on the 2020 and 2019 previously issued unaudited quarterly financial results is presented in the tables below. Certain prior period line items in the consolidated statements of comprehensive income (loss) were affected by the revisions of previously issued financial statements, in which all of the changes were related to the change in net income.

	December 31, 2020	September 30, 2020 (As Revised)	June 30, 2020 (As Revised)	March 31, 2020 (As Revised)
<b>Revenues:</b>				
Commissions	\$ 377,146	\$ 352,027	\$ 382,640	\$ 455,855
Principal transactions	73,687	65,182	99,453	113,311
Fees from related parties	4,857	8,814	6,562	5,521
Data, software and post-trade	20,860	21,523	20,139	19,398
Interest and dividend income	(783)	2,418	6,536	4,161
Other revenues	3,659	5,075	3,758	4,921
Total revenues	479,426	455,039	519,088	603,167
<b>Expenses:</b>				
Compensation and employee benefits	258,687	244,419	283,616	344,928
Equity-based compensation and allocations of net income to limited partnership units and FPU's	80,515	33,007	27,819	42,204
Total compensation and employee benefits	339,202	277,426	311,435	387,132
Occupancy and equipment	45,723	45,224	47,247	51,074
Fees to related parties	4,954	7,610	5,194	5,435
Professional and consulting fees	18,072	15,637	19,805	19,956
Communications	30,470	30,088	30,524	30,521
Selling and promotion	6,891	5,943	6,634	18,699
Commissions and floor brokerage	13,646	12,933	13,520	19,277
Interest expense	21,811	19,665	17,625	17,506
Other expenses	21,574	28,348	21,480	17,531
Total expenses	502,343	442,874	473,464	567,131
<b>Other income (losses) , net:</b>				
Gain (loss) on divestitures and sale of investments	403	(9)	—	—
Gains (losses) on equity method investments	1,354	1,527	1,119	1,023
Other income (loss)	1,687	4,779	1,129	(6,015)
Total other income (losses), net	3,444	6,297	2,248	(4,992)
Income (loss) from operations before income taxes	(19,473)	18,462	47,872	31,044
Provision (benefit) for income taxes	(6,729)	8,558	8,599	10,875
Consolidated net income (loss)	\$ (12,744)	\$ 9,904	\$ 39,273	\$ 20,169
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	(10,406)	251	11,354	6,495
Net income (loss) available to common stockholders	\$ (2,338)	\$ 9,653	\$ 27,919	\$ 13,674
<b>Per share data:</b>				
<i>Basic earnings (loss) per share</i>				
Net income (loss) available to common stockholders	\$ (2,338)	\$ 9,653	\$ 27,919	\$ 13,674
Basic earnings (loss) per share	\$ (0.01)	\$ 0.03	\$ 0.08	\$ 0.04
Basic weighted-average shares of common stock outstanding	365,259	363,244	360,614	358,001
<i>Fully diluted earnings (loss) per share</i>				
Net income (loss) for fully diluted shares	\$ (2,338)	\$ 15,278	\$ 40,173	\$ 19,325
Fully diluted earnings (loss) per share	\$ (0.01)	\$ 0.03	\$ 0.07	\$ 0.04
Fully diluted weighted-average shares of common stock outstanding	365,259	549,244	546,123	538,442

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
	(As Revised)			
<b>Revenues:</b>				
Commissions	\$ 382,897	\$ 409,765	\$ 422,974	\$ 430,182
Principal transactions	71,725	75,536	90,432	84,230
Fees from related parties	8,218	8,208	7,221	5,795
Data, software and post-trade	18,151	18,364	18,741	17,910
Interest and dividend income	2,865	3,976	7,813	3,665
Other revenues	3,300	5,288	4,006	2,969
Total revenues	487,156	521,137	551,187	544,751
<b>Expenses:</b>				
Compensation and employee benefits	268,696	278,744	290,271	288,200
Equity-based compensation and allocations of net income to limited partnership units and FPU's	69,389	44,093	45,002	12,141
Total compensation and employee benefits	338,085	322,837	335,273	300,341
Occupancy and equipment	47,387	44,709	45,109	46,002
Fees to related parties	2,858	7,123	6,457	2,927
Professional and consulting fees	27,553	21,262	23,347	20,005
Communications	29,715	29,882	29,974	30,411
Selling and promotion	21,432	20,320	21,491	18,402
Commissions and floor brokerage	16,377	15,831	16,791	14,618
Interest expense	16,354	15,403	15,136	13,353
Other expenses	29,487	42,257	21,354	25,351
Total expenses	529,248	519,624	514,932	471,410
<b>Other income (losses) , net:</b>				
Gain (loss) on divestitures and sale of investments	(14)	—	(1,619)	20,054
Gains (losses) on equity method investments	1,064	1,530	738	783
Other income (loss)	11,642	2,095	194	16,580
Total other income (losses), net	12,692	3,625	(687)	37,417
Income (loss) from operations before income taxes	(29,400)	5,138	35,568	110,758
Provision (benefit) for income taxes	4,075	6,691	13,261	25,784
Consolidated net income (loss)	\$ (33,475)	\$ (1,553)	\$ 22,307	\$ 84,974
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	(12,914)	4,752	8,335	24,518
Net income (loss) available to common stockholders	\$ (20,561)	\$ (6,305)	\$ 13,972	\$ 60,456
<b>Per share data:</b>				
<i>Basic earnings (loss) per share</i>				
Net income (loss) available to common stockholders	\$ (20,561)	\$ (6,305)	\$ 13,972	\$ 60,456
Basic earnings (loss) per share	\$ (0.06)	\$ (0.02)	\$ 0.04	\$ 0.18
Basic weighted-average shares of common stock outstanding	351,431	346,060	341,272	338,403
<i>Fully diluted earnings (loss) per share</i>				
Net income (loss) for fully diluted shares	\$ (20,561)	\$ (6,305)	\$ 21,549	\$ 88,670
Fully diluted earnings (loss) per share	\$ (0.06)	\$ (0.02)	\$ 0.04	\$ 0.17
Fully diluted weighted-average shares of common stock outstanding	351,431	346,060	522,984	516,066

Three Months Ended September 30, 2020			
	As Reported	Adjustments	As Revised
<b>Expenses:</b>			
Compensation and employee benefits	244,240	179	244,419
Total compensation and employee benefits	277,247	179	277,426
Interest expense	19,488	177	19,665
Other expenses	18,458	9,890	28,348
Total expenses	432,628	10,246	442,874
Income (loss) from operations before income taxes	28,708	(10,246)	18,462
Provision (benefit) for income taxes	3,778	4,780	8,558
Consolidated net income (loss)	\$ 24,930	\$ (15,026)	\$ 9,904
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	5,549	(5,298)	251
Net income (loss) available to common stockholders	\$ 19,381	\$ (9,728)	\$ 9,653
<b>Per share data:</b>			
<i>Basic earnings (loss) per share</i>			
Net income (loss) available to common stockholders	\$ 19,381	\$ (9,728)	\$ 9,653
Basic earnings (loss) per share	\$ 0.05	\$ (0.02)	\$ 0.03
Basic weighted-average shares of common stock outstanding	363,244	—	363,244
<i>Fully diluted earnings (loss) per share</i>			
Net income (loss) for fully diluted shares	\$ 29,575	\$ (14,297)	\$ 15,278
Fully diluted earnings (loss) per share	\$ 0.05	\$ (0.02)	\$ 0.03
Fully diluted weighted-average shares of common stock outstanding	549,244	—	549,244

Three Months Ended June 30, 2020			
	As Reported	Adjustments	As Revised
<b>Expenses:</b>			
Compensation and employee benefits	283,437	179	283,616
Total compensation and employee benefits	311,256	179	311,435
Interest expense	17,457	168	17,625
Other expenses	21,499	(19)	21,480
Total expenses	473,136	328	473,464
Income (loss) from operations before income taxes	48,200	(328)	47,872
Provision (benefit) for income taxes	8,641	(42)	8,599
Consolidated net income (loss)	\$ 39,559	\$ (286)	\$ 39,273
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	11,460	(106)	11,354
Net income (loss) available to common stockholders	\$ 28,099	\$ (180)	\$ 27,919
<b>Per share data:</b>			
<i>Basic earnings (loss) per share</i>			
Net income (loss) available to common stockholders	\$ 28,099	\$ (180)	\$ 27,919
Basic earnings (loss) per share	\$ 0.08	\$ —	\$ 0.08
Basic weighted-average shares of common stock outstanding	360,614	—	360,614
<i>Fully diluted earnings (loss) per share</i>			
Net income (loss) for fully diluted shares	\$ 40,436	\$ (263)	\$ 40,173
Fully diluted earnings (loss) per share	\$ 0.07	\$ —	\$ 0.07
Fully diluted weighted-average shares of common stock outstanding	546,123	—	546,123

Three Months Ended March 31, 2020			
	As Reported	Adjustments	As Revised
<b>Expenses:</b>			
Compensation and employee benefits	344,749	179	344,928
Total compensation and employee benefits	386,953	179	387,132
Interest expense	17,334	172	17,506
Other expenses	19,188	(1,657)	17,531
Total expenses	568,437	(1,306)	567,131
Income (loss) from operations before income taxes	29,738	1,306	31,044
Provision (benefit) for income taxes	8,706	2,169	10,875
Consolidated net income (loss)	\$ 21,032	\$ (863)	\$ 20,169
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	6,718	(223)	6,495
Net income (loss) available to common stockholders	\$ 14,314	\$ (640)	\$ 13,674
<b>Per share data:</b>			
<i>Basic earnings (loss) per share</i>			
Net income (loss) available to common stockholders	\$ 14,314	\$ (640)	\$ 13,674
Basic earnings (loss) per share	\$ 0.04	\$ —	\$ 0.04
Basic weighted-average shares of common stock outstanding	358,001	—	358,001
<i>Fully diluted earnings (loss) per share</i>			
Net income (loss) for fully diluted shares	\$ 20,259	\$ (934)	\$ 19,325
Fully diluted earnings (loss) per share	\$ 0.04	\$ —	\$ 0.04
Fully diluted weighted-average shares of common stock outstanding	538,442	—	538,442

Three Months Ended December 31, 2019			
	As Reported	Adjustments	As Revised
<b>Expenses:</b>			
Compensation and employee benefits	271,296	(2,600)	268,696
Total compensation and employee benefits	340,685	(2,600)	338,085
Occupancy and equipment	48,987	(1,600)	47,387
Interest expense	15,636	718	16,354
Other expenses	18,886	10,601	29,487
Total expenses	522,129	7,119	529,248
<b>Other income (losses), net:</b>			
Other income (loss)	9,462	2,180	11,642
Total other income (losses), net	10,512	2,180	12,692
Income (loss) from operations before income taxes	(24,461)	(4,939)	(29,400)
Provision (benefit) for income taxes	2,095	1,980	4,075
Consolidated net income (loss)	\$ (26,556)	\$ (6,919)	\$ (33,475)
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	(10,313)	(2,601)	(12,914)
Net income (loss) available to common stockholders	\$ (16,243)	\$ (4,318)	\$ (20,561)
<b>Per share data:</b>			
<i>Basic earnings (loss) per share</i>			
Net income (loss) available to common stockholders	\$ (16,243)	\$ (4,318)	\$ (20,561)
Basic earnings (loss) per share	\$ (0.05)	\$ (0.01)	\$ (0.06)
Basic weighted-average shares of common stock outstanding	351,431	—	351,431
<i>Fully diluted earnings (loss) per share</i>			
Net income (loss) for fully diluted shares	\$ (16,243)	\$ (4,318)	\$ (20,561)
Fully diluted earnings (loss) per share	\$ (0.05)	\$ (0.01)	\$ (0.06)
Fully diluted weighted-average shares of common stock outstanding	351,431	—	351,431

	Three Months Ended September 30, 2019		
	As Reported	Adjustments	As Revised
<b>Expenses:</b>			
Compensation and employee benefits	278,544	200	278,744
Equity-based compensation and allocations of net income to limited partnership units and FPU's	40,330	3,763	44,093
Total compensation and employee benefits	318,874	3,963	322,837
Interest expense	15,258	145	15,403
Other expenses	42,757	(500)	42,257
Total expenses	516,016	3,608	519,624
Income (loss) from operations before income taxes	8,746	(3,608)	5,138
Provision (benefit) for income taxes	6,186	505	6,691
Consolidated net income (loss)	\$ 2,560	\$ (4,113)	\$ (1,553)
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	6,089	(1,337)	4,752
Net income (loss) available to common stockholders	\$ (3,529)	\$ (2,776)	\$ (6,305)
<b>Per share data:</b>			
<i>Basic earnings (loss) per share</i>			
Net income (loss) available to common stockholders	\$ (3,529)	\$ (2,776)	\$ (6,305)
Basic earnings (loss) per share	\$ (0.01)	\$ (0.01)	\$ (0.02)
Basic weighted-average shares of common stock outstanding	346,060	—	346,060
<i>Fully diluted earnings (loss) per share</i>			
Net income (loss) for fully diluted shares	\$ (3,529)	\$ (2,776)	\$ (6,305)
Fully diluted earnings (loss) per share	\$ (0.01)	\$ (0.01)	\$ (0.02)
Fully diluted weighted-average shares of common stock outstanding	346,060	—	346,060

	Three Months Ended June 30, 2019		
	As Reported	Adjustments	As Revised
<b>Expenses:</b>			
Compensation and employee benefits	290,071	200	290,271
Equity-based compensation and allocations of net income to limited partnership units and FPU's	43,752	1,250	45,002
Total compensation and employee benefits	333,823	1,450	335,273
Interest expense	14,985	151	15,136
Other expenses	21,765	(411)	21,354
Total expenses	513,742	1,190	514,932
Income (loss) from operations before income taxes	36,758	(1,190)	35,568
Provision (benefit) for income taxes	14,993	(1,732)	13,261
Consolidated net income (loss)	\$ 21,765	\$ 542	\$ 22,307
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	8,154	181	8,335
Net income (loss) available to common stockholders	\$ 13,611	\$ 361	\$ 13,972
<b>Per share data:</b>			
<i>Basic earnings (loss) per share</i>			
Net income (loss) available to common stockholders	\$ 13,611	\$ 361	\$ 13,972
Basic earnings (loss) per share	\$ 0.04	\$ —	\$ 0.04
Basic weighted-average shares of common stock outstanding	341,272	—	341,272
<i>Fully diluted earnings (loss) per share</i>			
Net income (loss) for fully diluted shares	\$ 21,010	\$ 539	\$ 21,549
Fully diluted earnings (loss) per share	\$ 0.04	\$ —	\$ 0.04
Fully diluted weighted-average shares of common stock outstanding	522,984	—	522,984

	Three Months Ended March 31, 2019		
	As Reported	Adjustments	As Revised
<b>Expenses:</b>			
Compensation and employee benefits	288,000	200	288,200
Total compensation and employee benefits	300,141	200	300,341
Interest expense	13,198	155	13,353
Other expenses	24,015	1,336	25,351
Total expenses	469,719	1,691	471,410
<b>Other income (losses), net:</b>			
Other income (loss)	21,202	(4,622)	16,580
Total other income (losses), net	42,039	(4,622)	37,417
Income (loss) from operations before income taxes	117,071	(6,313)	110,758
Provision (benefit) for income taxes	29,897	(4,113)	25,784
Consolidated net income (loss)	\$ 87,174	\$ (2,200)	\$ 84,974
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	25,306	(788)	24,518
Net income (loss) available to common stockholders	\$ 61,868	\$ (1,412)	\$ 60,456
<b>Per share data:</b>			
<i>Basic earnings (loss) per share</i>			
Net income (loss) available to common stockholders	\$ 61,868	\$ (1,412)	\$ 60,456
Basic earnings (loss) per share	\$ 0.18	\$ —	\$ 0.18
Basic weighted-average shares of common stock outstanding	338,403	—	338,403
<i>Fully diluted earnings (loss) per share</i>			
Net income (loss) for fully diluted shares	\$ 90,765	\$ (2,095)	\$ 88,670
Fully diluted earnings (loss) per share	\$ 0.18	\$ (0.01)	\$ 0.17
Fully diluted weighted-average shares of common stock outstanding	516,066	—	516,066
	Nine Months Ended September 30, 2020		
	As Reported	Adjustments	As Revised
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Consolidated net income (loss)	\$ 85,521	\$ (16,175)	\$ 69,346
Adjustments to reconcile consolidated net income (loss) to net cash provided by (used in) operating activities:		—	
Deferred tax provision (benefit)	(1,202)	8,000	6,798
<b>Consolidated net income (loss), adjusted for non-cash and non-operating items</b>	<b>306,673</b>	<b>(8,175)</b>	<b>298,498</b>
Decrease (increase) in operating assets:			
Accrued commissions receivable, net	92,714	(900)	91,814
Other assets	(14,782)	(317)	(15,099)
Increase (decrease) in operating liabilities:			
Accounts payable, accrued and other liabilities	(48,880)	9,392	(39,488)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 141,535</b>	<b>\$ —</b>	<b>\$ 141,535</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
<b>Net cash provided by (used in) investing activities</b>	<b>\$ (64,749)</b>	<b>\$ —</b>	<b>\$ (64,749)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
<b>Net cash provided by (used in) financing activities</b>	<b>\$ 29,830</b>	<b>\$ —</b>	<b>\$ 29,830</b>
Effect of exchange rate changes on Cash and cash equivalents and Cash segregated under regulatory requirements	(6,197)	—	(6,197)
<b>Net increase (decrease) in Cash and cash equivalents and Cash segregated under regulatory requirements</b>	<b>100,419</b>	<b>—</b>	<b>100,419</b>
Cash and cash equivalents and Cash segregated under regulatory requirements at beginning of period	636,114	—	636,114
<b>Cash and cash equivalents and Cash segregated under regulatory requirements at end of period</b>	<b>\$ 736,533</b>	<b>\$ —</b>	<b>\$ 736,533</b>



	Six Months Ended June 30, 2020		
	As Reported	Adjustments	As Revised
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Consolidated net income (loss)	\$ 60,591	\$ (1,149)	\$ 59,442
Adjustments to reconcile consolidated net income (loss) to net cash provided by (used in) operating activities:			
Impairment of fixed assets, intangible assets and investments	7,485	147	7,632
Deferred tax provision (benefit)	722	1,900	2,622
<b>Consolidated net income (loss), adjusted for non-cash and non-operating items</b>	<b>212,363</b>	<b>898</b>	<b>213,261</b>
Decrease (increase) in operating assets:			
Accrued commissions receivable, net	51,560	(900)	50,660
Other assets	8,924	(6,808)	2,116
Increase (decrease) in operating liabilities:			
Accounts payable, accrued and other liabilities	(85,059)	6,810	(78,249)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 73,027</b>	<b>\$ —</b>	<b>\$ 73,027</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
<b>Net cash provided by (used in) investing activities</b>	<b>\$ (42,929)</b>	<b>\$ —</b>	<b>\$ (42,929)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
<b>Net cash provided by (used in) financing activities</b>	<b>\$ 35,074</b>	<b>\$ —</b>	<b>\$ 35,074</b>
Effect of exchange rate changes on Cash and cash equivalents and Cash segregated under regulatory requirements	(14,286)	—	(14,286)
<b>Net increase (decrease) in Cash and cash equivalents and Cash segregated under regulatory requirements</b>	<b>50,886</b>	<b>—</b>	<b>50,886</b>
Cash and cash equivalents and Cash segregated under regulatory requirements at beginning of period	636,114	—	636,114
<b>Cash and cash equivalents and Cash segregated under regulatory requirements at end of period</b>	<b>\$ 687,000</b>	<b>\$ —</b>	<b>\$ 687,000</b>

	Three Months Ended March 31, 2020		
	As Reported	Adjustments	As Revised
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Consolidated net income (loss)	\$ 21,032	\$ (863)	\$ 20,169
Adjustments to reconcile consolidated net income (loss) to net cash provided by (used in) operating activities:			
Deferred tax provision (benefit)	786	1,900	2,686
<b>Consolidated net income (loss), adjusted for non-cash and non-operating items</b>	<b>106,621</b>	<b>1,037</b>	<b>107,658</b>
Decrease (increase) in operating assets:			
Accrued commissions receivable, net	(59,682)	(900)	(60,582)
Other assets	7,698	(15,626)	(7,928)
Increase (decrease) in operating liabilities:			
Accounts payable, accrued and other liabilities	(60,259)	15,489	(44,770)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (71,594)</b>	<b>\$ —</b>	<b>\$ (71,594)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
<b>Net cash provided by (used in) investing activities</b>	<b>\$ (18,383)</b>	<b>\$ —</b>	<b>\$ (18,383)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
<b>Net cash provided by (used in) financing activities</b>	<b>\$ 124,721</b>	<b>\$ —</b>	<b>\$ 124,721</b>
Effect of exchange rate changes on Cash and cash equivalents and Cash segregated under regulatory requirements	(13,496)	—	(13,496)
<b>Net increase (decrease) in Cash and cash equivalents and Cash segregated under regulatory requirements</b>	<b>21,248</b>	<b>—</b>	<b>21,248</b>
Cash and cash equivalents and Cash segregated under regulatory requirements at beginning of period	636,114	—	636,114
<b>Cash and cash equivalents and Cash segregated under regulatory requirements at end of period</b>	<b>\$ 657,362</b>	<b>\$ —</b>	<b>\$ 657,362</b>

	BGC Partners, Inc. Stockholders											
	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised
	Additional Paid-in Capital	Additional Paid-in Capital	Additional Paid-in Capital	Retained Deficit	Retained Deficit	Retained Deficit	Noncontrolling Interest in Subsidiaries	Noncontrolling Interest in Subsidiaries	Noncontrolling Interest in Subsidiaries			
										Total	Total	Total
Balance, January 1, 2020	\$ 2,271,947	\$ 156	\$ 2,272,103	\$ (1,241,754)	\$ (11,335)	\$ (1,253,089)	\$ 57,911	\$ (7,590)	\$ 50,321	\$ 743,737	\$ (18,769)	\$ 724,968
Consolidated net income (loss)	—	—	—	14,314	(640)	13,674	6,718	(223)	6,495	21,032	(863)	20,169
Balance, March 31, 2020	\$ 2,293,065	\$ 156	\$ 2,293,221	\$ (1,277,956)	\$ (11,975)	\$ (1,289,931)	\$ 56,162	\$ (7,813)	\$ 48,349	\$ 715,956	\$ (19,632)	\$ 696,324

	BGC Partners, Inc. Stockholders												
	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised	
	Additional Paid-in Capital	Additional Paid-in Capital	Additional Paid-in Capital	Retained Deficit	Retained Deficit	Retained Deficit	Noncontrolling Interest in Subsidiaries	Noncontrolling Interest in Subsidiaries	Noncontrolling Interest in Subsidiaries	Total	Total	Total	
Balance, April 1, 2020	\$ 2,293,065	\$ 156	\$ 2,293,221	\$ (1,277,956)	\$ (11,975)	\$ (1,289,931)	\$ 56,162	\$ (7,813)	\$ 48,349	\$ 715,956	\$ (19,632)	\$ 696,324	
Consolidated net income (loss)	—	—	—	28,099	(180)	27,919	11,460	(106)	11,354	39,559	(286)	39,273	
Balance, June 30, 2020	\$ 2,308,973	\$ 156	\$ 2,309,129	\$ (1,253,434)	\$ (12,155)	\$ (1,265,589)	\$ 64,920	\$ (7,919)	\$ 57,001	\$ 762,678	\$ (19,918)	\$ 742,760	

	BGC Partners, Inc. Stockholders											
	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised
	Additional Paid-in Capital	Additional Paid-in Capital	Additional Paid-in Capital	Retained Deficit	Retained Deficit	Retained Deficit	Noncontrolling Interest in Subsidiaries	Noncontrolling Interest in Subsidiaries	Noncontrolling Interest in Subsidiaries	Total	Total	Total
Balance, January 1, 2020	\$ 2,271,947	\$ 156	\$ 2,272,103	\$ (1,241,754)	\$ (11,335)	\$ (1,253,089)	\$ 57,911	\$ (7,590)	\$ 50,321	\$ 743,737	\$ (18,769)	\$ 724,968
Consolidated net income (loss)	—	—	—	42,413	(820)	41,593	18,178	(329)	17,849	60,591	(1,149)	59,442
Balance, June 30, 2020	\$ 2,308,973	\$ 156	\$ 2,309,129	\$ (1,253,434)	\$ (12,155)	\$ (1,265,589)	\$ 64,920	\$ (7,919)	\$ 57,001	\$ 762,678	\$ (19,918)	\$ 742,760

	BGC Partners, Inc. Stockholders											
	As Reported Additional Paid-in Capital	Adjustments Additional Paid-in Capital	As Revised Additional Paid-in Capital	As Reported Retained Deficit	Adjustments Retained Deficit	As Revised Retained Deficit	As Reported Noncontrolling Interest in Subsidiaries	Adjustments Noncontrolling Interest in Subsidiaries	As Revised Noncontrolling Interest in Subsidiaries	As Reported Total	Adjustments Total	As Revised Total
Balance, July 1, 2020	\$ 2,308,973	\$ 156	\$ 2,309,129	\$ (1,253,434)	\$ (12,155)	\$ (1,265,589)	\$ 64,920	\$ (7,919)	\$ 57,001	\$ 762,678	\$ (19,918)	\$ 742,760
Consolidated net income (loss)	—	—	—	19,381	(9,728)	9,653	5,549	(5,298)	251	24,930	(15,026)	9,904
Balance, September 30, 2020	\$ 2,317,706	\$ 156	\$ 2,317,862	\$ (1,237,657)	\$ (21,883)	\$ (1,259,540)	\$ 73,177	\$ (13,217)	\$ 59,960	\$ 802,625	\$ (34,944)	\$ 767,681

	BGC Partners, Inc. Stockholders											
	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised
	Additional Paid-in Capital	Additional Paid-in Capital	Additional Paid-in Capital	Retained Deficit	Retained Deficit	Retained Deficit	Noncontrolling Interest in Subsidiaries	Noncontrolling Interest in Subsidiaries	Noncontrolling Interest in Subsidiaries	Total	Total	Total
Balance, January 1, 2020	\$ 2,271,947	\$ 156	\$ 2,272,103	\$ (1,241,754)	\$ (11,335)	\$ (1,253,089)	\$ 57,911	\$ (7,590)	\$ 50,321	\$ 743,737	\$ (18,769)	\$ 724,968
Consolidated net income (loss)	—	—	—	61,794	(10,548)	51,246	23,727	(5,627)	18,100	85,521	(16,175)	69,346
Balance, September 30, 2020	\$ 2,317,706	\$ 156	\$ 2,317,862	\$ (1,237,657)	\$ (21,883)	\$ (1,259,540)	\$ 73,177	\$ (13,217)	\$ 59,960	\$ 802,625	\$ (34,944)	\$ 767,681

## 6. Acquisitions

### Ed Broking

On January 31, 2019, the Company completed the acquisition of Ed Broking, an independent Lloyd's of London insurance broker with a number of insurance products, including accident and health, aerospace, cargo, energy, financial and political risks, marine, professional and executive risk, property and casualty, specialty and reinsurance.

### Algomi

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

### ***Other Acquisitions***

During the years ended December 31, 2020 and 2019, the Company completed several smaller acquisitions. The aggregate consideration paid for these acquisitions was not material to the Company's consolidated financial statements.

### ***Total Consideration***

The total consideration for all acquisitions during the year ended December 31, 2020 was approximately \$9.6 million in total fair value which was paid in cash. The excess of the consideration over the fair value of the net assets acquired has been recorded as goodwill of approximately \$2.8 million. The goodwill figure includes measurement period adjustments of approximately \$0.3 million recorded during the year ended December 31, 2020.

The total consideration for all acquisitions during the year ended December 31, 2019 was approximately \$102.7 million in total fair value comprise cash, restricted shares of BGC Class A common stock, and RSUs. The excess of the consideration over the fair value of the net assets acquired has been recorded as goodwill of approximately \$48.7 million.

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

## **7. Divestitures**

During the year ended December 31, 2019, the Company completed the sale of CSC, which was part of its energy and commodities businesses. As a result of this sale, the Company recognized a \$18.4 million gain, which is included in "Gain (loss) on divestiture and sale of investments" in the Company's consolidated statements of operations. The Company had no significant gains or losses from divestitures or sale of investments during the year ended December 31, 2020. The Company had no gains or losses from divestitures or sale of investments during the year ended December 31, 2018.

## 8. Earnings Per Share

U.S. GAAP guidance establishes standards for computing and presenting EPS. Basic EPS excludes dilution and is computed by dividing net income (loss) available to common stockholders by the weighted-average number of shares of common stock outstanding and contingent shares for which all necessary conditions have been satisfied except for the passage of time. Net income (loss) is allocated to the Company's outstanding common stock, FPU's, LPU's and Cantor units (see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings"). In addition, the EPU's issued by Newmark OpCo are entitled to a preferred payable-in-kind dividend which are recorded as accretion to the carrying amount of the EPU's and is a reduction to "Net income (loss) available to common stockholders" for the calculation of the Company's "Basic earnings (loss) per share" and "Fully diluted earnings (loss) per share from discontinued operations."

### Basic Earnings Per Share:

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

	Year Ended December 31,		
	2020	2019	2018
Basic earnings (loss) per share:			
Net income (loss) from continuing operations available to common stockholders	\$ 48,908	\$ 47,562	\$ 76,855
Net income (loss) from discontinued operations available to common stockholders <sup>1</sup>	—	—	121,963
Net income (loss) available to common stockholders	\$ 48,908	\$ 47,562	\$ 198,818
Basic weighted-average shares of common stock outstanding	361,736	344,332	322,141
Continuing operations	\$ 0.14	\$ 0.14	\$ 0.24
Discontinued operations	—	—	0.38
Basic earnings (loss) per share	\$ 0.14	\$ 0.14	\$ 0.62

<sup>1</sup> In accordance with ASC 260, includes a reduction for dividends on preferred stock or units.

### 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.

## Continuing Operations

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

	Year Ended December 31,		
	2020	2019	2018
<i>Fully diluted earnings (loss) per share:</i>			
Net income (loss) from continuing operations available to common stockholders	\$ 48,908	\$ 47,562	\$ 76,855
Allocations of net income (loss) to limited partnership interests, net of tax	21,522	14,492	—
Net income (loss) for fully diluted shares	<u>\$ 70,430</u>	<u>\$ 62,054</u>	<u>\$ 76,855</u>
<i>Weighted-average shares:</i>			
Common stock outstanding	361,736	344,332	322,141
Partnership units <sup>1</sup>	183,130	114,006	—
RSUs (Treasury stock method)	737	38	368
Other	1,245	1,367	1,335
Fully diluted weighted-average shares of common stock outstanding	<u>546,848</u>	<u>459,743</u>	<u>323,844</u>
Fully diluted earnings (loss) per share from continuing operations	<u>\$ 0.13</u>	<u>\$ 0.13</u>	<u>\$ 0.24</u>

<sup>1</sup> Partnership units collectively include FPU, LPU, and Cantor units (see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings" for more information).

For the years ended December 31, 2020, 2019 and 2018, approximately 0.7 million, 65.6 million and 163.0 million potentially dilutive securities, respectively, were excluded from the computation of fully diluted EPS from continuing operations because their effect would have been anti-dilutive. Anti-dilutive securities for the year ended December 31, 2020 were RSUs. Anti-dilutive securities for the year ended December 31, 2019 included 64.8 million limited partnership interests and 0.8 million RSUs. Anti-dilutive securities for the year ended December 31, 2018 included 162.8 million limited partnership interests and 0.2 million RSUs.

## Discontinued Operations

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

	Year Ended December 31, 2018
<i>Fully diluted earnings (loss) per share:</i>	
Net income (loss) from discontinued operations available to common stockholders	\$ 121,963
Allocations of net income (loss) to limited partnership interests, net of tax	—
Net income (loss) for fully diluted shares	<u>\$ 121,963</u>
<i>Weighted-average shares:</i>	
Common stock outstanding	322,141
Partnership units <sup>1</sup>	—
RSUs (Treasury stock method)	368
Other	1,335
Fully diluted weighted-average shares of common stock outstanding	<u>323,844</u>
Fully diluted earnings (loss) per share from discontinued operations	<u>\$ 0.38</u>

<sup>1</sup> Partnership units collectively include Founding/Working Partner Units, limited partnership units, and Cantor units (see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings" for more information).

For the year ended December 31, 2018 approximately 163.0 million potentially dilutive securities were excluded from the computation of fully diluted EPS from Discontinued Operations. Anti-dilutive securities for the year ended December 31, 2018 included 162.8 million limited partnership interests and 0.2 million RSUs.

For the years ended year ended December 31, 2020 and 2019, there were no standalone BGC Holdings partnership units excluded from the fully diluted EPS weighted average computation from continuing and discontinued operations. For the year ended December 31, 2018, there were approximately 15.6 million of standalone BGC Holdings partnership units excluded from the fully diluted EPS weighted average computation from continuing and discontinued operations, because the conversion into Class A common stock was contingent on the Spin-Off (see Note 2—“Limited Partnership Interests in BGC Holdings and Newmark Holdings” for further information on standalone BGC Holdings partnership units). Additionally, as of December 31, 2020, 2019 and 2018, approximately 27.7 million, 15.8 million and 1.5 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.

## 9. Stock Transactions and Unit Redemptions

### *Class A Common Stock*

Changes in shares of BGC Class A common stock outstanding for the years ended December 31, 2020 and 2019 were as follows (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Shares outstanding at beginning of period	307,915	291,475
Share issuances:		
Redemptions/exchanges of limited partnership interests <sup>1</sup>	13,190	15,008
Vesting of RSUs	1,134	435
Acquisitions	391	1,039
Other issuances of BGC Class A common stock	345	213
Issuance of BGC Class A common stock for general corporate purposes	45	—
Treasury stock repurchases	(2)	(233)
Forfeitures of restricted BGC Class A common stock	—	(22)
Shares outstanding at end of period	323,018	307,915

<sup>1</sup> Included in redemptions/exchanges of limited partnership interests for the year ended December 31, 2020, are 9.5 million shares of BGC Class A common stock granted in connection with the cancellation of 9.2 million LPUs. Included in redemption/exchanges of limited partnership interests for the year ended December 31, 2019, are 10.1 million shares of BGC Class A common stock granted in connection with the cancellation of 11.5 million LPUs. Because LPUs are included in the Company’s fully diluted share count, if dilutive, redemptions/exchanges in connection with the issuance of BGC Class A common stock would not impact the fully diluted number of shares outstanding.

### *Class B Common Stock*

The Company did not issue any shares of BGC Class B common stock during the years ended December 31, 2020 and 2019. As of December 31, 2020 and 2019, there were 45.9 million shares, respectively, of BGC Class B common stock outstanding.

### *CEO Program*

On April 12, 2017, the Company entered into the April 2017 Sales Agreement, pursuant to which the Company offered and sold up to an aggregate of 20 million shares of BGC Class A common stock under the CEO Program. Shares of BGC Class A common stock sold under this Agreement were used for redemptions of limited partnership interests in BGC Holdings and Newmark Holdings, as well as for general corporate purposes. Under this Agreement, the Company agreed to pay Cantor 2% of the gross proceeds from the sale of shares. As of March 31, 2018, the Company had sold all 20 million shares of BGC Class A common stock under the April 2017 Sales Agreement.

On March 9, 2018, the Company entered into the March 2018 Sales Agreement, pursuant to which the Company may offer and sell up to an aggregate of \$300.0 million of shares of BGC Class A common stock under the CEO Program. Proceeds from shares of BGC Class A common stock sold under the March 2018 Sales Agreement may be used for the repurchase of shares and the redemptions of limited partnership interests in BGC Holdings, as well as for general corporate purposes, including acquisitions and the repayment of debt. CF&Co is a wholly-owned subsidiary of Cantor and an affiliate of the Company. Under the March 2018 Sales Agreement, the Company has agreed to pay CF&Co 2% of the gross proceeds from the sale of shares. For certain transactions during 2020, the Company paid CF&Co 1% of the gross proceeds from the sale of shares of BGC Class A common stock in the Company's CEO program. During the year ended December 31, 2020, the Company sold 0.2 million shares under the March 2018 Sales Agreement for aggregate proceeds of \$0.9 million, at a weighted-average price of \$4.11 per share. As of December 31, 2020, 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 16—"Related Party Transactions."

#### ***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 1, 2018, the Company's Board and Audit Committee increased the BGC Partners share repurchase and unit redemption authorization to \$300.0 million, which may include purchases from Cantor, its partners or employees or other affiliated persons or entities. As of December 31, 2020, the Company had \$249.9 million remaining from its share repurchase and unit redemption authorization. From time to time, the Company may actively continue to repurchase shares and/or redeem units.

The table below represents the units redeemed and/or shares repurchased for cash and does not include units redeemed/cancelled in connection with the grant of shares of BGC Class A common stock nor the limited partnership interests exchanged for shares of BGC Class A common stock. The gross unit redemptions and share repurchases of BGC Class A common stock during the year ended December 31, 2020 were as follows (in thousands, except for weighted-average price data):

Period	Total Number of Units Redeemed or Shares Repurchased	Weighted- Average Price Paid per Unit or Share	Approximate Dollar Value of Units and Shares That May Yet Be Redeemed/ Purchased Under the Program
<b>Redemptions<sup>1</sup></b>			
January 1, 2020—March 31, 2020	235	\$ 4.30	
April 1, 2020—June 30, 2020	103	3.05	
July 1, 2020—September 30, 2020	1,481	2.80	
October 1, 2020—December 31, 2020	720	1.78	
<b>Total Redemptions</b>	<b>2,539</b>	<b>\$ 2.67</b>	
<b>Repurchases<sup>2</sup></b>			
January 1, 2020—March 31, 2020	—	\$ —	
April 1, 2020—June 30, 2020	—	—	
July 1, 2020—September 30, 2020	2	2.58	
October 1, 2020—December 31, 2020	—	—	
<b>Total Repurchases</b>	<b>2</b>	<b>2.58</b>	
<b>Total Redemptions and Repurchases</b>	<b>2,541</b>	<b>\$ 2.67</b>	<b>\$ 249,908</b>

<sup>3</sup> During the year ended December 31, 2020, the Company redeemed 1.8 million LPUs at an aggregate redemption price of \$5.5 million for a weighted-average price of \$3.03 per unit and 0.7 million FPU's at an aggregate redemption price of \$1.3 million for a weighted-average price of \$1.79 per unit. During the year ended December 31, 2019, the Company redeemed 1.4 million LPUs at an aggregate redemption price of \$8.0 million for a weighted-average price of \$5.92 per unit and approximately 56.9 thousand FPU's at an aggregate redemption price of \$320.6 thousand for a weighted-average price of \$5.64 per unit. The table above does not include units redeemed/cancelled in connection with the grant of 9.5 million shares and 10.1 million shares of BGC Class A common stock during the years ended December 31, 2020 and 2019, respectively, nor the limited partnership interests exchanged for 3.7 million and 4.4 million shares of BGC Class A common stock during the years ended December 31, 2020 and 2019, respectively.

<sup>4</sup> During the year ended December 31, 2020, the Company repurchased 2 thousand shares of BGC Class A common stock at an aggregate price of \$6 thousand for a weighted-average price of \$2.58 per share. During the year ended December 31, 2019, the Company repurchased approximately 0.2 million shares of BGC Class A common stock at an aggregate price of \$1.2 million for a weighted-average price of \$5.30 per share.

**Redeemable Partnership Interest**

The changes in the carrying amount of FPU's for the years ended December 31, 2020 and 2019 were as follows (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Balance at beginning of period	\$ 23,638	\$ 24,706
Consolidated net income allocated to FPU's	815	1,942
Earnings distributions	(815)	(1,942)
FPU's exchanged	(1,682)	(980)
FPU's redeemed	(1,282)	(88)
Balance at end of period	<u>\$ 20,674</u>	<u>\$ 23,638</u>

**10. Securities Owned**

Securities owned primarily consist of unencumbered U.S. Treasury bills held for liquidity purposes. Total Securities owned were \$58.6 million and \$57.5 million as of December 31, 2020 and 2019, respectively. For additional information, see Note 15—"Fair Value of Financial Assets and Liabilities."

**11. Collateralized Transactions****Repurchase Agreements**

Securities sold under Repurchase Agreements are accounted for as collateralized financing transactions and are recorded at the contractual amount for which the securities will be repurchased, including accrued interest. As of December 31, 2020 and 2019, Cantor had not facilitated any Repurchase Agreements between the Company and Cantor.

**Securities Loaned**

As of December 31, 2020, the Company did not have any Securities loaned transactions with Cantor. As of December 31, 2019, the Company had Securities loaned transactions of \$13.9 million with CF&Co. The fair value of the securities loaned was \$13.9 million. As of December 31, 2019, the cash collateral received from Cantor bore an annual interest rate of 2.45%. These transactions had no stated maturity date.

**12. 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 \$14.2 million as of December 31, 2020 and 2019, respectively.

These marketable securities are measured at fair value, with any changes in fair value recognized in earnings and included in "Other income (loss)" in the Company's consolidated statements of operations. During the years ended December 31, 2020, 2019 and 2018, the Company recognized realized and unrealized net gains of \$0.4 million, \$6.7 million and \$9.5 million, respectively, related to sales of shares, the mark-to-market adjustments on shares and any related hedging transactions, when applicable.

During the years ended December 31, 2020 and 2019, the Company sold marketable securities with a fair value of \$14.2 million and \$24.6 million, respectively, at the time of sale. The Company did not purchase any marketable securities during the years ended December 31, 2020 and 2019.



### 13. 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, including derivative contracts into which the Company may enter to minimize the effect of price changes of the Company's marketable securities (see Note 14—"Derivatives"). As of December 31, 2020 and December 31, 2019, Receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers consisted of the following (in thousands):

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers:		
Contract values of fails to deliver	\$ 158,976	\$ 400,713
Receivables from clearing organizations	126,879	134,163
Other receivables from broker-dealers and customers	14,237	12,769
Net pending trades	2,999	1,932
Open derivative contracts	931	1,868
Total	<u>\$ 304,022</u>	<u>\$ 551,445</u>
Payables to broker-dealers, clearing organizations, customers and related broker-dealers:		
Contract values of fails to receive	\$ 154,050	\$ 389,458
Payables to clearing organizations	12,373	11,005
Other payables to broker-dealers and customers	11,833	11,950
Open derivative contracts	1,460	4,153
Total	<u>\$ 179,716</u>	<u>\$ 416,566</u>

A portion of these receivables and payables are with Cantor. See Note 16—"Related Party Transactions" for additional information related to these receivables and payables.

Substantially all open fails to deliver, open fails to receive and pending trade transactions as of December 31, 2020 have subsequently settled at the contracted amounts.

### 14. Derivatives

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

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

The Company does not designate any derivative contracts as hedges for accounting purposes. U.S. GAAP guidance requires that an entity recognize all derivative contracts as either assets or liabilities in the consolidated statements of financial condition and measure those instruments at fair value. The fair value of all derivative contracts is recorded on a net-by-counterparty basis where a legal right to offset exists under an enforceable netting agreement. Derivative contracts are recorded as part of "Receivables from broker-dealers, clearing organizations, customers and related broker-dealers" and "Payables to broker-dealers, clearing organizations, customers and related broker-dealers" in the Company's consolidated statements of financial condition.

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

Derivative contract	December 31, 2020			December 31, 2019		
	Assets	Liabilities	Notional Amounts <sup>1</sup>	Assets	Liabilities	Notional Amounts <sup>1</sup>
FX/commodities options	\$ 74	\$ —	\$ 4,844	\$ 26	\$ —	\$ 4,487
Forwards	295	215	302,141	564	1,285	110,051
FX swaps	562	319	513,588	1,278	2,244	555,519
Futures	—	926	6,113,220	—	624	11,106,203
Total	<u>\$ 931</u>	<u>\$ 1,460</u>	<u>\$ 6,933,793</u>	<u>\$ 1,868</u>	<u>\$ 4,153</u>	<u>\$ 11,776,260</u>

<sup>1</sup> 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 16—"Related Party Transactions" for additional information related to these transactions.

The replacement costs of contracts in a gain position were \$0.9 million and \$1.9 million, as of December 31, 2020 and 2019, respectively.

The following tables present information about the offsetting of derivative instruments as of December 31, 2020 and 2019 (in thousands):

	December 31, 2020		
	Gross Amounts	Gross Amounts Offset	Net Amounts Presented in the Statements of Financial Condition
<b>Assets</b>			
FX/commodities options	\$ 74	\$ —	\$ 74
Forwards	338	(43)	295
FX swaps	583	(21)	562
Futures	41,257	(41,257)	—
Total derivative assets	<u>\$ 42,252</u>	<u>\$ (41,321)</u>	<u>\$ 931</u>
<b>Liabilities</b>			
FX swaps	\$ 340	\$ (21)	319
Forwards	258	(43)	215
Futures	42,183	(41,257)	926
Total derivative liabilities	<u>\$ 42,781</u>	<u>\$ (41,321)</u>	<u>\$ 1,460</u>

	December 31, 2019		
	Gross Amounts	Gross Amounts Offset	Net Amounts Presented in the Statements of Financial Condition
<b>Assets</b>			
FX/commodities options	\$ 26	\$ —	\$ 26
Forwards	706	(142)	564
FX swaps	1,672	(394)	1,278
Futures	2,044	(2,044)	—
Total derivative assets	<u>\$ 4,448</u>	<u>\$ (2,580)</u>	<u>\$ 1,868</u>
<b>Liabilities</b>			
FX swaps	\$ 2,638	\$ (394)	2,244
Forwards	1,427	(142)	1,285
Futures	2,668	(2,044)	624
Total derivative liabilities	<u>\$ 6,733</u>	<u>\$ (2,580)</u>	<u>\$ 4,153</u>

There were no additional balances in gross amounts not offset as of December 31, 2020 and 2019, respectively.

The change in fair value of derivative contracts is reported as part of “Principal transactions” in the Company’s consolidated statements of operations. The change in fair value of equity options related to marketable securities is included as part of “Other income (loss)” in the Company’s consolidated statements of operations.

The table below summarizes gains and (losses) on derivative contracts for the years ended December 31, 2020, 2019 and 2018 (in thousands):

Derivative contract	Year Ended December 31,		
	2020	2019	2018
Futures	\$ 10,100	\$ 15,316	\$ 16,484
FX swaps	381	2,340	1,271
FX/commodities options	293	252	14,657
Forwards	97	(3,597)	(222)
Equity options	—	318	102
Interest rate swaps	—	—	(5)
Gains (losses)	<u>\$ 10,871</u>	<u>\$ 14,629</u>	<u>\$ 32,287</u>

## 15. Fair Value of Financial Assets and Liabilities

### Fair Value Measurements on a Recurring Basis

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

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

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

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

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

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

	Assets at Fair Value at December 31, 2020				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Marketable securities	\$ 349	\$ —	\$ —	\$ —	\$ 349
Government debt	57,918	—	—	—	57,918
FX/commodities options	74	—	—	—	74
Securities owned—Equities	75	—	—	—	75
Forwards	—	338	—	(43)	295
FX swaps	—	583	—	(21)	562
Futures	—	41,257	—	(41,257)	—
Corporate bonds	—	579	—	—	579
Total	<u>\$ 58,416</u>	<u>\$ 42,757</u>	<u>\$ —</u>	<u>\$ (41,321)</u>	<u>\$ 59,852</u>

Liabilities at Fair Value at December 31, 2020					
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Futures	\$ —	\$ 42,183	\$ —	\$ (41,257)	\$ 926
FX swaps	—	340	—	(21)	319
Forwards	—	258	—	(43)	215
Contingent consideration	—	—	39,791	—	39,791
Total	\$ —	\$ 42,781	\$ 39,791	\$ (41,321)	\$ 41,251

Assets at Fair Value at December 31, 2019					
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Marketable securities	\$ 14,228	\$ —	\$ —	\$ —	\$ 14,228
Government debt	56,761	—	—	—	56,761
FX/commodities options	26	—	—	—	26
Securities owned—Equities	36	—	—	—	36
Forwards	—	706	—	(142)	564
FX swaps	—	1,672	—	(394)	1,278
Futures	—	2,044	—	(2,044)	—
Corporate bonds	—	728	—	—	728
Total	\$ 71,051	\$ 5,150	\$ —	\$ (2,580)	\$ 73,621

Liabilities at Fair Value at December 31, 2019					
	Level 1	Level 2	Level 3	Netting and Collateral	Total
FX swaps	\$ —	\$ 2,638	\$ —	\$ (394)	\$ 2,244
Forwards	—	1,427	—	(142)	1,285
Futures	—	2,668	—	(2,044)	624
Contingent consideration	—	—	42,159	—	42,159
Total	\$ —	\$ 6,733	\$ 42,159	\$ (2,580)	\$ 46,312

### Level 3 Financial Liabilities

Changes in Level 3 liabilities measured at fair value on a recurring basis for the year ended December 31, 2020 were as follows (in thousands):

	Opening Balance as of January 1, 2020	Total realized and unrealized (gains) losses included in Net income (loss)	Unrealized (gains) losses included in Other comprehensive income (loss) <sup>1</sup>	Purchases/ Issuances	Sales/ Settlements	Closing Balance at December 31, 2019	Unrealized (gains) losses for the period included in:	
							Net income (loss) on Level 3 Assets / Liabilities Outstanding at December 31, 2020	Other comprehensive income (loss) on Level 3 Assets / Liabilities Outstanding at December 31, 2020
<b>Liabilities</b>								
Accounts payable, accrued and other liabilities:								
Contingent consideration <sup>1</sup>	\$ 42,159	\$ 4,661	\$ 55	\$ 2,959	\$ (10,043)	\$ 39,791	\$ 4,649	\$ —

<sup>1</sup> Unrealized gains (losses) are reported in "Foreign currency translation adjustments," in the Company's consolidated statements of comprehensive income (loss).

Changes in Level 3 liabilities measured at fair value on a recurring basis for the year ended December 31, 2019 were as follows (in thousands):

	Opening Balance as of January 1, 2019	Total realized and unrealized (gains) losses included in Net income (loss)	Unrealized (gains) losses included in Other comprehensive income (loss)	Purchases/ Issuances	Sales/ Settlements	Closing Balance at December 31, 2019	Unrealized (gains) losses for the period on Level 3 Assets / Liabilities Outstanding at December 31, 2019
<b>Liabilities</b>							
Accounts payable, accrued and other liabilities:							
Contingent consideration <sup>1</sup>	\$ 45,984	\$ 5,622	\$ (3)	\$ —	\$ (9,444)	\$ 42,159	\$ 5,622

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

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

	Fair Value as of December 31, 2020		Valuation Technique	Unobservable Inputs	Range	Weighted Average
	Assets	Liabilities				
				Discount rate <sup>1</sup>	6.8%-10.3%	9.5%
Contingent consideration	\$ —	\$ 39,791	Present value of expected payments	Probability of meeting earnout and contingencies	39%-100%	82.9% (2)

<sup>1</sup> The discount rate is based on the Company's calculated weighted-average cost of capital.

<sup>2</sup> The probability of meeting the earnout targets was based on the acquirees' projected future financial performance, including revenues.

	Fair Value as of December 31, 2019		Valuation Technique	Unobservable Inputs	Range	Weighted Average
	Assets	Liabilities				
				Discount rate	9.2%-10.3%	9.8%
Contingent consideration	\$ —	\$ 42,159	Present value of expected payments	Probability of meeting earnout and contingencies	70%-100%	90.2% (1)

<sup>1</sup> The probability of meeting the earnout targets was based on the acquirees' projected future financial performance, including revenues.

#### Information About Uncertainty of Level 3 Fair Value Measurements

The significant unobservable inputs used in the fair value of the Company's contingent consideration are the discount rate and forecasted financial information. Significant increases (decreases) in the discount rate would have resulted in a significantly lower (higher) fair value measurement. Significant increases (decreases) in the forecasted financial information would have resulted in a significantly higher (lower) fair value measurement. As of December 31, 2020 and 2019, the present value of expected payments related to the Company's contingent consideration was \$39.8 million and \$42.2 million, respectively. The undiscounted value of the payments, assuming that all contingencies are met, would be \$53.4 million and \$54.0 million, respectively.

#### Fair Value Measurements on a Non-Recurring Basis

Pursuant to the recognition and measurement guidance for equity investments, effective January 1, 2018, equity investments carried under the measurement alternative are remeasured at fair value on a non-recurring basis to reflect observable transactions which occurred during the period. The Company applied the measurement alternative to equity securities with the fair value of approximately \$83.0 million and \$82.5 million, which were included in "Other assets" in the Company's consolidated statements of financial condition as of December 31, 2020 and 2019, 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.

## 16. Related Party Transactions

### *Service Agreements*

Throughout Europe and Asia, the Company provides Cantor with administrative services, technology services and other support, for which it charges Cantor based on the cost of providing such services plus a mark-up, generally 7.5%. In the U.K., the Company provides these services to Cantor through Tower Bridge. The Company owns 52% of Tower Bridge and consolidates it, and Cantor owns 48%. Cantor's interest in Tower Bridge is reflected as a component of "Noncontrolling interest in subsidiaries" in the Company's consolidated statements of financial condition, and the portion of Tower Bridge's income attributable to Cantor is included as part of "Net income (loss) from continuing operations attributable to noncontrolling interest in subsidiaries" in the Company's consolidated statements of operations. In the U.S., the Company provides Cantor with technology services, for which it charges Cantor based on the cost of providing such services.

The administrative services agreement provides that direct costs incurred are charged back to the service recipient. Additionally, the service recipient generally indemnifies the service provider for liabilities that it incurs arising from the provision of services, other than liabilities arising from fraud or willful misconduct of the service provider. In accordance with the administrative service agreement, the Company has not recognized any liabilities related to services provided to affiliates.

For the years ended December 31, 2020, 2019 and 2018, Cantor's share of the net profit (loss) in Tower Bridge was \$0.8 million, \$3.1 million and \$1.1 million, respectively. This net profit is included as part of "Net income (loss) attributable to noncontrolling interest in subsidiaries" in the Company's consolidated statements of operations.

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

For the years ended December 31, 2020, 2019 and 2018, the Company recognized related party revenues of \$25.8 million, \$29.4 million and \$24.1 million, respectively, for the services provided to Cantor. These revenues are included as part of "Fees from related parties" in the Company's consolidated statements of operations.

In the U.S., Cantor and its affiliates provide the Company with administrative services and other support for which Cantor charges the Company based on the cost of providing such services. In connection with the services Cantor provides, the Company and Cantor entered into an administrative services agreement whereby certain employees of Cantor are deemed leased employees of the Company. For the years ended December 31, 2020, 2019 and 2018, the Company was charged \$62.6 million, \$59.1 million and \$52.4 million, respectively, for the services provided by Cantor and its affiliates, of which \$39.4 million, \$39.8 million and \$32.2 million, respectively, were to cover compensation to leased employees for the years ended December 31, 2020, 2019 and 2018. The fees charged by Cantor for administrative and support services, other than those to cover the compensation costs of leased employees, are included as part of "Fees to related parties" in the Company's consolidated statements of operations. The fees charged by Cantor to cover the compensation costs of leased employees are included as part of "Compensation and employee benefits" in the Company's consolidated statements of operations.

### *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 1—"Organization and Basis of Presentation."

As a result of the Separation, the limited partnership interests in Newmark Holdings were distributed to the holders of limited partnership interests in BGC Holdings, including Cantor, whereby each holder of BGC Holdings limited partnership interests at that time held a BGC Holdings limited partnership interest and a corresponding Newmark Holdings limited partnership interest, which is equal to a BGC Holdings limited partnership interest multiplied by the Contribution Ratio, divided by the Exchange Ratio. For additional information, see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings."

In addition, CF&Co, a wholly-owned subsidiary of Cantor, was an underwriter of the Newmark IPO. Pursuant to the underwriting agreement, Newmark paid CF&Co 5.5% of the gross proceeds from the sale of shares of Newmark Class A common stock sold by Cantor in connection with the Newmark IPO.

On November 30, 2018, the Company completed the Spin-Off. BGC Partners' stockholders, including Cantor and CFGM, as of the Record Date received in the Spin-Off 0.463895 of a share of Newmark Class A common stock for each share of BGC Class A common stock held as of the Record Date, and 0.463895 of a share of Newmark Class B common stock for each share of BGC Class B common stock held as of the Record Date. In the aggregate, BGC distributed 131.9 million shares of Newmark Class A common stock and 21.3 million shares of Newmark Class B common to BGC's stockholders in the Spin-Off. As Cantor and CFGM held 100% of the shares of BGC Class B common stock as of the Record Date, Cantor and CFGM were distributed 100% of the shares of Newmark Class B common stock in the Spin-Off. In addition, on November 30, 2018, BGC Partners also caused its subsidiary BGC Holdings to complete the BGC Holdings Distribution (see "Investment in Newmark" below).

Following the Spin-Off and the BGC Holdings Distribution, BGC Partners ceased to be a controlling stockholder of Newmark, and BGC and its subsidiaries no longer held any shares of Newmark common stock or equity interests in Newmark or its subsidiaries. Cantor continues to control Newmark and its subsidiaries following the Spin-Off and the BGC Holdings Distribution. See Note 1—"Organization and Basis of Presentation" for additional information.

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.

#### ***Investment in Newmark***

On March 7, 2018, in the Investment in Newmark, BGC Partners and its operating subsidiaries purchased 16.6 million newly issued exchangeable limited partnership interests of Newmark Holdings for approximately \$242.0 million. The price per Newmark Holdings interest was based on the \$14.57 closing price of Newmark Class A common stock on March 6, 2018 as reported on the Nasdaq Global Select Market. These newly-issued Newmark Holdings interests were exchangeable, at BGC's discretion, into either shares of Newmark Class A common stock or shares of Newmark Class B common stock. BGC made the Investment in Newmark pursuant to an Investment Agreement dated as of March 6, 2018 by and among BGC, BGC Holdings, BGC U.S. OpCo, BGC Global OpCo, Newmark, Newmark Holdings and Newmark OpCo. The Investment in Newmark and related transactions were approved by the Audit Committees and Boards of Directors of BGC and Newmark. BGC and its subsidiaries funded the Investment in Newmark using the proceeds of its CEO Program. Newmark used the proceeds to repay the balance of the outstanding principal amount under its unsecured senior term loan credit agreement with Bank of America, N.A., as administrative agent, and a syndicate of lenders, that was guaranteed by BGC. In addition, in accordance with the Separation and Distribution Agreement, BGC owned 7.0 million limited partnership interests in the Newmark OpCo immediately prior to the Spin-Off, as a result of other issuances of BGC Class A common stock primarily related to the redemption of LPUs in BGC Holdings and Newmark Holdings.

Prior to and in connection with the Spin-Off, 15.1 million Newmark Holdings interests held by BGC were exchanged into 9.4 million shares of Newmark Class A common stock and 5.4 million shares of Newmark Class B common stock, and 7.0 million Newmark OpCo interests, held by BGC were exchanged into 6.9 million shares of Newmark Class A common stock. These shares of Newmark Class A and Newmark Class B common stock were distributed to the BGC stockholders in the Spin-Off. On November 30, 2018, BGC Partners also caused its subsidiary, BGC Holdings, to distribute in the BGC Holdings Distribution pro rata all of the 1.5 million exchangeable interests of Newmark Holdings held by BGC Holdings immediately prior to the effective time of the BGC Holdings Distribution Date to its limited partners entitled to receive distributions on their BGC Holdings units who were holders of record of such units as of the Record Date (including Cantor and executive officers of BGC). The Newmark Holdings interests distributed to BGC Holdings partners in the BGC Holdings Distribution are exchangeable for shares of Newmark Class A common stock, and, in the case of the 0.4 million Newmark Holdings interests received by Cantor, also into shares of Newmark Class B common stock, at the current Exchange Ratio of 0.9379 shares of Newmark common stock per Newmark Holdings interest (subject to adjustment). See Note 1—"Organization and Basis of Presentation" for additional information.

#### ***[Lucera]***

On October 25, 2016, the Board and Audit Committee authorized the purchase of 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 % of the ownership interests in Lucera.

In the purchase agreement, Cantor agreed, subject to certain exceptions, not to solicit certain senior executives of Lucera's business and was granted the right to be a customer of Lucera's businesses on the best terms made available to any other customer. The aggregate purchase price paid by the Company to Cantor consisted of approximately million in cash plus a million post-closing adjustment determined after closing based on netting Lucera's expenses paid by Cantor after May 1, 2016 against accounts receivable owed to Lucera by Cantor for access to Lucera's business from May 1, 2016 through the closing date. The Company previously had a % ownership interest in Lucera and accounted for its investment using the equity method. *The purchase has been accounted for as a transaction between entities under common control.*

*During the years ended December 31, 2020, 2019 and 2018, respectively, Lucera had \$[00] million, \$0.4 million and \$0.8 million in related party revenues from Cantor. These revenues are included in "Data, software and post-trade" in the Company's consolidated statements of operations.*

#### ***Clearing Agreement with Cantor***

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

#### ***Other Agreements with Cantor***

The Company is authorized to enter into short-term arrangements with Cantor to cover any delivery failures in connection with U.S. Treasury securities transactions and to share equally in any net income resulting from such transactions, as well as any similar clearing and settlement issues. As of December 31, 2020 and 2019, 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. During the years ended December 31, 2020, 2019 and 2018, the Company recognized its share of FX gains of \$1.5 million, gains of \$0.3 million and losses of \$1.6 million, respectively. These gains and losses are included as part of "Other expenses" in the Company's consolidated statements of operations.

Pursuant to the separation agreement relating to the Company's acquisition of certain BGC businesses from Cantor in 2008, Cantor has a right, subject to certain conditions, to be the Company's customer and to pay the lowest commissions paid by any other customer, whether by volume, dollar or other applicable measure. In addition, Cantor has an unlimited right to internally use market data from the Company without any cost. Any future related party transactions or arrangements between the Company and Cantor are subject to the prior approval by the Audit Committee. During the years ended December 31, 2020, 2019 and 2018, the Company recorded revenues from Cantor entities of \$0.1 million, \$0.2 million and \$0.3 million, respectively, related to commissions paid to the Company by Cantor. These revenues are included as part of "Commissions" in the Company's consolidated statements of operations.

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

In August 2013, the Audit Committee authorized the Company to invest up to \$350.0 million in an asset-backed commercial paper program for which certain Cantor entities serve as placement agent and referral agent. The program issues short-term notes to money market investors and is expected to be used by the Company from time to time as a liquidity management vehicle. The notes are backed by assets of highly rated banks. The Company is entitled to invest in the program so long as the program meets investment policy guidelines, including policies related to ratings. Cantor will earn a spread between the rate it receives from the short-term note issuer and the rate it pays to the Company on any investments in this program. This spread will be no greater than the spread earned by Cantor for placement of any other commercial paper note in the program. As of December 31, 2020 and December 31, 2019, the Company did not have any investments in the program.

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

On November 23, 2018, in the Class B Issuance, BGC Partners issued 10.3 million shares of BGC Partners Class B common stock to Cantor and 0.7 million shares of BGC Partners Class B common stock to CFGM, in each case in exchange for shares of BGC Class A common stock owned by Cantor and CFGM, respectively, on a one-to-one basis pursuant to the Exchange Agreement. Pursuant to the Exchange Agreement, no additional consideration was paid to BGC Partners by Cantor or CFGM for the Class B Issuance. Following this exchange, Cantor and its affiliates have the right to exchange under the Exchange Agreement up to an aggregate of 23.6 million shares of BGC Class A common stock, now owned or subsequently acquired, or its Cantor units in BGC Holdings, into shares of BGC Class B common stock. As of December 31, 2020, 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, 2021, after which the maturity date of the BGC Credit Agreement will continue to be extended for successive one-year periods unless prior written notice of non-extension is given by a lending party to a borrowing party at least six months in advance of such renewal date and (b) the termination of the BGC Credit Agreement by either party pursuant to its terms. The outstanding amounts under the BGC Credit Agreement will bear interest for any rate period at a per annum rate equal to the higher of BGC's or Cantor's short-term borrowing rate in effect at such time plus 1.00%. As of December 31, 2020 and 2019, there were no borrowings by BGC or Cantor outstanding under this Agreement. The Company recorded interest expense related to the BGC Credit Agreement of \$0.4 million for the year ended December 31, 2020. The Company did not record any interest income or interest expense related to the agreement for the year ended December 31, 2019. The Company recorded interest expense related to the BGC Credit Agreement of \$3.9 million for the year ended December 31, 2018, of which \$3.5 million, was allocated to discontinued operations in the Company's consolidated statements of operations.



As part of the Company's cash management process, the Company may enter into tri-party reverse repurchase agreements and other short-term investments, some of which may be with Cantor. As of December 31, 2020 and 2019, the Company had no reverse repurchase agreements.

#### ***Receivables from and Payables to Related Broker-Dealers***

Amounts due to or from Cantor and Freedom, one of the Company's equity method investments, are for transactional revenues under a technology and services agreement with Freedom, as well as for open derivative contracts. These are included as part of "Receivables from broker-dealers, clearing organizations, customers and related broker-dealers" or "Payables to broker-dealers, clearing organizations, customers and related broker-dealers" in the Company's consolidated statements of financial condition. As of December 31, 2020 and 2019, the Company had receivables from Freedom of \$1.4 million and \$1.3 million, respectively. As of December 31, 2020 and 2019, the Company had \$0.6 million and \$1.3 million, respectively, in receivables from Cantor related to open derivative contracts. As of December 31, 2020 and 2019, the Company had \$0.1 million and \$2.0 million, respectively, in payables to Cantor related to open derivative contracts. As of December 31, 2020 and 2019, the Company had \$26.0 million and \$2.3 million, respectively, in payables to Cantor related to fails and pending trades.

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

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

As of December 31, 2020 and 2019, the aggregate balance of employee loans, net, was \$408.1 million and \$315.6 million, respectively, and is included as "Loans, forgivable loans and other receivables from employees and partners, net" in the Company's consolidated statements of financial condition. Compensation expense for the above-mentioned employee loans for the years ended December 31, 2020, 2019 and 2018 was \$67.0 million, \$35.7 million and \$16.5 million, respectively. The compensation expense related to these employee loans is included as part of "Compensation and employee benefits" in the Company's consolidated statements of operations.

Interest income on the above-mentioned employee loans for the years ended December 31, 2020, 2019 and 2018 was \$8.8 million, \$4.8 million and \$3.6 million, respectively. The interest income related to these employee loans is included as part of "Interest and dividend income" in the Company's consolidated statements of operations.

#### ***CEO Program and Other Transactions with CF&Co***

As discussed in Note 9—"Stock Transactions and Unit Redemptions," the Company has entered into the April 2017 and March 2018 Sales Agreements with CF&Co, as the Company's sales agent under the CEO Program. During the year ended December 31, 2020, the Company sold 0.2 million shares under the March 2018 Sales Agreement for aggregate proceeds of \$0.9 million, at a weighted-average price of \$4.11 per share. During the year ended December 31, 2019, the Company sold 0.9 million shares under the CEO Program with CF&Co for aggregate proceeds of \$5.3 million, at a weighted-average price of \$6.17 per share. For the years ended December 31, 2020, 2019 and 2018, the Company was charged approximately \$9 thousand, \$0.1 million and \$9.0 million, respectively, 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 consolidated statements of financial condition.

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

On October 3, 2014, management was granted approval by the Board and Audit Committee to enter into stock loan transactions with CF&Co utilizing equities securities. Such stock loan transactions will bear market terms and rates. As of December 31, 2020, the Company did not have any Securities loaned transactions with CF&Co. As of December 31, 2019, the Company had Securities loaned transactions of \$13.9 million with CF&Co. The fair value of the securities loaned was \$13.9 million (see Note 11—"Collateralized Transactions"). As of December 31, 2019, the cash collateral received from CF&Co bore an annual interest rate of 2.45%. These transactions have no stated maturity date. Securities loaned transactions are included in "Securities loaned" in the Company's consolidated statements of financial condition.

On May 27, 2016, the Company issued an aggregate of \$300.0 million principal amount of 5.125% Senior Notes. In connection with this issuance of the 5.125% Senior Notes, the Company recorded \$0.5 million in underwriting fees payable to CF&Co and \$18 thousand to CastleOak Securities, L.P. 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 \$15.0 million of such senior notes and does not hold such notes as of December 31, 2020.

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 and \$41 thousand were underwriting fees paid to CastleOak Securities, L.P. 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 and \$36 thousand to CastleOak Securities, L.P. 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 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 and \$36 thousand to CastleOak Securities, L.P. as of December 31, 2020. These fees were recorded as a deduction from the carrying amount of the debt liability, which is amortized as interest expense over the term of the notes. Cantor purchased \$14.5 million of such senior notes and still holds such notes as of December 31, 2020.

On June 11, 2020, the Company's Board of Directors and its Audit Committee authorized a debt repurchase program for the repurchase by the Company of up to \$50.0 million of Company Debt Securities. Repurchases of Company Debt Securities, if any, are expected to reduce future cash interest payments, as well as future amounts due at maturity or upon redemption. Under the authorization, the Company may make repurchases of Company Debt Securities for cash from time to time in the open market or in privately negotiated transactions upon such terms and at such prices as management may determine. Additionally, the Company is authorized to make any such repurchases of Company Debt Securities through CF&Co (or its affiliates), in its capacity as agent or principal, or such other broker-dealers as management shall determine to utilize from time to time, and such repurchases shall be subject to brokerage commissions which are no higher than standard market commission rates. As of December 31, 2020, the Company had \$50.0 million remaining from its debt repurchase authorization.

On August 14, 2020, the Company completed the cash tender offer to purchase its 5.125% Senior Notes. As of the expiration time, \$44.0 million aggregate principal amount of the Notes (14.66%) were validly tendered. CF&Co acted as one of the dealer managers for the offer. As a result of this transaction, \$14 thousand in dealer management fees were paid to CF&Co as of December 31, 2020.

Under rules adopted by the CFTC, all foreign introducing brokers engaging in transactions with U.S. persons are required to register with the NFA and either meet financial reporting and net capital requirements on an individual basis or obtain a guarantee agreement from a registered FCM. From time to time, the Company's foreign-based brokers engage in interest rate swap transactions with U.S.-based counterparties, and, therefore, the Company is subject to the CFTC requirements. Mint Brokers has entered into guarantees on behalf of the Company, and the Company is required to indemnify Mint Brokers for the amounts, if any, paid by Mint Brokers on behalf of the Company pursuant to this arrangement. Effective April 1, 2020, these guarantees were transferred to Mint Brokers from CF&Co. During the years ended December 31, 2020, 2019 and 2018, the Company recorded fees of \$0.1 million with respect to these guarantees. These fees were included in "Fees to related parties" in the Company's consolidated statements of operations.

#### ***Cantor Rights to Purchase Cantor Units from BGC Holdings***

Cantor has the right to purchase Cantor units from BGC Holdings upon redemption of non-exchangeable FPU's redeemed by BGC Holdings upon termination or bankruptcy of the Founding/Working Partner. In addition, pursuant to Article Eight, Section 8.08, of the Second Amended and Restated BGC Holdings Limited Partnership Agreement (previously the Sixth Amendment), where either current, terminating, or terminated partners are permitted by the Company to exchange any portion of their FPU's and Cantor consents to such exchangeability, the Company shall offer to Cantor the opportunity for Cantor to purchase the same number of Cantor units in BGC Holdings at the price that Cantor would have paid for the FPU's had the Company redeemed them. 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).

As of December 31, 2020, there were 2.7 million FPU's in BGC Holdings 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.

### *Transactions with Executive Officers and Directors*

On March 2, 2020, the Company granted Stephen M. Merkel 360,065 exchange rights with respect to 360,065 non-exchangeable LPUs that were previously granted to Mr. Merkel. The resulting 360,065 exchangeable LPUs were immediately exchangeable by Mr. Merkel for an aggregate of 360,065 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. On March 20, 2020, the Company redeemed 185,300 of such 360,065 exchangeable LPUs held by Mr. Merkel at the average price of shares of BGC Class A common stock sold under BGC's CEO Program from March 10, 2020 to March 13, 2020 less 1% (approximately \$4.0024 per LPU, for an aggregate redemption price of approximately \$741,644). The transaction was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 265,568 non-exchangeable PLPUs held by Mr. Merkel, for a payment of \$1,507,285 for taxes when the LPU units are exchanged. In connection with the redemption of the 185,300 LPUs, 122,579 PLPUs were redeemed for \$661,303 for taxes. On July 30, 2020, the Company redeemed the remaining 174,765 exchangeable LPUs held by Mr. Merkel at the price of \$2.76, the closing price of our Class A Common Stock on July 30, 2020. This transaction was approved by the Compensation Committee. In connection with the redemption of the 174,765 LPUs on July 30, 2020, 142,989 PLPUs were redeemed for \$846,182 for taxes.

On March 2, 2020, the Company granted Shaun D. Lynn 883,348 exchange rights with respect to 883,348 non-exchangeable LPUs that were previously granted to Mr. Lynn. The resulting 883,348 exchangeable LPUs were immediately exchangeable by Mr. Lynn for an aggregate of 883,348 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 245,140 non-exchangeable PLPUs held by Mr. Lynn, for a payment of \$1,099,599 for taxes when the LPU units are exchanged. On July 30, 2020, the Company redeemed 797,222 exchangeable LPUs held by Mr. Lynn at the price of \$2.76, the closing price of our Class A Common Stock on July 30, 2020. This transaction was approved by the Compensation Committee. In connection with the redemption of the 797,222 exchangeable LPUs, 221,239 exchangeable PLPUs were redeemed for \$992,388 for taxes. In connection with the redemption, Mr. Lynn's remaining 86,126 exchangeable LPUs and 23,901 exchangeable PLPUs were redeemed for zero upon exchange in connection with his LLP status.

On March 2, 2020, the Company granted Sean A. Windeatt 519,725 exchange rights with respect to 519,725 non-exchangeable LPUs that were previously granted to Mr. Windeatt. The resulting 519,725 exchangeable LPUs were immediately exchangeable by Mr. Windeatt for an aggregate of 519,725 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 97,656 non-exchangeable PLPUs held by Mr. Windeatt, for a payment of \$645,779 for taxes when the LPU units are exchanged. On August 5, 2020, the Company redeemed 436,665 exchangeable LPUs held by Mr. Windeatt at the price of \$2.90, the closing price of our Class A common stock on August 5, 2020. This transaction was approved by the Compensation Committee. In connection with the redemption of the 436,665 exchangeable LPUs, 96,216 exchangeable PLPUs were redeemed for \$637,866 for taxes. In connection with the redemption, 20,849 exchangeable LPUs and 1,440 exchangeable PLPUs were redeemed for zero upon exchange in connection with Mr. Windeatt's LLP status.

Additionally, on August 5, 2020, the Company granted Mr. Windeatt 40,437 exchange rights with respect to 40,437 non-exchangeable LPUs that were previously granted to Mr. Windeatt. The resulting 40,437 exchangeable LPUs were immediately exchangeable by Mr. Windeatt for an aggregate of 40,437 shares of BGC Class A common stock. The grant was approved by the Compensation Committee. Additionally, the Compensation Committee approved the right to exchange for cash 21,774 non-exchangeable PLPUs held by Mr. Windeatt. On August 5, 2020 the Company redeemed these 40,437 exchangeable LPUs held by Mr. Windeatt at the price of \$2.90, the closing price of our Class A common stock on August 5, 2020. This transaction was approved by the Compensation Committee. In connection with the redemption of these 40,437 exchangeable LPUs, the 21,774 exchangeable PLPUs were redeemed for \$136,305 for taxes.

In addition to the foregoing, on August 6, 2020, Mr. Windeatt was granted exchange rights with respect to 43,890 non-exchangeable Newmark Holding LPUs that were previously granted to Mr. Windeatt. Additionally, Mr. Windeatt was granted the right to exchange for cash 17,068 non-exchangeable Newmark Holdings PLPUs held by Mr. Windeatt. As these Newmark Holdings LPUs and PLPUs were previously non-exchangeable, the Company took a transaction charge of \$381,961 upon grant of exchangeability. On August 6, 2020, Newmark redeemed the 40,209 Newmark Holdings exchangeable LPUs held by Mr. Windeatt for an amount equal to the closing price of Newmark's Class A Common Stock on August 6, 2020 (\$4.16) multiplied by 37,660 (the amount of shares of Newmark's Class A Common Stock the 40,209 Newmark Holdings LPUs were exchangeable into based on the Exchange Ratio at August 6, 2020). In connection with the redemption of these 40,209 exchangeable Newmark Holdings LPUs, 15,637 exchangeable Newmark Holdings PLPUs were redeemed for \$194,086 for taxes. In connection with the redemption, 3,681 exchangeable Newmark Holding LPUs and 1,431 exchangeable Newmark Holdings PLPUs were redeemed for zero upon exchange in connection with Mr. Windeatt's LLP status.

On March 27, 2019, the Audit and Compensation Committees authorized the purchase by the Company from Mr. Merkel of up to 250,000 shares of BGC Class A common stock at the closing price on March 26, 2019. Pursuant to this authorization, 233,172 shares of BGC Class A common stock were purchased by the Company on March 27, 2019 at \$5.30 per share, the closing price on March 26, 2019.

On February 27, 2019, the Audit Committee authorized the purchase by Mr. Lutnick's retirement plan of up to \$56,038 of BGC Class A common stock at the closing price on March 4, 2019. Pursuant to this authorization, 8,980 shares of BGC Class A common stock were purchased by the plan on March 5, 2019 at \$6.24 per share, the closing price on March 4, 2019.

On October 3, 2018, Mr. Lutnick donated an aggregate of 53,368 shares of BGC Class A common stock from his personal asset trust to a charitable foundation for which his spouse serves as a director. The Company repurchased the 53,368 shares from the charitable foundation at a price of \$11.73 per share, which was the closing price of BGC Class A common stock on that date. The transaction was approved by the Audit Committee.

On February 16, 2018, the Audit Committee authorized the purchase by Mr. Lutnick's retirement plan of up to \$105,000 of BGC Class A common stock at the closing price on the date of purchase. Pursuant to this authorization, 7,883 shares of BGC Class A common stock were purchased by the plan on February 26, 2018 at \$13.17 per share, the closing price on the date of purchase.

In connection with the Company's 2018 executive compensation process, the Company's executive officers received certain monetization of prior awards as set forth below.

On December 31, 2018, the Compensation Committee approved the cancellation of 113,032 non-exchangeable PSUs held by Mr. Merkel, and the cancellation of 89,225 non-exchangeable PPSUs (which had a determination price of \$5.36 per unit). In connection with these transactions, the Company issued \$1,062,500 in BGC Class A common stock, less applicable taxes and withholdings at a 45% tax rate, resulting in 113,032 net shares of BGC Class A common stock at a price of \$5.17 per share and the payment of \$478,123 for taxes.

On December 31, 2018, the Compensation Committee approved the monetization of 760,797 PPSUs held by Mr. Lutnick (which at an average determination price of \$6.57 per share on such date, had a value of \$5,000,000). On February 1, 2019, the Compensation Committee approved a modification which consisted of the following: (i) the right to exchange 376,651 non-exchangeable PSUs held by Mr. Lutnick into 376,651 non-exchangeable HDUs (which, based on the closing price of BGC Class A common stock of \$6.21 per share on such date, had a value of \$2,339,000); and (ii) the right to exchange for cash 463,969 non-exchangeable PPSUs held by Mr. Lutnick, for a payment of \$2,661,000 for taxes when (i) is exchanged.

On December 31, 2018, the Compensation Committee approved the grant of exchange rights to Mr. Windeatt with respect to 139,265 non-exchangeable U.K. LPUs (which at the closing price of \$5.17 per share on such date, had a value of \$720,000) and the exchange for cash (at the average determination price of \$4.388 per unit) of 63,814 non-exchangeable PLPUs for a payment of \$280,002 for taxes. On February 22, 2019, the Compensation Committee approved the grant of exchange rights to Mr. Windeatt with respect to an additional 22,020 non-exchangeable U.K. LPUs (which at the closing price of \$6.26 per share on such date, had a value of \$137,845) and the exchange for cash (at the average determination price of \$5.6457 per unit) of 9,495 non-exchangeable PLPUs for a payment of \$53,606 for taxes.

On December 31, 2018, the Compensation Committee approved the grant of exchange rights to Mr. Lynn with respect to 750,308 non-exchangeable U.K. LPUs (which at the closing price of \$5.17 per share on such date, had a value of \$3,879,092) and the exchange for cash (at the average determination price of \$3.894 per unit) of 287,888 non-exchangeable PLPUs for a payment of \$1,120,909 for taxes. On February 22, 2019, the Compensation Committee approved the grant of exchange rights to Mr. Lynn with respect to an additional 43,131 non-exchangeable U.K. LPUs (which at the closing price of \$6.26 per share on such date, had a value of \$270,000) and the exchange for cash (at the average determination price of \$4.1239 per unit) of 25,461 non-exchangeable PLPUs for a payment of \$105,000 for taxes.

On March 11, 2018, as part of 2017 year-end compensation, the BGC Compensation Committee authorized the Company to issue Mr. Lutnick \$30.0 million of BGC Class A common stock, less applicable taxes and withholdings, based on a price of \$14.33 per share, which was the closing price of BGC Class A common stock on the trading day prior to the date of issuance, which resulted in the net issuance of 979,344 shares of BGC Class A common stock. In exchange, the following equivalent units were redeemed and cancelled: an aggregate of 2,348,479 non-exchangeable LPUs of BGC Holdings consisting of 1,637,215 non-exchangeable BGC Holdings PSUs and 711,264 BGC Holdings PPSUs, having various determination prices per unit based on the date of the grant, and associated non-exchangeable LPUs of Newmark Holdings consisting of 774,566 of non-exchangeable Newmark Holdings PSUs and 336,499 of non-exchangeable Newmark Holdings PPSUs.

#### ***Transactions with the Relief Fund***

During the year ended December 31, 2015, the Company committed to make charitable contributions to the Cantor Fitzgerald Relief Fund in the amount of \$40.0 million, which the Company recorded in "Other expenses" in the Company's consolidated statements of operations for the year ended December 31, 2015. As of December 31, 2020 and 2019, the remaining liability associated with this commitment was \$1.6 million and \$4.0 million, respectively, which is included in "Accounts payable, accrued and other liabilities" in the Company's consolidated statements of financial condition. Further, for the year ended December 31, 2020, an additional expense and associated liability to the Cantor Fitzgerald Relief Fund was recorded in the amount of \$1.1 million.

#### ***Other Transactions***

The Company is authorized to enter into loans, investments or other credit support arrangements for Aqua, an alternative electronic trading platform that offers new pools of block liquidity to the global equities markets; such arrangements are proportionally and on the same terms as similar arrangements between Aqua and Cantor. On February 5, 2020 and February 25, 2021, the Board and Audit Committee increased the authorized amount by an additional \$2.0 million and \$1.0 million, respectively, to an aggregate of \$20.2 million. The Company has been further authorized to provide counterparty or similar guarantees on behalf of Aqua from time to time, provided that liability for any such guarantees, as well as similar guarantees provided by Cantor, would be shared proportionally with Cantor. Aqua is 51% owned by Cantor and 49% owned by the Company. Aqua is accounted for under the equity method. During the years ended December 31, 2020 and 2019, the Company made \$1.5 million and \$1.7 million, respectively, in contributions to Aqua. These contributions are recorded as part of "Investments" in the Company's consolidated statements of financial condition.

The Company has also entered into a subordinated loan agreement with Aqua, whereby the Company loaned Aqua the principal sum of \$980.0 thousand. The scheduled maturity date on the subordinated loan is September 1, 2022, 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 consolidated statements of financial condition.

On October 25, 2016, the Board and Audit Committee authorized the purchase of 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 % 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 years ended December 31, 2020, 2019 and 2018, respectively, Lucera recognized \$0.7 million, \$ million and \$ million in related party revenues from Cantor. These revenues are included in "Data, software and post-trade" in the Company's consolidated statements of operations.

On December 13, 2017, BGC and Newmark entered into various agreements to separate the business of Newmark from BGC in anticipation of the Spin-Off which was consummated on November 30, 2018. Effective on November 9, 2020, in furtherance of the Separation and Spin-Off, BGC has assigned certain of its assets to Cantor. In consideration of the transfer of the assets to Cantor, BGC has received payment of \$4.5 million from Cantor, which represents the aggregate net book value of the assigned assets as of October 31, 2020.

#### ***BGC Sublease From Newmark***

In May 2020, BGC U.S. OpCo entered into an arrangement to sublease excess space from RKF Retail Holdings LLC, a subsidiary of Newmark, which sublease was approved by the Audit Committee. The deal 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 will pay a fixed rent amount of \$1.1 million in addition to all operating and tax expenses attributable to the lease. In connection with the sublease, BGC U.S. OpCo paid \$0.8 million for the year ended December 31, 2020.

## **17. Investments**

### ***Equity Method Investments and Investments Carried Under the Measurement Alternative***

<i>(in thousands)</i>	<b>Percent Ownership<sup>1</sup></b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Advanced Markets Holdings	43%	\$ 8,867	\$ 10,259
China Credit BGC Money Broking Company Limited	33%	15,119	12,214
Freedom International Brokerage	45%	9,800	10,142
Other		3,873	7,385
Equity method investments		\$ 37,659	\$ 40,000
Investments carried under measurement alternative		349	349
Total equity method and investments carried under measurement alternative		<u>\$ 38,008</u>	<u>\$ 40,349</u>

<sup>1</sup> Represents the Company's voting interest in the equity method investment as of December 31, 2020.

The carrying value of the Company's equity method investments was \$37.7 million and \$40.0 million as of December 31, 2020 and 2019, respectively, and is included in "Investments" in the Company's consolidated statements of financial condition.

The Company recognized gains of \$5.0 million, \$4.1 million and \$7.4 million related to its equity method investments for the years ended December 31, 2020, 2019 and 2018, respectively. The Company's share of the net gains or losses is reflected in "Gains (losses) on equity method investments" in the Company's consolidated statements of operations. For the year ended December 31, 2020, the Company recorded impairment charges of \$3.9 million, relating to existing equity method investments. The impairment was recorded in "Other income (loss)" in the Company's consolidated statements of operations. For the years ended December 31, 2019 and 2018, the Company did not recognize any impairment charges relating to existing equity method investments.

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

	Year Ended December 31,		
	2020	2019	2018
<b>Statements of operations:</b>			
Total revenues	\$ 94,744	\$ 77,211	\$ 85,619
Total expenses	71,241	61,680	72,906
Net income	<u>\$ 23,503</u>	<u>\$ 15,531</u>	<u>\$ 12,713</u>

	December 31,	
	2020	2019
<b>Statements of financial condition:</b>		
Cash and cash equivalents	\$ 89,627	\$ 64,614
Fixed assets, net	2,806	3,120
Other assets	29,065	22,782
Total assets	<u>\$ 121,498</u>	<u>\$ 90,516</u>
Payables to related parties	2,000	2,000
Other liabilities	70,020	46,287
Total partners' capital	49,478	42,229
Total liabilities and partners' capital	<u>\$ 121,498</u>	<u>\$ 90,516</u>

See Note 16—"Related Party Transactions" for information regarding related party transactions with unconsolidated entities included in the Company's consolidated financial statements.

#### ***Investments Carried Under Measurement Alternative***

The Company has acquired equity investments for which it did not have the ability to exert significant influence over operating and financial policies of the investees. These investments are accounted for using the measurement alternative in accordance with the guidance on recognition and measurement. The carrying value of these investments was \$0.4 million as of December 31, 2020 and 2019, and they are included in "Investments" in the Company's consolidated statements of financial condition. The Company did not recognize any gains, losses, or impairments relating to investments carried under the measurement alternative for the both the years ended December 31, 2020 and 2019.

In addition, the Company owns membership shares, which are included in "Other assets" in the Company's consolidated statements of financial condition as of December 31, 2020 and 2019. Prior to January 1, 2018, the equity investments in this line item were accounted for using the cost method in accordance with U.S. GAAP guidance, *Investments—Other*. These equity investments are accounted for using the measurement alternative in accordance with the guidance on recognition and measurement. The Company recognized \$0.4 million of unrealized losses and \$18.2 million of unrealized gains to reflect observable transactions for these shares during the years ended December 31, 2020 and 2019, respectively. The unrealized gains (losses) are reflected in "Other income (loss)" in the Company's consolidated statements of operations.

#### ***Investments in VIEs***

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

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

	December 31, 2020		December 31, 2019	
	Investment	Maximum Exposure to Loss	Investment	Maximum Exposure to Loss
Variable interest entities <sup>1</sup>	\$ 1,258	\$ 2,238	\$ 4,699	\$ 5,679

<sup>1</sup> The Company has entered into a subordinated loan agreement with Aqua, whereby the Company agreed to lend the principal sum of \$980 thousand. As of December 31, 2020 and 2019, the Company's maximum exposure to loss with respect to its unconsolidated VIEs includes the sum of its equity investments in its unconsolidated VIEs and the \$980 thousand subordinated loan to Aqua.

#### Consolidated VIE

The Company is invested in a limited liability company that is focused on developing a proprietary trading technology. The limited liability company is a VIE, and it was determined that the Company is the primary beneficiary of this VIE because the Company was the provider of the majority of this VIE's start-up capital and has the power to direct the activities of this VIE that most significantly impact its economic performance, primarily through its voting percentage and consent rights on the activities that would most significantly influence the entity. The consolidated VIE had total assets of \$7.2 million and \$7.4 million as of December 31, 2020 and 2019, 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 \$1.0 million and \$2.1 million as of December 31, 2020 and 2019, respectively. The Company's exposure to economic loss on this VIE was \$4.8 million and \$2.8 million as of December 31, 2020 and 2019, respectively.

#### 18. Fixed Assets, Net

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

	December 31, 2020	December 31, 2019
Computer and communications equipment	\$ 92,565	\$ 95,115
Software, including software development costs	259,439	235,230
Leasehold improvements and other fixed assets	120,951	116,231
	472,955	446,576
Less: accumulated depreciation and amortization	(258,173)	(241,735)
Fixed assets, net	\$ 214,782	\$ 204,841

Depreciation expense was \$24.1 million, \$21.5 million and \$19.5 million for the years ended December 31, 2020, 2019 and 2018, respectively. Depreciation is included as part of "Occupancy and equipment" in the Company's consolidated statements of operations.

The Company has approximately \$5.9 million and \$6.4 million of asset retirement obligations related to certain of its leasehold improvements as of December 31, 2020 and 2019, 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 years ended December 31, 2020, 2019 and 2018, software development costs totaling \$54.0 million, \$48.8 million and \$49.9 million, respectively, were capitalized. Amortization of software development costs totaled \$31.8 million, \$28.6 million and \$24.7 million for the years ended December 31, 2020, 2019 and 2018, respectively. Amortization of software development costs is included as part of "Occupancy and equipment" in the Company's consolidated statements of operations.

Impairment charges of \$7.0 million, \$4.5 million and \$1.1 million were recorded for the years ended December 31, 2020, 2019 and 2018, respectively, related to the evaluation of capitalized software projects for future benefit and for fixed assets no longer in service. Impairment charges related to capitalized software and fixed assets are reflected in “Occupancy and equipment” in the Company’s consolidated statements of operations.

#### 19. Goodwill and Other Intangible Assets, Net

The changes in the carrying amount of goodwill for the year ended December 31, 2019 and 2018 were as follows (in thousands):

	<b>Goodwill</b>
Balance at December 31, 2018	\$ 504,646
Acquisitions	55,872
Measurement period adjustments	(7,130)
Cumulative translation adjustment	357
Balance at December 31, 2019	\$ 553,745
Acquisitions	3,065
Measurement period adjustments	(301)
Cumulative translation adjustment	(298)
Balance at December 31, 2020	<u>\$ 556,211</u>

For additional information on Goodwill, see Note 6—“Acquisitions.”

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

The Company completed its annual goodwill impairment testing during the fourth quarters of 2020 and 2019, respectively, which did not result in any goodwill impairment. See Note 3—“Summary of Significant Accounting Policies” for more information.

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

	<b>December 31, 2020</b>			
	<b>Gross Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>	<b>Weighted-Average Remaining Life (Years)</b>
Definite life intangible assets:				
Customer-related	\$ 252,241	\$ 77,106	\$ 175,135	10.4
Technology	24,025	20,031	3,994	1.2
Noncompete agreements	30,715	29,596	1,119	5.9
Patents	10,616	10,223	393	1.60
All other	29,566	5,028	24,538	8.3
Total definite life intangible assets	<u>347,163</u>	<u>141,984</u>	<u>205,179</u>	<u>9.9</u>
Indefinite life intangible assets:				
Trade names	79,570	—	79,570	N/A
Licenses	2,408	—	2,408	N/A
Total indefinite life intangible assets	<u>81,978</u>	<u>—</u>	<u>81,978</u>	<u>N/A</u>
Total	<u>\$ 429,141</u>	<u>\$ 141,984</u>	<u>\$ 287,157</u>	<u>9.9</u>



	December 31, 2019			Weighted-Average Remaining Life (Years)
	Gross Amount	Accumulated Amortization	Net Carrying Amount	
Definite life intangible assets:				
Customer-related	\$ 250,788	\$ 57,332	\$ 193,456	11.2
Technology	24,024	16,608	7,416	2.2
Noncompete agreements	30,378	28,198	2,180	4.2
Patents	12,232	11,954	278	0.1
All other	7,552	3,195	4,357	9.4
Total definite life intangible assets	324,974	117,287	207,687	10.8
Indefinite life intangible assets:				
Trade names	93,083	—	93,083	N/A
Licenses	2,454	—	2,454	N/A
Total indefinite life intangible assets	95,537	—	95,537	N/A
Total	<u>\$ 420,511</u>	<u>\$ 117,287</u>	<u>\$ 303,224</u>	<u>10.8</u>

Intangible amortization expense was \$28.3 million, \$29.4 million and \$27.3 million for the years ended December 31, 2020, 2019 and 2018, respectively. Intangible amortization is included as part of “Other expenses” in the Company’s consolidated statements of operations.

The Company completed its annual intangible impairment testing during the fourth quarter of 2020. There were no impairment charges for the Company’s definite and indefinite life intangibles for the years ended December 31, 2020, 2019 and 2018. See Note 3—“Summary of Significant Accounting Policies” for more information.

The estimated future amortization expense of definite life intangible assets as of December 31, 2020 is as follows (in millions):

2021	\$ 26.5
2022	23.6
2023	21.7
2024	21.3
2025	21.3
2026 and thereafter	90.8
Total	<u>\$ 205.2</u>

## 20. Notes Payable, Other and Short-Term Borrowings

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

	December 31, 2020	December 31, 2019
Unsecured senior revolving credit agreement	\$ —	\$ 68,948
5.125% Senior Notes	255,570	298,688
5.375% Senior Notes	446,577	445,247
3.750% Senior Notes	296,903	296,129
4.375% Senior Notes	297,031	—
Collateralized borrowings	19,854	33,675
Total Notes payable and other borrowings	1,315,935	1,142,687
Short-term borrowings	3,849	4,962
Total Notes payable, other and short-term borrowings	<u>\$ 1,319,784</u>	<u>\$ 1,147,649</u>

### Unsecured Senior Revolving Credit Agreement

On September 8, 2017, the Company entered into a committed unsecured senior revolving credit agreement with Bank of America, N.A., as administrative agent, and a syndicate of lenders. The revolving credit agreement provided for revolving loans of up to \$400.0 million. The maturity date of the facility was September 8, 2019. On November 22, 2017, the Company and Newmark entered into an amendment to the unsecured senior revolving credit agreement. Pursuant to the amendment, the then-outstanding borrowings of the Company under the revolving credit facility were converted into the Converted Term Loan. There was no change in the maturity date or interest rate. Effective December 13, 2017, Newmark assumed the obligations of the Company as borrower under the Converted Term Loan. The Company remained a borrower under, and retained access to, the revolving credit facility for any future draws, subject to availability which increased as Newmark repaid the Converted Term Loan. During the year ended December 31, 2018, the Company borrowed \$195.0 million

under the committed unsecured senior revolving credit agreement and subsequently repaid the \$195.0 million during the year. Therefore, there were no borrowings outstanding as of December 31, 2018. The Company recorded interest expense of \$1.0 million for the year ended December 31, 2018. The Company did not record any interest expense related to the committed unsecured revolving credit agreement for the years ended December 31, 2020 and 2019.

On November 28, 2018, the Company entered into a new 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 new Revolving Credit Agreement was November 28, 2020, and the maximum revolving loan balance is \$350.0 million. Borrowings under this Revolving Credit Agreement bear interest at either LIBOR or a defined base rate plus additional margin. On December 11, 2019, the Company entered into an amendment to the new 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 new 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 July 14, 2020, the Company repaid in full the \$225.0 million borrowings outstanding under the new Revolving Credit Agreement. As of December 31, 2020, there were no borrowings outstanding under the new Revolving Credit Agreement. As of December 31, 2019, there was \$68.9 million of borrowings outstanding, net of deferred financing costs of \$1.1 million, under the new Revolving Credit Agreement. The average interest rate on the outstanding borrowings was 2.88% and 3.88% for the years ended December 31, 2020 and 2019, respectively. The Company recorded interest expense related to the new Revolving Credit Agreement of \$5.3 million, \$10.0 million and \$0.3 million for the years ended December 31, 2020, 2019 and 2018, respectively.

### Senior Notes

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

	December 31, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
5.125% Senior Notes	\$ 255,570	\$ 258,067	\$ 298,688	\$ 311,100
5.375% Senior Notes	446,577	486,747	445,247	482,099
3.750% Senior Notes	296,903	314,031	296,129	300,600
4.375% Senior Notes	297,031	317,466	—	—
Total	\$ 1,296,081	\$ 1,376,311	\$ 1,040,064	\$ 1,093,799

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.

### 8.375% Senior Notes

As part of the GFI acquisition, the Company assumed \$240.0 million in aggregate principal amount of 8.375% Senior Notes. Interest on these notes was payable, semi-annually in arrears on the 19th of January and July. On July 19, 2018, the Company repaid the \$240.0 million principal amount of its 8.375% Senior Notes upon their maturity. The Company did not record any interest expense related to the 8.375% Senior Notes for the year ended December 31, 2020 and 2019, respectively. The Company recorded interest expense related to the 8.375% Senior Notes of \$11.1 million for the year ended December 31, 2018.

### 5.125% Senior Notes

On May 27, 2016, the Company issued an aggregate of \$300.0 million principal amount of 5.125% Senior Notes. The 5.125% Senior Notes are general senior unsecured obligations of the Company. The 5.125% Senior Notes bear 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. The 5.125% Senior Notes will mature on May 27, 2021. The Company 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). 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 5.125% Senior Notes was \$295.8 million, net of the discount and debt issuance costs of \$4.2 million. The issuance costs are amortized as interest expense and the carrying value of the 5.125% Senior Notes will accrete up to the face amount over the term of the notes. 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 carrying value of the 5.125% Senior Notes as of December 31, 2020 was \$255.6 million. The Company recorded interest expense related to the 5.125% Senior Notes of \$16.3 million, \$16.2 million, and \$16.2 million for the years ended December 31, 2020, 2019 and 2018.

#### ***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). If a "Change of Control Triggering Event" (as defined in the Indenture) occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. The initial carrying value of the 5.375% Senior Notes was \$444.2 million, net of the discount and debt issuance costs of \$5.8 million. The issuance costs are amortized as interest expense and the carrying value of the 5.375% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 5.375% Senior Notes as of December 31, 2020 was \$446.6 million. The Company recorded interest expense related to the 5.375% Senior Notes of \$25.5 million, \$25.6 million and \$11.0 million for the years ended December 31, 2020, 2019 and December 31, 2018, respectively.

#### ***3.750% Senior Notes***

On September 27, 2019, the Company issued an aggregate of \$300.0 million principal amount of 3.750% Senior Notes. The 3.750% Senior Notes are general unsecured obligations of the Company. The 3.750% Senior Notes bear interest at a rate of 3.750% per year, payable in cash on April 1 and October 1 of each year, commencing April 1, 2020. The 3.750% Senior Notes will mature on October 1, 2024. The Company may redeem some or all of the 3.750% Senior Notes at any time or from time to time for cash at certain "make-whole" redemption prices (as set forth in the Indenture). If a "Change of Control Triggering Event" (as defined in the Indenture) occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date. The initial carrying value of the 3.750% Senior Notes was \$296.1 million, net of discount and debt issuance costs of \$3.9 million. The issuance costs will be amortized as interest expense and the carrying value of the 3.750% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 3.750% Senior Notes was \$296.9 million as of December 31, 2020. The Company recorded interest expense related to the 3.750% Senior Notes of \$12.1 million and \$3.2 million for the years ended December 31, 2020 and 2019, respectively. The Company did not record any interest expense related to the 3.750% Senior Notes for the year ended December 31, 2018.

#### ***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 \$297.0 million as of December 31, 2020. The Company recorded interest expense related to the 4.375% Senior Notes of \$6.5 million for year ended December 31, 2020. The Company did not record interest expense related to the 4.375% Senior Notes for years ended December 31, 2019 and 2018.

#### ***Collateralized Borrowings***

On March 13, 2015, the Company entered into a \$28.2 million secured loan arrangement, under which it pledged certain fixed assets as security for a loan. This arrangement incurred interest at a fixed rate of 3.70% per year and matured on March 13, 2019; therefore, there were no borrowings outstanding as of December 31, 2020 and 2019. The Company did not record any interest expense related to this secured loan arrangement for the year ended December 31, 2020. The Company recorded interest expense related to this secured loan arrangement of \$30 thousand and \$0.3 million for the years ended December 31, 2019 and 2018, respectively.

On May 31, 2017, the Company entered into a \$29.9 million secured loan arrangement, under which it pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.44% per year and matures on May 31, 2021. As of December 31, 2020 and December 31, 2019, the Company had \$4.0 million and \$11.7 million, respectively, outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of December 31, 2020 was \$0.8 million. The book value of the fixed assets pledged as of December 31, 2019 was \$2.3 million. The Company recorded interest expense related to this secured loan arrangement of \$0.3 million, \$0.5 million and \$0.8 million for the years ended December 31, 2020, 2019 and 2018, respectively.

On April 8, 2019, the Company entered into a \$15.0 million secured loan arrangement, under which it pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.77% and matures on April 8, 2023. As of December 31, 2020 and December 31, 2019, the Company had \$9.6 million and \$13.2 million, respectively, outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of December 31, 2020 was \$1.2 million. The book value of the fixed assets pledged as of December 31, 2019 was \$8.1 million. The Company recorded interest expense related to this secured loan arrangement of \$0.4 million for both the years ended December 31, 2020 and 2019, respectively. The Company did not record any interest expense related to this secured loan arrangement for the year ended December 31, 2018.

On April 19, 2019, the Company entered into a \$10.0 million secured loan arrangement, under which it pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.89% and matures on April 19, 2023. As of December 31, 2020 and December 31, 2019, the Company had \$6.3 million and \$8.8 million, respectively, outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of December 31, 2020 was \$2.7 million. The book value of the fixed assets pledged as of December 31, 2019 was \$5.7 million. The Company recorded interest expense related to this secured loan arrangement of \$0.3 million for both the years ended December 31, 2020 and 2019, respectively. The Company did not record any interest expense related to this secured loan arrangement for the year ended December 31, 2018.

#### ***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 the agreement is August 19, 2021. Borrowings under this agreement bear interest at the Brazilian Interbank offering rate plus 3.30%. As of December 31, 2020 and December 31, 2019, there were \$3.8 million (BRL 20.0 million) and \$5.0 million (BRL 20.0 million), respectively, of borrowings outstanding under the agreement. As of December 31, 2020, the interest rate was 5.3%. The Company recorded interest expense related to the loan of \$0.3 million, \$0.5 million and \$0.6 million for the years ended December 31, 2020, 2019 and 2018, respectively.

On August 23, 2017, the Company entered into a committed unsecured credit agreement with Itau Unibanco S.A. The agreement provides for an intra-day overdraft credit line up to \$9.6 million (BRL 50.0 million). The maturity date of the agreement is March 9, 2021. This agreement bears a fee of 1.28% per year. As of December 31, 2020 and December 31, 2019, there were no borrowings outstanding under this agreement. The Company recorded bank fees related to the agreement of \$0.1 million for the years ended December 31, 2020, 2019 and 2018.

## 21. 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 June 22, 2016, at the annual meeting of stockholders, the stockholders approved the Equity Plan to increase from 350 million to 400 million the aggregate number of shares of BGC Class A common stock that may be delivered or cash-settled pursuant to awards granted during the life of the Equity Plan. As of December 31, 2020, the limit on the aggregate number of shares authorized to be delivered allowed for the grant of future awards relating to 118.5 million shares.

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

	Year Ended December 31,		
	2020	2019	2018
Issuance of common stock and grants of exchangeability	\$ 84,966	\$ 100,948	\$ 150,147
Allocations of net income <sup>1</sup>	14,006	20,491	38,352
LPU amortization	74,282	41,721	6,346
RSU amortization	10,291	7,465	5,212
Equity-based compensation and allocations of net income to limited partnership units and FPU's	<u>\$ 183,545</u>	<u>\$ 170,625</u>	<u>\$ 200,057</u>

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

### Limited Partnership Units

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

	BGC LPUs	Newmark LPUs <sup>2</sup>
Balance at December 31, 2017	58,323	26,510
Granted	36,821	2,694
Redeemed/exchanged units	(14,908)	(7,032)
Forfeited units	(507)	(59)
Balance at December 31, 2018	79,729	22,113
Granted	47,916	662
Redeemed/exchanged units	(21,110)	(1,024)
Forfeited units	(4,128)	(7,144)
Balance at December 31, 2019	102,407	14,607
Granted	50,269	—
Redeemed/exchanged units	(14,642)	(1,300)
Forfeited units	(382)	(105)
Balance at December 31, 2020	<u>137,652</u>	<u>13,202</u>

<sup>2</sup> The Newmark LPUs were issued as part of the Separation.

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	92,296	9,480
Preferred Units	45,356	3,722
Balance at December 31, 2020	137,652	13,202

#### ***Issuance of Common Stock and Grants of Exchangeability***

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

	Year Ended December 31,		
	2020	2019	2018
Issuance of common stock and grants of exchangeability	\$ 84,966	\$ 100,948	\$ 150,147

BGC LPUs held by BGC employees may become exchangeable or redeemed for BGC Class A common stock on a one-for-one basis, and Newmark LPUs held by BGC employees may become exchangeable or redeemed for a number of shares of Newmark Class A common stock equal to the number of limited partnership interests multiplied by the then-current Exchange Ratio. As of December 31, 2020, the Exchange Ratio was 0.9373.

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

	Year Ended December 31,		
	2020	2019	2018
BGC Holdings LPUs	16,618	17,209	18,227
Newmark Holdings LPUs	1,164	500	3,116
Total	17,782	17,709	21,343

As of December 31, 2020 and 2019, 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 3.5 million and 3.1 million, respectively. As of December 31, 2020 and 2019, 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 0.5 million and 0.8 million, respectively.

#### ***LPU Amortization***

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

	Year Ended December 31,		
	2020	2019	2018
Stated vesting schedule	\$ 73,034	\$ 42,060	\$ 2,462
Post-termination payout	1,248	(339)	3,884
LPU amortization	\$ 74,282	\$ 41,721	\$ 6,346

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):

	December 31, 2020	December 31, 2019
BGC Holdings LPUs	44,529	30,699
Newmark Holdings LPUs	353	1,171
Aggregate estimated grant date fair value – BGC and Newmark Holdings LPUs	\$ 201,239	\$ 138,324

As of December 31, 2020, there was approximately \$70.0 million of total unrecognized compensation expense related to unvested BGC and Newmark LPUs held by BGC employees with a stated vesting schedule that do not receive quarterly allocations of net income that is expected to be recognized over 2.32 years.

Compensation expense related to LPUs held by BGC employees with a post-termination pay-out amount, such as REUs, and/or a stated vesting schedule is recognized over the stated service period. These LPUs generally vest between two and five years from the date of grant. As of December 31, 2020, there were 1.3 million outstanding BGC LPUs with a post-termination payout, with a notional value of approximately \$12.7 million and an aggregate estimated fair value of \$7.5 million, and 0.1 million outstanding Newmark LPUs with a post-termination payout, with a notional value of approximately \$0.8 million and an aggregate estimated fair value of \$0.3 million. As of December 31, 2019, there were 1.2 million outstanding BGC LPUs with a post-termination payout, with a notional value of approximately \$15.3 million and an aggregate estimated fair value of \$10.0 million, and 0.1 million outstanding Newmark LPUs with a post-termination payout, with a notional value of approximately \$1.0 million and an aggregate estimated fair value of \$0.2 million.

#### Restricted Stock Units

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

	Year Ended December 31,		
	2020	2019	2018
RSU amortization	\$ 10,291	\$ 7,465	\$ 5,212

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, 2017	1,063	\$ 9.08	\$ 9,651	1.63
Granted	578	12.05	6,964	
Delivered	(553)	8.59	(4,753)	
Forfeited	(159)	11.34	(1,804)	
Balance at December 31, 2018	929	\$ 10.83	\$ 10,058	1.75
Granted	4,283	4.61	19,764	
Delivered	(464)	10.11	(4,692)	
Forfeited	(270)	5.99	(1,614)	
Balance at December 31, 2019	4,478	\$ 5.25	\$ 23,516	2.50
Granted	6,618	3.25	21,506	
Delivered	(1,579)	5.79	(9,148)	
Forfeited	(557)	4.11	(2,292)	
Balance at December 31, 2020	8,960	\$ 3.75	\$ 33,582	2.46

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

For the RSUs that vested during the years ended December 31, 2020 and 2019, the Company withheld shares of Class A common stock valued at \$1.9 million and \$0.5 million to pay taxes due at the time of vesting. As of December 31, 2020, there was approximately \$28.2 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 2.46 years.

#### ***Acquisitions***

In connection with certain of its acquisitions, the Company has granted certain LPUs, RSUs, and other deferred compensation awards. As of December 31, 2020 and 2019, the aggregate estimated fair value of these acquisition-related LPUs and RSUs was \$9.4 million and \$10.7 million, respectively. As of December 31, 2020 and 2019, the aggregate estimated fair value of the deferred compensation awards was \$23.6 million and \$22.6 million, respectively. The liability for such acquisition-related LPUs and RSUs is included in "Accounts payable, accrued and other liabilities" on the Company's consolidated statements of financial condition.

#### ***Restricted Stock***

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

During the year ended December 31, 2020, there were no BGC or Newmark restricted shares held by BGC employees that were forfeited in connection with this provision. During the year ended December 31, 2019, approximately 22 thousand BGC or Newmark restricted shares held by BGC employees were forfeited in connection with this provision. During both the years ended December 31, 2020 and 2019, the Company released the restrictions with respect to 0.7 million of BGC shares held by BGC employees. As of December 31, 2020 and 2019, there were 3.7 million and 4.4 million of restricted BGC shares held by BGC employees outstanding, respectively. Additionally, during both the years ended December 31, 2020 and 2019, Newmark released the restrictions with respect to 0.3 million of restricted Newmark shares held by BGC employees. As of December 31, 2020 and 2019, there were 1.7 million and 2.1 million of restricted Newmark shares held by BGC employees outstanding, respectively.

#### ***Deferred Compensation***

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

The total compensation expense recognized in relation to the deferred cash compensation awards for the years ended December 31, 2020, 2019 and 2018 was \$0.8 million, \$5.9 million and \$4.7 million respectively. As of December 31, 2020 and 2019, the total liability for the deferred cash compensation awards was \$1.5 million and \$3.5 million respectively, which is included in "Accrued compensation" on the Company's consolidated statements of financial condition. As of December 31, 2020, total unrecognized compensation cost related to deferred cash compensation, prior to the consideration of forfeitures, was approximately \$0.4 million and is expected to be recognized over a weighted-average period of 1.61 years.



## 22. Commitments, Contingencies and Guarantees

### Contractual Obligations and Commitments

The following table summarizes certain of the Company's contractual obligations at December 31, 2020 (in thousands):

	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Long-term debt and collateralized borrowings <sup>1</sup>	\$ 1,369,854	\$ 310,212	\$ 459,642	\$ 600,000	—
Operating leases <sup>2</sup>	250,572	36,541	60,222	39,798	114,011
Interest on long-term debt and collateralized borrowings <sup>3</sup>	177,619	55,566	88,220	33,833	—
Short-term borrowings <sup>4</sup>	3,849	3,849	—	—	—
Interest on Short-term borrowings	183	183	—	—	—
One-time transition tax <sup>5</sup>	15,817	1,440	4,907	9,470	—
Other <sup>6</sup>	5,599	5,599	—	—	—
Total contractual obligations	<u>\$ 1,823,493</u>	<u>\$ 413,390</u>	<u>\$ 612,991</u>	<u>\$ 683,101</u>	<u>\$ 114,011</u>

<sup>1</sup> Long-term debt and collateralized borrowings reflects long-term borrowings of \$300.0 million of the 5.125% Senior Notes (the \$300.0 million represents the principal amount of the debt; the carrying value of the 5.125% Senior Notes as of December 31, 2020 was approximately \$255.6 million), \$450.0 million of the 5.375% Senior Notes (the \$450.0 million represents the principal amount of the debt; the carrying value of the 5.375% Senior Notes as of December 31, 2020 was \$446.6 million), \$300.0 million of the 3.750% Senior Notes (the \$300.0 million represents the principal amount of the debt; the carrying value of the 3.750% Senior Notes as of December 31, 2020 was approximately \$296.9 million), \$300.0 million of the 4.375% Senior Notes (the \$300.0 million represents the principal amount of the debt; the carrying value of the 4.375% Senior Notes as of December 31, 2020 was approximately \$297.0 million), \$4.0 million of collateralized borrowings due May 31, 2021, \$9.6 million of collateralized borrowings due April 8, 2023, and \$6.3 million of collateralized borrowings due April 19, 2023. See Note 20—"Notes Payable, Other and Short-term Borrowings" for more information regarding these obligations, including timing of payments and compliance with debt covenants.

<sup>2</sup> Operating leases are related to rental payments under various non-cancelable leases, principally for office space, net of sublease payments to be received. There are no sublease payments to be received over the life of the agreement.

<sup>3</sup> Interest on long-term debt and collateralized borrowings also includes interest on the undrawn portion of the committed unsecured senior Revolving Credit Agreement which was calculated through the maturity date of the facility, which is February 26, 2023. As of December 31, 2020, the undrawn portion of the committed unsecured Revolving Credit Agreement was \$350.0 million.

<sup>4</sup> Short-term borrowings reflects approximately \$3.8 million (BRL 20.0 million) of borrowing under the Company's committed unsecured loan agreement. See Note 20—"Notes Payable, Other and Short-term Borrowings" for more information regarding this obligation.

<sup>5</sup> The Company completed the calculation of the one-time transition tax on the deemed repatriation of foreign subsidiaries' earnings pursuant to the Tax Act and previously recorded a net cumulative tax expense of \$25.0 million, net of foreign tax credits, with an election to pay the taxes over eight years with 40% to be paid in equal installments over the first five years and the remaining 60% to be paid in installments of 15%, 20% and 25% in years six, seven and eight, respectively. The cumulative remaining balance as of December 31, 2020 is \$15.8 million.

<sup>6</sup> Other contractual obligations reflect commitments to make charitable contributions, which are recorded as part of "Accounts payable, accrued and other liabilities" in the Company's consolidated statements of financial condition. The amount payable each year reflects an estimate of future Charity Day obligations.

The Company is obligated for minimum rental payments under various non-cancelable operating leases, principally for office space, expiring at various dates through 2039. Certain of the leases contain escalation clauses that require payment of additional rent to the extent of increases in certain operating or other costs.

As of December 31, 2020, minimum lease payments under these arrangements are as follows (in thousands):

	Net Lease Commitment
2021	\$ 36,541
2022	33,335
2023	26,887
2024	22,235
2025	17,563
2026 and thereafter	114,011
Total	<u>\$ 250,572</u>

The lease obligations shown above are presented net of payments to be received under a non-cancelable sublease. There are no sublease payments to be received over the life of the agreement.

In addition to the above obligations under non-cancelable operating leases, the Company is also obligated to Cantor for rental payments under Cantor's various non-cancelable leases with third parties, principally for office space and computer equipment, expiring at various dates through 2039. Certain of these leases have renewal terms at the Company's option and/or escalation clauses (primarily based on the Consumer Price Index). Cantor allocates a portion of the rental payments to the Company based on square footage used.

The Company also allocates a portion of the rental payments for which it is obligated under non-cancelable operating leases to Cantor and its affiliates. These allocations are based on square footage used (see Note 16—"Related Party Transactions," for more information).

Rent expense for the years ended December 31, 2020, 2019 and 2018 was \$51.1 million, \$56.0 million and \$44.3 million, respectively. Rent expense is included as part of "Occupancy and equipment" in the Company's consolidated statements of operations.

In the event the Company anticipates incurring costs under any of its leases that exceed anticipated sublease revenues, it recognizes a loss and records a liability for the present value of the excess lease obligations over the estimated sublease rental income. There was no liability for future lease payments associated with vacant space as of December 31, 2020, 2019 and 2018.

#### ***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.

During the year ended December 31, 2020, the Company completed acquisitions whose purchase price included approximately \$3.1 million in cash that may be issued or paid contingent on certain targets being met through 2023. The Company did not issue any contingent shares of BGC Class A common stock, LPUs or RSUs for acquisitions during the year ended December 31, 2020. The Company did not issue any contingent shares of Class A common stock, LPUs, RSUs or cash for acquisitions during the year ended December 31, 2019.

During the year ended December 31, 2018, the Company completed acquisitions, whose purchase price included approximately 0.2 million RSUs (with an acquisition date fair value of approximately \$1.2 million), and \$16.8 million in cash that may be issued or paid contingent on certain targets being met through 2022. The Company did not issue any contingent LPUs for acquisitions during the year ended December 31, 2018.

During the year ended December 31, 2020, the contingent cash consideration increased by approximately \$3.6 million to \$20.6 million in cash that may be paid due to an increase in probability of payout. During the year ended December 31, 2019, the contingent cash consideration increased by approximately \$4.6 million to \$21.4 million in cash that may be paid due to an increase in probability of payout.

As of December 31, 2020, the Company has issued 0.4 million shares of its Class A common stock, 0.1 million of RSUs and paid \$19.2 million in cash related to contingent payments for acquisitions completed since 2016.

As of December 31, 2020, 1.9 million shares of the Company's Class A common stock and 0.2 million RSUs remain to be issued, and \$26.4 million in cash remains to be paid, net of forfeitures and other adjustments, if the targets are met.

The Company's contingent considerations are classified as Level 3 liabilities. See Note 15—"Fair Value of Financial Assets and Liabilities," for additional information.

#### ***Contingencies***

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

#### ***Employment, Competitor-Related and Other Litigation***

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

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

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

#### ***Letter of Credit Agreements***

The Company has irrevocable uncollateralized letters of credit with various banks, where the beneficiaries are clearing organizations through which it transacts, that are used in lieu of margin and deposits with those clearing organizations. As of December 31, 2020 and 2019, the Company was contingently liable for \$1.0 million and \$2.3 million, respectively, under these letters of credit.

#### ***Risk and Uncertainties***

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

#### ***Insurance***

The Company is self-insured for health care claims, up to a stop-loss amount for eligible participating employees and qualified dependents in the U.S., subject to deductibles and limitations. The Company's liability for claims incurred but not reported is determined based on an estimate of the ultimate aggregate liability for claims incurred. The estimate is calculated from actual claim rates and adjusted periodically as necessary. The Company has accrued \$1.2 million and \$1.8 million in health care claims as of December 31, 2020 and 2019, respectively. The Company does not expect health care claims to have a material impact on its financial condition, results of operations, or cash flows.

#### ***Guarantees***

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

#### ***Indemnifications***

In connection with the sale of eSpeed, the Company has indemnified Nasdaq for amounts over a defined threshold against damages arising from breaches of representations, warranties and covenants. In addition, in connection with the acquisition of GFI, the Company has indemnified the directors and officers of GFI. As of December 31, 2020, no contingent liability has been recorded in the Company's consolidated statements of financial condition for these indemnifications, as the potential for being required to make payments under these indemnifications is remote.

### **23. Income Taxes**

The Company's consolidated financial statements include U.S. federal, state and local income taxes on the Company's allocable share of the U.S. results of operations, as well as taxes payable to jurisdictions outside the U.S. In addition, certain of the Company's entities are taxed as U.S. partnerships and are subject to the UBT in New York City. Therefore, the tax liability or benefit related to the partnership income or loss, except for UBT, rests with the partners (see Note 2—"Limited Partnership Interests in BGC Holdings and Newmark Holdings" for discussion of partnership interests), rather than the partnership entity.

The provision for income taxes consisted of the following (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Current:			
U.S. federal	\$ 239	\$ (4,142)	\$ 36,027
U.S. state and local	6,828	3,928	6,449
Foreign	30,788	52,943	46,982
UBT	(3)	1,278	(1,953)
	37,852	54,007	87,505
Deferred:			
U.S. federal	(11,050)	(11,565)	(32,527)
U.S. state and local	(5,848)	8,537	149
Foreign	3,602	506	6,671
UBT	(3,253)	(1,674)	1,970
	(16,549)	(4,196)	(23,737)
Provision for income taxes	<u>\$ 21,303</u>	<u>\$ 49,811</u>	<u>\$ 63,768</u>

The Company had pre-tax income (loss) of \$77.9 million, \$122.1 million and \$171.9 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The Company had pre-tax income (loss) from domestic operations of \$(206.3) million, \$(201.3) million and \$(144.4) million for the years ended December 31, 2020, 2019 and 2018, respectively. The Company had pre-tax income (loss) from foreign operations of \$284.2 million, \$323.3 million and \$316.0 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Differences between the Company's actual income tax expense and the amount calculated utilizing the U.S. federal statutory rates were as follows (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Tax expense at federal statutory rate	\$ 16,360	\$ 25,633	\$ 36,103
Non-controlling interest	73	3,466	(3,544)
Incremental impact of foreign taxes compared to federal tax rate	(476)	7,935	2,739
Other permanent differences	5,337	3,397	6,051
U.S. state and local taxes, net of U.S. federal benefit	(321)	(2,650)	(539)
New York City UBT	(3,256)	(392)	(514)
Other rate changes	(12,783)	10,509	4,024
Revaluation of deferred taxes related to tax reform	—	—	4,776
Uncertain tax positions	1,475	(1,025)	2,764
U.S. tax on foreign earnings, net of tax credits	2,643	3,166	2,163
Return-to-provision adjustments	1,076	(3,937)	2,598
Valuation allowance	11,966	4,015	2,567
Other	(791)	(306)	4,580
Provision for income taxes	<u>\$ 21,303</u>	<u>\$ 49,811</u>	<u>\$ 63,768</u>

The Tax Act was enacted on December 22, 2017. The Tax Act made significant changes to the U.S. corporate income tax system, including (1) a reduction of the U.S. federal corporate income tax rate from 35% to 21%, (2) transitioning to a territorial tax system and requiring companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred (3) implementation of a BEAT, (4) further limitation on deductibility of interest on financing arrangements, (5) and introduction of a new provision designed to tax a foreign subsidiaries' GILTI.

As of December 31, 2020, the Company's intention is to permanently reinvest undistributed foreign pre-tax earnings in the Company's foreign operations. While the one-time transition tax eliminated most of the income tax effects of repatriating the undistributed earnings, there could still be foreign and state and local tax effects on the distribution. Accordingly, no provision has been recorded on foreign and state and local taxes that would be applicable upon distribution of such earnings to the U.S. Further, determination of an estimate of deferred tax liability associated with the distribution of foreign earnings is not practicable. However, this policy will be further re-evaluated and assessed based on the Company's overall business needs and requirements.

The Company has finalized its accounting policy and elect to treat taxes associated with the GILTI provision using the Period Cost Method and thus have not recorded deferred taxes for basis differences under this regime as of December 31, 2020. Accordingly, the Company recorded a tax expense of \$6.1 million, net of foreign tax credits, for the impact of the GILTI provision on its foreign subsidiaries.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded against deferred tax assets if it is deemed more likely than not that those assets will not be realized.

Significant components of the Company's deferred tax asset and liability consisted of the following (in thousands):

	Year Ended December 31,	
	2020	2019
Deferred tax asset		
Basis difference of investments	\$ 15,644	\$ 7,678
Deferred compensation	74,030	65,794
Excess interest expense	26,238	21,028
Other deferred and accrued expenses	8,835	17,685
Net operating loss and credit carry-forwards	84,822	73,072
Total deferred tax asset <sup>1</sup>	209,569	185,257
Valuation allowance	(81,191)	(71,931)
Deferred tax asset, net of valuation allowance	128,378	113,326
Deferred tax liability		
Depreciation and amortization	27,406	35,346
Total deferred tax liability <sup>1</sup>	27,406	35,346
Net deferred tax asset	\$ 100,972	\$ 77,980

<sup>1</sup> Before netting within tax jurisdictions.

The Company has deferred tax assets associated with net operating losses in U.S. state and local, and non-U.S. jurisdictions of \$7.1 million and \$72.9 million, respectively. These losses will begin to expire in 2025 and 2020, respectively. The Company's change in net operating losses as well as associated valuation allowance is primarily due to acquisitions that occurred during the year. The Company's deferred tax asset and liability are included in the Company's consolidated statements of financial condition as components of "Other assets" and "Accounts payable, accrued and other liabilities," respectively.

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

A reconciliation of the beginning to the ending amounts of gross unrecognized tax benefits for the years ended December 31, 2020 and 2019 is as follows (in thousands):

Balance, December 31, 2018	\$ 10,252
Increases for prior year tax positions	2,500
Decreases for prior year tax positions	—
Increases for current year tax positions	—
Decreases related to settlements with taxing authorities	(2,271)
Decreases related to a lapse of applicable statute of limitations	—
Balance, December 31, 2019	\$ 10,481
Increases for prior year tax positions	1,706
Decreases for prior year tax positions	—
Increases for current year tax positions	—
Decreases related to settlements with taxing authorities	—
Decreases related to a lapse of applicable statute of limitations	—
Balance, December 31, 2020	\$ 12,187

As of December 31, 2020, the Company's unrecognized tax benefits, excluding related interest and penalties, were \$12.2 million, of which \$9.2 million, if recognized, would affect the effective tax rate. The Company is currently open to examination by tax authorities in U.S. federal, state and local jurisdictions and certain non-U.S. jurisdictions for tax years beginning 2008, 2009 and 2012, 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 consolidated statements of operations. As of December 31, 2020, the Company had accrued \$3.3 million for income tax-related interest and penalties of which \$0.3 million was accrued during 2020.

## 24. Regulatory Requirements

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

Certain U.S. subsidiaries of the Company are registered as U.S. broker-dealers or FCMs subject to Rule 15c3-1 of the SEC and Rule 1.17 of the CFTC, which specify uniform minimum net capital requirements, as defined, for their registrants, and also require a significant part of the registrants' assets be kept in relatively liquid form. As of December 31, 2020, 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 the FCA and must maintain financial resources (as defined by the FCA) in excess of the total financial resources requirement of the FCA. As of December 31, 2020, 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 regulatory requirements referred to above may restrict the Company's ability to withdraw capital from its regulated subsidiaries. As of December 31, 2020, the Company's regulated subsidiaries held \$676.3 million of net assets. These subsidiaries had aggregate regulatory net capital, as defined, in excess of the aggregate regulatory requirements, as defined, of \$373.4 million.

## 25. Segment, Geographic and Product Information

### Segment Information

The Company currently operates its business in one reportable segment, by providing brokerage services to the financial markets, integrated Voice, Hybrid and Fully Electronic brokerage in a broad range of products, including fixed income (Rates and Credit), FX, Equity derivatives and cash equities, Insurance, Energy and commodities, and futures. It also provides a wide range of services, including trade execution, brokerage, clearing, trade compression, post-trade, information, consulting, and other back-office services to a broad range of financial and non-financial institutions.

### Geographic Information

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

	Year Ended December 31,		
	2020	2019	2018
<b>Revenues:</b>			
U.K.	\$ 867,066	\$ 864,955	\$ 811,542
U.S.	518,770	564,037	544,887
Asia	311,190	331,328	278,141
Other Europe/MEA	192,852	202,144	170,561
France	107,679	83,664	77,992
Other Americas	59,163	58,103	54,687
Total revenues	<u>\$ 2,056,720</u>	<u>\$ 2,104,231</u>	<u>\$ 1,937,810</u>

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

	Year Ended December 31,	
	2020	2019
<b>Long-lived assets:</b>		
U.S.	\$ 767,082	\$ 766,315
U.K.	655,906	595,571
Asia	119,619	122,564
Other Europe/MEA	66,487	38,994
France	28,518	21,877
Other Americas	18,236	19,595
Total long-lived assets	<u>\$ 1,655,848</u>	<u>\$ 1,564,916</u>

#### Product Information

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

The Company specializes in the brokerage of a broad range of products, including fixed income (Rates and Credit), FX, Equity derivatives and cash equities, Insurance, Energy and commodities, and futures. It also provides a wide range of services, including trade execution, broker-dealer services, clearing, trade compression, post trade, information, consulting, and other back-office services to a broad range of financial and non-financial institutions.

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

	Year Ended December 31,		
	2020	2019	2018
<b>Revenues:</b>			
Rates	\$ 544,094	\$ 594,884	\$ 549,825
Credit	329,904	306,713	292,171
FX	315,253	370,318	396,256
Energy and commodities	292,641	288,697	229,121
Equities derivatives and cash equities	254,702	251,339	288,265
Insurance	182,707	155,790	68,937
Total brokerage revenues	<u>\$ 1,919,301</u>	<u>\$ 1,967,741</u>	<u>\$ 1,824,575</u>
All other revenues	137,419	136,490	113,235
Total revenues	<u>\$ 2,056,720</u>	<u>\$ 2,104,231</u>	<u>\$ 1,937,810</u>

## 26. Revenues from Contracts with Customers

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

	Year Ended December 31, 2020	Year Ended December 31, 2019
Revenues from contracts with customers:		
Commissions	\$ 1,567,668	\$ 1,645,818
Data, software, and post-trade	81,920	73,166
Fees from related parties	25,754	29,442
Other revenues	14,948	12,806
Total revenues from contracts with customers	1,690,290	1,761,232
Other sources of revenues:		
Principal transactions	351,633	321,923
Interest and dividend income	12,332	18,319
Other revenues	2,465	2,757
Total revenues	\$ 2,056,720	\$ 2,104,231

As discussed in Note 1—"Organization and Basis of Presentation", the Company adopted the new revenue recognition standard as of January 1, 2018. There was no significant impact to the Company's consolidated financial statements for the periods presented as a result of applying the new revenue recognition standard.

Refer to Note 3—"Summary of Significant Accounting Policies" for detailed information on the recognition of the Company's revenues from contracts with customers.

### *Disaggregation of Revenue*

Refer to Note 25—"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 \$629.4 million and \$778.4 million at December 31, 2020 and December 31, 2019 respectively. The Company had no impairments related to these receivables during the years ended December 31, 2020 and 2019.

The Company's deferred revenue primarily relates to customers paying in advance or billed in advance where the performance obligation has not yet been satisfied. Deferred revenue at December 31, 2020 and December 31, 2019 was \$15.0 million and \$12.9 million, respectively. During the years ended December 31, 2020 and 2019, the Company recognized revenue of \$8.3 million and \$9.1 million, respectively, that was recorded as deferred revenue at the beginning of the period.

### *Contract Costs*

The Company capitalizes costs to fulfill contracts associated with different lines of its business where the revenue is recognized at a point in time and the costs are determined to be recoverable. Capitalized costs to fulfill a contract are recognized at the point in time that the related revenue is recognized. At December 31, 2020, there were \$1.7 million of capitalized costs recognized to fulfill a contract. At December 31, 2019, there were \$1.4 million of capitalized costs recognized to fulfill a contract.



## 27. Leases

The Company, acting as a lessee, has operating leases primarily relating to office space, data centers and office equipment. The leases have remaining lease terms of 0.1 year to 18.6 years, some of which include options to extend the leases in 1 to 10 year increments for up to 10 years. Renewal periods are included in the lease term only when renewal is reasonably certain, which is a high threshold and requires management to apply judgment to determine the appropriate lease term. Certain leases also include periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise the termination option. The Company measures its lease payments by including fixed rental payments and, where relevant, variable rental payments tied to an index, such as the Consumer Price Index. Payments for leases in place before the date of adoption of ASC 842, *Leases* were determined based on previous leases guidance. The Company recognizes lease expense for its operating leases on a straight-line basis over the lease term and variable lease expense not included in the lease payment measurement is recognized as incurred. All leases were classified as operating leases as of December 31, 2020.

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

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

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

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

The Company subleases certain real estate to its affiliates and to third parties. The value of these commitments is not material to the Company's consolidated financial statements.

As of December 31, 2020, the Company did not have any leases that have not yet commenced but that create significant rights and obligations.

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

	Classification in Consolidated Statements of Financial Condition	December 31, 2020	December 31, 2019
<b>Assets</b>			
Operating lease ROU assets	Other assets	\$ 165,969	\$ 169,065
<b>Liabilities</b>			
Operating lease liabilities	Accounts payable, accrued and other liabilities	\$ 190,207	\$ 187,398
		December 31, 2020	December 31, 2019
<b>Weighted-average remaining lease term</b>			
Operating leases (years)		10.5	7.3
<b>Weighted-average discount rate</b>			
Operating leases		4.9%	4.9%

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

	Classification in Consolidated Statements of Operations	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Operating lease cost	Occupancy and equipment	\$ 43,726	\$ 47,908

Short-term lease expense is not material.

The following table shows the Company's maturity analysis of its operating lease liabilities as of December 31, 2020 (in thousands):

2021	\$	36,541
2022		33,335
2023		26,887
2024		22,235
2025		17,563
Thereafter		114,011
Total	\$	250,572
Interest		(60,365)
Total	\$	190,207

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

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Cash paid for obligations included in the measurement of lease liabilities	\$ 37,552	\$ 44,964

## 28. Current Expected Credit Losses (CECL)

The CECL reserve reflects management's current estimate of potential credit losses related to the receivable balances included in the Company's consolidated statements of financial condition. See Note 3—"Summary of Significant Accounting Policies" for further discussion of the CECL reserve methodology.

As described in Note 1—"Organization and Basis of Presentation," upon adoption of the new CECL guidance on January 1, 2020, the Company recognized an initial CECL reserve of \$1.9 million, of which, \$1.1 million was in "Loans, forgivable loans and other receivables from employees and partners, net," and \$0.8 million was in "Accrued commissions and other receivables, net," against its receivables portfolio with a corresponding charge to "Retained deficit" on the Company's consolidated statements of changes in equity.

As required, any subsequent changes to the CECL reserve are recognized in "Net income (loss) available to common stockholders" in the Company's consolidated statements of operations. During the year ended December 31, 2020, the Company recorded an increase of \$0.7 million in the CECL reserve against the receivables portfolio, bringing the Company's total CECL reserve to \$2.6 million as of December 31, 2020. This total CECL reserve is comprised of \$1.6 million for "Loans, forgivable loans and other receivables from employees and partners, net" and \$1.0 million for "Accrued commissions and other receivables, net." For the year ended December 31, 2020, there was an increase of \$0.5 million, in the CECL reserve pertaining to "Loans, forgivable loans and other receivables from employees and partners, net" as a result of employee terminations, bringing the CECL reserve recorded pertaining to "Loans, forgivable loans and other receivables from employees and partners, net" to \$1.6 million as of December 31, 2020. For the year ended December 31, 2020, there was an increase of \$0.2 million in the CECL reserve against "Accrued commissions and other receivables, net," due to the updated macroeconomic assumptions resulting from COVID-19, and the downward credit rating migration of certain receivables in the portfolio, bringing the CECL reserve recorded pertaining to "Accrued commissions and other receivables, net" to \$1.0 million as of December 31, 2020.

## 29. Supplemental Balance Sheet Information

The components of certain balance sheet accounts are as follows (in thousands):

	Year Ended December 31,	
	2020	2019
<b>Other assets:</b>		
Operating lease ROU assets <sup>1</sup>	\$ 165,969	\$ 169,065
Deferred tax asset	125,292	96,051
Equity securities carried under measurement alternative	81,758	83,668
Prepaid expenses	35,210	24,722
Other taxes	27,450	17,962
Rent and other deposits	16,355	15,720
Other	28,384	40,108
Total other assets	\$ 480,418	\$ 447,296

	Year Ended December 31,	
	2020	2019
<b>Accounts payable, accrued and other liabilities:</b>		
Accrued expenses and other liabilities <sup>2</sup>	\$ 890,690	\$ 890,653
Taxes payable	255,944	212,488
Operating lease liabilities <sup>1</sup>	190,207	187,398
Deferred tax liability	24,320	18,071
Charitable contribution liability	2,758	3,999
Total accounts payable, accrued and other liabilities	<u>\$ 1,363,919</u>	<u>\$ 1,312,609</u>

- 1 As of December 31, 2020, \$166.0 million and \$190.2 million, relating to lease ROU assets and lease liabilities, respectively, is attributable to the adoption of ASU No. 2016-02, *Leases (Topic 842)*. As of December 31, 2019, \$169.1 million and \$187.4 million, relating to lease ROU assets and lease liabilities, respectively, is attributable to the adoption of ASU No. 2016-02, *Leases (Topic 842)*. See Note 27—"Leases", in addition to the information under the heading "Recently Adopted Accounting Pronouncements" included in Note 1—"Organization and Basis of Presentation" for additional information.
- 2 As of December 31, 2020, \$607.3 million is attributable to Besso and Ed Broking. As of December 31, 2019, \$594.0 million is attributable to Besso and Ed Broking. See "Cash Segregated Under Regulatory Requirements" and "Accrued Commissions and Other Receivables, Net" in Note 3—"Summary of Significant Accounting Policies" for additional information.

### 30. Discontinued Operations

On November 30, 2018, the Company completed the Spin-Off, and distributed to its stockholders all of the shares of Newmark Class A common stock and Newmark Class B common stock that the Company then owned in a manner that is intended to qualify as generally tax-free for U.S. federal income tax purposes. The shares of Newmark Class A common stock held by the Company were distributed to the holders of shares of BGC Class A common stock, and the shares of Newmark Class B common stock held by the Company were distributed to the holders of shares of BGC Class B common stock. Therefore, the Company no longer consolidates Newmark within its financial results subsequent to the Spin-Off.

The Company has determined that the Spin-Off met the criteria for reporting the financial results of Newmark as discontinued operations within BGC's consolidated results for all periods through the Distribution Date. Newmark's results are presented in "Consolidated net income (loss) from discontinued operations, net of tax" and the related noncontrolling interest in Newmark and its subsidiaries is presented in "Net income (loss) from discontinued operations attributable to noncontrolling interest in subsidiaries" in the Company's consolidated statements of operations for the year ended December 31, 2018.

The following table provides the components of “Consolidated net income (loss) from discontinued operations, net of tax” and “Net income (loss) from discontinued operations attributable to noncontrolling interest in subsidiaries” for the year ended December 31, 2018 (in thousands):

	Year Ended December 31, 2018
<b>Revenues:</b>	
Commissions	\$ 1,112,629
Gains from mortgage banking activities/originations, net	160,688
Real estate management and other services	375,428
Servicing fees	119,587
Fees from related parties	1,055
Interest income	35,238
Other revenues	607
Total revenues	1,805,232
<b>Expenses:</b>	
Compensation and employee benefits	1,049,903
Equity-based compensation and allocations of net income to limited partnership units and FPU's	141,965
Total compensation and employee benefits	1,191,868
Occupancy and equipment	69,368
Fees to related parties	15,999
Professional and consulting fees	31,699
Communications	11,328
Selling and promotion	54,650
Commissions and floor brokerage	1,087
Interest expense	79,732
Other expenses	197,144
Total expenses	1,652,875
<b>Other income (losses), net:</b>	
Gains (losses) on equity method investments	2,759
Other income (loss)	110,145
Total other income (losses), net	112,904
Income (loss) from operations before income taxes	265,261
Provision (benefit) for income taxes	86,799
Consolidated net income (loss) from discontinued operations, net of tax	178,462
Less: Net income (loss) from discontinued operations attributable to noncontrolling interest in subsidiaries	53,121
Net income (loss) from discontinued operations available to common stockholders <sup>1</sup>	\$ 125,341

<sup>1</sup> This amount excludes EPU payable-in-kind dividends, which is a reduction to “Net income (loss) from discontinued operations available to common stockholders” for the calculation of the Company’s “Basic earnings (loss) per share and Fully diluted earnings (loss) per share from discontinued operations.”

Total net cash provided by (used in) operating activities from discontinued operations was \$(748.2) million for the year ended December 31, 2018. Total net cash provided by (used in) investing activities from discontinued operations was \$18.3 million for the year ended December 31, 2018.

Through the Distribution Date, exchangeability was granted on 8.4 million and 3.9 million LPUs in BGC Holdings and Newmark Holdings, respectively, held by Newmark employees, and Newmark incurred compensation expense related to the grant of exchangeability of \$111.1 million for the year ended December 31, 2018. These expenses are recorded as part of “Equity-based compensation and allocations of net income to limited partnership units and FPU's” in the table above, and are included in “Consolidated net income (loss) from discontinued operations, net of tax” in the Company’s consolidated statements of operations.

Certain LPUs and FPU's generally receive quarterly allocations of net income, which are cash distributed on a quarterly basis and generally contingent upon services provided by the unit holder. Newmark's allocation of income through the Distribution Date to Newmark Holdings LPUs and FPU's held by Newmark employees was \$37.0 million for the year ended December 31, 2018. This expense was recorded as part of "Equity-based compensation and allocations of net income to limited partnership units and FPU's" in the table above, and is included in "Consolidated net income (loss) from discontinued operations, net of tax" in the Company's consolidated statements of operations.

In connection with the Separation, on December 13, 2017, Newmark OpCo assumed all of BGC U.S. OpCo's rights and obligations under the 2042 Promissory Note in relation to the 8.125% Senior Notes and the 2019 Promissory Note in relation to the 5.375% Senior Notes. Newmark repaid the \$112.5 million outstanding principal amount under the 2042 Promissory Note on September 5, 2018, and repaid the \$300.0 million outstanding principal amount under the 2019 Promissory Note on November 23, 2018. In addition, as part of the Separation, Newmark assumed the obligations of BGC as borrower under the Term Loan and Converted Term Loan. Newmark repaid the outstanding balance of the Term Loan as of March 31, 2018, and repaid the outstanding balance of the Converted Term Loan on November 6, 2018. For the year ended December 31, 2018, \$46.1 million of interest expense on the obligations assumed as part of the Separation was included as part of discontinued operations in the table above. In addition, on March 19, 2018, the Company borrowed \$150.0 million under the BGC Credit Agreement from Cantor, and loaned Newmark \$150.0 million under the Intercompany Credit Agreement on the same day. All borrowings outstanding under the Intercompany Credit Agreement were repaid on November 7, 2018. The interest expense for the year ended December 31, 2018 related to the \$150.0 million borrowed under the BGC Credit Agreement was \$3.5 million and was allocated to discontinued operations in the table above.

### **31. Subsequent Events**

#### ***Fourth Quarter 2020 Dividend***

On February 23, 2021, the Company's Board declared a quarterly cash dividend of \$0.01 per share for the fourth quarter of 2020, payable on March 30, 2021 to Class A and Class B common stockholders of record as of March 16, 2021.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None

**ITEM 9A. CONTROLS AND PROCEDURES****Evaluation of Disclosure Controls and Procedures**

BGC Partners maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed by BGC Partners is recorded, processed, accumulated, summarized and communicated to its management, including its Chairman and Chief Executive Officer and its Chief Financial Officer, to allow timely decisions regarding required disclosures, and reported within the time periods specified in the SEC's rules and forms. The Chairman and Chief Executive Officer and the Chief Financial Officer have performed an evaluation of the effectiveness of the design and operation of BGC Partners disclosure controls and procedures as of December 31, 2020. Based on that evaluation, as a result of the material weakness in internal control over financial reporting described below, the Chairman and Chief Executive Officer and the Chief Financial Officer concluded that BGC Partners' disclosure controls and procedures were not effective as of December 31, 2020.

**Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chairman and Chief Executive Officer, and our Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2020 based upon criteria set forth in the Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO). Our internal control over financial reporting includes policies and procedures that are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. GAAP.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements would not be prevented or detected on a timely basis.

Management has identified the following control deficiencies that in combination constitute a material weakness in our internal control over financial reporting as of December 31, 2020:

- We did not design an effective control over wire payments in the UK to vendors, including taxing authorities. Specifically, we did not require independent validation of vendor banking details for wire payments where vendors had requested remittance be made to a different account than the one recorded within the vendor master listing.
- We did not operate an effective control in the UK to validate bank information to the vendor master listing when effecting wire payments.
- We did not design an effective control over the reconciliation of receipts and disbursements for certain UK partnerships in relation to partner related payments.

This material weakness resulted in payments being made to incorrect bank accounts. The above material weakness resulted in misstatements to expenses and accounts payable, accrued and other liabilities.

Because of this material weakness, our management concluded that our internal control over financial reporting was not effective as of December 31, 2020. We reviewed the results of management's assessment with our Audit Committee.

In response to the identified material weakness, our management, with the oversight of the Audit Committee of our Board of Directors, has taken immediate action to remediate the material weakness identified. While certain remedial actions have been completed, others are in process.

The effectiveness of our internal control over financial reporting as of December 31, 2020 has been audited by Ernst & Young LLP an independent registered public accounting firm, as stated in their report, which is included in this Annual Report on Form 10-K.

**ITEM 9B. OTHER INFORMATION**

Not Applicable

### **PART III**

#### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information appearing under “Election of Directors,” “Information about our Executive Officers,” “Section 16(a) Beneficial Ownership Reporting Compliance,” and “Code of Ethics and Whistleblower Procedures” in the 2021 Proxy Statement is hereby incorporated by reference in response to this Item 10.

#### **ITEM 11. EXECUTIVE COMPENSATION**

The information appearing under “Compensation Discussion and Analysis,” “Compensation Committee Report,” “Executive Compensation” and “Compensation Committee Interlocks and Insider Participation” in the 2021 Proxy Statement is hereby incorporated by reference in response to this Item 11.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information appearing under “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information as of December 31, 2020” in the 2021 Proxy Statement is hereby incorporated by reference in response to this Item 12.

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information appearing under “Certain Relationships and Related Transactions and Director Independence” and “Election of Directors—Independence of Directors” in the 2021 Proxy Statement is hereby incorporated by reference in response to this Item 13.

#### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information appearing under “Independent Registered Public Accounting Firm Fees” and “Audit Committee Pre-Approval Policies and Procedures” in the 2021 Proxy Statement is hereby incorporated by reference in response to this Item 14.

**PART IV—OTHER INFORMATION**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) (1) Financial Statements. The consolidated financial statements required to be filed in this Annual Report on Form 10-K are included in Part II, Item 8 hereof.

(a) (2) Schedule I, Parent Company Only Financial Statements. All other schedules are omitted because they are not applicable or not required, or the required information is in the financial statements or the notes thereto.

(a) (3) The Exhibit Index set forth below is incorporated by reference in response to this Item 15.

The following Exhibits are filed as part of this Report as required by Regulation S-K. The Exhibits designated by an asterisk (\*) are management contracts and compensation plans and arrangements required to be filed as Exhibits to this Report. Certain exhibits have been previously filed with the SEC pursuant to the Securities Exchange Act of 1934 (Commission File Number 0-28191).

**EXHIBIT INDEX**

Exhibit Number	Exhibit Title
1.1	<a href="#"><u>Controlled Equity Offering SM Sales Agreement between BGC Partners, Inc. and Cantor Fitzgerald &amp; Co., dated March 9, 2018 (incorporated by reference to Exhibit 1.1 to the Registrant's Registration Statement on Form S-3 filed with the SEC on March 9, 2018)</u></a>
2.1	<a href="#"><u>Agreement and Plan of Merger, dated as of May 29, 2007, by and among eSpeed, Inc., BGC Partners, Inc., Cantor Fitzgerald, L.P., BGC Partners, L.P., BGC Global Holdings, L.P. and BGC Holdings, L.P. (incorporated by reference to the Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on February 11, 2008)</u></a>
2.2	<a href="#"><u>Amendment No. 1, dated as of November 5, 2007, to the Agreement and Plan of Merger, dated as of May 29, 2007, by and among eSpeed, Inc., BGC Partners, Inc., Cantor Fitzgerald, L.P., BGC Partners, L.P., BGC Global Holdings, L.P. and BGC Holdings, L.P. (incorporated by reference to the Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on February 11, 2008)</u></a>
2.3	<a href="#"><u>Amendment No. 2, dated as of February 1, 2008, to the Agreement and Plan of Merger, dated as of May 29, 2007, by and among eSpeed, Inc., BGC Partners, Inc., Cantor Fitzgerald, L.P., BGC Partners, L.P., BGC Global Holdings, L.P. and BGC Holdings, L.P. (incorporated by reference to the Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on February 11, 2008)</u></a>
2.4	<a href="#"><u>Separation Agreement, dated as of March 31, 2008, by and among Cantor Fitzgerald, L.P., BGC Partners, LLC, BGC Partners, L.P., BGC Global Holdings, L.P. and BGC Holdings, L.P. (incorporated by reference to Exhibit 2.4 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)</u></a>
2.5	<a href="#"><u>Purchase Agreement, dated as of April 1, 2013, by and among BGC Partners, Inc., BGC Partners, L.P., The NASDAQ OMX Group, Inc., and for certain limited purposes, Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 2.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2013)</u></a>
2.6	<a href="#"><u>Tender Offer Agreement executed by BGC Partners, Inc., BGC Partners, L.P. and GFI Group Inc., dated February 19, 2015 (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on February 25, 2015)</u></a>
2.7	<a href="#"><u>Stock Purchase Agreement by and among GFINet, Inc., GFI TP Holdings Pte Ltd, Intercontinental Exchange, Inc., and, solely for the purposes set forth therein, GFI Group Inc. and BGC Partners, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 18, 2015)</u></a>
2.8	<a href="#"><u>Agreement and Plan of Merger, dated December 22, 2015, by and among BGC Partners, Inc., JPI Merger Sub 1, Inc., JPI Merger Sub 2, LLC, Jersey Partners Inc., New JP Inc., Michael Gooch and Colin Heffron (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 23, 2015)</u></a>
2.9	<a href="#"><u>Transaction Agreement, dated as of July 17, 2017, by and among BGC Partners, Inc. BGC Partners, L.P., Cantor Fitzgerald, L.P., Cantor Commercial Real Estate Company, L.P., Cantor Sponsor, L.P., CF Real Estate Finance Holdings, L.P. and CF Real Estate Finance Holdings GP, LLC (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on July 21, 2017)</u></a>



Exhibit Number	Exhibit Title
2.10	<a href="#"><u>Amended and Restated Separation and Distribution Agreement, dated as of November 23, 2018, by and among Cantor Fitzgerald, L.P., BGC Partners, Inc., BGC Holdings, L.P., BGC Partners, L.P., BGC Global Holdings, L.P., Newmark Group, Inc., Newmark Holdings, L.P. and Newmark Partners, L.P. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on November 27, 2018)</u></a>
3.1	<a href="#"><u>Restated Certificate of Incorporation of BGC Partners, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2016)</u></a>
3.2	<a href="#"><u>Amended and Restated Bylaws of BGC Partners, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)</u></a>
4.1	<a href="#"><u>Description of Registrant's Securities Registered under Section 12 of the Securities Exchange Act of 1934, as amended</u></a>
4.2	<a href="#"><u>Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 filed with the SEC on April 18, 2008)</u></a>
4.3	<a href="#"><u>Indenture, dated as of June 26, 2012, between BGC Partners, Inc. and U.S. Bank National Association, as Trustee, (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 27, 2012)</u></a>
4.4	<a href="#"><u>Third Supplemental Indenture, dated as of May 27, 2016, by and between BGC Partners, Inc. and U.S. Bank National Association, as Trustee, relating to the 5.125% Senior Notes due 2021 (incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-K filed with the SEC on May 31, 2016)</u></a>
4.5	<a href="#"><u>Form of 5.125% Senior Notes due 2021 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on May 31, 2016)</u></a>
4.6	<a href="#"><u>Fourth Supplemental Indenture, dated as of July 24, 2018, by and between BGC Partners, Inc. and U.S. Bank National Association, as Trustee, relating to the 5.375% Senior Notes due 2023 (incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-K filed with the SEC on July 25, 2018)</u></a>
4.7	<a href="#"><u>Form of 5.375% Senior Notes due 2023 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on July 25, 2018)</u></a>
4.8	<a href="#"><u>Indenture, dated as of September 27, 2019, between BGC Partners, Inc. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed with the SEC on September 30, 2019)</u></a>
4.9	<a href="#"><u>First Supplemental Indenture, dated as of September 27, 2019, between BGC Partners, Inc. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-K filed with the SEC on September 30, 2019)</u></a>
4.10	<a href="#"><u>Form of BGC Partners, Inc. 3.750% Senior Notes due 2024 (incorporated by reference to Exhibit 4.3 to the Registrant's Form 8-K filed with the SEC on September 30, 2019)</u></a>
4.11	<a href="#"><u>Second Supplemental Indenture, dated as of July 10, 2020, between BGC Partners, Inc. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on July 14, 2020)</u></a>
4.12	<a href="#"><u>Form of BGC Partners, Inc. 4.375% Senior Notes due 2025 (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed with the SEC on July 14, 2020)</u></a>
10.1	<a href="#"><u>Registration Rights Agreement, dated as of December 9, 1999, by and among eSpeed, Inc. and the Investors named therein (incorporated by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1999)</u></a>
10.2	<a href="#"><u>Registration Rights Agreement by and between Cantor Fitzgerald, L.P. and BGC Partners, LLC, dated as of March 31, 2008 (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)</u></a>
10.3	<a href="#"><u>Administrative Services Agreement, dated as of March 6, 2008, by and between Cantor Fitzgerald, L.P. and BGC Partners, Inc. (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)</u></a>
10.4	<a href="#"><u>Administrative Services Agreement, dated as of August 9, 2007, by and among Tower Bridge International Services L.P. and BGC International (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)</u></a>

Exhibit Number	Exhibit Title
10.5	<a href="#"><u>BGC Holdings, L.P. Participation Plan, effective as of April 1, 2008 (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)*</u></a>
10.6	<a href="#"><u>Tax Receivable Agreement, dated as of March 31, 2008, by and between BGC Partners, LLC and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)</u></a>
10.7	<a href="#"><u>License Agreement, dated as of April 1, 2008, by and between BGC Partners, Inc. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.10 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)</u></a>
10.8	<a href="#"><u>Clearing Services Agreement, dated May 9, 2006, between Cantor Fitzgerald &amp; Co. and BGC Financial, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)</u></a>
10.9	<a href="#"><u>Amendment to Clearing Services Agreement, dated November 7, 2008, between Cantor Fitzgerald &amp; Co. and BGC Financial, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)</u></a>
10.10	<a href="#"><u>Second Amendment, dated August 16, 2010, to the Clearing Services Agreement, dated May 9, 2006, between Cantor Fitzgerald &amp; Co. and BGC Financial, Inc. (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 7, 2020)</u></a>
10.11	<a href="#"><u>Third Amendment, dated June 16, 2020, to the Clearing Services Agreement, dated May 9, 2006, between Cantor Fitzgerald &amp; Co. and BGC Financial, Inc. (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 7, 2020)</u></a>
10.12	<a href="#"><u>Agreement dated November 5, 2008 between BGC Partners, Inc. and Cantor Fitzgerald, L.P. regarding clearing capital (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)</u></a>
10.13	<a href="#"><u>First Amendment, dated June 16, 2020, to the Agreement between BGC Partners, Inc. and Cantor Fitzgerald, L.P. regarding clearing capital, dated November 5, 2008 (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 7, 2020)</u></a>
10.14	<a href="#"><u>Subscription Agreement, dated March 16, 2010, among BGC Partners, Inc., BGC Holdings, L.P. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.43 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2010)</u></a>
10.15	<a href="#"><u>Registration Rights Agreement, dated as of April 1, 2010, by and between BGC Partners, Inc. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2010)</u></a>
10.16	<a href="#"><u>Tower Bridge International Services L.P. and BGC Brokers L.P. Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.60 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)</u></a>
10.17	<a href="#"><u>Tower Bridge International Services L.P. and Cantor Fitzgerald Europe Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.61 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)</u></a>
10.18	<a href="#"><u>Tower Bridge International Services L.P. and Cantor Index Limited Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.62 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)</u></a>
10.19	<a href="#"><u>Tower Bridge International Services L.P. and BGC International Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.63 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)</u></a>
10.20	<a href="#"><u>Tower Bridge International Services L.P. and eSpeed International Limited Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.64 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)</u></a>

Exhibit Number	Exhibit Title
10.21	<a href="#"><u>Tower Bridge International Services L.P. and eSpeed Support Services Limited Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.65 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)</u></a>
10.22	<a href="#"><u>Amended and Restated Change in Control Agreement dated August 3, 2011 between Howard W. Lutnick and BGC Partners, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2011)*</u></a>
10.23	<a href="#"><u>Amended and Restated Change in Control Agreement dated August 3, 2011 between Stephen M. Merkel and BGC Partners, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2011)*</u></a>
10.24	<a href="#"><u>Deed of Amendment, dated August 14, 2020, between Shaun D. Lynn and BGC Services (Holdings) LLP (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 14, 2020)*</u></a>
10.25	<a href="#"><u>Amended and Restated Deed of Adherence, dated as of January 22, 2014, between Sean Windeatt and BGC Services (Holdings) LLP (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 28, 2014)*</u></a>
10.26	<a href="#"><u>Deed of Amendment, dated February 24, 2017, to the Amended and Restated Deed of Adherence, between Sean A. Windeatt and BGC Services (Holdings) LLP (incorporated by reference to Exhibit 10.86 to the Registrant's Annual Report on Form 10-K filed with the SEC on February 28, 2017)*</u></a>
10.27	<a href="#"><u>Deed of Amendment, dated November 5, 2020, to the Amended and Restated Deed of Adherence, between Sean A. Windeatt and BGC Services (Holdings) LLP (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 6, 2020)*</u></a>
10.28	<a href="#"><u>Consultancy Agreement, dated February 24, 2017, between Sean A. Windeatt and BGC Services (Holdings) LLP (incorporated by reference to Exhibit 10.87 to the Registrant's Annual Report on Form 10-K filed with the SEC on February 28, 2017)*</u></a>
10.29	<a href="#"><u>Amendment, dated November 5, 2020, to the Consultancy Agreement, dated February 24, 2017, between Sean A. Windeatt and BGC Services (Holdings) LLP (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 6, 2020)*</u></a>
10.30	<a href="#"><u>Letter Agreement, dated as of August 24, 2015, among BGC Partners, Inc., BGC Partners, L.P. and GFI Group Inc., relating to shareholder litigation and the Tender Offer Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 9, 2015)</u></a>
10.31	<a href="#"><u>Seventh Amended and Restated Long Term Incentive Plan, dated as of June 22, 2016 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 24, 2016)*</u></a>
10.32	<a href="#"><u>Second Amended and Restated BGC Partners, Inc. Incentive Bonus Compensation Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 9, 2017)*</u></a>
10.33	<a href="#"><u>Amended and Restated Agreement of Limited Partnership of CF Real Estate Finance Holdings, L.P., dated as of September 8, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on September 8, 2017)</u></a>
10.34	<a href="#"><u>Second Amended and Restated Agreement of Limited Partnership of BGC Holdings, L.P., dated as of December 13, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 19, 2017)</u></a>
10.35	<a href="#"><u>Amendment No. 1, dated November 8, 2018, to the Second Amended and Restated Agreement of Limited Partnership of BGC Holdings, L.P (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed with the SEC on November 8, 2018).</u></a>
10.36	<a href="#"><u>Second Amended and Restated Agreement of Limited Partnership of BGC Partners, L.P., dated as of December 13, 2017 (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the SEC on December 19, 2017)</u></a>
10.37	<a href="#"><u>Second Amended and Restated Agreement of Limited Partnership of BGC Global Holdings, L.P., dated as of December 13, 2017 (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed with the SEC on December 19, 2017)</u></a>

Exhibit Number	Exhibit Title
10.38	<a href="#"><u>Registration Rights Agreement, dated as of December 13, 2017, by and among Cantor Fitzgerald, L.P., BGC Partners, Inc. and Newmark Group, Inc. (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed with the SEC on December 19, 2017)</u></a>
10.39	<a href="#"><u>Tax Matters Agreement, dated as of December 13, 2017, by and among BGC Partners, Inc., BGC Holdings, L.P., BGC Partners, L.P., Newmark Group, Inc., Newmark Holdings, L.P. and Newmark Partners, L.P. (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed with the SEC on December 19, 2017)</u></a>
10.40	<a href="#"><u>Amended and Restated Tax Receivable Agreement, dated as of December 13, 2017, by and between Cantor Fitzgerald, L.P. and BGC Partners, Inc. (incorporated by reference to Exhibit 10.9 to the Registrant's Current Report on Form 8-K filed with the SEC on December 19, 2017)</u></a>
10.41	<a href="#"><u>Registration Rights Agreement, dated as of July 10, 2020, between BGC Partners, Inc. and the parties named therein (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on July 14, 2020)</u></a>
10.42	<a href="#"><u>Credit Agreement, dated as of March 19, 2018, by and between BGC Partners, Inc. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 23, 2018)</u></a>
10.43	<a href="#"><u>Amendment, dated August 6, 2018, to the Credit Agreement, dated as of March 19, 2018, by and between BGC Partners, Inc. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 7, 2018)</u></a>
10.44	<a href="#"><u>Amended and Restated Credit Agreement, dated as of March 19, 2018, by and between BGC Partners, Inc. and Newmark Group, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on March 23, 2018)</u></a>
10.45	<a href="#"><u>Credit Agreement, dated as of November 28, 2018, by and among BGC Partners, Inc., as the Borrower, certain subsidiaries of the Borrower, as Guarantors, the several financial institutions from time to time as parties thereto, as Lenders, and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 27, 2018)</u></a>
10.46	<a href="#"><u>First Amendment, dated December 11, 2019, to the Credit Agreement, dated as of November 28, 2018, by and among BGC Partners, Inc., as the Borrower, certain subsidiaries of the Borrower, as Guarantors, the several financial institutions from time to time as parties thereto, as Lenders, and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 13, 2019)</u></a>
10.47	<a href="#"><u>Second Amendment, dated February 26, 2020, to the Credit Agreement, dated as of November 28, 2018, by and among BGC Partners, Inc., as the Borrower, certain subsidiaries of the Borrower, as Guarantors, the several financial institutions from time to time as parties thereto, as Lenders, and Bank of America, N.A., as the Administrative Agent.</u></a>
21.1	<a href="#"><u>List of subsidiaries of BGC Partners, Inc.</u></a>
23.1	<a href="#"><u>Consent of Ernst &amp; Young LLP</u></a>
31.1	<a href="#"><u>Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
31.2	<a href="#"><u>Certification by the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
32.1	<a href="#"><u>Certification by the Chief Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101	The following materials from BGC Partners' Annual Report on Form 10-K for the period ended December 31, 2020 are formatted in inline eXtensible Business Reporting Language (iXBRL): (i) the Consolidated Statements of Financial Condition, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income (Loss), (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Changes in Equity, (vi) Notes to the Consolidated Financial Statements, and (vii) Schedule I, Parent Company Only Financial Statements. The XBRL Instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the iXBRL document.

Exhibit Number	Exhibit Title
104	The cover page from this Annual Report on Form 10-K, formatted in inline XBRL (included in Exhibit 101).

**ITEM 16. FORM 10-K SUMMARY**

**Not Applicable**

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K for the fiscal year ended December 31, 2020 to be signed on its behalf by the undersigned, thereunto duly authorized, on the 1st day of March, 2021.

BGC Partners, Inc.

By: /S/ HOWARD W. LUTNICK  
Name: **Howard W. Lutnick**  
Title: **Chairman of the Board and Chief Executive Officer**

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant, BGC Partners, Inc., in the capacities and on the date or dates indicated.

<u>Signature</u>	<u>Capacity in Which Signed</u>	<u>Date</u>
<u>/S/ HOWARD W. LUTNICK</u> <b>Howard W. Lutnick</b>	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 1, 2021
<u>/S/ STEVEN BISGAY</u> <b>Steven Bisgay</b>	Chief Financial Officer (Principal Financial and Accounting Officer)	March 1, 2021
<u>/S/ LINDA A. BELL</u> <b>Linda A. Bell</b>	Director	March 1, 2021
<u>/S/ STEPHEN T. CURWOOD</u> <b>Stephen T. Curwood</b>	Director	March 1, 2021
<u>/S/ WILLIAM J. MORAN</u> <b>William J. Moran</b>	Director	March 1, 2021
<u>/S/ DAVID P. RICHARDS</u> <b>David P. Richards</b>	Director	March 1, 2021

**BGC PARTNERS, INC.**  
**(Parent Company Only)**

**STATEMENTS OF FINANCIAL CONDITION**  
**(in thousands, except share and per share data)**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 24	\$ 44
Investments in subsidiaries	732,658	657,961
Receivables from related parties	2,758	3,999
Note receivable from related party	1,296,082	1,109,013
Other assets	64,498	49,347
<b>Total assets</b>	<b>\$ 2,096,020</b>	<b>\$ 1,820,364</b>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable, accrued and other liabilities	\$ 50,999	\$ 36,704
Notes payable	1,296,082	1,109,013
<b>Total liabilities</b>	<b>1,347,081</b>	<b>1,145,717</b>
Commitments and contingencies (Note 3)		
<b>Total stockholders' equity</b>	<b>748,939</b>	<b>674,647</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,096,020</b>	<b>\$ 1,820,364</b>

*See accompanying Notes to Financial Statements.*

**BGC PARTNERS, INC.**  
**(Parent Company Only)**

**STATEMENTS OF OPERATIONS**  
**(in thousands, except per share data)**

	Year Ended December 31,		
	2020	2019	2018
<b>Revenues:</b>			
Other revenues	\$ 450	—	\$ 36,944
Interest and dividend income	65,762	55,044	68,382
Total revenue	66,212	55,044	105,326
<b>Expenses:</b>			
Interest expense	65,762	55,044	68,382
Total expenses	65,762	55,044	68,382
Income from operations before income taxes	450	—	36,944
Equity income (loss) of subsidiaries	41,876	50,413	49,087
Equity income of discontinued operations, net	—	—	125,341
Provision (benefit) for income taxes	(6,582)	2,851	9,176
Net income available to common stockholders	\$ 48,908	\$ 47,562	\$ 202,196
<b>Per share data:</b>			
<i>Basic earnings (loss) per share from continuing operations</i>			
Net income (loss) from continuing operations	\$ 48,908	\$ 47,562	\$ 76,855
Basic earnings (loss) per share from continuing operations	\$ 0.14	\$ 0.14	\$ 0.24
Basic weighted-average shares of common stock outstanding	361,736	344,332	322,141
<i>Fully diluted earnings (loss) per share from continuing operations</i>			
Net income (loss) from continuing operations for fully diluted shares	\$ 70,430	\$ 62,054	\$ 76,855
Fully diluted earnings (loss) per share from continuing operations	\$ 0.13	\$ 0.13	\$ 0.24
Fully diluted weighted-average shares of common stock outstanding	546,848	459,743	323,844

*See accompanying Notes to Financial Statements.*



**BGC PARTNERS, INC.**  
**(Parent Company Only)**

**STATEMENTS OF COMPREHENSIVE INCOME**  
**(in thousands)**

	Year Ended December 31,		
	2020	2019	2018
Net income available to common stockholders	\$ 48,908	\$ 47,562	\$ 202,196
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments	5,382	96	(11,686)
Benefit plans	(1,210)	(8,733)	—
Total other comprehensive (loss) income, net of tax	4,172	(8,637)	(11,686)
Comprehensive income attributable to common stockholders	<u>\$ 53,080</u>	<u>\$ 38,925</u>	<u>\$ 190,510</u>

*See accompanying Notes to Financial Statements.*

**BGC PARTNERS, INC.**  
**(Parent Company Only)**

**STATEMENTS OF CASH FLOWS**  
**(in thousands)**

	Year Ended December 31,		
	2020	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income available to common stockholders	\$ 48,908	\$ 47,562	\$ 202,196
Less: Equity income of discontinued operations	—	—	(125,341)
Adjustments to reconcile net income to net cash used in operating activities:			
Amortization of deferred financing costs	4,188	3,206	4,012
Equity in net gains (losses) of unconsolidated investments	(41,876)	(50,413)	(49,087)
Deferred tax (benefit) expense	(13,585)	(20,042)	(12,449)
Decrease (increase) in operating assets:			
Investments in subsidiaries	(11,480)	12,400	(368,509)
Receivables from related parties	1,241	16,029	10,686
Note receivable from related party	(187,069)	(366,496)	(450,000)
Other assets	887	861	39
(Decrease) increase in operating liabilities:			
Accounts payable, accrued and other liabilities	14,295	(4,125)	3,321
Net cash used in operating activities	(184,491)	(361,018)	(785,132)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Net cash used in investing activities	—	—	—
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Dividends to stockholders	(60,440)	(192,442)	(231,446)
Repurchase of Class A common stock	(5)	(970)	(8,185)
Issuance of senior notes, net of deferred issuance costs	294,396	294,845	444,196
Repayments of senior notes	(43,968)	—	—
Unsecured revolving credit agreement borrows	230,000	390,000	195,000
Unsecured revolving credit agreement repayments	(300,000)	(320,000)	(195,000)
Distributions from subsidiaries	61,972	184,545	199,062
Proceeds from offering of Class A common stock, net	2,516	4,929	345,974
Net cash provided by financing activities	184,471	360,907	749,601
Net cash provided by (used in) operating activities from discontinued operations	—	—	—
Net cash provided by (used in) investing activities from discontinued operations	—	—	—
Net cash provided by (used in) financing activities from discontinued operations	—	—	35,487
Net increase (decrease) in cash and cash equivalents	(20)	(111)	(44)
Cash and cash equivalents at beginning of period	44	155	199
Cash and cash equivalents at end of period	\$ 24	\$ 44	\$ 155
<b>Supplemental cash information:</b>			
Cash paid (refund) during the period for taxes	\$ (5,919)	\$ 5,422	\$ 20,598
Cash paid during the period for interest	60,594	47,329	15,375
<b>Supplemental non-cash information:</b>			
Issuance of Class A common stock upon exchange of limited partnership interests	\$ 11,388	\$ 26,146	\$ 143,232
Issuance of Class A and contingent Class A common stock and limited partnership interests for acquisitions	1,578	3,040	21,899

*See accompanying Notes to Financial Statements.*

**BGC PARTNERS, INC.**  
**(Parent Company Only)**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Organization and Basis of Presentation**

The accompanying Parent Company Only Financial Statements of BGC Partners should be read in conjunction with the consolidated financial statements of BGC Partners and subsidiaries and the notes thereto. In addition, certain reclassifications have been made to previously reported amounts to conform to the current presentation.

For the year ended December 31, 2020, the Company declared and paid cash dividends of \$0.17 per share to BGC Class A and Class B common stockholders. For the year ended December 31, 2019 and 2018, the comparable cash dividend amounts were \$0.56 per share and \$0.72 per share, respectively.

***Revisions of Previously Issued Financial Statements***

During the fourth quarter of 2020, the Company's management identified the theft of U.K. tax payment related funds from the Company. The theft, which occurred over several years ending September 2020, was perpetrated by two individuals associated with the Company, and did not involve the operations or business of the Company. Litigation has commenced against the two individuals seeking recovery of stolen amounts. The cumulative impact to the Company's "Consolidated net income (loss)" as a result of the theft was determined to be \$35.2 million. As a result, the Company has revised its previously issued financial statements as of and for the years ended December 31, 2019 and 2018. The Company believes that these revisions are not material to any of the Company's previously issued financial statements based on an analysis of quantitative and qualitative factors in accordance with the SEC Staff Bulletin Nos. 99 and 108. Accordingly, the Company has concluded that an amendment of previously filed periodic reports is not required. However, though the revisions were not material to any previously issued financial statements, correcting the accumulated adjustment in 2020 would have been material to the Company's consolidated financial statements for the year ended December 31, 2020. Therefore, the company has revised the historical periods in this Annual Report on Form 10-K.

For more information about the revisions to our previously issued financial statements, see Note 4—"Prior Periods' Financial Statement Revisions" in the Company's consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

**2. Prior Periods' Financial Statement Revisions**

During the fourth quarter of 2020, the Company's management identified the theft of U.K. tax payment related funds from the Company. The theft, which occurred over several years ending September 2020, was perpetrated by two individuals associated with the Company, and did not involve the operations or business of the Company. Litigation has commenced against the two individuals seeking recovery of stolen amounts. The cumulative impact to the Company's "Consolidated net income (loss)" as a result of the theft was determined to be \$35.2 million. As a result, the Company has revised its previously issued financial statements as of and for the years ended December 31, 2019 and 2018.

The Company assessed the materiality of these revisions on prior periods' financial statements in accordance with SEC Staff Accounting Bulletin Topic 1.M, Materiality, codified in ASC Topic 250, Accounting Changes and Error Corrections, and concluded that the revisions were not material to the prior annual periods. Although the revisions were not material to any previously issued financial statements, correcting the accumulated revision in 2020 would have been material to the Company's consolidated financial statements for the year ended December 31, 2020. Accordingly, the Company has concluded that an amendment of previously filed periodic reports is not required. Therefore, the Company has revised the historical periods in this Annual Report on Form 10-K. The Company is revising other prior period financial statements to reflect certain previously unrecorded immaterial adjustments, primarily related to BGC's provision (benefit) for income taxes, in the Company's consolidated financial statements for the periods stated above. The accompanying notes to the consolidated financial statements further reflect the impact of these revisions.

The following table presents the effect of the resulting revision on the statements of financial condition as of December 31, 2019.

	December 31, 2019		
	As Reported	Adjustments	As Revised
<b>Assets</b>			
Cash and cash equivalents	\$ 44	\$ —	\$ 44
Investments in subsidiaries	669,402	(11,441)	657,961
Receivables from related parties	3,999	—	3,999
Note receivable from related party	1,109,013	—	1,109,013
Other assets	49,252	95	49,347
Total assets	<u>\$ 1,831,710</u>	<u>\$ (11,346)</u>	<u>\$ 1,820,364</u>
<b>Liabilities and Stockholders' Equity</b>			
Accounts payable, accrued and other liabilities	\$ 36,871	\$ (167)	\$ 36,704
Notes payable	1,109,013	—	1,109,013
Total liabilities	1,145,884	(167)	1,145,717
Commitments and contingencies (Note 3)			
Total stockholders' equity	685,826	(11,179)	674,647
Total liabilities and stockholders' equity	<u>\$ 1,831,710</u>	<u>\$ (11,346)</u>	<u>\$ 1,820,364</u>

The following tables present the effect of the resulting revision on the statements of operations for the years ended December 31, 2019 and 2018.

	Year Ended December 31, 2019		
	As Reported	Adjustments	As Revised
<b>Revenues:</b>			
Interest and dividend income	\$ 55,044	\$ —	\$ 55,044
Total revenue	55,044	—	55,044
<b>Expenses:</b>			
Interest expense	55,044	—	55,044
Total expenses	55,044	—	55,044
Income from operations before income taxes	—	—	—
Equity income (loss) of subsidiaries	58,819	(8,406)	50,413
Provision (benefit) for income taxes	3,112	(261)	2,851
Net income available to common stockholders	<u>\$ 55,707</u>	<u>\$ (8,145)</u>	<u>\$ 47,562</u>
<b>Per share data:</b>			
<i>Basic earnings (loss) per share</i>			
Net income (loss) available to common stockholders	\$ 55,707	\$ (8,145)	\$ 47,562
Basic earnings (loss) per share	\$ 0.16	\$ (0.02)	\$ 0.14
Basic weighted-average shares of common stock outstanding	344,332	—	344,332
<i>Fully diluted earnings (loss) per share</i>			
Net income for fully diluted shares	\$ 83,531	\$ (21,477)	\$ 62,054
Fully diluted earnings (loss) per share	\$ 0.16	\$ (0.03)	\$ 0.13
Fully diluted weighted-average shares of common stock outstanding	524,550	(64,807)	459,743

	Year Ended December 31, 2018		
	As Reported	Adjustments	As Revised
<b>Revenues:</b>			
Other revenues	\$ 36,944	\$ —	\$ 36,944
Interest and dividend income	68,382	—	68,382
Total revenue	105,326	—	105,326
<b>Expenses:</b>			
Interest expense	68,382	—	68,382
Total expenses	68,382	—	68,382
Income from operations before income taxes	36,944	—	36,944
Equity income (loss) of subsidiaries	49,472	(385)	49,087
Equity income of discontinued operations, net	123,816	1,525	125,341
Provision (benefit) for income taxes	12,712	(3,536)	9,176
Net income available to common stockholders	\$ 197,520	\$ 4,676	\$ 202,196
<b>Per share data:</b>			
<i>Basic earnings (loss) per share from continuing operations</i>			
Net income (loss) from continuing operations	\$ 73,704	\$ 3,151	\$ 76,855
Basic earnings (loss) per share from continuing operations	\$ 0.23	\$ 0.01	\$ 0.24
Basic weighted-average shares of common stock outstanding	322,141	—	322,141
<i>Fully diluted earnings (loss) per share from continuing operations</i>			
Net income (loss) from continuing operations for fully diluted shares	\$ 73,704	\$ 3,151	\$ 76,855
Fully diluted earnings (loss) per share from continuing operations	\$ 0.23	\$ 0.01	\$ 0.24
Fully diluted weighted-average shares of common stock outstanding	323,844	—	323,844

The following tables present the effect of the resulting revision on the consolidated statements of cash flows for the years ended December 31, 2019 and 2018.

	Year Ended December 31, 2019		
	As Reported	Adjustments	As Revised
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income available to common stockholders	\$ 55,707	\$ (8,145)	\$ 47,562
Adjustments to reconcile net income to net cash used in operating activities:			
Equity in net gains (losses) of unconsolidated investments	(58,819)	8,406	(50,413)
Deferred tax (benefit) expense	(19,947)	(95)	(20,042)
Decrease (increase) in operating assets:			
Investments in subsidiaries	12,399	1	12,400
(Decrease) increase in operating liabilities:			
Accounts payable, accrued and other liabilities	(3,958)	(167)	(4,125)
<b>Net cash used in operating activities</b>	<b>(361,018)</b>	<b>—</b>	<b>(361,018)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
<b>Net cash used in investing activities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
<b>Net cash provided by financing activities</b>	<b>\$ 360,907</b>	<b>\$ —</b>	<b>\$ 360,907</b>
Net increase (decrease) in cash and cash equivalents	(111)	—	(111)
Cash and cash equivalents at beginning of period	155	—	155
<b>Cash and cash equivalents at end of period</b>	<b>\$ 44</b>	<b>\$ —</b>	<b>\$ 44</b>

	Year Ended December 31, 2018		
	As Reported	Adjustments	As Revised
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income available to common stockholders	\$ 197,520	\$ 4,676	\$ 202,196
Less: Equity income of discontinued operations	(123,816)	(1,525)	(125,341)
Adjustments to reconcile net income to net cash used in operating activities:			
Equity in net gains (losses) of unconsolidated investments	(49,472)	385	(49,087)
Decrease (increase) in operating assets:			
Investments in subsidiaries	(365,405)	(3,104)	(368,509)
(Decrease) increase in operating liabilities:			
Accounts payable, accrued and other liabilities	3,753	(432)	3,321
<b>Net cash used in operating activities</b>	<b>(785,132)</b>	<b>—</b>	<b>(785,132)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
<b>Net cash used in investing activities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
<b>Net cash provided by financing activities</b>	<b>\$ 749,601</b>	<b>\$ —</b>	<b>\$ 749,601</b>
Net increase (decrease) in cash and cash equivalents	(44)	—	(44)
Cash and cash equivalents at beginning of period	199	—	199
<b>Cash and cash equivalents at end of period</b>	<b>\$ 155</b>	<b>\$ —</b>	<b>\$ 155</b>

Certain prior period line items in the statements of comprehensive income (loss) were affected by the revisions of previously issued financial statements. All of the changes in the statements of comprehensive income were isolated to the net income line, which has been addressed through the preceding disclosures.

### 3. Commitments, Contingencies and Guarantees

On March 13, 2015, subsidiaries of the Company entered into a secured loan arrangement of \$28.2 million, under which it pledged certain fixed assets as security for a loan. This arrangement was guaranteed by the Parent Company, incurred interest at a fixed rate of 3.70% and matured on March 13, 2019, therefore there were no borrowings outstanding as of December 31, 2020 and 2019.

On July 10, 2015, the Company and GFI entered into a guarantee pursuant to which the Parent Company has guaranteed the obligations of GFI under GFI's 8.375% Senior notes due in the remaining aggregate principal amount of \$240.0 million and the indenture for the notes, dated as of July 19, 2011, between GFI and The Bank of New York Mellon Trust Company, N.A., as Trustee. Pursuant to the terms of the indenture, the interest rate on the notes was reduced effective July 19, 2015 as a result of prior ratings increases following the acquisition of GFI by BGC Partners. In addition, on January 13, 2016 the interest rate was further reduced as a result of another ratings increase. The Company and GFI will share any cost savings, including interest and other costs, resulting from the credit enhancement provided by BGC Partners.

On May 31, 2017, the Company entered into a secured loan arrangement of \$29.9 million, under which it pledged certain fixed assets as security for a loan. This arrangement is guaranteed by the Parent Company, incurs interest at a fixed rate of 3.44% per year and matures on May 31, 2021. As of December 31, 2020 and December 31, 2019, the Company had \$4.0 million and \$11.7 million, respectively, outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of December 31, 2020 was \$0.8 million. The book value of the fixed assets pledged as of December 31, 2019 was \$2.3 million.

On April 8, 2019, the Company entered into a secured loan arrangement of \$15.0 million, under which it pledged certain fixed assets as security for a loan. This arrangement is guaranteed by the Parent Company, incurs interest at a fixed rate of 3.77% and matures on April 8, 2023. As of December 31, 2020 and 2019, the Company had \$9.6 million and \$13.2 million outstanding related to this secured loan arrangement, respectively. The book value of the fixed assets pledged as of December 31, 2020 was \$1.2 million. The book value of the fixed assets pledged as of December 31, 2019 was \$8.1 million.

On April 19, 2019, the Company entered into a \$10.0 million secured loan arrangement, under which it pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.89% and matures on April 19, 2023. As of December 31, 2020 and December 31, 2019, the Company had \$6.3 million and \$8.8 million, respectively, outstanding related to this secured loan arrangement. The book value of the fixed assets pledged as of December 31, 2020 was \$2.7 million. The book value of the fixed assets pledged as of December 31, 2019 was \$5.7 million.

### 4. Long-Term Debt

#### *Unsecured Senior Revolving Credit and Converted Term Loan Agreement*

On September 8, 2017, the Company entered into a committed unsecured senior revolving credit agreement with Bank of America, N.A., as administrative agent, and a syndicate of lenders. The revolving credit agreement provided for revolving loans of up to \$400.0 million. The maturity date of the facility was September 8, 2019. On November 22, 2017, the Company and Newmark entered into an amendment to the unsecured senior revolving credit agreement. Pursuant to the amendment, the then-outstanding borrowings of the Company under the revolving credit facility were converted into a term loan. There was no change in the maturity date or interest rate. Effective December 13, 2017, Newmark assumed the obligations of the Company as borrower under the converted term loan. The Company remained a borrower under, and retained access to, the revolving credit facility for any future draws, subject to availability which increased as Newmark repaid the converted term loan. During the year ended December 31, 2018, Newmark repaid the outstanding balance of the converted term loan. During the year ended December 31, 2018, the Company borrowed \$195.0 million under the committed unsecured senior revolving credit agreement and subsequently repaid the \$195.0 million during the year. Therefore, there were no borrowings outstanding as of December 31, 2018. The Company recorded interest expense of \$1.0 million for the year ended December 31, 2018. The Company did not record any interest expense related to the committed unsecured revolving credit agreement for the years ended December 31, 2020 and 2019.

On November 28, 2018, the Company entered into a new Revolving Credit Agreement which replaced the existing committed unsecured senior revolving credit agreement. The maturity date of the new Revolving Credit Agreement was November 28, 2020 and the maximum revolving loan balance has been reduced from \$400.0 million to \$350.0 million. Borrowings under this 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 new unsecured Revolving Credit Agreement. Pursuant to the amendment, the maturity date was extended to February 26, 2021. On February 26, 2020, the Company entered into a second amendment to the new 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 July 14, 2020, the Company repaid in full the \$225.0 million borrowings outstanding under the new Revolving Credit Agreement. As of December 31, 2020, there were no borrowings outstanding under the new Revolving Credit Agreement. As of December 31, 2019, there was \$68.9 million of borrowings outstanding, net of deferred financing costs of \$1.1 million, under the new unsecured Revolving Credit Agreement. The average interest rate on the outstanding borrowings was 2.88% and 3.88% for the years ended December 31, 2020 and 2019, respectively. The Company recorded interest expense related to the unsecured senior Revolving Credit Agreement of \$5.3 million, \$10.0 million and \$0.3 million for the years ended December 31, 2020, 2019 and 2018, respectively.

#### ***5.125% Senior Notes***

On May 27, 2016, the Company issued an aggregate of \$300.0 million principal amount of 5.125% Senior Notes due 2021. The 5.125% Senior Notes are general senior unsecured obligations of the Company. These 5.125% Senior Notes bear 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. The 5.125% Senior Notes will mature on May 27, 2021. The Company 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). 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 5.125% Senior Notes was \$295.8 million, net of the discount and debt issuance costs of \$4.2 million. The issuance costs are amortized as interest expense and the carrying value of the 5.125% Senior Notes will accrete up to the face amount over the term of the notes. 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 carrying value of the 5.125% Senior Notes as of December 31, 2020 was \$255.6 million. The Company recorded interest expense related to the 5.125% Senior Notes of \$16.3 million, \$16.2 million, and \$16.2 million for the years ended December 31, 2020, 2019, and 2018.

#### ***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. These 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 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. The issuance costs are amortized as interest expense and the carrying value of the 5.375% Senior Notes will accrete up to the face amount over the term of the notes. The carrying value of the 5.375% Senior Notes as of December 31, 2020 was \$446.6 million. The Company recorded interest expense related to the 5.375% Senior Notes of \$25.5 million, \$25.6 million and \$11.0 million for the years ended December 31, 2020, 2019 and 2018, respectively.

#### ***3.750% Senior Notes***

On September 27, 2019, the Company issued an aggregate of \$300.0 million principal amount of 3.750% Senior Notes due October 1, 2024. 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 on each April 1 and October 1, 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 \$296.9 million as of December 31, 2020. The Company recorded interest expense related to the 3.750% Senior Notes of \$12.1 million and \$3.2 million for the years ended December 31, 2020 and 2019, respectively. The Company did not record any interest expense related to the 3.750% Senior Notes for the year ended December 31, 2018.



#### ***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 \$297.0 million as of December 31, 2020. The Company recorded interest expense related to the 4.375% Senior Notes of \$6.5 million for year ended December 31, 2020. The Company did not record interest expense related to the 4.375% Senior Notes for years ended December 31, 2019 and 2018.

## DESCRIPTION OF SECURITIES

*The following summary is a description of the material terms of BGC Partners, Inc.'s capital stock. When we use the words "we," "us," "our" or the "Company," we are referring to BGC Partners, Inc. and its consolidated subsidiaries. Copies of our restated certificate of incorporation, which we refer to as our "certificate of incorporation," and our amended and restated bylaws, which we refer to as our "bylaws," are incorporated by reference as Exhibits 3.1 and 3.2 to our Annual Report on Form 10-K for the year ended December 31, 2020 of which this Exhibit 4.1 is a part.*

**Our Capital Stock**

The following descriptions of our Class A common stock, par value \$0.01 per share, which we refer to as our "Class A common stock", Class B common stock, par value \$0.01 per share, which we refer to as our "Class B common stock", preferred stock and the relevant provisions of our certificate of incorporation and bylaws are summaries thereof and are qualified in their entirety by reference to our certificate of incorporation and bylaws, copies of which are incorporated by reference as exhibits to our Annual Report on Form 10-K for the year ended December 31, 2020 of which this Exhibit 4.1 is a part, and applicable law.

Our authorized capital stock consists of 900,000,000 shares of common stock, consisting of 750,000,000 shares of our Class A common stock and 150,000,000 shares of our Class B common stock, and 50,000,000 shares of preferred stock, par value \$0.01 per share, which we refer to as "preferred stock."

**Common Stock**

As of February 25, 2021, there were 323,716,736 shares of our Class A common stock outstanding and 45,884,380 shares of our Class B common stock outstanding. The holders of our Class A common stock are generally entitled to one vote per share on all matters to be voted upon by the stockholders as a group, entitling holders of our Class A common stock to approximately 41.4% of our voting power as of such date, and do not have cumulative voting rights. The holders of our Class B common stock are generally entitled to ten votes per share on all matters to be voted upon by the stockholders as a group, entitling holders of our Class B common stock to 58.6% of our voting power as of such date, and do not have cumulative voting rights. Cantor Fitzgerald, L.P, which we refer to as "Cantor," and CF Group Management, Inc., the managing general partner of Cantor, and an entity controlled by our Chairman, Howard W. Lutnick, which we refer to as "CFGF," are the only holders of our Class B common stock. Our Class B common stock generally votes together with our Class A common stock on all matters submitted to the vote of our stockholders. Our Class B common stock shall be issued only to (1) Cantor, (2) any entity controlled by Cantor or by Mr. Lutnick, or (3) Mr. Lutnick, his spouse, his estate, any of his descendants, any of his relatives or any trust established for his benefit or for the benefit of his spouse, any of his descendants or any of his relatives, which we refer to as the "B Share Entities."

Each share of our Class A common stock is equivalent to a share of our Class B common stock for purposes of economic rights. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of shares of our Class A common stock and Class B common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by our board of directors out of funds legally available therefor. In the event of our liquidation, dissolution or winding up, the holders of shares of our Class A common stock and Class B common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding.

Our certificate of incorporation provides that each share of our Class B common stock is convertible at any time, at the option of the holder, into one share of our Class A common stock. Each share of our Class B common stock will automatically convert into a share of our Class A common stock upon any sale, pledge or other transfer, which we refer to as a "transfer," whether or not for value, by the initial registered holder, other than any transfer by the initial holder to (1) Cantor, (2) any entity controlled by Cantor or by Mr. Lutnick and (3) Mr. Lutnick or the B Share Entities.

Any holder of shares of our Class B common stock may pledge his, her or its shares of Class B common stock, as the case may be, to a pledgee pursuant to a bona fide pledge of the shares as collateral security

for indebtedness due to the pledgee so long as the shares are not transferred to or registered in the name of the pledgee. In the event of any pledge of shares of our Class B common stock meeting these requirements, the pledged shares will not be converted automatically into shares of our Class A common stock. If the pledged shares of our Class B common stock become subject to any foreclosure, realization or other similar action by the pledgee, they will be converted automatically into shares of our Class A common stock upon the occurrence of that action. The automatic conversion provisions in our certificate of incorporation may not be amended, altered, changed or repealed without the approval of the holders of a majority of the voting power of all outstanding shares of our Class A common stock.

Shares of our Class A common stock are not subject to any conversion rights under our certificate of incorporation. None of the shares of our Class A common stock or Class B common stock has any pre-emptive or other subscription rights. There will be no redemption or sinking fund provisions applicable to shares of our Class A common stock or Class B common stock. All outstanding shares of our Class A common stock and Class B common stock are fully paid and non-assessable.

Under an exchange agreement between us and Cantor, Cantor and its managing general partner, CFGM and other Cantor affiliates entitled to hold Class B common stock under our certificate of incorporation have the right to exchange from time to time, on a one-for-one basis, subject to adjustment, up to an aggregate of 23,613,420 shares of Class A common stock now owned or subsequently acquired by Cantor and such affiliates for up to an aggregate of 23,613,420 shares of Class B common stock. These shares of Class B common stock represent the remaining 23,613,420 authorized but unissued shares of Class B common stock available for such exchange. Any shares of Class B common stock issued in connection with the exchange agreement will be deducted from the aggregate number of shares of Class B common stock that may be issued to Cantor and such affiliates upon exchange of their exchangeable limited partnership units in BGC Holdings. Accordingly, Cantor and such affiliates will not be entitled to receive any more shares of Class B common stock under the exchange agreement than they were previously eligible to receive upon exchange of exchangeable limited partnership units.

### ***Preferred Stock***

Our board of directors has the authority to cause us to issue preferred stock in one or more classes or series and to fix the designations, powers, preferences and rights, and the qualifications, limitations or restrictions thereof, including dividend rights, dividend rates, terms of redemption, redemption prices, conversion rights and liquidation preferences of the shares constituting any class or series, without further vote or action by the stockholders. The issuance of our preferred stock pursuant to such “blank check” provisions may have the effect of delaying, deferring or preventing a change of control of us without further action by our stockholders and may adversely affect the voting and other rights of the holders of shares of our Class A common stock. At present, we have no plans to issue any preferred stock.

### **Anti-Takeover Effects of Delaware Law, Our Certificate of Incorporation and Bylaws and the Outstanding Notes**

Some provisions of the Delaware General Corporation Law, which we refer to as the “DGCL,” and our certificate of incorporation, bylaws and outstanding notes, could make the following more difficult:

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

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

### ***Delaware Anti-Takeover Law***

We are subject to Section 203 of the DGCL. In general, Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years following the date the person became an interested stockholder, unless the “business combination” or the transaction in which the person became an “interested stockholder” is approved in a prescribed manner. Generally, a “business combination” includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the “interested stockholder.” An “interested stockholder” is a person who, together with affiliates and associates, owns 15% or more of a corporation’s outstanding voting stock, or was the owner of 15% or more of a corporation’s outstanding voting stock at any time within the prior three years, other than “interested stockholders” prior to the time our Class A common stock was traded on the Nasdaq Stock Market. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by our board of directors, including discouraging takeover attempts that might result in a premium over the market price for the shares of our Class A common stock.

### ***Certificate of Incorporation and Bylaws***

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

Our bylaws require advance written notice prior to a meeting of our stockholders of a proposal or director nomination which a stockholder desires to present at such a meeting, which generally must be received by our Secretary not later than 120 days prior to the first anniversary of the date of our proxy statement for the preceding year’s annual meeting. Our bylaws provide that all amendments to our bylaws must be approved by either the holders of a majority of the voting power of all of our outstanding capital stock entitled to vote or by a majority of our board of directors.

### ***Corporate Opportunity***

Our certificate of incorporation provides that no Cantor Company (as defined below) or any of the representatives (as defined below) of a Cantor Company will owe any fiduciary duty to, nor will any Cantor Company or any of their respective representatives be liable for breach of fiduciary duty to, us or any of our stockholders with respect to a corporate opportunity, except as described below. To the extent that any representative of a Cantor Company also serves as our director or officer, such person will owe fiduciary duties to us in his or her capacity as our director or officer. In addition, none of any Cantor Company or any of their representatives will owe any duty to refrain from engaging in the same or similar activities or lines of business as us, or doing business with any of our clients or customers.

If a third party presents a corporate opportunity (as defined below) to a person who is a representative of ours and a representative of a Cantor Company, expressly and solely in such person’s capacity as a representative of us, and such person acts in good faith in a manner consistent with the policy that such corporate opportunity belongs to us, then such person:

- will be deemed to have fully satisfied and fulfilled any fiduciary duty that such person has to us as a representative of us with respect to such corporate opportunity;
- will not be liable to us or any of our stockholders for breach of fiduciary duty by reason of such person’s action or inaction with respect to the corporate opportunity;
- will be deemed to have acted in good faith and in a manner that such person reasonably believed to be in, and not opposed to, our best interests; and
- will be deemed not to have breached such person’s duty of loyalty to us and our stockholders, and not to have derived an improper personal benefit therefrom.

A Cantor Company may pursue such a corporate opportunity if we decide not to.

If a corporate opportunity is not presented to a person who is both a representative of ours and a representative of a Cantor Company and, expressly and solely in such person's capacity as a representative of us, such person will not be obligated to present the corporate opportunity to us or to act as if such corporate opportunity belongs to us, and such person:

- will be deemed to have fully satisfied and fulfilled any fiduciary duty that such person has to us as a representative of us with respect to such corporate opportunity;
- will not be liable to us or any of our stockholders for breach of fiduciary duty by reason of such person's action or inaction with respect to such corporate opportunity;
- will be deemed to have acted in good faith and in a manner that such person reasonably believed to be in, and not opposed to, our best interests; and
- will be deemed not to have breached a duty of loyalty to us and our stockholders, and not to have derived an improper personal benefit therefrom.

For purposes of the above:

- "Cantor Company" means Cantor and any of its affiliates (other than, if applicable, the Company and its affiliates);
- "representatives" means, with respect to any person, the directors, officers, employees, general partners or managing member of such person; and
- "corporate opportunity" means any business opportunity that we are financially able to undertake that is, from its nature, in our lines of business, is of practical advantage to us and is one in which we have an interest or a reasonable expectancy, and in which, by embracing the opportunity, the self-interest of a Cantor Company or their respective representatives will be brought into conflict with our self-interest.

#### **Registration Rights for Class A Common Stock**

We have entered into various registration rights agreements with Cantor that provide for our registration of shares of our Class A common stock for resale by Cantor. We entered into a registration rights agreement with Cantor dated December 9, 1999 in connection with eSpeed, Inc.'s formation. We also assumed in connection with the merger the obligations of BGC Partners, LLC (formerly known as BGC Partners, Inc.) under its registration rights agreement with Cantor dated March 31, 2008. For a description of such registration rights available to Cantor, see "Certain Relationships and Related Transactions, and Director Independence — Registration Rights Agreements" included in our Definitive Proxy Statement on Schedule 14A filed on April 28, 2020, which we incorporate herein by reference.

#### **Transfer Agent and Registrar**

The transfer agent and registrar for our Class A common stock is American Stock Transfer & Trust Company, LLC.

## SECOND AMENDMENT TO CREDIT AGREEMENT

This SECOND AMENDMENT TO CREDIT AGREEMENT (this “Amendment”) is entered into as of February 26, 2020, among BGC PARTNERS, INC., a Delaware corporation (the “Borrower”), the Lenders (defined herein) signatory hereto and BANK OF AMERICA, N.A., as administrative agent (in such capacity, together with its successors in such capacity, the “Administrative Agent”). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement (defined herein).

## RECITALS

**WHEREAS**, the Borrower, the Guarantors from time to time party thereto, each of the Persons identified as a “Lender” on the signature pages thereto and each other Person that becomes a lender in accordance with the Credit Agreement (together with their successors and assigns, the “Lenders”) and the Administrative Agent are parties to that certain Credit Agreement dated as of November 28, 2018 (as amended, restated, supplemented or otherwise modified from time to time, including as amended by this Amendment, the “Credit Agreement”);

**WHEREAS**, the Borrower has requested that the Lenders amend certain provisions of the Credit Agreement; and

**WHEREAS**, the Lenders are willing to so consent and make such amendments to the Credit Agreement, in each case, in accordance with and subject to the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. **Amendments to the Credit Agreement.** Effective as of the Second Amendment Effective Date, (a) the Credit Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth on Exhibit A attached hereto and (b) Schedules 1.01, 2.01, 5.06, 5.09, 5.11, 7.01, 7.02, 7.03, 7.08 and 11.02 to the Credit Agreement are hereby amended in their entirety to read as set forth on Schedules 1.01, 2.01, 5.06, 5.09, 5.11, 7.01, 7.02, 7.03, 7.08 and 11.02, respectively, attached hereto.

2. **Representations and Warranties.** The Borrower hereby represents and warrants to the Administrative Agent and the Lenders that:

(a) It has taken all necessary corporate or other organization action to authorize the execution, delivery and performance of this Amendment.

(b) This Amendment has been duly executed and delivered by such Person and constitutes such Person’s legal, valid and binding obligation, enforceable against such Person in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors’ rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(c) No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Borrower or any Guarantor of this Amendment or any other Loan Document other than those that have already been obtained and are in full force and effect.

---

(d) After giving effect to this Amendment, the representations and warranties of the Borrower contained in Article V of the Credit Agreement are true and correct in all material respects (other than those representations and warranties qualified by materiality or Material Adverse Effect, in which case they are true and correct in all respects) on and as of the Second Amendment Effective Date, except to the extent that such representation and warranties specifically refer to an earlier date, in which case they were true and correct in all material respects (other than those representations and warranties qualified by materiality or Material Adverse Effect, in which case they were true and correct in all respects) as of such earlier date.

(e) After giving effect to this Amendment, no event has occurred and is continuing which constitutes a Default or an Event of Default.

(f) Except as specifically provided in this Amendment, the Obligations are not reduced or modified by this Amendment and are not subject to any offsets, defenses or counterclaims.

**3. Second Amendment Effective Date Conditions.** This Amendment shall become effective upon satisfaction or waiver of the following conditions (such date, the “Second Amendment Effective Date”):

(a) Receipt by the Administrative Agent of a copy of this Amendment duly executed by the Borrower, the Lenders (other than any Non-Extending Lender) and the Administrative Agent.

(b) Receipt by the Administrative Agent of favorable opinions of legal counsel to the Borrower, addressed to the Administrative Agent and each Lender, dated as of the Second Amendment Effective Date.

(c) Receipt by the Administrative Agent of (i) Copies of the Organization Documents of the Borrower certified to be true and complete as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its incorporation or organization, where applicable, and certified by a secretary or assistant secretary of the Borrower to be true and correct as of the Second Amendment Effective Date; (ii) such certificates of resolutions or other action by the governing body of the Borrower and incumbency certificates and/or other certificates of Responsible Officers of the Borrower, in each case, as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Amendment and the other Loan Documents to which the Borrower is a party; and (iii) such documents and certifications as the Administrative Agent may reasonably require to evidence that the Borrower is duly organized or formed, and is validly existing, in good standing and qualified to engage in business in its state of organization or formation.

(d) Receipt by the Administrative Agent of the audited consolidated financial statements of the Borrower and its Subsidiaries for the fiscal year ending December 31, 2018 and the interim consolidated financial statements of the Borrower and its Subsidiaries for the fiscal quarters ending March 31, 2019, June 30, 2019 and September 30, 2019.

(e) Receipt by the Administrative Agent of a certificate signed by a Responsible Officer of the Borrower certifying that (i) the conditions specified in Sections 2(d), 2(e), 3(f) and 3(g) hereto have been satisfied and (ii) there has been no event or circumstance since December 31, 2018 that has had or would be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect.

(f) Other than as disclosed in the audited consolidated financial statements of the Borrower and its Subsidiaries for the fiscal year ending December 31, 2018 or as set forth on Schedule 5.06, there shall not exist any action, suit, investigation or proceeding pending or, to the knowledge of the Borrower, threatened in any court or before an arbitrator or Governmental Authority that could reasonably be expected to have a Material Adverse Effect.

(g) All governmental, shareholder and third party consents and approvals necessary in connection with the transactions contemplated hereby have been obtained and all such consents and approvals are in force and effect.

(h) The Administrative Agent and each Lender shall have completed a due diligence investigation of the Borrower and its Subsidiaries in scope, and with results, reasonably satisfactory to the Administrative Agent and such Lender, including, OFAC, the United States Foreign Corrupt Practices Act of 1977 and “know your customer” due diligence. The Borrower shall have provided to the Administrative Agent and the Lenders the documentation and other customary information reasonably requested by the Administrative Agent and the Lenders in order to comply with applicable law, including the Act. If the Borrower qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, the Administrative Agent and each Lender, to the extent requested by the Administrative Agent or such Lender, shall have received a Beneficial Ownership Certification in relation to the Borrower.

(i) Receipt by the Administrative Agent, the Arrangers and the Lenders of any fees required to be paid on or before the Second Amendment Effective Date, including, but not limited to, the fees set forth in the Fee Letter.

(j) The Borrower shall have paid all reasonable fees, charges and disbursements of counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent invoiced prior to or on the Second Amendment Effective Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Administrative Agent).

For purposes of determining compliance with the conditions specified in this Amendment, each Lender that has signed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Second Amendment Effective Date specifying its objection thereto.

**4. Reallocation of Commitments and Outstanding Loans.** Each Lender party hereto hereby agrees that, upon giving effect to this Amendment, its Revolving Commitment and Applicable Percentage are as set forth opposite its name on Schedule 2.01 attached to this Amendment. On the date hereof, upon giving effect to this Amendment, the Borrower and each Lender shall effect such assignments, prepayments, borrowings and reallocations as are necessary to effectuate the modifications to Schedule 2.01 contemplated in this Amendment, in each case such that, after giving effect thereto, each Lender will hold its respective Applicable Percentage of the Outstanding Amount of all Revolving Loans in accordance with Schedule 2.01 attached to this Amendment (it being understood that (i) some or all of the Revolving Loans outstanding under the Credit Agreement immediately prior to the effectiveness of this Amendment may remain outstanding under the Credit Agreement upon the effectiveness of this Amendment in accordance with the foregoing, and upon such effectiveness shall be deemed Revolving Loans and outstanding under the Credit Agreement as amended by this Amendment and (ii) one or more Lenders that were party to the Credit Agreement prior to the effectiveness to this Amendment may be prepaid some or all of its Outstanding Amount or Revolving Loans to effectuate the modification to Schedule 2.01 contemplated by this Amendment).



**5. Miscellaneous.**

(a) Amended Terms. On and after the Second Amendment Effective Date, all references to the Credit Agreement in each of the Loan Documents shall hereafter mean the Credit Agreement as amended by all terms of this Amendment. Except as specifically amended hereby or otherwise agreed, the Credit Agreement is hereby ratified and confirmed and shall remain in full force and effect according to its terms.

(b) Loan Document; Entirety; Further Assurances. This Amendment shall constitute a Loan Document under the terms of the Credit Agreement. This Amendment and the other Loan Documents embody the entire agreement among the parties hereto and supersede all prior agreements and understandings, oral or written, if any, relating to the subject matter hereof. The Borrower agrees to promptly take such action, upon the request of the Administrative Agent, as is necessary to carry out the intent of this Amendment.

(c) Counterparts. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic imaging means (e.g., "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Amendment.

(d) GOVERNING LAW; Jurisdiction; Waiver of Jury Trial; Etc. THIS AMENDMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. The jurisdiction, service of process, waiver of venue and waiver of jury trial provisions of Sections 11.14 and 11.15 of the Credit Agreement are hereby incorporated by reference, mutatis mutandis.

**[NO FURTHER TEXT ON THIS PAGE]**

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first above written.

BORROWER: BGC PARTNERS, INC.,  
a Delaware corporation

By: /s/ Steven Bisgay  
Name: Steven Bisgay  
Title: Chief Financial Officer

BGC PARTNERS, INC.  
SECOND AMENDMENT TO CREDIT AGREEMENT

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ADMINISTRATIVE  
AGENT: BANK OF AMERICA, N.A.,  
as Administrative Agent

By: /s/ Paley Chen  
Name: Paley Chen  
Title: Vice President

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BGC PARTNERS, INC.  
SECOND AMENDMENT TO CREDIT AGREEMENT

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LENDERS: BANK OF AMERICA, N.A.,  
as a Lender

By: /s/ Sherman Wong  
Name: Sherman Wong  
Title: Director

BGC PARTNERS, INC.  
SECOND AMENDMENT TO CREDIT AGREEMENT

CAPITAL ONE, NATIONAL ASSOCIATION,  
as a Lender

By: /s/ Wallace Lo  
Name: Wallace Lo  
Title: Duly Authorized Signatory

BGC PARTNERS, INC.  
SECOND AMENDMENT TO CREDIT AGREEMENT

---

GOLDMAN SACHS BANK USA,  
as a Lender

By: /s/ Annie Carr  
Name: Annie Carr  
Title: Authorized Signatory

BGC PARTNERS, INC.  
SECOND AMENDMENT TO CREDIT AGREEMENT

---

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, NEW  
YORK BRANCH,  
as a Lender

By: /s/ Letian Yan  
Name: Letian Yan  
Title: Relationship Manager

By: /s/ Jeffrey Roth  
Name: Jeffrey Roth  
Title: Executive Director

BGC PARTNERS, INC.  
SECOND AMENDMENT TO CREDIT AGREEMENT

---

PNC BANK, NATIONAL ASSOCIATION,  
as a Lender

By: /s/ Alaa Shraim  
Name: Alaa Shraim  
Title: Senior Vice President

BGC PARTNERS, INC.  
SECOND AMENDMENT TO CREDIT AGREEMENT

---



REGIONS BANK,  
as a Lender

By: /s/ Hichem Kerma  
Name: Hichem Kerma  
Title: Director

BGC PARTNERS, INC.  
SECOND AMENDMENT TO CREDIT AGREEMENT

---

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as a Lender

By: /s/ James Mastroianna  
Name: James Mastroianna  
Title: Director

BGC PARTNERS, INC.  
SECOND AMENDMENT TO CREDIT AGREEMENT

---

SANTANDER BANK, N.A.,  
as a Lender

By: /s/ Jorge Saavedra  
Name: Jorge Saavedra  
Title: Director

By: /s/ Marko Mandzuka  
Name: Marko Mandzuka  
Title: Senior Vice President

BGC PARTNERS, INC.  
SECOND AMENDMENT TO CREDIT AGREEMENT

---

ASSOCIATED BANK, NATIONAL ASSOCIATION,  
as a Lender

By: /s/ Liliana Huerta Correa  
Name: Liliana Huerta Correa  
Title: Senior Vice President

BGC PARTNERS, INC.  
SECOND AMENDMENT TO CREDIT AGREEMENT

---

BMO HARRIS BANK N.A.,  
as a Lender

By: /s/ Kathryn K. Huszagh  
Name: Kathryn K. Huszagh  
Title: Assistant Vice President

BGC PARTNERS, INC.  
SECOND AMENDMENT TO CREDIT AGREEMENT

---

UMB BANK, N.A.,  
as a Lender

By: /s/ Cory Miller  
Cory Miller  
Senior Vice President

BGC PARTNERS, INC.  
SECOND AMENDMENT TO CREDIT AGREEMENT

---

BANKUNITED, N.A.,  
as a Lender

By: /s/ James Wohn  
Name: James Wohn  
Title: Senior Vice President

BGC PARTNERS, INC.  
SECOND AMENDMENT TO CREDIT AGREEMENT

---

STIFEL BANK & TRUST,  
as a Lender

By: /s/ John H. Phillips  
Name: John H. Phillips  
Title: Executive Vice President

BGC PARTNERS, INC.  
SECOND AMENDMENT TO CREDIT AGREEMENT

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Exhibit A

Amendments to Credit Agreement

(Attached)

CREDIT AGREEMENT

Dated as of November 28, 2018

among

BGC PARTNERS, INC.  
as the Borrower,

CERTAIN SUBSIDIARIES OF THE BORROWER  
as Guarantors,

BANK OF AMERICA, N.A.,  
as Administrative Agent,

CAPITAL ONE, NATIONAL ASSOCIATION,  
~~CITIBANK, N.A.,~~

GOLDMAN SACHS BANK USA,  
INDUSTRIAL AND COMMERCIAL BANK OF CHINA ~~LTB LIMITED~~, NEW YORK BRANCH,  
PNC BANK, NATIONAL ASSOCIATION,  
REGIONS BANK,

and  
~~SANTANDER~~ WELLS FARGO BANK, N.A. NATIONAL ASSOCIATION,  
as Co-Syndication Agents,

~~REGIONS~~ SANTANDER BANK, N.A.,  
as Documentation Agent

and

THE OTHER LENDERS PARTY HERETO

Arranged By:

BOFA SECURITIES, INC.,  
CAPITAL ONE, NATIONAL ASSOCIATION,  
~~CITIBANK, N.A.,~~  
GOLDMAN SACHS BANK USA,  
INDUSTRIAL AND COMMERCIAL BANK OF CHINA ~~LTB LIMITED~~, NEW YORK BRANCH,  
PNC CAPITAL MARKETS LLC,  
~~SANTANDER BANK, N.A.~~

and  
REGIONS CAPITAL MARKETS, a division of Regions Bank,  
and  
WELLS FARGO SECURITIES, LLC,  
as Joint Lead Arrangers and Joint Bookrunners

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## CREDIT AGREEMENT

This CREDIT AGREEMENT is entered into as of November 28, 2018 among BGC PARTNERS, INC., a Delaware corporation (the “Borrower”), the Guarantors from time to time party hereto, the Lenders (defined herein) and BANK OF AMERICA, N.A., as Administrative Agent and L/C Issuer. The Borrower has requested that the Lenders provide credit facilities for the purposes set forth herein, and the Lenders are willing to do so on the terms and conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

### ARTICLE I

#### DEFINITIONS AND ACCOUNTING TERMS

##### 1.01 Defined Terms.

As used in this Agreement, the following terms shall have the meanings set forth below:

“Acquisition”, by any Person, means the acquisition by such Person, in a single transaction or in a series of related transactions, of either (a) all or substantially all of the property of, or a line of business or division of, another Person or (b) at least a majority of the Voting Stock of another Person, in each case whether or not involving a merger or consolidation with such other Person.

“Act” has the meaning specified in Section 11.18.

“Administrative Agent” means Bank of America in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

“Administrative Agent’s Office” means the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 11.02 or such other address or account as the Administrative Agent may from time to time notify to the Borrower and the Lenders.

“Administrative Questionnaire” means an Administrative Questionnaire in substantially the form of Exhibit 11.06(b)(iv) or any other form approved by the Administrative Agent.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Aggregate Revolving Commitments” means the Revolving Commitments of all the Lenders. The initial amount of the Aggregate Revolving Commitments in effect on the ~~Closing~~Second Amendment Effective Date is \$350,000,000.

“Agreement” means this Credit Agreement.

“Applicable Percentage” means with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Revolving Commitments represented by such Lender’s Revolving Commitment at such time; provided that if the commitment of each Lender to make Revolving Loans ~~has~~and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant

BGC PARTNERS, INC.  
CREDIT AGREEMENT

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to Section 8.02 or if the Aggregate Revolving Commitments have expired, then the Applicable Percentage of each Lender shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption or other documentation pursuant to which such Lender becomes a party hereto, as applicable. The Applicable Percentages shall be subject to adjustment as provided in Section 2.15.

“Applicable Rate” means the following percentages per annum, based on the applicable rate per annum set forth in the below table (and subject to the paragraphs below):

Pricing Level	Debt Rating	Commitment Fee	Applicable Margin for Eurodollar Rate Loans and Letter of Credit Fees	Applicable Margin for Base Rate Loans
I	≥ BBB+/BBB+	20.0 bps	150.0 bps	50.0 bps
II	BBB/BBB	25.0 bps	175.0 bps	75.0 bps
III	BBB-/BBB-	30.0 bps	200.0 bps	100.0 bps
IV	≤ BB+/BB+	40.0 bps	250.0 bps	150.0 bps

Each change in the Applicable Rate resulting from a change in the Debt Rating of the Borrower shall be effective for the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. Notwithstanding the above, (i) if at any time there is a split in the Debt Ratings between S&P and Fitch, and the Debt Ratings differ by one level, then the Pricing Level for the higher of such Debt Ratings shall apply (with the Debt Rating for Pricing Level I being the highest and the Debt Rating for Pricing Level IV being the lowest); (ii) if there is a split in Debt Ratings between S&P and Fitch of more than one level, then the Pricing Level that is one level lower than the Pricing Level of the higher Debt Rating shall apply; (iii) if the Borrower has only one Debt Rating, such Debt Rating shall apply; and (iv) if the Borrower does not have any Debt Rating, Pricing Level IV shall apply.

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Arrangers” means BofA Securities, Capital One, National Association, ~~Citibank, N.A.~~, Goldman Sachs Bank USA, Industrial and Commercial Bank of China ~~Ltd.~~ Limited, New York Branch, PNC Capital Markets LLC, ~~Santander Bank, N.A.~~, and Regions Capital Markets, a division of Regions Bank, and Wells Fargo Securities, LLC in their capacity as joint lead arrangers ~~and bookrunners~~.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 11.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit 11.06(b) or any other form (including electronic documentation generated by use of an electronic platform) approved by the Administrative Agent.

“Assumption” has the meaning specified in Section 11.06(g).

“Attributable Indebtedness” means, with respect to any Person on any date, (a) in respect of any capital lease, the capitalized amount thereof that would appear on a balance sheet of such Person prepared



as of such date in accordance with GAAP, (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease, (c) in respect of any Securitization Transaction, the outstanding principal amount of such financing, after taking into account reserve accounts and making appropriate adjustments, determined by the Administrative Agent in its reasonable judgment and (d) in respect of any Sale and Leaseback Transaction, the present value (discounted in accordance with GAAP at the debt rate implied in the applicable lease) of the obligations of the lessee for rental payments during the term of such lease.

“Audited Financial Statements” means the audited consolidated balance sheet of the Borrower and its Subsidiaries for the fiscal years ended 2015, 2016 and 2017, and the related consolidated statements of income or operations, shareholder’s equity and cash flows of the Borrower and its Subsidiaries for such fiscal year, including the notes thereto.

“Availability Period” means, with respect to the Revolving Commitments, the period from and including the Closing Date to the earliest of (a) the Extended Maturity Date, (b) the date of termination of the Aggregate Revolving Commitments pursuant to Section 2.06, and (c) the date of termination of the commitment of each Lender to make Loans and of the obligation of the L/C Issuer to make L/C Credit Extensions.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable ~~EEA~~ Resolution Authority in respect of any liability of an ~~EEA~~ Affected Financial Institution.

“Bail-In Legislation” means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, rule, regulation or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule; and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Bank of America” means Bank of America, N.A. and its successors.

“Base Rate” means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 0.50%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate” and (c) the Eurodollar Rate plus 1.0%; and if Base Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement. The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such “prime rate” announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change. If the Base Rate is being used as an alternate rate of interest pursuant to Section 3.03 or 3.07, then the Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above.

“Base Rate Loan” means a Loan that bears interest based on the Base Rate.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Part 4 of Subtitle B of Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Internal Revenue Code or (c) any Person whose assets constitute (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Internal Revenue Code) the assets of any such “employee benefit plan” or “plan”.

“Berkeley Point” means Berkeley Point Financial LLC and its Subsidiaries.

“BGC” has the meaning specified in Section 11.06(g).

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“BofA Securities” means BofA Securities, Inc.

“Borrower” has the meaning specified in the introductory paragraph hereto.

“Borrower Materials” has the meaning specified in Section 6.02.

“Borrowing” means a borrowing consisting of simultaneous Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the Lenders pursuant to Section 2.01.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent’s Office is located and, if such day relates to any Eurodollar Rate Loan, means any such day that is also a day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“Capital Requirements” means the minimum capital requirements applicable to a Regulated Subsidiary pursuant to applicable law, rule or regulation, including any such requirements imposed by any self-regulatory organization.

“Cash AD Loan” means a loan made by the Borrower or one of its Subsidiaries to an employee, independent contractor or consultant of the Borrower or one of its Subsidiaries which is to be repaid with the distributions in respect of limited partnership units allocated to such employee, independent contractor or consultant, and which is generally expected to be forgiven if such employee, independent contractor or consultant remains employed by the Borrower or one of its Subsidiaries at the conclusion of a specific period of time.

“Cash Collateralize” means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of one or more of the L/C Issuer or the Lenders, as collateral for L/C Obligations or obligations of the Lenders to fund participations in respect of L/C Obligations, cash or deposit account balances or, if the Administrative Agent and the L/C Issuer shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Administrative Agent and the L/C Issuer. “Cash Collateral” has a meaning correlative to the foregoing and includes the proceeds of such cash collateral and other credit support.

“Cash Equivalents” means any of the following types of Investments, to the extent owned by the Borrower or any of its Subsidiaries free and clear of all Liens (other than Permitted Liens):

~~(a) readily marketable obligations issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof having maturities of not more than three hundred sixty days (360) days from the date of acquisition thereof; provided that the full faith and credit of the United States is pledged in support thereof;~~

~~(b) time deposits with, or insured certificates of deposit or bankers’ acceptances of, any commercial bank that (i) (A) is a Lender or (B) is organized under the laws of the United States, any state thereof or the District of Columbia or is the principal banking subsidiary of a bank holding company organized under the laws of the United States, any state thereof or the District of Columbia, and is a member of the Federal Reserve System; (ii) issues (or the parent of which issues) commercial paper rated as described in clause (c) of this definition and (iii) has combined capital and surplus of at least \$1,000,000,000, in each case with maturities of not more than one year from the date of acquisition thereof;~~

(a) central bank balances;

(b) foreign withdrawable reserves;

(c) any security that is issued by, or unconditionally guaranteed as to the timely payment of principal and interest by, the U.S. Department of the Treasury, or a U.S. government agency (other than the U.S. Department of the Treasury) whose obligations are fully and explicitly guaranteed by the full faith and credit of the U.S. government;

(d) any security that is issued by, or unconditionally guaranteed as to the timely payment of principal and interest by, a sovereign entity, the Bank for International Settlements, the International Monetary Fund, the European Central Bank, European Community, or a multilateral development bank, that is assigned no higher than a twenty percent risk weight under the Basel II Standardised Approach for credit risk; and where the sovereign has a non-0% risk weight, sovereign or central bank debt securities issued in domestic currencies by the sovereign or central bank in the country in which the cash proceeds used to purchase such securities have been generated through business operations or capital raising activity, or in the home country of the Borrower or any of its Subsidiaries;

(e) commercial paper issued by any Person organized under the laws of ~~any state of the United States~~ a jurisdiction in which the Borrower or any of its Subsidiaries has business operations or capital raising activity, and rated at least “Prime-1” (or the then equivalent grade) by Moody’s or at least “A-1” (or the then equivalent grade) by S&P, ~~in each case with maturities of not more than one year from the date of acquisition thereof; and~~ or if such a jurisdiction is outside of the United States, have equivalent ratings from comparable foreign rating agencies;

(f) any net asset positions under repurchase agreements and reverse repurchase agreements for securities described in clauses (c) through (e) above to the extent held solely for liquidity or investment purposes (and not for transactions related to client or prime brokerage activities);

(g) time deposits or demand deposits with, or insured certificates of deposit or bankers’ acceptances of, any depository institution (including commercial banks) that ~~is organized under the laws of a jurisdiction in which the Borrower or any of its Subsidiaries has business operations or capital raising activity, or is the principal banking subsidiary of a bank holding company organized under the laws of an a jurisdiction in which the Borrower or any of its Subsidiaries has business operations or capital raising activity; and~~

(dh) Investments, classified in accordance with GAAP as current assets of the Borrower or any of its Subsidiaries, in money market investment programs registered under the Investment Company Act of 1940, which are administered by financial institutions that have the highest rating obtainable from either Moody's or S&P; (or if organized in a jurisdiction outside of the United States, have equivalent ratings from comparable foreign rating agencies), and the portfolios of which are limited solely to Investments of the character, quality and maturity described in clauses (a), (b) and (c) through (g) of this definition.

"CFTC" means the Commodities Futures Trading Commission or any other regulatory body that succeeds to the functions of the Commodities Futures Trading Commission.

"Change in Law" means the occurrence, after the Closing Date (or, with respect to any Lender that is not a Lender on the Closing Date, such later date on which such Lender becomes a party to this Agreement), of any of the following: (a) the adoption or taking effect of any Law, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of Law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control" means an event or series of events by which ~~the Permitted Holders fail to own, directly or indirectly, a sufficient amount of the Voting Stock of the Borrower in order to elect a majority of the members of the Board of Directors of the Borrower.~~ a "person" or "group" (within the meaning of Section 13(d) of the Exchange Act) other than the Borrower, its Subsidiaries and their respective employee benefit plans and any Permitted Holder, becomes the direct or indirect "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act) of the Borrower's capital stock representing, in the aggregate, more than 50% of the voting power of all such capital stock.

"Closing Date" means ~~the date of this Agreement~~ November 28, 2018.

"Collateral Account" has the meaning specified in Section 2.03(o).

"Commitment" means, as to each Lender, the Revolving Commitment of such Lender.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*).

"Compliance Certificate" means a certificate substantially in the form of Exhibit 6.02.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated EBITDA" means, for any period, for the Borrower and its Subsidiaries on a consolidated basis, an amount equal to (i) Consolidated Net Income (excluding extraordinary and other non-recurring gains and losses and charges) for such period plus, without duplication, (ii) the following to the extent deducted in calculating such Consolidated Net Income: (a) Consolidated Interest Charges with respect to the Borrower and its Subsidiaries for such period, (b) the provision for federal, state, local and foreign income taxes payable by the Borrower and its Subsidiaries for such period, (c) the amount of

depreciation and amortization expense (including any amortization related to mortgage servicing rights, any amortization related to bonuses, any amortization related to any forgivable loan made in lieu of or for the same purpose as a bonus and any amortization related to restricted stock awards or similar awards) for such period, (d) reserves taken on Cash AD Loans, (e) charges relating to grants of exchangeability to limited partnership interests, redemption or repurchase of units or shares or the issuance of restricted shares, (f) distributions on grant units or other partnership units and allocations of net income limited to partnership units, ~~and (g) impairment charges, and (h) non-recurring costs and expenses paid in cash for such period; provided, that, the aggregate amount added back pursuant to this clause (h) shall not exceed ten percent (10%) of Consolidated EBITDA for such period (calculated without giving effect to the add back permitted pursuant to this clause (h)), minus (iii)~~ non-cash gains attributable to originated mortgage servicing rights in accordance with GAAP; provided that for purposes of calculating the financial covenants, no EBITDA (either historically or prospectively) shall be counted from any Subsidiary to the extent it is contractually prohibited from making distributions to the Borrower at such time.

“Consolidated Funded Indebtedness” means, as of any date of determination, all Funded Indebtedness of the Borrower and its Subsidiaries, on a consolidated basis, without duplication.

“Consolidated Interest Charges” means, for any period, for any Person, the sum of the following items to the extent paid in cash during such period (a) all interest, premium payments, debt discount, fees, charges and related expenses in connection with borrowed money (including capitalized interest, but excluding any interest or other charges or expenses attributable to ~~repurchase agreements, warehouse agreements and other securities lending or borrowing transactions~~ borrowed money which does not constitute Funded Indebtedness) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP, plus (b) the portion of rent expense with respect to such period under capital leases that is treated as interest in accordance with GAAP plus (c) the implied interest component of Synthetic Lease Obligations with respect to such period.

“Consolidated Interest Coverage Ratio” means, as of any fiscal quarter-end for which it is to be determined, the ratio of (a) Consolidated EBITDA for the period of the four fiscal quarters ending on such date to (b) Consolidated Interest Charges with respect to the Borrower and its Subsidiaries for the period of the four fiscal quarters ending on such date, in each case calculated on a Pro Forma Basis in accordance with Section 1.03(c).

“Consolidated Leverage Ratio” means, as of any fiscal quarter-end for which it is to be determined, the ratio of (a) Consolidated Funded Indebtedness as of such date to (b) Consolidated EBITDA for the period of the four fiscal quarters ending on such date, in each case calculated on a Pro Forma Basis in accordance with Section 1.03(c).

“Consolidated Net Income” means, for any period, for the Borrower and its Subsidiaries on a consolidated basis, net income (or loss) for such period; provided that Consolidated Net Income shall exclude any income (or loss) for such period of any Person if such Person is not a Subsidiary, except that the Borrower’s equity in the net income of any such Person for such period shall be included in Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Borrower or a Subsidiary as a dividend or other distribution.

“Consolidated Net Worth” means, at any date for which it is to be determined, the sum, without duplication, of the following items which would be shown on a consolidated balance sheet of the Borrower and its Subsidiaries prepared in accordance with GAAP as of such date: stockholders’ equity (including capital stock, additional paid-in capital, contingent stock, retained earnings and accumulated other comprehensive income) plus the aggregate amount of all redeemable partnership interests plus the aggregate amount of all non-controlling interests in Subsidiaries.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Covered Entity” means any of the following: (a) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b), (b) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b), or (c) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Covered Party” has the meaning specified in Section 11.20.

“Credit Extension” means each of the following: (a) any Borrowing and (b) any L/C Credit Extension.

“Debt Rating” means, as of any date of determination, the rating as determined by either S&P or Fitch of a Person’s non-credit-enhanced, senior unsecured long-term debt. The Debt Rating in effect at any date is the Debt Rating that is in effect at the close of business on such date.

“Debtor Relief Laws” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means (a) with respect to any Obligation (other than Letter of Credit Fees) for which a rate is specified, a rate per annum equal to two percent (2%) in excess of the rate otherwise applicable thereto ~~and~~; (b) with respect to any Obligation (other than Letter of Credit Fees) for which a rate is not specified or available, a rate per annum equal to the Base Rate plus the Applicable Rate for Revolving Loans that are Base Rate Loans plus two percent (2%), and (c) with respect to Letter of Credit Fees, a rate per annum equal to the Applicable Rate plus two percent (2%), in each case, to the fullest extent permitted by applicable Law.

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“Defaulting Lender” means, subject to Section 2.15(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, the L/C Issuer or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, (b) has notified the Borrower ~~or~~ the Administrative Agent or the L/C Issuer in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such

position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity, or (iii) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender ~~or (iii) become the subject of a Bail-In Action~~. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above, and of the effective date of such status, shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.15(b)) upon delivery of a written notice of such determination, which shall be delivered by the Administrative Agent to the Borrower, the L/C Issuer and each other Lender promptly following such determination.

~~"Delaware LLC" means any limited liability company organized or formed under the laws of the State of Delaware.~~

~~"Delaware Divided LLC" means any Delaware LLC which has been formed upon consummation of a Delaware LLC Division.~~

~~"Delaware LLC Division" means the statutory division of any Delaware LLC into two or more Delaware LLCs pursuant to Section 18-217 of the Delaware Limited Liability Company Act.~~

"Designated Jurisdiction" means any country or territory to the extent that such country or territory itself is the subject of any Sanction, including, without limitation, each of Belarus, Myanmar (Burma), Crimea region of Ukraine, Cuba, Iran, North Korea, Sudan, Syria and Zimbabwe.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition of any property by any Loan Party or any Subsidiary, including any Sale and Leaseback Transaction and any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith ~~and including any disposition of property to a Delaware Divided LLC pursuant to a Delaware LLC Division.~~

"Disqualified Institution" means (a) any competitors of the Borrower and its Subsidiaries identified on Schedule 1.01 as of the ~~Closing~~Second Amendment Effective Date and (b) any other Person who is a competitor of the Borrower and its Subsidiaries which has been designated by the Borrower as a "Disqualified Institution" by written notice to the Administrative Agent and the Lenders (including by posting such notice to the Platform) not less than 5 Business Days prior to the effectiveness thereof; provided that, (i) it is understood and agreed that Schedule 1.01 shall be updated upon the effectiveness of a new Disqualified Institution, (ii) the Administrative Agent shall have the right, and the Borrower hereby expressly authorizes the Administrative Agent, to post Schedule 1.01, and any updates thereto from time to time, on the Platform and to provide Schedule 1.01 to each Lender requesting the same and (iii)

“Disqualified Institutions” shall exclude any Person that the Borrower has designated as no longer being a “Disqualified Institution” by written notice delivered to the Administrative Agent and the Lenders. For the avoidance of doubt, with respect to any Person who becomes a Disqualified Institution after the date on which it entered into a binding agreement to purchase all or a portion of the rights and obligations of an assigning Lender, such Person shall not retroactively be disqualified from being or becoming a Lender.

“Dollar” and “\$” mean lawful money of the United States.

“Domestic Subsidiary” means any Subsidiary that is organized under the Laws of any state of the United States or the District of Columbia.

“EBITDA” means, with respect to any Person, that portion of Consolidated EBITDA attributable to such Person.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

“Eligible Assignee” means any Person that meets the requirements to be an assignee under Sections 11.06(b)(iii) and (v) (subject to such consents, if any, as may be required under Section 11.06(b)(iii)).

“Eligible Line of Business” means (a) any business in which the Borrower or any of its Subsidiaries are engaged or have an Investment in as of the Closing Date, (b) financial services including but not limited to broker-dealer and capital market transactions involving financial products (and transactions and services related thereto), investment banking, and structured products and brokerage (including, but not limited to, prime brokerage), asset management (including, but not limited to, wealth management and fund management), market data, technology, trade execution, clearing (including correspondent clearing), processing, information, securitization, servicing, legal services or marketplace services in any industry, including but not limited to securities, financial products, real estate, commodities, shipping, insurance, intellectual property, spectrum and entertainment, (c) real estate related services including but not limited to brokerage, investment sales, consulting, valuation and advisory, real estate related financial products and advisory, real estate related technology, real estate due diligence and underwriting services, project and development management, and property and facilities management, (d) acting as an energy reseller, (e) financing transactions and products, loan origination or brokering, (f) any business in which the Borrower or any of its Subsidiaries engage or make an Investment that is not material to the business of the Borrower and its Subsidiaries taken as a whole, and (g) any line of business complementary to the businesses in clause (a), (b), (c), (d), (e) or (f).

“Environmental Laws” means any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.



“Environmental Liability” means any liability (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any Loan Party or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“Equity Issuance” means any issuance by a Loan Party or any Subsidiary to any Person of its Equity Interests, other than (a) any issuance of its Equity Interests pursuant to the exercise of options or warrants, (b) any issuance of its Equity Interests pursuant to the conversion of any debt securities to equity or the conversion of any class of equity securities to any other class of equity securities, (c) any issuance of options or warrants relating to its Equity Interests, (d) any issuance by the Borrower of its Equity Interests as consideration for a Permitted Acquisition, (e) any issuance of Equity Interests by a Subsidiary to a Loan Party or any Subsidiary, and (f) any issuance by a joint venture among a Loan Party (or a Subsidiary) and any third party or third parties of their Equity Interests.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Internal Revenue Code (and Sections 414(m) and (o) of the Internal Revenue Code for purposes of provisions relating to Section 412 of the Internal Revenue Code), and with respect to which liability to the Borrower is reasonably expected to attach.

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan; (d) the filing of a notice of intent to terminate, the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA, (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or, to the knowledge of the Borrower, that a Multiemployer Plan is in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Internal Revenue Code or Sections 303, 304 and 305 of ERISA, as applicable (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate or (i) a failure by the Borrower or any ERISA Affiliate to meet all applicable requirements under the Pension Funding Rules in respect of a Pension Plan, whether or not waived, or the failure by the Borrower or any ERISA Affiliate to make any required contribution to a Multiemployer Plan.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Eurodollar Rate” means:

(a) for any Interest Period with respect to a Eurodollar Rate Loan, the rate per annum equal to the London Interbank Offered Rate (“LIBOR”) or (if not available) a comparable or successor rate, which rate is approved by the Administrative Agent as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for U.S. Dollars for a period equal in length to such Interest Period) (“LIBOR”), as published by on the applicable Bloomberg screen page (or, if not available, such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) (in such case, the “LIBOR Rate”) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period; and

(b) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum equal to the LIBOR Rate, at approximately 11:00 a.m., London time determined two Business Days prior to such date for Dollar deposits with a term of one month commencing that day;

provided that (i) to the extent a comparable or successor rate is approved by the Administrative Agent in connection herewith, the approved rate shall be applied in a manner consistent with market practice; provided, further that to the extent such market practice is not administratively feasible for the Administrative Agent, such approved rate shall be applied as otherwise reasonably determined by the Administrative Agent and (ii) if the Eurodollar Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“Eurodollar Rate Loan” means a Loan that bears interest at a rate based on clause (a) of the definition of “Eurodollar Rate.”

“Event of Default” has the meaning specified in Section 8.01.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the Laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a Law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 11.13) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 3.01(a)(ii), 3.01(a)(iii) or 3.01(e), amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient’s failure to comply with Section 3.01(e) and (d) any U.S. federal withholding Taxes imposed pursuant to FATCA.

“Extended Maturity Date” means February 26, ~~2021~~2023; provided, however, that if any such date is not a Business Day, the Extended Maturity Date shall be the ~~next~~immediately preceding Business Day.

“Facility Termination Date” means the date as of which all of the following shall have occurred: (a) all Commitments have terminated ~~and~~, (b) all Obligations arising under the Loan Documents have been paid in full (other than contingent indemnification obligations), and (c) all Letters of Credit have terminated or expired (other than Letters of Credit as to which other arrangements with respect thereto satisfactory to the Administrative Agent and the L/C Issuer shall have been made).

“FASB ASC” means the Accounting Standards Codification of the Financial Accounting Standards Board.

“FATCA” means Sections 1471 through 1474 of the Internal Revenue Code, as of the Closing Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code and any applicable intergovernmental agreements implementing the foregoing.

“FCM” has the meaning specified in the definition of “Regulated Subsidiary.”

“Federal Funds Rate” means, for any day, the rate per annum ~~equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published~~ calculated by the Federal Reserve Bank of New York ~~on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so based on such day’s federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day; (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent, and (c) by the Federal Reserve Bank of New York as the federal funds effective rate; provided that if the Federal Funds Rate ~~shall be~~ as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.~~

“Fee Letter” means that certain fee letter between the Borrower, Bank of America and BofA Securities ~~(as successor in interest to Merrill Lynch, Pierce, Fenner & Smith Incorporated)~~ entered into as of ~~November 4,~~ January 29, 20182020.

“FINRA” means the Financial Industry Regulatory Authority, Inc., or any other self-regulatory body which succeeds to the functions of the Financial Industry Regulatory Authority, Inc.

“Fitch” means Fitch, Inc., and any successor thereto.

~~“First Amendment” means that certain First Amendment to Credit Agreement, dated as of the First Amendment Effective Date, among the Borrower, the Lenders signatory thereto and the Administrative Agent.~~

~~“First Amendment Effective Date” means December 11, 2019.~~

“Foreign Lender” means (a) if the Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, a Lender that is resident or organized under the Laws of a jurisdiction other than that in which the Borrower is resident for tax purposes. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“Foreign Subsidiary” means any Subsidiary that is not a Domestic Subsidiary.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“Fronting Exposure” means, at any time there is a Defaulting Lender, with respect to the L/C Issuer, such Defaulting Lender’s Applicable Percentage of the outstanding L/C Obligations other than L/C Obligations as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

“Fund” means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“Funded Indebtedness” means, without duplication, (a) all obligations of such Person for all indebtedness created, assumed or incurred in any manner by such Person representing money borrowed (including by the issuance of debt securities), (b) all indebtedness for the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), (c) all indebtedness secured by any lien upon property of such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness, (d) all Attributable Indebtedness of such Person, (e) all obligations of such Person on or with respect to drawn letters of credit and bankers’ acceptances, (f) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (g) all indebtedness for borrowed money of any other Person which is directly or indirectly guaranteed by the Borrower or any of its Subsidiaries or which the Borrower or any of its Subsidiaries has agreed (contingently or otherwise) to purchase or otherwise acquire or in respect of which the Borrower or any of its Subsidiaries has otherwise assured a creditor against loss and (h) all Guarantees of such Person in respect of the foregoing; provided, however, that Funded Indebtedness shall not include (i) accounts payable incurred in the ordinary course of business, (ii) short-termshort-term obligations incurred in the ordinary course of business; (iii) obligations of such Person in respect of Swap Contracts related to hedging or otherwise entered into in the ordinary course of business and (iv) to the extent such Person is (x) a Regulated Subsidiary or (y) Berkeley Point, obligations of such Person in respect of secured financing arrangements (including for avoidance of doubt, obligations under repurchase agreements, warehouse agreements or securities lending or borrowing agreements. Notwithstanding the foregoing, it is understood and agreed that the amount of Funded Indebtedness related to “bad boy guaranties” (including any related environmental indemnity) and the Guarantees by Berkeley Point to Fannie Mac under the Delegated Underwriting and Servicing Program and to Freddie Mac under the Targeted Affordable Housing Program shall, in each case, be equal to the amount of any such Indebtedness, if any, that is required by GAAP to be accrued for or otherwise set forth as a liability on the balance sheet of such Person; other stock lending transactions, notes or certificates issued by special purpose entities such as trusts established pursuant to a trust agreement, and other collateralized financing transactions), in each case (x) secured by cash, marketable securities, real estate assets (including related purchase commitments), real estate loans (including related purchase commitments), other types of whole loans, commodities or other financial products and (y) incurred in the ordinary course of business.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board, consistently applied.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guarantee” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness of the payment or performance of such Indebtedness or (iii) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness of any other Person, whether or not such Indebtedness is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Guarantors” means, collectively, (a) each Subsidiary of the Borrower that becomes a Guarantor pursuant to Section 6.12 or otherwise, (b) each other Person that may become a Guarantor hereunder and (c) the successors and permitted assigns of the foregoing.

“Guaranty” means the Guaranty made by the Guarantors in favor of the Administrative Agent and the other holders of the Obligations pursuant to Article X.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“IB” has the meaning specified in the definition of “Regulated Subsidiary.”

“IFRS” means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements delivered under or referred to herein.

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

- (a) all Funded Indebtedness;
- (b) obligations under any Swap Contract;
- (c) all obligations to purchase, redeem, retire, defease or otherwise make any payment prior to the Extended Maturity Date in respect of any Equity Interests of the Borrower or any of its Subsidiaries or any warrant, right or option to acquire such Equity Interest, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends;
- (d) all Guarantees of such Person in respect of any of the foregoing; and
- (e) all Indebtedness of the types referred to in clauses (a) through (d) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or joint venture (but only to the extent such Person is liable therefor as a result of such interest), unless such Indebtedness is expressly made non-recourse to such Person.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

“Indemnitee” has the meaning specified in Section 11.04(b).

“Information” has the meaning specified in Section 11.07.

“Interest Payment Date” means (a) as to any Eurodollar Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; provided, however, that if any Interest Period for a Eurodollar Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan, the last Business Day of each March, June, September and December and the Maturity Date.

“Interest Period” means, as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one, two, three or six months thereafter, or upon the consent of all Lenders, such other period that is twelve months or less (in each case, subject to availability), as selected by the Borrower in its Loan Notice; provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the ~~next~~immediately preceding Business Day; and

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period.

“Internal Revenue Code” means the Internal Revenue Code of 1986.

“Investment” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person, or (c) an Acquisition. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

“IRS” means the United States Internal Revenue Service.

“ISP” means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

“Joinder Agreement” means a joinder agreement substantially in the form of Exhibit 6.12 executed and delivered by a Subsidiary in accordance with the provisions of Section 6.12 or any other documents as the Administrative Agent shall deem appropriate for such purpose.

“Issuer Documents” means with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by the L/C Issuer and the Borrower (or any Subsidiary) or in favor of the L/C Issuer and relating to such Letter of Credit.

“L/C Credit Extension” means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

“L/C Disbursement” means any payment made by the L/C Issuer pursuant to a Letter of Credit.

“L/C Issuer” means Bank of America, in its capacity as issuer of Letters of Credit hereunder. The L/C Issuer may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the L/C Issuer, in which case the term “L/C Issuer” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

“L/C Obligations” means, at any time, the sum of (a) the aggregate amount available to be drawn under all outstanding Letters of Credit, plus (b) the aggregate amount of all Unreimbursed Amounts. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“Laws” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of Law.

“Lenders” means each of the Persons identified as a “Lender” on the signature pages hereto, each other Person that becomes a “Lender” in accordance with this Agreement and their successors and assigns.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent, which office may include any Affiliate of such Lender or any domestic or foreign branch of such Lender or such affiliate. Unless the context otherwise requires each references to a Lender shall include its applicable Lending Office.

“Letter of Credit” means any standby letter of credit issued hereunder providing for the payment of cash upon the honoring of a presentation thereunder.

“Letter of Credit Application” means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the L/C Issuer.

“Letter of Credit Fee” has the meaning specified in Section 2.03(h).

“Letter of Credit Sublimit” means, as of any date of determination, an amount equal to the lesser of (a) \$50,000,000, and (b) the amount of the Aggregate Revolving Commitments as of such date. The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments.

“LIBOR Rate” has the meaning specified in the definition of “Eurodollar Rate.”

“LIBOR Screen Rate” means the LIBOR quote on the applicable screen page the Administrative Agent designates to determine LIBOR (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time).

“LIBOR Successor Rate” has the meaning specified in Section 3.07.

“LIBOR Successor Rate Conforming Changes” means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other technical, administrative or operational matters as may be appropriate, in the discretion of the Administrative Agent, to reflect the adoption and implementation of such LIBOR Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Administrative Agent determines in consultation with the Borrower is reasonably necessary in connection with the administration of this Agreement).

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Loan” means, without duplication, an extension of credit by a Lender to the Borrower under Article II in the form of a Revolving Loan.

“Loan Documents” means this Agreement, each Note, each Joinder Agreement and, the Fee Letter, each Issuer Document, and any agreement creating or perfecting rights in Cash Collateral pursuant to the provisions of Section 2.14.

“Loan Notice” means a notice of (a) a Borrowing of Revolving Loans, (b) a conversion of Loans from one Type to the other, or (c) a continuation of Eurodollar Rate Loans, in each case pursuant to Section 2.02(a), which shall be substantially in the form of Exhibit 2.02 or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent) appropriately completed and signed by a Responsible Officer of the Borrower.

“Loan Parties” means, collectively, (a) the Borrower and (b) each Guarantor.

“Master Agreement” has the meaning specified in the definition of “Swap Contract.”

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, financial condition, assets or properties of the Loan Parties and their Subsidiaries taken as a whole; (b) a material impairment of the ability of the Borrower to perform its obligations under any Loan Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Borrower of any Loan Document to which it is a party.

“Maturity Date” means (a) with respect to each Lender (other than any Non-Extending Lender), the Extended Maturity Date, and (b) with respect to each Non-Extending Lender, the Original Maturity Date.

“Minimum Collateral Amount” means, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 102% of the Fronting Exposure of the L/C Issuer



with respect to Letters of Credit issued and outstanding at such time and (b) otherwise, an amount determined by the Administrative Agent and the L/C Issuer in their sole discretion.

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

“Multiple Employer Plan” means a single employer, as defined in Section 4001(a)(15) of ERISA, that is subject to Title IV of ERISA and that has two or more contributing sponsors (including the Borrower or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“Net Cash Proceeds” means the aggregate cash or Cash Equivalents proceeds actually received by a Loan Party or any Subsidiary in respect of any Equity Issuance net of (a) direct costs incurred in connection therewith (including, without limitation, legal, accounting and investment banking fees, and sales commissions) and (b) taxes paid or payable as a result thereof.

“Net Excess Capital” means the aggregate regulatory net capital, as defined in the applicable Capital Requirements, in excess of the aggregate required net capital under the Capital Requirements, as shown on the Borrower’s most recent annual audited financial statements or quarterly management prepared statements delivered pursuant to Section 6.01, and, without duplication, as shown on the Borrower’s SEC Forms 10-Q and 10-K.

“Newmark” means Newmark Group, Inc., a Delaware corporation, and its permitted successors and assigns.

“Newmark Distribution” means the distribution by the Borrower to its stockholders of all of the shares of Newmark’s common stock owned by the Borrower, such that shares of Newmark’s Class A common stock would be distributed to the holders of the Borrower’s Class A common stock and shares of Newmark’s Class B common stock would be distributed to the holders of the Borrower’s Class B common stock.

“Newmark Leverage Ratio” means, as of any date for which it is to be determined, the ratio of (a) Consolidated Funded Indebtedness attributable to Newmark and its Subsidiaries as of such date (other than (i) any of the Obligations and (ii) any intercompany Indebtedness owing to the Borrower or any of its Subsidiaries) to (b) Consolidated EBITDA attributable to Newmark and its Subsidiaries for the period of the four fiscal quarters most recently ended for which the Borrower has provided a Compliance Certificate in accordance with Section 6.02, in each case calculated on a Pro Forma Basis in accordance with Section 1.03(c).

“Newmark Notes” means Newmark’s 6.125% Senior Notes due 2023.

“Newmark Spinoff” means the series of transactions whereby, as a result of the Newmark Distribution, the majority of Newmark’s issued and outstanding shares of common stock will be held by the stockholders of the Borrower and Newmark will no longer be a Subsidiary of Borrower.

“NFA” means the National Futures Association or any other regulatory body that succeeds to the functions of the National Futures Association.

“Non-Consenting Lender” means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all Lenders or all affected Lenders in accordance with the terms of Section 11.01 and (b) has been approved by the Required Lenders.

“Non-Defaulting Lender” means, at any time, each Lender that is not a Defaulting Lender at such time.

“Non-Extending Lender” means a Lender (as of the ~~First~~Second Amendment Effective Date) that did not execute the ~~First~~Second Amendment, including any Eligible Assignee of such Lender (but only to the extent of the amount of any Commitment or Loans assigned), unless such Lender or such Eligible Assignee agrees in writing to not be a Non-Extending Lender.

“Non-Reimbursement Notice” has the meaning specified in Section 2.03(f).

“Note” has the meaning specified in Section 2.11.

“Notice of Loan Prepayment” means a notice of prepayment with respect to a Loan, which shall be substantially in the form of Exhibit 2.05 or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer.

“Obligations” means with respect to each Loan Party all advances to, and debts, liabilities, obligations, covenants and duties of, such Loan Party arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“Organization Documents” means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement or limited liability company agreement (or equivalent or comparable documents with respect to any non-U.S. jurisdiction); (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization (or equivalent or comparable documents with respect to any non-U.S. jurisdiction) and (d) with respect to all entities, any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization (or equivalent or comparable documents with respect to any non-U.S. jurisdiction).

“Original Maturity Date” means ~~November 28, 2020~~February 26, 2021; provided, however, that if any such date is not a Business Day, the Original Maturity Date shall be the ~~next~~immediately preceding Business Day.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its

obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.06).

“Outstanding Amount” means (a) with respect to any Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of any Loans occurring on such date; and (b) with respect to any L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by the Borrower of Unreimbursed Amounts.

“Participant” has the meaning specified in Section 11.06(d).

“Participant Register” has the meaning specified in Section 11.06(d).

“PBGC” means the Pension Benefit Guaranty Corporation.

“Pension Act” means the Pension Protection Act of 2006.

“Pension Funding Rules” means the rules of the Internal Revenue Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Internal Revenue Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Section 412, 430, 431, 432 and 436 of the Internal Revenue Code and Sections 302, 303, 304 and 305 of ERISA.

“Pension Plan” means any “employee pension benefit plan” (within the meaning of Section 3(2) of ERISA) (including a Multiple Employer Plan, but excluding a Multiemployer Plan) that is maintained or is contributed to by the Borrower and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Internal Revenue Code.

“Permitted Acquisition” means any Acquisition, provided that (a) no Default shall have occurred and be continuing or would result from such Acquisition, (b) if the Acquisition involves aggregate cash and non-cash consideration (including assumed Indebtedness, the good faith estimate by the Borrower of the maximum amount of any deferred purchase price obligations (including any earn out payments) and Equity Interests) in excess of the greater of \$30,000,000 and 4.5% of Consolidated Net Worth (as of the date of such Acquisition), the Person or property acquired in such Acquisition is in an Eligible Line of Business, (c) in the case of an Acquisition of the Equity Interests of another Person, the board of directors (or other comparable governing body) of such other Person shall have duly approved such Acquisition, and (d) the Borrower shall be in compliance with the financial covenants set forth in Section 7.11 recomputed as of the end of the period of the four fiscal quarters most recently ended for which the Borrower has delivered financial statements pursuant to Section 6.01(a) or (b) after giving effect to such Acquisition on a Pro Forma Basis. It is understood and agreed that, if (x) the Acquisition of a Significant Subsidiary involves aggregate cash and non-cash consideration (including assumed Indebtedness, the good faith estimate by the Borrower of the maximum amount of any deferred purchase price obligations (including any earn out payments) and Equity Interests) in excess of the greater of \$30,000,000 and 4.5% of Consolidated Net Worth (as of the

date of such Acquisition) and (y) the Consolidated Leverage Ratio shall be greater than 2.50:1.00 after giving effect to such Acquisition of a Significant Subsidiary on a Pro Forma Basis, the Borrower shall have delivered to the Administrative Agent a Pro Forma Compliance Certificate.

“Permitted Holders” means Cantor Fitzgerald, L.P., Howard W. Lutnick, any Person controlled by him or any trust established for Mr. Lutnick’s benefit or for the benefit of his spouse, any of his descendants or any of his relatives, in each case, so long as he is alive and, upon his death or incapacity, any person who shall, as a result of Mr. Lutnick’s death or incapacity, become a “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act) of the Borrower’s capital stock by operation of a trust, by will or the laws of descent and distribution or by operation of law.

“Permitted Liens” means, at any time, Liens in respect of property of any Loan Party or any Subsidiary permitted to exist at such time pursuant to the terms of Section 7.01.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan, but other than a Multiemployer Plan), maintained for employees of the Borrower or any such Plan to which the Borrower is required to contribute on behalf of any of its employees.

“Platform” has the meaning specified in Section 6.02.

“Pro Forma Basis” means, with respect to any Specified Transaction, that for purposes of calculating the financial covenants set forth in Section 7.11 or Consolidated EBITDA in the proviso of Section 7.05(e), such Specified Transaction (including the incurrence of any Indebtedness therewith) shall be deemed to have occurred as of the first day of the most recent four fiscal quarter period preceding the date of such Specified Transaction for which financial statements were required to be delivered pursuant to Section 6.01(a) or 6.01(b). In connection with the foregoing, (a) with respect to any Disposition or the Newmark Distribution, (i) income statement and cash flow statement items (whether positive or negative) attributable to the property disposed of shall be excluded to the extent relating to any period occurring prior to the date of such Specified Transaction and (ii) Indebtedness which is retired shall be excluded and deemed to have been retired as of the first day of the applicable period and (b) with respect to any Acquisition, (i) income statement and cash flow statement items attributable to the Person or property acquired shall be included to the extent relating to any period applicable in such calculations to the extent (A) such items are not otherwise included in such income statement and cash flow statement items for the Borrower and its Subsidiaries in accordance with GAAP or in accordance with any defined terms set forth in Section 1.01 and (B) such items are supported by financial statements (if available) and such other information deemed necessary by a Responsible Officer in order to make a good faith determination (consistent with Article 11 of Regulation S-X of the Securities Act of 1933, as amended, as interpreted by the staff of the Securities and Exchange Commission) of such pro forma calculation and (ii) any Indebtedness incurred or assumed by the Borrower or any Subsidiary (including the Person or property acquired) in connection with such Specified Transaction and any Indebtedness of the Person or property acquired which is not retired in connection with such Specified Transaction (A) shall be deemed to have been incurred as of the first day of the applicable period and (B) if such Indebtedness has a floating or formula rate, shall have an implied rate of interest for the applicable period for purposes of this definition determined by utilizing the rate which is or would be in effect with respect to such Indebtedness as at the relevant date of determination.

“Pro Forma Compliance Certificate” means a certificate of a Responsible Officer of the Borrower containing reasonably detailed calculations of the financial covenants set forth in Section 7.11 recomputed

as of the end of the period of the four fiscal quarters most recently ended for which the Borrower has delivered financial statements pursuant to Section 6.01(a) or (b) after giving effect to the applicable transaction on a Pro Forma Basis.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Public Lender” has the meaning specified in Section 6.02.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

“QFC Credit Support” has the meaning specified in Section 11.20.

“Recipient” means the Administrative Agent, any Lender, the L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder.

“Register” has the meaning specified in Section 11.06(c).

“Regulated Subsidiary” means any Subsidiary of the Borrower that is (i) registered as a broker dealer pursuant to Section 15 of the Securities Exchange Act of 1934 or that is regulated as a broker dealer or equivalent under any foreign securities law, (ii) that is registered as a Futures Commission Merchant (“FCM”), Introducing Broker (“IB”), Swap Exchange Facility (“SEF”) or other “registered entity” within the meaning of Section 1a(40) of the Commodity Exchange Act (7 U.S.C. 1 et seq.), or the equivalent under any foreign securities or commodities Law, or (iii) registered as a swap execution facility with the SEC or the CFTC.

“Regulation S-X” means Regulation S-X set forth in 17 C.F.R. Part 210 of the Securities Act of 1933.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York for the purpose of recommending a benchmark rate to replace LIBOR in loan agreements similar to this Agreement.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the applicable notice period has been waived.

“Request for Credit Extension” means (a) with respect to a Borrowing, conversion or continuation of Loans, a Loan Notice, and (b) with respect to a L/C Credit Extension, a Letter of Credit Application.

“Required Lenders” means, at any time, Lenders having Total Credit Exposures representing more than 50% of the Total Credit Exposures of all Lenders. The Total Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time; provided that, the amount of any participation in any Unreimbursed Amounts that such Defaulting Lender has failed to fund that have not been reallocated to and funded by another Lender shall be deemed to be held by the Lender that is the L/C Issuer in making such determination.

~~“Reset Date” has the meaning specified in Section 7.11(c).~~

“Resignation Effective Date” has the meaning specified in Section 9.06.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer” means the chief executive officer, president, chief financial officer, treasurer, assistant treasurer, general partner, executive vice president, chief operating officer, chief administrative officer or controller of a Loan Party, and, solely for purposes of the delivery of incumbency certificates, the secretary or any assistant secretary of a Loan Party and, solely for purposes of notices given pursuant to Article II, any other officer or employee of the applicable Loan Party so designated by any of the foregoing officers in a notice to the Administrative Agent or any other officer or employee of applicable Loan Party designated in or pursuant to an agreement between the applicable Loan Party and the Administrative Agent. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party. To the extent requested by the Administrative Agent, each Responsible Officer will provide an incumbency certificate and appropriate authorization documentation, in form and substance reasonably satisfactory to the Administrative Agent.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests of any Person, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, defeasance, acquisition, cancellation or termination of any such Equity Interests or on account of any return of capital to such Person’s stockholders, partners or members (or the equivalent Person thereof), or any option, warrant or other right to acquire any such dividend or other distribution or payment.

“Revolving Commitment” means, as to each Lender, its obligation to (a) make Revolving Loans to the Borrower pursuant to Section 2.01 ~~in~~ and (b) purchase participations in L/C Obligations, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption or other documentation pursuant to which such Lender becomes a party hereto, as applicable.

“Revolving Credit Exposure” means, as to any Lender at any time, the aggregate principal amount at such time of its outstanding Revolving Loans and such Lender’s participation in L/C Obligations at such time.

“Revolving Loan” has the meaning specified in Section 2.01(a).

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of S&P Global, Inc. and any successor thereto.

“Sale and Leaseback Transaction” means, with respect to any Person, any arrangement, directly or indirectly, whereby such Person shall sell or transfer any property used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred.

“Sanction(s)” means any sanction administered or enforced by the United States Government, including OFAC, the United Nations Security Council, the European Union, Her Majesty’s Treasury (“HMT”) or other relevant sanctions authority.

“Scheduled Unavailability Date” has the meaning specified in Section 3.07.

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“Second Amendment” means that certain Second Amendment to Credit Agreement, dated as of the Second Amendment Effective Date, among the Borrower, the Lenders signatory thereto and the Administrative Agent.

“Second Amendment Effective Date” means February 26, 2020.

“Securitization Transaction” means, with respect to any Person, any financing transaction or series of financing transactions (including factoring arrangements) pursuant to which such Person or any Subsidiary of such Person may sell, convey or otherwise transfer, or grant a security interest in, accounts, payments, receivables, rights to future lease payments or residuals or similar rights to payment to a special purpose subsidiary or affiliate of such Person.

“SEF” has the meaning specified in the definition of “Regulated Subsidiary.”

“Significant Subsidiary” has the meaning given to such term in Regulation S-X.

“SOFR” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York’s website and that has been selected or recommended by the Relevant Governmental Body.

“SOFR-Based Rate” means SOFR or Term SOFR.

“Solvent” or “Solvency” means, with respect to any Person as of a particular date, that on such date (a) such Person is able to pay its debts and other liabilities, contingent obligations and other commitments as they mature in the ordinary course of business, (b) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature in the ordinary course of business, (c) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person’s property would constitute unreasonably small capital, (d) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person and (e) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Specified Transaction” means (a) any Acquisition of property or series of related acquisitions of property that (i) constitutes assets comprising all or substantially all of an operating unit of a business or constitutes all or substantially all of the common stock of a Person and (ii) involves the payment of consideration by the Borrower and its Subsidiaries in excess of the greater of \$75,000,000 and 4.5% of Consolidated Net Worth (as of the date of such Acquisition), (b) any Disposition of property or series of related Dispositions of property that (i) constitutes assets comprising all or substantially all of an operating unit of a business or constitutes all or substantially all of the common stock of a Person and (ii) yields gross proceeds to the Borrower or any of its Subsidiaries in excess of the greater of \$75,000,000 and 4.5% of Consolidated Net Worth (as of the date of such Disposition), (c) any other Acquisition or Disposition designated by the Borrower as a “Specified Transaction” as of any fiscal quarter-end; provided that if the

Borrower designates any Acquisition or Disposition as a Specified Transaction as of such fiscal quarter-end, then it must designate all Acquisitions and Dispositions consummated during the twelve month period prior to such designation as Specified Transactions, and (d) the Newmark Distribution.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which (a) a majority of the shares of Voting Stock is at the time beneficially owned by such Person and (b) is required to be consolidated into the financial statements of such Person in accordance with GAAP. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Successor Holdco” has the meaning specified in Section 11.06(g).

“Supported QFC” has the meaning specified in Section 11.20.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s) and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term SOFR” means the forward-looking term rate for any period that is approximately (as determined by the Administrative Agent) as long as any of the Interest Period options set forth in the definition of “Interest Period” and that is based on SOFR and that has been selected or recommended by the Relevant Governmental Body, in each case as published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion.



“Threshold Amount” means \$50,000,000.

“Total Credit Exposure” means, as to any Lender at any time, the sum of the unused Commitments of such Lender at such time and the ~~outstanding~~ ~~Loans~~ Revolving Credit Exposure of such Lender at such time.

“Total Revolving Outstandings” means the aggregate Outstanding Amount of all Revolving Loans and all L/C Obligations.

“Type” means, with respect to any Loan, its character as a Base Rate Loan or a Eurodollar Rate Loan.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“United States” and “U.S.” mean the United States of America.

“Unreimbursed Amount” has the meaning specified in Section 2.03(f).

“U.S. Person” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Internal Revenue Code.

“U.S. Special Resolution Regimes” has the meaning specified in Section 11.20.

“U.S. Tax Compliance Certificate” has the meaning specified in Section 3.01(e)(ii)(B)(3).

“Voting Stock” means, with respect to any Person, Equity Interests issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

“Write-Down and Conversion Powers” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule; and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

## 1.02 Other Interpretive Provisions.

With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Loan Document or Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, modified, extended, restated, replaced or supplemented from time to time (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “hereto,” “herein,” “hereof” and “hereunder,” and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Preliminary Statements, Exhibits and Schedules shall be construed to refer to Articles and Sections of, Preliminary Statements of and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any Law shall include all statutory and regulatory rules, regulations, orders and provisions consolidating, amending, replacing or interpreting such Law and any reference to any Law or regulation shall, unless otherwise specified, refer to such Law or regulation as amended, modified, extended, restated, replaced or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all assets and properties, tangible and intangible, real and personal, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including,” the words “to” and “until” each mean “to but excluding,” and the word “through” means “to and including.”

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

(d) Any reference herein to a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

**1.03** Accounting Terms.

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, (i) Indebtedness of the Borrower and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 on financial liabilities shall be disregarded; and (ii) all liability amounts shall be determined excluding any liability relating to any operating lease, all asset amounts shall be determined excluding any right-of-use assets relating to any operating lease, all amortization amounts shall be determined excluding any amortization of a right-of-use asset relating to any operating lease, and all interest amounts shall be determined excluding any deemed interest comprising a portion of fixed rent payable under any operating lease, in each case to the extent that such liability, asset, amortization or interest pertains to an operating lease under which the covenantor or a member of its consolidated group is the lessee and would not have been accounted for as such under GAAP as in effect on December 31, 2015.

(b) Changes in GAAP. If at any time any change in GAAP (including the adoption of IFRS) would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. ~~Without limiting the foregoing, leases shall continue to be classified and accounted for on a basis consistent with that reflected in the Audited Financial Statements for all purposes of this Agreement, notwithstanding any change in GAAP relating thereto, unless the parties hereto shall enter into a mutually acceptable amendment addressing such changes, as provided for above.~~

(c) Calculations. Notwithstanding the above, the parties hereto acknowledge and agree that all calculations of the financial covenants in Section 7.11 shall be made on a Pro Forma Basis with respect to any Specified Transaction.

**1.04** Rounding.

Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

**1.05** Times of Day; Rates.

Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable). The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to the administration, submission or any other matter related to the rates in the definition of "Eurodollar Rate" or with respect to any ~~comparable or successor rate thereto~~ rate that is an alternative or replacement for or successor to any of such rate (including any LIBOR Successor Rate) or the effect of any of the foregoing, or of any LIBOR Successor Rate Conforming Changes.

**1.06** Letter of Credit Amounts

Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

**ARTICLE II**

**THE COMMITMENTS AND CREDIT EXTENSIONS**

**2.01** Revolving Loans.

(a) Subject to the terms and conditions set forth herein, each Lender severally agrees to make loans (each such loan, a "Revolving Loan") to the Borrower in Dollars from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of such Lender's Revolving Commitment; provided, however, that after giving effect to any Borrowing of Revolving Loans, (i) the Total Revolving Outstandings shall not exceed an amount equal to the Aggregate Revolving Commitments and (ii) the Revolving Credit Exposure of any Lender shall not exceed such Lender's Revolving Commitment. Within the limits of each Lender's Revolving Commitment, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.01, prepay under Section 2.05, and reborrow under this Section 2.01. Revolving Loans may be Base Rate Loans or Eurodollar Rate Loans, or a combination thereof, as further provided herein.

(b) Increases of the Aggregate Revolving Commitments. The Borrower shall have the right, upon at least five Business Days' prior written notice to the Administrative Agent, to increase the Aggregate Revolving Commitments in one or more increases, at any time prior to the date that is sixty days prior to the Extended Maturity Date, subject, however, in any such case, to satisfaction of the following conditions precedent:

- (i) the Aggregate Revolving Commitments shall not exceed \$400,000,000 without the consent of the Required Lenders;
- (ii) no Default shall have occurred and be continuing on the date on which such increase is to become effective;
- (iii) the representations and warranties set forth in Article V shall be true and correct in all material respects (or, if any such representation or warranty is qualified by

materiality or Material Adverse Effect, it shall be true and correct in all respects as drafted) on and as of the date on which such increase is to become effective, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or, if any such representation or warranty is qualified by materiality or Material Adverse Effect, it shall be true and correct in all respects as drafted) as of such earlier date;

(iv) after giving effect to such increase and any Borrowings in connection therewith, the Borrower will be in pro forma compliance with all of the covenants in Section 7.11;

(v) such increase shall be in a minimum amount of \$~~10,000,000~~5,000,000 and in integral multiples of \$5,000,000 in excess thereof;

(vi) such requested increase shall only be effective upon receipt by the Administrative Agent of (A) additional Revolving Commitments in a corresponding amount of such requested increase from either existing Lenders and/or one or more other institutions that qualify as Eligible Assignees (it being understood and agreed that no existing Lender shall be required to provide an additional Revolving Commitment) and (B) documentation from each institution providing an additional Revolving Commitment evidencing its additional Revolving Commitment and its obligations under this Agreement in form and substance reasonably acceptable to the Administrative Agent;

(vii) the Administrative Agent shall have received all documents (including resolutions of the board of directors of the Borrower) it may reasonably request relating to the corporate or other necessary authority for such increase and the validity of such increase in the Aggregate Revolving Commitments, and any other matters relevant thereto, all in form and substance reasonably satisfactory to the Administrative Agent; and

(viii) if any Revolving Loans are outstanding at the time of the increase in the Aggregate Revolving Commitments, the Borrower shall, if applicable, prepay one or more existing Revolving Loans (such prepayment to be subject to Section 3.05) in an amount necessary such that after giving effect to the increase in the Aggregate Revolving Commitments, each Lender will hold its pro rata share (based on its Applicable Percentage of the increased Aggregate Revolving Commitments) of outstanding Revolving Loans.

~~For avoidance of doubt, it is understood and agreed that, as of the Closing Date, there does not exist any availability to increase the Aggregate Revolving Commitments pursuant to this Section 2.01(b).~~

(a) Each Borrowing, each conversion of Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon the Borrower's irrevocable notice to the Administrative Agent, which may be given by (A) telephone, or (B) a Loan Notice; provided that any telephonic notice must be confirmed immediately by delivery to the Administrative Agent of a Loan Notice. Each such Loan Notice must be received by the Administrative Agent not later than 11:00 a.m. (i) three Business Days prior to the requested date of any Borrowing of, conversion to or continuation of, Eurodollar Rate Loans or of any conversion of Eurodollar Rate Loans to Base Rate Loans, and (ii) on the requested date of any Borrowing of Base Rate Loans. Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof. ~~Each~~Except as provided in Section 2.03(c), each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$500,000 in excess thereof. Each Loan Notice shall specify (i) whether the Borrower is requesting a Borrowing, a conversion of Loans from one Type to the other, or a continuation of Eurodollar Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If the Borrower fails to specify a Type of a Loan in a Loan Notice or if the Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Applicable Percentage of the applicable Loans, and if no timely notice of a conversion or continuation is provided by the Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans described in the preceding subsection. In the case of a Borrowing, each Lender shall make the amount of its Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 1:00 p.m. on the Business Day specified in the applicable Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Borrowing is the initial Credit Extension, Section 4.01), the Administrative Agent shall make all funds so received available to the Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of the Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower; provided, however, that if, on the date the Loan Notice with respect to such Borrowing is given by the Borrower, there are Unreimbursed Amounts outstanding, then the proceeds of such Borrowing, first, shall be applied to the payment in full of any such Unreimbursed Amounts, and second, shall be made available to the Borrower as provided above.

(c) Except as otherwise provided herein, a Eurodollar Rate Loan may be continued or converted only on the last day of the Interest Period for such Eurodollar Rate Loan. During the existence of a Default, no Loans may be requested as, converted to or continued as Eurodollar Rate Loans without the consent of the Required Lenders, and unless repaid, each outstanding Eurodollar Rate Loan shall be converted to a Base Rate Loan at the end of the Interest Period applicable thereto.

(d) The Administrative Agent shall promptly notify the Borrower and the Lenders of the interest rate applicable to any Interest Period for Eurodollar Rate Loans upon determination of such interest rate. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify ~~each~~the Borrower and the Lenders of any change in Bank of America's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Borrowings, all conversions of Loans from one Type to the other, and all continuations of Loans as the same Type, there shall not be more than ten Interest Periods in effect.

(f) Notwithstanding anything to the contrary in this Agreement, any Lender may exchange, continue or rollover all of the portion of its Loans in connection with any refinancing, extension, loan modification or similar transaction permitted by the terms of this Agreement, pursuant to a cashless settlement mechanism approved by the Borrower, the Administrative Agent and such Lender.

## 2.03 ~~[Reserved]~~ Letters of Credit

(a) General. Subject to the terms and conditions set forth herein, in addition to the Loans provided for in Section 2.01, the Borrower may request that the L/C Issuer, in reliance on the agreements of the Lenders set forth in this Section 2.03, issue, and the L/C Issuer may in its sole discretion elect to issue, at any time and from time to time during the Availability Period, Letters of Credit denominated in Dollars for its own account or the account of any of its Subsidiaries in such form as is acceptable to the Administrative Agent and the L/C Issuer in its reasonable determination. Letters of Credit issued hereunder shall constitute utilization of the Commitments.

(b) Notice of Issuance, Amendment, Extension, Reinstatement or Renewal. To request the issuance of a Letter of Credit (or the amendment of the terms and conditions, extension of the terms and conditions, extension of the expiration date, or reinstatement of amounts paid, or renewal of an outstanding Letter of Credit), the Borrower shall deliver (or transmit by electronic communication, if arrangements for doing so have been approved by the L/C Issuer) to the L/C Issuer and to the Administrative Agent not later than 11:00 a.m. at least two (2) Business Days (or such later date and time as the Administrative Agent and the L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be, a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, extended, reinstated or renewed, and specifying the date of issuance, amendment, extension, reinstatement or renewal (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with Section 2.03(d)), the amount of such Letter of Credit, the name and address of the beneficiary thereof, the purpose and nature of the requested Letter of Credit and such other information as shall be necessary to prepare, amend, extend, reinstate or renew such Letter of Credit. If requested by the L/C Issuer, the Borrower also shall submit a Letter of Credit Application and a reimbursement agreement on the L/C Issuer's standard form in connection with any request for a Letter of Credit. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any Letter of Credit Application, any reimbursement agreement, any other Issuer Document or other agreement submitted by the Borrower to, or entered into by the Borrower with, the L/C Issuer relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(c) Limitations on Amounts, Issuance and Amendment.

(i) A Letter of Credit may be issued, amended, extended, reinstated or renewed only if (and upon issuance, amendment, extension, reinstatement or renewal of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, extension, reinstatement or renewal (i) the aggregate L/C Obligations shall not exceed the Letter of Credit Sublimit, (ii) the Revolving Credit Exposure of any Lender shall not exceed its Commitment and (iii) the total Revolving Credit Exposures shall not exceed the total Commitments.

(ii) The L/C Issuer shall not be under any obligation to issue any Letter of Credit, including if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the L/C Issuer from issuing the Letter of Credit, or any Law applicable to the L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the L/C Issuer shall prohibit, or request that the L/C Issuer refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon the L/C Issuer with respect to the Letter of Credit any restriction, reserve or capital requirement (for which the L/C Issuer is not otherwise compensated hereunder) not in effect on the Second Amendment Effective Date, or shall impose upon the L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Second Amendment Effective Date and which the L/C Issuer in good faith deems material to it;

(B) the issuance of such Letter of Credit would violate one or more policies of the L/C Issuer applicable to letters of credit generally;

(C) except as otherwise agreed by the Administrative Agent and the L/C Issuer, the Letter of Credit is in an initial stated amount less than \$500,000;

(D) any Lender is at that time a Defaulting Lender, unless the L/C Issuer has entered into arrangements, including the delivery of Cash Collateral, satisfactory to the L/C Issuer (in its sole discretion) with the Borrower or such Lender to eliminate the L/C Issuer's actual or potential Fronting Exposure (after giving effect to Section 2.15(a)(iv)) with respect to the Defaulting Lender arising from either the Letter of Credit then proposed to be issued or that Letter of Credit and all other L/C Obligations as to which the L/C Issuer has actual or potential Fronting Exposure, as it may elect in its sole discretion; or

(E) the Letter of Credit contains any provisions for automatic reinstatement of the stated amount after any drawing thereunder.

(iii) The L/C Issuer shall be under no obligation to amend any Letter of Credit, including if (A) the L/C Issuer would have no obligation at such time to issue the Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of the Letter of Credit does not accept the proposed amendment to the Letter of Credit.

(d) Expiration Date. Each Letter of Credit shall have a stated expiration date no later than the earlier of (i) the date twelve months after the date of the issuance of such Letter of Credit



(or, in the case of any extension of the expiration date thereof, whether automatic or by amendment, twelve months after the then-current expiration date of such Letter of Credit) and (ii) the date that is five Business Days prior to the Extended Maturity Date.

(e) Participations.

(i) By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount or extending the expiration date thereof), and without any further action on the part of the L/C Issuer or the Lenders, the L/C Issuer hereby grants to each Lender, and each Lender hereby acquires from the L/C Issuer, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this Section 2.03(e)(i) in respect of Letters of Credit is absolute, unconditional and irrevocable and shall not be affected by any circumstance whatsoever, including any amendment, extension, reinstatement or renewal of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments. Each Lender further acknowledges and agrees that its participation in each Letter of Credit will be automatically adjusted to reflect such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit at each time such Lender's Commitment is amended pursuant to the operation of Section 2.14 or 2.15, as a result of an assignment in accordance with Section 10.06 or otherwise pursuant to this Agreement.

(ii) In consideration and in furtherance of the foregoing, upon receipt of any Non-Reimbursement Notice, each Lender hereby absolutely, unconditionally and irrevocably agrees to pay to the Administrative Agent, for account of the L/C Issuer, such Lender's Applicable Percentage of each L/C Disbursement made by the L/C Issuer not later than 1:00 p.m. on the Business Day specified in such Non-Reimbursement Notice, until such L/C Disbursement is reimbursed by the Borrower or at any time after any reimbursement payment is required to be refunded to the Borrower for any reason, including after the Maturity Date. Such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each such payment shall be made in the same manner as provided in Section 2.02 with respect to Loans made by such Lender (and Section 2.02 shall apply, mutatis mutandis, to the payment obligations of the Lenders pursuant to this Section 2.03(e)(ii)), and the Administrative Agent shall promptly pay to the L/C Issuer the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to Section 2.03(f), the Administrative Agent shall distribute such payment to the L/C Issuer or, to the extent that the Lenders have made payments pursuant to this Section 2.03(e)(ii) to reimburse the L/C Issuer, then to such Lenders and the L/C Issuer as their interests may appear. Any payment made by a Lender pursuant to this Section 2.03(e)(ii) to reimburse the L/C Issuer for any L/C Disbursement (other than, for the avoidance of doubt, any Loan made by a Lender pursuant to the first proviso set forth in Section 2.03(f)) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such L/C Disbursement.

(iii) If any Lender fails to make available to the Administrative Agent for the account of the L/C Issuer any amount required to be paid by such Lender pursuant to the provisions of Section 2.03(e)(ii), then, without limiting the other provisions of this Agreement, the L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period

from the date such payment is required to the date on which such payment is immediately available to the L/C Issuer at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the L/C Issuer in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the L/C Issuer in connection with the foregoing. A certificate of the L/C Issuer submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this Section 2.03(e)(iii) shall be conclusive absent manifest error.

(f) Reimbursement. If the L/C Issuer shall make any L/C Disbursement in respect of a Letter of Credit, the Borrower shall reimburse the L/C Issuer in respect of such L/C Disbursement by paying to the Administrative Agent an amount equal to such L/C Disbursement not later than 12:00 noon on (i) the Business Day that the Borrower receives notice of such L/C Disbursement, if such notice is received prior to 10:00 a.m. or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time; provided that, if such L/C Disbursement is not less than \$1,000,000, the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.02 that such payment be financed with a Borrowing of Base Rate Loans in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting Borrowing of Base Rate Loans. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Lender of the applicable L/C Disbursement, the payment then due from the Borrower in respect thereof (the "Unreimbursed Amount") and such Lender's Applicable Percentage thereof (each such notice, a "Non-Reimbursement Notice"). Promptly upon receipt of any Non-Reimbursement Notice, each Lender shall pay to the Administrative Agent its Applicable Percentage of the Unreimbursed Amount pursuant to Section 2.03(e)(ii), subject to the amount of the unutilized portion of the Aggregate Revolving Commitments. Any notice given by the L/C Issuer or the Administrative Agent pursuant to this Section 2.03(f) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(g) Obligations Absolute. The Borrower's obligation to reimburse L/C Disbursements as provided in Section 2.03(f) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of:

(i) any lack of validity or enforceability of this Agreement, any other Loan Document or any Letter of Credit, or any term or provision herein or therein;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that the Borrower or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement in such draft or other document being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) waiver by the L/C Issuer of any requirement that exists for the L/C Issuer's protection and not the protection of the Borrower or any waiver by the L/C Issuer which does not in fact materially prejudice the Borrower;

(v) honor of a demand for payment presented electronically even if such Letter of Credit required that demand be in the form of a draft;

(vi) any payment made by the L/C Issuer in respect of an otherwise complying item presented after the date specified as the expiration date of, or the date by which documents must be received under such Letter of Credit if presentation after such date is authorized by the Uniform Commercial Code or the ISP, as applicable;

(vii) payment by the L/C Issuer under a Letter of Credit against presentation of a draft or other document that does not comply strictly with the terms of such Letter of Credit; or any payment made by the L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(viii) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 2.03, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder.

(h) Examination. The Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Borrower's instructions or other irregularity, the Borrower will immediately notify the L/C Issuer. The Borrower shall be conclusively deemed to have waived any such claim against the L/C Issuer and its correspondents unless such notice is given as aforesaid.

(i) Liability. None of the Administrative Agent, the Lenders, the L/C Issuer, or any of their Related Parties shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit by the L/C Issuer or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in Section 2.03(g)), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms, any error in translation or any consequence arising from causes beyond the control of the L/C Issuer; provided that the foregoing shall not be construed to excuse the L/C Issuer from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable Law) suffered by the Borrower that are caused by the L/C Issuer's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the L/C Issuer (as finally determined by a court of competent jurisdiction), the L/C Issuer shall be deemed to have exercised care in each such determination, and that:

(i) the L/C Issuer may replace a purportedly lost, stolen, or destroyed original Letter of Credit or missing amendment thereto with a certified true copy marked as such or waive a requirement for its presentation;

(ii) the L/C Issuer may accept documents that appear on their face to be in substantial compliance with the terms of a Letter of Credit without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of documents that appear on their face to be in substantial compliance with the terms of such Letter of Credit and without regard to any non-documentary condition in such Letter of Credit;

(iii) the L/C Issuer shall have the right, in its sole discretion, to decline to accept such documents and to make such payment if such documents are not in strict compliance with the terms of such Letter of Credit; and

(iv) this sentence shall establish the standard of care to be exercised by the L/C Issuer when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof (and the parties hereto hereby waive, to the extent permitted by applicable Law, any standard of care inconsistent with the foregoing).

Without limiting the foregoing, none of the Administrative Agent, the Lenders, the L/C Issuer, or any of their Related Parties shall have any liability or responsibility by reason of (i) any presentation that includes forged or fraudulent documents or that is otherwise affected by the fraudulent, bad faith, or illegal conduct of the beneficiary or other Person, (ii) the L/C Issuer declining to take-up documents and make payment (A) against documents that are fraudulent, forged, or for other reasons by which that it is entitled not to honor or (B) following a Borrower's waiver of discrepancies with respect to such documents or request for honor of such documents or (iii) the L/C Issuer retaining proceeds of a Letter of Credit based on an apparently applicable attachment order, blocking regulation, or third-party claim notified to the L/C Issuer.

(j) Applicability of ISP; Limitation of Liability. Unless otherwise expressly agreed by the L/C Issuer and the Borrower when a Letter of Credit is issued by it, the rules of the ISP shall apply to each Letter of Credit. Notwithstanding the foregoing, the L/C Issuer shall not be responsible to the Borrower for, and the L/C Issuer's rights and remedies against the Borrower shall not be impaired by, any action or inaction of the L/C Issuer required or permitted under any law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the Law or any order of a jurisdiction where the L/C Issuer or the beneficiary is located, the practice stated in the ISP, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade - International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such law or practice.

(k) Benefits. The L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the L/C Issuer shall have all of the benefits and immunities (A) provided to the Administrative Agent in Article IX with respect to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in Article IX included the L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to the L/C Issuer.

(l) Letter of Credit Fees. The Borrower shall pay to the Administrative Agent for the account of each Lender in accordance, subject to Section 2.13, with its Applicable Percentage a Letter of Credit fee (the "Letter of Credit Fee") for each Letter of Credit equal to the Applicable Rate times the daily amount available to be drawn under such Letter of Credit. For purposes of

computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. Letter of Credit Fees shall be (i) due and payable on the first Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Maturity Date and thereafter on demand and (ii) computed on a quarterly basis in arrears. If there is any change in the Applicable Rate during any quarter, the daily amount available to be drawn under each Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect. Notwithstanding anything to the contrary contained herein, upon the request of the Required Lenders, while any Event of Default exists, all Letter of Credit Fees shall accrue at the Default Rate.

(m) Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer. The Borrower shall pay directly to the L/C Issuer for its own account a fronting fee with respect to each Letter of Credit, at the rate per annum equal to the amount set forth in the Fee Letter, computed on the daily amount available to be drawn under such Letter of Credit on a quarterly basis in arrears. Such fronting fee shall be due and payable on the first Business Day after the end of each March, June, September and December in respect of the most recently-ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such Letter of Credit, on the Maturity Date and thereafter on demand. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. In addition, the Borrower shall pay directly to the L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(n) Disbursement Procedures. The L/C Issuer for any Letter of Credit shall, within the time allowed by applicable Laws or the specific terms of the Letter of Credit following its receipt thereof, examine all documents purporting to represent a demand for payment under such Letter of Credit. The L/C Issuer shall promptly after such examination notify the Administrative Agent and the Borrower in writing of such demand for payment if the L/C Issuer has made or will make an L/C Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the L/C Issuer and the Lenders with respect to any such L/C Disbursement.

(o) Interim Interest. If the L/C Issuer for any Letter of Credit shall make any L/C Disbursement, then, unless the Borrower shall reimburse such L/C Disbursement in full on the date such L/C Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such L/C Disbursement is made to but excluding the date that the Borrower reimburses such L/C Disbursement, at the rate per annum then applicable to Base Rate Loans; provided that if the Borrower fails to reimburse such L/C Disbursement when due pursuant to Section 2.03(f), then Section 2.08(b) shall apply. Interest accrued pursuant to this Section 2.03(o) shall be for account of the L/C Issuer, except that interest accrued on and after the date of payment by any Lender pursuant to Section 2.03(f) to reimburse the L/C Issuer shall be for account of such Lender to the extent of such payment.

(p) Replacement of the L/C Issuer. The L/C Issuer may be replaced at any time by written agreement between the Borrower, the Administrative Agent, the replaced L/C Issuer and the successor L/C Issuer. The Administrative Agent shall notify the Lenders of any such replacement of the L/C Issuer. At the time any such replacement shall become effective, the

Borrower shall pay all unpaid fees accrued for the account of the replaced L/C Issuer. From and after the effective date of any such replacement, (i) the successor L/C Issuer shall have all the rights and obligations of the L/C Issuer under this Agreement with respect to Letters of Credit to be issued by it thereafter and (ii) references herein to the term "L/C Issuer" shall be deemed to include such successor or any previous L/C Issuer, or such successor and all previous L/C Issuers, as the context shall require. After the replacement of the L/C Issuer hereunder, the replaced L/C Issuer shall remain a party hereto and shall continue to have all the rights and obligations of the L/C Issuer under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(q) Cash Collateralization.

(i) If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with L/C Obligations representing at least 50% of the total L/C Obligations) demanding the deposit of Cash Collateral pursuant to this Section 2.03(q), the Borrower shall promptly within three (3) Business Days deposit into an account established and maintained on the books and records of the Administrative Agent (the "Collateral Account") an amount in cash equal to 102% of the total L/C Obligations as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such Cash Collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default described in Section 8.01(f) or 8.01(g). Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. In addition, and without limiting the foregoing or Section 2.03(d), if any L/C Obligations remain outstanding after the expiration date specified in Section 2.03(d), the Borrower shall promptly within three (3) Business Days deposit into the Collateral Account an amount in cash equal to 102% of the total L/C Obligations as of such date plus any accrued and unpaid interest thereon.

(ii) The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over the Collateral Account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in the Collateral Account. Cash Collateral in the Collateral Account shall be applied by the Administrative Agent to reimburse the L/C Issuer for L/C Disbursements for which it has not been reimbursed, together with related fees, costs, and customary processing charges, and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the L/C Obligations at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with L/C Obligations representing 50% of the total L/C Obligations), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of Cash Collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

(r) Letters of Credit Issued for Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary, the Borrower shall be obligated to reimburse, indemnify and compensate the L/C Issuer hereunder for any and all drawings under such Letter of Credit as if such Letter of Credit had been issued solely for the account of the Borrower. The Borrower irrevocably waives any and all defenses that might otherwise be available to it as a guarantor or surety of any or all of the obligations of such Subsidiary in respect of such Letter of Credit. The Borrower hereby acknowledges that the issuance of Letters of Credit for the account of Subsidiaries inures to the benefit of the Borrower, and that the Borrower's business derives substantial benefits from the businesses of such Subsidiaries.

(s) Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

2.04 [Reserved].

2.05 Prepayments.

(a) ~~Voluntary Prepayments~~—The Borrower may, upon delivery of a Notice of Loan Prepayment from the Borrower to the Administrative Agent, at any time or from time to time voluntarily prepay Revolving Loans in whole or in part without premium or penalty; provided that (A) such notice must be in a form acceptable to the Administrative Agent and be received by the Administrative Agent not later than 11:00 a.m. (1) three Business Days prior to any date of prepayment of Eurodollar Rate Loans and (2) on the date of prepayment of Base Rate Loans; (B) any such prepayment of Eurodollar Rate Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding); and (C) any prepayment of Base Rate Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$500,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding). Each such notice shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid and, if Eurodollar Rate Loans are to be prepaid, the Interest Period(s) of such Loans. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Applicable Percentage of such prepayment. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Aggregate Revolving Commitments as contemplated by Section 2.06, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.06. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Subject to Section 2.15, each such prepayment shall be applied to the Loans of the Lenders in accordance with their respective Applicable Percentages.

(b) ~~[Reserved]~~ If for any reason the Total Revolving Outstandings at any time exceed the Aggregate Revolving Commitments then in effect, the Borrower shall immediately prepay Loans and/or promptly within three (3) Business Days Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess; provided, however, that the Borrower shall not be required to Cash Collateralize the L/C Obligations pursuant to this Section 2.05(b) unless after the prepayment in full of the Loans the Total Revolving Outstandings exceed the Aggregate Revolving Commitments then in effect.

## 2.06 Termination or Reduction of Aggregate Revolving Commitments.

The Borrower may, upon notice to the Administrative Agent, terminate the Aggregate Revolving Commitments, or from time to time permanently reduce the Aggregate Revolving Commitments; provided that (i) any such notice shall be received by the Administrative Agent not later than 11:00 a.m. three Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of \$5,000,000 or any whole multiple of \$1,000,000 in excess thereof, ~~and~~ (iii) the Borrower shall not terminate or reduce the Aggregate Revolving Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Revolving Outstandings would exceed the Aggregate Revolving Commitments, and (iv) if, after giving effect to any reduction of the Aggregate Revolving Commitments, the Letter of Credit Sublimit exceeds the amount of the Aggregate Revolving Commitments, the Letter of Credit Sublimit shall be automatically reduced by the amount of such excess. The Administrative Agent will promptly notify the Lenders of any such notice of termination or reduction of the Aggregate Revolving Commitments. Any reduction of the Aggregate Revolving Commitments shall be applied to the Revolving Commitment of each Lender according to its Applicable Percentage except as set forth below. All fees accrued until the effective date of any termination of the Aggregate Revolving Commitments shall be paid on the effective date of such termination.

Notwithstanding the foregoing, (A) a notice of termination of the Aggregate Revolving Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied and (B) if there are any Non-Extending Lenders as of the Original Maturity Date, (1) the Aggregate Revolving Commitments shall automatically be reduced on such date on a non-pro rata basis by the amount of Revolving Commitments of such Non-Extending Lenders and (2) the Revolving Commitments of such Non-Extending Lenders shall automatically terminate on such date.

## 2.07 Repayment of Loans.

(a) The Borrower shall repay to (i) the Non-Extending Lenders, on the Original Maturity Date, the aggregate principal amount of all Loans and all other Obligations outstanding owing to the Non-Extending Lenders on such date and (ii) the Lenders (other than the Non-Extending Lenders), on the Extended Maturity Date, the aggregate principal amount of all Loans and all other Obligations outstanding on such date.

(b) In the event a Change of Control occurs, (i) the Borrower shall promptly thereafter, without duplication, (A) repay to the Lenders the aggregate principal amount of all Loans and all other Obligations outstanding on such date, and (B) the Borrower shall Cash Collateralize all L/C Obligations (in an amount equal to the Minimum Collateral Amount with respect thereto); and (ii) the Commitments of each Lender shall be terminated.

## 2.08 Interest.

(a) Subject to the provisions of subsection (b) below, (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the sum of the Eurodollar Rate for such Interest Period plus the Applicable Rate and (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the sum of the Base Rate plus the Applicable Rate.



(b) (i) If any amount of principal of any Loan is not paid when due, whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) If any amount (other than principal of any Loan) payable by the Borrower under any Loan Document is not paid when due, whether at stated maturity, by acceleration or otherwise, then upon the request of the Required Lenders, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iii) Upon the request of the Required Lenders, while any Event of Default exists (other than as set forth in clauses (b)(i) and (b)(ii) above), the Borrower shall pay interest on the principal amount of all outstanding Obligations hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iv) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

## 2.09 Fees.

### In addition to certain fees described in Section 2.03(l) and (m):

(a) Commitment Fee. The Borrower shall pay to the Administrative Agent, for the account of each Lender in accordance with its Applicable Percentage, a commitment fee equal to the product of (i) the Applicable Rate ~~times~~ (ii) the actual daily amount by which the Aggregate Revolving Commitments exceed the sum of (A) the Outstanding Amount of Revolving Loans and (B) the Outstanding Amount of L/C Obligations, subject to adjustment as provided in Section 2.15. The commitment fee shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article IV is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the last day of the Availability Period. The commitment fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(b) Other Fees. The Borrower shall pay to the Lenders such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified, including, without limitation, as set forth in the Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

## 2.10 Computation of Interest and Fees.

All computations of interest for Base Rate Loans (including Base Rate Loans determined by reference to the Eurodollar Rate) shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

## 2.11 Evidence of Debt.

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a promissory note, which shall evidence such Lender's Loans in addition to such accounts or records. Each such promissory note shall be in the form of Exhibit 2.11 (a "Note"). Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in Section 2.11(a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

## 2.12 Payments Generally; Administrative Agent's Clawback; etc.

(a) ~~(a)~~ General. All payments to be made by the Borrower shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 2:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be

made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

~~(b)~~ ~~(b)~~ (i) Funding by Lenders: Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing of Eurodollar Rate Loans (or, in the case of any Borrowing of Base Rate Loans, prior to 12:00 noon on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 (or, in the case of a Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing, and (B) in the case of a payment to be made by the Borrower, the interest rate applicable to Base Rate Loans. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(i) Payments by Borrower: Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the L/C Issuer hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the L/C Issuer, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the L/C Issuer, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or the L/C Issuer, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

~~(c)~~ ~~(b)~~ Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing

provisions of this Article II, and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) ~~(e)~~ Obligations of Lenders Several. The obligations of the Lenders hereunder to make Loans, to fund participations in Letters of Credit and to make payments pursuant to Section 11.04(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any payment under Section 11.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 11.04(c).

(e) ~~(f)~~ Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

## 2.13 Sharing of Payments by Lenders.

If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans made by it, or the participations in L/C Obligations held by it, resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Loans or participations and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and subparticipations in L/C Obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (A) any payment made by or on behalf of the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender) ~~or~~, (B) the application of Cash Collateral provided for in Section 2.14, or (C) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or subparticipations in L/C Obligations to any assignee or participant, other than an assignment to the Borrower or any Subsidiary (as to which the provisions of this Section shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

Notwithstanding anything in this Section 2.13 to the contrary, the Lenders agree that any Non-Extending Lender may be repaid the outstanding Obligations owed to it on the Original Maturity Date on a non-pro rata basis.

**2.14** ~~[Reserved]~~ Cash Collateral

(a) Obligation to Cash Collateralize. At any time that there shall exist a Defaulting Lender, within one Business Day following the written request of the Administrative Agent or the L/C Issuer (with a copy to the Administrative Agent), the Borrower shall Cash Collateralize the L/C Issuer's Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to Section 2.15(a)(iv) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the Minimum Collateral Amount.

(b) Grant of Security Interest. The Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to (and subjects to the control of) the Administrative Agent, for the benefit of the Administrative Agent, the L/C Issuer and the Lenders, and agrees to maintain, a first priority security interest in all such cash, deposit accounts and all balances therein, and all other property so provided as collateral pursuant hereto, and in all proceeds of the foregoing, all as security for the obligations to which such Cash Collateral may be applied pursuant to Section 2.14(c). If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent or the L/C Issuer as herein provided, or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Borrower will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (determined in the case of Cash Collateral provided pursuant to Section 2.15(a)(v), after giving effect to Section 2.15(a)(v) and any Cash Collateral provided by the Defaulting Lender). All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in one or more Collateral Accounts at Bank of America. The Borrower shall pay on demand therefor from time to time all customary account opening, activity and other administrative fees and charges in connection with the maintenance and disbursement of Cash Collateral.

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section 2.14 or Sections 2.03, 2.05, 2.15 or 8.02 in respect of Letters of Credit shall be held and applied to the satisfaction of the specific L/C Obligations, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(d) Release. Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or to secure other obligations shall be released promptly following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee following compliance with Section 11.06(b)(vi))) or (ii) the determination by the Administrative Agent and the L/C Issuer that there exists excess Cash Collateral; provided, however, (x) the Person providing Cash Collateral and the L/C Issuer may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

2.15 Defaulting Lenders.

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "Required Lenders" and Section 11.01.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 11.08 shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the L/C Issuer hereunder; third, to Cash Collateralize the L/C Issuer's Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.14; fourth, as the Borrower may request (so long as no Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; thirdfifth, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement; fourth and (y) Cash Collateralize the L/C Issuer's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.14; sixth, to the payment of any amounts owing to the Lenders or the L/C Issuer as a result of any judgment of a court of competent jurisdiction obtained by any Lender or the L/C Issuer against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; fifthseventh, so long as no Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and sixtheighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction: provided that if (x) such payment is a payment of the principal amount of any Loans or Unreimbursed Amounts in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Obligations owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Obligations owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in L/C Obligations are held by the Lenders pro rata in accordance with the Commitments hereunder without giving effect to Section 2.15(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.15(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) No Defaulting Lender shall be entitled to receive any fee payable under Section 2.09(a) for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive Letter of Credit Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Applicable Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.14.

(C) With respect to any Letter of Credit Fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrower shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in L/C Obligations that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to the L/C Issuer the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such L/C Issuer's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee

(iv) Reallocation of Applicable Percentages to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in L/C Obligations shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Applicable Percentages (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that such reallocation does not cause the aggregate Revolving Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment. Subject to Section 11.19, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral. If the reallocation described in Section 2.15(a)(iv) cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under applicable Law, Cash Collateralize the L/C Issuer's Fronting Exposure in accordance with the procedures set forth in Section 2.14.

(b) Defaulting Lender Cure. If the Borrower ~~and~~ the Administrative Agent and the L/C Issuer agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit to be held on a pro rata basis by the Lenders in accordance with their ~~Applicable Percentages~~ Commitments (without giving effect to Section 2.15(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; ~~provided~~ that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; ~~and provided, further, that;~~ except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) New Letters of Credit. So long as any Lender is a Defaulting Lender, the L/C Issuer shall not be required to issue, extend, increase, reinstate or renew any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

### ARTICLE III

#### TAXES, YIELD PROTECTION AND ILLEGALITY

##### 3.01 Taxes.

(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.

(i) Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the Administrative Agent) require the deduction or withholding of any Tax from any such payment by the Administrative Agent or a Loan Party, then the Administrative Agent or such Loan Party shall be entitled to make such deduction or withholding, upon the basis of the information and documentation to be delivered pursuant to subsection (e) below.

(ii) If any Loan Party or the Administrative Agent shall be required by the Internal Revenue Code to withhold or deduct any Taxes, including both United States Federal backup withholding and withholding taxes, from any payment, then (A) the Administrative Agent shall withhold or make such deductions as are determined by the Administrative Agent to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) the Administrative Agent shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the Internal Revenue Code, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Loan Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(iii) If any Loan Party or the Administrative Agent shall be required by any applicable Laws other than the Internal Revenue Code to withhold or deduct any Taxes from any payment, then (A) such Loan Party or the Administrative Agent, as required by such Laws, shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) such Loan Party or the Administrative Agent, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Loan Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.



(b) Payment of Other Taxes by the Loan Parties. Without limiting the provisions of subsection (a) above, the Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable Laws, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Tax Indemnifications. (i) Each of the Loan Parties shall, and does hereby, jointly and severally indemnify each Recipient, and shall make payment in respect thereof within ten days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.01) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error. Each of the Loan Parties shall, and does hereby, jointly and severally indemnify the Administrative Agent, and shall make payment in respect thereof within ten days after demand therefor, for any amount which a Lender for any reason fails to pay indefeasibly to the Administrative Agent as required pursuant to Section 3.01(c)(ii) below.

(ii) Each Lender shall, and does hereby, severally indemnify, and shall make payment in respect thereof within 10 days after demand therefor, (x) the Administrative Agent against any Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (y) the Administrative Agent and the Loan Parties, as applicable, against any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.06(d) relating to the maintenance of a Participant Register and (z) the Administrative Agent and the Loan Parties, as applicable, against any Excluded Taxes attributable to such Lender that are payable or paid by the Administrative Agent or a Loan Party in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this clause (ii).

(d) Evidence of Payments. As soon as practicable, after any payment of Taxes by any Loan Party to a Governmental Authority as provided in this Section 3.01, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Status of Lenders; Tax Documentation.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested

by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.01(e)(ii)(A), 3.01(e)(ii)(B) and 3.01(e)(ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN-E (or W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN-E (or W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Internal Revenue Code, (x) a certificate substantially in the form of Exhibit 3.01-A to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B)

of the Internal Revenue Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Internal Revenue Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN-E (or W-8BEN, as applicable); or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E (or W-8BEN, as applicable), a U.S. Tax Compliance Certificate substantially in the form of Exhibit 3.01-B or Exhibit 3.01-C, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit 3.01-D on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by Law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), “FATCA” shall include any amendments made to FATCA after the Closing Date.

(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.01 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(f) Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender or the L/C Issuer, or have any obligation to pay to any Lender or the L/C Issuer, any refund

of Taxes withheld or deducted from funds paid for the account of such Lender or the L/C Issuer, as the case may be. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section 3.01, it shall pay to the Loan Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by a Loan Party under this Section 3.01 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Loan Party, upon the request of the Recipient, agrees to repay the amount paid over to the Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to the Loan Party pursuant to this subsection the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This subsection shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Loan Party or any other Person.

(g) Survival. Each party's obligations under this Section 3.01 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender or the L/C Issuer, the termination of the Aggregate Revolving Commitments and the repayment, satisfaction or discharge of all other Obligations.

### **3.02 Illegality.**

If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its Lending Office to perform any of its obligations hereunder or make, maintain or fund or charge interest with respect to any Credit Extensions or to determine or charge interest rates based upon the Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, (i) any obligation of such Lender to issue, make, maintain, fund or charge interest with respect to any such Credit Extension or continue Eurodollar Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended and (ii) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the Eurodollar Rate component of the Base Rate, the interest rate on which Base Rate Loans of such Lender, shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the Base Rate, in each case until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans and (y) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the Eurodollar Rate, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Eurodollar Rate

component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the Eurodollar Rate. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

### 3.03 Inability to Determine Rates.

(a) If in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof, (i) the Administrative Agent determines that (A) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Eurodollar Rate Loan, or (B) (1) adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan or in connection with an existing or proposed Base Rate Loan and (2) the circumstances described in Section 3.07(a) do not apply (in each case with respect to clause (i), “Impacted Loans”), or (ii) the Administrative Agent or the Required Lenders determine that for any reason the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Eurodollar Rate Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended (to the extent of the affected Eurodollar Rate Loans or Interest Periods), and (y) in the event of a determination described in the preceding sentence with respect to the Eurodollar Rate component of the Base Rate, the utilization of the Eurodollar Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans (to the extent of the affected Eurodollar Rate Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

(b) Notwithstanding the foregoing, if the Administrative Agent has made the determination described in clause (a)(i) of this Section, the Administrative Agent, in consultation with the Borrower and the affected Lenders, may establish an alternative interest rate for the Impacted Loans, in which case, such alternative rate of interest shall apply with respect to the Impacted Loans until (1) the Administrative Agent revokes the notice delivered with respect to the Impacted Loans under clause (a)(i) of this Section, (2) the Administrative Agent or the Required Lenders notify the Borrower that such alternative interest rate does not adequately and fairly reflect the cost to such Lenders of funding the Impacted Loans, or (3) any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender or its applicable Lending Office to make, maintain or fund Loans whose interest is determined by reference to such alternative rate of interest or to determine or charge interest rates based upon such rate or any Governmental Authority has imposed material restrictions on the authority of such Lender to do any of the foregoing and provides the Administrative Agent and the Borrower written notice thereof.

### 3.04 Increased Costs; Reserves on Eurodollar Rate Loans.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with

or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by Section 3.04(d)) or the L/C Issuer;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the L/C Issuer or the London interbank market any other condition, cost or expense affecting this Agreement or Eurodollar Rate Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting to, continuing or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or the L/C Issuer of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or the L/C Issuer (whether of principal, interest or any other amount) then, upon request of such Lender or the L/C Issuer, the Borrower will pay to such Lender or the L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the L/C Issuer, as the case may be, for such additional costs incurred or reduction suffered.

(b) **Capital Requirements.** If any Lender or the L/C Issuer determines that any Change in Law affecting such Lender or the L/C Issuer or any Lending Office of such Lender or such Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or the L/C Issuer's capital or on the capital of such Lender's or the L/C Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by or the L/C Issuer, to a level below that which such Lender or the L/C Issuer or such Lender's or the L/C Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the L/C Issuer's policies and the policies of such Lender's or the L/C Issuer's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or the L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the L/C Issuer or such Lender's or the L/C Issuer's holding company for any such reduction suffered.

(c) **Certificates for Reimbursement.** A certificate of a Lender or the L/C Issuer setting forth the amount or amounts necessary to compensate such Lender or the L/C Issuer or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender or the L/C Issuer the amount shown as due on any such certificate within ten days after receipt thereof.

(d) **Reserves on Eurodollar Rate Loans.** The Borrower shall pay to each Lender, as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional interest on the unpaid principal amount of each Eurodollar Rate Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such Loan, provided the Borrower shall have received at least ten (10) days' prior notice (with a copy to the Administrative Agent) of such additional interest or costs from such Lender. If a Lender fails to give notice ten (10) days prior to the relevant Interest

Payment Date, such additional interest shall be due and payable ten (10) days from receipt of such notice.

(e) Delay in Requests. Failure or delay on the part of any Lender or the L/C Issuer to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's or the L/C Issuer's right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender or the L/C Issuer pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender or the L/C Issuer, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the L/C Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

### **3.05 Compensation for Losses.**

Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

- (a) any continuation, conversion, payment or prepayment of any Eurodollar Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);
- (b) any failure by the Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Eurodollar Rate Loan on the date or in the amount notified by the Borrower; or
- (c) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 11.13;

including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained (but excluding any loss of anticipated profits). The Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrower to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Rate used in determining the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

### **3.06 Mitigation Obligations; Replacement of Lenders.**

(a) Designation of a Different Lending Office. Each Lender may make any Credit Extension to the Borrower through any Lending Office, provided that the exercise of this option shall not affect the obligation of the Borrower to repay the Credit Extension in accordance with the terms of this Agreement. If any Lender requests compensation under Section 3.04, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender, the L/C Issuer, or any Governmental Authority for the account of any Lender or the L/C Issuer pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then at the request of the Borrower such Lender or the L/C Issuer, as applicable, shall use reasonable efforts to designate a different

Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender or the L/C Issuer, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender or the L/C Issuer to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or the L/C Issuer, as the case may be. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender or the L/C Issuer in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 3.06(a), the Borrower may replace such Lender in accordance with Section 11.13.

### 3.07 LIBOR Successor Rate.

Notwithstanding anything to the contrary in this Agreement or any other Loan Document, but without limiting Sections 3.03(a) and (b), if the Administrative Agent determines (which determination shall be conclusive and binding upon all parties thereto absent manifest error), or the Borrower or the Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to Borrower) that the Borrower or the Required Lenders (as applicable) have determined (which determination likewise shall be conclusive and binding upon all parties hereto absent manifest error), that:

(a) ~~(a)~~ adequate and reasonable means do not exist for ascertaining LIBOR for any requested Interest Period, including because the LIBOR Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(b) ~~(b)~~ the administrator of the LIBOR Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which LIBOR or the LIBOR Screen Rate shall no longer be made available, or used for determining the interest rate of loans in Dollars; provided, that, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent, that will continue to provide LIBOR after such specific date (such specific date, the “Scheduled Unavailability Date”); or

(c) ~~(c)~~ syndicated loans currently being executed, or that include language similar to that contained in this Section 3.07, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR;

then, reasonably promptly after such determination by the Administrative Agent or receipt by the Administrative Agent of such notice, as applicable, the Administrative Agent and the Borrower may amend this Agreement to replace LIBOR with an solely for purpose of replacing LIBOR in accordance with this Section 3.07 with (x) one or more SOFR-Based Rates or (y) another alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein), giving due consideration to any evolving or then existing convention for similar ~~Dollar-denominated~~ Dollar denominated syndicated credit facilities for such alternative benchmarks and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar Dollar denominated syndicated credit facilities for such benchmarks which adjustment or method for calculating such adjustment shall be published on an information service as



selected by the Administrative Agent from time to time in its reasonable discretion and may be periodically updated (the "Adjustment;" and any such proposed rate, a "LIBOR Successor Rate"), together with any proposed LIBOR Successor Rate Conforming Changes and any such amendment shall become effective at 5:00 p.m. on the fifth (5<sup>th</sup>) Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders (A) in the case of an amendment to replace LIBOR with a rate described in clause (x), object to the Adjustment; or (B) in the case of an amendment to replace LIBOR with a rate described in clause (y), object to such amendment; provided, that, for the avoidance of doubt, in the case of clause (A), the Required Lenders ~~do not accept such amendment~~ shall not be entitled to object to any SOFR-Based Rate contained in any such amendment. Such LIBOR Successor Rate shall be applied in a manner consistent with market practice; provided, that, to the extent such market practice is not administratively feasible for the Administrative Agent, such LIBOR Successor Rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

If no LIBOR Successor Rate has been determined and the circumstances under clause (a) above exist or the Scheduled Unavailability Date has occurred (as applicable), the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, (i) the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended (to the extent of the affected Eurodollar Rate Loans or Interest Periods), and (ii) the Eurodollar Rate component shall no longer be utilized in determining the Base Rate. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans (to the extent of the affected Eurodollar Rate Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans (subject to the foregoing clause (ii)) in the amount specified therein.

Notwithstanding anything else herein, any definition of LIBOR Successor Rate shall provide that in no event shall such LIBOR Successor Rate be less than zero for purposes of this Agreement.

In connection with the implementation of a LIBOR Successor Rate, the Administrative Agent will have the right to make LIBOR Successor Rate Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such LIBOR Successor Rate Conforming Changes will become effective without any further action or consent of any other party to this Agreement; provided, that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such LIBOR Successor Conforming Changes to the Lenders reasonably promptly after such amendment becomes effective.

### **3.08 Survival.**

All of the Loan Parties' obligations under this Article III shall survive termination of the Aggregate Revolving Commitments, repayment of all other Obligations hereunder, and resignation of the Administrative Agent.

## ARTICLE IV

### CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

#### 4.01 Conditions of Initial Credit Extension.

This Agreement shall become effective upon, and the obligation of each Lender and the L/C Issuer to make its initial Credit Extension hereunder is subject to, the satisfaction of the following conditions precedent:

(a) Documentation. Receipt by the Administrative Agent of the following, each in form and substance satisfactory to the Administrative Agent and each Lender:

(i) Loan Documents. Executed counterparts of this Agreement and the other Loan Documents, each properly executed by a Responsible Officer of the signing Loan Party and, in the case of this Agreement, by each Lender.

(ii) Opinions of Counsel. Favorable opinions of legal counsel to the Loan Parties, addressed to the Administrative Agent and each Lender, dated as of the Closing Date.

(iii) Organization Documents, Resolutions, Etc.

(A) copies of the Organization Documents of each Loan Party certified to be true and complete as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its incorporation or organization, where applicable, and certified by a secretary or assistant secretary of such Loan Party to be true and correct as of the Closing Date;

(B) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party; and

(C) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and is validly existing, in good standing and qualified to engage in business in its state of organization or formation.

(iv) Audited Financial Statements. The Audited Financial Statements.

(v) Interim Consolidated Financial Statements. The interim consolidated financial statements of the Borrower and its Subsidiaries for the fiscal quarters ending March 31, 2018, June 30, 2018 and, if available, September 30, 2018.

(vi) Standalone Financial Statements. Standalone financial statements of the Borrower and its Subsidiaries, excluding Newmark, for the fiscal years ended 2015, 2016 and 2017, and the fiscal quarters ending March 31, 2018, June 30, 2018 and, if available, September 30, 2018 (including comparative figures for the corresponding fiscal quarter of the fiscal year ended 2017).

(vii) Pro Forma Balance Sheet. A pro forma balance sheet of the Borrower and its Subsidiaries, excluding Newmark, as of September 30, 2018, prepared after giving effect to the Newmark Spinoff.

(viii) Closing Certificate. A certificate signed by a Responsible Officer of the Borrower certifying that (A) the conditions specified in Sections 4.01(b) and (c) and 4.02(a) and 4.02(b) have been satisfied and (B) that there has been no event or circumstance since the date of the Audited Financial Statements that has had or would be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect.

(b) Litigation. Other than as disclosed in the Borrower's SEC filings filed at least five (5) Business Days prior to the Closing Date or as set forth on Schedule 5.06, there shall not exist any action, suit, investigation or proceeding pending or, to the knowledge of the Borrower, threatened in any court or before an arbitrator or Governmental Authority that could reasonably be expected to have a Material Adverse Effect.

(c) Consents. All governmental, shareholder and third party consents and approvals necessary in connection with the transactions contemplated hereby shall have been obtained and all such consents and approvals shall be in force and effect.

(d) Existing Credit Agreement. Receipt by the Administrative Agent of evidence that all obligations under that certain Credit Agreement dated as of September 8, 2017 among the Borrower, Newmark, the guarantors party thereto, the lenders party thereto and Bank of America, as administrative agent, have been paid in full and all commitments thereunder terminated.

(e) Due Diligence; PATRIOT Act; Beneficial Ownership. The Administrative Agent and each Lender shall have completed a due diligence investigation of the Borrower and its Subsidiaries in scope, and with results, reasonably satisfactory to the Administrative Agent and such Lender, including, OFAC, the United States Foreign Corrupt Practices Act of 1977 and "know your customer" due diligence. The Borrower shall have provided to the Administrative Agent and the Lenders the documentation and other customary information reasonably requested by the Administrative Agent and the Lenders in order to comply with applicable law, including the Act. If the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, the Administrative Agent and each Lender, to the extent requested by the Administrative Agent or such Lender, shall have received a Beneficial Ownership Certification in relation to the Borrower.

(f) Fees. Receipt by the Administrative Agent, the Arrangers and the Lenders of any fees required to be paid on or before the Closing Date, including, but not limited to, the fees set forth in the Fee Letter.

(g) Attorney Costs. The Borrower shall have paid all reasonable fees, charges and disbursements of counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent invoiced prior to or on the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Administrative Agent).

Without limiting the generality of the provisions of the last paragraph of Section 9.03, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this

Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

**4.02** Conditions to all Credit Extensions.

The obligation of each Lender to honor any Request for Credit Extension (other than a Loan Notice requesting only a conversion of Loans to the other Type, or a continuation of Eurodollar Rate Loans) is subject to the following conditions precedent:

(a) The representations and warranties of each Loan Party contained in Article V or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (other than those representations and warranties qualified by materiality or Material Adverse Effect, in which case they shall be true and correct in all respects) on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (other than those representations and warranties qualified by materiality or Material Adverse Effect, in which case they shall be true and correct in all respects) as of such earlier date.

(b) No Default shall exist, or would result from such proposed Credit Extension or from the immediate application of the proceeds thereof (if applicable) and the Borrower shall be in compliance with Section 7.11 as of the end of the most recently fiscal quarter for which financial statements have been delivered pursuant to Section 6.01 after giving effect to the proviso in the definition of Consolidated EBITDA.

(c) The Administrative Agent and, if applicable, the L/C Issuer shall have received a Request for Credit Extension in accordance with the requirements hereof.

Each Request for Credit Extension (other than a Loan Notice requesting only a conversion of Loans to the other Type, or a continuation of Eurodollar Rate Loans) submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a) and (b) have been satisfied on and as of the date of the applicable Credit Extension.

**ARTICLE V**

**REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants to the Administrative Agent and the Lenders that:

**5.01** Existence, Qualification and Power.

(a) Each Loan Party and each Significant Subsidiary (i) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (ii) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (A) own or lease its assets and carry on its business and (B) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (iii) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in

clause (ii)(A) or (iii), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Each Subsidiary (other than a Significant Subsidiary) (i) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (ii) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to own or lease its assets and carry on its business and (iii) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

#### **5.02 Authorization; No Contravention.**

The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is party have been duly authorized by all necessary corporate or other organizational action, and do not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Law.

#### **5.03 Governmental Authorization; Other Consents.**

No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document other than those that have already been obtained and are in full force and effect.

#### **5.04 Binding Effect.**

Each Loan Document has been duly executed and delivered by each Loan Party that is party thereto. Each Loan Document constitutes a legal, valid and binding obligation of each Loan Party that is party thereto, enforceable against each Loan Party that is party thereto in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

#### **5.05 Financial Statements; No Material Adverse Effect.**

(a) The financial statements delivered pursuant to Sections 6.01(a) and 6.01(b) (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present the financial condition of the Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein (subject, in the case of unaudited financial statements, to the absence of footnotes and to normal year-end audit adjustments); and (iii) show all material indebtedness and other liabilities, direct or contingent, of the Borrower and its Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Indebtedness.

(b) The Audited Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present the financial condition of the Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby (subject, in the case of unaudited financial statements, to the absence of footnotes and to normal year-end audit adjustments); and (iii) show all material indebtedness and other liabilities, direct or contingent, of the Borrower and its Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Indebtedness.

(c) Since December 31, ~~2017~~2018, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

**5.06** Litigation.

Other than as disclosed in the ~~Borrower's SEC filings filed at least five (5) Business Days prior to the Closing Date~~ audited financial statements of the Borrower for the fiscal year ending December 31, 2018 or as set forth on Schedule 5.06, ~~(a) there are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of a Loan Party, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against any Loan Party or any Subsidiary that, or against any of their properties or revenues, that (a) pertain to this Agreement or any other Loan Document or (b) there are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of a Loan Party, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against any Loan Party or any Subsidiary or against any of their properties or revenues that~~ could reasonably be expected to have a Material Adverse Effect.

**5.07** No Default.

No Default has occurred and is continuing.

**5.08** Ownership of Property.

Each Loan Party and each of its Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**5.09** Taxes.

Each Loan Party and its Subsidiaries have filed all federal, state and other material tax returns and reports required to be filed, and have paid all federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except (a) those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect. There is no proposed tax assessment against any Loan Party or any Subsidiary that would, if made, have a Material Adverse Effect. Other than as set forth on Schedule 5.09, no Loan Party is party to any tax sharing agreement with anyone.

## 5.10 ERISA Compliance.

(a) Except as would not reasonably be expected to have a Material Adverse Effect: (i) each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Internal Revenue Code and other federal or state Laws; (ii) each Pension Plan that is intended to be a qualified plan under Section 401(a) of the Internal Revenue Code has received a favorable determination letter from the IRS to the effect that the form of such Plan is qualified under Section 401(a) of the Internal Revenue Code and the trust related thereto has been determined by the IRS to be exempt from federal income tax under Section 501(a) of the Internal Revenue Code, or an application for such a letter is currently being processed by the IRS; and (iii) to the best knowledge of a Loan Party, nothing has occurred that would reasonably be expected to prevent or cause the loss of such tax-qualified status.

(b) There are no pending or, to the knowledge of any Loan Party, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that would reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or would reasonably be expected to result in a Material Adverse Effect.

(c) Except as would not reasonably be expected to have a Material Adverse Effect: (i) No ERISA Event has occurred, and no Loan Party is aware of any fact, event or circumstance that could reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan; (ii) each Loan Party and each ERISA Affiliate has met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained; (iii) as of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Internal Revenue Code) is 60% or higher and neither a Loan Party nor any ERISA Affiliate knows of any facts or circumstances that would reasonably be expected to cause the funding target attainment percentage for any such plan to drop below 60% as of the most recent valuation date; (iv) no Loan Party has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (v) neither a Loan Party nor any ERISA Affiliate has engaged in a transaction that would reasonably be expected to be subject to Section 4069 or Section 4212(c) of ERISA; and (vi) no Pension Plan has been terminated by the plan administrator thereof nor by the PBGC, and no event or circumstance has occurred or exists that would reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Pension Plan.

(d) ~~The~~As of the Second Amendment Effective Date, the Borrower is not and will not be using “plan assets” (within the meaning of S 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to the Borrower’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement.

## 5.11 Subsidiaries.

Set forth on Schedule 5.11 is a complete and accurate list ~~both prior to and after giving effect to the Newmark Distribution~~ of (a) each Significant Subsidiary of the Borrower other than Regulated Subsidiaries, (b) each Subsidiary of the Borrower that has guaranteed any Indebtedness of the Borrower (other than the Obligations) and (c) the jurisdiction of organization, exact legal name and U.S. tax payer identification number of the Borrower and each other Loan Party, in each case as of the ~~Closing~~Second Amendment Effective Date and as of the date of any update to Schedule 5.11 pursuant to Section 6.02(b).

**5.12** Margin Regulations; Investment Company Act.

(a) Margin stock (as defined in Regulation U of the Board of Governors of the FRB) constitutes less than 25% of the value of those assets of Loan Parties and their Subsidiaries (other than any Subsidiary which is an “exempted borrower” within the meaning of Regulation U of the FRB) which are subject to any limitation on sale, pledge, or other restriction hereunder. Neither the making of any Loan, the issuance of any Letter of Credit nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulation T, Regulation U or Regulation X of the Board of Governors of the FRB.

(b) None of the Borrower, any Person Controlling the Borrower, or any Significant Subsidiary is or is required to be registered as an “investment company” under the Investment Company Act of 1940.

(c) Each Domestic Subsidiary that is a Regulated Subsidiary and a broker dealer subject to the provisions of Regulation T of the FRB and extends purpose credit to customers (as those terms are defined in Regulation T) maintains procedures and internal controls reasonably designed to ensure that such Regulated Subsidiary does not extend or maintain purpose credit to or for its customers other than in accordance with the provisions of Regulation T, and members of each such domestic Regulated Subsidiary regularly supervise its activities and the activities of members and employees of such Regulated Subsidiary to ensure that such Regulated Subsidiary does not extend purpose credit to or for its customers other than in accordance with the provisions of Regulation T.

(d) Each Regulated Subsidiary (i) is a member in good standing of the FINRA, the NFA and/or the equivalent foreign self-regulatory body, (ii) (A) if a Domestic Subsidiary, (x) is duly registered as a broker-dealer with the SEC and/or duly registered as an FCM, IB or SEF with the CFTC, and (y) except where the failure to so register would not reasonably be expected to result in a Material Adverse Effect, is duly registered in each state where the conduct of its business requires such registration and (B) if a Foreign Subsidiary, is duly registered as with the appropriate foreign regulatory body, in each case where the conduct of its business requires such registration, except where the failure to so register would not reasonably be expected to result in a Material Adverse Effect.

**5.13** Disclosure.

Neither any Loan Document nor any other agreement, document, instrument, certificate or statement (other than (i) any other projections, estimates, or other forward-looking information and (ii) any forward-looking pro forma financial information) furnished to the Administrative Agent and the Lenders by or on behalf of a Loan Party in connection with the transactions contemplated hereby, at the time it was furnished contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements contained herein or therein, under the circumstances under which they were made, not misleading (considered in the context of all other information provided to the Lenders). Any projections, estimates, forward-looking information or any forward-looking pro forma financial information furnished to the Administrative Agent (whether in writing or orally) pursuant to this Agreement are based on good faith estimates and assumptions believed by management of Borrower or the applicable Loan Party to be reasonable at the time made, it being understood by the Administrative Agent and the Lenders that, without limiting the foregoing representation, (i) any information as it relates to future events is not to be viewed as fact, and (ii) actual results during the period or periods covered by such information are subject to significant uncertainties and contingencies and may differ materially from the projected results set forth therein. As of the ~~Closing~~Second Amendment Effective Date, the information included in any Beneficial Ownership



Certification delivered to the Administrative Agent or any Lender, if applicable, is true and correct in all respects.

**5.14** Compliance with Laws.

Each Loan Party and each Subsidiary is in compliance with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

**5.15** Intellectual Property; Licenses, Etc.

Each Loan Party and each Subsidiary owns, possesses or can acquire on reasonable terms the right to use, all of the trademarks, service marks, trade names, copyrights, patents and other intellectual property rights that are reasonably necessary for the operation of its businesses, without conflict with the rights of any other Person to the knowledge of such Loan Party or Subsidiary, except for any such failure to own or possess or conflict that could not reasonably be expected to have a Material Adverse Effect.

**5.16** Solvency.

The Borrower is Solvent and the Borrower and its Subsidiaries are Solvent on a consolidated basis.

**5.17** OFAC.

None of the Loan Parties, nor any of their Subsidiaries, nor, to the knowledge of the Loan Parties and their Subsidiaries, any director or officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction.

**5.18** Anti-Corruption Laws.

The Loan Parties and their Subsidiaries and, to the knowledge of the Borrower and its Subsidiaries, any director or officer have each conducted their businesses in material compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other similar anti-corruption legislation in other jurisdictions and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

**5.19** EEA Financial Institution.

Neither the Borrower, nor any of its Subsidiaries is an EEA Financial Institution.

**5.20** Covered Entity.

No Loan Party is a Covered Entity.

## ARTICLE VI

### AFFIRMATIVE COVENANTS

Until the Facility Termination Date, the Borrower shall:

#### 6.01 Financial Statements.

Deliver to the Administrative Agent and each Lender, in form and detail satisfactory to the Administrative Agent:

(a) as soon as available, but in any event within one hundred and twenty days after the end of each fiscal year of the Borrower, commencing with the fiscal year ~~ending~~<sup>ended</sup> December 31, ~~2018~~<sup>2019</sup>, (i) a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year, together with the related consolidated statements of income or operations, changes in shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, and in connection with the financial statements in clause (i) above, audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to the Administrative Agent, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit and (ii) such other financial information regarding the Borrower and its Subsidiaries as reasonably requested by the Administrative Agent in order to determine compliance with Section 7.11; and

(b) as soon as available, but in any event within sixty days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, commencing with the fiscal quarter ending March 31, ~~2019~~<sup>2020</sup>, (i) a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, together with the related consolidated statements of income or operations for such fiscal quarter and for the portion of the Borrower's fiscal year then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the portion of the Borrower's fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and certified by the chief executive officer, chief financial officer, treasurer or controller of the Borrower as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of the Borrower and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes and (ii) such other financial information regarding the Borrower and its Subsidiaries as reasonably requested by the Administrative Agent in order to determine compliance with Section 7.11.

As to any information contained in materials furnished pursuant to Section 6.02(c), the Borrower shall not be separately required to furnish such information under Section 6.01(a) or 6.01(b), but the foregoing shall not be in derogation of the obligation of the Borrower to furnish the information and materials described in Section 6.01(a) or 6.01(b) at the times specified therein.

#### 6.02 Certificates; Other Information.

Deliver to the Administrative Agent and each Lender, in form and detail satisfactory to the Administrative Agent and the Required Lenders:

(a) concurrently with the delivery of the financial statements referred to in Section 6.01(a), a certificate of its independent certified public accountants certifying such financial statements;

(b) (i) concurrently with the delivery of the financial statements referred to in Sections 6.01(a) and 6.01(b) (other than the financial statements referred to in Section 6.01(a) for the fiscal year of the Borrower ended December 31, 2019), a duly completed Compliance Certificate signed by the chief executive officer, chief financial officer, treasurer or controller of the Borrower (which delivery may, unless the Administrative Agent, or a Lender requests executed originals, be by electronic communication including fax or email and shall be deemed to be an original authentic counterpart thereof for all purposes) which shall, among other things, ~~(A)~~ demonstrate compliance with the covenants set forth in Section 7.11 and ~~(B)~~ update Schedule 5.11, as applicable, and (ii) concurrently with the delivery of the financial statements referred to in Section 6.01(a) for the fiscal year of the Borrower ended December 31, 2019, a duly completed Compliance Certificate signed by the chief executive officer, chief financial officer, treasurer or controller of the Borrower (which delivery may, unless the Administrative Agent, or a Lender requests executed originals, be by electronic communication including fax or email and shall be deemed to be an original authentic counterpart thereof for all purposes) which shall, among other things, (A) demonstrate calculations of the Consolidated Leverage Ratio and the Consolidated Interest Coverage Ratio (in each case, as defined immediately prior to giving effect to the Second Amendment), (B) demonstrate compliance with the covenants set forth in Sections 7.11(c) and (d), and (C) update Schedule 5.11, as applicable;

(c) promptly after the same are available, copies of each annual report, each material proxy or material financial statement or other material report or communication sent to the public equityholders of any Loan Party or any Subsidiary, and copies of all material annual, regular, periodic and special reports and material registration statements which a Loan Party or any Subsidiary may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, and not otherwise required to be delivered to the Administrative Agent pursuant hereto;

(d) promptly after any request by the Administrative Agent, copies of any material detailed audit reports or management letters submitted to the board of directors (or the audit committee of the board of directors) of the Borrower by independent accountants in connection with the accounts or books of the Borrower or any Subsidiary;

(e) [Reserved];

(f) promptly, and in any event within five Business Days after receipt thereof by the any Loan Party or any Subsidiary, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other material inquiry by such agency regarding financial or other operational results of any Loan Party or any Subsidiary; and

(g) promptly, such additional information regarding the business, financial or corporate affairs of any Loan Party or any Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender may from time to time reasonably request.

Documents required to be delivered pursuant to [Section 6.01\(a\)](#) or [6.01\(b\)](#) or [Section 6.02\(c\)](#) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which a Loan Party posts such documents, or provides a link thereto on such Loan Party's website on the Internet at the website address listed on [Schedule 11.02](#); or (ii) on which such documents are posted on a Loan Party's behalf on an Internet or intranet website (including [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml)), if any, to which each Lender and the Administrative Agent have access (whether a commercial, third party website or whether sponsored by the Administrative Agent); provided that: (i) a Loan Party shall deliver paper copies of such documents to the Administrative Agent or any Lender upon its request to such Loan Party to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) such Loan Party shall notify the Administrative Agent and each Lender (by facsimile or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. The Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by any Loan Party with any such request by a Lender for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

The Borrower hereby acknowledges that (a) the Administrative Agent and/or the Arrangers may, but shall not be obligated to, make available to the Lenders [and the L/C Issuer](#) materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "[Borrower Materials](#)") by posting the Borrower Materials on IntraLinks, Syndtrak, ClearPar or a substantially similar electronic transmission system (the "[Platform](#)") and (b) certain of the Lenders (each a "[Public Lender](#)") may have personnel who do not wish to receive material non-public information with respect to the Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the Administrative Agent, the Arrangers, [the L/C Issuer](#) and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrower or its securities for purposes of United States federal and state securities Laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in [Section 11.07](#)); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (z) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated as "Public Side Information." Notwithstanding the foregoing, the Borrower shall be under no obligation to mark any Borrower Materials "PUBLIC."

### 6.03 Notices.

Promptly notify the Administrative Agent and each Lender of:

- (a) the occurrence of any Default.
- (b) any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect, including (i) breach or non-performance of, or any default under, a Contractual Obligation of a Loan Party or any Subsidiary; (ii) any dispute, litigation, investigation, proceeding or suspension between a Loan Party or any Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting a Loan Party or any Subsidiary, including pursuant to any applicable Environmental Laws.

- (c) the occurrence of any ERISA Event that has had or that would reasonably be expected to result in a Material Adverse Effect.
- (d) any material change in accounting policies or financial reporting practices by the Borrower or any Subsidiary.
- (e) any announcement by S&P or Fitch of any change in a Debt Rating of the Borrower.

Each notice pursuant to this Section 6.03 (other than clause (e)) shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached (if any).

**6.04** Payment of Taxes.

Cause itself, each Loan Party and each of its Subsidiaries to pay and discharge within thirty (30) days of the date the same shall become due and payable, all its tax liabilities, assessments and governmental charges or levies upon it or its properties, unless (a) the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the applicable Loan Party or the applicable Subsidiary in connection therewith or (b) the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

**6.05** Preservation of Existence, Etc.

Cause itself, each Loan Party and each of its Subsidiaries to (a) except as permitted pursuant to Section 7.04, preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization; (b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, in each case, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

**6.06** Maintenance of Properties.

Cause itself, each Loan Party and each of its Subsidiaries to (a) maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear and casualty and condemnation excepted; and (b) make all necessary repairs thereto and renewals and replacements thereof, except, in the case of each of clauses (a) and (b) hereof, where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

**6.07** Maintenance of Insurance.

Cause itself, each Loan Party and each of its Subsidiaries to maintain with financially sound and reputable insurance companies not Affiliates of the Borrower, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons, except in instances where the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

**6.08** Compliance with Laws.

(a) Cause itself, each Loan Party and each of its Subsidiaries to comply in all material respects with the requirements of all Laws, including, without limitation, Environmental Laws, and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

(b) Cause each Regulated Subsidiary to comply with all material rules and regulations of the SEC, the FINRA and any equivalent foreign self-regulatory body, in each case, applicable to it (including such rules and regulations dealing with net capital requirements), except where the failure to so comply therewith could not reasonably be expected to have a Material Adverse Effect.

**6.09** Books and Records.

Cause itself, each Loan Party and each of its Subsidiaries to (a) maintain proper books of record and account in conformity with GAAP; and (b) maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over such Loan Party or such Subsidiary, as the case may be.

**6.10** Inspection Rights.

Permit representatives and independent contractors of the Administrative Agent to visit and inspect any of its, any Loan Party's and its Subsidiaries' properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all, subject to the proviso below, at the sole expense of the Administrative Agent and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the applicable Loan Party; provided, however, that when an Event of Default exists the Administrative Agent (or any of its representatives or independent contractors) may do any of the foregoing at the expense of the applicable Loan Party at any time during normal business hours and without advance notice. It is understood and agreed that the Administrative Agent shall, at the request of any Lender, share with such Lender information resulting from any inspection under this Section 6.10.

**6.11** Use of Proceeds.

Cause itself, each Loan Party and each of its Subsidiaries to use the proceeds of the Credit Extensions to finance working capital and other lawful corporate purposes; provided that in no event shall the proceeds of the Credit Extensions be used in contravention of any Law or of any Loan Document.

**6.12** Guarantors.

On or before the date that any Subsidiary agrees to Guarantee any Indebtedness of the Borrower (other than the Obligations) (or such later date as the Administrative Agent may agree in its sole discretion), either (a) cause such Subsidiary to become a Guarantor hereunder by (i) executing and delivering to the Administrative Agent a Joinder Agreement and (ii) delivering to the Administrative Agent such Organization Documents, resolutions and, if requested by the Administrative Agent, favorable opinions of counsel, all in form, content and scope reasonably satisfactory to the Administrative Agent or (b) provide a written certificate to the Administrative Agent acknowledging that all Indebtedness of such Subsidiary is subject to Section 7.03, specifying the amount of Indebtedness of such Subsidiary as of the date of the certificate and certifying that the Borrower is in compliance with Section 7.03 as of the date of the certificate.

**6.13** Anti-Corruption Laws.

Cause itself and each of its Subsidiaries to conduct its businesses in material compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions and maintain policies and procedures designed to promote and achieve compliance with such laws.

**ARTICLE VII**

**NEGATIVE COVENANTS**

Until the Facility Termination Date, no Loan Party shall, nor shall it permit any Subsidiary to, directly or indirectly:

**7.01** Liens.

Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

- (a) Liens existing on the ~~Closing~~Second Amendment Effective Date and listed on Schedule 7.01 and any renewals, extensions or replacements thereof; provided that the property covered thereby is not increased, and with respect to any replacement Lien, the amount of any Indebtedness secured by such Lien shall not be increased;
- (b) Liens (other than Liens imposed under ERISA) for taxes, assessments or governmental charges or levies not yet due or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;
- (c) Liens of carriers, warehousemen, mechanics, materialmen, workmen and repairmen or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 30 days or which are being contested in good faith and by appropriate proceedings diligently conducted;
- (d) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance, old age benefits, other social security obligations, taxes, assessments, statutory obligations and other similar charges, other than any Lien imposed by ERISA;
- (e) (i) deposits to secure the performance of bids, tenders, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance and return of money bonds, agreements with utilities and other obligations of a like nature incurred in the ordinary course of business (including in each case deposits and/or Liens securing letters of credit issued in lieu of any such cash deposits), and (ii) other cash deposits required to be made in the ordinary course of business, including those made to secure health, safety and environmental obligations in the ordinary course of business;
- (f) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(g) Liens securing judgments for the payment of money (or appeal or other surety bonds relating to such judgments), which judgments do not constitute an Event of Default under Section 8.01(h), and the pledge of assets for the purpose of securing an appeal, stay or discharge in the course of any such legal proceeding;

(h) Liens securing Indebtedness permitted under Section 7.03(c); provided that (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and (ii) with respect to Indebtedness permitted by Section 7.03(c)(i) such Liens attach to such property concurrently with or within ninety days after the acquisition thereof;

(i) leases or subleases granted to others not interfering in any material respect with the business of any Loan Party or any Subsidiary;

(j) any interest of title of a lessor under, and Liens arising from UCC financing statements (or equivalent filings, registrations or agreements in foreign jurisdictions) relating to, leases permitted by this Agreement;

(k) normal and customary rights of setoff and other Liens upon deposits of cash and securities in favor of banks, brokers or other financial institutions;

(l) Liens of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection;

(m) any Lien existing on property (and the proceeds thereof) existing at the time of its acquisition and any modification, replacement, renewal or extension thereof; provided that such Lien was not created in contemplation of such acquisition;

(n) Liens incurred or assumed in the ordinary course of business on cash, marketable securities, real estate assets (including related purchase commitments), real estate loans (including related purchase commitments), other types of whole loans, commodities or other financial products to secure obligations in respect of secured financing arrangements (including for avoidance of doubt, obligations under repurchase agreements, securities lending transactions at Regulated Subsidiaries and or borrowing agreements, other stock lending transactions, ~~repurchase agreements~~ notes or certificates issued by special purpose entities such as trusts established pursuant to a trust agreement, and other collateralized financing transactions ~~at Subsidiaries~~);

(o) pledges of securities or commodity positions and exchange memberships in the ordinary course of business;

(p) deposits or securities with commodity or securities exchanges or clearing organizations, or with other exchanges or markets, in each case in the ordinary course of business;

(q) Liens in favor of customers of Regulated Subsidiaries arising in the ordinary course of business and Liens securing indebtedness of Regulated Subsidiaries in respect of customer funds in the ordinary course of business;

(r) Liens securing Indebtedness permitted under Section 7.03(i);

(s) Liens on cash and marketable securities granted by Berkeley Point in favor of Fannie Mae under the Delegated Underwriting and Servicing Program and/or Freddie Mac under



the Targeted Affordable Housing Program in respect of loss sharing arrangements or similar programs, in each case in the ordinary course of business; and

(t) other Liens securing Indebtedness or other obligations in an aggregate principal amount not to exceed at any one time, the difference of \$30,000,000 and any Indebtedness incurred pursuant to Section 7.03(1).

## **7.02 Investments.**

Make any Investments, except:

- (a) Investments existing on the ~~Closing~~Second Amendment Effective Date set forth on Schedule 7.02;
- (b) Investments ~~in Cash Equivalents~~to manage cash and liquidity in the ordinary course of business that are consistent with past practice the internal investment policy of the Borrower;
- (c) Investments made by Regulated Subsidiaries in the ordinary course of business;
- (d) Investments in marketable securities, loans, loan servicing rights, commodities, forwards, futures, derivatives and other assets in connection with trading, underwriting, loan origination, loan servicing, selling to customers, acting as a broker or acting as a market intermediary, all in the ordinary course of business;
- (e) loans or advances to employees, independent contractors or consultants as part of compensation programs, and which are by their nature forgivable by the Borrower or relevant Subsidiary or purchases or redemption of equity interests from employees, former employees, independent contractors or consultants;
- (f) travel advances and other similar cash advances made to employees, independent contractors or consultants in the ordinary course of business;
- (g) Investments in Persons that are engaged in an Eligible Line of Business;
- (h) Investments in (or Acquisitions of) Subsidiaries and other Persons that are not wholly-owned or are not engaged in an Eligible Line of Business in an amount not to exceed, in the aggregate, at any one time outstanding (net of the proceeds received from the sale of such Investments) the greater of \$30,000,000 and 4.5% of Consolidated Net Worth;
- (i) Cash AD Loans; and
- (j) Permitted Acquisitions.

## **7.03 Subsidiary Indebtedness.**

Create, incur, assume or suffer to exist any Indebtedness of any Subsidiary of a Loan Party (other than any Subsidiary that is a Guarantor), except:

- (a) Indebtedness outstanding on the ~~Closing~~Second Amendment Effective Date set forth on Schedule 7.03 if any (and, with respect to any such Indebtedness, renewals, refinancings and extensions thereof); provided that (i) the amount of such Indebtedness is not increased above

the original principal amount at the time of such refinancing, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder and (ii) the terms relating to principal amount, amortization, maturity, collateral (if any) and subordination (if any), and other material terms taken as a whole, of any such refinancing, renewal or extension are no less favorable in any material respect to the Borrower and its Subsidiaries or the Lenders than the terms of the Indebtedness being refinanced, renewed or extended;

(b) obligations (contingent or otherwise) existing or arising under any Swap Contract, provided that such obligations are (or were) entered into by such Person for hedging purposes in the ordinary course of business, and not for purposes of speculation or taking a “market view”;

(c) (i) purchase money Indebtedness (including obligations in respect of capital leases and Synthetic Lease Obligations) hereafter incurred to finance the purchase of assets and renewals, refinancings and extensions thereof and (ii) Indebtedness hereafter incurred (including obligations in respect of capital leases and Synthetic Lease Obligations) that is secured by fixed assets and all renewals, refinancings and extensions thereof; provided that the aggregate outstanding principal amount of all such Indebtedness incurred pursuant to this clause (ii) shall not exceed \$45,000,000 at any one time outstanding;

(d) so long as the Borrower is in compliance with the financial covenants set forth in Section 7.11 on a pro forma basis after giving effect thereto, Indebtedness (i) of any Person that is merged or consolidated with and into any Subsidiary, (ii) of any Person that becomes a Subsidiary as a result of an Acquisition to the extent, in each case, that such Indebtedness was not incurred in connection with, or in contemplation of, such Person becoming a Subsidiary or (iii) consisting of customary performance based earn-out payments incurred in connection with an Acquisition;

(e) Indebtedness, including (i) securities lending transactions, at Regulated Subsidiaries and other stock lending transactions, repurchase agreements and other collateralized financing transactions at Subsidiaries (including for avoidance of doubt, obligations under repurchase agreements, securities lending or borrowing agreements, other stock lending transactions, notes or certificates issued by special purpose entities such as trusts established pursuant to a trust agreement, and other collateralized financing transactions), in each case (A) secured by cash, marketable securities, real estate assets (including related purchase commitments), real estate loans (including related purchase commitments), other types of whole loans, commodities or other financial products and (B) incurred in the ordinary course of business and (ii) borrowings by foreign Regulated Subsidiaries in connection with clearing or posting of margin requirements in the ordinary course of business;

(f) endorsement of items for deposit or collection of commercial paper received in the ordinary course of business;

(g) intercompany Indebtedness permitted under Section 7.02;

(h) obligations to purchase or redeem Equity Interests held by current or former partners, officers, directors, employees, independent contractors, consultants, service providers and their respective estates, spouses or former spouses in the ordinary course of business;

(i) Indebtedness, including Indebtedness incurred in connection with stock lending transactions, secured solely by shares of NASDAQ held by the Borrower or its Subsidiaries at any

time or incurred in connection with a contractual right to receive any such shares in the future; provided that such Indebtedness shall be at customary advance rates and shall not exceed an aggregate principal amount equal to the underlying value of the shares which are the basis for such Indebtedness (the value of such shares to be determined as of the date such Indebtedness is incurred);

(j) to the extent that Newmark is a Subsidiary of the Borrower, Indebtedness of Newmark and its Subsidiaries (i) pursuant to the Newmark Notes, (ii) pursuant to a revolving credit agreement with the Administrative Agent and the lenders named therein on terms reasonably satisfactory to the Borrower and the Administrative Agent and (iii) other Indebtedness of Newmark and its Subsidiaries to the extent that at the time of (and after giving effect to) the incurrence of such Indebtedness, the Newmark Leverage Ratio does not exceed 2.50:1.00;

(k) Indebtedness in the form of (i) any “bad boy guaranties” (including any related environmental indemnity) provided in connection with real estate financings of Affiliates and (ii) to the extent that Berkeley Point is a Subsidiary of the Borrower, Guarantees by Berkeley Point to Fannie Mae under the Delegated Underwriting and Servicing Program and/or Freddie Mac under the Targeted Affordable Housing Program in respect of loss sharing arrangements or similar programs, in each case in the ordinary course of business; and

(l) other unsecured Indebtedness in an aggregate principal amount not to exceed the difference of \$30,000,000 and, without duplication, any Liens incurred pursuant to Section 7.01(t).

#### **7.04 Fundamental Changes.**

Merge, dissolve, liquidate or consolidate with or into another Person, except that (a) the Borrower may merge or consolidate with any of its Subsidiaries; provided that the Borrower shall be the continuing or surviving Person, (b) any Subsidiary may be merged or consolidated with or into any other Subsidiary; provided, further, that if such merger or consolidation is with respect to a Subsidiary that is a Loan Party, then either such Loan Party shall be the continuing or surviving Person or such surviving Person shall become a Loan Party promptly after such merger or consolidation, (c) the Borrower or any of its Subsidiaries may merge or consolidate with any other Person; provided that (i) if the Borrower is a party to such transaction, the Borrower is the continuing or surviving Person and (ii) if such Subsidiary is a Loan Party, then either such Loan Party shall be the continuing or surviving Person or such surviving Person shall become a Loan Party promptly after such merger or consolidation, ~~and~~ (d) any Subsidiary (other than a Loan Party) may dissolve, liquidate or wind up its affairs at any time provided that such dissolution, liquidation or winding up, as applicable, could not reasonably be expected to have a Material Adverse Effect, and (e) the Borrower may participate in such mergers and consolidations as may be necessary to consummate the Assumption contemplated by Section 11.06(g).

#### **7.05 Dispositions.**

Make any Disposition except:

(a) Dispositions consisting of sales of marketable securities, loans, loan servicing rights, commodities, forwards, futures, derivatives and other assets in connection with trading, market making activities, loan origination and securitization, structured products and other financial services activities, and real estate businesses, in each case in the ordinary course of business;

(b) Dispositions by (i) any Subsidiary of the Borrower to the Borrower or any other Subsidiary and (ii) the Borrower to any, direct or indirect, wholly owned Subsidiary of the Borrower;

(c) Dispositions of shares of NASDAQ held by the Borrower or its Subsidiaries at any time;

(d) Dispositions of Equity Interests of Newmark pursuant to (i) the issuance of additional Equity Interests of Newmark and/or (ii) the Newmark Distribution; and

(e) Dispositions (in addition to the Dispositions permitted by clauses (a), (b), (c) and (d) above) so long as the aggregate net book value of all of the assets sold or otherwise disposed of by the Loan Parties and their Subsidiaries in all such transactions shall not exceed, (i) during the period from the Closing Date until the date the 2018 annual financial statements are delivered pursuant to Section 6.01(a), 30% of Consolidated EBITDA calculated based on the annual financial statements of the Borrower as of December 31, 2017 less any Dispositions (other than Dispositions of the type permitted by clauses (a), (b), (c) and (d) above) made from January 1, 2018 through and including the Closing Date and (ii) thereafter, during each period commencing on the day following the date of delivery of annual financial statements pursuant to Section 6.01(a) and ending on the next date of delivery of annual financial statements pursuant to Section 6.01(a) in the following year, 30% of Consolidated EBITDA calculated based on the most recent annual financial statements delivered pursuant to Section 6.01(a); provided, that, upon the Newmark Distribution, the calculation of Consolidated EBITDA with respect to this Section 7.05(e) shall be calculated on a Pro Forma Basis. Notwithstanding the foregoing proviso, for the fiscal year in which the Newmark Distribution occurs, any Dispositions made in accordance with this Section 7.05(e) prior to the Newmark Distribution shall be deemed permitted.

#### **7.06 Restricted Payments.**

Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that:

(a) each Subsidiary may declare and make Restricted Payments to a Loan Party or otherwise in accordance with its Organizational Documents;

(b) the Borrower and each of its Subsidiaries may declare and make dividend payments or other distributions payable solely in the Equity Interests of such Person;

(c) the Borrower and each of its Subsidiaries may declare and make Restricted Payments if, immediately before and after giving effect thereto, (i) no Event of Default shall have occurred and be continuing and (ii) the Borrower is in compliance with the financial covenants set forth in Section 7.11 on a pro forma basis after giving effect thereto; and

(d) the Borrower may make the Newmark Distribution.

#### **7.07 Change in Nature of Business.**

Engage in any business or activity that is not an Eligible Line of Business; provided that the foregoing shall not apply to Investments permitted pursuant to Section 7.02(h).

## 7.08 Transactions with Affiliates.

Enter into or permit to exist any transaction or series of transactions with any Affiliate of such Person, that is less favorable than could be obtained in a similar transaction with a non-affiliate, other than (1) any transaction approved by the Borrower's audit committee, (2) any transaction with an Affiliate that is consolidated with the Borrower under GAAP, (3) management fees, employee benefit arrangements or indemnification programs pertaining to limited or general partners of the Borrower or any of its Subsidiaries entered into in the ordinary course of business or approved by the Borrower's board of directors, (4) transactions existing on the ~~Closing~~Second Amendment Effective Date and set forth on Schedule 7.08 and (5) any transaction that does not, individually, exceed \$500,000.

## 7.09 Burdensome Agreements.

Enter into, or permit to exist, any Contractual Obligation that with respect to any Subsidiary, encumbers or restricts the ability of any such Person to (i) make Restricted Payments to any Loan Party, (ii) pay any Indebtedness or other obligation owed to any Loan Party, (iii) make loans or advances to any Loan Party, (iv) transfer any of its property to the any Loan Party, (v) pledge its property pursuant to the Loan Documents or any renewals, refinancings, exchanges, refundings or extension thereof or (vi) act as a Loan Party pursuant to the Loan Documents or any renewals, refinancings, exchanges, refundings or extension thereof if otherwise required to be a Loan Party hereunder, except (in respect of any of the matters referred to in clauses (i) through (v) above) for (1) this Agreement and the other Loan Documents, (2) any document or instrument governing Indebtedness incurred pursuant to Section 7.03(c), provided that any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith, (3) any Permitted Lien or any document or instrument governing any Permitted Lien; provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien, (4) customary restrictions and conditions contained in any agreement relating to the sale of any property permitted under Section 7.05 pending the consummation of such sale, (5) customary provisions in joint venture agreements and other similar agreements, (6) customary provisions restricting assignment contained in leases, subleases, licenses and other agreements, (7) any agreement or other instrument of a Person acquired by a Loan Party or any Subsidiary which was in existence at the time of such Acquisition (but not created in contemplation thereof or to provide all or any portion of the funds or credit support utilized to consummate such Acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired and (8) customary restrictions and conditions contained in any agreement entered into in connection with any Indebtedness permitted under Section 7.03(e), (i), (j) or (k) or obligations of the types contemplated by the proviso of the definition of Funded Indebtedness.

## 7.10 Use of Proceeds.

Use the proceeds of any Credit Extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose, except, in the case of any Regulated Subsidiary, in compliance with Regulation U, T and X of the FRB.

## 7.11 Financial Covenants. Permit:

(a) Consolidated Leverage Ratio. The Consolidated Leverage Ratio as of the last day of each fiscal quarter of the Borrower, commencing with the fiscal quarter ending March 31, 2020, to be greater than 3.25:1.00.

(b) Consolidated Interest Coverage Ratio. The Consolidated Interest Coverage Ratio, as of the last day of any fiscal quarter of the Borrower, commencing with the fiscal quarter ending March 31, 2020, to be less than 4.00:1.00.

(c) Consolidated Net Worth. Consolidated Net Worth at any time to be less than the sum of (i) ~~(A) with respect to any time prior to the date of the Newmark Spinoff, \$1,400,000,000, (B) with respect to any time from the date of the Newmark Spinoff to the last date of the first fiscal quarter following the Newmark Spinoff, \$575,000,000 (the "Reset Date") and (C) with respect to any time following the Reset Date, the greater of (x) \$575,000,000 and (y) 75% of the actual Consolidated Net Worth as of the Reset Date~~ \$615,000,000, plus, in each case (ii) an amount equal to (x) 50% multiplied by (y) any net increase in Consolidated Net Worth attributable to any Net Cash Proceeds received by the Borrower or its Subsidiaries from Equity Issuances of the Borrower or any of its Subsidiaries after, ~~in the case of clause (A) above, the Closing~~ Second Amendment Effective Date, and, ~~in the case of clause (C) above, the Reset Date, and in each case,~~ other than Equity Issuances pursuant to the Borrower's at-the-market controlled equity offering program (at the market shelf) intended to offset share repurchases, redemptions, exchanges and other payments in connection with compensation plans or arrangements or from current or former employees and partners or their estates or from directors, consultants or charities, in each case consistent with historic practices.

(d) Net Excess Capital. Net Excess Capital with respect to all Regulated Subsidiaries at any time to be less than \$225,000,000.

#### 7.12 Fiscal Year.

Change its fiscal year from its present ending on December 31 of each year except as necessary for a Subsidiary to align its fiscal year with the Borrower.

#### 7.13 Sanctions.

Use any Credit Extension or the proceeds of any Credit Extension, or lend, contribute or otherwise make available such Credit Extension or the proceeds of any Credit Extension to any Person, to fund any activities of or business with any Person, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as Lender, an Arranger, Administrative Agent or otherwise) of Sanctions.

#### 7.14 Anti-Corruption Laws.

Use the proceeds of any Credit Extension for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 or other similar anti-corruption legislation in other jurisdictions.

### ARTICLE VIII

#### EVENTS OF DEFAULT AND REMEDIES

##### 8.01 Events of Default.

Any of the following shall constitute an event of default (each, an "Event of Default"):

(a) Non-Payment. Any Loan Party fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan or any L/C Obligations, or (ii) within three days after the same becomes due, any interest on any Loan or on any L/C Obligation, or any fee due hereunder, or (iii) within five days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) Specific Covenants. Any Loan Party fails to perform or observe any term, covenant or agreement contained in (i) Section 6.01 or 6.02 and such failure continues for five Business Days or (ii) any of Section 6.03(a); solely with respect to the Loan Parties, 6.05(a), 6.10 or 6.11 or Article VII; or

(c) Other Defaults. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in subsection (a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for thirty days after the earlier of (i) the date on which such failure shall first become known to a Responsible Officer of the Borrower or (ii) written notice thereof is given to a Responsible Officer of the Borrower by the Administrative Agent; or

(d) Representations and Warranties. Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of a Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be untrue in any material respect (other than those representations and warranties that are qualified by materiality or Material Adverse Effect, in which case in any respect) when made or deemed made; or

(e) Cross-Default. (i) Any Loan Party or any Subsidiary of a Loan Party with a net worth in excess of \$10,000,000 (A) after giving effect to any grace period applicable thereto (including any cure period, forbearance or other extension, amendment or waiver), fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness or Guarantee of such Indebtedness (other than Indebtedness hereunder and Indebtedness under Swap Contracts) having an aggregate principal amount (including drawn and outstanding amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount, or (B) after giving effect to any grace period applicable thereto (including any cure period, forbearance or other extension, amendment or waiver), fails to observe or perform any other agreement or condition relating to any such Indebtedness or Guarantee of such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such Guarantee to become payable or ~~cash collateral~~ Cash Collateral in respect thereof to be demanded; or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which any Loan Party or any Subsidiary is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which any Loan Party or any Subsidiary is an Affected Party (as so defined) and, in either event, after giving effect to any grace period applicable thereto (including any cure period, forbearance or other extension, amendment or waiver), the Swap Termination Value owed by such Loan Party or such Subsidiary as a result thereof is greater than the Threshold Amount; or

(f) Insolvency Proceedings, Etc. Any Loan Party or any Subsidiary with a net worth in excess of \$10,000,000 institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian,

conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for sixty calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for sixty calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment. (i) Any Loan Party or any Subsidiary with a net worth in excess of \$10,000,000 becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within thirty days after its issue or levy; or

(h) Judgments. There is entered against any Loan Party or any Subsidiary with a net worth in excess of \$10,000,000 one or more final judgments or orders for the payment of money in an aggregate amount (as to all such judgments or orders) exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer has been notified of the claim and does not dispute coverage), and, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or would reasonably be expected to result in liability of any Loan Party or any Subsidiary under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the Threshold Amount; provided, however, that, for purposes of determining whether withdrawal liability associated with a Multiemployer Plan is in excess of the Threshold Amount, only the maximum annual withdrawal liability payment amount pursuant to Section 4219(c) of ERISA shall be taken into account, as opposed to the total aggregate withdrawal liability assessed, or (ii) any Loan Party, any Subsidiary or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the Threshold Amount; or

(j) Invalidity of Loan Documents. Any provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party or any other Person contests in any manner the validity or enforceability of any provision of any Loan Document; or any Loan Party denies that it has any or further liability or obligation under any provision of any Loan Document, or purports to revoke, terminate or rescind any Loan Document.

## **8.02 Remedies Upon Event of Default.**

If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare the commitment of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;



(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower;

(c) require that the Borrower Cash Collateralize the L/C Obligations (in an amount equal to the Minimum Collateral Amount with respect thereto); and

(d) ~~(e)~~ exercise on behalf of itself and the Lenders and the L/C Issuer all rights and remedies available to it, the Lenders and the L/C Issuer under the Loan Documents or applicable Law or at equity;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans and any obligations of the L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable and the obligation of the Borrower to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case, without further act of the Administrative Agent or any Lender.

### 8.03 Application of Funds.

After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized, in each case, as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall, subject to the provisions of Section 2.15, be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal ~~and~~ interest and Letter of Credit Fees) payable to the Lenders and the L/C Issuer (including fees, charges and disbursements of counsel to the respective Lenders and the L/C Issuer and amounts payable under Article III), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest on the Loans, L/C Disbursements and other Obligations, ratably among the Lenders in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans and L/C Disbursements, ratably among the Lenders and the L/C Issuer in proportion to the respective amounts described in this clause Fourth payable to them; ~~and~~

Fifth, to the Administrative Agent for the account of the L/C Issuer, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit to the extent not otherwise Cash Collateralized by the Borrower pursuant to Sections 2.03 and 2.14; and Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

Subject to Sections 2.03(c) and 2.14, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to the Fifth clause above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

## ARTICLE IX

### ADMINISTRATIVE AGENT

#### 9.01 Appointment and Authority.

Each of the Lenders and the L/C Issuer hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders, and the L/C Issuer, and no Loan Party shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

#### 9.02 Rights as a Lender.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Loan Party or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders or to provide notice to or consent of the Lenders with respect thereto.

#### 9.03 Exculpatory Provisions.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

- (a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;
- (b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may

expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty or responsibility to disclose, and shall not be liable for the failure to disclose, any information relating to any Loan Party or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

Neither the Administrative Agent nor any of its Related Parties shall be liable for any action taken or not taken by the Administrative Agent under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby or thereby (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 11.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. Any such action taken or failure to act pursuant to the foregoing shall be binding on all Lenders. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given in writing to the Administrative Agent by the Borrower ~~or~~ a Lender or the L/C Issuer.

Neither the Administrative Agent nor any of its Related Parties have any duty or obligation to any Lender or participant or any other Person to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document and (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

Neither the Administrative Agent nor any of its Related Parties shall be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions of this Agreement relating to Disqualified Institutions. Without limiting the generality of the foregoing, the Administrative Agent shall not (i) be obligated to ascertain, monitor or inquire as to whether any Lender or Participant or prospective Lender or Participant is a Disqualified Institution or (ii) have any liability with respect to or arising out of any assignment or participation of Loans, or disclosure of confidential information, to any Disqualified Institution.

#### **9.04** Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall be fully protected in relying and shall not incur any liability for relying upon, any notice, request, certificate, communication, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall be fully protected in relying and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the L/C Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or the L/C Issuer.

unless the Administrative Agent shall have received notice to the contrary from such Lender or the L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Loan Parties), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

**9.05** Delegation of Duties.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub agents appointed by the Administrative Agent. The Administrative Agent and any such sub agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub agent and to the Related Parties of the Administrative Agent and any such sub agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

**9.06** Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the L/C Issuer and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with and (so long as there is no continuing Event of Default) with the consent of the Borrower, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders (and, if applicable, the Borrower) and shall have accepted such appointment within thirty days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to) on behalf of the Lenders and the L/C Issuer, appoint a successor Administrative Agent meeting the qualifications set forth above, provided that in no event shall any such successor Administrative Agent be a Defaulting Lender. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable Law, by notice in writing to the Borrower and such Person remove such Person as Administrative Agent and, in consultation with the Borrower, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (ii) except for any indemnity payments or other amounts then owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the

Administrative Agent shall instead be made by or to each Lender and the L/C Issuer directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or removed) Administrative Agent (other than as provided in Section 3.01(g) and other than any rights to indemnity payments or other amounts owed to the retiring or removed Administrative Agent as of the Resignation Effective Date or the Removal Effective Date, as applicable), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and Section 11.04 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

(d) Any resignation by Bank of America as Administrative Agent pursuant to this Section 9.06 shall also constitute its resignation as the L/C Issuer. If Bank of America resigns as the L/C Issuer, it shall retain all the rights, powers, privileges and duties of the L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as the L/C Issuer and all L/C Obligations with respect thereto, including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c). Upon the appointment by the Borrower of a successor L/C Issuer hereunder (which successor shall in all cases be a Lender other than a Defaulting Lender) and subject to such successor L/C Issuer's consent to act in such role, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer, (ii) the retiring L/C Issuer shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents, and (iii) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

#### **9.07 Non-Reliance on Administrative Agent and Other Lenders.**

Each Lender and the L/C Issuer expressly acknowledges that none of the Administrative Agent nor the Arrangers has made any representation or warranty to it, and that no act by the Administrative Agent or the Arrangers hereafter taken, including any consent to, and acceptance of any assignment or review of the affairs of any of the Borrower, any Guarantor or any Affiliate thereof, shall be deemed to constitute any representation or warranty by the Administrative Agent or the Arrangers to any Lender or the L/C Issuer as to any matter, including whether the Administrative Agent or the Arrangers have disclosed material information in their (or their Related Parties') possession. Each Lender and the L/C Issuer represents to the Administrative Agent and the Arrangers that it has, independently and without reliance upon the Administrative Agent ~~or~~, any ~~other~~ Arranger, any Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis ~~and of~~, appraisal of, and investigation into, the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Lender and the L/C Issuer also acknowledges that it will, independently and without reliance upon the Administrative Agent ~~or~~, any ~~other~~ Arranger, any Lender or

any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower. Each Lender and the L/C Issuer represents and warrants that (i) the Loan Documents set forth the terms of a commercial lending facility and (ii) it is engaged in making, acquiring or holding commercial loans in the ordinary course and is entering into this Agreement as a Lender or the L/C Issuer for the purpose of making, acquiring or holding commercial loans and providing other facilities set forth herein as may be applicable to such Lender or the L/C Issuer, and not for the purpose of purchasing, acquiring or holding any other type of financial instrument, and each Lender and the L/C Issuer agrees not to assert a claim in contravention of the foregoing. Each Lender and the L/C Issuer represents and warrants that it is sophisticated with respect to decisions to make, acquire and/or hold commercial loans and to provide other facilities set forth herein, as may be applicable to such Lender or the L/C Issuer, and either it, or the Person exercising discretion in making its decision to make, acquire and/or hold such commercial loans or to provide such other facilities, is experienced in making, acquiring or holding such commercial loans or providing such other facilities.

**9.08** No Other Duties; Etc.

Anything herein to the contrary notwithstanding, none of the bookrunners, arrangers, syndication agents, documentation agents or co-agents shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent ~~or as~~ a Lender, or the L/C Issuer hereunder.

**9.09** Administrative Agent May File Proofs of Claim.

In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the L/C Issuer and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuer and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the L/C Issuer and the Administrative Agent under Sections 2.09 and 11.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the L/C Issuer to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the L/C Issuer, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09 and 11.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or the L/C Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or the L/C Issuer to authorize the Administrative Agent to vote in respect of the claim of any Lender or the L/C Issuer in any such proceeding.

**9.10** Guaranty Matters.

Each of the Lenders and the L/C Issuer irrevocably authorize the Administrative Agent to release (a) any Guarantor from its obligations under the Guaranty if (i) the Borrower requests such release, (ii) such Guarantor is not required to Guarantee the Obligations pursuant to Section 6.12, and (iii) no Default exists or would result from such release and (b) BGC from its obligations as the Borrower under the Loan Documents upon consummation of the Assumption in accordance with Section 11.06(g).

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release any Guarantor from its obligations under the Guaranty, pursuant to this Section 9.10.

**9.11** ERISA Matters

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any Guarantor, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into,

participation in, administration of and performance of the Loans, the [Letters of Credit, the](#) Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (i) [Section 9.11\(a\)\(i\)](#) is true with respect to a Lender or (ii) a Lender has provided another representation, warranty and covenant in accordance with [Section 9.11\(a\)\(iv\)](#), such Lender further (A) represents and warrants, as of the date such Person became a Lender party hereto, to, and (B) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any Guarantor, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the [Letters of Credit, the](#) Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

## ARTICLE X

### GUARANTY

#### 10.01 The Guaranty.

Each of the Guarantors hereby jointly and severally guarantees to each Lender and each other holder of Obligations as hereinafter provided, as primary obligor and not as surety, the prompt payment of the Obligations in full when due (whether at stated maturity, by acceleration or otherwise) strictly in accordance with the terms thereof. The Guarantors hereby further agree that if any of the Obligations are not paid in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise), the Guarantors will, jointly and severally, promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise) in accordance with the terms of such extension or renewal.

Notwithstanding any provision to the contrary contained herein or in any other of the Loan Documents or the other documents relating to the Obligations, the obligations of each Guarantor under this Agreement and the other Loan Documents shall not exceed an aggregate amount equal to the largest amount that would not render such obligations subject to avoidance under applicable Debtor Relief Laws.

#### 10.02 Obligations Unconditional.

The obligations of the Guarantors under [Section 10.01](#) are joint and several, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Loan Documents or other documents relating to the Obligations, or any substitution, release, impairment or exchange of any other guarantee of or security for any of the Obligations, and, to the fullest extent permitted by applicable Law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this [Section 10.02](#) that the obligations of the Guarantors hereunder shall be absolute and unconditional under any and all circumstances. Each Guarantor agrees that such Guarantor shall have no right of subrogation, indemnity, reimbursement or contribution against the Borrower or any other Loan Party for amounts paid under this



Article X until such time as the Obligations have been paid in full and the Commitments have expired or terminated. Without limiting the generality of the foregoing, it is agreed that, to the fullest extent permitted by Law, the occurrence of any one or more of the following shall not alter or impair the liability of any Guarantor hereunder, which shall remain absolute and unconditional as described above:

(a) at any time or from time to time, without notice to any Guarantor, the time for any performance of or compliance with any of the Obligations shall be extended, or such performance or compliance shall be waived;

(b) any of the acts mentioned in any of the provisions of any of the Loan Documents or other documents relating to the Obligations shall be done or omitted;

(c) the maturity of any of the Obligations shall be accelerated, or any of the Obligations shall be modified, supplemented or amended in any respect, or any right under any of the Loan Documents or other documents relating to the Obligations shall be waived or any other guarantee of any of the Obligations or any security therefor shall be released, impaired or exchanged in whole or in part or otherwise dealt with; or

(d) any of the Obligations shall be determined to be void or voidable (including for the benefit of any creditor of any Guarantor) or shall be subordinated to the claims of any Person (including any creditor of any Guarantor).

With respect to its obligations hereunder, each Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Administrative Agent or any other holder of the Obligations exhaust any right, power or remedy or proceed against any Person under any of the Loan Documents or any other document relating to the Obligations, or against any other Person under any other guarantee of, or security for, any of the Obligations.

**10.03 Reinstatement.**

The obligations of each Guarantor under this Article X shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any Debtor Relief Law or otherwise, and each Guarantor agrees that it will indemnify the Administrative Agent and each other holder of the Obligations on demand for all reasonable costs and expenses (including the fees, charges and disbursements of counsel) incurred by the Administrative Agent or such holder of the Obligations in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any Debtor Relief Law.

**10.04 Certain Additional Waivers.**

Each Guarantor agrees that such Guarantor shall have no right of recourse to security for the Obligations, except through the exercise of rights of subrogation pursuant to Section 10.02 and through the exercise of rights of contribution pursuant to Section 10.06.

**10.05 Remedies.**

The Guarantors agree that, to the fullest extent permitted by Law, as between the Guarantors, on the one hand, and the Administrative Agent and the other holders of the Obligations, on the other hand, the Obligations may be declared to be forthwith due and payable as specified in Section 10.02 (and shall be

deemed to have become automatically due and payable in the circumstances specified in Section 10.02) for purposes of Section 10.01 notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing the Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or the Obligations being deemed to have become automatically due and payable), the Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by the Guarantors for purposes of Section 10.01.

#### **10.06 Rights of Contribution.**

The Guarantors hereby agree as among themselves that, if any Guarantor shall make an Excess Payment (as defined below), such Guarantor shall have a right of contribution from each other Guarantor in an amount equal to such other Guarantor's Contribution Share (as defined below) of such Excess Payment. The payment obligations of any Guarantor under this Section 10.06 shall be subordinate and subject in right of payment to the Obligations until such time as the Obligations have been paid-in-full and the Commitments have terminated, and none of the Guarantors shall exercise any right or remedy under this Section 10.06 against any other Guarantor until such Obligations have been paid-in-full and the Commitments have terminated. For purposes of this Section 10.06, (a) "Excess Payment" shall mean the amount paid by any Guarantor in excess of its Ratable Share of any Obligations; (b) "Ratable Share" shall mean, for any Guarantor in respect of any payment of Obligations, the ratio (expressed as a percentage) as of the date of such payment of Obligations of (i) the amount by which the aggregate present fair salable value of all of its assets and properties exceeds the amount of all debts and liabilities of such Guarantor (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of such Guarantor hereunder) to (ii) the amount by which the aggregate present fair salable value of all assets and other properties of all of the Loan Parties exceeds the amount of all of the debts and liabilities (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of the Loan Parties hereunder) of the Loan Parties; provided, however, that, for purposes of calculating the Ratable Shares of the Guarantors in respect of any payment of Obligations, any Guarantor that became a Guarantor subsequent to the date of any such payment shall be deemed to have been a Guarantor on the date of such payment and the financial information for such Guarantor as of the date such Guarantor became a Guarantor shall be utilized for such Guarantor in connection with such payment; and (c) "Contribution Share" shall mean, for any Guarantor in respect of any Excess Payment made by any other Guarantor, the ratio (expressed as a percentage) as of the date of such Excess Payment of (i) the amount by which the aggregate present fair salable value of all of its assets and properties exceeds the amount of all debts and liabilities of such Guarantor (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of such Guarantor hereunder) to (ii) the amount by which the aggregate present fair salable value of all assets and other properties of the Loan Parties other than the maker of such Excess Payment exceeds the amount of all of the debts and liabilities (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of the Loan Parties) of the Loan Parties other than the maker of such Excess Payment; provided, however, that, for purposes of calculating the Contribution Shares of the Guarantors in respect of any Excess Payment, any Guarantor that became a Guarantor subsequent to the date of any such Excess Payment shall be deemed to have been a Guarantor on the date of such Excess Payment and the financial information for such Guarantor as of the date such Guarantor became a Guarantor shall be utilized for such Guarantor in connection with such Excess Payment. This Section 10.06 shall not be deemed to affect any right of subrogation, indemnity, reimbursement or contribution that any Guarantor may have under Law against the Borrower in respect of any payment of Obligations.

#### **10.07 Guarantee of Payment; Continuing Guarantee.**

The guarantee in this Article X is a guaranty of payment and not of collection, is a continuing guarantee, and shall apply to the Obligations whenever arising.

**10.08** Appointment of Borrower.

Each of the Guarantors hereby appoints the Borrower to act as its agent for all purposes of this Agreement, the other Loan Documents and all other documents and electronic platforms entered into in connection herewith and agrees that (a) the Borrower may execute such documents and provide such authorizations on behalf of such Guarantor as the Borrower deems appropriate in its sole discretion and each Guarantor shall be obligated by all of the terms of any such document and/or authorization executed on its behalf, (b) any notice or communication delivered by the Administrative Agent, the L/C Issuer or a Lender to the Borrower shall be deemed delivered to each Guarantor and (c) the Administrative Agent ~~or, the L/C Issuer, and~~ the Lenders may accept, and be permitted to rely on, any document, authorization, instrument or agreement executed by the Borrower on behalf of each of the Guarantors.

**ARTICLE XI**

**MISCELLANEOUS**

**11.01** Amendments, Etc.

No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by any Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrower or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that

(a) no such amendment, waiver or consent shall:

(i) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written consent of such Lender (it being understood and agreed that a waiver of any condition precedent set forth in Section 4.02 or of any Default or a mandatory reduction in Commitments is not considered an extension or increase in Commitments of any Lender);

(ii) postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) or any scheduled reduction of the Commitments hereunder or under any other Loan Document without the written consent of each Lender entitled to receive such payment or whose Commitments are to be reduced;

(iii) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Disbursement, or any fees (other than pursuant to a fee letter separate from this Agreement in which all the Lenders are not a party thereto) or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender entitled to receive such amount; provided, however, that only the consent of the Required Lenders shall be necessary (A) to amend the definition of "Default Rate" or to waive any obligation of the Borrower to pay interest or Letter of Credit Fees at the Default Rate or (B) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Loan or Letter of Credit or to reduce any fee payable hereunder;

(iv) change Section 8.03 or Section 2.13 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender directly affected thereby;

(v) change any provision of this Section 11.01(a) or the definition of "Required Lenders" without the written consent of each Lender directly affected thereby;

(vi) release the Borrower without the consent of each Lender, or, except in connection with a transaction permitted under Section 7.04 or Section 7.05, all or substantially all of the value of the Guaranty without the written consent of each Lender whose Obligations are guarantied thereby, except to the extent such release is permitted pursuant to Section 9.10 (in which case such release may be made by the Administrative Agent acting alone); or

(b) unless also signed by the Administrative Agent, no amendment, waiver or consent shall affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document;

(c) unless also signed by the L/C Issuer, no amendment, waiver or consent shall affect the rights or duties of the L/C Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it;

provided, further, that notwithstanding anything to the contrary herein, (i) each Lender is entitled to vote as such Lender sees fit on any bankruptcy reorganization plan that affects the Loans, and each Lender acknowledges that the provisions of Section 1126(c) of the Bankruptcy Code of the United States supersedes the unanimous consent provisions set forth herein and (ii) the Required Lenders shall determine whether or not to allow a Loan Party to use cash collateral in the context of a bankruptcy or insolvency proceeding and such determination shall be binding on all of the Lenders.

No Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of such Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects such Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender.

Any amendment entered into in order to effectuate an increase in the Aggregate Revolving Commitments, in accordance with Section 2.01(b), shall only require the consent of the Lenders providing such increase as long as the purpose of such amendment is solely to incorporate the appropriate provisions for such increase.

Notwithstanding any provision herein to the contrary, (a) the Administrative Agent and the Borrower may amend, modify or supplement this Agreement or any other Loan Document to cure or correct administrative errors or omissions, any ambiguity, omission, defect or inconsistency or to effect administrative changes, and such amendment shall become effective without any further consent of any other party to such Loan Document so long as (i) such amendment, modification or supplement does not adversely affect the rights of any Lender or other holder of Obligations in any material respect and (ii) the Lenders shall have received at least five Business Days' prior written notice thereof and the Administrative Agent shall not have received, within five Business Days of the date of such notice to the Lenders, a written

notice from the Required Lenders stating that the Required Lenders object to such amendment and (b) this Agreement may be amended to replace LIBOR with a LIBOR Successor Rate and to make any necessary LIBOR Successor Rate Conforming Changes in connection therewith, in each case, as contemplated by Section 3.07.

**11.02** Notices; Effectiveness; Electronic Communications.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic mail as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

- (i) if to any Loan Party or the Administrative Agent or the L/C Issuer, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 11.02; and
- (ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Lender on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to the Borrower).

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the L/C Issuer hereunder may be delivered or furnished by electronic communication (including e mail, FpML messaging, and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices to any Lender or the L/C Issuer pursuant to Article II if such Lender or the L/C Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent, the L/C Issuer or the Borrower may each, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement) and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii), if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or

communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) The Platform. THE PLATFORM IS PROVIDED “AS IS” AND “AS AVAILABLE.” THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “Agent Parties”) have any liability to the Borrower, any Lender, the L/C Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of any Loan Party’s or the Administrative Agent’s transmission of Borrower Materials or notices through the Platform, any other electronic platform or electronic messaging service, or through the Internet.

(d) Change of Address, Etc. Each of the Borrower ~~and~~ the Administrative Agent and the L/C Issuer may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the Borrower ~~and~~ the Administrative Agent and the L/C Issuer. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, facsimile number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the “Private Side Information” or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender’s compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials that are not made available through the “Public Side Information” portion of the Platform and that may contain material non-public information with respect to the Borrower or its securities for purposes of United States Federal or state securities Laws.

(e) Reliance by Administrative Agent, L/C Issuer and Lenders. The Administrative Agent, the L/C Issuer and the Lenders shall be entitled to rely and act upon any notices (including telephonic notices, Loan Notices and Letter of Credit Applications) purportedly given by or on behalf of any Loan Party even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Loan Parties shall indemnify the Administrative Agent, the L/C Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of a Loan Party. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

**11.03** No Waiver; Cumulative Remedies; Enforcement.

No failure by any Lender, the L/C Issuer or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any other Loan Document (including the imposition of the Default Rate) preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document are cumulative and not exclusive of any rights, remedies, powers and privileges provided by Law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.02 for the benefit of all the Lenders and the L/C Issuer; provided, however, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) the L/C Issuer from exercising the rights and remedies that inure to its benefit (solely in its capacity as L/C Issuer) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.13), or (ed) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.02 and (ii) in addition to the matters set forth in clauses (b) and (c) and (d) of the preceding proviso and subject to Section 2.13, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

**11.04** Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Loan Parties shall pay (i) all reasonable and documented out of pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent) in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) ~~and~~, (ii) all reasonable and documented out of pocket expenses incurred by the L/C Issuer in connection with the issuance, amendment, extension, reinstatement or renewal of any Letter of Credit or any demand for payment thereunder, and (iii) all out of pocket expenses incurred by the Administrative Agent, the L/C Issuer or any Lender (including the fees, charges and disbursements of any counsel for the Administrative Agent, the L/C Issuer or any Lender), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out of pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Loan Parties. The Loan Parties shall indemnify the Administrative Agent (and any sub-agent thereof), the L/C Issuer and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnatee") against, and hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any

Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including any Loan Party) arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents (including in respect of any matters addressed in Section 3.01), (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by a Loan Party or any of its Subsidiaries, or any Environmental Liability related in any way to a Loan Party or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee, (y) result from a claim brought by any Loan Party against an Indemnitee for a breach of such Indemnitee's obligations hereunder or under any other Loan Document, if such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (z) arise from a dispute solely among Indemnities (other than the Administrative Agent or any Arranger acting in its capacity as such) at a time when the Loan Parties have not breached its obligations hereunder in any material respect and does not arise out of an act or omission by any Loan Party. Without limiting the provisions of Section 3.01(c), this Section 11.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Loan Parties for any reason fail to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by them to the Administrative Agent (or any sub-agent thereof), the L/C Issuer or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the L/C Issuer or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's share of the Total Credit Exposures of all Lenders at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender), such payment to be made severally among them based on such Lenders' Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought); provided, further that, the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or the L/C Issuer in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or the L/C Issuer in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.12(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Law, no party hereto shall assert, and each such party hereby waives, and acknowledges that no other Person shall have, any claim on any theory of liability, for special, indirect,



consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof; provided that nothing contained in this clause (d) shall relieve the Loan Parties of any obligation it may have to indemnify an Indemnitee to against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party claim. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable not later than ten Business Days after demand therefor.

(f) Survival. The agreements in this Section and the indemnity provisions of Section 11.02(e) shall survive the resignation of the Administrative Agent and the L/C Issuer, the replacement of any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all the other Obligations.

#### **11.05 Payments Set Aside.**

To the extent that any payment by or on behalf of any Loan Party is made to the Administrative Agent, the L/C Issuer or any Lender, or the Administrative Agent, the L/C Issuer or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent, the L/C Issuer or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and the L/C Issuer severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders and the L/C Issuer under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

#### **11.06 Successors and Assigns.**

(a) Successors and Assigns Generally. The provisions of this Agreement and the other Loan Documents shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns permitted hereby, except that (i) other than as provided in subsection (g) of this Section, the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder or thereunder without the prior written consent of the Administrative Agent and each Lender and (ii) no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (iA) to an assignee in accordance with the provisions of subsection (b) of this Section, (iiB) by way of participation in accordance with the provisions of subsection (d) of this Section or (iiiC) by way of pledge or assignment of a security interest subject to the restrictions of subsection (e) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and

assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the L/C Issuer and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitment and the Loans (including for purposes of this clause (b), participations in L/C Obligations) at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the related Loans at the time owing to it or contemporaneous assignments to related Approved Funds (determined after giving effect to such assignments) that equal at least the amount specified in subsection (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's Loans and Commitments, and rights and obligations with respect thereto, assigned.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of any unfunded Revolving Commitment if such assignment is to a Person that is not

a Lender with a Commitment subject to such assignment, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(C) the consent of the L/C Issuer shall be required for any assignment if any Letter of Credit is issued and outstanding in accordance with Section 2.03 as of the date of such assignment.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500 from the assignee or assignor; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made to (A) the Borrower or any of the Borrower's Affiliates or Subsidiaries, (B) any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), (C) a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of a natural Person) or (D) any Disqualified Institution.

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, the L/C Issuer or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05 and 11.04 with respect to facts and circumstances occurring prior to the effective date of such assignment); provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting

Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower (and such agency being solely for tax purposes), shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it (or the equivalent thereof in electronic form) and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of a natural Person), a Disqualified Institution, a Defaulting Lender or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the L/C Issuer and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 11.04(c) without regard to the existence of any participation.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in Section 11.01(a) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section (it being understood that the documentation required under Section 3.01(e) shall be delivered to the Lender who sells the participation) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 3.06 and 11.13 as if it were an assignee under paragraph (b) of this Section and (B) shall not be entitled to receive any greater payment under Sections 3.01 or 3.04, with respect to any participation, than the Lender from whom it acquired the applicable participation would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 3.06 with respect to any Participant. To the extent permitted by Law, each Participant also shall be entitled to the benefits of Section 11.08 as though it were a Lender; provided

that such Participant agrees to be subject to Section 2.13 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(f) Resignation as L/C Issuer after Assignment. Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Commitment and Loans pursuant to clause (b) above, Bank of America may, upon 30 days' notice to the Administrative Agent, the Borrower and the Lenders, resign as the L/C Issuer. In the event of any such resignation as the L/C Issuer, the Borrower shall be entitled to appoint from among the Lenders a successor L/C Issuer; provided, however, that no failure by the Borrower to appoint any such successor shall affect the resignation of Bank of America as the L/C Issuer. If Bank of America resigns as the L/C Issuer, it shall retain all the rights, powers, privileges and duties of the L/C Issuer hereunder with respect to all Letters of Credit issued by it and outstanding as of the effective date of its resignation as the L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c)). Upon the appointment of a successor L/C Issuer and subject to such successor L/C Issuer's consent to act in such role, (x) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer, and (y) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

(g) Successor Holdco Assumption. If both the current Permitted Holders and the board of directors of BGC Partners, Inc., a Delaware corporation ("BGC"), determine it is in the best interests of BGC to do so, the Permitted Holders may cause a direct or indirect corporate parent of the Borrower to be formed that will (x) be incorporated under the laws of any state of the United States or the District of Columbia and (y) have common equity that will be registered under Section 12(b) or 12(g) of the Exchange Act (the "Successor Holdco"). The formation of the Successor Holdco may take the form of a series of mergers and stock splits and exchanges. The Successor Holdco shall have the right to assume this Agreement and the other Loan Documents and the rights and obligations of BGC, as the Borrower hereunder and thereunder as successor to BGC without the further consent of the Lenders (the "Assumption"), subject to the following conditions:

(i) the Successor Holdco shall expressly assume all obligations of BGC, as Borrower, under the Loan Documents pursuant to an assumption agreement reasonably acceptable to the Administrative Agent;

(ii) the Successor Holdco shall simultaneously expressly assume all or substantially all of the other Indebtedness of BGC (but not any Subsidiary of BGC) then outstanding;

(iii) after giving effect to the Assumption, the Successor Holdco shall have similar cash flows as BGC had prior to the Assumption;

(iv) no Default or Event of Default shall exist as of or as a result of the Assumption, including any Change of Control;

(v) the Debt Ratings of the Successor Holdco by both S&P and Fitch shall be equal to or greater than the Debt Rating of BGC at the time of the Assumption;

(vi) the Assumption shall not cause an "Event of Default" under and as defined in any Indebtedness (individually or in the aggregate) of BGC (or the Successor Holdco) having an aggregate principal amount (drawn or undrawn) in excess of the Threshold Amount;

(vii) after giving effect to the Assumption, the Successor Holdco shall be in pro forma compliance with the financial covenants set forth in Section 7.11;

(viii) the Successor Holdco shall deliver such Organization Documents, certificates, opinions and other documentation as if it had been the Borrower on the closing date of the Assumption, including all "know your customer" and, if the Successor Holdco qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, a Beneficial Ownership Certification; and

(ix) the Successor Holdco and BGC shall have delivered to the Administrative Agent (A) such certificates confirming that all conditions precedent to the Assumption set forth in foregoing subsections (i) to (viii) have been satisfied and (B) opinions of counsel as deemed reasonably necessary to confirm that BGC and the Successor Holdco have the right to enter into the documents evidencing the Assumption.

Upon consummation of the Assumption in accordance with the above, BGC shall be released from all of its obligations as the Borrower under the Loan Documents.

**11.07** Treatment of Certain Information; Confidentiality.

Each of the Administrative Agent, the L/C Issuer and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding

relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder, (g) on a confidential basis to (i) any rating agency in connection with rating any Loan Party or its Subsidiaries or the credit facilities provided hereunder or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers or other market identifiers with respect to the credit facilities provided hereunder, (h) with the consent of the Borrower or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, [the L/C Issuer](#), any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower. In addition, the Administrative Agent and the Lenders may disclose the existence of this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Administrative Agent and the Lenders in connection with the administration of this Agreement (including information about this Agreement that is customarily provided to such parties), the other Loan Documents, and the Commitments.

For purposes of this Section, “Information” means all information received from a Loan Party or any Subsidiary relating to the Loan Parties or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent, [the L/C Issuer](#) or any Lender on a nonconfidential basis prior to disclosure by such Loan Party or any Subsidiary, provided that, in the case of information received from a Loan Party or any Subsidiary after the Closing Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent, [the L/C Issuer](#) and the Lenders acknowledges that (a) the Information may include material non-public information concerning a Loan Party or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including United States Federal and state securities Laws.

#### **11.08** Rights of Setoff.

If an Event of Default shall have occurred and be continuing, each Lender, [the L/C Issuer](#) and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, [the L/C Issuer](#) or any such Affiliate to or for the credit or the account of any Loan Party against any and all of the obligations of such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender, [the L/C Issuer](#) or their respective Affiliates, irrespective of whether or not such Lender, [the L/C Issuer](#) or such Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of such Loan Party may be contingent or unmatured or are owed to a branch or office or Affiliate of such Lender or the L/C Issuer different from the branch or office or Affiliate holding such deposit or obligated on such indebtedness; provided, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of [Section 2.15](#) and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, [the L/C](#)

[Issuer](#) and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, [the L/C Issuer](#) and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, [the L/C Issuer](#) or their respective Affiliates may have. Each Lender [and the L/C Issuer](#) agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

**11.09 Interest Rate Limitation.**

Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the “Maximum Rate”). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

**11.10 Counterparts; Integration; Effectiveness.**

This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent [or the L/C Issuer](#), constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in [Section 4.01](#), this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging means (e.g., “pdf” or “tif”) shall be effective as delivery of a manually executed counterpart of this Agreement.

**11.11 Survival of Representations and Warranties.**

All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied [or any Letter of Credit shall remain outstanding](#).

**11.12 Severability.**

If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor



in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 11.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent or the L/C Issuer, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

### **11.13 Replacement of Lenders.**

If the Borrower is entitled to replace a Lender pursuant to the provisions of Section 3.06, or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.06), all of its interests, rights (other than its existing rights to payments pursuant to Sections 3.01 and 3.04) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

- (a) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 11.06(b);
- (b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);
- (c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;
- (d) such assignment does not conflict with applicable Laws; and
- (e) in the case of an assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Each party hereto agrees that (a) an assignment required pursuant to this Section 11.13 may be effected pursuant to an Assignment and Assumption executed by the Borrower, the Administrative Agent and the assignee, and (b) the Lender required to make such assignment need not be a party thereto in order for such assignment to be effective and shall be deemed to have consented to and be bound by the terms thereof; provided that, following the effectiveness of any such assignment, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable Lender, provided, further that any such documents shall be without recourse to or warranty by the parties thereto.

Notwithstanding anything in this Section 11.13 to the contrary, (i) the Lender that acts as the L/C Issuer may not be replaced hereunder at any time it has any Letter of Credit outstanding hereunder unless arrangements satisfactory to such Lender (including the furnishing of a backstop standby letter of credit in form and substance, and issued by an issuer, reasonably satisfactory to such L/C Issuer or the depositing of cash collateral into a cash collateral account in amounts and pursuant to arrangements reasonably satisfactory to the L/C Issuer) have been made with respect to such outstanding Letter of Credit and (ii) the Lender that acts as the Administrative Agent may not be replaced hereunder except in accordance with the terms of Section 9.06.

**11.14** Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. EACH LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE ADMINISTRATIVE AGENT, THE L/C ISSUER, ANY LENDER OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, THE L/C ISSUER OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT

REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 11.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

**11.15** Waiver of Jury Trial.

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

**11.16** No Advisory or Fiduciary Responsibility.

In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each of the Loan Parties acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Arrangers and the Lenders are arm's-length commercial transactions between the Loan Parties and their Affiliates, on the one hand, and the Administrative Agent, the Arrangers and the Lenders, on the other hand, (B) each of the Loan Parties has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each of the Loan Parties is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent, the Arrangers and the Lenders each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Loan Parties or any of their respective Affiliates, or any other Person and (B) neither the Administrative Agent, any Arranger nor any Lender has any obligation to the Loan Parties or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the Arrangers, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Loan Parties and their respective Affiliates, and neither the Administrative Agent, any Arranger nor any Lender has any obligation to disclose any of such interests to the Loan Parties and their respective Affiliates. To the fullest extent permitted by Law, each of the Loan Parties hereby waives and releases any claims that it may have against the Administrative Agent, any Arranger or any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

**11.17** Electronic Execution of Assignments and Certain Other Documents.

The words “delivery,” “execute,” “execution,” “signed,” “signature,” and words of like import in any Loan Document or any other document executed in connection herewith shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary neither the Administrative Agent nor any Lender is under any obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent or such Lender pursuant to procedures approved by it and provided further without limiting the foregoing, upon the request of any party, any electronic signature shall be promptly followed by such manually executed counterpart.

**11.18** USA PATRIOT Act Notice.

Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Loan Parties that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”), it is required to obtain, verify and record information that identifies the Loan Parties, which information includes the name and address of the Loan Parties and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Loan Parties in accordance with the Act. The Loan Parties shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the Act and the Beneficial Ownership Regulation.

**11.19** Acknowledgment and Consent to Bail-In of ~~EEA~~Affected Financial Institutions

Notwithstanding anything to the contrary in any ~~Credit~~Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender or the L/C Issuer that is an ~~EEA~~Affected Financial Institution arising under any ~~Credit~~Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of ~~an EEA~~the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by ~~an EEA~~the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender or the L/C Issuer that is an ~~EEA~~Affected Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
  - (i) a reduction in full or in part or cancellation of any such liability;
  - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such ~~EEA~~Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or

other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other ~~Credit~~Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of ~~any EEA~~the applicable Resolution Authority.

**11.20** ~~Acknowledgement~~Acknowledgment Regarding Any Supported QFCs .

To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Swap Contract or any other agreement or instrument that is a QFC (such support, “QFC Credit Support”, and each such QFC, a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under such U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under such U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

[SIGNATURE PAGES OMITTED]

## LIST OF SUBSIDIARIES OF BGC PARTNERS, INC.

ENTITY NAMES	DOMESTIC JURISDICTION
12TH STREET CAPITAL, LLC	DELAWARE
ABC INSURANCE SERVICES LIMITED	UNITED KINGDOM
ALGOMI CORPORATION	DELAWARE
ALGOMI LIMITED	UNITED KINGDOM
AMEEFI SERVICES, INC.	DELAWARE
AMEREX BROKERS LLC	DELAWARE
AMPEX ENERGY, LLC	DELAWARE
AQUA SECURITIES HOLDINGS, LLC	DELAWARE
AQUA SECURITIES, L.P.	DELAWARE
AQUA SOFTWARE, LLC	DELAWARE
AUREL BGC	FRANCE
BESSO AFFINITY GROUPS LIMITED	UNITED KINGDOM
BESSO CYPRUS B.V.	NETHERLANDS
BESSO ESOP TRUSTEE LIMITED	UNITED KINGDOM
BESSO GRIMME INSURANCE BROKERSGMBH	GERMANY
BESSO INSURANCE BROKERS EUROPEAN SERVICES LTD	CYPRUS
BESSO INSURANCE GROUP LIMITED	UNITED KINGDOM
BESSO INSURANCE SERVICES LIMITED	UNITED KINGDOM
BESSO INTERNATIONAL (RE) LIMITED	UNITED KINGDOM
BESSO INTERNATIONAL SPECIE LIMITED	UNITED KINGDOM
BESSO LIMITED	UNITED KINGDOM
BESSO LLP	UNITED KINGDOM
BESSO MARINE LIMITED	UNITED KINGDOM
BESSO OPERATIONAL SUPPORT SERVICES LIMITED	UNITED KINGDOM
BESSO PARTNERS LIMITED	UNITED KINGDOM
BESSO RE (MIDDLE EAST) LIMITED	DUBAI
BESSO RE BRASIL CORRETORA DE RESSEGUROS LTDA	BRAZIL
BESSO RE LIMITED	UNITED KINGDOM
BESSO RISK SOLUTIONS LTD	UNITED KINGDOM
BESSO SIGORTA VE REASURANS BROKERLIGI LTD	TURKEY
BESSO SPECIAL GROUPS LIMITED	UNITED KINGDOM
BESSO TRANSPORTATION LIMITED	UNITED KINGDOM
BGC BRAZIL HOLDINGS LIMITADA	BRAZIL
BGC BRAZIL HOLDINGS, LLC	DELAWARE
BGC BROKERS GP LIMITED	UNITED KINGDOM
BGC BROKERS HOLDINGS, L.P.	DELAWARE

BGC BROKERS HOLDINGS, LLC	DELAWARE
BGC BROKERS INVESTMENT, L.P.	DELAWARE
BGC BROKERS L.P.	UNITED KINGDOM
BGC BROKERS US HOLDINGS, LLC	DELAWARE
BGC BROKERS US, L.P.	DELAWARE
BGC CANADA SECURITIES COMPANY	CANADA (NOVA SCOTIA)
BGC CANADA SECURITIES COMPANY HOLDINGS, L.P.	DELAWARE
BGC CAPITAL MARKETS (HONG KONG) LIMITED	HONG KONG
BGC CAPITAL MARKETS (JAPAN) LLC	DELAWARE
BGC CAPITAL MARKETS (SWITZERLAND) LLC	DELAWARE
BGC CAPITAL MARKETS AND FOREIGN EXCHANGE BROKER (KOREA) LIMITED	SOUTH KOREA
BGC CAPITAL MARKETS, L.P.	DELAWARE
BGC CAYMAN ISLANDS HOLDINGS I LIMITED	CAYMAN ISLANDS
BGC CHINA HOLDINGS, LLC	DELAWARE
BGC CHINA, L.P.	DELAWARE
BGC COMMERCIAL REAL ESTATE HOLDINGS, LLC	DELAWARE
BGC DERIVATIVE MARKETS HOLDINGS, LLC	DELAWARE
BGC DERIVATIVE MARKETS, L.P.	DELAWARE
BGC ENVIRONMENTAL BROKERAGE SERVICES HOLDINGS, LLC	DELAWARE
BGC ENVIRONMENTAL BROKERAGE SERVICES, L.P.	DELAWARE
BGC EPSILON FINANCING, LLC	DELAWARE
BGC EPSILON HOLDINGS, LLC	DELAWARE
BGC EUROPEAN GP LIMITED	UNITED KINGDOM
BGC EUROPEAN HOLDINGS, L.P.	UNITED KINGDOM
BGC FINANCIAL GROUP, INC.	DELAWARE
BGC FINANCIAL, L.P.	DELAWARE
BGC FRANCE HOLDINGS	FRANCE
BGC GLOBAL HOLDINGS GP LIMITED	CAYMAN ISLANDS
BGC GLOBAL HOLDINGS, L.P.	CAYMAN ISLANDS
BGC GLOBAL LIMITED	UNITED KINGDOM
BGC GP LIMITED	UNITED KINGDOM
BGC GP, LLC	DELAWARE
BGC HCMC HOLDINGS, LLC	DELAWARE
BGC HOLDINGS (TURKEY), LLC	DELAWARE
BGC HOLDINGS II, LLC	DELAWARE
BGC HOLDINGS U.S., INC.	DELAWARE
BGC HOLDINGS, L.P.	DELAWARE

BGC HOLDINGS, LLC	DELAWARE
BGC INFORMATION HOLDINGS, LLC	DELAWARE
BGC INFORMATION, L.P.	DELAWARE
BGC INSURANCE SERVICES (BERMUDA) LIMITED	BERMUDA
BGC INTERNATIONAL	UNITED KINGDOM
BGC INTERNATIONAL GP LIMITED	UNITED KINGDOM
BGC INTERNATIONAL HOLDINGS, L.P.	DELAWARE
BGC INTERNATIONAL, L.P.	UNITED KINGDOM
BGC LIQUIDEZ DISTRIBUIDORA DE TITULOS E VALORES MOBILIARIOS LTDA.	BRAZIL
BGC M LIMITED PARTNERSHIP	UNITED KINGDOM
BGC MARKET DATA HOLDINGS, LLC	DELAWARE
BGC MARKET DATA, L.P.	DELAWARE
BGC MEXICO HOLDINGS, S. DE R.L. de C.V.	MEXICO
BGC MEXICO R.E. HOLDINGS, LLC	DELAWARE
BGC MEXICO R.E. HOLDINGS, S. de R.L. de C.V.	MEXICO
BGC NOTES, LLC	NEW YORK
BGC PARTNERS (AUSTRALIA) PTY LIMITED	AUSTRALIA
BGC PARTNERS (SINGAPORE) LIMITED	SINGAPORE
BGC PARTNERS CIS LLC	RUSSIA
BGC PARTNERS MENKUL DEGERLER A.S.	TURKEY
BGC PARTNERS, INC.	DELAWARE
BGC PARTNERS, L.P.	DELAWARE
BGC POTEN & PARTNERS HOLDINGS, LLC	DELAWARE
BGC RADIX ENERGY L.P.	DELAWARE
BGC REAL ESTATE, LLC	DELAWARE
BGC REMATE HOLDINGS, LLC	DELAWARE
BGC SA FINANCIAL BROKERS (PTY) LIMITED	SOUTH AFRICA
BGC SECURITIES (AUSTRALIA) PTY LIMITED	AUSTRALIA
BGC SECURITIES (HONG KONG) LLC	DELAWARE
BGC SECURITIES (SINGAPORE) LIMITED	SINGAPORE
BGC SECURITIES SARL	SWITZERLAND
BGC SERVICES (HOLDINGS) LLP	UNITED KINGDOM
BGC SHOKEN KAISHA LIMITED	DELAWARE
BGC SUNRISE HOLDINGS, L.P.	DELAWARE
BGC TECHNOLOGY (HONG KONG) HOLDINGS I, INC.	DELAWARE
BGC TECHNOLOGY (HONG KONG) HOLDINGS II, INC.	DELAWARE
BGC TECHNOLOGY (HONG KONG) HOLDINGS III, LLC	DELAWARE

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BGC TECHNOLOGY (HONG KONG) LIMITED	HONG KONG
BGC TECHNOLOGY (JAPAN) LIMITED	JAPAN
BGC TECHNOLOGY BROKERAGE HOLDINGS, LLC	DELAWARE
BGC TECHNOLOGY BROKERAGE, L.P.	DELAWARE
BGC TECHNOLOGY ELX HOLDINGS, L.P.	DELAWARE
BGC TECHNOLOGY ELX HOLDINGS, LLC	DELAWARE
BGC TECHNOLOGY INTERNATIONAL LIMITED	UNITED KINGDOM
BGC TECHNOLOGY MARKETS HOLDINGS, LLC	DELAWARE
BGC TECHNOLOGY MARKETS, L.P.	DELAWARE
BGC TECHNOLOGY SUPPORT SERVICES LIMITED	UNITED KINGDOM
BGC TECHNOLOGY, LLC	DELAWARE
BGC TRADING HOLDINGS, LLC	DELAWARE
BGC USA HOLDINGS, LLC	DELAWARE
BGC USA, L.P.	DELAWARE
BGCBI, LLC	DELAWARE
BGCCMHK HOLDINGS II, LLC	DELAWARE
BGCCMHK HOLDINGS, LLC	DELAWARE
BGCCMLP HOLDINGS, LLC	DELAWARE
BGCF HOLDINGS, LLC	DELAWARE
BGCIHLP, LLC	DELAWARE
BGCM GP LIMITED	UNITED KINGDOM
BGCP II, INC.	DELAWARE
BGCSHLLP HOLDINGS LIMITED	UNITED KINGDOM
BRAINS INC LIMITED	UNITED KINGDOM
BROKERSLINK AG	SWITZERLAND
BROKERSLINK MANAGEMENT AG	SWITZERLAND
CANTOR FITZGERALD (PROPRIETARY) LIMITED	SOUTH AFRICA
CENTURY CHARTERING (U.K.) LIMITED	UNITED KINGDOM
CGSC HOLDINGS (AUSTRALIA) PTY LTD.	AUSTRALIA
CHART TRADING DEVELOPMENT, LLC	TEXAS
CONTRACT COMPLETION COMPANY LTD	UNITED KINGDOM
COOPER GAY (AUSTRALIA) PTY LTD	AUSTRALIA
COOPER GAY (FRANCE) SAS	FRANCE
COOPER GAY CAYMAN LTD.	CAYMAN ISLANDS
COOPER GAY SA	BELGIUM
CREDITORS COLLECTIONS, LLC	DELAWARE
D'VEGA LIMITED	UNITED KINGDOM
eAB HOLDINGS, LLC	DELAWARE

EAGLE WEST LIMITED	UNITED KINGDOM
ED BROKING (2016) LIMITED	UNITED KINGDOM
ED BROKING (ASIA) PTE LIMITED	SINGAPORE
ED BROKING (BERMUDA) LIMITED INCORPORATED	BERMUDA
ED BROKING (HONG KONG) LIMITED	HONG KONG
ED BROKING (MENA) LIMITED	UNITED ARAB EMIRATES
ED BROKING (UK) LIMITED	UNITED KINGDOM
ED BROKING GROUP LIMITED	UNITED KINGDOM
ED BROKING HOLDINGS (2016) LTD.	UNITED KINGDOM
ED BROKING HOLDINGS (LONDON) LIMITED	UNITED KINGDOM
ED BROKING HOLDINGS LLP	UNITED KINGDOM
ED BROKING HOLDINGS, INC.	FLORIDA
ED BROKING LLP	UNITED KINGDOM
ED BROKING MIAMI INC.	FLORIDA
ELX FUTURES HOLDINGS, LLC	DELAWARE
ELX FUTURES, L.P.	DELAWARE
EMERGING MARKETS BOND EXCHANGE LIMITED	UNITED KINGDOM
EPSILON INSURANCE BROKING SERVICES PTY LTD.	AUSTRALIA
ESX CLEARING HOLDINGS, LLC	DELAWARE
ESX CLEARING, L.P.	DELAWARE
EURO BROKERS (SWITZERLAND) S.A.	SWITZERLAND
EURO BROKERS CANADA LIMITED	CANADA
EURO BROKERS MEXICO S.A. de C.V.	MEXICO
FENICS (JAPAN) LIMITED	JAPAN
FENICS EXECUTION, LLC	NEW YORK
FENICS FX, LLC	DELAWARE
FENICS GH LIMITED	UNITED KINGDOM
FENICS GO HOLDINGS LIMITED	UNITED KINGDOM
FENICS PARTNERS, LLC	DELAWARE
FENICS SECURIITES (SINGAPORE) PTE LIMITED	SINGAPORE
FENICS SECURIITES (SINGAPORE) PTE LIMITED	SINGAPORE
FENICS SECURITIES (AUSTRALIA) PTY LIMITED	AUSTRALIA
FENICS SECURITIES (HONG KONG) LIMITED	HONG KONG
FENICS SERVICES GP, LLC	DELAWARE
FENICS SOFTWARE INC.	DELAWARE
FENICS SOFTWARE LIMITED	UNITED KINGDOM
FENICS TECHNOLOGY (SINGAPORE) PTE LIMITED	SINGAPORE
FENICS TECHNOLOGY (SINGAPORE) PTE LIMITED	SINGAPORE

FENICS TECHNOLOGY (SINGAPORE) PTE LIMITED	SINGAPORE
FENICS TECHNOLOGY MARKETS, LLC	DELAWARE
FHLP HOLDINGS, LLC	DELAWARE
FHLP, L.P.	DELAWARE
FREEDOM INTERNATIONAL BROKERAGE COMPANY	CANADA
FREEDOM INTERNATIONAL HOLDING, L.P.	DELAWARE
GFI (HK) BROKERS LIMITED	HONG KONG
GFI (HK) SECURITIES L.L.C.	NEW YORK
GFI ADVISORY (CHINA) CO. LIMITED	CHINA
GFI AFRICAN MONEY BROKERS (PTY) LTD	SOUTH AFRICA
GFI ASIA HOLDINGS PTE. LTD	SINGAPORE
GFI ASIA PARTNERS PTE. LTD	SINGAPORE
GFI AUSTRALIA PTY LIMITED	AUSTRALIA
GFI BERMUDA LTD.	BERMUDA
GFI BROKERS (CHILE) AGENTE DE VALORES SPA	CHILE
GFI BROKERS LIMITED	UNITED KINGDOM
GFI DEL PERU S.A.C.	PERU
GFI DEL PERU S.A.C.	PERU
GFI EMEA HOLDINGS LIMITED	UNITED KINGDOM
GFI EXCHANGE COLOMBIA S.A.	COLOMBIA
GFI FINANCE SARL	LUXEMBOURG
GFI FUTURES EXCHANGE LLC	DELAWARE
GFI GROUP (PHILIPPINES) INC.	PHILIPPINES
GFI GROUP DO BRASIL CONSULTORIA LTDA	BRAZIL
GFI GROUP DO BRASIL CONSULTORIA LTDA	BRAZIL
GFI GROUP INC.	DELAWARE
GFI GROUP LLC	NEW YORK
GFI GROUP MEXICO S.A. DE C.V.	MEXICO
GFI GROUP MEXICO S.A. DE C.V.	MEXICO
GFI GROUP PTE LIMITED	SINGAPORE
GFI HOLDINGS LIMITED	UNITED KINGDOM
GFI INTERNATIONAL AND CAPITAL MARKET BROKERS (PTY) LIMITED	SOUTH AFRICA
GFI INTERNATIONAL HOLDINGS LP	UNITED KINGDOM
GFI KOREA MONEY BROKERAGE LIMITED	KOREA
GFI MARKETS INVESTMENTS LIMITED	UNITED KINGDOM
GFI MARKETS LIMITED	UNITED KINGDOM
GFI MARKETS LLC	DELAWARE
GFI NEWGATE LIMITED	UNITED KINGDOM

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GFI SECURITIES (SA) (PROPRIETARY) LIMITED	SOUTH AFRICA
GFI SECURITIES COLOMBIA S.A.	COLOMBIA
GFI SECURITIES HOLDINGS (PTY) LIMITED	SOUTH AFRICA
GFI SECURITIES LIMITED	UNITED KINGDOM
GFI SECURITIES LLC	NEW YORK
GFI SECURITIES NYON SARL	SWITZERLAND
GFI SECURITIES S.A.	ARGENTINA
GFI SERVICIOS CORPORATIVOS, S.A. DE C.V.	MEXICO
GFI SOUTH AFRICA (PTY) LTD	SOUTH AFRICA
GFI SWAPS EXCHANGE LLC	DELAWARE
GFI UK HOLDING LIMITED PARTNERSHIP	UNITED KINGDOM
GFIGS COMMERCIAL CONSULTING (SHANGHAI)CO., LTD	CHINA (PEOPLES REPUBLICOF) SHANGHAI
GFINET EUROPE LIMITED	UNITED KINGDOM
GFINET HOLDINGS INC.	DELAWARE
GFINET INC.	DELAWARE
GFINET UK LIMITED	UNITED KINGDOM
GFIX LLC	DELAWARE
GINGA GLOBAL MARKETS PTE LTD	SINGAPORE
GINGA PETROLEUM (SINGAPORE) PTE LTD	SINGAPORE
GLADSTONE UNDERWRITING AGENCY LIMITED	UNITED KINGDOM
GLOBE UNDERWRITING LIMITED	UNITED KINGDOM
GM CAPITAL MARKETS LIMITED	UNITED KINGDOM
GOSEAS HOLDINGS LTD	CYPRUS
GUNTHER LUBSEN GMBH	GERMANY
GWMJ LIMITED	UNITED KINGDOM
H. BERNSTEIN INSURANCE BROKERS LIMITED	UNITED KINGDOM
HARLEQUIN INSURANCE PCC LIMITED	GUERNSEY
HNCG LIMITED	UNITED KINGDOM
JADESTONE CONSULTANTS LIMITED	CYPRUS
JOBRIDGE HOLDINGS LTD	CYPRUS
JPI MERGER SUB 1, INC.	DELAWARE
JPI MERGER SUB 2, LLC	DELAWARE
JPI MERGER SUB 3, INC.	DELAWARE
JUNGE & CO VERSICHERUNGSMAKLER GMBH	GERMANY
JUNGE VERSICHERUNGSMAKLER HOLDING GMBH	GERMANY
KALAHARI LIMITED	UNITED KINGDOM
KYTE CAPITAL MANAGEMENT LIMITED	UNITED KINGDOM
KYTE FUND MANAGEMENT (UK) LIMITED	UNITED KINGDOM

LEVEL 3 ENERGY MANAGEMENT LLC	TEXAS
LFI HOLDINGS, LLC	DELAWARE
LUCERA (UK) LIMITED	UNITED KINGDOM
LUCERA CONNECTIVITY LIMITED	UNITED KINGDOM
LUCERA FINANCIAL INFRASTRUCTURES, LLC	DELAWARE
LUCERA FINANCIAL SERVICES, LLC	DELAWARE
LUCERA INFRASTRUCTURES, LLC	DELAWARE
LUCERA OPERATIONS, LLC	DELAWARE
LUCERA SERVICES, LLC	DELAWARE
MARATHON GLOBAL LIMITED	UNITED KINGDOM
MARINE BROKING LLP	UNITED KINGDOM
MARTIN BROKERS GROUP LIMITED	UNITED KINGDOM
MAXCOR FOUNDATION INC.	NEW YORK
MERLIN ADVISORS, LLC	DELAWARE
MINT BROKERS	NEW YORK
MINT BROKERS HOLDINGS I, LLC	DELAWARE
MINT BROKERS HOLDINGS II, LLC	DELAWARE
NEUTRAL BAY INVESTMENTS LIMITED	UNITED KINGDOM
NMB BEIJING CONSULTING COMPANY LIMITED	CHINA
PATERSON MARTIN LIMITED	UNITED KINGDOM
PERIMETER MARKETS, INC.	CANADA (ONTARIO)
PIIQ RISK PARTNERS INC	DELAWARE
PIIQ RISK PARTNERS LIMITED	UNITED KINGDOM
PIIQ RISK PARTNERS SAS	FRANCE
POTEN & PARTNERS (AUSTRALIA) PTY. LTD.	AUSTRALIA
POTEN & PARTNERS (HELLAS) LTD.	BRITISH VIRGIN ISLANDS
POTEN & PARTNERS (SPAIN) SL	SPAIN (MADRID)
POTEN & PARTNERS Denmark ApS	DENMARK
POTEN & PARTNERS GROUP, INC.	DELAWARE
POTEN & PARTNERS HOLDINGS, LLC	DELAWARE
POTEN & PARTNERS LTD.	BERMUDA
POTEN & PARTNERS PTE. LTD.	SINGAPORE
POTEN & PARTNERS, INC.	DELAWARE
POTEN & PARTNERS, LLC	DELAWARE
POTEN CAPITAL SERVICES (UK) LTD.	UNITED KINGDOM
POTEN CAPITAL SERVICES, LLC	DELAWARE
POTEN PLURAL PARTICIPACOS SERVICOS E CORRETAGEM DE CARGA MARITIMA E MERCADORIAS LTDA	BRAZIL

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REMATE (USA), INC.	NEW YORK
REMATE LINCE, S.A.P.I. de C.V.	MEXICO
RMT EMPLOYMENT SERVICES HOLDINGS I, LLC	DELAWARE
RMT EMPLOYMENT SERVICES HOLDINGS II, LLC	DELAWARE
RMT EMPLOYMENT SERVICES, S. DE R.L. de C.V.	MEXICO
SBL SUNRISE BROKERS LIMITED	CYPRUS
SEMINOLE CAPITAL MARKETS, L.P.	DELAWARE
SISTEMAS VAR	MEXICO
STERLING INSURANCE BROKERS PTY LIMITED	AUSTRALIA
STERLING INTERNATIONAL BROKERS LIMITED	UNITED KINGDOM
SUNRISE BROKERS (HONG KONG) LTD	HONG KONG
SUNRISE BROKERS LLC	DELAWARE
SUNRISE BROKERS LLP	UNITED KINGDOM
SUNRISE GLOBAL BROKERS LIMITED	UNITED KINGDOM
THE EURO BROKERS RELIEF FUND, INC.	NEW YORK
TOWER BRIDGE (ONE) LIMITED	UNITED KINGDOM
TOWER BRIDGE GP LIMITED	UNITED KINGDOM
TOWER BRIDGE INTERNATIONAL SERVICES L.P.	UNITED KINGDOM
TRADESOFTECHNOLOGIES, INC.	DELAWARE
TRADESPARK, L.P.	DELAWARE
TREASURYCONNECT LLC	DELAWARE

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-4 No. 333-169232) of BGC Partners, Inc.,
- (2) Registration Statement (Form S-3 No. 333-167953) of BGC Partners, Inc.,
- (3) Registration Statement (Form S-3 No. 333-173109) of BGC Partners, Inc.,
- (4) Registration Statement (Form S-3 No. 333-175034) of BGC Partners, Inc.,
- (5) Registration Statement (Form S-3 No. 333-180391) of BGC Partners, Inc.,
- (6) Registration Statement (Form S-3 No. 333-187875) of BGC Partners, Inc.,
- (7) Registration Statement (Form S-8 No. 333-189179) of BGC Partners, Inc.,
- (8) Registration Statement (Form S-8 No. 333-196708) of BGC Partners, Inc.,
- (9) Registration Statement (Form S-3 No. 333-196999) of BGC Partners, Inc.,
- (10) Registration Statement (Form S-3 No. 333-204980) of BGC Partners, Inc.,
- (11) Registration Statement (Form S-8 No. 333-207257) of BGC Partners, Inc.,
- (12) Registration Statement (Form S-3 No. 333-208967) of BGC Partners, Inc.,
- (13) Registration Statement (Form S-8 No. 333-213165) of BGC Partners, Inc.,
- (14) Registration Statement (Form S-3 No. 333-214772) of BGC Partners, Inc.,
- (15) Registration Statement (Form S-3 No. 333-223550) of BGC Partners, Inc.,
- (16) Registration Statement (Form S-4 No. 333-226445) of BGC Partners, Inc.,
- (17) Registration Statement (Form S-3 No. 333-227395) of BGC Partners, Inc.,
- (18) Registration Statement (Form S-4 No. 333-233761) of BGC Partners, Inc.,
- (19) Registration Statement (Form S-4 No. 333-234176) of BGC Partners, Inc.,
- (20) Registration Statement (Form S-3 No. 333-235533) of BGC Partners, Inc.,
- (21) Registration Statement (Form S-4 No. 333-248472) of BGC Partners, Inc., and
- (22) Registration Statement (Form S-3 No. 333-249567) of BGC Partners, Inc.,

of our reports dated March 1, 2021, with respect to the consolidated financial statements and schedule of BGC Partners, Inc. and the effectiveness of internal control over financial reporting of BGC Partners, Inc. included in this Annual Report (Form 10-K) of BGC Partners, Inc. for the year ended December 31, 2020.

/s/ Ernst & Young LLP

New York, New York  
March 1, 2021

# CERTIFICATION

I, Howard W. Lutnick, certify that:

1. I have reviewed this annual report on Form 10-K of BGC Partners, Inc. for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of this disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and
  - d. Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ HOWARD W. LUTNICK

**Howard W. Lutnick**

**Chairman of the Board and Chief Executive Officer**

Date: March 1, 2021



**CERTIFICATION**

I, Steven Bisgay, certify that:

1. I have reviewed this annual report on Form 10-K of BGC Partners, Inc. for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of this disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and
  - d. Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of registrant's Board of Directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ STEVEN BISGAY

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**Steven Bisgay**  
**Chief Financial Officer**

Date: March 1, 2021

**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 annual report of BGC Partners, Inc., a Delaware corporation (the “Company”), on Form 10-K for the period ended December 31, 2020 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 Steven Bisgay, 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-K 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-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ HOWARD W. LUTNICK

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

/s/ STEVEN BISGAY

**Name:** \_\_\_\_\_  
**Title:** **Steven Bisgay**  
**Chief Financial Officer**

Date: March 1, 2021