

BGC Partners, Inc.
Form 10-K
March 16, 2011
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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, 2010

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)

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Delaware
(State or Other Jurisdiction of Incorporation)

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

(212) 610-2200

(Registrant's telephone number, including area code)

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

10022
(Zip Code)

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

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock, \$0.01 par value	The NASDAQ Stock Market LLC

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

None

(Title of Class)

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller Reporting Company

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

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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, 2010 as reported on NASDAQ, was approximately \$353,029,767.

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

Class	Outstanding at March 14, 2011
Class A Common Stock, par value \$0.01 per share	73,110,050 shares
Class B Common Stock, par value \$0.01 per share	25,848,107 shares

DOCUMENTS INCORPORATED BY REFERENCE.

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BGC Partners, Inc.

2010 FORM 10-K ANNUAL REPORT

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SPECIAL NOTE ON FORWARD-LOOKING INFORMATION

This Annual Report on Form 10-K (Form 10-K) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). 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, potential, continue, believes, anticipates, plans, expects, intends and similar expressions are intended to identify forward-looking statements.

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

pricing and commissions and market position with respect to any of our products and services and those of our competitors;

the effect of industry concentration and reorganization, reduction of customers and consolidation;

liquidity, clearing capital requirements and the impact of credit market events;

market conditions, including trading volume and volatility, and potential deterioration of the equity and debt capital markets;

our relationship with Cantor and its affiliates, including Cantor Fitzgerald & Co., which we refer to as CF&Co. , any related conflicts of interest, competition for and retention of brokers and other managers and key employees, support for liquidity and capital and other relationships, including Cantor's holding of our convertible notes, CF&Co.'s acting as our sales agent under our controlled equity or other future offerings and CF&Co.'s acting as our financial advisor in connection with one or more business combination or other transactions;

economic or geopolitical conditions or uncertainties;

extensive regulation of our businesses, changes in regulations relating to the financial services industry, and risks relating to compliance matters, including regulatory examinations, investigations and enforcement actions;

factors related to specific transactions or series of transactions, including credit, performance and unmatched principal risk, counterparty failure, and the impact of fraud and unauthorized trading;

costs and expenses of developing, maintaining and protecting our intellectual property, including judgments or settlements paid or received in connection with intellectual property, as well as employment and other litigation and their related costs;

certain financial risks, including the possibility of future losses and negative cash flow from operations, potential liquidity and other risks relating to our ability to obtain financing or refinancing of existing debt on terms acceptable to us, if at all, and risks of the resulting leverage, including potentially causing a reduction in our credit ratings and/or the associated outlook given by the rating agencies to those credit ratings, as well as interest and currency rate fluctuations;

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our ability to enter new markets or develop new products, trading desks, marketplaces or services and to induce customers to use these products, trading desks, marketplaces or services and to secure and maintain market share;

our ability to enter into marketing and strategic alliances and business combination or other transactions, including acquisitions, dispositions, reorganizations, partnering opportunities and joint ventures, and the integration of any completed transactions;

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our ability to hire new personnel;

our ability to expand the use of technology for hybrid and fully electronic trading;

our ability to effectively manage any growth that may be achieved;

our ability to identify and remediate any material weaknesses in our internal controls that could affect our ability to prepare financial statements and reports in a timely manner;

the effectiveness of our risk management policies and procedures, and the impact of unexpected market moves and similar events;

the prices at which shares of our Class A common stock are sold in one or more of our controlled equity or other offerings or other transactions may vary significantly and purchasers of shares in such offerings or transactions, as well as existing stockholders, may suffer significant dilution if the price they paid for their shares is higher than the price paid by other purchasers in such offerings or transactions;

our ability to meet expectations with respect to payments of dividends and distributions and repurchases of shares of our Class A common stock and purchases of BGC Holdings, L.P., which we refer to as BGC Holdings, limited partnership units or other equity interests in our subsidiaries, including from Cantor, our executive officers, other employees, partners, and others, and the net proceeds to be realized by us from offerings of our shares of Class A common stock; and

the risks and other factors described herein under the heading Item 1A Risk Factors in this Form 10-K and as amended from time to time in our quarterly reports on Form 10-Q.

The foregoing risks and uncertainties, as well as those risks discussed under the headings Item 1A Risk Factors, Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 7A Quantitative and Qualitative Disclosures about Risk and elsewhere in this Form 10-K, may cause actual results to differ materially from the forward-looking statements. The information included herein is given as of the filing date of this Form 10-K with the Securities and Exchange Commission (the SEC), and future events or circumstances could differ significantly from these forward-looking statements. The Company does not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

WHERE YOU CAN FIND MORE INFORMATION

Our Internet website address is www.bgcpartners.com. Through our Internet website, we make available, free of charge, the following reports as soon as reasonably practicable after electronically filing them with, or furnishing them 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 and 13G filed on behalf of Cantor, our directors and our executive officers; and amendments to those reports. In addition, our Internet website address is the primary location for press releases regarding our business, including our quarterly and year-end financial results.

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PART I

ITEM 1. BUSINESS

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

Our Business

We are a leading global financial intermediary to the financial markets specializing in the brokering of a broad range of financial products globally, including fixed income securities, interest rate swaps, foreign exchange, equities, equity derivatives, credit derivatives, commodities, futures, structured products and other instruments. We also provide a full range of services, including trade execution, broker-dealer services, clearing, processing, information, and other back office services, to a broad range of financial and non-financial institutions. Through our eSpeed and BGCantor Market Data brands, we also offer financial technology solutions, market data, and analytics related to select financial instruments and markets. Our customers include many of the world's largest banks, broker-dealers, investment banks, trading firms, hedge funds, governments and investment firms. 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, where available, fully electronic brokerage services in connection with transactions executed either OTC or through an exchange.

We have offices located in 24 cities, including New York and London, as well as Aspen, Beijing, Chicago, Copenhagen, Dubai, Garden City, Hong Kong, Istanbul, Johannesburg, Mexico City, Moscow, Nyon, Paris, Rio de Janeiro, São Paulo, Sarasota, Seoul, Singapore, Sydney, Tokyo, Toronto and West Palm Beach. As of December 31, 2010, we had 1,705 brokers and salespeople across approximately 200 desks and products (more than triple the number we had in October 2004). In 2010, we processed approximately 21.3 million transactions, totaling almost \$171 trillion notional on our hybrid and fully electronic platforms.

Our History

Our voice brokerage business originates from one of the oldest and most established inter-dealer franchises in the financial intermediary industry. Cantor started our brokerage operations in 1972 and in 1996 launched the eSpeed system, revolutionizing the way government bonds are traded in the inter-dealer market by providing a fully electronic trading marketplace. eSpeed, Inc. (eSpeed) completed an initial public offering in 1999 and began trading on NASDAQ, yet remained one of Cantor's controlled subsidiaries. Following eSpeed's initial public offering, Cantor continued to operate its inter-dealer voice brokerage business separately from eSpeed.

Prior to the events of September 11, 2001, our brokerage business was widely recognized as one of the leading full-service wholesale inter-dealer 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 brokerage business operated primarily in Europe.

In August 2004, Cantor announced the reorganization and separation of its inter-dealer voice brokerage business into a subsidiary called BGC, in honor of B. Gerald Cantor, a pioneer in screen brokerage services and fixed income market data products. Over the past several years, we have re-established our U.S. presence and have continued to expand our global presence 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. These acquisitions include:

May 2005 Eurobrokers, a U.S. and international inter-dealer brokerage firm;

September 2005 ETC Pollack, an inter-dealer broker in Paris;

November 2006 Aurel Leven, an independent inter-dealer broker in France, active in the equities, equity derivatives and fixed income markets;

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December 2006 AS Menkul, an established broker in Turkey;

August 2007 Marex Financial's emerging markets equity derivatives business;

December 2007 We and several other leading financial institutions announced the establishment of a fully electronic futures exchange. We hold an approximate 25% interest in the exchange's operating limited partnership, ELX Futures, L.P., and its holding company general partner, ELX Futures Holdings LLC (together "ELX"). Affiliates of Bank of America/Merrill Lynch, Barclays Capital, Breakwater, Citigroup, Credit Suisse, Deutsche Bank Securities, GETCO, Goldman Sachs, JPMorgan, Morgan Stanley, PEAK6, and The Royal Bank of Scotland also hold a minority interest in each such entity;

March 2008 Radix, an OTC energy broker based in Singapore;

June 2009 We acquired Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda. ("Liquidez"), a Brazilian financial institution and interdealer broker with offices in Sao Paulo and Rio de Janeiro. This acquisition enabled us to enter the Brazilian market, which is fast becoming one of the world's major economies, and will provide a platform for further expansion in Brazil and Latin America;

July 2010 We announced that we were granted approval by the China Banking Regulatory Commission ("CBRC") to establish a money broking joint venture company with China Credit Trust Co., Ltd. ("CCT"). The joint venture, named China Credit BGC Money Broking Company Limited ("China Credit BGC") is based in Beijing, China and is the first broking company of its kind to operate in that city as part of a Chinese government pilot program. China Credit BGC provides domestic and international broking services for foreign exchange, bond, money market, and derivatives products. We hold a 33% stake in China Credit BGC, which is the highest percentage shareholding currently permitted to be held by a foreign investor in a Chinese money broker (pending approval of product licenses by the People's Bank of China, China Credit BGC expects to offer interest rate swaps, bonds, and interbank cash deposit products to Chinese and foreign banks in Beijing); and

August 2010 We acquired various assets and businesses of Mint Partners and Mint Equities.

The Merger

On April 1, 2008, BGC Partners, LLC ("BGC Partners OldCo") merged with and into eSpeed, to form BGC Partners, Inc. The merger combined eSpeed's electronic marketplaces and related electronic trading technology expertise in the government bond and other markets with our inter-dealer brokerage businesses. Our management believes this combination has positioned us as one of the few inter-dealer brokers with hybrid capabilities and technology, thus enabling us to offer superior execution to our clients and drive higher trading volumes. Prior to the merger, BGC Partners, Inc. and eSpeed had a strong relationship through a joint services agreement under which revenues for certain services were shared. One of the primary motivations for our merger was our strategy of better focusing eSpeed's technology on supporting BGC Partners brokerage services.

Industry Overview

Wholesale market participants and institutions, such as major banks, investment banks and broker-dealer firms, continue to look to marketplace firms that are able to meet the bulk of their outside trading needs in a broad range of products across geographies. These wholesale market participants continue to display a willingness to use the services of inter-dealer brokers who are able to provide timely and valuable pricing information, strong execution capabilities and the liquidity necessary for such market participants to execute their desired transactions.

Derivatives are increasingly being used to manage risk or to take advantage of the anticipated direction of a market by allowing holders to guard against gains or declines 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 rate

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movements, equity ownership, changes in the value of foreign currency, credit defaults by large corporate and sovereign debtors and changes in the prices of commodity products. Demand from financial institutions, financial services intermediaries and large corporations have increased volumes in the wholesale derivatives market, thereby increasing the business opportunity for inter-dealer brokers such as us.

The OTC markets have grown faster than exchange-traded markets over the past decade. According to the Bank for International Settlements (the BIS), the underlying OTC and exchange-traded derivative markets traditionally served by inter-dealer brokers have experienced compound annual growth rates, which we refer to as CAGR, of approximately 19% and 17%, respectively, based on notional amounts outstanding from December 31, 2000 through June 30, 2010.

The following figures come from the BIS: As of June 30, 2010, the notional amounts outstanding for all OTC derivatives was \$583 trillion, up 512% from \$95 trillion in December 2000. The notional amounts outstanding for all exchange traded derivatives was \$76 trillion on June 30, 2010, up 430% from \$14 trillion on December 31, 2000. The notional amounts outstanding for all domestic and international debt securities was approximately \$89 trillion on June 30, 2010, up over 150% from approximately \$36 trillion on December 31, 2000.

In liquid financial markets, the presence of a large number of market participants and facilitators of liquidity and the availability of pricing reference data and standardized terms allow market participants to trade financial instruments quickly and with minimal price disturbance. In these markets, there is substantial competition, efficient execution and high trading volume. While most of the liquid markets are found on listed exchanges, several liquid products continue to be traded OTC, including U.S. Treasuries and spot foreign exchange. Often, the primary liquidity provider for such OTC markets is an inter-dealer broker.

To the extent the trading of a financial instrument requires customization; the relevant market tends to be more illiquid. Illiquid markets generally have fewer market participants, less price transparency, higher spreads and lower trading volumes. Complex financial instruments that are traded OTC tend to be illiquid and are traded primarily by more sophisticated buyers and sellers. Inter-dealer brokers facilitate trading in less liquid markets by providing price discovery, preserving anonymity in matched principal trades, matching buyers and sellers on a name give-up basis in agency transactions and providing market intelligence to their customers. Name give-up transactions refer to those transactions where the inter-dealer broker acts as an agent and the identity of the two counterparties is disclosed once the trade is completed as opposed to matched principal trades where anonymity is preserved even after the transaction is completed. In a matched principal transaction BGC Partners agrees to simultaneously buy securities or derivatives from one client and to sell them to another client. In both agency and matched principal transactions, customers decide to execute a trade and inter-dealer brokers effectively source the counterparties for those trades. Inter-dealer brokers are particularly helpful in facilitating large or non-standardized transactions due to their in-depth market knowledge and access to potential counterparties.

An illiquid market for a financial instrument may evolve over a period of time into a more liquid one, creating new market opportunities for all participants; however, the evolution of a relatively illiquid market for a financial instrument to a more liquid market is not necessarily inevitable. If a market for a particular financial instrument develops and matures, more buyers and sellers may enter the market, resulting in more transactions (greater liquidity) and increased pricing information. As the market for an illiquid financial instrument evolves into a more liquid market, the characteristics of trading, the preferred mode of execution and the size of commissions that market participants pay and, more specifically, inter-dealer brokers charge, may change. In some instances, pure voice execution may be replaced by hybrid execution services. Hybrid models satisfy customer preferences to trade on a voice, hybrid, or, where available, fully electronic basis.

For more liquid markets, such as certain U.S. Treasury and cash foreign exchange products, electronic marketplaces have emerged as the primary means of conducting transactions and creating markets. In an electronic marketplace, substantially all of the participants' actions are facilitated through an electronic medium,

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such as a private electronic network or over the Internet, which reduces the need for actual face-to-face or voice-to-voice participant interaction to those functions where people provide the greatest value. For many market participants, the establishment of electronic marketplaces has created access to new opportunities, while increasing trading profits, investment returns and market volumes, all while making possible the creation of new financial products and strategies that have further contributed to increased market volumes. These increased trading volumes have in turn driven increased demand for newer, ever-more sophisticated financial technology products.

Most large exchanges worldwide, including certain exchanges in the U.S., France, Canada, Germany, Japan, Sweden, Switzerland and the U.K., are now partially or completely electronic. Additionally, even in markets for less commoditized products where customers place orders through a voice-broker who implements a transaction electronically, the customers of inter-dealer brokers may benefit from liquidity, pricing, robust interactive trading, post-trade processing and other technology services. Further, we believe that market participants will seek to outsource customized solutions for the electronic distribution of their products to avoid the difficulty and cost of developing and maintaining their own electronic solutions, and to improve the quality and reliability of these solutions.

While some products may evolve from illiquid markets to liquid markets, new products are continually being developed. Historically, as markets evolve and participants look to separate or isolate risks, certain products will tend to exhibit correlations and pricing relationships leading to the development of new derivative products.

The chart below presents the growth of certain OTC and exchange-traded markets from December 31, 2000 to June 30, 2010.

Notes and Sources for the above chart: The BIS for global debt and all derivatives except for CDS. For CDS, the source is the International Swaps and Derivatives Association (ISDA). For US Federal Government and Corporate debt, the source is The Securities Industry and Financial Markets Association (SIFMA). Note: For global and domestic debt, International issues comprise all foreign currency issues by residents and non-residents of a given country as well as domestic currency issues launched by non-residents. Additionally, domestic

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securities specifically targeted to international investors are also considered as international issues in the BIS statistics. Domestic debt securities are defined as those that have been issued by residents in domestic currency and targeted at resident investors.

Over the last decade, most of the above market categories have experienced double-digit growth. Although many of these markets had lower or negative growth following the collapse of Lehman Brothers and the ensuing global financial crises, we believe that much of this growth has been, and in many cases over the long term will continue to be, driven by the following trends:

Fluctuating levels of volatility in commodity, currency, interest rate, equity and credit markets have led to sustained demand for hedging and risk mitigation by market participants, which, in turn, has led to growth in commodity, equity, interest rate and credit derivatives and currency options markets.

The increased allocation of capital for trading and position-taking by banks and hedge funds and the search for yield among global investors led to growth in structured credit and equity products, thereby creating and reinforcing the need for efficient execution. In the aftermath of the collapse of Lehman Brothers and the government takeover of AIG, a global credit crisis ensued, as banks and other lending organizations became more reluctant to extend credit to customers and each other. As a result, demand for structured products has been more muted for the past two years.

Since the onset of the credit crisis in late 2007, the largest banks, trading firms, and their institutional customers have allocated more of their trading capital away from structured products and into more liquid asset classes and those with relatively lower margin requirements, such as corporate bonds, equity derivatives, interest rate swaps, and government bonds. As a result, these products have generally performed better than more structured and bespoke products for our largest customers over the last few quarters.

With yields at historical lows, many industrialized countries, including the United States, France, Germany and the United Kingdom, have increased their issuance of sovereign debt, taking advantage of low interest rates to help finance growing budget deficits. G-20 governments continue to fund financial system rescues and fiscal stimulus packages as a result of the global financial crisis and ensuing recessions. For example, SIFMA estimated for the year ended December 31, 2010, U.S. Treasury and Agency debt issuance increased by 97% versus 2007, while the US Congressional Budget Office (CBO) recently estimated that Federal debt outstanding will grow by over 70 percent over the ten years ending September 30, 2020. Similarly, the European Commission estimates the gross governmental debt for all European Union countries will increase from approximately 59 percent of EU GDP in 2007 to over 83 percent in 2011. We therefore expect global sovereign debt issuances to increase for the foreseeable future. This should drive demand for the trading of OTC and listed Rates products, both in cash and derivatives.

Strong gross domestic product growth over the past decade in key emerging market countries such as Brazil, Russia, India, and China has led to increased demand for basic commodities such as copper, platinum, crude oil, gas and natural gas. While the recent slowdown in the global economy briefly lowered aggregate demand for many such commodities globally, volumes for these markets for most of 2010 was high by historical standards, all of which has led to higher demand for hedging instruments such as energy and commodity futures and derivatives.

The continued liberalization of emerging markets, increases in global cross-border trading in goods and services, and the opening and growth of local currency and fixed income markets have led to increased global demand for currency and fixed income hedging instruments as global trade continues to expand.

As a result of these and other trends, volumes for many of the most liquid exchange-traded derivatives and OTC markets improved year-over-year in 2010. For example, in 2010, NYSE Euronext's European equity derivative volumes increased by approximately 18% year-over-year, while according to the Options Clearing Corporation (OCC) total U.S. equity option volumes increased by approximately 8%

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versus 2009., The CME and ICE reported year-over-year increases in overall average daily futures volumes of approximately 19% and 26%, respectively, for the same timeframe. Similar, according to the Federal Reserve, average daily primary dealer volume for U.S. treasuries was up year-over-year by approximately 25% in 2010.

Finally, over the course of 2009 and 2010, regulators and legislators in the U.S. and E.U. worked to create new laws and regulations for the global OTC derivatives markets, including, most recently, the Dodd-Frank Wall Street Reform and Consumer Protection Act. The new rules and proposals for rules have mainly called for additional transparency, position limits and collateral or capital requirements, as well as for central clearing of most standardized derivatives. We believe that uncertainty around the final form such new rules might take may have negatively impacted trading volumes in certain markets in which we broker. We believe that it is too early to comment on specific aspects of the U.S. legislation as rules are still being created, and much too early to comment on laws not yet passed in Europe.

Our Market Opportunity

We believe the financial markets in which we operate present us with the following opportunities to provide value to our customers as a financial intermediary, inter-dealer broker, marketplace developer, technology provider and market data supplier:

Increasing Use of Hedging and Risk Management. Inter-dealer brokers work with market participants who trade financial products, generally on behalf of their clients, to hedge risks associated with interest rate movements, equity ownership, fluctuations in the value of foreign currency, credit defaults by large corporate and sovereign debtors and volatility in the commodity markets. These hedging activities account for a growing proportion of the daily trading volume in derivative products. We believe that broadening familiarity with derivative products and the growing need for hedging and risk management will continue to drive higher trading volumes in financial products we broker including interest rate derivatives, credit derivatives, foreign exchange and listed futures products.

Introduction of New Products. As market participants and their customers strive to mitigate risk, new types of securities and derivatives are introduced which are not immediately ready for more liquid and standardized electronic markets. As these require broker-assisted execution, we believe that these new products provide opportunities for inter-dealer brokers to expand their trading volumes and create product niches. We believe that these products generally have higher commissions than more liquid instruments.

Growth in Algorithmic and Computerized Trading. In recent years, and in certain listed and OTC markets, computerized trading has seen tremendous growth spurred by increasing liquidity and lower operating costs. As our customers increase their use of computerized trading, and as fully electronic trading becomes widespread in more asset classes, volumes should rise on our electronic platforms.

Market Demand for Global Execution and Presence. We believe that the continuing globalization of trading and the liberalization of capital markets are propelling growth in trading volumes in products across the globe. In addition, we believe that economic growth in emerging markets such as Brazil, Russia, India, and China is fueling demand for inter-dealer brokered currency and fixed income and commodity hedging for customers across the globe. These factors and others are driving the demand for brokerage services in new markets. We also believe our presence in multiple financial centers across the globe positions us to capitalize on such demand. We also believe our recent expansion into Russia, Brazil, the United Arab Emirates, and China further enhances our global market positions.

Market Demand for Superior Execution. Inter-dealer brokers act as important price discovery agents and valuable liquidity providers in both liquid and illiquid markets. The presence of a broker provides customers with market intelligence and aids in the execution process. The flow of information inter-dealer brokers provide to

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market participants is critical, enhancing liquidity and resulting in improved prices. Furthermore, the combination of hybrid execution with straight-through processing has significantly improved confirmation and settlement processes and has resulted in cost savings for customers. Hence, we expect to see continued demand in the wholesale markets for inter-dealer brokers due to their ability to provide price discovery, liquidity and superior execution.

Desire for Anonymity. Leading financial market participants frequently seek to trade anonymously to reduce market impacts. We expect to see an increasing demand for inter-dealer brokers to provide trade anonymity.

Increasing Demand for Market Data. Demand for reliable, real-time market data is growing as new financial products are introduced and trading volumes increase.

Our Competitive Strengths

We believe that the following principal competitive strengths will help us enhance our position as a leading global inter-dealer broker:

We are a Leading Inter-Dealer Broker with Specific Strengths in Key Markets. We have displayed leadership in a multitude of markets globally, including the markets for certain interest rate derivatives, foreign exchange and credit products. The Company has been recognized within the industry, including by Risk magazine, for our strong presence in such interest rate products as interest rate swaptions, exotic interest rate products, interest rate caps/floors, interest rate swaps and repurchase agreements, as well as U.S. Treasuries. Over the past three years, Asia Risk magazine has named us as a leading broker in numerous product categories, including interest rate swaps, currency derivatives, equity derivatives and credit derivatives, as well as for overall Technology Development. Last year Australia Risk named BGC the #1 broker in Currencies. The Risk and Asia Risk rankings are based on each magazine's annual survey of broker-dealers in their respective readership markets. In addition, BGC Partners was named by Waters magazine as Best Interdealer Broker in its 2009 European Financial IT Awards for the performance of BGC's fully electronic trading across multiple asset classes. We believe the leadership position that we have in our markets and our access to a broad customer base help us to locate the best price and to deliver the best execution for our customers, in both liquid and illiquid markets.

We Have Strong Core Relationships. We believe that our long-standing relationships with some of the world's largest financial institutions enhance our role as a liquidity provider. These relationships provide access to significant pools of liquidity, which is a key component of attracting new customers and enhancing our role as a provider of liquidity, price discovery and efficient execution. These strong relationships also allow us to participate in growth opportunities as these institutions begin to use newer products for risk management and trading. In addition, we believe these relationships allow us to sell our current and new products to our customers.

We Have a Full Scale, Hybrid Brokerage Platform. For many of our products, our hybrid platform allows our customers to trade on a voice, hybrid, or 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.

We Have Proprietary Technology. Over the past decade, we have heavily invested in creating and maintaining our infrastructure, technology, and innovations in multiple markets. We believe our technology gives us an advantage over our competitors, which more often depend on third party vendors to support their functionality. Also, as a result of the eSpeed merger, our technology capabilities are more closely aligned with our brokerage efforts and have been focused on new and emerging screen based market solutions to support our brokers. Finally, our technology, unlike that of many of our competitors, is generally designed and developed in-house, and is thus tailored to specifically suit the needs of our brokers and clients.

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We Provide Quality Software, Market Data and Analytics Products. Our leading position and liquidity in brokerage markets allow us to provide our customers with high quality, market data and analytics products. In addition, our proprietary software leverages our global infrastructure, software and systems, portfolio of intellectual property and electronic trading expertise to provide customers with electronic marketplaces, exchanges and real-time auctions to enhance securities issuance and to customize trading interfaces. Our ability to offer these products not only helps support our leadership position in several key markets but also provides us with a stable source of non-brokerage revenues.

We Have Demonstrated the Ability to Identify, Recruit and Retain Key Talent. In October 2004, when Cantor began the restructuring of its inter-dealer brokerage business, we employed approximately 500 brokers and salespeople. As of December 31, 2010, we had 1,705 brokers and sales people across approximately 200 desks and products, which is more than triple the amount we had in October of 2004. In a competitive environment, we have demonstrated our ability to successfully develop, attract and retain leading brokers, including through acquisitions of new businesses, in order to expand and enhance our brokerage staff. We believe that our ability to attract talent across the globe will enable us to grow our business and provide our customers with trading execution that is superior to that provided by many of our competitors.

Our Partnership Structure Creates Long-Term Incentives. Our partnership structure is one of the unique strengths of our business. We believe that it provides long-term incentives and is an effective tool in recruiting, motivating and retaining our key employees. We believe that the ability to participate in the ongoing success of the enterprise acts as a strong motivator for brokers to perform and aligns their interests with stockholders.

We Have a Proven Acquisition Track Record. In August 2010, we acquired the key assets of Mint Partners and Mint Equities. In June 2009, we completed the acquisition of Liquidez. The merger of eSpeed and BGC Partners was completed on April 1, 2008. In August 2007, we acquired the emerging markets equities derivatives business of Marex Financial. In December 2006, we acquired AS Menkul, an established broker in Turkey, and, in November 2006, we acquired Aurel Leven, an independent inter-dealer broker in France, active in the equities, equity derivatives and fixed income markets. Finally, in 2005, we acquired Euro Brokers and ETC Pollak, and have integrated these established brokerage companies into our business. These acquisitions allowed us to expand our broker headcount, product offerings, technology capabilities and geographic footprint. We believe that this ability to successfully identify, acquire and integrate high quality brokerage companies will provide us with the opportunity to strengthen and enhance our franchise and to continue the rebuilding of our U.S. business and expand in local markets around the world.

We Have Experienced Senior Management. We are led by a core senior management team, each of whom has many years of experience in the wholesale financial markets. Howard W. Lutnick, who serves as our Chairman and Chief Executive Officer, guided the BGC Division, eSpeed, and Cantor through the aftermath of the events of September 11, 2001, and was instrumental in the initial public offering of eSpeed in 1999. Shaun Lynn, our President, and Sean Windeatt, our Chief Operating Officer, have presided over the addition of more than 1,200 new brokers and salespeople and the expansion and growth of our business in the United States, Europe and Asia over the past six years. Our executives are supported by a highly experienced and qualified team of managers. We believe that our experienced management team gives us a competitive advantage in executing our business strategy.

Our Strategy

We seek to enhance our position as a leading global inter-dealer broker by increasing our market share in existing markets and expanding into new markets. We intend to achieve this goal by employing the following strategies:

Leading Positions in Targeted Traditional, Liquid Markets. We intend to strengthen our position as a leading provider of inter-dealer brokerage services, technology infrastructure and market data products in the

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markets in which we focus. We believe that in these selected markets, we have the scale to continue to be a top participant, and we believe underlying macro fundamentals allow additional room for growth.

Build and Develop Less Liquid Markets. We continue to build and expand in markets for selected emerging asset classes. We believe that our role as a top participant in certain underlying securities will be helpful in building liquidity in the higher growth, higher margin businesses associated with these underlying securities. We intend to leverage our position in traditional markets to build these new businesses.

Expand in Attractive Markets Where Local Presence and Expertise Are Required. We plan to continue to expand into new geographies and build local presence in those markets. We believe that having local presence and expertise in targeted markets will provide us with a competitive advantage over our competitors.

Leverage Existing Developed Infrastructure to Drive Margins. We have made substantial investments in brokers and technology in our targeted markets. We believe that the infrastructure in place is scalable, which provides us an opportunity for margin improvement as brokers increase production, we increase brokerage headcount, and as marketplaces become increasingly electronic. Due to the relatively fixed cost nature of the back office functions and real estate-related expenses, each additional transaction we broker or sale we make should add incremental profit to our business.

Expand our Broker Workforce Through Acquisitions and Recruitment. Since October 2004, we have expanded our front office workforce by over 1,200 people. As of December 31, 2010, we had 1,705 brokers and salespeople. We have a proven track record of growing our global network of brokers through business acquisitions and recruiting efforts and believe we are well-positioned to continue to do so. We intend to continue to selectively acquire companies and hire experienced brokers and salespeople with the goal of further developing our market position in various products, accelerating our growth and enhancing our profitability.

Leverage our Proprietary Technology to Pursue New Products, Software Solutions, and Offerings. We believe that our ability to develop and build our own technology allows us to be at the forefront of new products and offerings. We also plan to capitalize on our global infrastructure, intellectual property and electronic trading expertise to provide a complete outsourced solution to customers to enable them to access electronic markets.

Further Develop and Expand our Market Data Services and Analytics Products. We intend to further develop our market data services and analytics products by integrating proprietary information generated by our inter-dealer brokerage business into new market data products designed to meet the needs of a greater number of customers. Sophisticated quantitative approaches to risk management as well as customer time sensitivity have created new needs, uses and demands for trading-related data and analytics. We intend to create new value-added services for customers to complement these products, including databases, analytical tools and other services to assist end-users.

Overview of our Products and Services

Inter-Dealer Brokerage

We are focused on serving three principal brokerage markets:

traditional, liquid brokerage markets, such as government bonds;

high margin, and often illiquid markets, such as interest rate swaps and OTC equity derivatives; and

targeted local markets throughout the world, such as Rates products in Brazil.

We believe that the strong long-term growth prospects for these markets, combined with our continued addition of brokers in other markets where we are currently strengthening our position and building scale, provide us with significant opportunities to increase revenues. We also plan to expand into additional product categories and seek to grow our market share in illiquid markets. Due to the complexity of newer and illiquid

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markets, customers are generally willing to pay a brokerage commission for liquidity and for the ability of experienced brokerage professionals to provide market intelligence and create structuring solutions.

We provide electronic marketplaces in several financial markets through our eSpeed- and BGC Trader- branded trading platform. These electronic marketplaces include government bond markets, spot foreign exchange, foreign exchange options, corporate bonds, and credit default swaps. We believe that eSpeed/BGC Trader is a comprehensive trading platform providing volume, access, 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' desktop, which is difficult to replicate. We believe that we can leverage our platform to offer fully electronic trading as additional products transition from voice to electronic execution.

We have leveraged our hybrid platform to provide real-time product and pricing information through our BGC Trader application. 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 third party communication networks.

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The following table identifies some of the key securities and financial products which we broker:

Products	Description
Agency Bonds	Securities issued or pooled, serviced and, sometimes, guaranteed by government agencies or quasi-governmental agencies to finance their activities (<i>e.g.</i> , credit support of home mortgages). Examples of such agencies include the Government National Mortgage Association, the Federal National Mortgage Association and Freddie Mac.
Asset-Backed	Securities that represent either an ownership claim in a pool of securities or an obligation that is secured by a pool of securities where these securities are collateralized by hard assets such as automobile loans or credit card receivables.
Asset Swaps	An exchange of two assets. Asset swaps are done most often in order to achieve a more favorable payment stream and typically involve debt obligations.
Basis Swaps	An exchange of cash flows based on the difference between the cash price and the futures price of a given commodity.
Commodity Futures Contract	An agreement to buy or sell a set amount of a commodity at a predetermined price and date. Buyers often use these to avoid the risks associated with the price fluctuations of the product or raw material, while sellers try to lock in a price for their products.
Commodity Swap	A swap where exchanged cash flows are dependent on the price of an underlying commodity. This is usually used to hedge against the price of a commodity.
Convertible Bonds	Debt obligations that can be converted into shares of stock in the issuing company, usually at some pre-announced ratio.
Corporate Bonds	Debt obligations issued by private corporations (includes high yield bonds and convertible bonds).
Credit Derivatives	Contractual agreements entered into between two counterparties under which each agrees that one party will make payment to another party if the underlying security or bond defaults for an agreed upon period based on a notional amount of principal.
Emerging Market Bonds	Securities issued by governments and other issuers (including supranational and corporate bonds) in countries with developing economies.
Energy Derivatives	Derivative instrument in which the underlying asset is based on energy products such as crude oil, natural gas and electricity, which trade either on an exchange or over-the-counter. Energy derivatives can be options, futures or swap agreements, among others. The value of a derivative will vary based on the changes of the price of the underlying asset.
Equity Derivatives	A class of financial instruments whose value is at least partly derived from one or more underlying equity securities. Market participants generally trade equity derivatives in order to transfer or transform certain risks associated with the underlying securities.
Equity Index Futures	Instruments that call for the delivery of the cash equivalent of a stock index at a specific delivery (or maturity) date for an agreed upon price (the future price) to be paid at contract maturity.
Eurobonds	Securities syndicated and sold internationally that may be issued in a currency other than that of the country of the issuer.

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Products	Description
Floating Rate Notes	Debt obligations that have a variable coupon equal to a money market reference rate, like LIBOR or the federal funds rate, plus a spread. The spread generally remains constant and the market reference rate fluctuates.
Foreign Exchange Futures	Instruments that call for the delivery of foreign currency at a specific delivery (or maturity) date for an agreed upon price (the future price) to be paid at contract maturity.
Foreign Exchange (Spot)	Large-scale currency trading, usually with a minimum trade size of \$1 million, traded with an expectation that the transaction will price at the real-time market price and close within two days.
Foreign Exchange Swap/Forwards	A foreign exchange swap is an agreement between two parties to exchange a given amount of one currency for another and, after a specified period of time, to give back the original amounts swapped. The obligation to close the swap is a forward contract.
Global Repurchase Agreements and Reverse Repurchase Agreements	Short-term sales/purchases of securities with a promise to repurchase/sell back the securities at a higher price. Repurchase agreements and reverse repurchase agreements are typically overnight transactions although many transactions are for periods up to one year. These agreements are the preferred method of financing government bonds and agency bonds and investing cash (with government bonds and agency bonds as collateral) that are used by banks and investment banks.
Government Bonds	Debt obligations issued and backed by the issuing government (<i>i.e.</i> , issued in the country's own currency). Examples include U.S. Treasury bonds, German Bunds, and U.K. Gilts.
High Yield Bonds	Debt obligations that are rated below investment grade on their date of issuance.
Inflation Swaps	Contractual agreements entered into between two counterparties under which one agrees to pay amounts against an underlying interest rate benchmark and the other pays an amount linked to an inflation index, like the Consumer Price Index, for an agreed upon period based on a notional amount of principal.
Interest Rate Futures	Instruments that call for the delivery of interest-bearing securities or interest rate products or their cash equivalent at a specific delivery (or maturity) date for an agreed upon price (the future price) to be paid at contract maturity.
Interest Rate Swaps	Contractual agreements entered into between two counterparties under which each party agrees to make periodic payments to each other for an agreed upon period based on a notional amount of principal and an underlying interest rate benchmark.
Options on Interest Rate Swaps	Options on Interest Rate Swaps - Also known as a swaption. The buyer of a swaption has the right to enter into an interest rate swap agreement on a specified date and with a specified strike rate. The swaption agreement can be right to pay fixed, right to receive fixed, but the most common is right to do both, which is called a straddle. The writer of the swaption becomes the counterparty to the swap if the buyer exercises.
Money Market Products	Full range of interest-bearing, short-term investments with maturities of less than one year, including certificates of deposit and commercial paper.
Mortgage-Backed	Securities that represent either an ownership claim in a pool of mortgages or an obligation that is secured by a pool of mortgages. For example, the Government National Mortgage Association and the Federal National Mortgage Association issue such securities.

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Products	Description
Off-The-Run U.S. Treasury Securities	Treasury bonds and notes that were formerly on-the-run benchmarks but have been supplanted by more recently issued securities. When a new on-the-run benchmark is issued, the current on-the-run becomes an off-the-run.
Options on Equity Products (a common type of equity derivative)	Contractual obligations that give the holder the right to buy or sell the cash equivalent of a single equity share or equity index, like the Standard & Poor's 500, at a specified exercise price on or before a specified expiration date. An investor also can buy or sell an option on an equity future or an equity index future.
Options on Foreign Exchange Products	Contractual obligations that give the holder the right to buy or sell a quantity of a foreign currency for a specific amount of domestic currency at a specified exercise price on or before a specified expiration date.
Options on Interest Rate Products	Contractual obligations that give the holder the right to buy or sell interest-bearing debt, such as Treasury notes, at a specified exercise price on or before a specified expiration date (includes bond options).
Sovereign Bonds	Debt obligations issued by a national government.
Supranational Bonds	Debt obligations issued and backed by supranational agencies such as the World Bank or the European Union.
U.S. Treasury Spreads	Financial products (e.g., interest rate swaps) that trade in relation to U.S. Treasury on-the-run benchmarks, the most recently issued Treasury securities that are the standard trading instruments in the bond market. A Treasury spread is derived from the price or yield difference between the financial product being traded and the benchmark.
U.S. Treasury Inflation Protection Securities	Debt issued by the U.S. Treasury that offer protection against inflation because their principal and interest payments are linked to inflation.
When-Issued U.S. Treasury Securities	New issues that will be created through the auction process and will become the new on-the-run benchmarks. A when-issued instrument has been authorized and may be traded although it has not yet been issued.

All trades executed on the eSpeed platform settle for clearing purposes against CF&Co., a BGC affiliate. CF&Co. is a member of FINRA (formerly NASD) and the Fixed Income Clearing Corporation, a subsidiary of the Depository Trust & Clearing Corporation. CF&Co., BGC, and other affiliates participate in U.S. Treasuries as well as other markets by posting quotations for their account and by acting as principal on trades with platform users. Such activity is intended, among other things, to assist CF&Co., BGC, and their affiliates in managing their proprietary positions (including, but not limited to, those established as a result of combination trades and errors), facilitating transactions, framing markets, adding liquidity, increasing commissions and attracting order flow.

Market Data

We complement our trading services by providing our market data and analytics to our customers through our BGCantor Market Data suite of products. BGCantor Market Data is the source of real-time pricing and other data derived through BGC Partners and eSpeed for global securities and derivatives. Current products include real-time data in live markets for U.S. Treasuries, European Government Bonds, Foreign Exchange Spot and Options, Interest Rate Swaps, Credit, and ELX Futures. These market data services are available across a broad array of distribution channels, including Bloomberg, Reuters, CQG, Interactive Data, Xignite, SunGard and Cantor Direct.

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Software Solutions

Through our Software Solutions business, we provide customized screen-based market solutions to both related and unrelated parties. Using Software Solutions, our clients are able to develop a marketplace, trade with their customers, issue debt, trade odd lots, access program trading interfaces and access our network and our intellectual property. We can add advanced functionality to enable our customers to distribute branded products to their customers through online offerings and auctions, including private and reverse auctions, via our trading platform and global network. Through our Kleos Managed Services business, we provide system co-location service to a number of financial firms which use our infrastructure to run their high velocity and algorithmic trading strategies through access to our markets.

We have signed Software Solutions agreements with a number of U.S. and international enterprises, including the following:

The Inter American Development Bank, which was established in 1959 to support the process of economic and social development in Latin America and the Caribbean, is the main source of multilateral financing in the region. Since 2005, this agency has transacted interest rates swaps using our Treasury Connect product.

The Federal Home Loan Bank is a U.S. government-sponsored enterprise and one of the largest issuers in the global short-term securities market. Our electronic auction-based technology has powered The Federal Home Loan Bank's primary discount note auctions since August 2002.

The Federal Farm Credit Banks Funding Corporation, which issues a variety of Debt Securities on behalf of the Farm Credit System, has been using our platform since October 2010

We also use our technology to offer services such as automated spreading through our eSpeed network front-end trading software.

Our Software Solutions business provides the software and technology infrastructure for the transactional and technology related elements of Freedom International Brokerage Company's (Freedom) marketplace as well as certain other services in exchange for specified percentages of transaction revenues from the marketplace. It also provides software development, software maintenance, customer support, infrastructure, and internal technology services to support ELX's electronic trading platform.

Aqua Business

In October 2007, we spun off our former eSpeed Equities Direct business to form Aqua, a business owned 51% by Cantor and 49% by us. Aqua's purpose is to provide 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.

Customers

We primarily serve the wholesale inter-dealer market, including many of the world's largest banks that regularly trade in capital markets, brokerage houses, investment firms, hedge funds, and investment banks. Customers using our eSpeed branded products also include professional trading firms, futures commission merchants and other professional market participants and financial institutions. Our BGCantor 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 Software Solutions to various financial markets participants.

For the year ended December 31, 2010, our top 10 customers, collectively, accounted for approximately 41.8% of our total revenue on a consolidated basis and our largest customer accounted for approximately 5.7% of our total revenue on a consolidated basis.

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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 press 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 strategy has enabled us to turn innovative ideas into deliverable 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 eSpeed and BGCantor Market Data branded products and services are promoted to our existing and prospective customers through a combination of sales, marketing and co-marketing campaigns.

Technology

Pre-Trade Technology. Our brokers use a suite of pricing and analytical tools which 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 what we believe to be the best-of-breed providers in the sector. 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 Trading Technology. We utilize a sophisticated proprietary electronic trading platform to distribute prices to our customers. Price data are transmitted over our proprietary global private network and also by third-party providers of connectivity to the financial community. Prices are in turn displayed by our proprietary trading desktop application, BGC Trader. BGC Trader is our multi-asset BGC Partners-branded hybrid offering to our customers for voice and electronic execution. This product combines the benefits of our existing hybrid system with a new concept of creative, customer-focused and front-end design. The first asset groups to be incorporated under the BGC Trader banner were foreign exchange options, European corporate bonds, European CDS and iTraxx. We continue to expand the number of products it supports, including other tradable and view-only products in our portfolio. The majority of our global products are supported by this platform in a view only, hybrid/managed, or fully electronic mode. Trades executed by our customers in any mode are eligible for immediate electronic confirmation to straight-through processing hubs. Our proprietary graphical user interface is deployed on thousands of user desktops at hundreds of major banks and institutions.

Fully Electronic Trading Technology. Our eSpeed-branded fully electronic trading system is accessible to our customers through (1) our proprietary front-end trading software, (2) our proprietary application programming interface, which we refer to as API, a dedicated software library enabling customers to incorporate our platform directly into their own applications, (3) the Internet, via a browser interface or Java

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application and (4) software developed in collaboration with Independent Software Vendors and (5) Financial Information eXchange (FIX). Our system runs on large-scale hardware located in data centers in the U.S. and the U.K. and is distributed either over our multiple-path global network or via the Internet through links to multiple global Internet service providers.

Our eSpeed-branded electronic marketplaces operate on a technology platform and network that emphasizes scalability, performance, adaptability and reliability. Our technology platform consists of our proprietary, internally developed real-time global network distribution system; our proprietary transaction processing software, which includes interactive matching auction engines, fully integrated credit and risk management systems, pricing engines, analytics and associated middle and back-office operations systems; and customized inventory distribution and auction protocols designed to be used by our customers and partners in their distribution and trading systems and customer interfaces, including Windows, Java, Unix, Linux, our API and Independent Software Vendor access.

Together, these components enable our customers to effect transactions virtually instantaneously, with straight-through processing. Our trading system accepts orders and postings and distributes responses, generally in under 100 milliseconds.

Post-Trade 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 straight-through processing. In addition to our own system, confirmation and trade processing is also available through third-party hubs including Swapswire, T-Zero, Reuters RTNS, Logicscope and direct straight-through processing in (FIX) for various banks.

We have electronic connections to most mainstream clearinghouses, including The Depository Trust & Clearing Corporation (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 near future.

Systems Architecture. Our systems are implemented as a multi-tier hub and spoke architecture comprised of several components, which provide matching, credit management, market data distribution, position reporting, customer display and customer integration. The private network currently operates from four concurrent data centers (two of which are in London, one of which is in Rochelle Park, New Jersey and one of which is in Trumbull, Connecticut) and 12 hub cities throughout the world acting as distribution points for all private network customers. eSpeed network hubs beyond the core data centers are in Amsterdam, Brussels, Chicago, Frankfurt, Hong Kong, Madrid, Milan, Paris, Singapore, Tokyo, Toronto, and Zurich. The redundant structure of our system provides multiple backup paths and re-routing of data transmission if one spoke of a hub fails.

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. As of December 31, 2010, we employed approximately 470 technology professionals.

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Our Intellectual Property

We have adopted a comprehensive intellectual property program to protect our proprietary technology. We currently have licenses covering various Cantor patents in the United States, including patents relating to (1) a system and method for auction-based trading of specialized items such as fixed income instruments, (2) a fixed income portfolio index processor and (3) a system for shared remote access of multiple application programs by one or more computers. Foreign counterpart applications for some of these U.S. patents have been filed.

We also have agreements to license technology covered by several pending U.S. patent applications relating to various other 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.

In July 2004, we entered into an agreement with NYBOT, expiring in 2017, which provided among other things for payments from NYBOT in respect of NYBOT's electronic futures trading through 2017. As a result of the agreement with NYBOT, we are the sole owner of the Cantor Financial Futures Exchange and the Commodity Futures Clearing Corporation of New York. Additionally, we have agreed with NYBOT that NYBOT will provide processing services for futures contracts or options on futures contracts listed on the Cantor Financial Futures Exchange or other exchange designated by us.

Our patent portfolio is growing and consists of numerous patents and patent applications relating to our core business and relating to other businesses. We continue to look for opportunities to license and/or otherwise monetize these and other patents in our portfolio.

We cannot determine at this time the significance of any of the foregoing patents, or patent applications, if issued, to our business. We can give no assurance that any of the foregoing patents will be found by a court to be valid and enforceable, or that any of these patents would not be infringed by a third party competing or seeking to compete with our business. Our business strategy may or may not include licensing such patents for royalties, joint ventures with other marketplaces or exchanges or exclusively using the patents in our marketplaces and other product and service offerings.

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, including 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. On-going 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 on-going financial condition of the client. For transactions conducted through the eSpeed and BGC Trader electronic trading platform, BGC Partners has developed and utilizes an electronic credit monitoring system which measures and controls credit usage, including the ability to prohibit execution of trades that would exceed risk limits and permit only risk reducing trades.

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.

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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 brokers, dealers and clearing organizations and payables to brokers, dealers and clearing organizations 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.

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

Operational Risk

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

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

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Foreign Currency Risk

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

Interest Rate Risk

BGC Partners had \$189.3 million in fixed-rate debt outstanding as of December 31, 2010. 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.

Other

In addition, our processes address disaster recovery concerns. We operate most of our technology from dual-primary data centers at our two different London locations. Either site alone is capable of running all of our essential systems. In addition, we have technology running from data centers in New Jersey and Connecticut. Replicated instances of this technology are maintained in our London data centers. All data centers are built and equipped to best-practice standards of physical security with appropriate environmental monitoring and safeguards. Failover for the majority of our systems are automated.

Competition

We encounter competition in all aspects of our businesses and compete primarily with other inter-dealer brokers, including for brokers, salespeople, and suitable acquisition candidates.

Our existing and potential competitors in fully electronic trading are numerous and include other inter-dealer brokerage firms, multi-dealer trading companies, technology companies and market data and information vendors, securities and futures exchanges, electronic communications networks, crossing systems, software companies, consortia, business-to-business marketplace infrastructure companies and niche market energy and other commodity Internet-based trading systems.

Inter-Dealer Brokers

We primarily compete with four major, diversified inter-dealer brokers. These inter-dealer brokers are ICAP plc, Tullett Prebon plc, GFI Group Inc. and Compagnie Financière Tradition (which is majority owned by Viel & Cie), all of which are currently publicly traded companies. Other inter-dealer broker competitors include a number of smaller, private firms that tend to specialize in specific product areas or geographies.

Demand for services of brokers is directly affected by national and international economic and political conditions, broad trends in business and finance, 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 market displayed by a broker, the strength of the technology used to service and execute on those markets and the relative prices of services and products offered by the brokers and by competing markets and trading processes.

Market Data Vendors

The majority of our large inter-dealer broker competitors also sell proprietary market data, 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

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desks in our industry. Some of these market data and information providers, such as Bloomberg and Thomson Reuters, have expanded their product mix to include electronic trading and execution of both OTC and listed products in addition to their traditional market data offerings.

Exchanges

Although our business 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 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, as ELX grows its business, we expect it to directly compete with other exchanges in the trading of certain contracts. In addition, IntercontinentalExchange, Inc. (ICE) operates both regulated exchanges and OTC execution services, and in the latter it competes directly with inter-dealer brokers in energy, commodities, and credit products. ICE entered these OTC markets primarily by acquiring independent OTC brokers, and we believe that its likely ICE or other exchange operators may seek to compete with us in the future by acquiring other such brokers, by creating futures products designed to mimic OTC products, or through other means.

Software Vendors and Others

Certain exchanges and market data companies, such as London Stock Exchange Group PLC and The NASDAQ OMX Group, Inc., license their technology for use by other market participants, including inter-dealer brokers and other exchanges. Such technology is potentially competitive insofar as we may attempt to license our technology in a similar manner as we have to ELX, or as we may to any company or organization that wishes to create or improve a trading system or exchange.

Banks and Broker-dealers

According to TABB Group, for a large percentage of all OTC trades, banks and dealers trade directly between each other without the use of an IDB or other intermediary. In addition, many listed and OTC transactions are conducted entirely in-house using only the bank or broker-dealer's internal liquidity pools. Therefore, for many potential transactions, IDBs essentially compete with their own customers.

In addition, in certain products and markets, such as in listed equity-related products globally, and a variety of OTC and listed products in emerging markets like, IDBs sell, broker, and trade products on behalf of both wholesale and institutional customers. Consequently, BGC and its publicly-traded IDB peers can at times both service and compete with its bank and broker-dealer customers. This is generally not the case in the U.S. and U.K. in Rates, Credit, and Foreign Exchange.

Finally, banks and broker dealers have in the past created and/or funded consortia to compete with exchanges and Inter-dealer brokers. For example, ICAP's inter-dealer businesses for fully electronic trading of U.S. Treasuries and spot foreign exchange both began as dealer-owned consortia before being acquired by ICAP. An example of a current and similar consortium is Tradeweb. Currently, several large banks hold stakes in Tradeweb, an internet-based market intermediary. Thomson Reuters Corporation is Tradeweb's single largest shareholder. Although Tradeweb operates primarily as a dealer to customer platform, one of its offerings include a voice and electronic inter-dealer platform for mortgage-backed and U.S. Agency securities. Tradeweb's management has said that it would like to expand into other inter-dealer markets, and as such may compete with BGC in other areas over time.

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.

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Partnership Overview

We believe that our partnership structure is one of the unique strengths of our business. Many of our key brokers have their own capital invested in our business, aligning their interests with our stockholders. Limited partnership interests in BGC Holdings 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 and PSIs; and (iii) Cantor units which are the exchangeable limited partnership interests held by Cantor entities.

We believe that our partnership structure is an effective tool in recruiting, motivating and retaining key employees. Many brokers are attracted by the opportunity to become partners because the partnership agreement entitles partners to quarterly distributions of income from the partnership. While BGC Holdings limited partnership interests 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, excluding any goodwill or going concern value of BGC Partners' business unless Cantor, in the case of the founding partners, and we, as the general partner of BGC Holdings, otherwise determine. Our partners can receive the right to exchange their BGC Holdings limited partnership interests for shares of BGC Partners common stock (if, in the case of founding partners, Cantor so determines (as Cantor has determined to do with respect to a portion of the founding partner interests immediately after the merger) 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 BGC Partners common stock. See *Certain Relationships and Related Transactions* Amended and Restated BGC Holdings Limited Partnership Agreement Exchanges. We believe that, having invested their own capital 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.

Relationship Between BGC Partners and Cantor

See *Certain Relationships and Related Transactions*.

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 and a Futures Commissions Merchant, 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. 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, including the adoption of rules applicable to Futures Commissions Merchants and Designated Contract Markets such as ELX.

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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 BGC Partners' U.S. broker-dealer subsidiaries, the principal self-regulatory organization is FINRA. FINRA is a self-regulatory organization that commenced operations in the third quarter of 2007. It 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, BGC Partners' U.S. subsidiaries will be 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.

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 mode of operation and profitability, of our competitors and our customers and of the securities markets in a way that could adversely affect our business.

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, 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, creditors and 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 business.

In light of recent events in the U.S. and global financial markets and economy, regulators and legislators in the U.S. and European Union (EU) continue to craft new laws and regulations for the global OTC derivatives markets, including the recently passed Dodd-Frank Wall Street Reform and Consumer Protection Act . The Dodd-Frank act mandates or encourages several reforms, including impartiality considerations, additional transparency requirements, 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 derivatives be traded in an open and non-exclusionary manner on a regulated exchange or a swap execution facility (SEF). The bill specifies that the SEC and Commodities Future Trading Commission (CFTC) must finalize rules for implementing these requirements by September 15, 2011. The actual implementation of said rules may be phased in over a longer period.

We are unable to predict how any of these new laws and proposals will be implemented or in what form, or whether any additional or similar changes to statutes 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 an adverse effect on our business, financial condition and results of operations. We believe that uncertainty and potential delays around the final form such new rules might take may negatively impact trading volumes in certain markets in which we broker. Increased capital requirements may also diminish transaction velocity. While the broad framework of proposed legislation is known, we believe that it is too early for there to be clarity on the specific aspects of the U.S. legislation and EU proposals which may directly impact our businesses as exact rules have not yet been finalized. Additionally, unintended consequences of the legislation may adversely affect us in ways yet to be determined.

U.K. and European Regulation

The Financial Services Authority (FSA) is the statutory regulator for the United Kingdom financial services industry. The FSA is an independent non-governmental body that has been given statutory powers by the

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FSMA 2000, and regulates the financial services industry through its Handbook of Rules and Guidance, which consist of a number of sourcebooks and manuals and is prepared under powers granted by FSMA 2000. The FSA has implemented far-reaching reform rules, designed to enhance firms' liquidity risk management practices, based on the lessons learned since the start of the credit crisis in 2007. Implications of these rules include better liquidity risk management capability (including the use of stress testing and contingency funding plans (CFP)); less reliance on short-term wholesale funding, and higher amounts and quality of liquid asset securities (Government securities), leading to an increased likelihood of surviving a severe liquidity stress event, the overarching principles being self-sufficiency and adequacy of liquid resources.

Currently, we have subsidiaries and branches regulated by the FSA (BGC Brokers L.P., BGC International and the U.K. branch of Aurel BGC). As a result of the FSA's risk assessment of the BGC Partners group's regulated entities in 2005; the FSA asked that a skilled person be appointed to report on various aspects of the finance department's responsibilities. This process has now been finalized to the satisfaction of the FSA. In February 2010, FSA issued a draft requirement notice under Section 166 of FSMA 2000 to appoint a Skilled Person. The scope of the work is currently being determined but will cover a review of the systems and controls in place relating to client asset and client monies.

Our European regulated group (Aurel BGC, BGC Brokers L.P., BGC International, and other intermediate non-regulated holding entities) is subject to The Financial Groups Directive. To meet the FSA's requirements under this Directive, the corporate structure of our European regulated group was reorganized as of July 1, 2007. The restructuring of the regulated European entities under BGC European Holdings does not affect their day-to-day operations as European Holdings is a holding entity.

Recent European Regulatory Developments

The Government of the United Kingdom passed the Bribery Act 2010, which will come into force in 2011. It creates four new offenses: two general offenses of bribing another person and being bribed, bribing a foreign public official and a corporate offence of failing to prevent bribery. The corporate offense is a strict liability offense which is subject to the defense that the relevant commercial organization had adequate procedures in place to prevent bribery. The Act has a global reach and applies to all companies, partnerships and individuals based in the United Kingdom, as well as foreign companies and individuals doing business in the United Kingdom. The Act's extra-territorial application means that it applies to acts or omissions taking place anywhere in the world. This means that it may be more likely for bribery taking place outside the United Kingdom to attract the attention of the United Kingdom authorities, as well as the attention of authorities in multiple jurisdictions. The Government has published draft guidance on what constitutes adequate measures and final guidance is due to be published this year.

On September 15, 2010, the European Commission released a draft proposal for a set of rules similar to the Dodd-Frank Wall Street Reform and Consumer Protection Act to cover the EU. Among other things, the Commission proposed that information on OTC derivative contracts should be reported to trade repositories and be accessible to supervisory authorities, that some transaction and price related information should be made available to all market participants than is currently common practice, and that standard OTC derivative contracts be cleared through central counterparties (CCPs). While the Commission's initial proposals are currently in consultation phase prior to being presented to the European Parliament and the EU Member States for consideration, the fact that multiple supervisory and regulatory bodies are just now being established in Europe and that initiatives need to be ratified by all 27 EU Member States before being passed into law by individual nations will mean that rules will not be operational at least until the end of 2012.

Further, the authorities of certain European countries have instituted a series of changes to tax law, including an excise tax on certain compensation payments that, if applicable to us, could have a material adverse effect on our business, financial condition and results of operations.

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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 United States, in which we do business and the applicable regulatory authority or authorities of each such jurisdiction:

Jurisdiction	Regulatory Authorities/Self-Regulatory Organizations
Australia	Australian Securities and Investments Commission and Australian Securities Exchange
Brazil	Brazilian Securities and Exchange Commission, the Central Bank of Brazil and BM&F BOVESPA.
Canada	Ontario Securities Commission
China	China Banking Regulatory Commission, State Administration of Foreign Exchange
Dubai	Dubai Financial Supervisory Authority
France	Banque de France and subsidiary agencies, CECEI (Comité des Établissements de Crédit et des Entreprises d'investissement), CCLRF (Comité Consultatif de la Législation et de la Réglementation Financière), Commission Bancaire and AMF (Autorité des Marchés Financiers)
Hong Kong	Hong Kong Securities and Futures Commission and The Hong Kong Monetary Authority
Japan	Japanese Financial Services Agency, Japan Securities Dealers Association
Korea	Ministry of Strategy and Finance
Mexico	Banking and Securities National Commission
Russia	Federal Service for Financial Markets
Singapore	Monetary Authority of Singapore
South Africa	Johannesburg Stock Exchange
Switzerland	Swiss Federal Banking Commission
Turkey	Capital Markets Board of Turkey
United Kingdom	Financial Services Authority

Capital Requirements**U.S.**

Every U.S.-registered broker-dealer is subject to the Uniform Net Capital Requirements. Registered Futures Commission Merchants (FCM), such as BGC Financial LP (BGCF), 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 imposes 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

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affiliates) if the broker-dealer's net capital is, or would be as a result of such withdrawal, distribution, 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.

Two of our subsidiaries, BGCF and Seminole Financial, are registered with the SEC and are subject to the Uniform Net Capital Requirements. As such, these firms must maintain, in all respects, minimum net capital and comply with the Uniform Net Capital Requirements. Seminole Financial uses the basic method of calculating net capital and must maintain net capital of not less than the greater of \$100,000 or 6.66% of certain of its liabilities and other obligations. BGC Financial L.P. uses the alternative method of calculating net capital and must maintain net capital of not less than the greater of \$250,000 or 2% of its aggregate debit items (primarily receivables from customers and other broker-dealers). As a FCM, BGCF is also subject to the CFTC minimum capital requirement, which is not less than the greater of the SEC requirement, \$1,000,000, or 8% of customer and non customer maintenance margin (the amount that must be maintained on deposit at all times for open futures positions). BGCF is also a member of the FICC, which imposes capital requirements on its members.

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.

Non-U.S.

Our international operations are also subject to capital requirements, which we refer to as non-U.S. net capital requirements. Certain of our subsidiaries that are incorporated in the United Kingdom are subject to capital requirements established by the UK Financial Services Authority (FSA). The FSA also applies 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. The provisions relating to capital requirements enforced by the FSA are likely to change with the implementation of the FSA's response to the Turner Review (A regulatory response to the global banking crisis) and our UK subsidiaries will be required to adhere to these changes. The UK group will also need to adhere to new liquidity provisions that may impact the ability to transfer cash assets to other group members.

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. In Hong Kong, BGC Securities (Hong Kong), LLC and BGC Capital Markets (Hong Kong), Limited are regulated by the Securities and Futures Commission and The Hong Kong Monetary Authority, respectively. Both are subject to non-U.S. net capital requirements. In France, BGC France Holdings; in Australia, BGC Partners (Australia) Pty Limited; in Japan, BGC Shoken Kaisha Limited's Japanese branch; in Singapore, BGC Partners (Singapore) Limited and BGC Securities (Singapore) Ltd; in Korea, BGC Capital Markets & Foreign Exchange Broker (Korea) Limited; and in Turkey, BGC Partners Menkul Degerler AS, and all have non-U.S. net capital requirements imposed upon them by local regulators. In addition, the LCH (LIFFE/LME) clearing organizations, of which BGC LP is a member, also imposes minimum capital requirements.

BGC Partners had equity capital for its regulated subsidiaries of \$274.3 million and \$246.9 million for the years ended December 31, 2010 and 2009, respectively.

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Employees

As of December 31, 2010, we had 2,743 total employees, including 1,705 brokers and salespeople as well as another 1,038 employees (back office). Approximately 34% of BGC Partners' brokers are based in the Americas, approximately 46% are based in Europe, Middle East and Africa (including Turkey) and the remaining approximately 21% are based in the Asia-Pacific region. Generally, our employees are not subject to any collective bargaining agreements, except our employees in certain of our European offices, including France, who are covered by national, industry-wide collective bargaining agreements.

Legal Proceedings

See Part I Item 3. Legal Proceedings.

Our Organizational Structure

On April 1, 2008, BGC Partners OldCo and eSpeed merged and the surviving entity was renamed BGC Partners, Inc. Immediately prior to the merger, pursuant to a separation agreement, Cantor transferred certain assets and liabilities to BGC Partners OldCo and/or its subsidiaries.

We are a holding company and our business is operated through two operating partnerships, BGC U.S., which holds our U.S. businesses, and BGC Global, which holds our non-U.S. businesses. In connection with the separation, Maxcor was contributed to BGC Partners OldCo in exchange for BGC Partners OldCo units that became shares of our common stock in the merger and the remainder of the BGC businesses was contributed to the Opcos in exchange for limited partnership interests in the Opcos. In connection with the merger, eSpeed contributed the eSpeed businesses to the Opcos in exchange for limited partnership interests in the Opcos.

The limited partnership interests of the Opcos are held by us and BGC Holdings and the limited partnership interests of BGC Holdings are currently held by Cantor and the founding/working partners. We hold the BGC Holdings general partnership interest and the BGC Holdings special voting limited partnership interest, which entitle us to remove and appoint the general partner of BGC Holdings, and serve as the general partner of BGC Holdings, which entitles us to control BGC Holdings. BGC Holdings, in turn, holds the BGC U.S. general partnership interest and the BGC U.S. special voting limited partnership interest, which entitle the holder thereof to remove and appoint the general partner of BGC U.S., and the BGC Global general partnership interest and the BGC Global special voting limited partnership interest, which entitle the holder thereof to remove and appoint the general partner of BGC Global, and serves as the general partner of BGC U.S. and BGC Global, all of which entitle BGC Holdings (and thereby us) to control each of BGC U.S. and BGC Global. BGC Holdings holds its BGC Global general partnership interest through a company incorporated in the Cayman Islands, BGC Global Holdings GP Limited.

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The following diagram illustrates our ownership structure as of March 1, 2011. The following diagram does not reflect the various subsidiaries of us, BGC U.S., BGC Global, BGC Holdings or Cantor, or, to the extent applicable, outstanding RSUs.

* Shares of Class B common stock are convertible into shares of Class A common stock at any time in the discretion of the holder on a one-for-one basis. Accordingly, if Cantor converted all of its Class B common stock into Class A common stock, Cantor would hold 27.5% of the voting power and the public stockholders would hold 72.5% of the voting power (and the indirect economic interests in BGC U.S. and BGC Global would remain unchanged). The diagram does not reflect Cantor's economic interest in the convertible notes or the 21,805,897 shares of our Class A common stock acquirable by Cantor upon conversion thereof. If Cantor converted all of the convertible notes into shares of our Class A common stock, Cantor would hold 79.8% of

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the voting power and the public stockholders would hold 20.2% of the voting power (and its indirect economic interests in each of BGC U.S. and BGC Global would be 44.8%). Further, the diagram does not reflect 5,064,090 shares of our Class A common stock that may be sold pursuant to the September 2010 sales agreement. For purposes of the diagram and this paragraph, Cantor's percentage ownership also includes CF Group Management, Inc.'s percentage ownership.

Stock Ownership

As of March 1, 2011, there were approximately 72,586,770 shares of our Class A common stock outstanding, of which 1,169,458 were held by Cantor and CF Group Management Group, Inc. (CFGM), Cantor's managing general partner. Each share of Class A common stock is generally entitled to one vote on matters submitted to a vote of our stockholders. In addition, as of March 1, 2011, Cantor and CFGM held 25,848,107 shares of our Class B common stock (which represents all of the outstanding shares of our Class B common stock), representing, together with our Class A common stock held by Cantor and CFGM, approximately 78.4% of our voting power. Each share of Class B common stock is generally entitled to the same rights as a share of Class A common stock, except that, on matters submitted to a vote of our stockholders, each share of Class B common stock is entitled to 10 votes. The Class B common stock generally votes together with the Class A common stock on all matters submitted to a vote of our stockholders.

We hold the BGC Holdings general partnership interest and the BGC Holdings special voting limited partnership interest, which entitle us to remove and appoint the general partner of BGC Holdings, and serve as the general partner of BGC Holdings, which entitles us to control BGC Holdings. BGC Holdings, in turn, holds the BGC U.S. general partnership interest and the BGC U.S. special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC U.S., and the BGC Global general partnership interest and the BGC Global special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC Global, and serves as the general partner of each of BGC U.S. and BGC Global, all of which entitle BGC Holdings (and thereby us) to control each of BGC U.S. and BGC Global. BGC Holdings holds its BGC Global general partnership interest through a company incorporated in the Cayman Islands, BGC Global Holdings GP Limited. In addition, as of March 1, 2011, we indirectly, through wholly-owned subsidiaries, held BGC U.S. limited partnership interests and BGC Global limited partnership interests consisting of approximately 98,424,877 units and 98,424,877 units, representing approximately 42.4% and 42.4% of the outstanding BGC U.S. limited partnership interests and BGC Global limited partnership interests, respectively. We are a holding company that holds these interests, serves as the general partner of BGC Holdings, and, through BGC Holdings, acts as the general partner of each of BGC U.S. and BGC Global. As a result of our ownership of the general partnership interest in BGC Holdings and BGC Holdings' general partnership interest in each of BGC U.S. and BGC Global, we consolidate BGC U.S.'s and BGC Global's results for financial reporting purposes.

Partners directly and Cantor indirectly hold BGC Holdings limited partnership interests. BGC Holdings, in turn, holds BGC U.S. limited partnership interests and BGC Global limited partnership interests and, as a result, founding partners, limited partnership unit holders and Cantor indirectly have, and working partners have interests in BGC U.S. limited partnership interests and BGC Global limited partnership interests.

Since the merger, and through March 1, 2011, Cantor has distributed an aggregate of 14,008,072 shares of Class A common stock (8,195,507 shares with respect to retained partners and 5,812,565 shares with respect to founding partners). By April 1, 2011, all of the remaining 19,363,672 shares will be eligible for distribution by Cantor. Partners of Cantor owning an aggregate of 16,442,654 shares have elected to defer receipt of their shares and receive a distribution equivalent. In addition, as of March 1, 2011, there were 42,923,365 limited partnership units outstanding and 27,090,032 founding/working partner units. These share amounts reflect the fact that certain retained partners have terminated service since the completion of the merger, with the result that they are not eligible to receive an accelerated distribution of their distribution rights shares.

The BGC Holdings limited partnership interests held by Cantor are exchangeable with us for our Class B common stock (or, at Cantor's option or if there are no additional authorized but unissued shares of our Class B

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common stock, our Class A common stock) on a one-for-one basis (subject to customary anti-dilution adjustments). Upon certain circumstances, certain of the outstanding founding/working partner units and limited partnership units may become exchangeable.

In March 2010, the Amended and Restated BGC Holdings, L.P. limited partnership agreement was further amended by its general partner and Cantor to create two new types of limited partnership units, PSUs and PSIs. These new units are expected to be used by us for future compensatory grants, compensation modifications, redemptions of partnership interests and other purposes.

We are continuing our global program in 2011 whereby partners redeem their REUs or RPU in exchange for PSUs or PSIs and receive exchangeability or cash for certain of their limited partnership units and, in many cases, a modification or extension of their employment arrangements.

Convertible Notes

On March 12, 2010 the Audit Committee of the Board of Directors of the Company authorized the Company or one of its subsidiaries to sell \$150,000,000 aggregate principal amount of 8.75% Convertible Senior Notes due 2015 to Cantor or any of its affiliates. On March 16, 2010, the Company, BGC Holdings and Cantor executed an agreement with respect to this transaction. In connection with the foregoing, on April 1, 2010 BGC Holdings issued an aggregate of \$150,000,000 principal amount of 8.75% Convertible Senior Notes due 2015 (the BGC Holdings Notes) in a private placement transaction to Cantor. On April 1, 2010, BGC Holdings lent the proceeds from the issuance of the BGC Holdings Notes to the Company in exchange for \$150,000,000 principal amount of 8.75% Convertible Senior Notes due 2015 (the BGCP Notes and, together with the BGC Holdings Notes, the Notes) on substantially the same economic terms as the BGC Holdings Notes. In connection with the issuance of the BGCP Notes, the Company entered into an Indenture, dated April 1, 2010, with Wells Fargo Bank, National Association, as trustee (the Indenture).

The Company lent the proceeds from the issuance of the BGCP Notes to its operating subsidiary, BGC Partners, L.P. (BGC U.S.). BGC U.S. used the proceeds to repay at maturity \$150,000,000 aggregate principal amount of senior notes due April 1, 2010.

The Notes are senior unsecured obligations and rank equally and ratably with all existing and future senior unsecured obligations of BGC Holdings and the Company, respectively. The Notes bear an annual interest rate of 8.75%, which are payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2010. The Notes will mature on April 15, 2015, unless earlier repurchased, exchanged or converted.

Holders may exchange or convert the Notes at their option at any time until the close of business on the second scheduled trading day of the Class A common stock immediately preceding the maturity date. The Notes are exchangeable and convertible as follows:

The BGC Holdings Notes held by Cantor are (i) exchangeable for a like principal amount of BGCP Notes held by BGC Holdings, or (ii) convertible into an aggregate of 21,805,897 BGC Holdings exchangeable limited partnership interests at a conversion rate of 145.3727 units per \$1,000 of principal amount of BGC Holdings Notes, equivalent to a conversion price of \$6.88 per unit. The BGC Holdings exchangeable limited partnership interests are themselves exchangeable on a one-for-one basis for shares of Class A common stock.

The BGCP Notes are currently convertible into an aggregate of 21,805,897 shares of Class A common stock at a conversion rate of 145.3727 shares of Class A common stock per \$1,000 principal amount of BGCP Notes, equivalent to a conversion price of \$6.88 per share.

The conversion rate of the BGC Holdings Notes into BGC Holdings exchangeable limited partnership interests and the conversion rate of the BGCP Notes into shares of Class A common stock are subject to customary adjustments upon certain corporate events, including stock dividends and stock splits on the Class A common stock and the Company's payment of a quarterly cash dividend in excess of \$0.10 per share of Class A common stock. The conversion rate will not be adjusted for accrued and unpaid interest to the conversion date.

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**ITEM 1A. RISK FACTORS
RISKS RELATED TO OUR BUSINESS**

Global Market Conditions

Our business and results of operations have been and may continue to be adversely affected by conditions in the global financial markets and economic conditions generally.

Our business and results of operations have been and may continue to be adversely affected by conditions in the global financial markets and economic conditions generally. For example, from mid-2007, and particularly during the second half of 2008 and through the first nine months of 2009, the financial services industry and the securities markets generally were materially and adversely affected by significant declines in the values of nearly all asset classes and by low levels of liquidity. This was initially triggered by declines in the values of subprime mortgages, but spread to all mortgage and real estate asset classes, to leveraged bank loans and to nearly all asset classes, including equities. Over this 2007-2009 timeframe the global markets were characterized by substantially increased volatility and short-selling and an overall loss of investor confidence, initially in financial institutions, but eventually in companies in a number of other industries and in the broader markets.

Since 2008, governments, regulators and central banks in the United States and worldwide have taken numerous steps to increase liquidity and to restore investor confidence. In addition, there are numerous legislative and regulatory actions that have been taken to deal with what regulators, politicians and others believe to be the root causes of the financial crisis, including laws and regulations relating to financial institution capital requirements and compensation practices, restrictions on the type of activities in which financial institutions are permitted to engage, and generally increased regulatory scrutiny. Many of the regulations that are required to implement recently adopted legislation (including the Dodd-Frank Act (as defined below)) are still being drafted or are not yet in effect; therefore, the exact impact that these regulations will have on our businesses and results of operations is presently unclear.

Declining asset values, defaults on mortgages and consumer loans, and the lack of market and investor confidence, as well as other factors, all combined to increase credit default swap spreads, to cause rating agencies to lower credit ratings, and to otherwise increase the cost and decrease the availability of liquidity, despite very significant declines in central bank borrowing rates and other government actions. These market conditions have adversely affected our business and financial condition as customers or potential customers liquidated or consolidated, our ability to borrow money became restricted, and capital and margin requirements for our business lines increased. In addition, our operations suffered to the extent that ongoing market volatility caused individuals and institutional traders and other market participants to curtail or forego trading activities.

Although market conditions improved during the fourth quarter of 2009 and during 2010 when compared to the year-earlier periods, there can be no assurance that these conditions will continue to improve in the near or long term. If they do not, our results of operations may be adversely affected.

Difficult market conditions, economic conditions and geopolitical uncertainties have in the past adversely affected and may in the future adversely affect our business and profitability. The brokerage and financial services industry, as in general are directly affected by national and international economic and political conditions, broad trends in business and finance, 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. On a consolidated basis, for the year ended December 31, 2010 and the year ended December 31, 2009, over 92% of our total revenues were generated by brokerage operations. As a result, our revenues and profitability are likely to decline significantly during periods of low trading volume in the financial markets in which we offer our services. The financial markets and the global financial services business 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 a substantial decline in the U.S. and global financial services markets, resulting in reduced trading volume. The stress experienced by global capital markets that began in the second

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half of 2007 continued and substantially increased during the third and fourth quarters of 2008 and continued throughout 2009 greatly impacted volumes in the markets we broker and thus our revenues. Although market conditions improved into 2010, our operations may suffer to the extent that future market volatility causes individuals and institutional traders and other market participants to curtail or forego trading activities. These events could have a material adverse effect on our results and profitability. These factors include:

economic and political conditions in the United States, Europe and elsewhere in the world;

concerns about terrorism, war and other armed hostilities;

concerns over inflation and wavering institutional and consumer confidence levels;

the availability of cash for investment by our dealer customers and their customers;

the level and volatility of interest rates and foreign currency exchange rates;

the level and volatility of trading in certain equity 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 ;

currency values; and

increasing margin requirements and other liquidity concerns.

Low trading volume generally results in reduced revenues. Under these conditions, profitability is adversely affected since many costs are fixed. In addition, although less common, some of our brokerage revenues are determined on the basis of the value of transactions or on spreads. For these reasons, substantial decreases in trading volume or declining prices or spreads could have a material adverse effect on our business, financial condition and results of operations.

Consolidation in the brokerage, exchange and financial services industries could materially adversely affect our business, financial condition and results of operations because we may not be able to compete successfully.

In recent years, there has been substantial consolidation and convergence among companies in the brokerage, exchange and financial services industries, resulting in increasingly large potential and existing competitors, and increased concentration among markets dominated by some of our largest customers. During 2008 and 2009, as a result of the global financial crisis, this trend accelerated as many of the world's largest banks and investment banks consolidated. For example, Washington Mutual and Bear Stearns were acquired by J.P. Morgan Chase; Lehman Brothers Holdings Inc. declared bankruptcy and its investment banking operations were largely absorbed by Barclays in the U.S. and by Nomura elsewhere; Bank of America Corp. acquired Merrill Lynch & Co., Inc. and Countrywide Financial; and Wells Fargo acquired Wachovia.

These and other financial services firms are our customers. Continued consolidation 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 we generate from our brokerage services. Further, the recent consolidation among exchange firms, and expansion by these firms 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 exchange firms could result in increased resources and product or service offerings for our competitors. If we

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are not able to compete successfully in the future, our business, financial condition and results of operations could be materially adversely affected.

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Liquidity/Funding

Liquidity is essential to our business and insufficient liquidity could have an adverse affect on our business and financial condition.

Liquidity is essential to our business. Failures of financial institutions have often been attributable in large part to insufficient liquidity. Liquidity is of particular importance to our trading business and perceived liquidity issues may affect our customers and counterparties' willingness to engage in brokerage transactions with us. Our liquidity could be impaired due to circumstances that we may be unable to control, such as a general market disruption or an operational problem that affects our trading customers, third parties or us.

Our ability to raise funding in the long-term or short-term debt capital markets or the equity capital markets, or to access secured lending markets, has in the past been and could in the future be adversely affected by conditions in the U.S. and international markets and economy. For example, global market and economic conditions were disrupted during most of 2008 and 2009 and during that time reached unprecedented levels of disruption and volatility. Should such conditions return, our cost and availability of funding would be adversely affected by illiquid credit markets and wider credit spreads. To the extent we are not able to access the debt capital markets on acceptable terms in the future, we may seek to raise funding and capital through equity issuance or other means. Future turbulence in the U.S. and international markets and economy may adversely affect our liquidity and financial condition and the willingness of certain counterparties and customers to do business with each other or with us.

Our funding base consists of longer-term capital (equity, notes payable and collateralized borrowings) and shorter-term liabilities/accruals that are a natural outgrowth of specific assets and/or the business model, such as matched fails and accrued commission compensation. With respect to our operating business, we have limited need for and use of short-term unsecured funding. Contingent liquidity needs are largely limited to potential cash collateral that may be needed to meet clearinghouse/exchange margins and/or fund fails. Current cash balances substantially exceed a very modest amount of unsecured letters of credit and the amortization of our term debt. All of the cash on the balance sheet, some of which is held at regulated broker dealer subsidiaries, would not be available to meet these potential liquidity needs.

Following the merger of eSpeed and BGC Partners on April 1, 2008, we received regulatory approval from FINRA for the self-clearing of our own securities transactions, and we have begun self-clearing transactions in mortgage-backed securities, corporate and other DTC-eligible bonds and repurchase agreements. However, we have not begun to clear our own transactions in U.S. Treasury and U.S. Government Agency securities and there is no assurance at what point we will do so.

Accordingly, since the closing of the merger, we have continued to receive from Cantor and its affiliates certain clearing services in the U.S. pursuant to its pre-existing clearing agreement ("Clearing Services"). These Clearing Services have been provided since April 1, 2008 in exchange for payment by us of third-party clearing costs and allocated costs, and margin requirements and clearing deposits have been posted by Cantor with the FICC on our behalf.

On November 5, 2008, we entered into an Agreement (the "Clearing Agreement") with Cantor. Pursuant to the terms of the Agreement, Cantor is entitled to request from us, and we shall post as soon as practicable, cash or other property acceptable to Cantor in the amount reasonably requested by Cantor under the Clearing Agreement. The amounts requested shall reflect Cantor's reasonable determination of its or its affiliates required margin requirements in connection with the Clearing Services and/or potential additional funds which may be required to replace Cantor funds being otherwise utilized to post margin requirements for our benefit. To date, no amounts have been requested by Cantor.

We rely upon Cantor and others to provide Clearing Services and, in the absence of the Clearing Agreement, we would have to secure an alternative third-party clearing arrangement to provide such Clearing Services, which

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might be at higher rates or on less favorable terms. We intend to continue this relationship with Cantor. Accordingly, we expect that Cantor will continue to post clearing margin on our behalf and we will post clearing margin with Cantor as and when requested under the Clearing Agreement. In the absence of such an arrangement, we may be required to raise additional capital, borrow funds or take other action to meet the margin requirements in connection with the clearing of these transactions. The increased funding requirements required in connection with the clearing of our securities transactions could have a material adverse impact on our ability to make distributions, repurchase our stock or partnership units or effect strategic acquisitions or other opportunities.

We are leveraged, which could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk and prevent us from meeting our obligations under our indebtedness.

On April 1, 2010 BGC Holdings L.P. (BGC Holdings), a subsidiary of the Company, issued an aggregate of \$150,000,000 principal amount of 8.75% Convertible Senior Notes due 2015 (the BGC Holdings Notes) in a private placement transaction to Cantor. On April 1, 2010, BGC Holdings lent the proceeds from the issuance of the BGC Holdings Notes to the Company in exchange for \$150,000,000 principal amount of 8.75% Convertible Senior Notes due 2015 (the BGCP Notes and, together with the BGC Holdings Notes, the Notes) on substantially the same economic terms as the BGC Holdings Notes. In connection with the issuance of the BGCP Notes, the Company entered into an Indenture, dated April 1, 2010, with Wells Fargo Bank, National Association, as trustee (the Indenture). The Company lent the proceeds from the issuance of the BGCP Notes to its operating subsidiary, BGC Partners, L.P. (BGC U.S.). BGC U.S. used the proceeds to repay at maturity \$150,000,000 aggregate principal amount of senior notes due April 1, 2010. The Notes are senior unsecured obligations and rank equally and ratably with all existing and future senior unsecured obligations of BGC Holdings and the Company, respectively. The Notes bear an annual interest rate of 8.75%, which will be payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2010. The Notes will mature on April 15, 2015, unless earlier repurchased, exchanged or converted. Holders may exchange or convert the Notes at their option at any time until the close of business on the second scheduled trading day of the Company's Class A common stock, par value \$0.01 per share (the Class A common stock), immediately preceding the maturity date. The Notes are exchangeable and convertible as follows:

The BGC Holdings Notes held by Cantor are (i) exchangeable for a like principal amount of BGCP Notes held by BGC Holdings, or (ii) convertible into an aggregate of 21,805,897 BGC Holdings exchangeable limited partnership interests at a conversion rate of 145.3727 units per \$1,000 of principal amount of BGC Holdings Notes, equivalent to a conversion price of \$6.88 per unit. The BGC Holdings exchangeable limited partnership interests are themselves exchangeable on a one-for-one basis for shares of Class A common stock.

The BGCP Notes are convertible into an aggregate of 21,805,897 shares of Class A common stock at a conversion rate of 145.3727 shares of Class A common stock per \$1,000 principal amount of BGCP Notes, equivalent to an initial conversion price of \$6.88 per share.

The conversion rate of the BGC Holdings Notes into BGC Holdings exchangeable limited partnership interests and the conversion rate of the BGCP Notes into shares of Class A common stock are subject to customary adjustments upon certain corporate events, including stock dividends and stock splits on the Class A common stock and the Company's payment of a quarterly cash dividend in excess of \$0.10 per share of Class A common stock. The conversion rate will not be adjusted for accrued and unpaid interest to the conversion date.

Our indebtedness could have important consequences, 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 our operations or business;

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we may be more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;

it may make us more vulnerable to downturns in our business or the economy; and

there would be a material adverse effect on our business, financial condition and results of operations if we were unable to service our indebtedness or obtain additional financing or refinance our existing debt as needed.

We are dependent upon the availability of adequate funding and sufficient regulatory capital and clearing margin. Clearing capital 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 capital contributions by limited partners of Cantor. We have also relied on Cantor's support to clear our transactions in U.S. Treasury and U.S. government agency products since the merger on April 1, 2008. Because each of BGC U.S. and BGC Global is expected to distribute, on a quarterly basis, all of its net income to its limited partners, we may not have sufficient internally generated funds and may need to ease this policy or raise additional funds. If for any reason we need to raise additional funds, including in order to meet increased regulatory capital requirements and/or increased clearing margin requirements arising from growth in our brokerage business, 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 business, take advantage of future opportunities or respond to competitive pressure or unanticipated requirements.

Regulatory/Legal

Our business, financial condition and results of operations could be adversely affected by new regulations or laws or by changes in other regulations or laws or the application thereof.

The financial services industry, in general, is heavily regulated. In light of recent events in the U.S. and global financial markets and economy, regulators and legislators in the U.S. and European Union (EU) continue to craft new laws and regulations for the global OTC derivatives markets, including the recently passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). The Dodd-Frank act mandates or encourages several reforms, including new regulations for swaps markets creating impartiality considerations, additional pre- and post-trade transparency requirements, 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 derivatives be traded in an open and non-exclusionary manner on a regulated exchange or a swap execution facility (SEF). The bill specifies that the SEC and Commodities Future Trading Commission (CFTC) must finalize rules for implementing these requirements by September 15, 2011. The actual implementation of said rules may be phased in over a longer period.

On September 15, 2010, the European Commission released a draft proposal for a similar set of rules to cover the EU. Among other things, the Commission proposed that information on OTC derivative contracts should be reported to trade repositories and be accessible to supervisory authorities, that some transaction and price related information should be made available to all market participants than is currently common practice, and that standard OTC derivative contracts be cleared through central counterparties (CCPs). While the Commission's initial proposals are currently in consultation phase prior to being presented to the European Parliament and the EU Member States for consideration, the fact that multiple supervisory and regulatory bodies are just now being established in Europe and that initiatives need to be ratified by all 27 EU Member States before being passed into law by individual nations will mean that rules will not be operational at least until the end of 2012.

In addition, proposals for legislation further regulating the financial services industry are periodically introduced in the United States Congress and in state legislatures. Moreover, the agencies regulating the financial services industry also periodically adopt changes to their regulations, particularly as these regulators have increased their focus on the regulation of the financial services industry.

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We are unable to predict how any of these new laws and proposals will be implemented or in what form, or whether any additional or similar changes to statutes 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 an adverse effect on our business, financial condition and results of operations. We believe that uncertainty and potential delays around the final form such new rules might take may negatively impact trading volumes in certain markets in which we broker. Increased capital requirements may also diminish transaction velocity. While the broad framework of proposed legislation is known, we believe that it is too early for there to be clarity on the specific aspects of the U.S. legislation and EU proposals which may directly impact our businesses as exact rules have not yet been finalized. Additionally, unintended consequences of the legislation may adversely affect us in ways yet to be determined.

We are also affected by the policies adopted by regulatory authorities and bodies of the U.S. and other governments. For example, the actions of the U.S. Federal Reserve and international central banking authorities directly impact our cost of funds for lending, capital raising and investment activities and may impact the value of financial instruments we hold. In addition, such 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.

Although we currently broker a number of centrally cleared products, and believe that we will qualify as a SEF in the U.S. and its equivalent in Europe, there can be no guarantee that the final rules will not negatively impact our volumes or revenues. In the event that the U.S. government, EU or other countries' authorities ultimately were to mandate central clearing without ensuring fair and open access, or forcing trading via SEFs or exchanges for large portions of the OTC marketplace and we were unable to provide transaction execution and reporting in an authorized manner, or to do so on a competitive basis, our business would be negatively impacted. Further, it is conceivable that the new regulatory landscape will fundamentally alter the historical relationship between OTC wholesale brokers and our clients which may have a negative influence on our operations.

In the UK, the Financial Services Authority (FSA) has implemented far-reaching reform rules, designed to enhance firms' liquidity risk management practices, based on the lessons learned since the start of the credit crisis in 2007. Implications of these rules include better liquidity risk management capability (including the use of stress testing and contingency funding plans (CFP)); less reliance on short-term wholesale funding, and higher amounts and quality of liquid asset securities (Government securities), leading to an increased likelihood of surviving a severe liquidity stress event, the overarching principles being self-sufficiency and adequacy of liquid resources.

Further, the authorities of certain European countries have instituted a series of changes to tax law, including an excise tax on certain compensation payments that, if applicable to us, could have a material adverse effect on our business, financial condition and results of operations. Similarly, the current U.S. administration has proposed a series of changes to 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 would 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 business, financial condition and results of operations and on our ability to attract and retain executives and brokers.

The Government of the United Kingdom has passed the Bribery Act 2010, which will come into force in 2011. It creates four new offenses: two general offenses of bribing another person and being bribed, bribing a foreign public official and a corporate offense of failing to prevent bribery. The corporate offense is a strict liability offense which is subject to the defense that the relevant commercial organization had adequate procedures in place to prevent bribery. The Government has published draft guidance on what constitutes adequate measures and final guidance is due to be published this year.

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The Act has a global reach and applies to all companies, partnerships and individuals based in the United Kingdom, as well as foreign companies and individuals doing business in the United Kingdom. The Act's extra-territorial application means that it applies to acts or omissions taking place anywhere in the world. This means that it may be more likely for bribery taking place outside the United Kingdom to attract the attention of the United Kingdom authorities, as well as the attention of authorities in multiple jurisdictions.

Failure to comply with the Act could result in unlimited fines for commercial organizations, debarment from competing for public contracts and/or imprisonment of individuals which could have a material adverse effect on business.

There is uncertainty regarding the impact of the Act, as it could restrict the way business is currently conducted, particularly in relation to corporate hospitality, gifts and facilitation payments. The ability to attract and retain clients and business may be constrained, compared with competitors who are not subject to the same restrictions and levels of scrutiny. Ensuring compliance with the Act and introducing adequate measures may also necessitate the adoption of new policies, controls and procedures which could result in increased costs and use of personnel resources.

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

Many aspects of our business, like those of other financial intermediary firms, are subject to significant capital requirements. In the United States, the U.S. Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA) and various other regulatory bodies (including the Commodity Futures Trading Commission, which we refer to as the CFTC, and the National Futures Association (NFA)) have stringent provisions with respect to capital applicable to the operation of brokerage firms, which vary depending upon the nature and extent of the broker-dealer's activities. We currently operate two U.S.-registered broker-dealers. In addition, we hold a 49% limited partnership interest in Aqua Securities, L.P. (Aqua), a U.S. registered broker-dealer. These broker-dealers are subject to SEC, FINRA and CFTC net capital requirements.

Our international operations are also subject to capital requirements, which we refer to as non-U.S. net capital requirements. Certain of our subsidiaries that are incorporated in the United Kingdom are subject to capital requirements established by the UK Financial Services Authority (FSA). The FSA also applies 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. The provisions relating to capital requirements enforced by the FSA are likely to change with the implementation of the FSA's response to the Turner Review (a regulatory response to the global banking crisis) and our UK subsidiaries will be required to adhere to these changes. The UK group will also need to adhere to new liquidity provisions that may impact the ability to transfer cash assets to other group members. 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. These regulations often include minimum capital requirements which are subject to change. Similar requirements are applied to certain of our other subsidiaries which are regulated in other countries such as Australia, France and Hong Kong.

While we expect to continue to maintain levels of capital in excess of regulatory minimums, there can be no assurance that this will be the case in the future. If we fail to maintain the required capital, we will be required to suspend our broker-dealer operations during the period that we are not in compliance with capital requirements, and may be subject to suspension or revocation of registration by the SEC and FINRA or withdrawal of authorization or other disciplinary action from domestic and international regulators, which would have a material adverse effect on our business. In addition, if 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 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, operations that require the intensive use of capital would

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be limited. Our ability to withdraw capital from our regulated subsidiaries is subject to restrictions, which, in turn, could limit our ability to pay dividends, repay debt and redeem or 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. In addition, we may become subject to capital requirements in other foreign jurisdictions in which we currently operate or in which we may enter. We cannot predict our future capital needs or our ability to obtain additional financing.

Extensive regulation of our businesses limits our activities and results in ongoing exposure to the potential for significant penalties, including fines or limitations on our ability to conduct our businesses.

Firms in the financial services industry, including our businesses, have experienced increased scrutiny in recent years and penalties and fines sought by regulatory authorities, including the SEC, FINRA, state securities commissions, state attorneys general and the FSA, have increased accordingly. This trend toward a heightened regulatory and enforcement environment looks set to continue for the foreseeable future and this environment may create uncertainty.

The financial services industry, including our business, is subject to extensive regulation. Our subsidiaries 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 United States, are empowered to conduct administrative proceedings that can result in censure, fine, the issuance of cease-and-desist orders or suspension or expulsion. From time to time, associated persons of our company have been and are subject to periodic investigations that have and may result in disciplinary actions by the SEC, self-regulatory organizations and state securities administrators. Currently, we and certain other inter-dealer brokers are being investigated by the SEC with respect to trading practices. In addition, the latest FSA annual risk assessment of the BGC Partners group's regulated entities identified certain weaknesses in the BGC Partners group's risk and control functionality, including governance procedures. Self-regulatory organizations such as FINRA and the NFA, along with statutory bodies such as the SEC and the FSA, 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 us and are not designed to protect our stockholders. These regulations will often serve to limit our activities, including through capital, customer protection and market conduct requirements.

Changes in legislation and in the rules and regulations promulgated by the SEC, the CFTC, the U.S. Department of Treasury (Treasury), the FSA 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 broker-dealers and could result in restrictions in the way we conduct our business. For example, the U.S. Congress, the U.S. Treasury, the Board of Governors of the Federal Reserve System and the SEC are continuing to review the nature and scope of their regulation and oversight of the government securities markets and U.S. markets. In Europe, the implementation of the Markets in Financial Instruments Directive in Europe (MIFID) in November 2007 involved wide-ranging changes to European financial services regulation. Future legislation and/or regulation, and uncertainties resulting from the possibility of legislation and/or regulation, could adversely impact our business. Failure to comply with any of these laws, rules or regulations could result in fines, limitations on business activity, suspension or expulsion from the industry, any of which could have a material adverse effect upon us. Changes in tax laws, such as the bank payroll taxes introduced in the UK and France at the end of the 2009, could have a material adverse effect on our compensation policies or business, financial condition and results of operations. Further, new rules and regulations proposed, or which may be proposed, by the U.S. president and his administration could have a significant impact on our business. See also Risk Factors Our business, financial condition and results of operations could be adversely affected by new regulations or by changes in other regulations or the application thereof.

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In addition, financial intermediary firms 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 litigation.

The brokerage and financial services industries in general face substantial litigation and regulatory risks, and we may face damage to our professional reputation and legal liability if our services are not regarded as satisfactory or for other reasons, all of which could adversely affect our revenues and liabilities and as a result could have a materially adverse effect on our business, financial condition and results of operations.

Many aspects of our business involve substantial risks of liability and, in the normal course of business, we have been a party to lawsuits, arbitrations, investigations and other actions involving primarily claims for damages. Regulatory inquiries and subpoenas or other requests for information or testimony in connection with litigation may cause us to incur significant expenses, including fees for legal representation and fees associated with document production. Such regulatory or other inquiries may also be directed at certain executives or individuals who may be critical to our business or to a particular brokerage desk. The risks associated with such potential liabilities often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. The expansion of our business, including into new areas, imposes additional risks of liability. A settlement of, or judgment related to, any such claim, litigation, arbitration, investigation or other action could result in civil or criminal liability, fines, limitations on business activities and other sanctions and otherwise have a material adverse effect on our results of operations and financial condition. Any such action could also cause us significant reputational harm, which, in turn, could seriously harm our business and prospects. In addition, regardless of the outcome of these lawsuits, arbitrations, investigations and other actions, 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.

As a brokerage and financial services firm, 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. As a result, if our customers are not satisfied with our services, such dissatisfaction may be more damaging to our business than to other types of businesses. Substantial legal liability or significant regulatory action against us could adversely affect our revenues and liquidity and, as a result, could have a material adverse effect on our business, financial condition and results of operations or cause significant reputational harm to us, which could seriously harm our business and prospects.

Competition/Retention

Because competition for the services of brokers is intense, we may not be able to attract and retain highly skilled brokers, which could adversely impact our revenues and as a result could materially adversely affect our business, financial condition and results of operations.

Our ability to provide high-quality brokerage services and maintain long-term relationships with our customers depends, in large part, upon our brokers. As a result, we must attract and retain highly qualified brokerage personnel. In recent years, we have significantly grown the number of brokers in our business through new hires and acquisitions of existing businesses, and we expect to continue to do so in the future. Competition for the services of brokers is intense, especially for brokers with experience in the specialized markets in which we participate or we may seek to enter. If we are unable to hire or retain highly qualified brokers, 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. 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 that particular market.

In addition, recruitment and retention of qualified brokers could result in substantial additional costs. We have been and are currently a party to, or otherwise involved in, several litigations and arbitrations involving

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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 our 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 business, financial condition and results of operations. Regardless of the outcome of these claims, we generally incur significant expenses and substantial management time in dealing with these claims.

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

We face strong competition from brokerages, broker-dealers, financial services firms and exchanges, many of which have greater market presence, marketing capabilities and 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 business, financial condition and results of operations.

The brokerage and financial services industries are intensely competitive, and are expected to remain so. We primarily compete with four major, diversified inter-dealer brokers and financial intermediaries. These inter-dealer brokers are ICAP plc, Tullett Prebon plc, GFI Group Inc. and Compagnie Financière Tradition (which is majority owned by Viel & Cie), all of which are currently publicly traded companies. Other inter-dealer broker and financial intermediary competitors include a number of smaller, private firms that tend to specialize in specific product areas or geographies. We also compete with companies that provide alternative products, 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 and other securities. We increasingly compete 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. We also compete with consortia, such as those operated by Tradeweb Markets LLC, which are created or funded from time to time by banks, broker dealers and other companies involved in financial services, such as Thomson Reuters Corporation to compete in various markets with exchanges and inter-dealer brokers. In addition, financial data firms such as Thomson Reuters 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 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 and other key employees;

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 services;

provide a lower cost structure and lower commissions;

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provide access to trading in products or a range of products that at any particular time we do not offer; and

develop services similar to our new services that are preferred by our customers.

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

Competition for brokerage transactions also has resulted in substantial commission discounting by brokers that compete with us for our brokerage business. Further discounting could adversely impact our revenues and margins and as a result could materially adversely affect our business, financial condition and results of operations. The market for hiring brokers of various securities and financial products is also highly competitive and, from time to time, may result in litigation and/or arbitration.

Our operations also include the sale of pricing and transactional 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 brokerage businesses have together and individually offered market information services in competition with those offered and expected to be offered by us.

Our ability to retain our key employees and the ability of certain key employees to devote adequate time to us are critical to the success of our business, and failure to do so may adversely affect our revenues and as a result could materially adversely affect our business, financial condition and results of operations.

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 obtain customer transactions that generate most of our revenues.

Howard W. Lutnick, who serves as our Chief Executive Officer and Chairman, is also the Chairman of the Board, President and Chief Executive Officer of Cantor and President of Cantor Fitzgerald Group Management, Inc. (CFGM). Stephen M. Merkel, who serves as our Executive Vice President, General Counsel and Secretary, is employed as Executive Managing Director, General Counsel and Secretary of Cantor. These key employees are not subject to employment agreements with us or any of our subsidiaries although we do have an employment agreement with our President, Shaun Lynn. In addition, Messrs. Lutnick and Merkel also hold offices at various other affiliates of Cantor. Currently Mr. Lutnick spends approximately 50% of his time on our matters, and Mr. Merkel currently spends approximately 50% of his time on our matters, although these percentages may vary depending on business developments at our company or Cantor or any of our or Cantor's affiliates. As a result, these key employees dedicate only a portion of their professional efforts to our business and operations, and there is no contractual obligation for them to spend a specific amount of their time with us and/or Cantor. These key employees may not be able to dedicate adequate time to our business 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, which includes non-competition and other arrangements applicable to our key employees who are limited partners of BGC Holdings, may not prevent our key employees, including Messrs. Lutnick and Merkel, who as Cantor partners are not subject to these provisions in the BGC Holdings limited partnership agreement, from resigning or competing against us. See Certain Relationships and Related Transactions. In addition, our success has largely been dependent on the efforts of Messrs. Lutnick and Lynn and other executive officers and former executive officers. Should Mr. Lutnick leave or otherwise become unavailable to render services to us, control of BGC Partners 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, including Messrs. Lutnick and Lynn, were to join an existing competitor, form a competing company, offer services to Cantor that compete with our 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 business, financial condition and results of operations.

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International Operations

We are generally subject to risks inherent in doing business in the international markets, particularly in the regulated brokerage industry, and any failure to develop effective compliance and reporting systems could result in regulatory penalties in the applicable jurisdiction and our business could be adversely affected.

We currently provide services and products to customers in North America, Europe and the Asia-Pacific region through offices in New York and London, as well as Aspen, Beijing, Chicago, Copenhagen, Dubai, Garden City, Hong Kong, Istanbul, Johannesburg, Mexico City, Moscow, Nyon, Paris, Rio de Janeiro, São Paulo, Sarasota, Seoul, Singapore, Sydney, Tokyo, Toronto and West Palm Beach and we may seek to further expand our operations. On a consolidated basis, revenues from foreign countries were \$958.7 million, or 72.0% of total revenues, and \$885.6 million, or 76.2% of total revenues, for the years ended December 31, 2010 and 2009, respectively. There are certain additional political, economic, legal, regulatory, operational and other risks inherent in doing business in international markets, particularly in the regulated brokerage 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 and regulations of foreign governmental and regulatory authorities of each country in which we conduct business;

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;

any 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 laws;

outbreak of hostilities; and

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potentially adverse tax consequences arising from compliance with foreign laws and regulations to which our international subsidiaries are subject.

In many countries, the laws and regulations applicable to the securities and financial services industries are uncertain and evolving, and it may be difficult for us to determine the exact requirements of local laws in every market. Our inability to remain in compliance with local laws and regulations in a particular foreign market 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 business could be adversely affected.

Acquisitions/New Opportunities

We may pursue strategic alliances, acquisitions or joint ventures or hire brokers for new or existing brokerage desks, which could present unforeseen integration obstacles or costs and could dilute the common stock owned by our stockholders. We may also face competition in our acquisition strategy, which may limit our number of acquisitions and growth opportunities.

We have explored a wide range of strategic alliances, acquisitions or joint ventures with other brokers and with other companies that have interests in businesses in which there are brokerage or other strategic opportunities. We also may seek to hire brokers for new or existing brokerage desks and may seek to hire brokers

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or make acquisitions outside of the financial services industry. In addition, from time to time, we have and we expect to continue to evaluate and potentially pursue possible strategic alliances, acquisitions, joint ventures or broker hires. These acquisitions or new hires may be necessary in order for us to enter into or develop new product and geographic areas.

Strategic alliances, acquisitions, joint ventures and new hires involve a number of risks and present financial, managerial and operational challenges, including:

potential disruption of our ongoing business and product development and distraction of management;

difficulty retaining and integrating personnel and integrating financial and other systems;

the necessity of hiring additional management and other critical personnel and integrating them into current operations;

litigation and/or arbitration associated with hiring brokerage personnel;

increasing the scope, geographic diversity and complexity of our operations;

potential dependence upon, and exposure to liability, loss or reputational damage relating to systems, controls and personnel that are not under our control;

potential unfavorable reaction to our strategic alliance, acquisition or joint venture strategy by our customers;

to the extent that we pursue business opportunities outside the United States, exposure to political, economic, legal, regulatory, operational and other risks that are inherent in operating in a foreign country, including risks of possible nationalization, expropriation, price controls, capital controls, exchange controls and other restrictive governmental actions, as well as the outbreak of hostilities;

the upfront costs associated with recruiting brokerage personnel, including those costs associated with establishing a new brokerage desk;

conflicts or disagreements between any strategic alliance or joint venture partner and us; and

exposure to additional liabilities of any acquired business, strategic alliance or joint venture.

In addition, we expect to face competition for acquisition candidates, which may limit the number of acquisitions and growth opportunities and may lead to higher acquisition prices. There can be no assurance that we will be able to identify, acquire or manage profitably additional businesses or to integrate successfully any acquired businesses without substantial costs, delays or other operational or financial difficulties.

As a result of these risks and challenges, we may not realize any anticipated benefits from strategic alliances, acquisitions, joint ventures or new hires, and such strategic alliances, acquisitions, joint ventures or new hires may in fact materially adversely affect our business, financial condition and results of operations. In addition, future strategic alliances, acquisitions or joint ventures or the hiring of new brokerage personnel may involve the issuance of additional shares of our common stock, which may dilute your ownership of us or may involve litigation.

If we are unable to identify and exploit new market opportunities, our revenues may decline and as a result our business, financial condition and results of operations could be materially adversely affected.

As more participants enter the markets in which we operate, the resulting competition often leads to lower commissions. This may result in a decrease in revenues in a particular market even if the volume of trades we handle in that market increases. As a result, our strategy is to broker more trades and increase market share in existing markets and to seek out new markets in which we believe we can charge higher commissions. Pursuing this strategy may require significant management attention and broker expense. We may not be able to attract new customers or successfully enter new markets. If we are unable to identify and exploit new market opportunities on a timely and cost-effective basis, our revenues may decline and as a result our business, financial condition and results of operations could be materially adversely affected.

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We operate in a rapidly evolving business environment. If we are unable to adapt our business effectively to keep pace with these changes, our ability to succeed will be adversely affected, which could have a material adverse effect on our business, financial condition and results of operations.

The pace of change in the industry in which we operate is extremely rapid. Operating in such a rapidly changing business environment involves a high degree of risk. Our ability to succeed will depend on our ability to adapt effectively to these changing market conditions. If we are unable to keep up with rapid technological changes, we may not be able to compete effectively.

To remain competitive, we must continue to enhance and improve the responsiveness, functionality, accessibility and features of our proprietary software, network distribution systems and technologies. Our business environment is characterized by rapid technological changes, changes in use and customer requirements and preferences, frequent product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render our existing proprietary technology and systems obsolete. Our success will depend, in part, on our ability to:

develop, license and defend intellectual property useful in our business;

enhance our existing services;

develop new services and technologies that address the increasingly sophisticated and varied needs of our existing and prospective customers;

respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis;

respond to the demand for new services, products and technologies on a cost-effective and timely basis; and

adapt to technological advancements and changing standards to address the increasingly sophisticated requirements and varied needs of our customers and prospective customers.

There can be no assurance that we will be able to respond in a timely manner to changing market conditions or customer requirements. The development of proprietary electronic trading technology entails significant technical, financial and business risks. Further, the adoption of new internet, networking or telecommunications technologies may require us to devote substantial resources to modify, adapt and defend our technology. There can be no assurance that we will successfully implement new technologies or adapt our proprietary technology and transaction-processing systems to customer requirements or emerging industry standards, or that we will be able to successfully defend any challenges to any technology we develop. Any failure on our part to anticipate or respond adequately to technological advancements, customer requirements or changing industry standards, or any significant delays in the development, introduction or availability of new services, products or enhancements, could have a material adverse effect on our business, financial condition and results of operations.

Credit Risk

Defaults by 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 credit, trading, clearing or other relationships between the institutions. For example, we rely on Cantor as our clearing agent for certain securities transactions, primarily U.S. government securities, while we self-clear certain other products. A default by one of our customers could lead to liquidity concerns in our business and further, 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. See Our liquidity and financial condition have been and could continue to be adversely affected by recent U.S. and international markets and economic conditions.

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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 interact on a daily 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 the recent U.S. and international market and economic conditions. Failure of any of these vendor institutions could also adversely affect us.

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

Our activities are subject to credit and performance risks. For example, our customers 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 losses in liquidating or covering our positions in the open market.

We have adopted policies and procedures to identify, monitor and manage credit risk, in both agency and principal transactions, through reporting and control procedures and by monitoring credit standards applicable to our customers or 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 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 financial condition and results of operations could be materially adversely affected. In addition, our insurance policies will 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 effect of magnifying the credit loss.

We are subject to financing risk in these circumstances 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 business requiring higher levels of capital. Credit or settlement losses of this nature may impact our liquidity and profitability and as a result could adversely affect our business, financial condition and results of operations. Decline in the financial markets has 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 investor 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 which may not have the financial resources to meet obligations to us.

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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 business, financial condition and results of operations.

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

We enter into 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 be correlated risks. A correlated risk arises when the counterparty's inability to meet its obligations will also correspond 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 current global financial crisis heightens the risk of sovereign or convertibility events in emerging markets similar to the events that occurred in previous financial downturns. Risk Management monitors the creditworthiness of emerging countries and counterparties on an ongoing basis and when the risk of inconvertibility or sovereign default is deemed to be too great, correlated transactions or all transactions may be restricted or suspended. However, there can be no assurance that these procedures will be effective in controlling these risks.

Revenue Concentration

Our business is geographically concentrated and could be significantly affected by any adverse change in the regions in which we operate.

Historically, our operations have been substantially located in the United Kingdom and the United States. While we are expanding our business to new geographies, we are still highly concentrated in these geographies. Because we derived approximately 42.8% and approximately 28.0%, respectively, of our total revenues on a consolidated basis for the year ended December 31, 2010, from our operations in the United Kingdom and the United States, respectively, and approximately 43.7% and approximately 23.8%, respectively, of our total revenues on a consolidated basis for the year ended December 31, 2009, from our operations in the United Kingdom and the United States, respectively, our business is exposed to adverse regulatory and competitive changes, economic downturns and changes in political conditions in these countries. Moreover, due to the concentration of our business in these geographies, our business is less diversified and, accordingly, is subject to greater regional risks than some of our competitors.

Our business is substantially concentrated on rates products and could be significantly affected by any downturn or negative fluctuations in the rates product market.

We offer our services in four broad product categories: rates, credit, foreign exchange and other asset classes. However, our brokerage revenues are substantially derived from our rates products, which accounted for approximately 45.3% and approximately 45.0% of our total brokerage revenues on a consolidated basis, for the years ended December 31, 2010 and 2009, respectively. While we focus on expanding and diversifying our product offerings, we are currently exposed to any adverse change or condition affecting the rates product market. Accordingly, the concentration of our operations on rates products subjects our results to a greater market risk than if we had a more diversified products offering.

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Our revenues and profitability could be reduced or otherwise 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 electronic trading platform, they reduce the amount of commissions 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 electronic trading platform, the commissions payable to us, our revenues or our profitability.

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

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 an alternative for individual and institutional investors, as well as broker-dealers. 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 business, financial condition and results of operations.

Customer Concentration

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

For each of the years ended December 31, 2010 and 2009, and on a consolidated basis, our top 10 customers, collectively, accounted for approximately 42% and 43% of our total revenues, respectively. We have limited long-term contracts with these customers. If we were to lose one or more of these significant customers for any reason, including the recent consolidation 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 business, financial condition and results of operations would suffer.

Market Risk

We have market risk exposure from unmatched principal transactions entered into by some of our desks, which could result in losses and have a disproportionate effect on our revenues, financial condition and results of operations for any particular reporting period. In addition, financial fraud or unauthorized trading activity could also impact our revenues, financial condition or results of operations.

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, attract additional order flow or in certain instances as the result of an error and, in a limited number of instances and subject to risk management limits, for the purpose of proprietary trading. As a result, we have market risk exposure on these unmatched principal transactions. Our exposure varies based on the size of the overall positions, the terms and liquidity of the instruments brokered and the amount of time the positions are held before we dispose of the position. This exposure could be more significant in the event that any unauthorized trading activity, financial fraud or similar incidents were to occur.

All trades executed on the eSpeed platform settle for clearing purposes against CF&Co., our affiliate. CF&Co. is a member of FINRA (formerly NASD) and the Fixed Income Clearing Corporation, a subsidiary of the Depository Trust & Clearing Corporation. We, CF&Co. and other of our affiliates participate in U.S. Treasuries as

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well as other markets by posting quotations for their account and by acting as principal on trades with platform users. Such activity is intended, among other things, to assist us, CF&Co. and our affiliates in managing their proprietary positions (including, but not limited to, those established as a result of combination trades and errors), facilitating transactions, framing markets, adding liquidity, increasing commissions and attracting order flow.

From a risk management perspective, we monitor risk 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 market 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 securities 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 longer period. Any principal gains and losses resulting from these positions could on occasion have a disproportionate effect, positive or negative, on our revenues, financial condition and results of operations for any particular reporting period.

Intellectual Property

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

Our success is dependent, in part, upon our intellectual property and proprietary technology. We generally rely primarily on trade secret, contract, copyright, trademark and patent law in the U.S. and other jurisdictions as well as confidentiality procedures and contractual provisions to establish and protect our rights to proprietary technologies, methods and products, 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 enter into confidentiality and invention assignment agreements with our employees and consultants and confidentiality agreements with other third parties, and we control access to our proprietary technology.

It is possible that third parties may copy or otherwise obtain and use our proprietary technologies without authorization or otherwise infringe on our rights despite our precautions. Unauthorized use of our intellectual property could make it more expensive to do business and harm our operating results. We cannot assure 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 proprietary rights to the same extent as the laws in the United States, or at all. Any significant impairment of our intellectual property rights could harm our business or our ability to compete. For example, reductions in the legal protection for software intellectual property rights could adversely affect revenue. Also, protecting our intellectual property rights is costly and time consuming.

Many companies 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, over the past several years there has been a proliferation of business method patents applicable to these industries. There has also been a substantial increase in the number of such patent applications filed. Under current law, U.S. patent applications remain secret for 18 months or, in some cases, until a patent is issued. Because of technological changes in these industries, current extensive patent coverage, and the rapid rate of issuance of new patents, it is possible certain components of our products and business methods may unknowingly infringe existing patents or 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 or copyrights containing claims 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 patent rights of others.

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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 business operations. For example, we have been subject to new and ongoing claims by Trading Technologies International, Inc., discussed in more length in our litigation section. 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.

In the future, we may have to rely on litigation to enforce our intellectual property rights, protect our trade secrets, determine the validity and scope of the proprietary 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, the diversion of resources, and the attention of management, any of which could negatively affect our business. 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 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 cause operating margins to decline.

If our software licenses from third parties are terminated or adversely changed or amended or if any of these third parties were to cease doing business, our ability to operate our business may be materially adversely affected.

We license databases and other software from third parties, much of which is integral to our systems and our business. The licenses are terminable if we breach our obligations under the license agreements. If any material relationships were terminated or adversely changed or amended, or if any of these third parties were to cease doing business, we may be forced to spend significant time and money to replace the licensed software, and our ability to operate our business may be materially adversely affected. Although we take steps to locate replacements, there can be no assurance that the necessary replacements will be available on reasonable 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 business.

IT/Systems Risk

Our networks and those of our third-party service providers may be vulnerable to security risks, which could make our customers hesitant to use our electronic marketplaces.

The secure transmission of confidential information over public networks is a critical element of our operations. Our networks, those of our third-party service vendors, including Cantor and associated clearing corporations, and those of our customers may be vulnerable to unauthorized access, computer viruses and other security problems. These networks are provisioned using redundant connections, service providers and routes to provide a high level of redundancy and availability and also to allow partitioning and containment of potential security threats. However, there can be no assurance such measures will be effective against all future threats. People who circumvent security measures could wrongfully use our information or cause interruptions or malfunctions in our operations, which could make our customers hesitant to use our electronic marketplaces. We may be required to expend significant resources to protect against the threat of security breaches or to alleviate problems, including reputational harm and litigation, caused by any breaches.

If we experience computer systems failures or capacity constraints, our ability to conduct our operations could be harmed.

We support and maintain many of our computer systems and networks internally. Our failure to monitor or maintain these systems and networks or, if necessary, to find a replacement for this technology in a timely and cost-effective manner would have a material adverse effect on our ability to conduct our operations. Although all of our business critical systems have been designed and implemented with fault tolerant and/or redundant

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clustered hardware and diversely routed network connectivity, our redundant systems or disaster recovery plans may prove to be inadequate. Although we have four geographically disparate main data centers, they could be subject to failure due to environmental factors, power outage and other factors. Accordingly, we may be subject to system failures and outages which might impact our revenues and relationships with customers. In addition, we will be subject to risk in the event that systems of our partners, customers or vendors are subject to failures and outages.

We rely on third parties for various computer and communications systems, such as telephone companies, online service providers, data processors, clearance organizations and software and hardware vendors. Our systems, or those of our third-party providers, may fail or operate slowly, causing one or more of the following:

unanticipated disruptions in service to our customers;

slower response times;

delays in our customers' trade execution;

failed settlement of trades;

incomplete or inaccurate accounting, recording or processing of trades;

financial losses;

litigation or other customer claims; and

regulatory sanctions.

There can be no assurance that we will not experience additional systems failures in the future from power or telecommunications failures, acts of God or war, terrorist attacks, human error, natural disasters, fire, power loss, sabotage, hardware or software malfunctions or defects, computer viruses, intentional acts of vandalism and similar events. Any system failure that causes an interruption in service or decreases the responsiveness of our service, including failures caused by customer error or misuse of our systems, could damage our reputation, business and brand name.

Internal Controls

If we fail to implement and maintain an effective internal control environment, our business and stock price could suffer and we may need to restate our financial statements.

We are subject to the requirements of the Sarbanes-Oxley Act and the applicable SEC rules and regulations that require an annual management report on our internal controls over financial reporting. Such a report includes, among other matters, management's assessment of the effectiveness of our internal controls over financial reporting and an attestation report by our independent registered public accounting firm addressing this assessment.

During the quarter ended June 30, 2009, our management identified a material weakness in our internal controls related to four unauthorized trades and failure to submit confirmations in one of our foreign offices. We determined that we lacked certain controls with respect to the activities of the broker and that the operational and risk management controls in place to monitor the broker's activities were not properly performed in this instance and therefore were not effective with respect to this event. Performance of secondary controls resulted in the

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identification of these trades, which management believes, were an isolated occurrence. During the quarter ended September 30, 2009, the Company's management implemented control enhancements to remediate this material weakness in internal controls. These control enhancements included: improving management oversight controls to enable increased awareness of unauthorized or unmatched activity; increased controls around monitoring and recording of client instructions and settlements; enhanced procedures for pre-settlement matching of trades; automated trade confirmation processes; implementing a process to ensure that all trade date reconciliation procedures are being properly performed and reviewed; and improved management reporting regarding compliance, risk monitoring and P&L activity. Although this material weakness was remediated as of December 31, 2009, there can be no assurance that a similar incident could not occur.

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Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, internal controls over financial reporting 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, within our company 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 internal 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 stock price.

Ongoing compliance with the Sarbanes-Oxley Act may require significant expenses and management resources that would need to be diverted from our operations and could require a restructuring of our internal controls over financial reporting. Any such expenses, time reallocations or restructuring could have a material adverse effect on our operations.

Tax

We may be required to pay Cantor for a significant portion of the tax benefit relating to any additional tax depreciation or amortization deductions we claim as a result of any step-up in the tax basis in the assets of BGC U.S. and BGC Global resulting from the exchange of interests in BGC Holdings for BGC Partners common stock.

Certain interests in BGC Holdings may, in effect, be exchanged in the future for shares of BGC Partners Class A common stock or BGC Partners Class B common stock on a one-for-one basis (subject to customary anti-dilution adjustments). The exchanges may result in increases to our share of the tax basis of the tangible and intangible assets of each of BGC U.S. and BGC Global that otherwise would not have been available, although the Internal Revenue Service may challenge all or part of that tax basis increase, and a court could sustain such a challenge by the Internal Revenue Service. These increases in tax basis, if sustained, may reduce the amount of tax that we would otherwise be required to pay in the future.

In connection with the separation and related transactions, BGC Partners OldCo entered into, and, in the merger, we assumed BGC Partners OldCo's rights and obligations under, the tax receivable agreement with Cantor that provides for the payment by us to Cantor of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of these increases in tax basis and of 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 we will benefit from the remaining 15% of cash savings, if any, in income tax that we realize.

Other General Risks

Our business is global and exchange rate fluctuations impact our results.

We are exposed to risks associated with changes in foreign exchange 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 the net exposure in foreign currencies on a daily basis and hedge our exposure as deemed appropriate with highly rated major financial institutions. However, potential movements in the U.S. dollar against other currencies in which we earn revenues could also adversely affect our financial results.

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Employee misconduct or error could harm us by impairing our ability to attract and retain customers and subjecting us to significant legal liability and reputational harm; moreover, this type of misconduct is difficult to detect and deter and error is difficult to prevent.

Employee misconduct or error could subject us to financial losses and regulatory sanctions and could seriously harm our reputation and negatively affect our business. Misconduct 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, 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 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 are detected may be increased and our risk of material loss could be increased. The risk of employee error or miscommunication may be greater for products that are new or have non-standardized terms. It is not always possible to deter employee misconduct or error, and the precautions we take to detect and prevent this activity may not be effective in all cases.

The financial markets in which we operate are generally affected by seasonality which could have a material adverse effect on our financial performance 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 and, therefore, our transaction volume levels may decrease during those periods. The timing of local holidays also affects transaction volume. These factors could have a material adverse effect on our financial performance in a given period.

While 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.

While 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.

Merger Related

The impact of the separation and merger on our partners and future working partners may adversely affect our ability to retain, recruit and motivate these persons.

While we believe that our April 2008 separation and merger have promoted retention and recruitment, some employee partners may be more attracted to the benefits of working at a private, controlled partnership which may adversely affect our ability to retain, recruit and motivate these persons. The impact of the separation on the employee partners and other employee retention and recruitment remains uncertain.

Many of our key employees were limited partners of Cantor prior to the separation and merger. We believe that the possibility of becoming a limited partner of Cantor has been an important tool in its ability to hire and retain key employees. Prior to the merger, Cantor redeemed Cantor limited partnership interests held by BGC Holdings founding partners in exchange for BGC Holdings limited partnership interests and distribution rights in respect of our common stock. Following the merger, it is not expected that our key employees will have the right to become limited partners in Cantor. In addition, we expect that from time to time, key employees of BGC Partners will have the opportunity to become limited partners of BGC Holdings.

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While these BGC Holdings limited partnership interests entitle founding/working partners and limited partnership unit holders 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 founding/working partners or limited partnership unit holders 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, if any, and not any goodwill or going concern value of BGC Partners' business. Further, certain working partner units, such as PSUs and PSIs, have no right to a post termination payment. Moreover, unlike Cantor, founding/working partners and limited partnership unit holders have no right to exchange their BGC Holdings limited partnership interests for shares of BGC Partners common stock (except, in the case of founding partners, as otherwise determined by Cantor in accordance with the terms of the BGC Holdings limited partnership agreement, and Cantor has provided that certain founding partner interests are exchangeable with us for Class A common stock on a one-for-one basis (subject to customary anti-dilution adjustments), in accordance with the terms of the BGC Holdings limited partnership agreement.

The BGC Holdings limited partnership interests are also subject to redemption, with respect to the founding partners, upon mutual agreement of Cantor and the general partner of BGC Holdings, and with respect to the working partners, at the election of the general partner of BGC Holdings, and subject founding/working partners and limited partnership unit holders 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, founding partner interests and, in certain circumstances, working partner interests and limited partnership units (in each case, that have not become exchangeable) redeemed by BGC Holdings will result in the share of distributions of income from the operations of BGC Partners' business on other outstanding BGC Holdings limited partnership interests, including those held by founding/working or limited partnership unit holders, to remain the same rather than increasing as would be the case if such interests were redeemed by BGC Holdings.

The terms of the BGC Holdings limited partnership interests held by founding/working partners and limited partnership unit holders also differ from the terms of the limited partnership interests in Cantor previously held by certain partners as follows:

unlike the limited partnership interests in Cantor, founding/working partners and limited partnership unit holders are not entitled to reinvest the distributions on 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 founding/working partners and limited partnership unit holders and forfeited by founding/working partners and limited partnership unit holders 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.

Founding partners may find any of these terms of the BGC Holdings limited partnership interests to be less attractive than the arrangements for limited partners of Cantor, which may reduce the effectiveness of these interests as retention tools.

In addition, the ownership of the distribution rights and underlying shares of our common stock received by founding partners and other persons providing services to BGC Partners is not dependent upon a founding partner's continued employment with us or Cantor or compliance with the partner obligations, and with respect to those shares founding partners are therefore not restricted from leaving us by the potential loss of the shares distributable pursuant to these distribution rights.

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Risks Related to our Relationship with Cantor and its Affiliates

We are controlled by Cantor, which has potential conflicts of interest with us and may exercise its control in a way that favors its interests to our detriment.

Cantor's Control

Cantor effectively is 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 business, entry into new lines of business and borrowings and issuances of Class A common stock and Class B common stock or other securities. This control is subject to the approval of our independent directors 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. 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 or disposition of securities by us;

the election of new or additional directors to our board of directors;

the payment of dividends by us (if any), distribution of profits by BGC U.S., BGC Global and/or BGC Holdings and repurchases of shares of our common stock or purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor or our executive officers;

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;

labor, tax, employee benefits, indemnification and other matters arising from the separation or the merger;

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;

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the nature, quality and pricing of administrative services to be provided by Cantor and/or Tower Bridge International Services, L.P., which we refer to as Tower Bridge ; and

provision of clearing capital and potential and existing loans.

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 of 1940 (the Investment Company Act). This may result in conflicts with us including those relating to acquisitions or offerings by us involving issuances of Class A common stock or Class B common stock, or securities convertible or exchangeable into shares of Class A common stock or Class B common stock, that would dilute the voting power in us of the holders of BGC Holdings exchangeable limited partnership interests.

In addition, Cantor has from time to time in the past and may in the future consider possible strategic realignments of its own business and/or of the relationships that exist between and among Cantor and us. Any future related party transaction or arrangement between Cantor and us, until Cantor ceases to hold 5% of our voting power, is subject to the prior approval by a majority of our independent directors, but generally does not

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otherwise require the separate approval of our stockholders, and if such approval is required, Cantor will retain sufficient voting power to provide any such requisite approval without the affirmative consent of the other stockholders.

In addition, 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, could create conflicts of interest when we and those directors or officers are faced with decisions that could have different implications for us and Cantor. See **Risks Related to our Business**. Our ability to retain our key employees and the ability of certain key employees to devote adequate time to us are critical to the success of our business, and failure to do so may adversely affect our revenues and as a result could materially adversely affect our business, financial condition and results of operations.

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.

Corporate Opportunities

In order to address potential conflicts of interest between Cantor and its representatives and us, our 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. 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.

In addition, our certificate of incorporation provides that Cantor and its respective representatives will have no duty to refrain from:

engaging in the same or similar business activities or lines of business as us; or

doing business with any of our customers.

The BGC Holdings limited partnership agreement contains similar provisions with respect to BGC Partners and/or Cantor and their respective representatives, and the BGC U.S. and BGC Global limited partnership agreements contain similar provisions with respect to BGC Partners and/or BGC Holdings and their respective representatives.

If Cantor competes with us, it could materially harm our business operations.

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.

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 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. For example, pursuant to the separation agreement, Cantor has a right, subject to certain conditions, to be our 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

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internally use market data from BGCantor Market Data without any cost. Any future related party transactions or arrangements between us and Cantor, until Cantor ceases to hold 5% of our voting power, is subject to the prior approval by a majority of our independent directors, but generally does not otherwise require the separate approval of our stockholders, and if such approval were required, Cantor will retain sufficient voting power to provide any such requisite approval without the affirmative consent of the other stockholders.

Risks Related to our Class A Common Stock, Sales of Class A Common Stock and Our Structure

We are controlled by Cantor, which in turn controls its wholly owned subsidiary, CF&Co., which is acting as our sales agent in our controlled equity offering. In addition, we have retained Cantor and its affiliates to provide us with additional investment banking services.

We are controlled by Cantor, which in turn controls its wholly owned subsidiary, CF&Co., which acted as our sales agent pursuant to a controlled equity offering sales agreement entered into on June 2, 2010 (the "June 2010 Sales Agreement") under which we sold 5.5 million shares of Class A common stock and is acting as our sales agent pursuant to a controlled equity offering sales agreement entered into on September 3, 2010 (the "Sales Agreement") under which we may issue and sell from time to time up to 5.5 million shares of our Class A common stock (subject to a maximum aggregate gross sales price remaining under our effective Shelf Registration Statement on Form S-3 (as described below)). As of March 1, 2011, we have issued and sold an aggregate of approximately 5.9 million shares of Class A common stock under the Sales Agreements. 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. They receive customary fees and commissions for these services. In addition, they may also receive brokerage services and market data and analytics products from us and our respective affiliates. We repurchased or redeemed 13.3 million shares of Class A common stock and limited partnership interests during 2010.

Our general policy and that of our audit committee is that all transactions with a related party are subject to prior review and approval by our audit committee. Accordingly, our audit committee considered and approved the terms of the June 2010 Sales Agreement and the Sales Agreement and the retention of Cantor and its affiliates to provide us with additional investment banking services. We believe that the compensation paid and to be paid to Cantor, CF&Co. and their affiliates will not be greater than the typical compensation that would be charged by them to a third party issuer on an arm's-length basis for similar types of services.

CF&Co. has retained independent legal advisors in connection with its role as sales agent under the 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 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 controlled equity offering.

While our board of directors and audit committee will be involved with any future decision by us to terminate the Sales Agreement or to enter into 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 controlled equity offering pursuant to the 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 controlled equity offering 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 controlled equity offering, including, but not limited to, whether to suspend sales under the Sales Agreement or to terminate the Sales Agreement.

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For further information about our relationship with Cantor, CF&Co. and their affiliates, including Cantor, see the section entitled "Certain Relationships and Related Transactions" and Note 10 "Related Party Transactions," to the consolidated financial statements in Part II, Item 8 in this Form 10-K for the year ended December 31, 2010.

Purchasers, as well as existing stockholders, may experience significant dilution as a result of offerings of our shares of Class A common stock.

We currently have in place an effective equity shelf Registration Statement on Form S-3 (the "Form S-3") with respect to the issuance and sale up to \$100.0 million of shares of our Class A common stock from time to time on a delayed or continuous basis. As of March 1, 2011, we have issued and sold an aggregate of approximately 5.9 million shares of Class A common stock under the Form S-3 pursuant to the June 2010 Sales Agreement and the Sales Agreement. In addition, on September 3, 2010, the Company filed a registration statement on Form S-4 (the "Form S-4 Registration Statement"), which was declared effective by the SEC on October 12, 2010, for the offer and sale of up to 20,000,000 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. In addition to the approximately 5.1 million shares of Class A common stock that remain available for issuance and sale under the Sales Agreement and the shares that may be issued under the Form S-4 Registration Statement, we may in the future sell additional shares of Class A common stock under the Form S-3 pursuant to new sales agreements or otherwise.

Because the sales of shares of our Class A common stock under the Sales Agreement have been made, and any other future sales of our Class A common stock under the Form S-3 may be made, in privately negotiated transactions or directly into the market 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 Sales Agreement and any future offerings of our shares of Class A common stock.

In selling shares of our Class A common stock under the 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. These approaches may result in some purchasers of our shares paying a significantly higher price per share than other purchasers, depending upon the number of shares sold, the market prices for our shares, and the liquidity and depth of our market. In particular, this could be the case near the end of any designated sales period, especially if we determine at that time to authorize CF&Co. to seek to sell our shares in privately negotiated transactions at a discount to prevailing market prices.

In addition, the sale by us of any shares of our Class A common stock may have the following effects:

our existing Class A common stockholders' proportionate ownership interest in us will decrease;

our existing Class A common stockholders may suffer significant dilution;

the amount of cash available per share for dividends payable on shares of our Class A common stock may decrease;

the relative voting strength of each previously outstanding share of our Class A common stock may be diminished; and

the market price of our Class A common stock may decline.

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Because we intend to use the net proceeds from the sale of shares of Class A common stock under the Sales Agreements, and may use the net proceeds from future offerings, for general corporate purposes, which, among other things, are expected to include principally 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 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 Sales Agreement than the number of shares or units repurchased or purchased, thereby increasing the aggregate number of shares and units outstanding and decreasing our fully diluted earnings per share.

We intend to use the net proceeds of the sale of shares of Class A common stock under the Sales Agreement, and may use the net proceeds from future offerings, for general corporate purposes, which among other things, are expected to include principally 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. During the year ended December 31, 2010, we repurchased approximately 3.4 million shares of Class A common stock at an aggregate purchase price of approximately \$19.9 million, at an average repurchase price of \$5.85 per share. During the year ended December 31, 2010, the Company, as part of its redemption and compensation restructuring program (see Note 15 Compensation, for more information), redeemed approximately 5.9 million limited partnership units at an average price of \$5.89 per unit. For the year ending December 31, 2010, the Company redeemed approximately 4.0 million founding partner units for an average price of \$6.23 per unit. In the future we expect to continue to repurchase shares of our Class A common stock and purchase BGC Holdings units from Cantor, our executive officers, other employees, partners, and others, and these repurchases and purchases may be significant, particularly as we continue our redemption and compensation restructuring program.

As of March 1, 2011, we have issued and sold under the June 2010 Sales Agreement and the September 2010 Sales Agreement an aggregate of approximately 5.9 million shares of Class A common stock, for an average price per share of \$5.77, net of costs.

To the extent that we continue to use the net proceeds of the sale of shares of our Class A common stock to fund repurchases of shares and purchases of units, or to replenish cash used to effect repurchases and purchases, net proceeds will not be available for other corporate purposes. In addition, to the extent that we seek to sell shares of our Class A common stock to raise net proceeds for repurchases of shares and purchases of units, depending upon the timing and prices of the repurchases of shares and purchases of units and of the sales of our shares and the liquidity and depth of our market, we may in fact sell a greater aggregate number of shares of our Class A common stock, at a lower average price per share, in our offerings than the aggregate number of shares repurchased and units purchased by us and the average price per share or unit that we are paying in such repurchases and purchases. Thus, our strategy may result in an increase in the number of our shares and units outstanding and a decrease in our earnings per share on both a basic and a fully diluted basis. Nevertheless, our management believes that selling our shares, and using the net proceeds of such sales to repurchase shares and purchase units, is in our best interest and that of our stockholders. 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 increasing the percentage of compensation our partners receive in the form of restricted partnership units, gradually lowering our compensation expenses for purposes of distributable earnings, and lowering our long-term effective tax rate for distributable earnings, there can be no assurance that our strategy will be successful or that we can achieve any or all of such objectives.

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The market price of our Class A common stock has fluctuated significantly and may continue to do so. In addition, future sales of shares of Class A common stock could adversely affect the market price of our Class A common stock.

The market price of our Class A common stock has fluctuated widely since eSpeed's initial public offering in December 1999, and the market price of our Class A common stock may continue to do so depending upon many factors, including our actual results of operations and perceived prospects, the prospects of our competition and of the financial marketplaces in general, differences between our actual financial and operating results and those expected by investors and analysts, changes in analysts' recommendations or projections, seasonality, changes in general valuations for companies in our business segment, changes in general economic or market conditions and broad market fluctuations. The market price of our Class A common stock may continue to be subject to similar market fluctuations which may be unrelated to our operating performance or prospects, and increased volatility could result in a decline in the market price of our Class A common stock. Declines in the price of our Class A common stock may adversely affect our ability to recruit and retain key employees, including our working partners and other key professional employees.

Future sales of our shares also could adversely affect the market price of our Class A common stock. If our existing stockholders sell a large number of shares, or if we issue a large number of shares of our common stock in connection with public offerings, future acquisitions, strategic alliances, third-party investments and private placements or otherwise, the market price of common stock could decline significantly. In addition, our stockholders could be diluted by such future sales.

Recent events which could have such an effect include the sales of shares of Class A common stock under the Sales Agreement, and future sales of our shares, described above, as well as the following:

The issuance of the BGC Holdings Notes and the BGCP Notes are exchangeable and convertible as follows: The BGC Holdings Notes held by Cantor are (i) exchangeable for a like principal amount of convertible notes held by BGC Holdings, or (ii) convertible into an aggregate of 21,805,897 BGC Holdings exchangeable limited partnership interests. The BGC Holdings exchangeable limited partnership interests are themselves exchangeable on a one-for-one basis for shares of Class A common stock. The BGCP Notes are convertible into an aggregate of 21,805,897 shares of Class A common stock. In connection with the issuance of the BGCP Notes, we entered into a registration rights agreement with Cantor, dated April 1, 2010, pursuant to which holders of the BGCP Notes and the shares of Class A common stock issuable upon conversion of the BGCP Notes have registration rights.

On October 12, 2010, a resale Registration Statement on Form S-3 (the "Resale Registration Statement") filed by us with the SEC was declared effective. Pursuant to the Resale Registration Statement, up to 3,494,891 shares of Class A common stock may be sold by Cantor for the account of certain retained and founding partners and/or by such retained and founding partners, as distributees of shares of Class A common stock from Cantor, from time to time on a delayed or continuous basis.

(i) The distribution by Cantor of shares of Class A common stock to satisfy certain of its distribution rights obligations to certain current and former partners of Cantor, (ii) the granting of exchangeability of certain BGC Holdings units into shares of our Class A common stock in connection with our partnership redemption and compensation restructuring program and (iii) the issuance of shares of Class A common stock to founding/working partners of BGC Holdings upon exchange of their exchangeable founding partner units.

In addition, the sale of shares of our Class A common stock issuable in connection with (i) the conversion by Cantor of shares of its Class B common stock into shares of Class A common stock, (ii) the exchange of Cantor's exchangeable limited partnership interests, (iii) incentive compensation, including RSUs, (iv) potential business combination transactions and (v) BGC Holdings limited partnership interests or other partnership units (if exchangeable), could adversely affect the market price of our Class A common stock.

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In addition, we have registered under the U.S. Securities Act of 1933, as amended, which we refer to as the Securities Act, 100,430,000 shares of common stock, which are reserved for issuance upon exercise of options, restricted stock, exchange rights and other incentive compensation granted under our Long-Term Incentive Plan. These shares can be sold in the public market upon issuance, subject to restrictions under the securities laws applicable to resales by affiliates. We may in the future register additional shares of common stock under the Securities Act that become reserved for issuance under our Long-Term Incentive Plan or other benefit plans. In addition, we have registered under the Securities Act 425,000 shares of common stock issuable under our stock purchase plan.

We are continuing our global program in 2011 whereby partners redeem their REUs or RPU's in exchange for PSUs or PSIs and receive exchangeability or cash for certain of their limited partnership units and, in many cases, a modification or extension of their employment arrangement.

Certain of the BGC Holdings founding partner interests that Cantor has provided are exchangeable with us for Class A common stock on a one-for-one basis (subject to customary anti-dilution adjustments) and are described in further detail in Certain Relationships and Related Transactions and Director Independence.

In addition, Cantor is obligated to distribute shares of Class A common stock to satisfy certain of its distribution rights and obligations to certain current and former partners. Cantor expects to use shares of our Class A common stock received upon its conversion of Class B common stock, shares of our Class A common stock received upon exchange of BGC Holdings exchangeable limited partnership interests and purchases of shares of our Class A common stock in the open market to satisfy its distribution obligation under the distribution rights.

As of April 1, 2011, the aggregate number of remaining shares of Class A common stock that Cantor will be required to distribute to retained and founding partners will be 19,363,672 shares of Class A common stock (17,287,343 shares with respect to retained partners and 2,076,329 shares with respect to founding partners).

In addition, we have issued shares of our common stock, warrants and convertible preferred stock and granted registration rights in connection with certain of our strategic alliances.

During 2010, we repurchased 3,399,015 shares of Class A common stock at an aggregate purchase price of \$19.9 million. The reacquired shares were designated treasury shares and will be used for general corporate purposes. As of December 31, 2010, \$97.5 million was remaining from the authorization of our board of directors and our audit committee to repurchase our Class A common stock, BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor or our executive officers. We may continue to make stock repurchases in 2011 and from time to time we may actively repurchase shares and may cease making repurchases at anytime.

Despite our current consolidated debt levels, we may still incur substantially more debt or take other actions which would intensify the risks discussed herein.

Despite our current consolidated debt levels, we and our subsidiaries may be able to incur substantial additional debt in the future, some of which may be secured debt. We are not restricted under the terms of the Indenture or our secured loan arrangement from incurring additional debt, securing existing or future debt (except 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.

Increased debt levels could have other important consequences, including:

limiting our flexibility in planning for, or reacting to, changes in our operations or business;

we may be more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;

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making us more vulnerable to downturns in our business or the economy;

there would be a material adverse effect on our business, financial condition and results of operations if we were unable to service our debt or obtain additional debt financing or refinance our existing debt as needed; and

causing a reduction in our credit ratings and/or the associated outlook that could (i) adversely affect the availability and/or cost of debt financing, (ii) adversely affect our ability to compete in certain markets or engage in certain transactions and (iii) require us to provide additional collateral.

We may not have the ability to raise the funds necessary to settle conversions of the BGCP Notes or to repurchase the BGCP Notes upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the notes.

Pursuant to the Indenture, if we undergo a fundamental change (as defined in the Indenture), holders of the BGCP Notes may elect to have all or a portion of the convertible notes repurchased for cash at a price equal to 100% of the principal amount of the convertible notes, plus any accrued and unpaid interest. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of convertible notes surrendered therefor. In addition, our ability to repurchase the BGCP Notes may be limited by law, by regulatory authority or by agreements governing any of our future indebtedness. Our failure to repurchase the BGCP Notes at a time when the repurchase is required by the Indenture would constitute a default under the Indenture. A default under the Indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the BGCP Notes or make cash payments upon conversions thereof.

The fundamental change provisions in the BGCP Notes may delay or prevent an otherwise beneficial takeover attempt of us and, to the extent that Cantor or its affiliates continue to hold the BGCP Notes, these provisions may enhance Cantor's control of us.

Pursuant to the terms of the BGCP Notes, holders of our convertible notes will have the right to require us to repurchase all or a portion such notes upon the occurrence of a fundamental change at 100% of their principal amount, plus any accrued and unpaid interest. In addition, if a make-whole fundamental change occurs (as defined in the Indenture) prior to maturity of the BGCP Notes, under certain circumstances, we will increase the number of shares of our Class A common stock issuable upon conversion of the BGCP Notes converted in connection with such make-whole fundamental change. The fundamental change purchase rights and the provisions requiring an increase to the conversion rate for conversions in connection with make-whole fundamental changes 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. To the extent that Cantor or its affiliates continue to hold the BGC Holdings Notes or hold the BGCP Notes, these provisions may enhance Cantor's control of us even if Cantor were to reduce its voting power in us by, among other things, converting shares of our Class B common stock held by it into shares of our Class A common stock or selling or distributing shares of our Class A common stock.

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

As of December 31, 2010, Cantor beneficially owned 79.0% of our voting power. As long as Cantor beneficially owns a majority of our combined voting power, it will have the ability, without the consent of the public stockholders, to elect all of the members of our board of directors 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 Howard W. Lutnick, the shares of Class B common stock issued to Cantor may be transferred without conversion to Class A common stock.

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The holders of 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. These votes are controlled by Cantor and are not subject to conversion or termination by our board of directors or any committee thereof, or any other stockholder or third-party. This differential in the voting rights could adversely affect the market price of common stock.

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

We are a holding company with no independent means of generating revenues. Any dividends declared by us and all applicable taxes payable in respect of our net taxable income, if any, are paid from distributions to us from BGC U.S. and BGC Global. To the extent that we need funds to pay dividends or to pay taxes on our share of BGC U.S. and BGC Global's net taxable income, or to repurchase shares of our common stock or BGC Holdings exchangeable limited partnership interests or if we need funds to pay dividends, make repurchases or for any other purpose, and either BGC U.S. or BGC Global or their respective subsidiaries are restricted from making such distributions under applicable law or regulation, or is otherwise unable to provide such funds, it could materially adversely affect our business, financial condition and results of operations and our ability to declare dividends. In addition, any unanticipated accounting, tax or other charges against net income could adversely affect our ability to pay dividends, taxes and other expenses and to make repurchases.

We may not be able to pay dividends on our common stock.

We are a holding company with no direct operations and will be able to pay dividends only from our available cash on hand and funds received from distributions from BGC U.S. and BGC Global. BGC U.S. and BGC Global 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. and BGC Global's anticipated business needs. As a result, BGC U.S. and BGC Global's ability, and in turn our ability, to make any distributions will depend upon the continuing profitability and strategic and operating needs of our business, including various capital adequacy and clearing capital requirements promulgated by regulatory, banking and exchange authorities to which our subsidiaries are subject. We expect to pay not less than 75% of our post-tax distributable earnings per fully diluted share as cash dividends to all common stockholders, with the balance of such distributable earnings to be available to 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. Our board of directors and our audit committee have authorized repurchases of our common stock and purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries as part of this policy, including those held by Cantor or our executive officers, at the volume weighted average price, to the extent available, of such securities on the date on which such purchase or repurchase is made, or, in some cases, at the closing stock price. On May 4, 2010 the Company's Board of Directors authorized an \$85 million increase in the BGC Partners stock repurchase authorization, bringing the total amount available for future repurchases of Class A common stock to \$100 million. As of December 31, 2010, we had \$97.5 million remaining under this stock repurchase authorization and may continue to make stock repurchases from time to time, we may actively repurchase shares and may cease making purchases at anytime. In addition, from time to time, we may reinvest all or a portion of the distributions we receive in BGC U.S. and BGC Global's respective businesses, although we neither have current plans to do so nor do we expect to so long as we maintain our current dividend policy. As a result, there can be no assurance that future dividends will be paid. See Dividend Policy.

Delaware law and our organizational documents may impede or discourage a takeover, which could deprive our investors 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 existing stockholders. Some provisions of the Delaware General Corporation Law, which we

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refer to as the DGCL, and our amended and restated certificate of incorporation, which we refer to as the certificate of incorporation, and amended and restated bylaws, which we refer to as the 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, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also 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.

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, the managing general partner of Cantor, an entity controlled by our Chairman and Chief Executive Officer, Howard W. Lutnick. In addition, our certificate of incorporation permits us to issue blank check preferred stock.

Our bylaws require advance written notice prior to a meeting of 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 outstanding capital stock entitled to vote or by a majority of our board of directors.

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 common stock was quoted on the NASDAQ Global Select 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 common stock held by stockholders.

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 Long Term Incentive 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 payments in the event of certain change of control events.

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The foregoing factors, as well as the significant common stock ownership by Cantor, could impede a merger, takeover or other business combination or discourage a potential investor from making a tender offer for our common stock, which, under certain circumstances, could reduce the market value of our common stock.

Delaware law may protect decisions of our board of directors that have a different effect on holders of 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 Class A common stock if our board of directors 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 of directors owes an equal duty to all stockholders, regardless of class or series, and does not have separate or additional duties to either group of stockholders, subject to applicable provisions set forth in a company's charter.

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. and BGC Global that have not been distributed by us.

To the extent BGC Holdings distributes to its limited partners a greater share of income received from BGC U.S. and BGC Global than we distribute to our stockholders, then as founding/working partners, limited partnership unit holders and/or Cantor exercise any exchange right to acquire 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. and BGC Global that have not been distributed by us. The reason is that the exchanging partner could receive both (1) the benefit of the distribution that have not been distributed by us from BGC U.S. and BGC Global 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. and BGC Global to us (in the form of a subsequent cash dividend, a greater percentage indirect interest in BGC U.S. and BGC Global following a repurchase by us or a greater value of assets following a purchase of assets with the cash that otherwise would be distributed to our stockholders). Consequently, if our dividend policy does not match the distribution policy of BGC Holdings, holders of Class A common stock and 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. and BGC Global that have not been distributed by us. Our previously described intention to match the distribution policy of BGC Holdings was superseded by a decision (which we announced on May 7, 2008) by our board of directors to provide for greater flexibility by our management. Our current dividend policy could result in distributions to our common stockholders that are different from the distributions made by BGC Holdings to its equity holders.

If we were deemed an investment company under the Investment Company Act as a result of our ownership of BGC U.S., BGC Global or BGC Holdings, applicable restrictions could make it impractical for us to continue our business as contemplated and could materially adversely affect our business, financial condition and results of operation.

If Cantor ceases to hold a majority of our voting power, Cantor's interest in us could be deemed an investment security under the Investment Company Act. If we were to cease participation in the management of BGC Holdings (or if BGC Holdings, in turn, was to cease participation in the management of BGC U.S. or BGC Global) or not be deemed to have a majority of the voting power of BGC Holdings (or if BGC Holdings, in turn, was deemed not to have a majority of the voting power of BGC U.S. or BGC Global), our interest in BGC Holdings or BGC U.S. or BGC Global could be deemed an investment security for purposes of the Investment Company Act. If BGC Holdings ceased to participate in the management of BGC U.S. or BGC Global or be deemed not to have a majority of the voting power of BGC U.S. or BGC Global, its interest in BGC U.S. or BGC Global could be deemed an investment security for purposes of the Investment Company Act. Generally, an entity is an investment company 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), absent an applicable exemption. We are

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a holding company and hold BGC U.S. limited partnership interests, BGC Global limited partnership interests, the BGC Holdings general partnership interest and the BGC Holdings special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC Holdings. A determination that we hold more than 40% of our assets in investment securities could result in us being an investment company under the Investment Company Act and becoming subject to registration and other requirements of the Investment Company Act.

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, BGC Holdings or Cantor 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 us, as the case may be) and ability to compensate key employees. Therefore, if Cantor, BGC Holdings or we became subject to the Investment Company Act, it could make it impractical to continue our business, impair agreements and arrangements, and the transactions contemplated by those agreements and arrangements, between and among us, BGC Holdings, BGC U.S., BGC Global and Cantor or any combination thereof and materially adversely affect our business, financial condition and results of operations.

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 space at 499 Park Avenue, New York, New York. We also occupy a large space at 199 Water Street, New York, New York. Under the Administrative Services Agreement, we are obligated to Cantor for our pro rata portion (based on square footage used) of rental expense during the 16-year term of the lease for such spaces.

Our largest presence outside of the New York metropolitan area is in London, located at One Churchill Place, Canary Wharf.

We occupy concurrent computing centers in Rochelle Park, New Jersey and Trumbull, Connecticut. Our U.S. operations also lease office space in Chicago, Illinois, West Palm Beach and Sarasota, Florida, and Garden City, Long Island, New York. In addition to two London locations, in 2010 we signed a 14-year lease for a concurrent data center in Romford, U.K. Our foreign operations lease office space in Beijing, Copenhagen, Hong Kong, Istanbul, Johannesburg, Mexico City, Moscow, Nyon, Paris, Rio de Janeiro, São Paulo, Seoul, Singapore, Sydney, Tokyo and Toronto. We believe that our facilities are adequate for our current operations.

ITEM 3. LEGAL PROCEEDINGS

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

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Employment and Competitor-Related Litigation

From time to time, the Company and its affiliates are involved in litigation, claims and arbitrations in the U.S. and internationally, relating to various employment matters, including with respect to termination of employment, hiring of employees currently or previously employed by competitors, terms and conditions of employment and other matters. In light of the competitive nature of the brokerage industry, litigation, claims and arbitration between competitors regarding employee hiring are not uncommon.

Other Matters

On February 15, 2006, the SEC issued a formal order of investigation into trading by certain inter-dealer brokers in the government and fixed income securities markets. The formal order alleges that the broker-dealers named therein, including us, (1) may have made fictitious quotations or made false or misleading statements about the prices at which U.S. Treasury or other fixed income securities would be purchased or sold, (2) may have fabricated market quotations or trading activity in U.S. Treasury or other fixed income securities to stimulate trading and to generate commissions, (3) may have engaged in front running or interpositioning, (4) may have engaged in fraudulent, deceptive or manipulative acts to induce the purchase or sale of government securities, (5) may have failed to keep and preserve certain books and records as required by the SEC and/or the U.S. Treasury and (6) may have failed to supervise with a view to preventing violations of applicable rules and regulations as required by the Exchange Act. We are cooperating in the investigation, which has been inactive for over a year. Our management believes that, based on the currently available information, the final outcome of the investigation will not have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

In August 2004, Trading Technologies International, Inc. (TT) commenced an action in the United States District Court, Northern District of Illinois, Eastern Division, against us. In its complaint, TT alleged that we infringed two of its patents. TT later added eSpeed International Ltd., ECCO LLC and ECCO Ware LLC as defendants. On June 20, 2007, the Court granted eSpeed's motion for partial summary judgment on TT's claims of infringement covering the then current versions of certain products. As a result, the remaining products at issue in the case were the versions of the eSpeed and ECCO products that have not been on the market in the U.S. since around the end of 2004. After a trial, a jury rendered a verdict that eSpeed and ECCO willfully infringed. The jury awarded TT damages in the amount of \$3.5 million. Thereafter, the Court granted eSpeed's motion for directed verdict that eSpeed's infringement was not willful as a matter of law, and denied eSpeed's general motions for directed verdict and for a new trial. eSpeed's remittitur motion was conditionally granted, and TT indicated by letter that it accepted the remittitur, which would reduce the principal amount of the verdict to \$2,539,468. Although ultimately the Court's Final Judgment in a Civil Case contained no provision for monetary damages, TT's motion for pre-judgment interest was granted, and interest was set at the prime rate, compounded monthly. On May 23, 2008, the Court granted TT's motion for a permanent injunction and on June 13, 2008 denied its motion for attorneys' fees. On July 16, 2008, TT's costs were assessed by the Court clerk in the amount of \$3,321,776 against eSpeed. eSpeed filed a motion to strike many of these costs, which a magistrate judge said on October 29, 2010 should be assessed at \$381,831. We have asked the district court to reduce that amount. Both parties appealed to the United States Court of Appeals for the Federal Circuit, which issued an opinion on February 25, 2010, affirming the District Court on all issues presented on appeal. The mandate of the Court of Appeals was issued on April 28, 2010.

On June 9, 2010, TT filed in the District Court a Motion to Enforce the Money Judgment. We have opposed this motion on the ground that no money judgment was entered prior to the taking of the appeal by TT. A Magistrate Judge concluded there was no money judgment, but on its own initiative recommended the District Court amend the Final Judgment to include damages in the principal amount of \$2,539,468. The issues are being briefed before the District Judge. We may be required to pay TT damages and/or certain costs. We have accrued the amount of the District Court jury's verdict as remitted plus interest and a portion of the preliminarily assessed costs that we believe would cover the amount if any were actually awarded.

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On February 3, 2010, TT filed another civil action against the Company in the Northern District of Illinois, alleging infringement of three additional patents, U.S. Patents Nos. 7,533,056, 7,587,357, and 7,613,651, and by later amendment to the complaint No. 7,676,411, by the eSpeedometer product. On June 24, 2010, TT filed a second amended complaint to add certain of our affiliates. The Company moved to dismiss the action on jurisdictional grounds.

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

The parties stipulated to consolidate the FINRA Arbitration with five other related arbitrations (FINRA Case Nos. 09-04807, 09-04842, 09-06377, 10-00139 and 10-01265) two arbitrations previously commenced against Tullett Liberty by certain of its former brokers now employed by BGC Financial, as well as three arbitrations commenced against BGC Financial by brokers who were previously employed by BGC Financial before returning to Tullett Liberty. FINRA did consolidate them. BGC Partners and the employee filed their Statement of Answer and BGC s Statement of Counterclaim. Tullett Liberty responded to BGC s Counterclaim.

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

In response to a BGC motion, Tullett filed its First Amended Complaint (the Amended New Jersey Complaint), which largely repeated the allegations of injury and the claims asserted in the initial complaint. The Amended New Jersey Complaint incorporates the damages sought in the FINRA Arbitration, repeats many of the allegations raised in the FINRA Arbitration and also references hiring of employees of Tullett affiliates by BGC Partners or BGC Partners affiliates overseas, for which Tullett and/or the Tullett Subsidiaries have filed suit outside of the United States, including one currently pending in the High Court in London and another commenced by a Tullett affiliate against seven of our brokers in Hong Kong, on which we may have certain indemnity obligations. In the London action, the High Court found liability for certain of BGC Partners actions, affirmed on appeal, and will hold a damages hearing thereafter. BGC Partners moved to dismiss the Amended New Jersey Complaint, or in the alternative, to stay the action pending the resolution of the FINRA Arbitration. In that motion, BGC Partners argued that Tullett lacked standing to pursue its claims, that the court lacked subject matter jurisdiction and that each of the causes of action in the Amended New Jersey Complaint failed to state a legally sufficient claim. On June 18, 2010, the District Court ordered that the First Amended Complaint be dismissed with prejudice. Tullett has appealed. Oral argument is tentatively scheduled for April 14, 2011. Tullett

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filed an action in the Supreme Court, New York County against three of BGC's executives involved in the recruitment in the New York metropolitan area. Tullett has agreed to add these claims to the FINRA Arbitration. Tullett and the Company have also agreed to join Tullett's claims against BGC Capital Markets, L.P. to the FINRA Arbitration.

BGC Partners and its affiliates intend to vigorously defend against and seek appropriate affirmative relief in the FINRA Arbitration and the other actions, and believe that they have substantial defenses to the claims asserted against them in those proceedings, believe that the damages and injunctive relief sought against them in those proceedings are unwarranted and unprecedented, and believe that Tullett Liberty, Tullett and the Tullett Subsidiaries are attempting to use the judicial and industry dispute resolution mechanisms in an effort to shift blame to BGC Partners for their own failures. However, no assurance can be given as to whether Tullett, Tullett Liberty or any of the Tullett Subsidiaries may actually succeed against either BGC Partners or any of its affiliates.

In November, 2010, our affiliates filed three proceedings against Tullett Prebon Information (C.I.) Ltd and certain of its affiliates. In these proceedings, our affiliates seek to recover hundreds of millions of dollars relating to Tullett's theft of BGCantor Market Data's proprietary data. BGCantor Market Data (and two predecessors in interest) seek contractual damages and two of our brokerage affiliates seek disgorgement of profits due to unfair competition.

In addition to the matters discussed above, we are a party to several pending legal proceedings and claims that have arisen during the ordinary course of business. The outcome of such matters cannot be determined with certainty; therefore, we cannot predict what the eventual loss or range of losses related to such matters will be. Management believes that, based on currently available information, the final outcome of such matters will not have a material effect on our financial condition, results of operations or cash flows.

Legal reserves are established in accordance with FASB guidance on *Accounting for Contingencies*, when a material legal liability is both probable and reasonably estimable. Once established, reserves are adjusted when there is more information available or when an event occurs requiring a change. The outcome of such items cannot be determined with certainty; therefore, we cannot predict what the eventual loss related to such matters will be. Our management believes that, based on currently available information, the final outcome of these current pending matters will not have a material adverse effect on our financial position, results of operations, or cash flows.

ITEM 4. [REMOVED AND RESERVED]

Table of Contents**PART II****ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Price Range of Class A Common Stock**

Our Class A common stock is traded in 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. The following table sets forth, for the fiscal quarters indicated, the high and low sales prices per share of our Class A common stock, as reported in the consolidated transaction reporting system.

The Company declared quarterly dividends of \$0.14, \$0.14, \$0.14 and \$0.14 for the first, second, third and fourth quarters of 2010, respectively.

	High	Low
2011		
First Quarter (through March 14, 2011)	\$ 10.07	\$ 7.72
2010		
First Quarter	\$ 6.47	\$ 3.72
Second Quarter	\$ 6.97	\$ 5.05
Third Quarter	\$ 6.03	\$ 4.69
Fourth Quarter	\$ 8.76	\$ 7.69
2009		
First Quarter	\$ 3.24	\$ 1.40
Second Quarter	\$ 4.05	\$ 2.18
Third Quarter	\$ 4.74	\$ 3.78
Fourth Quarter	\$ 5.66	\$ 4.13

On March 14, 2011, the last reported closing price of our Class A common stock on the NASDAQ Global Select Market was \$8.94. As of March 14, 2011, there were 326 holders of record of our Class A common stock and 2 holders of record of our Class B common stock.

Dividend Policy and Partnership and Equity Repurchases

Our board of directors has authorized a dividend policy which provides that we expect to pay not less than 75% of our post-tax distributable earnings per fully diluted share (defined below) as cash dividends to all common stockholders, with the balance of such distributable earnings to be available to 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. We calculate our post-tax distributable earnings generally as our GAAP income (loss) from continuing operations before minority interest and income taxes and excluding certain non-cash compensation and other non-cash expenses as well as non-cash undistributed income or non-cash losses from our equity investments, adjusted to assume that such earnings were taxed at the same effective tax rate as BGC Partners, Inc. (please see below for a more detailed definition of post-tax distributable earnings).

Our board of directors and our audit committee have authorized repurchases of our common stock and purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries as part of this policy, including those held by Cantor or our executive officers, at the volume weighted average price, to the extent available, of such securities on the date on which such purchase or repurchase is made. As of March 3, 2011, we had \$97.5 million remaining under this authorization and may continue to actively make

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repurchases or cease to make repurchases, from time to time. We expect to pay such dividends, if and when declared by our board of directors and our audit committee, on a quarterly basis. The dividend to stockholders is expected to be calculated based on post-tax distributable earnings allocated to BGC Partners, Inc. and generated over the fiscal quarter ending prior to the record date for the dividend.

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. and BGC Global. The declaration, payment, timing and amount of any future dividends payable by us will be at the sole discretion of our board of directors. Our ability to pay dividends may also be limited by regulatory considerations as well as covenants contained in future financing or other agreements. In addition, under Delaware law, dividends may be payable only out of surplus, which is our net assets minus our liabilities and our capital, 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 or other charges against net income may adversely affect our ability to declare dividends. While we intend to declare and pay dividends quarterly, there can be no assurance that our board of directors will declare dividends at all or on a regular basis or that the amount of dividend will not change.

Certain Definitions

Revenues for distributable earnings, pre-tax distributable earnings and post-tax distributable earnings, are supplemental measures of operating performance that are used by management to evaluate the financial performance of the Company and its subsidiaries. BGC Partners believes that distributable earnings best reflects the operating earnings generated by the Company on a consolidated basis and are the earnings which management considers available for distribution to BGC Partners, Inc. and its common stockholders, as well as to holders of BGC Holdings partnership units during any period.

As compared with income (loss) from operations before income taxes, net income (loss) for fully diluted shares, and fully diluted earnings (loss) per share, all prepared in accordance with GAAP, distributable earnings calculations primarily exclude certain non-cash compensation and other expenses which generally do not involve the receipt or outlay of cash by the Company, which do not dilute existing stockholders, and which do not have economic consequences, as described below.

Revenues for distributable earnings are defined as GAAP revenues excluding the impact of BGC Partners, Inc.'s non-cash earnings or losses related to its equity investments, such as in Aqua Securities, L.P. and ELX Futures, L.P., and its holding company general partner, ELX Futures Holdings LLC.

Pre-tax distributable earnings are defined as GAAP income (loss) from operations before income taxes excluding items that are primarily non-cash, non-dilutive, and non-economic items, such as:

Non-cash stock-based equity compensation charges for REUs granted or issued prior to the merger of BGC Partners, Inc. with and into eSpeed, as well as post-merger non-cash, non-dilutive equity-based compensation related to partnership unit exchange or conversion.

Allocations of net income to founding/working partner and other units, including REUs, RPUs, PSUs and PSIs.

Non-cash asset impairment charges, if any.

Acquisition-related costs not capitalized under GAAP.

Distributable earnings calculations also exclude charges related to purchases, cancellations or redemptions of partnership interests and certain one-time or non-recurring items, if any.

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Since distributable earnings are calculated on a pre-tax basis, management intends to also report post-tax distributable earnings and post-tax distributable earnings per fully diluted share :

Post-tax distributable earnings are defined as pre-tax distributable earnings adjusted to assume that all pre-tax distributable earnings were taxed at the same effective rate.

Post-tax distributable earnings per fully diluted share are defined as post-tax distributable earnings divided by the weighted-average number of fully diluted shares for the period.

In the event that there is a GAAP loss but positive distributable earnings, the distributable earnings per share calculation will include all fully diluted shares that would be excluded under GAAP to avoid anti-dilution, but will exclude quarterly interest expense, net of tax, associated with the convertible notes.

Each quarter, the dividend to common stockholders is expected to be determined by the Company's Board of Directors with reference to post-tax distributable earnings per share. In addition to the Company's quarterly dividend to common stockholders, BGC Partners expects to pay a pro rata distribution of net income to BGC Holdings founding/working partner and other units, including REUs, RPU, PSUs and PSIs, and to Cantor for its noncontrolling interest. The amount of all of these payments is expected to be determined using the above definition of pretax distributable earnings per share.

Certain employees who are holders of RSUs are granted pro-rata payments equivalent to the amount of dividends paid to common stockholders. Under GAAP, dividend equivalents on RSUs are required to be taken as a compensation charge in the period paid. However, to the extent that they represent cash payments made from the prior period's distributable earnings, they do not dilute existing stockholders and are therefore excluded from the calculation of distributable earnings.

Distributable earnings is not meant to be an exact measure of cash generated by operations and available for distribution, nor should it be considered in isolation or as an alternative to cash flow from operations or income (loss) for fully diluted shares. The Company views distributable earnings as a metric that is not necessarily indicative of liquidity or the cash available to fund its operations.

Pre- and post-tax distributable earnings are not intended to replace the Company's presentation of GAAP financial results. However, management believes that they help provide investors with a clearer understanding of BGC Partners' 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 distributable earnings and the GAAP measures of financial performance should be considered together.

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The following table sets forth selected consolidated financial data for the last five years ended December 31, 2010. 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,				
	2010	2009	2008	2007	2006
Consolidated Statement of Operations Data:					
Revenues:					
Commissions	\$ 851,089	\$ 693,818	\$ 871,198	\$ 802,956	\$ 599,486
Principal transactions	377,581	379,767	247,404	205,049	134,939
Total brokerage revenues	1,228,670	1,073,585	1,118,602	1,008,005	734,425
Fees from related parties	65,996	58,877	76,126	53,809	28,638
Market data	18,314	17,953	19,404	18,981	17,409
Software solutions	7,804	7,419	7,780	10,983	16,981
Interest income	3,308	7,252	11,813	22,968	31,086
Other revenues	13,960	5,923	2,276	2,895	26,203
(Losses) gains on equity investments	(6,940)	(8,687)	(7,069)	(715)	102
Total revenues	1,331,112	1,162,322	1,228,932	1,116,926	854,844
Expenses:					
Compensation and employee benefits	838,717	725,139	819,413	649,507	560,016
Allocation of net income to limited partnership units and founding/working partner units	23,307	16,731	11,400		
Total compensation and employee benefits	862,024	741,870	830,813	649,507	560,016
Other expenses	412,173	355,964	388,345	424,745	392,036
Total expenses	1,274,197	1,097,834	1,219,158	1,074,252	952,052
Income (loss) from continuing operations before income taxes	56,915	64,488	9,774	42,674	(97,208)
Provision (benefit) for income taxes	11,543	23,675	20,115	9,320	(1,547)
Income (loss) from continuing operations	45,372	40,813	(10,341)	33,354	(95,661)
Loss from discontinued operations					(646)
Income tax provision from discontinued operations					(4)
Cumulative effect of a change in accounting principle					(10,080)
Consolidated net income (loss)	45,372	40,813	(10,341)	33,354	(106,391)
Less: Net income attributable to noncontrolling interest in subsidiaries	24,210	20,788	19,368	2,352	
Net income (loss) available to common stockholders	\$ 21,162	\$ 20,025	\$ (29,709)	\$ 31,002	\$ (106,391)
Per share data:					
Basic earnings (loss) per share	\$ 0.24	\$ 0.25	\$ (0.28)	\$ 0.17	\$ (0.58)
Fully diluted earnings (loss) per share	\$ 0.24	\$ 0.24	\$ (0.28)	\$ 0.17	\$ (0.58)
Basic weighted average shares of common stock outstanding	88,294	80,350	105,771	184,326	184,074

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Fully diluted weighted average shares of common stock outstanding	228,568	211,036	105,771	185,482	184,074
Cash and cash equivalents	\$ 364,104	\$ 469,301	\$ 204,930	\$ 277,299	\$ 130,888
Total assets	\$ 1,470,314	\$ 1,464,549	\$ 1,068,341	\$ 1,377,629	\$ 1,497,624
Notes payable and collateralized borrowings	\$ 189,258	\$ 167,586	\$ 150,000	\$ 196,818	\$ 248,896
Total liabilities	\$ 1,045,272	\$ 1,026,651	\$ 624,560	\$ 905,952	\$ 1,072,764
Total stockholders and members equity	\$ 236,917	\$ 201,889	\$ 188,250	\$ 469,325	\$ 424,860

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

The following discussion of BGC Partners, Inc. financial condition and results of operations should be read together with BGC Partners, Inc. consolidated financial statements and notes to those statements, included elsewhere in this document. When used herein, the terms "BGC Partners," "BGC the Company," "we," "us" and "our" refer to BGC Partners, Inc., including consolidated subsidiaries.

This Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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," "potential," "continue," "strategy," "believes," "anticipate," "intends" and similar expressions are intended to identify forward-looking statements.

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

pricing and commissions and market position with respect to any of our products and services and those of our competitors;

the effect of industry concentration and reorganization, reduction of customers and consolidation;

liquidity, clearing capital requirements and the impact of credit market events;

market conditions, including trading volume and volatility, and potential deterioration of the equity and debt capital markets;

our relationship with Cantor and its affiliates, including CF&Co., and any related conflicts of interest, competition for and retention of brokers and other managers and key employees, support for liquidity and capital and other relationships, including Cantor's holding of our convertible notes, CF&Co.'s acting as our sales agent under our controlled equity or other future offerings and CF&Co.'s acting as financial advisor in connection with one or more business combination or other transactions;

economic or geopolitical conditions or uncertainties;

extensive regulation of our businesses, changes in regulations relating to the financial services industry, and risks relating to compliance matters, including regulatory examinations, investigations and enforcement actions;

factors related to specific transactions or series of transactions, including credit, performance and unmatched principal risk, counterparty failure, and the impact of fraud and unauthorized trading;

costs and expenses of developing, maintaining and protecting our intellectual property, including judgments or settlements paid or received in connection with intellectual property, as well as employment and other litigation and their related costs;

certain financial risks, including the possibility of future losses and negative cash flow from operations, potential liquidity and other risks relating to our ability to obtain financing or refinancing of existing debt on terms acceptable to us, if at all, and risks of the resulting leverage, including potentially causing a reduction in our credit ratings and/or the associated outlook given by the rating agencies to those credit ratings, as well as interest and currency rate fluctuations;

our ability to enter new markets or develop new products, trading desks, marketplaces or services and to induce customers to use these products, trading desks, marketplaces or services and to secure and maintain market share;

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our ability to enter into marketing and strategic alliances and business combination or other transactions, including acquisitions, dispositions, reorganizations, partnering opportunities and joint ventures, and the integration of any completed transactions;

our ability to hire new personnel;

our ability to expand the use of technology for hybrid and fully electronic trading;

our ability to effectively manage any growth that may be achieved;

our ability to identify and remediate any material weaknesses in our internal controls that could affect our ability to prepare financial statements and reports in a timely manner;

the effectiveness of our risk management policies and procedures, and the impact of unexpected market moves and similar events;

the prices at which shares of our Class A common stock are sold in one or more of our controlled equity or other offerings or other transactions may vary significantly and purchasers of shares in such offerings or transactions, as well as existing stockholders, may suffer significant dilution if the price they paid for their shares is higher than the price paid by other purchasers in such offerings or transactions;

our ability to meet expectations with respect to payments of dividends and distributions and repurchases of shares of our Class A common stock and purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor, our executive officers, other employees, partners, and others, and the net proceeds to be realized by us from offerings of our shares of Class A common stock; and

the risks and other factors described herein under the heading "Item 1A. Risk Factors" as set forth in this Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q.

The foregoing risks and uncertainties, as well as those risks discussed under the heading "Item 7A. Quantitative and Qualitative Disclosures About Risk" and elsewhere in this Form 10-K, may cause actual results to differ materially from the forward-looking statements. The information included herein is given as of the filing date of this Form 10-K with the SEC, and future events or circumstances could differ significantly from these forward-looking statements. The Company does not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This discussion summarizes the significant factors affecting our results of operations and financial condition during the years ended December 31, 2010 and 2009. This discussion is provided to increase the understanding of, and should be read in conjunction with, our consolidated financial statements and the accompanying notes thereto included elsewhere in this Report.

Overview and Business Environment

BGC Partners is a leading global intermediary to the wholesale financial markets, specializing in the brokering of a broad range of financial products, including fixed income securities, interest rate swaps, foreign exchange, equities, equity derivatives, credit derivatives, commodities, futures, structured products and other instruments. BGC Partners also provides a full range of services, including trade execution, broker-dealer services, clearing, processing, information, and other back office services to a broad range of financial and non-financial institutions. BGC Partners' integrated platform is designed to provide flexibility to customers with regard to price discovery, execution and processing of transactions, and enables them to use voice, hybrid, or, where available, fully electronic brokerage services in connection with transactions executed either over-the-counter (OTC) or through an exchange. Through its eSpeed and BGC Trader brands, BGC Partners uses its technology to operate multiple buyer, multiple seller real-time electronic marketplaces for many of the world's most liquid capital markets. BGC Partners

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neutral platform, reliable network, straight-through processing and superior products make it the trusted source for electronic trading for the world's largest financial

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firms. Through its BGCantor Market Data brand, the Company also offers globally distributed and innovative market data and analysis products for numerous financial instruments and markets. BGC Partners' customers include many of the world's largest banks, broker-dealers, investment banks, trading firms, hedge funds, governments and investment firms. Named after fixed income trading innovator B. Gerald Cantor, BGC Partners has offices in 24 cities, located in New York and London, as well as in Aspen, Beijing, Chicago, Copenhagen, Dubai, Garden City, Hong Kong, Istanbul, Johannesburg, Mexico City, Moscow, Nyon, Paris, Rio de Janeiro, São Paulo, Sarasota, Seoul, Singapore, Sydney, Tokyo, Toronto and West Palm Beach.

The financial intermediary sector has been a competitive area that has had strong revenue growth over the past decade due to several factors. One factor is the increasing use of derivatives to manage risk or to take advantage of the anticipated direction of a market by allowing users to protect gains and/or guard against losses in the price of underlying assets without having to buy or sell the underlying assets. Derivatives are often used to mitigate the risks associated with interest rate movements, equity ownership, changes in the value of foreign currency, credit defaults by corporate and sovereign debtors and changes in the prices of commodity products. Over the past decade, demand from financial institutions, financial services intermediaries and large corporations have increased volumes in the wholesale derivatives market, thereby increasing the business opportunity for financial intermediaries.

Another key factor in the growth of the financial intermediary sector over the past decade has been the increase in the number of new products. As market participants and their customers strive to mitigate risk, new types of equity and fixed income securities, futures, options and other financial instruments are developed. These new securities and derivatives are often not immediately ready for more liquid and standardized electronic markets, and generally increase the need for trading and require broker-assisted execution.

From the second half of 2008, and through the first three quarters of 2009, the onset of the credit crisis and ensuing global economic slowdown resulted in an industry-wide slowdown in growth or outright decline in the volumes for many of the OTC and listed products we broker. Beginning in December 2009, and continuing through the end of 2010, industry wide monthly volumes for many of the products we broker once again increased year-over-year. These industry volumes are generally good proxies for the volumes in our Rates, Foreign Exchange, and Equities and Other Asset Classes brokerage businesses.

BGC Growth Drivers

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

Many of these main drivers had a positive impact on our results in 2010 compared to the year earlier.

Overall Market Volumes and Volatility

Trading volume is driven by a number of items, including the level of issuance for financial instruments, the price volatility of these financial instruments, overall macro-economic conditions, the creation and adoption of new financial products, the regulatory environment, and the introduction and adoption of new trading technologies. In general, increased price volatility increases the demand for hedging instruments, including many of the cash and derivative products which we broker.

Rates Volumes

BGC's Rates business is particularly influenced by the level of sovereign debt issuance globally, and during 2010, this issuance continued to grow substantially. For example, according to the Securities Industry and Financial Markets Association (SIFMA), gross U.S. Treasury issuance, excluding bills, during 2010 increased

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by approximately 5% compared to 2009, and was over 2.2 times the level for 2008. Largely as a result of this increase, the U.S. Federal Reserve reported that U.S. Treasury volumes traded by primary dealers increased by 25% year-over-year.

Analysts and economists expect sovereign debt issuance to remain at these high levels for the foreseeable future as governments finance their future deficits and roll over their sizable existing debt. For instance, according to the Congressional Budget Office (the CBO), U.S. federal debt will be 62% of GDP at the end of fiscal year 2010, versus 36% at the end of fiscal year 2007. The CBO currently estimates that U.S. federal debt will remain at or above these levels for at least the next decade. Similarly, the European Commission says that, in the aggregate, European Union (the EU) government debt as a percent of GDP will increase from 59% in 2007 to 83% by 2012. For certain EU countries, the Commission expects this figure to be over 100% for the next few years.

Credit Volumes

The cash portion of BGC's Credit business is impacted by the level of global corporate bond issuance, while both the cash and credit derivatives sides of this business are impacted by sovereign and corporate issuance. BGC's Credit revenues decreased in 2010 compared to 2009, reflecting an industry-wide softening in corporate bond and credit derivative activity. For example, TRACE eligible corporate securities volumes were down 3.4% year-over-year. Although overall credit default swap (CDS) market activity remains below its 2008 peak, the notional value of CDS on government bonds increased due to concern by market participants over the large deficits facing various governments. According to the Depository Trust & Clearing Corporation (DTCC), the gross notional amount of credit derivatives outstanding increased by less than 2 percent year-over-year in 2010, while the corresponding figure for single-name sovereign CDS increased by over 17 percent. Because of BGC's strength in this area, revenues from our sovereign CDS desks outpaced the overall sovereign CDS market, with our overall revenues from Credit e-broking more than doubling in 2010 as compared to 2009. The uncertainty caused by these sovereign fiscal issues also positively impacted volumes, and thus our revenues in our Rates and Foreign Exchange (FX) businesses.

Foreign Exchange Volumes

The overall FX market grew by double digits year-over-year in 2010, as credit is returning for many local banks that trade foreign exchange, particularly in emerging markets. CLS Group (CLS), which settles the majority of bank-to-bank spot and forward FX transactions, reports that its average daily value traded grew by 26% year-over-year in 2010, after being down 12% for the full year 2009. With respect to BGC's overall FX business, our volumes and revenues grew even faster than the corresponding industry figures in 2010.

Equity-Related Volumes and Volatility

BGC's revenues from Equities and Other Asset Classes were positively impacted in 2010 due in part to increases in equity- and energy-related volumes and volatility. For example, during 2010, while overall U.S. cash equities volumes were lower year-on-year, equity derivatives volumes (including indices) as reported by the Options Clearing Corporation, Eurex, and Euronext were up by approximately 8%, 7% and 18%, respectively. Average daily energy volume at the Chicago Mercantile Exchange including OTC products was up 11% from the year earlier period while ICE OTC energy average daily commissions increased by 15%. With respect to BGC's overall Equities and Other Asset Classes business, our volumes and revenues grew faster than the corresponding industry figures.

Hybrid and Fully Electronic Trading

Historically, e-broking growth has led to higher margins and greater profits over time for exchanges and wholesale financial intermediaries alike, even if overall company revenues remain consistent. This is largely because fewer front-office employees are needed to process the same amount of volume as trading becomes automated. Over time, electrification of exchange-traded and OTC markets has also generally led to volumes

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increasing faster than commissions decline, and thus often an overall increase in the rate of growth in revenues. BGC has been a pioneer in creating and encouraging hybrid and fully electronic trading, and continually works with its customers to expand such trading across more asset classes and geographies.

Outside of U.S. Treasuries and spot FX, the banks and broker-dealers who dominate the OTC markets had generally been hesitant in adopting e-broking. However, in recent years, hybrid and fully electronic inter-dealer OTC markets for products including CDS indices, FX options, and most recently interest rate swaps have sprung up as banks and dealers have become more open to e-broking and as firms like BGC have invested in the kinds of technology favored by our clients.

The combination of more market acceptance of hybrid and fully electronic trading and BGC Partners' competitive advantage in terms of technology and experience has contributed to our strong gains in e-broking. During 2010, we continued to invest in hybrid and fully electronic technology broadly across our product categories. For example, since the beginning of 2009, we have more than doubled the number of desks that offer our e-broking product BGC Trader and more than tripled the number of desks that offer another product called Volume Match. Now, approximately 75 of our 200 desks offer hybrid and fully electronic trading, and we expect this number to continue to rise.

This is largely why BGC's fully electronic volumes for 2010 were up 35.7% and annual revenues related to fully electronic trading increased by 30.7% year-on-year. E-broking represented 9.4% of brokerage revenues in 2010, compared with 8.2% in the year earlier period.

Our growth in revenues from e-broking was broad based across Rates, Credit, and FX, and was generated by multiple desks in Europe, the Americas, and Asia. As we continue to benefit from the tailwind of massive global government debt issuance, and as we roll out BGC Trader and Volume Match to more of our desks, we expect our strong fully electronic trading performance to continue.

Regulatory Environment

In addition, regulators and legislators in the U.S. and EU continue to craft new laws and regulations for the global OTC derivatives markets, including, most recently, the Dodd-Frank Wall Street Reform and Consumer Protection Act. The new rules and proposals for rules have mainly called for additional transparency, position limits and collateral or capital requirements, as well as for central clearing of most standardized derivatives. We believe that uncertainty around the final form such new rules might take may have negatively impacted trading volumes in certain markets in which we broker. We believe that it is too early to comment on specific aspects of the U.S. regulations as rules are still being created, and much too early to comment on laws not yet passed in Europe.

Hiring and Acquisitions

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

BGC Partners has invested significantly to capitalize on the current business environment through acquisitions, technology spending and the hiring of new brokers. The business climate for these acquisitions has been competitive, and it is expected that these conditions will persist for the foreseeable future. BGC Partners has been able to attract businesses and brokers to its platform as it believes they recognize that BGC Partners has the scale, technology, experience and expertise to succeed in the current business environment.

As of December 31, 2010, our front-office headcount was up by 9.8% year-on-year to 1,705 brokers and salespeople. For 2010, average revenue generated per broker or salesperson was approximately \$785,000, down approximately 1.8% from 2009 when it was approximately \$799,000.

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Our revenue per front-office employee tends to decline following periods of rapid headcount growth. This is because our newer revenue producers generally achieve higher productivity levels in their second year with the Company. We expect the productivity of our newer brokers throughout the Company to improve, especially in our newest offices in Brazil, Russia, and China as well as our new employees who joined with respect to our recent acquisition of Mint Partners in the UK.

The laws and regulations passed or proposed on both sides of the Atlantic concerning OTC trading seem likely to favor increased use of technology by all market participants, and are likely to accelerate the adoption of both hybrid and fully electronic trading. We believe these developments will favor the larger inter-dealer brokers over smaller, non-public ones, as the smaller ones generally do not have the financial wherewithal to invest the necessary sums in technology. We believe this will lead to further consolidation in our industry, and thus further allow us to profitably grow our front-office headcount.

Financial Overview

Revenues

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

Brokerage

We earn revenues from inter-dealer voice 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.

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We offer our brokerage services in four broad product categories: Rates, Credit, FX and Equities and Other Asset 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,		
	2010	2009	2008
Brokerage revenue by product (actual results)(1):			
Rates	\$ 556,191	\$ 483,222	\$ 507,665
Credit	311,029	331,383	307,488
Foreign exchange	183,848	136,497	187,297
Equities and other asset classes	177,602	122,483	116,152
Total brokerage revenues	\$ 1,228,670	\$ 1,073,585	\$ 1,118,602
Brokerage revenue by product (percentage):			
Rates	45.3%	45.0%	45.4%
Credit	25.3	30.9	27.5
Foreign exchange	15.0	12.7	16.7
Equities and other asset classes	14.4	11.4	10.4
Total brokerage revenues	100.0%	100.0%	100.0%
Brokerage revenue by voice/hybrid and fully electronic (actual results):			
Voice/hybrid	\$ 1,122,778	\$ 998,224	\$ 1,051,498
Fully electronic	105,892	75,361	67,104
Total brokerage revenues	\$ 1,228,670	\$ 1,073,585	\$ 1,118,602
Brokerage revenue by voice/hybrid and fully electronic (percentage):			
Voice/hybrid	91.4%	93.0%	94.0%
Fully electronic	8.6	7.0	6.0
Total brokerage revenues	100.0%	100.0%	100.0%

(1) Reclassifications of revenues across product categories may be reflected retroactively.

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 rates product brokerage operations will increase in absolute terms, but decline as a percentage of revenues as we continue to invest in expanding in other asset classes such as credit derivatives, foreign exchange, energy, commodities and equity-related products. In addition to higher overall market volumes for certain products in which we broker, our brokerage revenue growth over the past three years was primarily driven by synergies arising from the integration of prior acquisitions and expansion, our broad product knowledge, and new product offerings. These factors have enabled us to provide our client base with robust services across global markets.

Our position as a leading 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 electronic trading capabilities to our customers through our BGC Trader and eSpeed branded platforms. 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 and other back office services as well as straight-through processing for our customers across several products. Furthermore, we participate in the operational leverage from 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.

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Rates

Our Rates business is focused on government debt, futures and currency and 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 the volume of new issuance.

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. The market for the most fundamental form of credit derivative, CDS has grown significantly since its introduction in the mid-1990 s.

Foreign Exchange

The foreign exchange market is one of the largest financial markets in the world. Foreign exchange 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. Our experience within this market has grown since 2004 to manage increased levels of foreign exchange trading. Our foreign exchange options business now has brokers servicing banking institutions around the world. We provide full execution OTC brokerage services in most major currencies, including all G8 currencies, emerging market, cross and exotic options currencies.

Equities and Other Asset Classes

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. In addition, we have a small commodities and energy derivatives business.

Market Data

We complement our trading services by providing our market data and analytics to our customers through our BGCantor Market Data suite of products. BGCantor Market Data is the source of real-time pricing and other data derived through BGC Partners and eSpeed for global securities and derivatives. Current products include real-time data in live markets for U.S. Treasuries, European Government Bonds, Foreign Exchange Spot and Options, Interest Rate Swaps, Credit, and ELX Futures. These market data services are available across a broad array of distribution channels, including Bloomberg, Reuters, CQG, Interactive Data, Xignite, SunGard and Cantor Direct.

Software Solutions

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 eSpeed branded electronic trading system 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. 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.

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Fees from Related Parties

We earn fees from related parties for technology services and software licenses provided to affiliates, particularly ELX. We also earn fees from related parties for certain administrative and back office services we provide to 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.

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.

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, 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.

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

Beginning in 2010, we began a global program whereby partners redeem their REUs or RPU's in exchange for PSUs and PSIs and receive exchangeability or cash for certain of their limited partnership units and, in many cases, a modification or extension of their employment arrangements. A compensation charge is recorded on PSUs and PSIs if and when a right of exchange is granted on the units. This charge is based on the stock price of our Class A common stock on the date the right of exchange is granted.

Beginning in 2007, we also entered into deferred compensation agreements with select employees providing service to BGC Partners. The costs associated with such plans are generally amortized over the period in which they vest. See Note 15 Compensation in the BGC Partners Inc.'s consolidated financial statements for the years ended December 31, 2010, 2009 and 2008.

Other Operating Expenses

We have various other operating expenses. We incur leasing, equipment and maintenance expenses for our affiliates 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 payables and collateralized borrowings.

Primarily in the United States, we pay fees to Cantor for performing certain administrative and other support, including allocations for occupancy of office space, utilization of fixed assets and accounting,

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operations, human resources, legal services and technology infrastructure support. Management believes that these allocations are a reasonable reflection of the utilization of services rendered. However, the expenses allocated 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 allocations 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.

Provision (Benefit) for Income Taxes

We incur tax expenses based on the location, legal structure and jurisdictional taxing authorities of each of our subsidiaries. Certain BGC Partners entities are treated as U.S. partnerships for U.S. federal income tax purposes. As such, much of the income is not subject to U.S. federal and state income taxes because taxes related to income earned by partnerships represent obligations of the individual partners. The partner's liability or benefit is not reflected in the BGC Partners Inc.'s consolidated financial statements. Outside of the United States, we operate principally through subsidiary corporations subject to local income taxes. Our consolidated financial statements include U.S. federal, state and local income taxes on our allocable share of the U.S. results of operations, as well as taxes payable to jurisdictions outside the U.S.

Financial Highlights

Total revenues were \$1,331.1 million and \$1,162.3 million for the years ended December 31, 2010 and 2009, respectively, representing a 14.5% increase. The main factors contributing to the increase are:

An overall increase in volumes in most of the markets in which we provide brokerage services.

An increase in brokerage revenues associated with rates products, which was primarily attributable to strong sovereign debt issuance and the resulting industry wide increases in the volumes of both interest rate swaps and government bonds.

A global rebound in foreign exchange volumes as the credit crisis abated.

An increase in our front-office personnel from 1,553 at December 31, 2009 to 1,705 at December 31, 2010.

Continued selective expansion into the global markets including our acquisition of Mint Partners in August of 2010.

A continued focus on, and investment in, areas that complement our existing brokerage services, including equities and other asset classes, for which revenues increased to \$177.6 million for the year ended December 31, 2010 as compared to \$122.5 million for the year ended December 31, 2009.

Revenues related to fully electronic trading increased 30.7% to \$125.3 million for the year ended December 31, 2010 driven by significant increases in fully electronic revenues from foreign exchange and credit brokerage. For 2010, this includes \$105.9 million in brokerage revenues and \$19.4 million in fees from related parties.

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The following table sets forth BGC's Consolidated Statements of Operations data expressed as a percentage of total revenues for the periods indicated (in thousands):

	For the Year Ended December 31,					
	2010		2009		2008	
	Actual Results	Percentage of Total Revenues	Actual Results	Percentage of Total Revenues	Actual Results	Percentage of Total Revenues
Revenues:						
Commissions	\$ 851,089	63.9%	\$ 693,818	59.7%	\$ 871,198	70.9%
Principal transactions	377,581	28.4	379,767	32.7	247,404	20.1
Total brokerage revenues	1,228,670	92.3	1,073,585	92.4	1,118,602	91.0
Fees from related parties	65,996	5.0	58,877	5.1	76,126	6.2
Market data	18,314	1.4	17,953	1.5	19,404	1.6
Software solutions	7,804	0.6	7,419	0.6	7,780	0.6
Interest income	3,308	0.2	7,252	0.6	11,813	1.0
Other revenues	13,960	1.0	5,923	0.5	2,276	0.2
Losses on equity investments	(6,940)	(0.5)	(8,687)	(0.7)	(7,069)	(0.6)
Total revenues	1,331,112	100.0	1,162,322	100.0	1,228,932	100.0
Expenses:						
Compensation and employee benefits	838,717	63.0	725,139	62.4	819,413	66.7
Allocation of net income to limited partnership units and founding/working partner units	23,307	1.8	16,731	1.4	11,400	0.9
Total compensation and employee benefits	862,024	64.8	741,870	63.8	830,813	67.6
Occupancy and equipment	113,520	8.5	108,014	9.3	111,906	9.1
Fees to related parties	13,450	1.0	13,882	1.2	15,294	1.2
Professional and consulting fees	45,238	3.4	34,350	3.0	52,016	4.2
Communications	78,249	5.9	66,028	5.7	66,916	5.5
Selling and promotion	68,066	5.1	57,437	4.9	62,087	5.1
Commissions and floor brokerage	20,055	1.5	16,536	1.4	24,600	2.0
Interest expense	14,080	1.1	9,920	0.9	18,950	1.5
Other expenses	59,515	4.4	49,797	4.3	36,576	3.0
Total expenses	1,274,197	95.7	1,097,834	94.5	1,219,158	99.2
Income from continuing operations before income taxes	56,915	4.3	64,488	5.5	9,774	0.8
Provision for income taxes	11,543	0.9	23,675	2.0	20,115	1.6
Consolidated net income (loss) from continuing operations	45,372	3.4	40,813	3.5	(10,341)	(0.8)
Less: Net income attributable to noncontrolling interest in subsidiaries	24,210	1.8	20,788	1.8	19,368	1.6
Net income (loss) available to common stockholders	\$ 21,162	1.6%	\$ 20,025	1.7%	\$ (29,709)	(2.4)%

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Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

Revenues

Brokerage Revenues

Total brokerage revenues increased by \$155.1 million, or 14.4%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. Commission revenues increased by \$157.3 million, or 22.7%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. Principal transactions revenues decreased by \$2.2 million, or 0.6%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009.

The increase in brokerage revenues was primarily driven by higher volumes for the rates, foreign exchange and equities and other assets products partially offset by lower volumes in credit.

The increase in rates revenues of \$73.0 million was primarily driven by continuing high levels of global fixed income issuance, secondary market trading activity, and BGC's continued investment in this area.

The decrease in credit brokerage revenues of \$20.4 million was primarily due to an industry-wide decline in corporate bond and credit derivative trading, compared to the year earlier. This was partially offset by BGC's significantly increased revenues from sovereign credit default swap trading and a more than doubling of overall revenues from Credit e-broking.

Foreign exchange revenues increased by \$47.4 million due primarily to a continuing rebound in global volumes, particularly as credit issues have eased for customers of the Company's Emerging Markets desks.

Revenues from equities and other asset classes increased by \$55.1 million driven primarily by strong growth globally from the Company's increased investment in equity-related products, the addition of assets from Mint, as well as by growth from BGC Partners' energy and commodities desks.

Fees from Related Parties

Fees from related parties increased by \$7.1 million, or 12.1%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009 principally provided to Cantor and ELX. The increase was primarily due to increased revenues related to technology services. Back office services provided to Cantor by Tower Bridge also contributed to this increase.

Market Data

Market data revenues increased by \$0.4 million, or 2.0%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009.

Software Solutions

Software solutions revenues increased by \$0.4 million, or 5.2%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. The increase was primarily related to an increase in revenue from our KLEOS business, which provides various services including co-location and the licensing of our trading technology.

Interest Income

Interest income decreased by \$3.9 million, or 54.4%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. The decrease was primarily due to a reduction in both interest rates and in the level of cash balances during the year ended December 31, 2010.

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Other Revenues

Other revenues increased by \$8.0 million, or 135.7%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. The increase was primarily due to the receipt of \$11.6 million during the year ended December 31, 2010 from REFCO Securities, LLC with respect to its fixed fee U.S. Treasury securities contract.

Losses on Equity Investments

Losses on equity investments decreased by \$1.7 million, or 20.1%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. Losses on equity investments represent our pro rata share of the net income or losses in investments for which we have a significant ownership but do not control.

Expenses

Compensation and Employee Benefits

Compensation and employee benefits expense increased by \$113.6 million or 15.7%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. The increase arose from the completion in the first quarter of 2010 of the global compensation restructuring related to the modification of pre-merger employee contractual arrangements which resulted in a \$41.3 million one-time, non-recurring charge. Also, in relation to the global compensation restructuring program, a \$42.4 million charge was recorded during the year ended December 31, 2010 related to the granting of exchangeability and/or the redemption of limited partnership interests. Also contributing to this increase in compensation expense was our year-on-year growth in brokerage revenues partially offset by the ongoing benefits of our global compensation restructuring program.

Allocation of Income to Limited Partnership Units and Founding/Working Partner Units

Allocation of income to limited partnership units and founding/working partner units increased by \$6.6 million or 39.3% for the year ended December 31, 2010 as compared to the year ended December 31, 2009. Allocation of income to limited partnership units and founding/working partner units represents the pro rata interest in net income attributable to such partners units based on the weighted-average economic ownership for the period.

Occupancy and Equipment

Occupancy and equipment expense increased by \$5.5 million, or 5.1%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. The increase was primarily due to increased costs associated with new computer and equipment related to our increased headcount, associated with new offices and acquisitions.

Fees to Related Parties

Fees to related parties decreased by \$0.4 million, or 3.1%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. Fees to related parties are allocations paid to Cantor for administrative and support services.

Professional and Consulting Fees

Professional and consulting fees increased by \$10.9 million, or 31.7%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. The increase was primarily due to increased costs associated with ongoing legal matters and costs related to the Mint Partners acquisition incurred during the year ended December 31, 2010.

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Communications

Communications expense increased by \$12.2 million, or 18.5%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. This increase was primarily driven by increased market data and communication costs associated with our increased headcount.

Selling and Promotion

Selling and promotion expense increased by \$10.6 million, or 18.5%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. As a percentage of total revenues, selling and promotion expense remained relatively unchanged across the two periods.

Commissions and Floor Brokerage

Commissions and floor brokerage expense increased by \$3.5 million, or 21.3%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009, primarily due to increased volumes in our equities business during the year ended December 31, 2010. This increase also reflects the expenses of certain businesses with higher transactional costs.

Interest Expense

Interest expense increased by \$4.2 million, or 41.9%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. The increase was primarily related to increased costs associated with our notes payable and collateralized borrowings.

Other Expenses

Other expenses increased by \$9.7 million, or 19.5%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. The increase was primarily due to additional costs associated with the hiring of new brokers and was partially offset by a \$3.5 million expense recorded during the year ended December 31, 2009 related to the Company assuming the liability of a September 11, 2001 workers compensation policy.

Net Income Attributable to Noncontrolling Interest in Subsidiaries

Net income attributable to noncontrolling interest in subsidiaries increased by \$3.4 million, or 16.5%, to a profit of \$24.2 million for the year ended December 31, 2010 as compared to a profit of \$20.8 million the year ended December 31, 2009. This increase was primarily due to the increase in the allocation of net income to limited partnership interests in BGC Holdings in the year ended December 31, 2010.

Provision for Income Taxes

Provision for income taxes decreased by \$12.1 million, or 51.2%, for the year ended December 31, 2010 as compared to the year ended December 31, 2009. The main reasons for the decrease in income tax expense was caused by the recognition of deferred tax assets previously subject to valuation allowances, an increase in the proportion of pre-tax income subject to lower tax jurisdictions and a decrease in unrecognized tax benefits due to lapse of the statute of limitations. Our consolidated effective tax rate can vary from period to period depending on, among other factors, the geographic and business mix of our earnings.

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Revenues

Brokerage Revenues

Total brokerage revenues decreased by \$45.0 million, or 4.0%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. Commission revenues decreased by \$177.4 million, or 20.4%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. Principal transactions

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revenues increased by \$132.4 million, or 53.5%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The increase in principal transactions revenue and decrease in commission revenue was driven primarily by an increase in the proportion of transactions we brokered that were centrally-cleared.

The decrease in rates revenues of \$24.4 million was primarily attributable to an industry-wide decline in volumes for both interest rates derivatives and government bonds as well as to the consolidation among large fixed fee eSpeed U.S. Treasury customers.

The increase in credit brokerage revenues of \$23.9 million was driven primarily by continued expansion of our core credit business, including increased brokering of credit default swaps used by the Company's clients to hedge the underlying cash bonds and by growth in the electronic trading of CDSs.

The decrease in foreign exchange revenues of \$50.8 million was driven primarily by an industry wide reduction in foreign exchange option turnover, particularly in emerging markets, partially offset by an increase in BGC Partners' fully electronic foreign exchange revenues.

The increase in brokerage revenues from equities and other asset classes of \$6.3 million was driven by strong organic growth in equity related products, particularly in Europe.

Fees from Related Parties

Fees from related parties decreased by \$17.2 million, or 22.7%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The decrease was primarily due to lower fees charged to Cantor for certain administrative and other support, including allocations for occupancy of office space, utilization of fixed assets and accounting, operations, human resources, legal services and technology infrastructure support. Reductions in consultants and temporary staff resulted in lower costs incurred by us to provide these services. Fees from related parties are dependent upon both the costs incurred by us and the amount of administrative services utilized by Cantor.

Market Data

Market data revenues decreased by \$1.5 million, or 7.5%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This decrease was primarily due to a decline in existing customer usage, consolidation among clients, and the expiration of certain contracts. Partially offsetting this decrease was an increase in revenues from new clients.

Software Solutions

Software solutions revenues decreased by \$0.4 million, or 4.6%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This decrease was primarily due to a decrease in futures proprietary software sales. This decrease was partially offset by an increase in revenues related to vendors utilizing our KLEOS business services.

Interest Income

Interest revenues decreased by \$4.6 million, or 38.6%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The decrease was primarily due to lower yields on investments of our excess cash in both money markets and reverse repurchase transactions during the year ended December 31, 2009. Also contributing to this decrease in interest revenues was the repayment of intercompany loans by Cantor to us as part of our separation from Cantor in April 2008.

Other Revenues

Other revenues increased by \$3.6 million, or 160.2%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The increase was primarily driven by legal settlements received by us from our competitors during the year ended December 31, 2009.

Table of Contents*Losses on Equity Investments*

Losses on equity investments increased by \$1.6 million, or 22.9% for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The increase is driven by our share of losses in non-consolidated investments, including ELX, which launched in July 2009 and incurred additional expenses during the year ended December 31, 2009, in preparing for the launch and for post-launch IT support.

Expenses*Compensation and Employee Benefits*

Compensation and employee benefits expense decreased \$94.3 million, or 11.5%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The decrease was primarily due to non-cash compensation charges of \$84.3 million, in the first quarter of 2008, \$47.3 million of which was in relation to the redemption of partnership units held by certain executive officers to settle outstanding loan obligations, and \$37.0 million of which was in relation to the activation of exchangeability of founding partner interests held by certain executives, as part of the separation. The decrease was also due to our year-on-year decrease in brokerage revenues of \$45.0 million, which resulted in lower commissions to brokers. Partially offsetting these decreases were increased compensation costs related to new hires.

Allocation of Income to Limited Partnership Units and Founding/Working Partner Units

Allocation of income to limited partnership units and founding/working partner units increased by \$5.3 million, or 46.8% for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The allocation of income to limited partnership units and founding/working partner units represents the pro rata interest in net income attributable to such partner units based on the weighted-average economic ownership for the period.

Occupancy and Equipment

Occupancy and equipment expense decreased by \$3.9 million, or 3.5%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The decrease was primarily due to lower depreciation expense on computer equipment due to certain equipment being fully depreciated and certain assets that were written off during 2008 and not replaced. In addition, there was a reduction in the purchases of non-capitalized software during 2009. These decreases were partially offset by an increase in rent expense and the costs of acquiring new non-US software licenses in our new foreign locations.

Fees to Related Parties

Fees to related parties decreased by \$1.4 million, or 9.2%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The decrease was primarily due to an agreement we entered into in conjunction with the merger, whereby we leased (from Cantor) certain administrative and other support employees, who provide services to us. As a result of this agreement, the compensation costs related to these employees, which had been recorded as part of Fees to related parties prior to the merger, is now recorded as part of Compensation and employee benefits .

Professional and Consulting Fees

Professional and consulting fees decreased by \$17.7 million, or 34.0%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The decrease was primarily attributable to a significant reduction in consultant fees and temporary staff costs as result of the Company's initiative to replace outside vendors and consultants with full time employees. Also contributing to this decrease was the completion of certain key projects during 2008, including the merger, and the implementation of Oracle. Partially offsetting these decreases were increased legal fees incurred during the year ended December 31, 2009.

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Communications expense decreased by \$0.9 million, or 1.3%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This decrease was primarily related to the Company's initiative implemented in December 2008 to centralize our communications to improve efficiency and eliminate idle capacity. This decrease was partially offset by an increase in market data costs associated with our increased number of brokers. In addition, market data usage rates increased effective January 1, 2009.

Selling and Promotion

Selling and promotion expense decreased by \$4.7 million, or 7.5%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This decrease was primarily due to the decrease in total revenues. Selling and promotion expense as a percentage of total revenues remained relatively unchanged at approximately 4.9% and 5.1% for the years ended December 31, 2009 and 2008, respectively.

Commissions and Floor Brokerage

Commissions and floor brokerage expense decreased by \$8.1 million, or 32.8%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. This decrease was primarily due to the recognition of non-recurring expenses recorded in the year ended December 31, 2008.

Interest Expense

Interest expense decreased by \$9.0 million, or 47.7%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The decrease was primarily due to the debt restructuring as part of our separation from Cantor, which included the repayment of intercompany loans and the issuance of new senior notes at more favorable interest rates. The favorable interest rate environment also contributed to lower overall interest expenses in the year ended December 31, 2009. Partially offsetting these decreases was an increase in interest costs related to our notes payable, which were outstanding for the full year ended December 31, 2009 and outstanding for only nine months of the year ended December 31, 2008.

Other Expenses

Other expenses increased \$13.2 million, or 36.1%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The increase was partially due to increased litigation costs during the year ended December 31, 2009. Also contributing to this increase was a \$3.9 million increase in charitable contributions primarily related to our annual Charity Day and a one-time expense in the amount of \$3.5 million relating to the Company assuming the liability of a September 11, 2001 workers' compensation policy during the year ended December 31, 2009. These increases were partially offset by certain asset write-off charges recorded in Europe during the year ended December 31, 2008.

Net Income Attributable to Noncontrolling Interest in Subsidiaries

Net income attributable to noncontrolling interest in subsidiaries increased \$1.4 million, or 7.3%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The increase was due to the recognition of \$3.1 million in noncontrolling interest for Cantor's interest in BGC Holdings, which is based on Cantor's pro rata economic ownership, as well as a \$1.7 million decrease in the non-controlling interest recognized for Cantor's interest in Tower Bridge.

Provision for Income Taxes

Provision for income taxes increased \$3.6 million, or 17.7%, for the year ended December 31, 2009 as compared to the year ended December 31, 2008. The main reason for the increase in income tax expenses was caused by an increase in taxable income in jurisdictions with higher income tax rates. Our consolidated effective tax rate can vary from period to period depending on, among other factors, the geographic and business mix of our earnings.

Table of Contents**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.

	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009
(in thousands)								
Revenues:								
Commissions	\$ 206,275	\$ 208,918	\$ 213,863	\$ 222,033	\$ 182,014	\$ 175,219	\$ 164,305	\$ 172,280
Principal transactions	91,466	83,381	99,606	103,128	91,460	90,608	106,438	91,261
Fees from related parties	17,221	16,413	16,436	15,926	15,776	14,945	13,232	14,924
Market data	4,869	4,614	4,444	4,387	4,265	4,824	4,402	4,462
Software solutions	2,476	1,816	1,760	1,752	1,392	1,759	2,770	1,498
Interest income	656	1,199	781	672	3,049	2,189	702	1,312
Other revenues	682	11,770	506	1,002	1,822	1,642	2,139	320
Losses on equity investments	(1,890)	(1,609)	(1,692)	(1,749)	(2,945)	(1,747)	(1,852)	(2,143)
Total revenues	321,755	326,502	335,704	347,151	296,833	289,439	292,136	283,914
Expenses:								
Compensation and employee benefits	179,600	179,871	207,558	271,688	187,232	181,479	180,591	175,837
Allocation of net income to limited partnership units and founding/working partner units	12,320	5,824	5,163		3,735	1,727	6,190	5,079
Total compensation and employee benefits	191,920	185,695	212,721	271,688	190,967	183,206	186,781	180,916
Occupancy and equipment	28,982	28,161	28,249	28,128	27,015	27,653	27,522	25,824
Fees to related parties	3,017	3,061	3,338	4,034	3,410	3,208	2,929	4,335
Professional and consulting fees	14,380	10,773	10,016	10,069	12,709	6,852	7,305	7,484
Communications	21,254	19,459	18,468	19,068	18,178	16,880	15,646	15,324
Selling and promotion	18,739	17,183	16,227	15,917	15,250	14,432	12,751	15,004
Commissions and floor brokerage	5,688	4,564	4,916	4,887	4,702	4,084	4,075	3,675
Interest expense	3,777	3,796	3,596	2,911	2,535	2,476	2,512	2,397
Other expenses	7,038	27,436	20,652	4,389	8,584	22,593	10,990	7,630
Total expenses	294,795	300,128	318,183	361,091	283,350	281,384	270,511	262,589
Income (loss) from continuing operations before income taxes	26,960	26,374	17,521	(13,940)	13,483	8,055	21,625	21,325
Provision (benefit) for income taxes	2,942	6,878	4,710	(2,987)	6,390	3,310	6,944	7,031
Consolidated net income (loss)	24,018	19,496	12,811	(10,953)	7,093	4,745	14,681	14,294
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	12,267	13,272	5,413	(6,742)	5,391	2,570	6,613	6,214
Net income (loss) available to common stockholders	\$ 11,751	\$ 6,224	\$ 7,398	\$ (4,211)	\$ 1,702	\$ 2,175	\$ 8,068	\$ 8,080

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The tables below detail our brokerage revenues by product category (in thousands):

	December 31, 2010	September 30, 2010	June 30, 2010	For the three months ended			June 30, 2009	March 31, 2009
				March 31, 2010	December 31, 2009	September 30, 2009		
Brokerage revenue by product (actual results):								
Rates	\$ 135,919	\$ 135,596	\$ 139,327	\$ 145,350	\$ 125,946	\$ 125,861	\$ 117,467	\$ 113,947
Credit	70,317	73,923	77,109	89,680	70,388	78,893	90,768	91,334
Foreign exchange	47,966	44,439	46,778	44,665	38,465	35,811	30,263	31,958
Equities and other asset classes	43,539	38,341	50,255	45,466	38,675	25,262	32,245	26,302
Total brokerage revenues	\$ 297,741	\$ 292,299	\$ 313,469	\$ 325,161	\$ 273,474	\$ 265,827	\$ 270,743	\$ 263,541

Brokerage revenue by product (percentage):								
Rates	45.7%	46.4%	44.4%	44.7%	46.1%	47.3%	43.4%	43.2%
Credit	23.6	25.3	24.6	27.6	25.7	29.7	33.5	34.7
Foreign exchange	16.1	15.2	14.9	13.7	14.1	13.5	11.2	12.1
Equities and other asset classes	14.6	13.1	16.1	14.0	14.1	9.5	11.9	10.0
Total brokerage revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Brokerage revenue by voice/hybrid and fully electronic (actual results):								
Voice/hybrid	\$ 270,047	\$ 266,905	\$ 286,365	\$ 299,462	\$ 251,775	\$ 245,179	\$ 252,918	\$ 248,353
Fully electronic	27,694	25,394	27,104	25,699	21,699	20,648	17,825	15,188
Total brokerage revenues	\$ 297,741	\$ 292,299	\$ 313,469	\$ 325,161	\$ 273,474	\$ 265,827	\$ 270,743	\$ 263,541

Brokerage revenue by voice/hybrid and fully electronic (percentage):								
Voice/hybrid	90.7%	91.3%	91.4%	92.1%	92.1%	92.2%	93.4%	94.2%
Fully electronic	9.3	8.7	8.6	7.9	7.9	7.8	6.6	5.8
Total brokerage revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Liquidity and Capital Resources*Balance Sheet*

Our balance sheet and business model are not capital intensive. We maintain minimal securities inventory; our assets consist largely of cash, collateralized and uncollateralized short-dated receivables and less liquid assets needed to support our business. Longer term funding (equity and

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long term debt) is held to support the less liquid assets. Total assets at December 31, 2010 were \$1.5 billion, an increase of 0.4% as compared to December 31, 2009. The increase in total assets was driven primarily by an increase in receivables from brokers, dealers, clearing organizations, customers and related broker-dealers. We also maintain a comparatively large portion of our assets in cash, with cash and cash equivalents at December 31, 2010 of \$364.1 million.

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Funding

Our funding base consists of longer term capital (equity, notes payable and collateralized borrowings) and shorter-term liabilities/accruals that are a natural outgrowth of specific assets and/or the business model, such as matched fails and accrued compensation. We have limited need for and use of short-term unsecured funding in our fundamental brokerage business model. Contingent liquidity needs are largely limited to potential cash collateral that may be needed to meet clearing bank/ clearinghouse/ exchange margins and/or to fund fails. Capital expenditures tend to be cash neutral and approximately in line with depreciation. Current cash balances substantially exceed a modest amount of unsecured letters of credit and the amortization of our collateralized long-term debt. The principal and interest on our \$39.3 million secured loan arrangements is repayable in consecutive monthly installments with the final payment due in September 2014. All of the cash on the balance sheet, some of which is held at regulated broker dealer subsidiaries, would not be available to meet these potential liquidity needs. However, we believe cash in and available to our largest regulated entities is adequate in the context of potential contingent cash demands for margin and/or fail financing.

We expect our operating activities going forward to generate adequate cash flows to fund normal operations, including any dividends issued pursuant to our dividend policy. However, we believe that there are a significant number of relatively more capital intensive opportunities for us to maximize our growth and strategic position, including, among other things, acquisitions, strategic alliances and joint ventures potentially involving all types and combinations of equity, debt and acquisition alternatives. As a result, we may need to raise additional funds to:

increase the regulatory net capital necessary to support operations;

support continued growth in our business;

effect acquisitions;

develop new or enhanced services and markets; and

respond to competitive pressures.

We cannot guarantee that we will be able to obtain additional financing when needed on terms that are acceptable to us, if at all.

On April 1, 2010, BGC effectively refinanced \$150.0 million in Senior Notes payable via issuance of Convertible Notes to Cantor. The details of this issuance are provided in the Notes Payable and Collateralized Borrowings section below. On May 6, 2010, we filed a \$100.0 million Shelf Registration Statement on Form S-3 with the SEC. We intend to use the net proceeds of any shares of Class A common stock sold for general corporate purposes, including potential acquisitions, redemptions of limited partnership units and founding/working partner units in BGC Holdings and repurchases of shares of Class A common stock from partners, executive officers and other employees of ours or our subsidiaries and of Cantor and its affiliates. Certain of such partners will be expected to use the proceeds from such sales to repay outstanding loans issued by, or credit enhanced by, Cantor or BGC Holdings. In addition to general corporate purposes, this registration along with our share buy-back authorization is designed as a planning device in order to facilitate the redemption process. Going forward, we may redeem units for cash and reduce our fully diluted share count under our repurchase authorization or later sell Class A shares under the Registration.

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

Credit Ratings

In November 2009, in connection with a potential issuance of debt securities in a public or Rule 144A offering, we obtained public long-term credit ratings. As described below under Notes Payable and

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Collateralized Borrowings, on April 1, 2010 BGC Holdings ultimately issued to Cantor an aggregate of \$150.0 million principal amount of 8.75% Convertible Notes due 2015, and we did not use the public long-term credit ratings in connection with this debt offering.

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

	Rating	Outlook
Moody's Investor Service	Ba1	Stable
Standard & Poor's	BBB-	Stable
Fitch Ratings Inc.	BBB	Stable

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

Cash Flows

Net cash provided by operating activities was \$56.7 million for the year ended December 31, 2010. This amount included the repayment of intercompany balances of \$45.9 million, an increase in loans, forgivable loans and other receivables from employees and partners of \$54.0 million, and an increase of \$28.6 million relating to other general changes in other operating assets and liabilities. Excluding these amounts, net cash provided by operating activities would have been \$185.2 million.

Net cash provided by operating activities was \$374.6 million for the year ended December 31, 2009. This amount included cash arising from the elimination of \$151.2 million of reverse repurchase agreements with Cantor, which the Company regarded as equivalent to cash, and a decrease of \$55.6 million relating to other general changes in other operating assets and liabilities. Excluding these amounts, net cash provided by operating activities would have been \$167.8 million.

Net cash used in investing activities was \$61.2 million and \$56.5 million for the years ended December 31, 2010 and December 31, 2009, respectively. Investments consisted primarily of purchases of fixed assets, capitalization of software development costs, investments in unconsolidated subsidiaries, and acquisitions.

Net cash used in financing activities of \$97.5 million for the year ended December 31, 2010. This amount was primarily comprised of the redemptions of limited partnership units and founding/working partner units and the repurchase of Class A common stock in the amount of \$43.7 million. These amounts were partially offset by \$15.2 million in proceeds from the sale of Class A common stock issued under our controlled equity offerings. We made earnings distributions to limited partnership interests in BGC Holdings and issued dividends to stockholders in the amount of \$92.3 million. In addition, during the year ended December 31, 2010 we generated \$21.7 million in cash from a secured loan arrangement.

Net cash used in financing activities of \$57.3 million for the year ended December 31, 2009. This amount was primarily comprised of earnings distributions to limited partnership interests in BGC Holdings and dividends

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to stockholders in the amount of \$66.3 million, and the repurchase of Class A common stock in the amount of \$7.9 million. In addition, during the year ended December 31, 2009 we generated \$17.6 million in cash from a new collateralized financing arrangement.

Notes Payable and Collateralized Borrowings

On March 31, 2008, the Company entered into a Note Purchase Agreement pursuant to which it issued \$150.0 million principal amount of its Senior Notes to a number of investors. The Senior Notes incurred interest semiannually at the rate of 5.19% per annum (plus 2.31% per annum paid to Cantor for the guarantee provision as discussed in Note 10 Related Party Transactions). The Senior Notes matured on April 1, 2010.

On April 1, 2010, BGC Holdings issued an aggregate of \$150.0 million principal amount of 8.75% Convertible Notes due 2015 (the Convertible Notes) to Cantor. The Company used the proceeds to repay at maturity \$150.0 million aggregate principal amount of Senior Notes due April 1, 2010.

The Convertible Notes are senior unsecured obligations and rank equally and ratably with all existing and future senior unsecured obligations of the Company. The Convertible Notes bear an annual interest rate of 8.75%, which will be payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2010, and are convertible into 21.8 million shares of Class A common stock. The Convertible Notes will mature on April 15, 2015, unless earlier repurchased, exchanged or converted.

On September 25, 2009, BGC Partners, L.P. entered into a secured loan arrangement, under which it pledged certain fixed assets including furniture, computers and telecommunications equipment in exchange for a loan of \$19.0 million. The principal and interest on this secured loan arrangement is repayable in 36 consecutive monthly installments at a fixed rate of 8.09% per annum. The outstanding balance of the loan was \$11.6 million as of December 31, 2010. The loan is guaranteed by BGC Partners, Inc.

On various dates during the year ended December 31, 2010, the Company sold certain furniture, equipment and software for \$29.3 million, net of costs and concurrently entered into agreements to lease the property back. The principal and interest on the leases are repayable in equal monthly installments for terms of 36 months (software) and 48 months (furniture and equipment) with maturities through September 2014. The outstanding balance of the leases was \$27.6 million as of December 31, 2010. The Company recorded interest expense of \$0.3 million for the year ended December 31, 2010.

Because assets revert back to the Company at the end of the leases, the transactions were capitalized. As a result, consideration received from the purchaser is included in the accompanying consolidated balance sheet as a financing obligation, and payments made under the lease are being recorded as interest expense (at an effective rate of approximately 6%). Depreciation on these fixed assets will continue to be charged to Occupancy and equipment in the consolidated statements of operations.

Clearing Capital

Following the merger, Cantor has continued to clear U.S. Treasury and U.S. Government Agency securities transactions on our behalf. In November 2008, we entered into a clearing capital agreement with Cantor. Pursuant to the terms of this agreement, so long as Cantor is providing clearing services to us, Cantor shall be entitled to request from us, and we shall post as soon as practicable, cash or other property acceptable to Cantor in the amount reasonably requested by Cantor under the clearing capital agreement.

We intend to continue this relationship with Cantor. Accordingly, we expect that Cantor will continue to post clearing capital on our behalf and we will post clearing capital with Cantor as requested under the clearing capital agreement. To date, no amounts have been requested by Cantor pursuant to the clearing capital agreement. In the absence of such an arrangement, BGC Partners may be required to raise additional capital, borrow funds or take other action to meet the capital requirements in connection with the clearing of these transactions. The increased capital

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requirements required in connection with the clearing of our securities transactions could have a material adverse impact on BGC Partners ability to make distributions, repurchase its stock or affect strategic acquisitions or other opportunities. However, we believe that the agreement with Cantor, or, in the alternative, a clearing agreement with an additional third-party clearing agent, will not preclude us from meeting our cash needs in the near term.

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 United States, are empowered to conduct administrative proceedings that can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer. In addition, self-regulatory organizations such as FINRA and the National Futures Association (NFA) along with statutory bodies such as the FSA and the SEC require strict compliance with their rules and regulations. The requirements imposed by regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with broker-dealers and are not designed to specifically protect stockholders. These regulations often serve to limit our activities, including through net capital, customer protection and market conduct requirements.

As of December 31, 2010, \$274.3 million of net assets were held by regulated subsidiaries. As of December 31, 2010, these subsidiaries had aggregate regulatory net capital, as defined, in excess of the aggregate regulatory requirements, as defined, of \$155.9 million.

Unit Redemptions and Stock Repurchase Program

During the year ended December 31, 2010, the Company agreed to redeem, approximately 5.9 million limited partnership interests at an average price of \$5.89 per unit and approximately 4.0 million founding/working partner units for an average of \$6.23 per unit.

During the year ended December 31, 2010, the Company repurchased 3,399,015 shares of Class A common stock at an aggregate purchase price of approximately \$19.9 million for an average price of \$5.85 per share. These repurchases included 1,207,902 shares repurchased from The Cantor Fitzgerald Relief Fund at average market price of \$6.04 per share, for an aggregate purchase price of approximately \$7.3 million. A portion of these shares had been donated to The Cantor Fitzgerald Relief Fund by certain founding partners in connection with the 2009 Charity Day.

During the year ended December 31, 2009, the Company repurchased 4,023,959 shares of Class A common stock at an aggregate purchase price of approximately \$7.9 million for an average price of \$1.97. These repurchases included 2,600,000 shares repurchased from The Cantor Fitzgerald Relief Fund at the market price of \$1.99 per share, for an aggregate purchase price of approximately \$5.2 million. A portion of these shares had been donated to The Cantor Fitzgerald Relief Fund by certain founding partners in connection with the 2008 Charity Day.

During the year ended December 31, 2008, the Company repurchased 4,011,072 shares of Class A common stock at an aggregate purchase price of approximately \$19.2 million for an average price of \$4.80 per share. These repurchases included 3,836,072 shares repurchased under the stock repurchase authorization approved by our Board of Directors for an aggregate purchase price of approximately \$17.9 million. Included in the stock repurchases were 1,261,491 shares repurchased from certain limited partners of BGC Holdings and Cantor on September 22, 2008 at a price of \$4.00 per share, for an aggregate purchase price of approximately \$5.0 million.

On May 4, 2010 the Company's Board of Directors authorized an \$85 million increase in the BGC Partners stock repurchase authorization, bringing the total amount available for future repurchases of Class A common stock to \$100 million. At December 31, 2010, the Company had approximately \$97.5 million remaining from its buyback authorization and from time to time, the Company may actively continue to repurchase shares.

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Unit redemption and share repurchase activity for the year ended December 31, 2010 was as follows:

Period	Total Number of Units Redeemed or Shares Repurchased	Average Price Paid per Share or Unit	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plan
Redemptions				
January 1, 2010 - March 31, 2010	4,659,841	\$ 6.17		
April 1, 2010 - June 30, 2010	2,846,409	\$ 5.61		
July 1, 2010 - September 30, 2010	1,311,088	\$ 5.21		
October 1, 2010 - December 31, 2010	1,056,755	\$ 7.56		
Total Redemptions	9,874,093	\$ 6.03		
Repurchases				
January 1, 2010 - March 31, 2010	2,319,731	\$ 5.76	2,319,731	\$ 19,041,380
April 1, 2010 - June 30, 2010	607,902	\$ 6.58	607,902	\$ 100,000,000
July 1, 2010 - September 30, 2010	466,926	\$ 5.30	466,926	\$ 97,524,899
October 1, 2010 - December 31, 2010	4,456	\$ 5.57	4,456	\$ 97,500,079
Total Repurchases	3,399,015	\$ 5.85	3,399,015	\$ 97,500,079
Total Redemptions and Repurchases	13,273,108	\$ 5.98		

Stock Issuances

During the year ended December 31, 2010, the Company issued an aggregate of 5,153,877 shares of its Class A common stock to founding/working partners of BGC Holdings upon exchange of their exchangeable limited partnership interests in fulfillment of the rights to acquire such shares issued by the Company to such founding partners on April 1, 2008.

During the year ended December 31, 2009, the Company issued an aggregate 4,438,765 shares of its Class A common stock to founding/working partners of BGC Holdings upon exchange of their exchangeable limited partnership interests in fulfillment of the rights to acquire such shares issued by the Company to such founding partners on April 1, 2008.

During the year ended December 31, 2008, the Company issued an aggregate 1,809,524 shares of its Class A common stock to founding/working partners of BGC Holdings upon exchange of their exchangeable limited partnership interests in fulfillment of the rights to acquire such shares issued by the Company to such founding partners on April 1, 2008.

During the year ended December 31, 2010, Cantor converted 600,000 shares of its Class B common stock into 600,000 shares of Class A common stock.

During the year ended December 31, 2010, Cantor exchanged 3,700,000 Cantor units of BGC Holdings for 3,700,000 shares of Class A common stock. As of December 31, 2010 Cantor beneficially owned an aggregate of 65,882,038 Cantor units.

During the year ended December 31, 2010, the Company entered into two controlled equity offering sales agreements with CF&Co. pursuant to which the Company may offer and sell up to an aggregate of 11,000,000 shares of Class A common stock from time to time through CF&Co. as the Company's sales agent under these agreements. CF&Co. is a wholly-owned subsidiary of Cantor and an affiliate of the Company. Under these agreements, we have agreed to pay CF&Co. 2% of the gross proceeds from the sale of shares. During the year ended December 31, 2010, 5,935,910 shares were sold under these agreements at an average price of \$5.77, net of costs. In addition, during the year ended December 31, 2010, the Company issued 1,181,712 shares of its Class A common stock to partners in exchange for their limited partnership units as part of the global redemption and compensation restructuring program. The total of these issuances of 7,117,622 shares of Class A common stock included 4,523,505 shares issued for the exchange of limited partnership units as part of the global redemption and compensation restructuring program. The issuances related to these exchanges did not change the amount of fully diluted shares outstanding. The total of these issuances also included 2,594,117 shares of Class A common stock issued for general corporate purposes.

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The fully diluted weighted average share counts for the three months and the year ended December 31, 2010 were as follows (in thousands):

	Quarter Ended December 31, 2010	Year Ended December 31, 2010
Common stock outstanding(1)	94,454	88,294
Limited Partnership interests in BGC Holdings	135,676	136,581
Class A shares issuable upon conversion of convertible notes(2)	21,748	
RSUs (Treasury stock method)	3,406	3,374
Stock Options	692	319
 Total	 255,976	 228,568

- (1) Common stock outstanding consisted of Class A shares and Class B shares. For the quarter ended December 31, 2010, the weighted average share count of Class A shares was 68.6 million and Class B shares was 25.8 million. For the year ended December 31, 2010, the weighted average share count of Class A shares was 62.2 million and Class B shares was 26.1 million.
- (2) Included in the fully diluted weighted average share count for the quarter ended December 31, 2010, were the weighted average Class A shares issuable upon conversion of convertible notes. For the year ended December 31, 2010, the Class A shares issuable upon conversion of convertible notes were not included in the computation of fully diluted earnings (loss) per share because their effect would have been anti-dilutive.

Market Summary

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

	4Q 2010	3Q 2010	2Q 2010	1Q 2010	4Q 2009
Volume (in billions)					
Fully Electronic Rates (1)	\$ 11,796	\$ 10,654	\$ 11,867	\$ 11,557	\$ 8,925
Fully Electronic Credit & FX (2)	851	737	842	762	822
 Total Fully Electronic Volume	 12,647	 11,391	 12,709	 12,319	 9,747
 Total Hybrid Volume(3)	 29,450	 28,889	 30,436	 33,073	 27,704
 Total Fully Electronic and Hybrid Volume	 \$ 42,097	 \$ 40,280	 \$ 43,145	 \$ 45,392	 \$ 37,451
Transaction Count (in thousands, except for days)					
Fully Electronic Rates (1)	4,871	4,308	4,764	3,731	3,348
Fully Electronic Credit & FX (2)	412	354	390	354	419
 Total Fully Electronic Transactions	 5,283	 4,662	 5,154	 4,085	 3,767
 Total Hybrid Transactions	 528	 517	 559	 561	 410
 Total Transactions	 5,811	 5,179	 5,713	 4,646	 4,177
 Trading Days	 64	 64	 63	 61	 63

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- (1) Defined as U.S. Treasuries, Canadian Sovereigns, European Government Bonds, Repos, Interest Rate Swaps, and Futures.
- (2) Defined as Foreign Exchange Derivatives, Spot Foreign Exchange, Credit Derivatives and Corporate Bonds.

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- (3) Defined as volume from hybrid transactions conducted by BGC Brokers using the eSpeed system, exclusive of voice-only transactions.
- (4) The above historical volume figures have been adjusted to exclude CME and CBOT order routing volumes. These adjustments had no impact on the Company's revenues related to fully electronic trading, overall revenues, or earnings.

Reported volumes and transaction counts include transactions by our brokers that participate in certain of our marketplaces by posting quotations for their accounts and by acting as principal on trades. While the principal participation may vary widely from product to product and may be significant for any given product or period, in no case does the principal participation by our brokers exceed 10% of any of the reported volume or transaction counts, except as otherwise noted. Such activity is intended, among other things, to assist our brokers in managing their proprietary positions, and to facilitate transactions, add liquidity, increase commissions and attract additional order flow to the eSpeed system.

All trades executed on the eSpeed platform settle for clearing purposes against CF&Co., a BGC affiliate. CF&Co. is a member of FINRA and the Fixed Income Clearing Corporation, a subsidiary of the DTCC. CF&Co., BGC, and other affiliates participate in U.S. Treasuries as well as other markets by posting quotations for their account and by acting as principal on trades with platform users. Such activity is intended, among other things, to assist CF&Co., BGC, and their affiliates in managing their proprietary positions (including, but not limited to, those established as a result of combination trades and errors), facilitating transactions, framing markets, adding liquidity, increasing commissions and attracting order flow.

Annual Market Activity

Fully electronic volume on the eSpeed system, including new products, was \$49.1 trillion for the year ended December 31, 2010, up 35.7% from \$36.2 trillion for the year ended December 31, 2009. Our combined voice-assisted and screen-assisted volume in the year ended December 31, 2010 was \$170.9 trillion, up 39.9% from \$122.2 trillion in the year ended December 31, 2009.

Contractual Obligations and Commitments

The following table summarizes certain of our contractual obligations at December 31, 2010 (in thousands):

	Total	Less Than 1 year	1-3 years	3-5 years	More than 5 years
Operating leases(1)	\$ 116,989	\$ 20,516	\$ 36,172	\$ 27,316	\$ 32,985
Notes payable and collateralized obligations(2)	189,258	15,168	22,512	151,578	
Interest on notes payable(2)	59,728	15,168	27,571	16,989	
Total contractual obligations	\$ 365,975	\$ 50,852	\$ 86,255	\$ 195,883	\$ 32,985

- (1) Operating leases are related to rental payments under various non-cancelable leases, principally for office space, net of sub-lease payments to be received. The total amount of sub-lease payments to be received is approximately \$26.0 million over the life of the agreement. These sub-lease payments are included in the table above.
- (2) Notes Payable and collateralized obligations reflects the issuance of \$150.0 million of Convertible Notes, \$11.6 million of secured loan arrangements and \$27.6 million of sale leaseback transactions. See Note 14 Notes Payable and Collateralized Borrowings, in BGC Partners Inc.'s consolidated financial statements for more information regarding these obligations, including timing of payments.

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Off-Balance Sheet Arrangements

As of December 31, 2010 we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Recently Adopted Accounting Pronouncements:

See Note 1 to the consolidated financial statements for information regarding recently adopted accounting pronouncements.

New Accounting Pronouncements:

In January 2010, the FASB issued guidance on *Fair Value Measurements and Disclosures (Topic 820) Improving Disclosures about Fair Value Measurements*. This guidance provides amended disclosure requirements related to fair value measurements, including the amounts of and reasons of transfers in and out of Levels 1 and 2 fair value measurements and reporting activity in the reconciliation of Level 3 fair value measurements on a gross basis. This guidance provides amendments that clarify existing disclosures regarding the level of disaggregation for providing fair value measurement disclosures for each class of assets and liabilities. In addition, it clarifies existing disclosures about inputs and valuation techniques used to measure fair value for both recurring and nonrecurring fair value measurements that are required for either Level 2 or Level 3. This guidance was effective for interim and annual reporting periods ending after December 15, 2009 except for the disclosures about the roll forward of activity in Level 3 fair value measurements, which are effective for fiscal years beginning after December 31, 2010 and for interim periods within those fiscal years. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements; and the adoption of this guidance with respect to disclosures of the roll forward of activity in Level 3 fair value measurements is not expected to have a material impact on the Company's consolidated financial statements.

ITEM 7A. QUANTATIVE 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, including 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. On-going 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 on-going financial condition of the client. For transactions conducted through the eSpeed and BGC Trader electronic trading platform, BGC Partners has developed and utilizes an electronic credit monitoring system which measures and controls credit usage, including the ability to prohibit execution of trades that would exceed risk limits and permit only risk reducing trades.

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

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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 brokers, dealers and clearing organizations and payables to brokers, dealers and clearing organizations 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.

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

Operational Risk

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

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

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Foreign Currency Risk

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

Interest Rate Risk

BGC Partners had \$189.3 million in fixed-rate debt outstanding as of December 31, 2010. 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.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
BGC Partners, Inc. and Subsidiaries

Consolidated Financial Statements for the years ended December 31, 2010, 2009 and 2008

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of BGC Partners, Inc.:

We have audited the accompanying consolidated statements of financial condition of BGC Partners, Inc. (the Company) as of December 31, 2010 and 2009, and the related consolidated statements of operations, cash flows and changes in equity for each of the three years in the period ended December 31, 2010. Our audits also included the financial statement schedule in the Index at Item 15(a)(2). These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of BGC Partners, Inc. at December 31, 2010 and 2009, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), BGC Partners, Inc.'s internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 16, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

New York, New York

March 16, 2011

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of BGC Partners, Inc.:

We have audited BGC Partners, Inc.'s internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). BGC Partners, Inc.'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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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.

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.

In our opinion, BGC Partners, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial condition of BGC Partners, Inc. as of December 31, 2010 and 2009, and the related consolidated statements of operation, cash flows and changes in equity for each of the three years in the period ended December 31, 2010 of BGC Partners, Inc. and our report dated March 16, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

New York, New York

March 16, 2011

Table of Contents**PART I FINANCIAL INFORMATION****BGC PARTNERS, INC.****CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION****(in thousands, except per share data)**

	December 31, 2010	December 31, 2009
Assets		
Cash and cash equivalents	\$ 364,104	\$ 469,301
Cash segregated under regulatory requirements	2,398	2,200
Loan receivables from related parties	980	980
Securities owned	11,096	2,553
Marketable securities	4,600	1,510
Receivables from brokers, dealers, clearing organizations, customers and related broker-dealers	474,269	413,980
Accrued commissions receivable, net	132,885	108,495
Loans, forgivable loans and other receivables from employees and partners	151,328	138,113
Fixed assets, net	133,428	132,966
Investments	25,107	23,173
Goodwill	82,853	77,118
Other intangible assets, net	13,603	13,912
Receivables from related parties	4,958	14,459
Other assets	68,705	65,789
Total assets	\$ 1,470,314	\$ 1,464,549
Liabilities, Redeemable Partnership Interest, and Total Equity		
Accrued compensation	\$ 155,538	\$ 143,283
Securities sold, not yet purchased		11
Payables to brokers, dealers, clearing organizations, customers and related broker-dealers	429,477	385,345
Payables to related parties	10,262	64,169
Accounts payable, accrued and other liabilities	256,023	256,452
Deferred revenue	4,714	9,805
Notes payable and collateralized borrowings	189,258	167,586
Total liabilities	1,045,272	1,026,651
Redeemable partnership interest	93,186	103,820
Equity		
Stockholders' equity:		
Class A common stock, par value \$0.01 per share; 500,000 shares authorized; 88,192 and 70,661 shares issued at December 31, 2010 and December 31, 2009, respectively; and 70,256 and 56,124 shares outstanding at December 31, 2010 and December 31, 2009, respectively	881	707
Class B common stock, par value \$0.01 per share; 100,000 shares authorized; 25,848 and 26,448 shares issued and outstanding at December 31, 2010 and December 31, 2009, respectively, convertible into Class A common stock	258	264
Additional paid-in capital	366,827	292,881
Contingent Class A common stock	3,171	
Treasury stock, at cost: 17,936 and 14,537 shares of Class A common stock at December 31, 2010 and December 31, 2009, respectively	(109,627)	(89,756)
Retained deficit	(23,616)	(2,171)
Accumulated other comprehensive loss	(977)	(36)

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Total stockholders' equity	236,917	201,889
Noncontrolling interest in subsidiaries	94,939	132,189
Total equity	331,856	334,078
Total liabilities, redeemable partnership interest, and equity	\$ 1,470,314	\$ 1,464,549

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

Table of Contents**BGC PARTNERS, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share data)

	Year Ended December 31,		
	2010	2009	2008
Revenues:			
Commissions	\$ 851,089	\$ 693,818	\$ 871,198
Principal transactions	377,581	379,767	247,404
Fees from related parties	65,996	58,877	76,126
Market data	18,314	17,953	19,404
Software solutions	7,804	7,419	7,780
Interest income	3,308	7,252	11,813
Other revenues	13,960	5,923	2,276
Losses on equity investments	(6,940)	(8,687)	(7,069)
Total revenues	1,331,112	1,162,322	1,228,932
Expenses:			
Compensation and employee benefits	838,717	725,139	819,413
Allocation of net income to limited partnership units and founding/working partner units	23,307	16,731	11,400
Total compensation and employee benefits	862,024	741,870	830,813
Occupancy and equipment	113,520	108,014	111,906
Fees to related parties	13,450	13,882	15,294
Professional and consulting fees	45,238	34,350	52,016
Communications	78,249	66,028	66,916
Selling and promotion	68,066	57,437	62,087
Commissions and floor brokerage	20,055	16,536	24,600
Interest expense	14,080	9,920	18,950
Other expenses	59,515	49,797	36,576
Total expenses	1,274,197	1,097,834	1,219,158
Income from continuing operations before income taxes	56,915	64,488	9,774
Provision for income taxes	11,543	23,675	20,115
Consolidated net income (loss)	\$ 45,372	\$ 40,813	\$ (10,341)
Less: Net income attributable to noncontrolling interest in subsidiaries	24,210	20,788	19,368
Net income (loss) available to common stockholders	\$ 21,162	\$ 20,025	\$ (29,709)
Per share data:			
<i>Basic earnings (loss) per share</i>			
Net income (loss) available to common stockholders	\$ 21,162	\$ 20,025	\$ (29,709)
Basic earnings (loss) per share	\$ 0.24	\$ 0.25	\$ (0.28)
Basic weighted average shares of common stock outstanding	88,294	80,350	105,771
<i>Fully diluted (loss) earnings per share</i>			
Net income (loss) for fully diluted shares	\$ 53,756	\$ 50,711	\$ (29,709)

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Fully diluted earnings (loss) per share	\$	0.24	\$	0.24	\$	(0.28)
Fully diluted weighted average shares of common stock outstanding		228,568		211,036		105,771
Dividends declared per share of common stock	\$	0.48	\$	0.30	\$	0.27
Dividends declared and paid per share of common stock	\$	0.48	\$	0.30	\$	0.23

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

Table of Contents**BGC PARTNERS, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)

	Year Ended December 31,		
	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Consolidated net income (loss)	\$ 45,372	\$ 40,813	\$ (10,341)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Fixed asset depreciation and intangible asset amortization	50,180	52,974	57,131
Employee loan amortization	41,192	31,093	29,800
Stock-based compensation	25,705	22,134	93,510
Allocations of net income to limited partnership units and founding/working partner units	23,307	16,731	11,400
Losses on equity investments	6,940	8,687	7,069
Deferred tax benefit	(2,932)	(360)	(10,530)
Recognition of deferred revenue	(5,371)	(5,219)	(12,268)
Impairment of fixed assets	294	1,232	5,002
Other	546	(282)	
Charitable contributions			6,387
Decrease (increase) in operating assets:			
Receivables from brokers, dealers, clearing organizations, customers and related broker-dealers	(61,723)	(224,357)	43,248
Loans, forgivable loans and other receivables from employees and partners	(53,989)	(88,154)	(47,093)
Accrued commissions receivable, net	(22,195)	21,314	13,248
Securities owned	(8,355)	(1,362)	30,848
Receivables from related parties	7,959	321	(268)
Cash segregated under regulatory requirements	(198)	2,901	(2,418)
Other assets	(5,050)	(9,814)	5,698
Reverse repurchase agreements with related parties		151,224	(10,535)
Reverse repurchase agreements			7,560
Increase (decrease) in operating liabilities:			
Payables to brokers, dealers, clearing organizations, customers and related broker-dealers	48,214	261,475	(151,203)
Payables to related parties	(53,907)	12,185	32,469
Accounts payable, accrued and other liabilities	10,169	80,050	(23,550)
Accrued compensation	10,239	87	27,526
Deferred revenue	280	1,250	7,145
Securities sold, not yet purchased	(11)	(310)	321
Net cash provided by operating activities	\$ 56,666	\$ 374,613	\$ 110,156

Table of Contents**BGC PARTNERS, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**

(in thousands)

	Year Ended December 31,		
	2010	2009	2008
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed assets	(29,106)	(29,136)	(38,863)
Capitalization of software development costs	(14,831)	(15,472)	(19,823)
Investment in unconsolidated entities	(8,874)	(5,301)	(3,036)
Payments for acquisitions, net of cash acquired	(4,382)	(5,140)	(5,000)
Purchase of marketable securities	(3,002)		
Capitalization of trademarks, patent defense and registration costs	(990)	(1,469)	(2,476)
Payment of secured loan by related party			65,000
Increase in loan receivables from related parties			(980)
Net cash used in investing activities	(61,185)	(56,518)	(5,178)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Collateralized borrowings, net	21,672	17,586	
Earnings distributions to limited partnership interests in BGC Holdings	(49,733)	(42,117)	(35,327)
Redemption of limited partnership interests	(23,838)		
Dividends to stockholders	(42,606)	(24,171)	(18,600)
Proceeds from offering of Class A common stock, net	15,160		72,342
Repurchase of Class A common stock	(19,871)	(7,911)	(19,248)
Partner purchase of working partner units	1,263		1,000
Proceeds from exercises of stock options	463		1,174
Capital distributions			(130,000)
Long-term borrowings	(150,000)		150,000
Issuance of convertible notes to Cantor	150,000		
Repayments of long-term borrowings with related parties			(196,818)
Excess tax benefit from stock-based compensation			13
Cancellation of restricted stock units in satisfaction of withholding tax requirements		(657)	(1,883)
Net cash used in financing activities	(97,490)	(57,270)	(177,347)
Effect of exchange rate changes on cash	(3,188)	3,546	
Net (decrease) increase in cash and cash equivalents	(105,197)	264,371	(72,369)
Cash and cash equivalents at beginning of period	469,301	204,930	277,299
Cash and cash equivalents at end of period	\$ 364,104	\$ 469,301	\$ 204,930
Supplemental cash information:			
Cash paid during the period for taxes	\$ 20,873	\$ 15,877	\$ 26,742
Cash paid during the period for interest	\$ 9,363	\$ 9,920	\$ 17,102
Supplemental non-cash information			
Conversion of Class B common stock into Class A common stock	\$ 6	\$ 37	\$ 27
Investment of non-cash assets in ELX			18,333
Issuance of equity instruments upon merger			(233,747)
Forgiveness/settlement of receivables from and payables to related parties, net, in conjunction with the separation and merger			4,354

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Issuance of Class A common stock upon exchange of limited partnership units	24,583	9,650
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The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

Table of Contents**BGC PARTNERS, INC.****CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY****For the Year Ended December 31, 2008****(in thousands, except share amounts)**

	Members Equity	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Noncontrolling Interest in Subsidiaries	Total
Balance, January 1, 2008	\$ 235,454	\$ 368	\$ 205	\$ 313,238	\$ (62,597)	\$ (17,282)	\$ (61)	\$ 2,352	\$ 471,677
Comprehensive income:									
Consolidated net (loss) income	(48,078)					18,369		19,368	(10,341)
Other comprehensive income, net of tax									
Change in cumulative translation adjustment							(2,448)		(2,448)
Unrealized loss on securities available-for-sale							(1,433)		(1,433)
Comprehensive (loss) income	(48,078)					18,369	(3,881)	19,368	(14,222)
Capital distribution to Cantor upon separation/merger	(130,000)								(130,000)
Contribution of common stock from Cantor upon separation/merger (9,618,764 Class A common stock and 12,350,307 Class B common stock)	(23,946)	97	123	23,726					
Settlement of intercompany balances upon separation/merger	4,354								4,354
Redemption of founding/working partner units upon separation/merger	84,063								84,063
Recapitalization upon merger; allocation of equity to founding/working partners and Cantor	(121,847)			(93,309)				113,038	(102,118)
Conversion of Class B common stock to Class A common stock		27	(27)						
Primary offering of Class A common stock, net		100		28,403				43,839	72,342
Capital contribution by founding/working partners to cover 2008 Charity Day				6,191					6,191
Repurchase of Class A common stock, 4,011,072 shares					(19,248)				(19,248)
Dividends to stockholders				(19,468)		868			(18,600)
Earnings distributions to limited partnership interests								(24,478)	(24,478)
Stock-based compensation		4		5,927					5,931

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Issuance of Class A common
stock upon exchange of
founding/working partner units
and distribution rights,

1,809,524 shares	18	6,783							6,801
Other	3	(330)			3		(1,167)		(1,491)

Balance, December 31, 2008 \$ \$ 617 \$ 301 \$ 271,161 \$ (81,845) \$ 1,958 \$ (3,942) \$ 152,952 \$ 341,202

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

Table of Contents**BGC PARTNERS, INC.****CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)****For the Year Ended December 31, 2009****(in thousands, except share amounts)**

	BGC Partners, Inc. Stockholders					Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Subsidiaries	Total
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings (Deficit)			
Balance, January 1, 2009	\$ 617	\$ 301	\$ 271,161	\$ (81,845)	\$ 1,958	\$ (3,942)	\$ 152,952	\$ 341,202
Comprehensive income:								
Consolidated net income					20,025		20,788	40,813
Other comprehensive income, net of tax								
Change in cumulative translation adjustment						3,013	165	3,178
Unrealized gain (loss) on securities available for sale						893	(301)	592
Comprehensive income					20,025	3,906	20,652	44,583
Repurchase of Class A common stock, 4,023,959 shares				(7,911)				(7,911)
Conversion of Class B common stock to Class A common stock, 3,700,000 shares	37	(37)						
Stock-based compensation	8		12,126					12,134
Issuance of Class A common stock upon exchange of founding/working partner units, 4,438,765 shares	44		9,606				2,550	12,200
Cantor purchase of redeemed founding partner units from BGC Holdings							195	195
Re-allocation of equity due to additional investment by founding/working partners							(11,434)	(11,434)
Dividends to stockholders					(24,171)			(24,171)
Earnings distributions to limited partnership interests							(32,700)	(32,700)
Other	1		(12)		17		(26)	(20)
Balance, December 31, 2009	\$ 707	\$ 264	\$ 292,881	\$ (89,756)	\$ (2,171)	\$ (36)	\$ 132,189	\$ 334,078

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

Table of Contents**BGC PARTNERS, INC.****CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)****For the Year Ended December 31, 2010****(in thousands, except share amounts)**

	BGC Partners, Inc. Stockholders					Accumulated		Noncontrolling Interest in Subsidiaries	Total
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Contingent Class A Common Stock	Treasury Stock	Retained Earnings (Deficit)	Other Comprehensive Loss		
Balance, January 1, 2010	\$ 707	\$ 264	\$ 292,881		\$ (89,756)	\$ (2,171)	\$ (36)	\$ 132,189	\$ 334,078
Comprehensive income:									
Consolidated net income						21,162		24,210	45,372
Other comprehensive loss, net of tax									
Change in cumulative translation adjustment							(709)	(440)	(1,149)
Unrealized loss on securities available for sale							(232)	(105)	(337)
Comprehensive income (loss)						21,162	(941)	23,665	43,886
Stock-based compensation	8		7,724						7,732
Grant of exchangeability to limited partnership units								28,721	28,721
Capital contribution by founding/working partners to cover 2009 Charity Day			7,403						7,403
Dividends to stockholders						(42,606)			(42,606)
Earnings distributions to limited partnership interests								(45,192)	(45,192)
Issuance of Class A common stock upon exchange of founding/working partner units, 5,153,877 shares	52		10,644					5,627	16,323
Cantor purchase of redeemed founding/working partner units from BGC Holdings, 2,353,520 units								8,031	8,031
Cantor exchange of limited partnership interests, 3,700,000 units for Class A common stock	37		6,144					(6,181)	
Re-allocation of equity due to additional investment by founding/working partners								(21,681)	(21,681)
Proceeds from exercise of stock options			463						463
Redemption of founding/working partner units								(10,292)	(10,292)
Repurchase of Class A common stock, 3,399,015 shares					(19,871)				(19,871)
Issuance of Class A common stock (net of costs), 4,523,505	45		26,439					(26,255)	229

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shares upon exchange of limited partnership units

Issuance of Class A common stock (net of costs), 2,594,117 shares	26		15,134						15,160
Issuance of contingent Class A common stock and limited partnership units for acquisitions				3,171				3,566	6,737
Conversion of Class B common stock to Class A common stock, 600,000 shares	6	(6)							
Other			(5)			(1)		2,741	2,735
Balance, December 31, 2010	\$ 881	\$ 258	\$ 366,827	\$ 3,171	\$ (109,627)	\$ (23,616)	\$ (977)	\$ 94,939	\$ 331,856

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

Table of Contents**BGC PARTNERS, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****1. Organization and Basis of Presentation**

BGC Partners, Inc. (together with its subsidiaries, BGC Partners, BGC or the Company) is a leading global financial intermediary to the financial markets specializing in the brokering of a broad range of financial products globally, including fixed income securities, interest rate swaps, foreign exchange, equities, equity derivatives, credit derivatives, commodities, futures, structured products and other instruments. The Company also provides a full range of services, including trade execution, broker-dealer services, clearing, processing, information, and other back office services to a broad range of financial and non-financial institutions. Through its eSpeed and BGC Trader brands, BGC Partners also offers financial technology solutions and market data and analytics related to select financial instruments and markets. The Company's customers include many of the world's largest banks, broker-dealers, investment banks, trading firms, hedge funds, governments and investment firms. The Company's 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, where available, fully electronic brokerage services in connection with transactions executed either over the counter (OTC) or through an exchange. BGC Partners has offices in New York and London, as well as in Aspen, Beijing, Chicago, Copenhagen, Dubai, Garden City, Hong Kong, Istanbul, Johannesburg, Mexico City, Moscow, Nyon, Paris, Rio de Janeiro, São Paulo, Sarasota, Seoul, Singapore, Sydney, Tokyo, Toronto and West Palm Beach.

On April 1, 2008, BGC Partners, LLC merged with and into eSpeed, Inc. (eSpeed), which survived the merger and was renamed BGC Partners, Inc. In the merger, an aggregate of 133,860,000 shares of common stock and rights to acquire shares of BGC Partners were issued. Of these, 56,000,000 were in the form of Class B common stock or rights to acquire Class B common stock, and the remaining 77,860,000 were in the form of Class A common stock or rights to acquire Class A common stock. Stockholders of eSpeed held the same number and class of shares of BGC Partners common stock immediately after the merger that they held in eSpeed immediately prior to the merger. BGC Partners' Class A common stock trades on the NASDAQ Global Select Market under the symbol BGCP.

The merger has been accounted for as a combination of entities under common control. eSpeed was deemed the acquirer and BGC Partners, LLC was deemed the acquiree. According to Financial Accounting Standards Board (FASB) guidance on *Business Combinations*, since the merger was a transaction between entities under common control, the assets and liabilities of BGC Partners, LLC were transferred at historical cost and the results of operations and cash flows have been reflected in the accompanying consolidated financial statements as if the merger occurred as of the earliest period presented.

The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP). The accompanying 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. These consolidated financial statements reflect the historical financial position, results of operations and cash flows of BGC Partners as if the merger occurred as of the earliest period presented, with the exception of certain capital and tax modifications which became effective as of April 1, 2008. Specifically, the historical financial statements of BGC Partners, for the periods prior to April 1, 2008, do not give effect to the following matters, which are described in more detail in Note 2 The Separation, Merger and Recapitalization, Note 17 Income Taxes and Note 4 Earnings Per Share :

The capitalization of the acquired net assets of BGC Partners, LLC;

Modification in tax structure;

Allocations of net income to founding/working partner units and limited partnership units;

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Redeemable partnership interest;

Noncontrolling interest in subsidiaries held by Cantor; and

Basic and fully diluted earnings per share calculations.

Recently Adopted Accounting Pronouncements:

In April 2008, the FASB issued guidance on *Determination of the Useful Life of Intangible Assets*, which amends the factors to be considered in determining the useful life of intangible assets. Its intent is to improve the consistency between the useful life of an intangible asset and the period of expected cash flows used to measure such asset's fair value. This guidance became effective for fiscal years beginning after December 15, 2008. The adoption of this FASB guidance did not have a material effect on the Company's consolidated financial statements.

In June 2008, the FASB issued guidance on *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*, which requires companies to treat unvested share-based payment awards that have non-forfeitable rights to dividend or dividend equivalents as a separate class of securities in calculating earnings per share. This FASB guidance became effective for fiscal years beginning after December 15, 2008. The adoption of this FASB guidance did not have a material effect on the Company's consolidated financial statements.

In April 2009, the FASB issued guidance on *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies*. This guidance addresses the criteria and disclosures for recognition of an acquired asset or liability assumed in a business combination that arises from a contingency. This guidance was effective for fiscal years beginning after December 15, 2008 and was adopted by the Company on January 1, 2009. The adoption of this FASB guidance did not have a material effect on the Company's consolidated financial statements.

In June 2009, the FASB issued guidance on their *Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*. This FASB guidance establishes their Accounting Standards Codification (Codification) as the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretative releases of the SEC under federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. Codification is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this FASB guidance did not have a material effect on the Company's consolidated financial statements.

In June 2009, the FASB issued guidance that addresses the effects of eliminating the QSPE concept from existing accounting guidance and clarifies and amends certain key provisions, including the transparency of an enterprise's involvement with variable interest entities (VIEs). The key changes resulting from this new FASB guidance are the requirement of a qualitative rather than a quantitative analysis to determine the primary beneficiary of a VIE, the requirement of continuous assessments as to whether an enterprise is the primary beneficiary of a VIE, amendments to certain existing guidance related to the determination as to which entities are deemed VIEs, and the amendment of existing consideration of related party relationships in the determination of the primary beneficiary of a VIE. This FASB guidance also requires enhanced disclosures to provide more transparent information regarding an enterprise's involvement with a VIE. This FASB guidance became effective for the first reporting period beginning after November 15, 2009. The adoption of this FASB guidance did not have a material effect on the Company's consolidated financial statements.

In August 2009, the FASB issued guidance on *Fair Value Measurements and Disclosures (Topic 820): Measuring Liabilities at Fair Value*. This guidance provides clarification in circumstances in which a quoted price in an active market for the identical liability is not available and provides valuation techniques to be utilized

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by the reporting entity. This guidance became effective for the first reporting period (including interim periods) beginning after issuance on August 28, 2009. The adoption of this FASB guidance did not have a material effect on the Company's consolidated financial statements.

New Accounting Pronouncements:

In January 2010, the FASB issued guidance on *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*. This guidance provides amended disclosure requirements related to fair value measurements, including the amounts of and reasons for transfers in and out of Levels 1 and 2 fair value measurements and reporting activity in the reconciliation of Level 3 fair value measurements on a gross basis. This guidance provides amendments that clarify existing disclosures regarding the level of disaggregation for providing fair value measurement disclosures for each class of assets and liabilities. In addition, it clarifies existing disclosures about inputs and valuation techniques used to measure fair value for both recurring and nonrecurring fair value measurements that are required for either Level 2 or Level 3. This guidance was effective for interim and annual reporting periods ending after December 15, 2009 except for the disclosures about the roll forward of activity in Level 3 fair value measurements, which are effective for fiscal years beginning after December 31, 2010 and for interim periods within those fiscal years. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements; and the adoption of this guidance with respect to disclosures of the roll forward of activity in Level 3 fair value measurements is not expected to have a material impact on the Company's consolidated financial statements.

2. The Separation, Merger and Recapitalization

BGC Holdings, L.P. ("BGC Holdings") is a consolidated subsidiary of the Company for which the Company is the general partner. The Company and BGC Holdings jointly own BGC Partners, L.P. ("BGC US") and BGC Global Holdings L.P. ("BGC Global"), the two operating partnerships. The limited partnership interests in BGC Holdings are comprised of founding/working partner units, limited partnership units and Cantor units, each as defined below (collectively, the "limited partnership interests in BGC Holdings").

Founding/Working Partner Units

Founding/working partners have a limited partnership interest in BGC Holdings. The Company accounts for founding/working partner units outside of permanent capital, as "Redeemable partnership interest," in the consolidated statements of financial condition. This classification is applicable to founding/working partner units because founding/working partner units are redeemable upon termination of a partner, which includes the termination of employment, which can be at the option of the partner and not within the control of the issuer.

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

Limited Partnership Units

During the year ended December 31, 2010, the Amended and Restated BGC Holdings, L.P. limited partnership agreement was amended by its general partner and Cantor to create two new types of limited partnership units, PSUs and PSIs.

REUs, RPU, PSUs and PSIs are limited partnership interests in BGC Holdings (the "limited partnership units") that are generally held by employees. Generally, such units receive quarterly allocations of net income based on their weighted-average pro rata share of economic ownership of our operating subsidiaries. These allocations are cash distributed on a quarterly basis and are generally contingent upon services being provided by

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the unit holders. As prescribed in FASB guidance, the quarterly allocations of net income on such limited partnership units are reflected as a separate component of compensation expense under Allocations of net income to limited partnership units and founding/working partner units in our consolidated statements of operations.

Certain of these limited partnership units entitle the holders to receive post-termination payments equal to the notional amount in four equal yearly installments after the holder's termination. These limited partnership units are accounted for as liability awards, and in accordance with FASB guidance the Company records compensation expense for the liability awards based on the change in fair value at each reporting date.

Cantor Units

Cantor's limited partnership interest (Cantor units) in BGC Holdings as a result of its contribution of the BGC Division is reflected as a component of Noncontrolling interest in subsidiaries in the Company's consolidated statements of financial condition. Cantor receives allocations of net income based on its weighted-average pro rata share of economic ownership for each quarterly period. This allocation is reflected as a component of Net income (loss) attributable to noncontrolling interest in subsidiaries in the Company's consolidated statements of operations. In quarterly periods in which the Company has a net loss, the amount reflected as a component of Net income (loss) attributable to noncontrolling interest in subsidiaries represents the loss allocation for founding/working partner units, limited partnership units and Cantor units.

Certain of the limited partnership interests, described above, have been granted exchangeability into Class A common stock on a one-for-one basis (subject to adjustment); additional limited partnership interests may become exchangeable for Class A common stock on a one-for-one basis (subject to adjustment). As all limited partnership interests are already included in fully diluted share count, any exchange of limited partnership interests to Class A common shares would be non-dilutive. Because these interests generally receive quarterly allocations of net income, such exchange would have no significant impact on the cash flow or equity of the Company.

Primary and Secondary Offerings

On June 10, 2008, the Company closed an underwritten public offering of additional shares of its Class A common stock (the June 2008 Offering). This offering was composed of a primary offering (the Primary Offering) of 10,000,000 newly issued shares offered by the Company and a secondary offering (the Secondary Offering) of 10,000,000 issued and outstanding shares offered by Cantor and certain limited partners of Cantor and founding/working partners of BGC Holdings (the Selling Stockholders). In the Secondary Offering, 3,926,178 shares were offered by Cantor and 6,073,822 shares were offered by certain limited partners of Cantor and founding partners of BGC Holdings.

The offering price to the public was \$8.00 per share, and the price, net of underwriters' discount of 3.5%, was \$7.72 per share. The Company received proceeds of \$77.2 million as a result of the Primary Offering. Offering expenses, other than underwriters' discounts, of approximately \$4.9 million were incurred by the Company. The Company did not receive any net proceeds from the sales of Class A common stock sold by the Selling Stockholders in the Secondary Offering.

Immediately following the Primary Offering, the Company repurchased 175,000 shares of Class A common stock from one of its executive officers for \$7.72 per share, totaling approximately \$1.4 million. BGC Partners contributed the remaining net proceeds from the Primary Offering to BGC US and BGC Global in exchange for additional partnership interests on a one-for-one basis. BGC US and BGC Global has used such proceeds for general corporate purposes, including certain acquisitions.

3. Summary of Significant Accounting Policies

Use of Estimates: The preparation of the accompanying consolidated financial statements in conformity with US 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

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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 accompanying consolidated financial statements. Certain reclassifications have been made to previously reported amounts to conform to the current presentation.

Revenue Recognition: BGC Partners derives its revenues primarily through commissions from brokerage services, the spread between the buy and sell prices on matched principal transactions, fees from certain information products, fees for the provision of certain software solutions and fees from related parties.

Commissions: Commission revenues are derived from agency brokerage 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 of transactions. Commission revenues and the related expenses are recognized on a trade-date basis.

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.

Market Data: Market data revenues primarily consist of subscription fees and fees from customized one-time sales provided to customers either directly or via third-party vendors. Market data revenues are recognized ratably over the contract term, except for revenues derived from customized one-time sales, which are recognized as services are rendered.

Software Solutions and Licensing Fees: Pursuant to various services agreements, the Company receives up-front and/or periodic fees for the use of the eSpeed technology platform. Such fees are deferred, and included in the accompanying consolidated statements of financial condition as *Deferred revenue*, and recognized as revenue ratably over the term of the licensing agreement or over the period in which such fees are earned. The Company also receives fees for its front-end trading software and patent licenses. Such fees are recognized as income ratably over the license period.

Fees from Related Parties: Fees from related parties consist of allocations 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, as well as fees for providing maintenance services to support the trading platform of ELX. Revenues are recognized as earned on an accrual basis.

Cash and Cash Equivalents: The Company considers all highly liquid investments with original maturity dates of 90 days or less at the date of acquisition, other than those used for trading purposes, to be cash equivalents.

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 the Financial Industry Regulatory Authority in the U.S. (*FINRA*) and the Financial Services Authority in the U.K. (the *FSA*) that have been promulgated to protect customer assets.

Reverse Repurchase Agreements: Securities purchased under agreements to resell (*reverse repurchase agreements*) are accounted for as collateralized financing transactions and are recorded at the contractual amount for which the securities will be resold, including accrued interest. It is the policy of the Company to

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obtain possession of collateral with a market value equal to or in excess of the principal amount loaned under reverse repurchase agreements. Collateral is valued daily and the Company may require counterparties to deposit additional collateral or return collateral pledged when appropriate.

Securities Owned and Securities Sold, Not Yet Purchased: Securities owned and securities sold, not yet purchased are primarily comprised of positions held in connection with customer facilitation and liquidity trading and are classified as trading and marked to market daily based on current listed market prices or broker quotes with the resulting gains and losses included in operating income in the current period. Unrealized and realized gains and losses from securities owned and securities sold, not yet purchased in connection with customer facilitation and liquidity trading are included as part of Principal transactions on the accompanying consolidated statements of operations.

The Company can pledge securities it owns in order to satisfy deposit requirements at various exchanges or clearing organizations, to collateralize secured short-term borrowings to finance inventory positions and to collateralize securities lending arrangements. Securities pledged are recorded as Securities pledged as collateral in the Company's consolidated statements of financial condition.

Fair Value FASB issued guidance on fair value measurement that defines fair value as the price received to transfer 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 active listed equities. The Company does not adjust the quoted price for such instruments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price. 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, 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

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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 9 Fair Value of Financial Assets and Liabilities, for more information on the fair value of financial assets and liabilities.

Marketable Securities: Marketable securities are comprised of securities held for investment purposes and are accounted for in accordance with FASB guidance, *Accounting for Certain Investments in Debt and Equity Securities*. The Company has evaluated its investment policies and determined that all of its investment securities are to be classified as available-for-sale and reported at fair value. Unrealized gains and losses are included as part of Accumulated other comprehensive loss on the accompanying consolidated statements of financial condition.

Receivables from and Payables to Brokers, Dealers, Clearing Organizations, Customers and Related Broker-Dealers: Receivables from and payables to brokers, 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 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 brokers, dealers, clearing organizations, customers and related broker-dealers are with related parties (see Note 10 Related Party Transactions, for more information regarding these receivables and payables).

Accrued Commissions Receivable: Accrued commissions receivable represent amounts due from brokers, dealers, banks and other financial and non-financial institutions for the execution of securities, foreign exchange and derivative agency transactions. Accrued commissions receivable are presented net of allowance for doubtful accounts of approximately \$6.1 million, \$2.9 million and \$2.2 million as of December 31, 2010, 2009 and 2008, respectively. The allowance is based on management's estimate and is reviewed periodically based on the facts and circumstances of each outstanding receivable.

Loans, Forgivable Loans, and Other Receivables from Employees and Partners: The Company has entered into various agreements with certain of its employees and partners whereby these individuals receive loans which may be either wholly or in part repaid from the distribution earnings that the individual receives on some or all of their limited partnership interests or may be forgiven over a period of time. The forgivable portion of these loans is recognized as compensation expense over the life of the loan. From time to time, the Company may also enter into agreements with employees and partners to grant bonus and salary advances or other types of loans. These advances and loans are repayable in the timeframes outlined in the underlying agreements.

Fixed Assets: 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. 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 using the FASB guidance, *Accounting for Asset Retirement Obligations*, which requires that the fair value of a liability for an asset retirement obligation be

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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 long-term composite risk-free interest rate in effect when the liability was initially recognized.

Investments: The Company's investments in which it does not have a controlling interest or is not the primary beneficiary are accounted for under the equity method. 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 FASB guidance, *Consolidation of Variable Interest Entities*, the Company would also consolidate any variable interest entities (VIEs) 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 concepts of FASB guidance, *Accounting for the 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.

Goodwill and Intangible Assets: Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations accounted for as a purchase. As prescribed in FASB guidance, *Goodwill and Other Intangible Assets*, 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. The Company performed impairment evaluations for the years ended December 31, 2010, 2009, and 2008 and concluded that there was no impairment of its goodwill or indefinite lived intangible assets.

Intangible assets with definite lives are amortized on a straight-line basis over their estimated useful lives. Definite lived intangible assets arising from business acquisitions include customer relationships, internally developed software, covenants not to compete and trademarks. Also included in the definite lived intangible assets are purchased patents. The costs of acquired patents are amortized over a period not to exceed 17 years or the remaining 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 pursuant to FASB guidance, *Accounting for 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 Unincorporated Business Tax (UBT) in the City of New York. Therefore, the tax liability or benefit related to the partnership's income or loss except for UBT rests with the partners, 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. Effective January 1, 2007, the Company adopted FASB guidance, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement on Accounting for Income Taxes*. The Company provides for uncertain tax positions and the related interest and penalties 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 files income tax returns in the United States federal jurisdiction and various states, local and foreign jurisdictions. The Company is no longer subject to United States federal, and non-U.S. income tax examination by tax authorities for the years prior to 2003, and no longer subject to state and local income tax examination by tax authorities for the years prior to 1999.

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Stock-Based and Other Compensation: The Company accounts for stock-based compensation under the fair value recognition provisions of the FASB guidance, *Compensation Stock Compensation*. Stock-based compensation expense recognized during the period is based on the value of the portion of stock-based payment awards that is ultimately expected to vest. The grant-date fair value of stock-based awards is amortized to expense ratably over the awards' vesting periods. This FASB guidance also requires that the Company record an expense for the change in the fair value of the liability awards for each reporting period and that the change in fair value be reflected as stock-based compensation expense in the Company's consolidated statements of operations. As stock-based compensation expense recognized in the consolidated statements of operations for the years ended December 31, 2010, 2009, and 2008 is based on awards ultimately expected to vest, it has been reviewed for estimated forfeitures. Further, this FASB guidance requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Restricted Stock Units: Restricted stock units (RSUs) provided to certain employees by the Company are accounted for as equity awards, and, as per FASB guidance, 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' vesting periods. The amortization is reflected as non-cash equity-based compensation expense in the Company's consolidated statements of operations. In addition, quarterly dividend equivalents on certain RSUs are included in the Company's compensation expense.

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

Certain of these limited partnership units entitle the holders to receive post-termination payments equal to the notional amount in four equal yearly installments after the holder's termination. These limited partnership units are accounted for as liability awards, and in accordance with FASB guidance the Company records compensation expense for the liability awards based on the change in fair value at each reporting date.

Grant Units: Partnership units granted by Cantor to certain employees of the Company prior to the separation/merger are accounted for as liability awards, and, as per FASB guidance, the Company is required to record an expense for the liability awards based on their fair value at each reporting date. The change in fair value of the liability awards of Cantor is reflected as non-cash equity-based compensation expense at each reporting date until settlement in the Company's consolidated statements of operations. In addition, quarterly distributions on such partnership units are included in the Company's compensation expense.

Foreign Currency Transactions: Assets and liabilities denominated in non-U.S. currencies are remeasured at rates of exchange prevailing on the date of the consolidated statement of financial condition, and revenues and expenses are remeasured at average rates of exchange for the period. Gains or losses on translation of the financial statements of a non-U.S. operation, when the functional currency is the U.S. dollar, are included in the accompanying consolidated statements of operations as part of "Other expenses". Gains or losses on remeasurement of the financial statements of a non-U.S. operation, when the functional currency is other than the U.S. dollar, are included as part of "Accumulated other comprehensive loss" on the accompanying consolidated statements of financial condition.

Derivative Financial Instruments: Derivative contracts are instruments, such as futures, forwards 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

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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.

FASB 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 management believes a legal right of setoff exists under an enforceable netting agreement. Derivative contracts are recorded as part of

Receivables from or payables to brokers, dealers, clearing organizations, customers and related broker-dealers in the accompanying consolidated statements of financial condition.

4. Earnings Per Share

FASB guidance on *Earnings Per Share* (EPS), establishes standards for computing and presenting EPS. Basic EPS excludes dilution and is computed by dividing net income (loss) available to common stockholders by the weighted-average shares of common stock outstanding. From April 1, 2008, net income is allocated to each of the four economic ownership classes described above in Note 2, based on each class's pro rata economic ownership. The weighted-average shares of common stock, Limited Partnership Interests in BGC Holdings and the Company's outstanding common stock, have been retroactively restated to all periods prior to April 1, 2008 to give effect to the shares issued in connection with the merger. There were no net income allocations to founding/working partners units, REUs/RPUs, or Cantor, nor dividend equivalents to RSUs for the periods prior to April 1, 2008 as it is assumed that all of the Company's net income (loss) for those periods was allocated to all economic owners, including common stockholders.

The Company's earnings for the years ended December 31, 2010, 2009 and 2008 were allocated as follows (in thousands):

	Year Ended December 31,		
	2010	2009	2008
Net income (loss) available to common stockholders(1)	\$ 21,162	\$ 20,025	\$ (29,709)
Allocation of income to limited partnership interests in BGC Holdings	\$ 45,456	\$ 36,136	\$ 27,659

The following is a reconciliation of the Company's basic and fully diluted earnings per share (in thousands, except per share data):

	Year Ended December 31,		
	2010	2009	2008
<i>Basic earnings (loss) per share:</i>			
Net income (loss) available to common stockholders	\$ 21,162	\$ 20,025	\$ (29,709)
Basic weighted average shares of common stock outstanding (1)	88,294	80,350	105,771
Basic earnings (loss) per share	\$ 0.24	\$ 0.25	\$ (0.28)

- (1) The weighted average shares outstanding for the year ended December 31, 2008 has been retroactively restated to give effect to the shares and rights to acquire shares issued in connection with the merger because, for those periods, allocations to founding/working partners, REUs/RPUs and Cantor have not been deducted from net income.

Fully diluted earnings (loss) per share is calculated utilizing net income (loss) available for common stockholders plus net income allocations to the limited partnership interests of BGC Holdings including adjustments related to the interest expense on the convertible notes (See Note 14 Notes Payable and

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Collateralized Borrowings) and expense related to dividend equivalents for restricted stock units (RSUs) as the numerator and dividing it by the weighted average number of BGC Holdings units held by founding/working partners and Cantor, the weighted average number of limited partnership units, the Company s weighted average outstanding shares of common stock, and the potential dilution that could occur if securities or other contracts to issue shares of common stock, including options, RSUs and warrants, were exercised, resulting in the issuance of shares of common stock that would then share in earnings in the Company s net income available to common stockholders. However, in periods where there is a net loss, as there was for the year ended December 31, 2008, the adjustments to net income available to common stockholders and the adjustments to basic weighted average shares of common stock outstanding are excluded as their effect would be anti-dilutive. The following is the Company s fully diluted earnings (loss) per share (in thousands, except per share data):

	Year Ended December 31,		
	2010	2009	2008(1)(2)
<i>Fully diluted earnings (loss) per share:</i>			
Net income (loss) available to common stockholders	\$ 21,162	\$ 20,025	\$ (29,709)
Allocation of net income to limited partnership interests in BGC Holdings, net of tax (3)	31,685	29,937	
Dividend equivalent on RSUs, net of tax	909	749	
Net income (loss) for fully diluted shares	\$ 53,756	\$ 50,711	\$ (29,709)
Weighted average shares: Common stock outstanding	88,294	80,350	105,771
RSUs	3,374	2,624	
Stock Options	319		
Limited partnership interests in BGC Holdings	136,581	128,062	
Fully diluted weighted average shares of common stock outstanding	228,568	211,036	105,771
Fully diluted earnings (loss) per share	\$ 0.24	\$ 0.24	\$ (0.28)

- (1) Allocations of net income to limited partnership interests in BGC Holdings have been excluded from the calculation of net income (loss) for fully diluted shares for the year ended December 31, 2008 because the Company had a net loss for the period.
- (2) The weighted average shares outstanding for the year ended December 31, 2008 has been retroactively restated to give effect to the shares and rights to acquire shares issued in connection with the merger because, for those periods, allocations to founding/working partners and minority interest to Cantor have not been deducted from net income.
- (3) The allocations of net income above include the additional tax expense that the Company would incur if all of the outstanding units converted into public shares.

For the years ended December 31, 2010, 2009 and 2008, approximately 26.6 million, 14.9 million and 23.6 million options, RSUs and warrants and Class A shares issuable upon conversion of convertible notes, respectively, were not included in the computation of fully diluted earnings (loss) per share because their effect would have been anti-dilutive.

Unit Redemptions and Stock Repurchase Program

During the year ended December 31, 2010, the Company redeemed approximately 5.9 million limited partnership units at an average price of \$5.89 per unit. For the year ending December 31, 2010, the Company redeemed approximately 4.0 million founding/working partner units for an average of \$6.23 per unit.

During the year ended December 31, 2010, the Company repurchased 3,399,015 shares of Class A common stock at an aggregate purchase price of approximately \$19.9 million for an average price of \$5.85 per share. These repurchases included 1,207,902 shares repurchased from The Cantor Fitzgerald Relief Fund at an average

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market price of \$6.04 per share, for an aggregate purchase price of approximately \$7.3 million. A portion of these shares had been donated to The Cantor Fitzgerald Relief Fund by certain founding partners in connection with the 2009 Charity Day.

During the year ended December 31, 2009, the Company repurchased 4,023,959 shares of Class A common stock at an aggregate purchase price of approximately \$7.9 million for an average price of \$1.97. These repurchases included 2,600,000 shares repurchased from The Cantor Fitzgerald Relief Fund at the market price of \$1.99 per share, for an aggregate purchase price of approximately \$5.2 million. A portion of these shares had been donated to The Cantor Fitzgerald Relief Fund by certain founding partners in connection with the 2008 Charity Day.

During the year ended December 31, 2008, the Company repurchased 4,011,072 shares of Class A common stock at an aggregate purchase price of approximately \$19.2 million for an average price of \$4.80 per share. These repurchases included 3,836,072 shares repurchased under the stock repurchase authorization approved by our Board of Directors for an aggregate purchase price of approximately \$17.9 million. Included in the stock repurchases were 1,261,491 shares repurchased from certain limited partners of BGC Holdings and Cantor on September 22, 2008 at a price of \$4.00 per share, for an aggregate purchase price of approximately \$5.0 million.

On May 4, 2010 the Company's Board of Directors authorized an \$85 million increase in the BGC Partners stock repurchase authorization, bringing the total amount available for future repurchases of Class A common stock to \$100 million. At December 31, 2010, the Company had approximately \$97.5 million remaining from its buyback authorization and from time to time, the Company may actively continue to repurchase shares.

Limited partnership unit and founding/working partner unit redemption and share repurchase activity for the year ended December 31, 2010 was as follows:

Period	Total Number of Units Redeemed or Shares Repurchased	Average Price Paid per Share or Unit	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plan
Redemptions				
January 1, 2010 - March 31, 2010	4,659,841	\$ 6.17		
April 1, 2010 - June 30, 2010	2,846,409	\$ 5.61		
July 1, 2010 - September 30, 2010	1,311,088	\$ 5.21		
October 1, 2010 - December 31, 2010	1,056,755	\$ 7.56		
Total Redemptions	9,874,093	\$ 6.03		
Repurchases				
January 1, 2010 - March 31, 2010	2,319,731	\$ 5.76	2,319,731	\$ 19,041,380
April 1, 2010 - June 30, 2010	607,902	\$ 6.58	607,902	\$ 100,000,000
July 1, 2010 - September 30, 2010	466,926	\$ 5.30	466,926	\$ 97,524,899
October 1, 2010 - December 31, 2010	4,456	\$ 5.57	4,456	\$ 97,500,079
Total Repurchases	3,399,015	\$ 5.85	3,399,015	\$ 97,500,079
Total Redemptions and Repurchases	13,273,108	\$ 5.98		
Stock Issuances				

During the year ended December 31, 2010, the Company issued an aggregate of 5,153,877 shares of its Class A common stock to founding/working partners of BGC Holdings upon exchange of their exchangeable limited partnership interests in fulfillment of the rights to acquire such shares issued by the Company to such founding partners. As of December 31, 2010, there were 27,389,608 founding/working partner units outstanding of which 3,108,255 were exchangeable into Class A shares of our common stock.

During the year ended December 31, 2009, the Company issued an aggregate 4,438,765 shares of its Class A common stock to founding/working partners of BGC Holdings upon exchange of their exchangeable

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limited partnership interests in fulfillment of the rights to acquire such shares issued by the Company to such founding partners.

During the year ended December 31, 2008, the Company issued an aggregate 1,809,524 shares of its Class A common stock to founding/working partners of BGC Holdings upon exchange of their exchangeable limited partnership interests in fulfillment of the rights to acquire such shares issued by the Company to such founding partners.

For the year ended December 31, 2010, Cantor converted 600,000 shares of its Class B common stock into 600,000 shares of Class A common stock.

For the year ended December 31, 2010, Cantor exchanged 3,700,000 Cantor units of BGC Holdings for 3,700,000 shares of Class A common stock. As of December 31, 2010 Cantor beneficially owned an aggregate of 65,882,038 Cantor units.

During the year ended December 31, 2010, the Company entered into two controlled equity offering sales agreements with CF&Co. pursuant to which the Company may offer and sell up to an aggregate of 11,000,000 shares of Class A common stock from time to time through CF&Co. as the Company's sales agent under these agreements. CF&Co. is a wholly-owned subsidiary of Cantor and an affiliate of the Company. Under these agreements, we have agreed to pay CF&Co. 2% of the gross proceeds from the sale of shares. During the year ended December 31, 2010, 5,935,910 shares were sold under these agreements at an average price of \$5.77, net of costs. In addition, during the year ended December 31, 2010, the Company issued 1,181,712 shares of its Class A common stock to partners in exchange for their limited partnership units as part of the global redemption and compensation restructuring program. The total of these issuances of 7,117,622 shares of Class A common stock included 4,523,505 shares issued for the exchange of limited partnership units as part of the global redemption and compensation restructuring program. The issuances related to these exchanges did not change the amount of fully diluted shares outstanding. The total of these issuances also included 2,594,117 shares of Class A common stock issued for general corporate purposes.

5. Securities Owned and Securities Sold, Not Yet Purchased

Securities owned and securities sold, not yet purchased primarily consist of short-term investments in government debt. Total securities owned were \$11.1 million and \$2.6 million as of December 31, 2010 and December 31, 2009, respectively.

Securities owned consisted of the following (in thousands):

	December 31, 2010	December 31, 2009
Government debt	\$ 11,009	\$ 2,492
Equities	87	61
Total	\$ 11,096	\$ 2,553

As of December 31, 2010, the Company did not pledge any of the securities owned to satisfy deposit requirements at various exchanges or clearing organizations.

Total securities sold, not yet purchased was \$0.0 million and \$11 thousand as of December 31, 2010 and December 31, 2009, respectively.

Securities sold, not yet purchased consisted of the following (in thousands):

	December 31, 2010	December 31, 2009
Equities	\$	\$ 11

Table of Contents**6. Marketable Securities**

Marketable securities consist of the Company's ownership of various investments. The investments, which had a fair value of \$4.6 million and \$1.5 million as of December 31, 2010 and December 31, 2009, respectively, are classified as available-for-sale and accordingly recorded at fair value. Unrealized gains or losses are included as part of Accumulated other comprehensive loss on the accompanying consolidated statements of financial condition.

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

Receivables from and payables to brokers, dealers, clearing organizations, customers and related broker-dealers primarily represent amounts due for undelivered securities, amounts related to open derivative contracts, 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. The receivables from and payables to brokers, dealers, clearing organizations, customers and related broker-dealers consisted of the following (in thousands):

	December 31, 2010	December 31, 2009
Receivables from brokers, dealers, clearing organizations, customers and related broker-dealers:		
Contract values of fails to deliver	\$ 415,520	\$ 372,977
Receivables from clearing organizations	48,345	30,528
Other receivables from brokers, dealers and customers	6,948	6,214
Net pending trades	1,883	2,000
Open derivative contracts	1,573	2,261
Total	\$ 474,269	\$ 413,980
Payables to brokers, dealers, clearing organizations, customers and related broker-dealers:		
Contract values of fails to receive	\$ 423,829	\$ 374,907
Other payables to brokers, dealers and customers	3,449	9,373
Open derivative contracts	944	
Payables to clearing organizations	1,255	1,065
Total	\$ 429,477	\$ 385,345

A portion of these receivables and payables are with Cantor. See Note 10 Related Party Transactions, for additional information related to these receivables and payables.

Substantially all open fails to deliver and fails to receive transactions as of December 31, 2010 have subsequently settled at the contracted amounts.

8. Derivatives

The Company has entered into OTC derivative contracts. These derivative contracts primarily consist of interest rate and foreign exchange swaps. The Company enters into derivative contracts to facilitate client transactions, to hedge principal positions and to facilitate hedging activities of affiliated companies. Open derivative contracts are recognized at the fair value of the related assets and liabilities as part of

Receivables from and Payables to brokers, dealers, clearing organizations, customers and related broker-dealers in the Company's consolidated statements of financial condition.

Fair values of derivative contracts are determined from quoted market prices or other public price sources. The Company does not designate any derivative contracts as hedges for accounting purposes. The change in fair value of derivative contracts is reported as part of Principal

transactions in the Company's consolidated statements of operations.

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

	December 31, 2010		December 31, 2009	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	\$ 1,573	\$	\$ 1,587	\$
Foreign exchange swaps		944	674	
	\$ 1,573	\$ 944	\$ 2,261	\$

The notional amount of the interest rate swaps transactions at December 31, 2010 and December 31, 2009 was \$1.8 billion and \$3.0 billion, respectively.

All of the Company's foreign exchange swaps are with Cantor. The notional amount of the foreign exchange swap transactions at December 31, 2010 and December 31, 2009 was \$128.8 million and \$146.6 million, respectively.

The replacement cost of contracts in a gain position at December 31, 2010 was \$1.6 million from various counterparties. These counterparties are not rated by a credit rating organization.

9. Fair Value of Financial Assets and Liabilities

The following tables set forth by level within the fair value hierarchy⁽¹⁾ financial assets and liabilities accounted for at fair value under FASB guidance at December 31, 2010 (in thousands):

	Assets at Fair Value at December 31, 2010				Total
	Level 1	Level 2	Level 3	Netting and Collateral	
Interest rate swaps	\$	\$ 1,573	\$	\$	\$ 1,573
Government debt	11,009				11,009
Equities	4,687				4,687
Total	\$ 15,696	\$ 1,573	\$	\$	\$ 17,269

	Liabilities at Fair Value at December 31, 2010				Total
	Level 1	Level 2	Level 3	Netting and Collateral	
Foreign exchange swaps	\$	\$ 944	\$	\$	\$ 944
Total	\$	\$ 944	\$	\$	\$ 944

The following tables set forth by level within the fair value hierarchy financial assets and liabilities accounted for at fair value under FASB guidance at December 31, 2009 (in thousands):

	Assets at Fair Value at December 31, 2009(1)			Total
	Level 1	Level 2	Level 3	

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				Netting and Collateral	
Interest rate swaps	\$	\$ 1,587	\$	\$	\$ 1,587
Government debt		2,492			2,492
Equities		1,571			1,571
Foreign exchange swaps			674		674
Total		\$ 4,063	\$ 2,261	\$	\$ 6,324

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	Liabilities at Fair Value at December 31, 2009(1)				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Equities	\$ 11	\$	\$	\$	\$ 11
Total	\$ 11	\$	\$	\$	\$ 11

- (1) As required by FASB guidance, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

10. 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 UK, the Company provides these services to Cantor through Tower Bridge International Services L.P. (Tower Bridge). The Company owns 52% of Tower Bridge and consolidates it, and Cantor owns 48%. Cantor's interest in Tower Bridge is reflected as a component of Noncontrolling interest in subsidiaries in the Company's consolidated statements of financial condition, and the portion of Tower Bridge's income attributable to Cantor is included as part of Net income (loss) attributable to noncontrolling interest in subsidiaries in the Company's consolidated statements of operations. In the United States (U.S.), the Company provides Cantor with technology services for which it charges Cantor based on the cost of providing such services.

The Company, together with other leading financial institutions, formed ELX Futures, L.P. (ELX), a limited partnership that has established a fully-electronic futures exchange. ELX is 26.3% owned by the Company and is accounted for under the equity method of accounting. During the year ended December 31, 2010, the Company made \$6.4 million in cash contributions to ELX. The Company has entered into a technology services agreement with ELX pursuant to which the Company provides software technology licenses, monthly maintenance support and other technology services as requested by ELX. For the years ended December 31, 2010, 2009 and 2008, the Company recognized related party revenues of \$66.0 million, \$58.9 million and \$76.1 million, respectively, for the services provided to Cantor and ELX. 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 employee lease agreement whereby certain employees of Cantor are deemed leased employees of the Company. For the years ended December 31, 2010, 2009 and 2008, the Company was charged \$35.8 million, \$33.1 million and \$28.5 million, respectively, for the services provided by Cantor and its affiliates, of which \$22.3 million, \$19.2 million and \$13.2 million, respectively, were to cover compensation to leased employees for the years ended December 31, 2010, 2009 and 2008. The fees paid to Cantor for administrative and support services, other than those to cover the compensation costs of leased employees, are included as part of Fees to related parties in the Company's consolidated statements of operations. The fees paid to Cantor to cover the compensation costs of leased employees are included as part of Compensation and employee benefits in the Company's consolidated statements of operations.

As of December 31, 2010, 2009 and 2008, Cantor's share of the net income in Tower Bridge was \$2.1 million, \$1.4 million and \$3.1 million, respectively. Cantor's noncontrolling interest is included as part of Noncontrolling interest in subsidiaries in the Company's consolidated statements of financial condition.

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Clearing Agreement

The Company receives certain clearing services from Cantor in Europe and the U.S. pursuant to its clearing agreement (*Clearing Services*). 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 Company intends to continue this relationship with Cantor. Accordingly, the Company expects that Cantor will continue to post clearing capital on our behalf, and the Company will continue to be required to post clearing capital with Cantor as requested under the Agreement. As of December 31, 2010, no amounts have been requested by Cantor pursuant to the Agreement.

Debt Guaranty Agreements

On April 1, 2008, in connection with the Note Purchase Agreement, which authorized the issue and sale of \$150.0 million principal amount of the Company's Senior Notes which matured on April 1, 2010, Cantor provided a guaranty of payment and performance on the Senior Notes. Cantor charged the Company an amount equal to 2.31% of the outstanding principal amount of the Senior Notes for the provision of the guaranty. The fees paid to Cantor for the guaranty are included as part of *Fees to related parties* in the Company's consolidated statements of operations.

For the years ended December 31, 2010, 2009 and 2008, the Company recognized expense of approximately \$0.9 million, \$3.5 million and \$2.6 million, respectively, in relation to this charge.

This guarantee agreement expired as the Senior Notes matured on April 1, 2010.

Receivables from and Payables to Related Broker-Dealers

Amounts due from or to Cantor and Freedom International Brokerage are for open derivative contracts and transactional revenues under a technology and services agreement with Freedom International Brokerage. These are included as part of *Receivables from and payables to brokers, dealers, clearing organizations, customers and related broker-dealers* in the Company's consolidated statements of financial condition. As of December 31, 2010 and December 31, 2009, the Company had receivables from Cantor and Freedom International Brokerage of \$3.7 million and \$3.8 million, respectively. As of December 31, 2010 and 2009, the Company had \$0.9 million and \$0 million, respectively, in payables for derivatives or transactional revenues.

Loans, Forgivable Loans and Other Receivables from Employees and Partners

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

As of December 31, 2010 and 2009, the aggregate balance of these employee loans was \$151.3 million and \$138.1 million, respectively, and is included as *Loans, forgivable loans and other receivables from employees and partners* in the Company's consolidated statements of financial condition. Compensation expense for the above mentioned employee loans for the years ended December 31, 2010, 2009 and 2008 was \$41.2 million, \$34.1 million and \$29.8 million, respectively. The compensation expense for these employee loans is included as part of *Compensation and employee benefits* in the consolidated statements of operations.

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Notes Payable

On April 1, 2010 BGC Holdings issued an aggregate of \$150.0 million principal amount of 8.75% Convertible Senior Notes due 2015 (the "Convertible Notes") to Cantor in a private placement transaction. The Company used the proceeds of the Convertible Notes to repay at maturity \$150.0 million aggregate principal amount of Senior Notes due April 1, 2010. The Company reported interest expense in the amount of \$9.8 million for the year ended December 31, 2010. See Note 14 "Notes Payable and Collateralized Borrowings," for more information.

Controlled Equity Offerings

As discussed in Note 4 "Earnings Per Share," the Company entered into the June Sales Agreement and the September Sales Agreement with CF&Co., as the Company's sales agent. For the year ended December 31, 2010, the Company was charged approximately \$0.7 million for services provided by CF&Co. These expenses are included as part of "Professional and consulting fees" in the Company's consolidated financial statements of operations.

Cantor Purchase of Redeemed Founding/Working Partner Units from BGC Holdings

Cantor has the right to purchase from BGC Holdings any founding/working partner units that are redeemed by BGC Holdings upon termination or bankruptcy of the founding/working partner. Any such units purchased by Cantor will become a Cantor unit exchangeable by Cantor for shares of Class B common stock or, at Cantor's election, shares of Class A common stock, in each case on a one-for-one basis (subject to customary anti-dilution adjustments). As of December 31, 2010, BGC Holdings had the right to redeem an aggregate of 159,252 founding partner units.

During the year ended December 31, 2010, BGC Holdings redeemed an aggregate of 2,353,520 founding partner units held by founding partners, and Cantor exercised its right to purchase from BGC Holdings an equivalent number of Cantor units. As a result, Cantor purchased 2,353,520 units at a weighted average price of approximately \$3.49 per unit. The redemptions described above did not change the amount of fully diluted shares outstanding.

Other Transactions

The Company is authorized to enter into loans, investments or other credit support arrangements for Aqua Securities L.P. ("Aqua"), an alternative electronic trading platform which offers new pools of block liquidity to the global equities markets, of up to \$5.0 million in the aggregate; such arrangements would be proportionally and on the same terms as similar arrangements between Aqua and Cantor. A \$2.0 million increase in this amount was authorized on November 1, 2010. Aqua is 51% owned by Cantor and 49% owned by the Company. Aqua is accounted for under the equity method of accounting. During the year ended December 31, 2010 and 2009, the Company made \$2.4 million and \$2.9 million, respectively, in cash contributions to Aqua. These contributions are recorded as part of "Investments" in the Company's consolidated statements of financial condition.

The Company is authorized to enter into short-term arrangements with Cantor to cover any failed U.S. Treasury securities transactions and to share equally any net income resulting from such transactions, as well as any similar clearing and settlement issues. As of December 31, 2010, the Company had not entered into any arrangements to cover any failed U.S. Treasury transactions.

The Company is authorized to enter into an indemnity agreement with Cantor with respect to the guarantee by Cantor of any liabilities associated with our application for a brokering license in China.

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To more effectively manage the Company's exposure to changes in foreign exchange rates, the Company and Cantor agreed to jointly manage the exposure. As a result, the Company is authorized to divide the quarterly allocation of any profit or loss relating to foreign exchange currency hedging between Cantor and the Company. The amount allocated to each party is based on the total net exposure for the Company and Cantor. The ratio of gross exposures of Cantor and the Company will be utilized to determine the shares of profit or loss allocated to each for the period. During the year ended December 31, 2010 the Company recognized its share of foreign exchange loss of \$1.9 million. This loss is included as part of Other expenses on the consolidated statements of operations.

On September 26, 2008, the limited partnership agreement of BGC US and the limited partnership agreement of BGC Global were amended, effective as of September 1, 2008, to provide that, at the Company's election, in connection with a repurchase of Class A common stock or similar actions, BGC US and BGC Global will redeem and repurchase from the Company a number of units in BGC US and BGC Global equivalent to the number of shares of Class A common stock repurchased by the Company in exchange for cash in the amount of the gross proceeds to be paid in connection with such stock repurchase. The proportion of such amount to be paid by BGC US or BGC Global will be determined by BGC Partners. Certain technical amendments were also made to conform such limited partnership agreements to the BGC Holdings limited partnership agreement.

In March 2009, the Company and Cantor were authorized to utilize each other's brokers to provide brokerage services for securities not brokered by such entity, so long as, unless otherwise agreed, such brokerage services were provided in the ordinary course and on terms no less than favorable to the receiving party than such services are provided to typical third-party customers.

During the year ended December 31, 2010, Cantor converted 600,000 shares of its Class B common stock into 600,000 shares of Class A common stock. This conversion did not change the amount of fully diluted shares outstanding.

During the year ended December 31, 2010, Cantor exchanged 3,700,000 Cantor units for 3,700,000 shares of Class A common stock. This exchange did not change the amount of fully diluted shares outstanding. As a result of this exchange and the transactions described above, as of December 31, 2010, Cantor held an aggregate of 65,882,038 Cantor units.

On July 2, 2010, the Company filed a resale Registration Statement on Form S-3 with respect to 3,500,000 shares of Class A common stock which may be sold by Cantor for the amount of certain retained and founding partners and/or by such retained and founding partners, as distributees of shares of Class A common stock from Cantor, from time to time on a delayed or continuous basis. The primary purpose of this Registration Statement is to enable such retained and founding partners of Cantor to have an opportunity to register certain distribution rights shares which they have a right to acquire from Cantor at certain times following the merger on April 1, 2008. While Cantor is nominally listed as a selling stockholder, it will not sell shares for its own account under the Registration Statement. On October 1, 2010, we filed Amendment No. 2 to this Registration Statement updating the number of shares which may be sold under such Registration Statement to 3,494,891 shares of Class A common stock.

On August 2, 2010, the Company was authorized to engage CF&Co. and its affiliates to act as financial advisor in connection with one or more third-party transactions with or involving one or more targets as requested by the Company on behalf of its affiliates from time to time on specified terms, conditions and fees. On August 19, 2010, the Company completed the acquisition of Mint Partners (see Note 13 Goodwill and Other Intangible Assets, Net). In connection with this acquisition, the Company paid an advisory fee of \$0.7 million to CF&Co. This fee is recorded as part of Professional and consulting fees in the consolidated statements of operations.

During 2010, two founding partners of BGC Holdings offered to donate shares of Class A common stock, receivable pursuant to the separation and merger, to The Cantor Fitzgerald Relief Fund. These donations were in connection with the Company's 2009 Charity Day. The aggregate 1,157,902 shares of Class A common stock donated by the founding partners consisted of the following: (i) a donation by one partner of 303,951 shares on

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April 26, 2010, 400,000 shares on August 12, 2010 and 150,000 shares on December 17, 2010, which shares were issued by the Company upon exchange of founding partner units that the partner received in connection with the separation and merger, (ii) a donation of 303,951 shares by a second partner on April 26, 2010 which were issued by the Company upon exchange of founding partner units that the partner received in connection with the separation and merger. These donations cover approximately \$7.4 million of the final net proceeds raised by the employees of the Company on their 2009 Charity Day which represents the non-cash settlement of a portion of the Company's liability. On April 26, 2010, the Company repurchased, at a price of \$6.58 per share from The Cantor Fitzgerald Relief Fund, such 607,902 shares of the Company's Class A common stock. On August 12, 2010, the Company repurchased, at a price of \$5.29 per share from The Cantor Fitzgerald Relief Fund, such 400,000 shares of our Class A common stock.

11. Investments

The Company's investments consisted of the following (in thousands):

	December 31, 2010	December 31, 2009
ELX	\$ 10,559	\$ 8,725
Freedom International Brokerage	10,293	9,968
China Credit BGC Money Broking Company Limited	2,277	2,415
Aqua	1,055	1,170
EIP Holdings	923	895
 Total investments	 \$ 25,107	 \$ 23,173

The Company's share of losses related to its investments was \$6.9 million, \$8.7 million and \$7.1 million for the years ended December 31, 2010, 2009 and 2008, respectively. The Company's share of the losses is recorded under the caption "Losses on equity investments" in the accompanying consolidated statements of operations.

In March 2009, the Company established a money broking joint venture company with China Credit Trust Co., Ltd. (CCT). The joint venture was named China Credit BGC Money Broking Company Limited (China Credit BGC). In May 2009, the Company contributed the USD equivalent of RMB16.5 million in cash (approximately \$2.4 million) into China Credit BGC, no additional contributions were made in 2010. Subject to the final approval of product licenses, China Credit BGC plans to provide domestic and international broking services for foreign exchange, bond, money market, and derivatives products. The Company holds a 33% stake in China Credit BGC. The Company recorded \$0.2 million and \$0.0 million of losses in 2010 and 2009, respectively, in connection with its investment in China Credit BGC.

12. Fixed Assets, Net

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

	December 31, 2010	December 31, 2009
Computer and communications equipment	\$ 183,075	\$ 177,280
Software, including software development costs	118,448	151,203
Leasehold improvements and other fixed assets	102,344	98,323
	403,867	426,806
Less: accumulated depreciation and amortization	270,439	293,840
 Fixed assets, net	 \$ 133,428	 \$ 132,966

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Depreciation expense was \$34.1 million, \$34.9 million and \$37.8 million for years ended December 31, 2010, 2009 and 2008, respectively. Depreciation is included as part of Occupancy and equipment in the accompanying consolidated statements of operations. Impairment charges of \$0.3 million, \$1.2 million, and

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\$5.0 million were recorded for the years ended December 31, 2010, 2009 and 2008, 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 recorded under the caption "Occupancy and equipment" in the accompanying consolidated statements of operations.

In accordance with FASB guidance on the *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*, the Company capitalizes qualifying computer software development costs incurred during the application development stage and amortizes them over their estimated useful life of three years on a straight-line basis. For the years ended December 31, 2010, 2009 and 2008, software development costs totaling \$14.8 million, \$15.5 million and \$19.8 million, respectively, were capitalized. Amortization of software development costs totaled \$11.9 million, \$13.4 million, and \$15.3 million, for the years ended December 31, 2010, 2009 and 2008, respectively.

13. Goodwill and Other Intangible Assets, Net

In August 2010, the Company completed the acquisition of various assets and businesses of Mint Partners and Mint Equities ("Mint Partners"), a British financial institution and interdealer broker with offices in London, Dubai and New York. The total purchase price of Mint Partners was \$11.2 million. The excess purchase price over the fair value of the tangible assets acquired and the liabilities assumed of \$8.0 million has been recorded as goodwill. The Company expects to finalize its analysis of the intangible assets acquired during the first six months of 2011 and therefore adjustments to goodwill may occur. The acquisition price includes shares with an approximate fair value of \$3.2 million and REUs with an approximate fair value of \$3.6 million that may be issued contingent on certain revenue targets being met.

In June 2009, the Company acquired all of the outstanding shares of Liquidez Distribuidora de Títulos e Valores Mobiliários Ltda. ("Liquidez"). The purchase price for Liquidez is \$15.6 million plus an additional contingent payment subject to achievement of certain profit targets through 2013. As part of the purchase price, the Company issued an aggregate of 1,750,000 limited partnership units to certain shareholders of Liquidez, a portion of which will or have become exchangeable into shares of the Company's Class A common stock with an approximate fair value of \$2.3 million. An additional 250,000 limited partnership units were issued to brokers and accounted for as compensation. The goodwill attributed to this acquisition was \$12.0 million.

The results of operations of Mint Partners and Liquidez have been included in the Company's consolidated financial statements subsequent to the date of the acquisition.

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

The changes in the carrying amount of goodwill for the year ended December 31, 2010 were as follows (in thousands):

	December 31, 2010
Balance at December 31, 2009	\$ 77,118
Mint Partners acquisition	7,986
Reclass to intangibles (Liquidez)	(2,830)
Other	579
Balance at December 31, 2010	\$ 82,853

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

	December 31, 2010	December 31, 2009
Definite life intangible assets:		
Patents	\$ 37,278	\$ 36,364
Customer base/relationships	15,603	15,076
Internally developed software	5,722	5,722
All other	5,337	2,958
Total gross definite life intangible assets	63,940	60,120
Less: accumulated amortization	(51,837)	(47,708)
Net definite life intangible assets	12,103	12,412
Indefinite life intangible assets:		
Horizon license	1,500	1,500
Total net intangible assets	\$ 13,603	\$ 13,912

Amortization expense was \$4.1 million, \$4.6 million and \$4.7 million for the years ended December 31, 2010, 2009 and 2008, respectively. Intangible amortization is included as part of Other expenses in the accompanying consolidated statements of operations. The estimated aggregate amortization for each of the next five fiscal years is as follows: \$3.6 million in 2011, \$2.9 million in 2012, \$2.2 million in 2013, \$1.0 million in 2014 and \$2.4 million thereafter.

14. Notes Payable and Collateralized Borrowings

On March 31, 2008, the Company entered into a Note Purchase Agreement pursuant to which it issued \$150.0 million principal amount of its Senior Notes (the Senior Notes) to a number of investors. The Senior Notes incurred interest semiannually at the rate of 5.19% per annum (plus 2.31% per annum paid to Cantor for the guarantee provision, as discussed in Note 10 Related Party Transactions). The Senior Notes matured on April 1, 2010.

The Company recorded interest expense related to the Senior Notes of \$1.9 million, \$7.8 million and \$5.8 million for the years ended December 31, 2010, 2009 and 2008, respectively.

On April 1, 2010, BGC Holdings issued an aggregate of \$150.0 million principal amount of the Convertible Notes to Cantor in a private placement transaction. The Company used the proceeds to repay at maturity \$150.0 million aggregate principal amount of Senior Notes due April 1, 2010.

The Convertible Notes are senior unsecured obligations and rank equally and ratably with all existing and future senior unsecured obligations of the Company. The Convertible Notes bear an annual interest rate of 8.75%, which are payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2010, and are convertible into 21.8 million shares of Class A common stock at a conversion price of \$6.88. The Convertible Notes will mature on April 15, 2015, unless earlier repurchased, exchanged or converted.

The Company recorded interest expense related to the Convertible Notes of \$9.8 million for the year ended December 31, 2010.

The conversion rate of the BGC Holdings Notes into BGC Holdings exchangeable limited partnership interests and the conversion rate of the BGC Notes into shares of Class A common stock are subject to customary adjustments upon certain corporate events, including stock dividends and stock splits on the Class A common stock and the Company's payment of a quarterly cash dividend in excess of \$0.10 per share of Class A common stock. The conversion rate will not be adjusted for accrued and unpaid interest to the conversion date.

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On September 25, 2009, BGC Partners, L.P. entered into a secured loan arrangement, under which it pledged certain fixed assets including furniture, computers and telecommunications equipment in exchange for a loan of \$19.0 million. The principal and interest on this secured loan arrangement is repayable in 36 consecutive monthly installments at a fixed rate of 8.09% per annum. The outstanding balance of the secured loan was \$11.6 million and \$17.6 million as of December 31, 2010 and 2009, respectively. The value of the fixed assets pledged was \$9.6 million and \$16.1 million as of December 31, 2010 and 2009, respectively. The secured loan is guaranteed by the Company. The Company recorded interest expense related to the secured loan arrangement of \$1.2 million and \$0.4 million for the years ended December 31, 2010 and 2009, respectively.

On various dates during the year ended December 31, 2010, the Company sold certain furniture, equipment and software for \$29.3 million, net of costs and concurrently entered into agreements to lease the property back. The principal and interest on the leases are repayable in equal monthly installments for terms of 36 months (software) and 48 months (furniture and equipment) with maturities through September 2014. The outstanding balance of the leases was \$27.6 million as of December 31, 2010. The Company recorded interest expense of \$0.3 million for the year ended December 31, 2010.

Because assets revert back to the Company at the end of the leases, the transactions were capitalized. As a result, consideration received from the purchaser is included in the accompanying consolidated balance sheet as a financing obligation, and payments made under the lease are being recorded as interest expense (at an effective rate of approximately 6%). Depreciation on these fixed assets will continue to be charged to Occupancy and Equipment in the consolidated statements of operations.

15. Compensation***Restructuring of Compensation Arrangements, Redemptions, and Related Charges***

During March 2010, the Company began a global partnership redemption and compensation restructuring program to enhance the Company's employment arrangements by leveraging the Company's unique partnership structure. Under this program, participating partners generally agree to extend the lengths of their employment agreements, to accept a larger portion of their compensation in limited partnership units and to other contractual modifications sought by the Company. Also as part of this program, the Company redeemed limited partnership interests for cash and/or other units and granted exchangeability to certain limited partnership interests. At the same time, the Company sold shares of Class A common stock under its controlled equity offering (see Note 4 Earnings Per Share). Additionally, during the year ended December 31, 2010, the Company completed a global compensation restructuring related to the modification of pre-merger contractual arrangements which accelerated the amortization of the associated deferred compensation expense.

In connection with the global partnership redemption and compensation restructuring program, the Company granted exchangeability on 6.8 million limited partnership interests for the year ended December 31, 2010. The related compensation expense of approximately \$42.4 million for the year ended December 31, 2010 is included in Compensation and employee benefits in the consolidated statements of operations. As a result of the completion of the modification of pre-merger contractual arrangements, the Company recognized compensation expense of approximately \$41.3 million during the year ended December 31, 2010.

Table of Contents**Restricted Stock Units**

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

	Restricted Stock Units	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (Years)
Balance at December 31, 2007	342,325	\$ 9.79	
Granted	2,957,846	9.76	
Less: Delivered units	959,119	11.56	
Less: Forfeited units	234,536	11.35	
Balance at December 31, 2008	2,106,516	\$ 8.91	1.91
Granted	3,067,869	2.66	
Less: Delivered units	1,273,601	9.07	
Less: Forfeited units	283,271	6.31	
Balance at December 31, 2009	3,617,513	\$ 3.83	1.21
Granted	2,281,327	5.29	
Less: Delivered units	1,178,496	5.17	
Less: Forfeited units	448,915	4.78	
Balance at December 31, 2010	4,271,429	\$ 4.13	0.87

The fair value of RSUs awarded to employees and directors is determined on the date of grant based on the market value of the Company's Class A common stock, and is recognized, net of the effect of estimated forfeitures, ratably over the vesting period. The Company uses historical data, including historical forfeitures and turnover rates, to estimate expected forfeiture rates for both employee and non-employee RSUs. Each RSU is converted into one share of Class A common stock upon completion of the vesting period.

During the years ended December 31, 2010, 2009 and 2008, the Company issued 2,281,327, 3,067,869, and 2,957,846, respectively, of RSUs with aggregate estimated grant date fair values of \$12.1 million, \$8.2 million and \$28.9 million, respectively, to employees and directors. These RSUs were awarded in lieu of cash compensation for salaries, commissions and/or discretionary or guaranteed bonuses.

For RSUs that vested during 2010, 2009 and 2008, the Company withheld shares valued at \$2.2 million, \$1.8 million and \$1.4 million, respectively to pay payroll taxes due at the time of vesting.

RSUs granted to employees and directors have historically vested in a range of one to three years from date of grant. RSUs granted to these individuals during 2010, 2009 and 2008 generally vest over a three-year period, with 33.3% vesting on each of the anniversary dates.

In certain regions, RSUs are issued with a two-year vesting period followed by a mandatory two-year holding period where the employee is prevented from selling their vested shares. For these awards, the company records amortization expense over the initial two-year vesting period. These awards vest 100% upon the second anniversary date.

As of December 31, 2010 and 2009 the aggregate estimated grant date fair value of outstanding RSUs was \$17.6 million and \$13.9 million, respectively.

Compensation expense related to RSUs, before associated income taxes, was approximately \$9.7 million, \$15.2 million and \$6.5 million for the years ended December 31, 2010, 2009, and 2008, respectively.

Table of Contents**Stock Options**

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

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance at December 31, 2007	15,526,899	\$ 14.63		\$
Granted				
Less: Exercised options	145,525	8.07		
Less: Forfeited options	327,869	14.16		
Balance at December 31, 2008	15,053,505	\$ 14.71		\$
Granted				
Less: Exercised options				
Less: Forfeited options	3,381,326	20.83		
Balance at December 31, 2009	11,672,179	\$ 12.92		\$
Granted				
Less: Exercised options	96,610	8.10		
Less: Forfeited options	1,196,029	18.60		
Balance at December 31, 2010	10,379,540	\$ 12.34		\$ 6,626,196
Options exercisable at December 31, 2010	10,379,540	\$ 12.34	3.25	\$ 6,626,196

The Company did not grant any options during the years ended December 31, 2010, 2009 and 2008. During the years ended December 31, 2010, 2009 and 2008, the aggregate intrinsic value of options exercised was \$0.3 million, \$0.0 million and \$0.5 million, respectively, determined as of the date of option exercise. The exercise prices for these options equaled the closing price of the Company's Class A common stock on the date of grant of each option. Cash received from option exercises during 2010 was \$0.5 million.

There was no compensation expense related to stock options before associated income taxes for the years ended December 31, 2010, 2009 and 2008, as all of these options vested in prior years.

The following table provides further details relating to the Company's stock options outstanding at December 31, 2010:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number Exercisable	Weighted Average Exercise Price
\$5.10 \$8.73	2,350,426	\$ 5.50	1.40	2,350,426	\$ 5.50
\$8.74 \$15.40	5,822,440	12.02	4.10	5,822,440	12.02
\$15.41 \$23.10	2,160,824	20.45	3.00	2,160,824	20.45
\$23.11 \$30.80	45,850	24.85	1.50	45,850	24.85
Total	10,379,540	\$ 12.34	3.25	10,379,540	\$ 12.34

Grant Units

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Prior to 2008, Cantor provided awards to certain employees of the Company in the form of grant units. Grant units entitled the employees to participate in quarterly distributions of Cantor's net income and to receive certain post-termination payments. Grant units awarded to employees of the Company in 2005 vested immediately upon receipt by the employee. Grant units awarded to employees of the Company in 2006 and 2007

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generally vested over a four-year period. Grant units are accounted for as liability awards under FASB guidance on share based payments. The liability incurred for such grant units is re-measured at the end of every reporting period. The Company is allocated its share of such expense by Cantor relating to grant units that are held by employees of the Company.

In connection with BGC Partners' separation from Cantor, the unvested portion of the grant units that had been awarded to individuals whose partnership interests were contributed to BGC Holdings were transferred to BGC Holdings on March 31, 2008.

As of December 31, 2010 and 2009, the estimated fair value of the grant units held by the Company's employees was \$2.9 million and \$2.9 million. As of December 31, 2010 and 2009 the notional amount of grant units outstanding was \$5.7 million and \$6.4 million, respectively.

During the years ended December 31, 2010 and 2008, the Company recognized an expense of \$0.1 million and \$0.6 million, respectively, for the changes in estimated fair value of the grants units held by the Company's employees. Non-cash compensation credit for the changes in estimated fair value for the year ended December 31, 2009 was \$0.3 million.

For the year ended December 31, 2010, 2009 and 2008, the Company recorded an expense of \$0.2 million, no expense and \$0.1 million respectively relating to grant unit distributions. Grant unit distributions are included as part of Compensation and employee benefits on the accompanying consolidated statements of operations.

BGC Holdings Limited Partnership Units

The Company provides limited partnership units in BGC Holdings, termed REUs, RPUs, PSUs or PSIs, to certain employees. These partnership units generally entitle the holder to participate in distributions of BGC Holdings' income.

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

	Notional Value	Number of Units
Balance at December 31, 2007		
Granted	\$ 52,177,394	8,065,159
Less: Forfeited units		
Less: Redeemed/Exchanged units		
Balance at December 31, 2008	\$ 52,177,394	8,065,159
Granted	58,006,257	19,266,147
Less: Forfeited units	2,525,171	565,138
Less: Redeemed/Exchanged units		
Balance at December 31, 2009	\$ 107,658,480	26,766,168
Granted	45,926,701	21,899,941
Less: Forfeited units	1,967,569	950,596
Less: Redeemed/Exchanged units	108,744,492	6,864,148
Balance at December 31, 2010	\$ 42,873,120	40,851,365

The number of unvested limited partnership units as of December 31, 2010, 2009 and 2008 was 4,040,861, 17,061,375, and 6,024,339, respectively.

As of December 31, 2010, the number of limited partnership units exchangeable into shares of Class A common stock at the discretion of the unit holder was 0.2 million. As of December 31, 2009, there were no limited partnership units exchangeable into Class A common shares at the discretion of the unit holder.

As of December 31, 2010 and 2009 the aggregate estimated fair value of the limited partnership units held by executives and non-executive employees, awarded in lieu of cash compensation for salaries, commissions

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and/or discretionary or guaranteed bonuses was \$8.7 million and \$17.5 million, respectively. As of December 31, 2010 and 2009, the aggregate notional value of limited partnership units outstanding was \$42.9 million and \$107.7 million, respectively.

Compensation expense related to limited partnership units is recognized over the stated service period. The Company recognized compensation expense, before associated income taxes, related to limited partnership units that were not redeemed of \$4.5 million, \$8.3 million and \$6.5 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Business Partner Warrants

A summary of the activity associated with business partner warrants is as follows (warrants in thousands):

	Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance at December 31, 2007	1,986	\$ 27.04	
Granted			
Less: Exercised warrants			
Less: Forfeited warrants			
Balance at December 31, 2008	1,986	\$ 27.04	
Granted			
Less: Exercised warrants			
Less: Forfeited warrants			
Balance at December 31, 2009	1,986	\$ 27.04	
Granted			
Less: Expired warrants	1,333	35.21	
Less: Forfeited warrants			
Balance at December 31, 2010	653	\$ 10.36	0.63

The Company did not recognize any expense related to the business partner warrants for the years ended December 31, 2010, 2009 and 2008, respectively.

16. Commitments, Contingencies and Guarantees**Operating Leases**

The Company is obligated for minimum rental payments under various non-cancelable operating leases, principally for office space, expiring at various dates through 2021. 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, 2010 minimum lease payments under these arrangements are as follows (in thousands):

	Net Lease Commitment
2011	\$ 20,516
2012	18,560

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2013	17,612
2014	14,941
2015	12,376
2016 and thereafter	32,984
Total	\$ 116,989

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The lease obligations shown above are presented net of payments to be received under a non-cancellable sub-lease. BGC Partners entered into a sub-lease agreement for the leasehold it vacated at One America Square in July 2005. The Company began to receive sub-lease rental payments under this arrangement in 2008. The total amount of sub-lease payments to be received is approximately \$26.0 million 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 2020. 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.

Rent expense for the years ended December 31, 2010, 2009 and 2008 was \$25.6 million, \$24.6 million, and \$23.2 million, respectively. Rent expense is included as part of "Occupancy and equipment" on the accompanying consolidated statements of operations.

The following table summarizes certain of our contractual obligations at December 31, 2010 (in thousands):

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating leases(1)	\$ 116,989	\$ 20,516	\$ 36,172	\$ 27,317	\$ 32,984
Notes payable and collateralized obligations(2)	189,258	15,168	22,512	151,578	
Interest on note payable(2)	59,728	15,168	27,571	16,989	
Total contractual obligations	\$ 365,975	\$ 50,852	\$ 86,255	\$ 195,884	\$ 32,984

- (1) Operating leases are related to rental payments under various non-cancelable leases, principally for office space (Net of sub-lease payments to be received).
- (2) Notes payables and collateralized obligations reflect the issuance of \$150.0 million of convertible notes, \$11.6 million of a secured loan arrangement and \$27.6 million of sale/leaseback transactions. (See Note 14 - Notes Payable and Collateralized Borrowings, for more information regarding this long-term debt, including timing of payments.)

Contingencies

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

Employment and Competitor-Related Litigation

From time to time, the Company and its affiliates are involved in litigation, claims and arbitrations, in the United States and internationally, relating to various employment matters, including with respect to termination of employment, hiring of employees currently or previously employed by competitors, terms and conditions of employment and other matters. In light of the competitive nature of the brokerage industry, litigation, claims and arbitration between competitors regarding employee hiring are not uncommon.

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Other Matters

On February 15, 2006, the SEC issued a formal order of investigation into trading by certain inter-dealer brokers in the government and fixed income securities markets. The formal order alleges that the broker-dealers named therein, including us, (1) may have made fictitious quotations or made false or misleading statements about the prices at which U.S. Treasury or other fixed income securities would be purchased or sold, (2) may have fabricated market quotations or trading activity in U.S. Treasury or other fixed income securities to stimulate trading and to generate commissions, (3) may have engaged in front running or interpositioning, (4) may have engaged in fraudulent, deceptive or manipulative acts to induce the purchase or sale of government securities, (5) may have failed to keep and preserve certain books and records as required by the SEC and/or the U.S. Treasury and (6) may have failed to supervise with a view to preventing violations of applicable rules and regulations as required by the Exchange Act. We are cooperating in the investigation, which has been inactive for over a year. Our management believes that, based on the currently available information, the final outcome of the investigation will not have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

In August 2004, Trading Technologies International, Inc. (TT) commenced an action in the United States District Court, Northern District of Illinois, Eastern Division, against us. In its complaint, TT alleged that we infringed two of its patents. TT later added eSpeed International Ltd., ECCO LLC and ECCO Ware LLC as defendants. On June 20, 2007, the Court granted eSpeed's motion for partial summary judgment on TT's claims of infringement covering the then current versions of certain products. As a result, the remaining products at issue in the case were the versions of the eSpeed and ECCO products that have not been on the market in the U.S. since around the end of 2004. After a trial, a jury rendered a verdict that eSpeed and ECCO willfully infringed. The jury awarded TT damages in the amount of \$3.5 million.

Thereafter, the Court granted eSpeed's motion for directed verdict that eSpeed's infringement was not willful as a matter of law, and denied eSpeed's general motions for directed verdict and for a new trial. eSpeed's remittitur motion was conditionally granted, and TT indicated by letter that it accepted the remittitur, which would reduce the principal amount of the verdict to \$2,539,468. Although ultimately the Court's Final Judgment in a Civil Case contained no provision for monetary damages, TT's motion for pre-judgment interest was granted, and interest was set at the prime rate, compounded monthly. On May 23, 2008, the Court granted TT's motion for a permanent injunction and on June 13, 2008 denied its motion for attorneys' fees. On July 16, 2008, TT's costs were assessed by the Court clerk in the amount of \$3,321,776 against eSpeed. eSpeed filed a motion to strike many of these costs, which a magistrate judge said on October 29, 2010 should be assessed at \$381,831. We have asked the district court to reduce that amount.

Both parties appealed to the United States Court of Appeals for the Federal Circuit, which issued an opinion on February 25, 2010, affirming the District Court on all issues presented on appeal. The mandate of the Court of Appeals was issued on April 28, 2010.

On June 9, 2010, TT filed in the District Court a Motion to Enforce the Money Judgment. We have opposed this motion on the ground that no money judgment was entered prior to the taking of the appeal by TT. A Magistrate Judge concluded there was no money judgment, but on its own initiative recommended the District Court amend the Final Judgment to include damages in the principal amount of \$2,539,468. The issues are being briefed before the District Judge. We may be required to pay TT damages and/or certain costs. We have accrued the amount of the District Court jury's verdict as remitted plus interest and a portion of the preliminarily assessed costs that we believe would cover the amount if any were actually awarded.

On February 3, 2010, TT filed another civil action against the Company in the Northern District of Illinois, alleging infringement of three additional patents, U.S. Patents Nos. 7,533,056, 7,587,357, and 7,613,651, and by later amendment to the complaint No. 7,676,411, by the eSpeedometer product. On June 24, 2010, TT filed a second amended complaint to add certain of our affiliates. The Company moved to dismiss the action on jurisdictional grounds.

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

The parties stipulated to consolidate the FINRA Arbitration with five other related arbitrations (FINRA Case Nos. 09-04807, 09-04842, 09-06377, 10-00139 and 10-01265) two arbitrations previously commenced against Tullett Liberty by certain of its former brokers now employed by BGC Financial, as well as three arbitrations commenced against BGC Financial by brokers who were previously employed by BGC Financial before returning to Tullett Liberty. FINRA did consolidate them. BGC Partners and the employee filed their Statement of Answer and BGC s Statement of Counterclaim. Tullett Liberty responded to BGC s Counterclaim.

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

In response to a BGC motion, Tullett filed its First Amended Complaint (the Amended New Jersey Complaint), which largely repeated the allegations of injury and the claims asserted in the initial complaint. The Amended New Jersey Complaint incorporates the damages sought in the FINRA Arbitration, repeats many of the allegations raised in the FINRA Arbitration and also references hiring of employees of Tullett affiliates by BGC Partners or BGC Partners affiliates overseas, for which Tullett and/or the Tullett Subsidiaries have filed suit outside of the United States, including one currently pending in the High Court in London and another commenced by a Tullett affiliate against seven of our brokers in Hong Kong, on which we may have certain indemnity obligations. In the London action, the High Court found liability for certain of BGC Partners actions, affirmed on appeal, and will hold a damages hearing thereafter. BGC Partners moved to dismiss the Amended New Jersey Complaint, or in the alternative, to stay the action pending the resolution of the FINRA Arbitration. In that motion, BGC Partners argued that Tullett lacked standing to pursue its claims, that the court lacked subject matter jurisdiction and that each of the causes of action in the Amended New Jersey Complaint failed to state a legally sufficient claim. On June 18, 2010, the District Court ordered that the First Amended Complaint be dismissed with prejudice. Tullett has appealed. Oral argument is tentatively scheduled for April 14, 2011. Tullett filed an action in the Supreme Court, New York County against three of BGC s executives involved in the recruitment in the New York metropolitan area. Tullett has agreed to add these claims to the FINRA Arbitration. Tullett and the Company have also agreed to join Tullett s claims against BGC Capital Markets, L.P. to the FINRA Arbitration.

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BGC Partners and its affiliates intend to vigorously defend against and seek appropriate affirmative relief in the FINRA Arbitration and the other actions, and believe that they have substantial defenses to the claims asserted against them in those proceedings, believe that the damages and injunctive relief sought against them in those proceedings are unwarranted and unprecedented, and believe that Tullett Liberty, Tullett and the Tullett Subsidiaries are attempting to use the judicial and industry dispute resolution mechanisms in an effort to shift blame to BGC Partners for their own failures. However, no assurance can be given as to whether Tullett, Tullett Liberty or any of the Tullett Subsidiaries may actually succeed against either BGC Partners or any of its affiliates.

In November, 2010, our affiliates filed three proceedings against Tullett Prebon Information (C.I.) Ltd and certain of its affiliates. In these proceedings, our affiliates seek to recover hundreds of millions of dollars relating to Tullett's theft of BGCantor Market Data's proprietary data. BGCantor Market Data (and two predecessors in interest) seek contractual damages and two of our brokerage affiliates seek disgorgement of profits due to unfair competition.

In addition to the matters discussed above, we are a party to several pending legal proceedings and claims that have arisen during the ordinary course of business. The outcome of such matters cannot be determined with certainty; therefore, we cannot predict what the eventual loss or range of losses related to such matters will be. Management believes that, based on currently available information, the final outcome of such matters will not have a material effect on our financial condition, results of operations or cash flows.

Legal reserves are established in accordance with FASB guidance on *Accounting for Contingencies*, when a material legal liability is both probable and reasonably estimable. Once established, reserves are adjusted when there is more information available or when an event occurs requiring a change. The outcome of such items cannot be determined with certainty; therefore, we cannot predict what the eventual loss related to such matters will be. Our management believes that, based on currently available information,

the final outcome of these current pending matters will not have a material adverse effect on our financial position, 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 we transact, that are used in lieu of margin and deposits with those clearing organizations. As of December 31, 2010, the Company was contingently liable for \$1.6 million under these letters of credit.

Risk and Uncertainties

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

Guarantees

The Company provides guarantees to securities clearing houses and exchanges which meet the definition of a guarantee under FASB interpretations. Under these standard securities clearing house 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 clearing house 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

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collateral. However, the potential of being required to make payments under these arrangements is remote. Accordingly, no contingent liability was recorded in the Company's consolidated statements of financial condition for these agreements.

17. Income Taxes

The provision (benefit) for income taxes consisted of the following (in thousands):

	Year Ended December 31,		
	2010	2009	2008
Current:			
U.S. federal	\$ 1,863	\$ 5,281	\$ 3,831
U.S. state and local	655	906	569
Foreign	10,668	16,403	23,840
UBT	1,289	1,445	2,405
	14,475	24,035	30,645
Deferred:			
U.S. federal	992	(603)	(2,848)
U.S. state and local	252	(94)	(661)
Foreign	(4,411)	313	(7,035)
UBT	235	24	14
Foreign	(2,932)	(360)	(10,530)
Provision (benefit) for income taxes	\$ 11,543	\$ 23,675	\$ 20,115

Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when such differences are expected to reverse.

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,		
	2010	2009	2008
Federal income tax expense/(benefit) at 35% statutory rate	\$ 19,920	\$ 22,571	\$ 3,421
Minority Interest	(2,205)	(1,364)	
Incremental impact of foreign taxes compared to Federal tax rate	(4,338)	639	(1,732)
Adjustment in valuation allowance	(4,853)	(2,746)	(2,803)
Permanent differences	4,217	2,858	2,106
State and local taxes	235	535	(150)
New York City Unincorporated Business Taxes	1,524	1,469	2,419
Deductible merger related legal fees	(1,382)		
Federal/State tax benefit of research and development credit	(126)		(530)
Decrease in unrecognized tax benefit	(1,393)		
Pre-merger losses disallowed			17,311
Other	(56)	(287)	73
Provision (benefit) for income taxes	\$ 11,543	\$ 23,675	\$ 20,115

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Significant components of the Company's deferred tax assets and liabilities consisted of the following (in thousands):

	Year Ended December 31,	
	2010	2009
Deferred tax assets		
Fixed assets	\$ 7,217	\$ 2,905
Non-deductible warrant expense	206	4,866
Basis difference of investments	731	710
Non-employee stock options	479	466
Other deferred and accrued expenses	3,645	5,241
Foreign deferred and accrued expenses	(40)	(40)
Net operating loss and credit carry-forwards	35,984	34,616
Total deferred tax assets	48,222	48,764
Valuation allowance	(21,557)	(25,164)
Net deferred tax assets	26,665	23,600
Deferred tax liability		
Software capitalization	4,239	3,829
Depreciation of fixed assets / Gain on replacements of assets	1,780	1,601
Other	31	30
Total deferred tax liability	6,050	5,459
Net deferred tax asset	\$ 20,615	\$ 18,141

The Company has net operating losses in various jurisdictions that will begin to expire in the year 2011. The Company's U.S. Federal research and development credit carryforward will begin to expire in the year 2022. Net deferred tax assets are included as part of "Other assets" in the accompanying consolidated statements of financial condition.

A reconciliation of the beginning to the ending amount of gross unrecognized tax benefits (excluding interest and penalties) for the year ended December 31, 2010 is as follows (in thousands):

	Amount
Balance, January 1, 2010 (excluding interest and penalties of \$1.7 million)	\$ 4,522
Increases for prior year tax positions	
Decreases for prior year tax positions	
Increases for current year tax positions	
Settlements	
Lapse of statute of limitations	(1,001)
Balance, December 31, 2010 (excluding interest and penalties of \$1.4 million)	\$ 3,521

The amount of unrecognized tax benefits at December 31, 2010 that, if recognized, would favorably affect the effective tax rate is \$3.5 million. Such amount excludes \$1.4 million of interest and penalties accrued in the statement of financial condition, of which (\$.03) million was recognized in the current year.

The Company anticipates that the total amount of unrecognized benefits (excluding penalties and interest) will remain unchanged over the next 12 months.

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Income taxes are accounted for using the asset and liability method, as per FASB guidance, *Accounting for Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective

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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 more likely than not those assets will not be realized. No deferred U.S. federal income taxes have been provided for the undistributed foreign corporate earnings since they have been permanently reinvested in the Company's foreign operations. It is not practical to determine the amount of additional tax that may be payable in the event these earnings are repatriated. Effective January 1, 2007, the Company adopted FASB guidance, *Accounting For Uncertainty in Income Taxes*. It is the Company's policy to provide for uncertain tax positions and the related interest and penalties based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities.

18. Regulatory Requirements

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

Certain U.S. subsidiaries are registered as U.S. broker-dealers or Futures Commissions Merchants subject to Rule 15c3-1 of the SEC and Rule 1.17 of the Commodity Futures Trading Commission, which specify uniform minimum net capital requirements, as defined, for their registrants, and also require a significant part of the registrants' assets be kept in relatively liquid form. As of December 31, 2010, the U.S. subsidiaries had net capital in excess of their minimum capital requirements.

Certain European subsidiaries of the Company are regulated by the FSA and must maintain financial resources (as defined by the FSA) in excess of the total financial resources requirement of the FSA. As of December 31, 2010, the European subsidiaries had financial resources in excess their requirements.

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

The regulatory requirements referred to above may restrict the Company's ability to withdraw capital from its regulated subsidiaries. As of December 31, 2010, \$274.3 million of net assets were held by regulated subsidiaries. These subsidiaries had aggregate regulatory net capital, as defined, in excess of the aggregate regulatory requirements, as defined, of \$155.9 million.

19. Segment and Geographic Information

Segment Information

The Company currently operates its business in one reportable segment, that of providing financial intermediary services to the financial markets, integrated voice and electronic brokerage and trade execution services in a broad range of products and services, including global fixed income securities, equities, futures, foreign exchange, derivatives and other instruments, including proprietary market data offerings.

Table of Contents**Geographic Information**

The Company offers products and services in the North America, South America, Europe, Asia (including Australia) and Middle East and Africa region (defined as the MEA region). Information regarding revenues for the years ended December 31, 2010, 2009 and 2008, respectively, and information regarding long-lived assets (defined as forgivable loans, fixed assets, net of accumulated depreciation, certain other investments, goodwill, other intangible assets, net of accumulated amortization, and rent and other deposits) in geographic areas as of December 31, 2010 and December 31, 2009, respectively, are as follows (in thousands):

	Year Ended December 31,		
	2010	2009	2008
Revenues:			
United Kingdom	\$ 570,058	\$ 508,314	\$ 567,706
United States	372,421	276,674	322,108
France	120,777	170,186	131,638
Asia	200,431	167,230	156,715
Other Europe/MEA	30,028	23,279	46,386
Other Americas	37,397	16,639	4,379
 Total revenues	 \$ 1,331,112	 \$ 1,162,322	 \$ 1,228,932

	As of December 31,	
	2010	2009
Long-lived assets:		
United Kingdom	\$ 151,132	\$ 127,652
United States	169,399	176,763
France	11,706	15,178
Asia	44,229	40,450
Other Europe/MEA	3,509	3,955
Other Americas	21,128	16,899
 Total long-lived assets	 \$ 401,103	 \$ 380,897

20. Supplemental Balance Sheet Information

The components of certain balance sheet accounts are as follows (in thousands):

	As of December 31,	
	2010	2009
Other assets:		
Prepaid expenses	\$ 20,098	\$ 18,387
Net deferred tax asset	20,615	18,141
Rent and other deposits	18,163	18,917
Other	9,829	10,344
 Total other assets	 \$ 68,705	 \$ 65,789

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	As of December 31,	
	2010	2009
Accounts payable, accrued and other liabilities:		
Taxes payable	\$ 111,009	\$ 137,099
Accrued expenses and other liabilities	145,014	119,353
Total accounts payable, accrued and other liabilities	\$ 256,023	\$ 256,452

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21. Subsequent Events

Fourth Quarter Dividend

On February 15, 2011, the Company's Board of Directors declared a quarterly cash dividend of \$0.14 per share payable on March 11, 2011 to Class A and Class B common stockholders of record as of February 25, 2011.

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, summarized, accumulated and communicated to its management, including its Chairman and Chief Executive Officer and its Chief Financial Officer, to allow timely decisions regarding required disclosure, 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, 2010. Based on that evaluation, the Chairman and Chief Executive Officer and the Chief Financial Officer concluded that BGC Partners' disclosure controls and procedures were effective as of December 31, 2010.

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, Chief Executive Officer, and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2010 based on the guidelines established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our internal control over financial reporting includes policies and procedures that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

Based on the results of our 2010 evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2010. We reviewed the results of management's assessment with our Audit Committee.

The effectiveness of our internal control over financial reporting as of December 31, 2010 has been audited by Ernst & Young, an independent registered public accounting firm, as stated in their report which is included in this Annual Report on Form 10-K. Such report expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2010.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during 2010, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

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The following table provides information as of March 4, 2011 regarding our directors and executive officers.

Name	Age	Title
Howard W. Lutnick	49	Chairman of the Board, Chief Executive Officer
Shaun D. Lynn	48	President
Stephen M. Merkel	52	Executive Vice President, General Counsel and Secretary
Anthony Graham Sadler	54	Chief Financial Officer
Sean A. Windeatt	37	Chief Operating Officer
Stephen T. Curwood	63	Director(1)(2)
John H. Dalton	69	Director(1)(2)
Barry R. Sloane	56	Director(1)(2)
Albert M. Weis	84	Director(1)(2)

(1) Non-employee director

(2) Member of the Audit and Compensation Committees

Each director shall serve until our next annual meeting of stockholders and each executive officer shall serve at the pleasure of our Board of Directors.

Howard W. Lutnick. Mr. Lutnick is the Chairman of our Board of Directors, a position in which he has served from June 1999 to the present. He served as Chief Executive Officer from June 1999 to April 1, 2008. He served as Co-Chief Executive Officer from April 1, 2008 until December 19, 2008, after which time he again served as sole Chief Executive Officer. Mr. Lutnick was our President from September 2001 to May 2004 and became our President again from January 2007 to April 1, 2008. Mr. Lutnick joined Cantor Fitzgerald, L.P. (Cantor) in 1983 and has served as President and Chief Executive Officer of Cantor since 1992 and as Chairman since 1996. Mr. Lutnick's company, CF Group Management, Inc., is the managing general partner of Cantor. Mr. Lutnick is a member of the Board of Managers of Haverford College, the Board of Directors of the Fisher Center for Alzheimer's Research Foundation at Rockefeller University, the Executive Committee of the USS Intrepid Museum Foundation's Board of Trustees, a member of the Board of Directors of the Solomon Guggenheim Museum Foundation, a member of the Board of Directors of the Horace Mann School and a member of the Board of Directors of the National September 11 Memorial & Museum. In addition, Mr. Lutnick is on the supervisory board of the Electronic Liquidity Exchange, a fully electronic futures exchange.

Shaun D. Lynn. Mr. Lynn has been our President since April 2008. Until that time, Mr. Lynn had been President of BGC Partners, L.P. since 2004 and served as Executive Managing Director of Cantor from 2002 to 2004. Mr. Lynn also served as Senior Managing Director of European Government Bonds and Managing Director of Fixed Income from 1999 to 2002. From 1989 to 1999, Mr. Lynn held various business management positions at Cantor and its affiliates. Prior to joining Cantor in 1989, Mr. Lynn served as a Desk Head for Fundamental Brokers International in 1989 and was Associate Director for Purcell Graham from 1983 to 1989. Mr. Lynn is on the supervisory board of the Electronic Liquidity Exchange.

Stephen M. Merkel. Mr. Merkel has been our Executive Vice President, General Counsel and Secretary since September 2001 and was our Senior Vice President, General Counsel and Secretary from June 1999 to September 2001. Mr. Merkel served as a director of our Company from September 2001 until October 2004. Mr. Merkel has been Executive Managing Director, General Counsel and Secretary of Cantor since December 2000 and was Senior Vice President, General Counsel and Secretary of Cantor from May 1993 to December 2000. Prior to joining Cantor, Mr. Merkel was Vice President and Assistant General Counsel of Goldman

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Sachs & Co. from February 1990 to May 1993. From September 1985 to January 1990, Mr. Merkel was an associate with the law firm of Paul, Weiss, Rifkind, Wharton & Garrison. Mr. Merkel is on the supervisory board of the Electronic Liquidity Exchange.

Anthony Graham Sadler. Mr. Sadler has been our Chief Financial Officer since April 2009. Until that time, Mr. Sadler had been the Chief Financial Officer for Europe and Asia for both BGC Partners, Inc. and Cantor. From 1997 to 2008, Mr. Sadler held various positions in Bear Stearns, most recently serving as Chief Financial Officer and Chief Operating Officer of Bear Stearns-Europe from 2005 to 2008 and was a member of the European Executive Committee. Prior to that time, from 1983 to 1997, he was employed at Barclays Capital (and its predecessor de Zoete & Bevan) in a variety of finance positions, including two years as Director of Global Finance and two years as Divisional Director of the Markets Division. Mr. Sadler also trained with Peat Marwick Mitchell (now KPMG) in public accounting.

Sean A. Windeatt. Mr. Windeatt has been our Chief Operating Officer since January 2009. Mr. Windeatt has been Executive Managing Director and Vice President of BGC Partners since 2007 and served as a Director of Cantor Fitzgerald International from 2004 to 2007. Mr. Windeatt also served as a Business Manager and member of the finance department of Cantor Fitzgerald International from 1997 to 2003.

Stephen T. Curwood. Mr. Curwood has been a director of our company since December 2009. Mr. Curwood has been President of the World Media Foundation, Inc., a non-profit media production company, since 1992 and Senior Managing Director of SENCAP LLC, a New York and New Hampshire-based investment group, since 2005. Mr. Curwood has been a principal of Mamawood Pty Ltd., a media holding company based in Johannesburg, with investments in South Africa, since 2005. Mr. Curwood has also been a member of the Board of Managers of Haverford College since 2001, serving on the Investment Committee since 2003 and as chair of the Committee on Social Investment Responsibility since 2008. From 1996 to 2003, Mr. Curwood was a lecturer in Environmental Science and Public Policy at Harvard University. Mr. Curwood had been a trustee of Pax World Funds, a \$2.5 billion group of investment funds focused on sustainable and socially responsible investments based in Portsmouth, New Hampshire, from 2007 until 2009. Mr. Curwood graduated from Harvard University in 1969. Mr. Curwood shared the Pulitzer Prize for Public Service as a writer for the *Boston Globe* in 1975, and is the recipient of numerous awards for the creation and hosting of the National Public Radio and Public Radio International program *Living on Earth*, including the Edward R. Murrow Award from the Radio and Television Directors Association, the David A. Brower Award of the Sierra Club, and the Global Green Award for Media Design from former Soviet Union President Mikhail Gorbachev.

John H. Dalton. Mr. Dalton has been a director of our company since February 2002. In January 2005, Mr. Dalton became the President of the Housing Policy Council of the Financial Services Roundtable, a trade association composed of large financial services companies. Mr. Dalton was President of IPG Photonics Corp., a company that designs, develops and manufactures a range of advanced amplifiers and lasers for the telecom and industrial markets, from September 2000 to December 2004. Mr. Dalton served as Secretary of the United States Navy from July 1993 to November 1998. He also serves on the Board of Directors of IPG Photonics Corp., Washington FirstBank, and Fresh Del Monte Produce, Inc., a producer and marketer of fresh produce.

Barry R. Sloane. Mr. Sloane has been a director of our company since September 2006. Mr. Sloane has been President and Chief Executive Officer of Century Bancorp, Inc. and Century Bank since May 2010. Previously he was Co-President and Co-Chief Executive Officer of Century Bancorp, Inc. since April 2006, and Co-President and Co-Chief Executive Officer of Century Bank since April 2005. Mr. Sloane is a Trustee and Treasurer of the Fisher Center for Alzheimer's Research Foundation at Rockefeller University, a Trustee of Beth Israel Deaconess Medical Center, a Trustee of the Savings Bank Employees Retirement Association and a Trustee of the Wheeler School.

Albert M. Weis. Mr. Weis has been a director of our company since October 2002. Mr. Weis has been President of A.M. Weis & Co., Inc., a money management company, since 1976. Mr. Weis was Chairman of the New York Cotton Exchange from 1997 to 1998, 1981 to 1983 and 1977 to 1978. From 1998 to 2000,

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Mr. Weis was Chairman of the New York Board of Trade. From 1996 to 1999, Mr. Weis was a director and chairman of the Audit Committee of Synetic Inc., a company that designs and manufactures data storage products, and, from 1999 to 2001, he was a director and chairman of the Audit Committee of Medical Manager Corporation (successor to Synetic Inc.).

Meetings and Committees of our Board of Directors

Our Board of Directors held 10 meetings during the year ended December 31, 2010. In addition to meetings, our Board and its committees reviewed and acted upon matters by unanimous written consent from time to time.

Our Board of Directors has an Audit Committee. The members of the Audit Committee are currently Messrs. Curwood, Dalton, Sloane and Weis, all of whom qualify as independent in accordance with the published listing requirements of NASDAQ. The members of the Audit Committee also each qualify as independent under special standards established by the SEC for members of audit committees, and the Audit Committee includes at least one member who is determined by our Board to also meet the qualifications of an audit committee financial expert in accordance with the SEC rules. Messrs. Weis and Sloane are independent directors who have been determined to be audit committee financial experts. The Audit Committee operates pursuant to an Audit Committee Charter which is available at www.bgcpartners.com/legal/disclaimers/ or upon written request from BGC Partners free of charge.

The Audit Committee selects our independent registered public accounting firm (our Auditors), consults with our Auditors and with management with regard to the adequacy of our financial reporting, internal control over financial reporting and the audit process and considers any permitted non-audit services to be performed by our Auditors. The Audit Committee held 13 meetings during the year ended December 31, 2010.

During 2010, our Audit Committee engaged Ernst & Young, LLP (Ernst & Young) to be our Auditors for the year ending December 31, 2010. Ernst & Young was also approved to perform reviews, pursuant to Statement of Accounting Standards No. 71, of each of our quarterly financial reports for the year ending December 31, 2010, and certain other audit-related services such as accounting consultations. Pursuant to our Audit Committee Charter, the Audit Committee will pre-approve all audit services, internal control-related services and permitted non-audit services (including the fees and other terms thereof) to be performed for us by Ernst & Young, subject to the minimum exception for permitted non-audit services that are approved by the Audit Committee prior to completion of the audit.

Our Board of Directors also has a Compensation Committee. The members of the Compensation Committee are currently Messrs. Curwood, Dalton, Sloane and Weis, all of whom are non-employee directors. The Compensation Committee is responsible for reviewing and approving all compensation arrangements for our executive officers and for administering the BGC Holdings, L.P. Participation Plan (the Participation Plan), our Second Amended and Restated BGC Partners, Inc. Long Term Incentive Plan (the Equity Plan) and our Amended and Restated BGC Partners, Inc. Incentive Bonus Compensation Plan (the Incentive Plan). BGC Partners does not have a Compensation Committee charter. The Compensation Committee held 8 meetings during the year ended December 31, 2010.

During 2010, no director attended fewer than 75% of the total number of meetings of the Board of Directors and the committees of which he or she was a member.

Nominating Process

Our Board of Directors does not have a separate nominating committee or committee performing similar functions and does not have a nominating committee charter. As a result, all directors participate in the consideration of director nominees that are recommended for selection by a majority of the independent directors as defined by the published listing requirements of NASDAQ. The Board believes that such participation of all

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directors is appropriate given the size of the Board and the level of participation of our independent directors in the nomination process. The Board will also consider qualified director candidates identified by a member of senior management or by a stockholder. However, it is our general policy to re-nominate qualified incumbent directors and, absent special circumstances, the Board will not consider other candidates when a qualified incumbent consents to stand for re-election. A stockholder wishing to submit a recommendation for a director candidate should follow the instructions set forth under the section below entitled Communications with Our Board of Directors.

The Board of Directors considers the following minimum criteria when reviewing a director nominee: (1) director candidates must have the highest character and integrity, (2) director candidates must be free of any conflict of interest which would violate applicable laws or regulations or interfere with the proper performance of the responsibilities of a director, (3) director candidates must possess substantial and significant experience which would be of particular importance in the performance of the duties of a director, (4) director candidates must have sufficient time available to devote to our affairs in order to carry out the responsibilities of a director, and (5) director candidates must have the capacity and desire to represent the best interests of our stockholders. In addition, the Board considers as one factor among many the diversity of Board candidates, which may include diversity of skills and experience as well as geographic, gender, age, and ethnic diversity. The Board does not, however, have a formal policy with regard to the consideration of diversity in identifying Board candidates. The Board screens candidates, does reference checks and conducts interviews, as appropriate. The Board does not evaluate nominees for director any differently because the nominee is or is not recommended by a stockholder.

With respect to qualifications of the members of the Board, the Board generally values the broad business experience and independent business judgment in the financial services or in other fields of each member. Specifically, with respect to Mr. Weis, the Board relies on his experiences as former chairman of commodities exchanges and his status as an audit committee expert. Mr. Sloane is qualified for the Board based on his experience as an executive of a publicly-traded bank. Mr. Dalton is qualified as a result of his long-time government and business experience. Mr. Curwood's qualifications include his international business and financial experience.

The Board has determined that in light of Mr. Lutnick's control of the vote of our company through his ownership interest in Cantor, having a separate Chairman and CEO is not efficient or appropriate for our company. Additionally, the Board of Directors does not have a lead independent director.

We believe that BGC Partners and its stockholders are best served by having Mr. Lutnick, our Chief Executive Officer, serve as Chairman of the Board of Directors. Mr. Lutnick's combined role as Chairman and Chief Executive Officer promotes unified leadership and direction for the Board and executive management and it allows for a single, clear focus for the chain of command to execute our strategic initiatives and business plans. Our strong and independent Board of Directors effectively oversees our management and provides vigorous oversight of our business and affairs and any proposed related party transactions. The Board of Directors is composed of independent, active and effective directors. Four of our five directors meet the independence requirements of the NASDAQ, the SEC and the Board's standards for determining director independence. Mr. Lutnick is the only member of executive management who is also a director. Requiring that the Chairman of the Board be an independent director is not necessary to ensure that our Board provides independent and effective oversight of our business and affairs. Such oversight is maintained at BGC Partners through the composition of our Board, the strong leadership of our independent directors and Board committees, and our highly effective corporate governance structures and processes already in place.

Executive Sessions

In order to comply with NASDAQ rules, the Board of Directors has resolved that it will continue to schedule at least two meetings a year in which the independent directors will meet without the directors who are executive officers of the Company.

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Annual Meetings

The Board of Directors has not adopted any specific policy with respect to the attendance of directors at annual meetings of stockholders of the Company. At the 2010 annual meeting of stockholders, held on December 13, 2010, all of the Company's directors were in attendance.

Communications with Our Board of Directors

Stockholders may contact any member of the Board of Directors, including to recommend a candidate for director, by addressing their correspondence to the director, c/o BGC Partners, Inc., 499 Park Avenue, New York, NY 10022, Attention: Secretary. The Secretary will forward all such correspondence to the named director.

Section 16(a) Beneficial Ownership Reporting Compliance

Under the securities laws of the United States, our directors, executive officers and any person holding more than 10% of our Class A common stock are required to file initial forms of ownership of our Class A common stock and reports of changes in that ownership with the SEC. Based solely on our review of the copies of such forms received by us with respect to 2010, to the best of our knowledge, all reports were filed on a timely basis.

Code of Ethics and Whistleblower Procedures

The BGC Partners Code of Business Conduct and Ethics (the "Code of Ethics") is a code of ethics that applies to members of our Board of Directors, Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer, Controller, other executive officers and our other employees. The Code of Ethics is publicly available on our website at www.bgcpartners.com/legal/disclaimers/ under the heading "Investor Info." If we make any substantive amendments to the Code of Ethics or grant any waiver, including any implicit waiver, from a provision of the Code of Ethics to our directors or executive officers, we will disclose the nature of such amendment or waiver on our website or in a Current Report on Form 8-K.

In accordance with the requirements of the Sarbanes-Oxley Act, the Audit Committee has established procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters, and for the confidential, anonymous reporting of employee concerns regarding questionable accounting or auditing matters. The General Counsel and the Chairman of the Audit Committee will direct the investigation of any such complaints in accordance with the procedures.

The Board's Role in Risk Oversight

Risk is an integral part of the Board and Committee deliberations throughout the year. The Audit Committee oversees the management of our enterprise risk management program, and the Audit Committee annually reviews an assessment prepared by management of the critical risks facing us, their relative magnitude and management's actions to mitigate these risks.

Management implemented an enterprise risk management program to enhance our existing processes through an integrated effort to identify, evaluate and manage risks that may affect our ability to execute our corporate strategy and fulfill our business objectives. The activities of the enterprise risk management program entail the identification, prioritization and assessment of a broad range of risks (e.g., strategic, operational, financial, legal/regulatory and reputational) and the formulation of plans to mitigate their effects.

Non-executive brokers are compensated based upon production, which may involve committing to certain transactions. These transactions may expose the Company to risks by individual brokers, who are motivated to increase production. While we have in place management oversight and risk management policies, there is an inevitable conflict of interest between our compensation structure and certain trading risks on a portion of our transactions.

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ITEM 11. EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy

Our executive compensation program, which is under the direction and control of our Compensation Committee, is designed to integrate compensation with the achievement of our short-term and long-term business objectives and to assist us in attracting, motivating and retaining the highest quality executive officers and rewarding them for superior performance. Different programs are geared to short-term and longer-term performance with the goal of increasing stockholder value over the long term.

We believe that the compensation of our executive officers should reflect their success in attaining key corporate operating objectives, such as growth or maintenance of market position, success in attracting and retaining qualified brokers, increasing or maintaining revenues and/or profitability, developing new products and marketplaces, completing and integrating acquisitions, meeting established goals for operating earnings and earnings per share and maintaining and developing customer relationships and long-term competitive advantage. We also believe that executive compensation should reflect achievement of individual managerial objectives established for specific executive officers at the beginning of the fiscal year as well as reflect specific achievements by such individuals over the course of the year, such as development of specific products or customer relationships or executing or integrating specific acquisitions and strategic arrangements. We believe that the performance of the executives in managing our Company, considered in light of general economic and specific Company, industry and competitive conditions, should be the basis for determining their overall compensation.

We also believe that the compensation of our executive officers should not generally be based on the short-term performance of our Class A common stock, whether favorable or unfavorable, but rather that the price of our stock will, in the long term, reflect our operating performance and, ultimately, the management of our Company by our executives. We believe that the long-term performance of our stock is reflected in executive compensation through our stock options, RSUs, limited partnership units and other equity and partnership awards.

On April 1, 2008, BGC Partners, LLC (referred to as BGC Partners OldCo) and eSpeed, Inc. merged. We sometimes refer to the Company after its merger with eSpeed as the Combined Company. Prior to the merger, compensation for the executive officers of eSpeed was determined by the Compensation Committee of eSpeed. Elements of compensation for the executive officers of the Combined Company who were executive officers of BGC Partners Oldco, but not also executive officers of eSpeed, were determined by Cantor and its affiliates. For individuals who were executive officers of both eSpeed and BGC Partners Oldco, the portion of such executive officer s compensation paid by eSpeed was determined by eSpeed s Compensation Committee and the portion of such executive officer s compensation paid by BGC Partners OldCo was determined by Cantor and its affiliates. In some cases, executive compensation was paid at one rate by BGC OldCo and reduced to a rate established by the Special Committee effective as of the closing of the merger. This compensation structure was effective for 2008, but all executive compensation beginning in 2009 was determined by the Compensation Committee of the Combined Company. The Compensation Committee is aware that certain of our executive officers, including Mr. Lutnick, also receive compensation from our affiliates, including Cantor, but it generally does not specifically review the nature or amount of such compensation.

Our Board of Directors (and the Compensation Committee) determined that Messrs. Lutnick, Lynn, Merkel, Sadler and Windeatt were our executive officers for 2010.

Overview of Compensation and Processes

Executive compensation is composed of the following principal components: (i) a base salary, which is designed to attract talented executive officers and contribute to motivating, retaining and rewarding individual performance; (ii) an incentive award under our Incentive Plan, which is intended to tie financial reward to the

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achievement of our short-term performance objectives; and (iii) a long-term incentive program under our Second Amended and Restated Long Term Incentive Plan (referred to as our Equity Plan) and the BGC Holdings Participation Plan, including options, RSUs, limited partnership units and other equity and partnership awards, which is designed to promote the achievement of long-term performance goals and to align the long-term interests of our executive officers with those of our stockholders. Each of these components of our executive compensation program is discussed below.

From time to time, we may restructure the existing compensation of our executive officers, as we did in March 2010 in the cases of Messrs. Lynn and Windeatt, and in December 2010, in the case of Messrs. Merkel and Sadler. These restructurings may include the redemption of outstanding limited partnership interests for cash and/or other units, as well as the grant of exchange rights for certain outstanding non-exchangeable interests. We may also adopt various policies related to such restructurings, including the grant of exchange rights in connection with a given executive officer's non-exchangeable partnership units, as we did in December 2010 in the case of Mr. Lutnick. Our restructurings and policies to date have been intended to ensure that our executive compensation program in the future relies more heavily on PSUs, PSIs and similar units, and to enable our executive officers to monetize or otherwise acquire liquidity with respect to some or all of their outstanding non-exchangeable partnership units.

From time to time, we have also used employment agreements, including some with specified target or guaranteed bonus components, and discretionary bonuses to attract and retain talented executives, and we currently have employment agreements with our President, Mr. Lynn, our Chief Operating Officer, Mr. Windeatt, and our Chief Financial Officer, Mr. Sadler. Executive officers also receive health and dental insurance, life insurance, and disability coverage consistent with that offered to our other employees in the office in which such executive officer is primarily located.

Our Compensation Committee reviews and recommends to our Board of Directors that it approves the salaries, bonuses and other compensation of our executive officers. In addition, the Committee approves grants to executive officers and otherwise administers our Incentive Plan and Equity Plan and the Participation Plan.

From time to time, our Compensation Committee has engaged a compensation consultant in connection with its compensation decisions. In 2010, James F. Reda & Associates, LLC advised the Committee. The Committee retained the consultant to provide surveys and other information with respect to pay practices and compensation levels at our peer group and other companies, and the Committee discussed with the consultant the base salary amounts, bonuses and equity and partnership awards for our executive officers for 2010. The Committee does not attempt to benchmark our executive compensation against any level, range, or percentile of compensation paid at any other companies, does not apply any specific measures of internal or external pay equity in reaching its conclusions, and does not employ tally sheets, wealth accumulation, or similar tools in its analysis.

We choose to pay each element of compensation in order to attract and retain the necessary executive talent, reward annual performance and provide incentives for our executive officers to focus on long-term strategic goals as well as short-term performance. In determining the nature and amount of each element of our executive compensation program, our Compensation Committee considers a number of factors to determine the salary, bonus and other compensation to pay each executive officer, including performance in light of individual and corporate objectives. Individual objectives include performance of general management responsibilities; maintenance and development of customer relationships and satisfaction; managing acquisitions and strategic relationships; application of individual skills in support of short-term and long-term achievement of our objectives; and overall management leadership. In addition, corporate operating objectives are considered in determining compensation policies, including achievement of revenues and profitability goals; improvement in market position or other financial results or metrics reported by us; strategic business criteria, including goals relating to acquisitions; stock price; and other matters, including the executive officer's role in the assessment and management of risk.

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Our policy for allocating between currently paid and long-term compensation is to ensure adequate base compensation to attract and retain talented executive officers, while providing incentives to maximize long-term value for our Company and its stockholders. Likewise, we provide cash compensation in the form of base salary to meet competitive salary norms and reward superior performance on an annual basis and in the form of bonuses for achievement of specific short-term goals or in the discretion of the Compensation Committee. We provide equity and partnership awards to reward superior performance against specific objectives and long-term strategic goals and to assist in retaining executive officers and aligning their interests with those of our Company and its stockholders.

Base salaries for the following year are generally set for our executive officers at the year-end meetings of our Compensation Committee or in the early part of the applicable year. At these meetings, the Committee also approves the incentive bonuses under our Incentive Plan and any discretionary bonuses for executive officers and grants RSUs, limited partnership units or other equity or partnership awards under our Equity Plan and the Participation Plan to our executive officers. At the year-end Compensation Committee meetings, our Chairman and Chief Executive Officer, Mr. Lutnick, makes compensation recommendations to the Committee with respect to the other executive officers. Such executive officers are not present at the time of these deliberations. Mr. Lutnick also makes recommendations with respect to his own compensation as Chief Executive Officer. The Committee deliberates on compensation decisions with respect to all executive officers other than Mr. Lutnick in the presence of Mr. Lutnick, and separately in executive session with the compensation consultant engaged by the Committee as to all executive officers, including Mr. Lutnick. The Committee may accept or adjust Mr. Lutnick's recommendations and makes the sole determination of the compensation of all of our executive officers.

During the first quarter of each fiscal year, it has been the practice of our Compensation Committee to establish annual incentive performance goals for executive officers under the Incentive Plan, although the practice of the Committee has been to retain negative discretion to reduce or withhold any bonuses earned at the end of the year. All executive officers in office at that time are eligible to participate in the Incentive Plan.

We provide long-term incentives to our executive officers through the grant of RSUs and other equity grants under our Equity Plan and limited partnership units and other partnership awards under the Participation Plan. In addition, executive officers may receive a portion of their Incentive Plan bonuses in equity or partnership awards, rather than cash. To date, grants under our Equity Plan and the Participation Plan that have vesting provisions have had time-based, rather than performance-based, vesting schedules, although both plans are flexible enough to provide for performance-based awards and we may grant such awards in the future.

In designing and implementing our executive compensation program, our Compensation Committee considers our Company's operating and financial objectives, including our risk profile, and the effect that its executive compensation decisions will have on encouraging our executive officers to take an appropriate level of business risk consistent with our overall goal of enhancing long-term stockholder value. In particular, the Committee considers those business risks identified in our risk factors and the known trends and uncertainties identified in our management discussion and analysis, and considers how our executive compensation program serves to achieve our operating and financial objectives while at the same time mitigating any incentives for our executive officers to engage in excessive risk-taking to achieve short-term results that may not be sustainable in the long term.

In attempting to strike this balance, our Compensation Committee seeks to provide our executive officers with an appropriately diversified mix of fixed and variable cash and non-cash compensation opportunities, time-based and performance-based awards, and annual and long-term incentives. In particular, our performance-based bonuses under our Incentive Plan have focused on a mix of Company-wide and product-specific operating and financial metrics, in some cases based upon our absolute performance and in other cases based upon our performance relative to our peer group. In addition, our Incentive Plan award opportunities provide for the exercise of considerable negative discretion by the Committee to reduce, but not increase, amounts granted to our

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executive officers under the Plan, and to take individual as well as corporate performance into account in exercising that discretion. Further, the Committee retains the discretion to pay out any amounts finally awarded under the Plan in equity or partnership awards, including RSUs and limited partnership units, rather than cash, and to include restrictions on vesting and resale in any such equity or partnership awards.

In recent years, our Compensation Committee has eliminated the grant of options, limited the grant of RSUs and emphasized instead partnership unit awards, most recently PSUs, for our executive officers. In the Committee's current view, PSUs provide the most appropriate long-term incentives to our executives.

After the merger in 2008, our Compensation Committee made considerable use of REUs granted under the Participation Plan as a tax-efficient, strongly retentive, and risk-appropriate means to align the interests of our executive officers with those of our long-term stockholders. REUs are non-transferable partnership interests in our BGC Holdings subsidiary, entitling the holder to quarterly distributions of our distributable earnings, with a post-termination payment amount equal to the value of one share of our Class A common stock on the date of grant. The post-termination payment amount of REUs has typically been subject to a three-year vesting schedule, and the holder is not entitled to the post-termination payment amount with respect to vested REUs until after he or she terminates as an employee. Even then, the post-termination amount is typically paid out over a four-year period, during which the payments are subject to forfeiture for the violation of non-competition, non-solicitation, confidentiality and other partnership covenants set forth in the BGC Holdings partnership agreement and in the award itself. The Committee, with the consent of Cantor, also has the discretion to cause the REUs to become exchangeable, on a one-to-one basis (subject to adjustment), through the grant of exchange rights for shares of our Class A common stock, which may be subject to further restriction on resale.

In 2010, we introduced PSUs, which are similar to REUs, including with respect to potential grants of exchange rights, except that they do not have a post-termination payment amount. Since PSUs do not have a post-termination payment amount, they generally do not have a vesting schedule.

Our executive officers have much of their personal net worth in our shares, stock options, RSUs and limited partnership units. Messrs. Lynn and Windeatt hold founding partner units in BGC Holdings and Messrs. Lutnick and Merkel hold additional partnership interests in our parent Cantor, which, through ownership of both shares of our Class A and Class B common stock and exchangeable partnership interests in BGC Holdings, owns a 39.6% economic interest in our Company's operations. While we do not have a general compensation recovery or clawback policy, and do not require our executive officers to meet general share ownership or hold-through-retirement requirements, our Compensation Committee believes that our mix of compensation elements, the design features of our Incentive Plan, and our substantial use of REUs and PSUs described above help to ensure that our executive officers focus on the long-term best interests of our Company and its stockholders, with appropriate incentives to avoid taking excessive risks in pursuit of unsustainable short-term results.

In determining the allocation between current and long-term compensation for a given executive officer, our Compensation Committee may also take into consideration tax and other rules in the jurisdiction where such executive officer resides. This is of particular importance with respect to our executive officers who reside overseas, and both our Equity Plan and the Participation Plan are flexible enough to provide for the creation of sub-plans to address specific country situations.

We generally intend that compensation paid to our Chief Executive Officer and our other executive officers not be subject to the limitation on tax deductibility under Section 162(m) of the U.S. Internal Revenue Code of 1986, which we refer to as the Code, so long as this can be achieved in a manner consistent with our Compensation Committee's other objectives. Subject to certain exceptions, Section 162(m) eliminates a corporation's tax deduction in a given year for payments to certain executive officers in excess of \$1 million, unless the payments are qualified performance-based compensation as defined in Section 162(m). We periodically review the potential consequences of Section 162(m) and may structure the performance-based portion of our executive compensation to comply with certain performance-based exemptions in Section 162(m).

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However, the Compensation Committee retains negative discretion to reduce or withhold performance-based compensation to our executive officers and also reserves the right to use its judgment to authorize compensation payments that do not comply with the exemptions in Section 162(m) when it believes that such payments are appropriate, after taking into consideration changing business conditions or the executive officer's individual performance.

Our management and our Compensation Committee recognize that we are subject to certain FASB guidance on share-based awards and other accounting charges with respect to the compensation of our executive officers and other employees. However, our management and the Committee do not believe that these accounting charges should not necessarily determine the appropriate types and levels of compensation to be made available. Where material to the Committee's decisions, these accounting charges will be described in our compensation discussion and analysis, compensation tables and related narratives.

Our Compensation Committee may grant equity and partnership awards to our executive officers in a variety of ways under our Equity Plan and the Participation Plan, including equity grants under our Equity Plan and equity and non-equity grants in the form of partnership unit awards under the Participation Plan. Grants of such awards may have different accounting treatment and may be reported differently in the compensation tables and related narratives depending upon the type of award granted and how and when it is granted.

Base Salary

We believe that the retention of our existing executive officers who have developed the skills and expertise required to successfully lead our organization is vital to our competitive strength. We further believe that attracting other key employees who can supplement the efforts of our existing executives is absolutely critical.

To this end, it is our policy to generally establish base pay at levels comparable to our peer group and other companies which employ similarly skilled personnel, including Compagnie Financiere Tradition, GFI Group Inc., ICAP plc and Tullett Prebon plc. While we determine these levels by reviewing publicly available information with respect to our peer group of companies and others, we have not traditionally engaged in benchmarking. Our executive officers receive base salaries intended to reflect their skills, expertise and responsibilities. Subject to any applicable employment agreements, base salaries and subsequent adjustments, if any, will be reviewed and approved by our Compensation Committee annually, based on a variety of factors, which may include, from time to time, a review of relevant salaries of executives at our peer group of companies and others and each executive officer's individual performance for the prior year, including each executive officer's experience and responsibilities.

Base Salaries for 2010

Base salary rates for 2010 were established in December 2009 by our Compensation Committee and were continued at \$1,000,000 each for Messrs. Lutnick, Lynn and Merkel. The base salary rates for 2010 for each of Messrs. Windeatt and Sadler were increased to £275,000 (\$444,084 as of January 1, 2010) in order to reflect their additional responsibilities and value to the Company.

In 2010, Mr. Lutnick and Mr. Merkel spent approximately 50% of their time on Company matters, although these percentages have varied depending upon business developments at the Company or Cantor or any of their affiliates. Messrs. Lynn and Windeatt each spent 100% of their time on Company matters. Mr. Sadler spent approximately 75% of his time on Company matters. A portion of Mr. Sadler's compensation was charged out to other entities that he supports.

Base Salaries for 2011

In setting base salary rates for 2011, the Compensation Committee considered the qualifications, experience and responsibilities of our executive officers. Base salary rates for 2011 were established in December 2010 by the Committee and were continued at \$1,000,000 each for Messrs. Lutnick, Lynn and Merkel and continued at

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£275,000 (\$444,084 as of January 1, 2011) for Mr. Sadler. The base salary rate for Mr. Windeatt was increased to £325,000 (\$515,385 as of January 1, 2011) in part to reflect the elimination for 2011 of the car allowance, car insurance allowance, and apartment payments which Mr. Windeatt had previously received.

We currently expect that, in 2011, Mr. Lutnick and Mr. Merkel will each spend approximately 50% of their time on Company matters, although these percentages will continue to vary depending upon business developments at the Company or Cantor or any of their affiliates. Messrs. Lynn and Windeatt are each expected to spend nearly 100% of their time on Company matters. Mr. Sadler is expected to spend 75% of his time on Company matters. A portion of Mr. Sadler's compensation will be charged out to other entities that he supports.

Bonus Compensation

We believe that compensation should vary with corporate and individual performance and that a significant portion of compensation should continue to be linked to the achievement of business goals. Our Incentive Plan provides a means for the payment of Section 162(m) qualified performance-based compensation in the form of bonuses to our executive officers while preserving our tax deduction.

Each year, our Compensation Committee specifies the applicable performance criteria and targets to be used under the Incentive Plan for each performance period. These performance criteria, which may vary from participant to participant, will be determined by the Committee and may be based upon one or more of the following financial performance measures:

pre-tax or after-tax net income;

pre-tax or after-tax operating income;

gross revenues;

profit margin;

stock price;

cash flows;

market share;

pre-tax or after-tax earnings per share;

pre-tax or after-tax operating earnings per share;

expenses;

return on equity; or

strategic business criteria, consisting of one or more objectives based upon meeting specific revenue, market penetration, or geographic business expansion goals, cost targets and goals relating to acquisitions or divestitures.

The actual Incentive Plan bonus awarded to any given participant at the end of a performance period is based upon the extent to which the applicable performance goals for such performance period are achieved, subject to the exercise of negative discretion by the Committee, and may be paid in cash or in equity or partnership awards.

In addition, from time to time, our Compensation Committee may provide for target or guaranteed bonuses in employment agreements in order to attract and retain talented executives, or may grant ad hoc discretionary bonuses when an executive officer is not eligible to participate in the Incentive Plan award opportunities for that performance period or when it otherwise considers such bonuses to be appropriate. Such bonuses may also be paid in cash or in equity or partnership awards.

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In the first quarter of 2010, our Compensation Committee determined that the executive officers of the Company, including Messrs. Lutnick, Lynn, Merkel, Windeatt and Sadler, would be participating executives for 2010 in our Incentive Plan. The Committee used the same performance criteria for all executive officers and set 2010 bonus opportunities at a maximum of \$10,000,000, which was the maximum annual amount allowed for 2010 for each individual pursuant to the terms of the Incentive Plan, provided that (i) the Company achieves operating profits or distributable earnings for 2010, as calculated on substantially the same basis as the Company's earnings release for 2009, or (ii) the Company achieves improvement or percentage growth in gross revenue or total transaction volumes for any product as compared to 2009 over any of its previously identified peer group members, as reported in the Company's 2010 earnings release and compared to the most recently available peer group information. The Committee, in its sole and absolute discretion, retained the right to reduce the amount of any Incentive Plan bonus payment based upon any factors it determines, including other discretionary bonuses or equity or partnership awards granted to the individual, regardless of whether the pre-set performance goals were achieved. In addition to the Incentive Plan bonuses described above, during 2010 the executive officers were also eligible for additional incentive compensation, including discretionary bonuses and equity and partnership awards.

Bonuses Awarded for 2010

In December 2010, having determined that both pre-set performance goals established in the first quarter of 2010 were expected to be met for 2010, the Compensation Committee awarded Mr. Lutnick a bonus under the Incentive Plan of \$9,750,000, paid \$2,000,000 in cash and \$7,750,000 in a partnership award, represented by 914,995 non-exchangeable PSUs. The Compensation Committee awarded Mr. Lynn a bonus under the Incentive Plan of \$6,250,000, paid \$1,000,000 in cash and \$5,250,000 in a partnership award, represented by 619,835 non-exchangeable PSUs. The Compensation Committee awarded Mr. Windeatt a bonus under the Incentive Plan of £625,000 (\$991,125 on December 13, 2010) paid £100,000 (\$158,580 as of December 13, 2010) in cash and £525,000 (\$832,545 as of December 31, 2010) in a partnership award, represented by 98,294 non-exchangeable PSUs. The Compensation Committee awarded Mr. Sadler a bonus under the Incentive Plan of £325,000 (\$515,385 as of December 13, 2010) paid £25,000 in cash (\$39,645 as of December 13, 2010) and £300,000 in a partnership award (\$475,740 on December 13, 2010), represented by 56,168 non-exchangeable PSUs. The Committee awarded Mr. Merkel a bonus under the Incentive Plan of \$1,500,000, paid \$500,000 in cash and \$1,000,000 in a partnership award, represented by 150,137 non-exchangeable PSUs.

The Compensation Committee awarded bonuses for 2010 under the Incentive Plan based upon expected achievement of both pre-set performance goals established in the first quarter of 2010. Variations in bonus awards for individual executive officers were based upon the Committee's exercise of negative discretion. In exercising its discretion, the Committee considered, as to each individual, the executive officer's responsibilities, general performance, quality of work, management and motivation of employees and other factors relevant to the individual officer, including participation in certain significant initiatives in 2010, and the general status of the economy, the performance of the Company and trends in the marketplace. In particular, for 2010, the Compensation Committee considered the pay practices of the Company's peer group, including a compensation survey and an opinion prepared by James F. Reda & Associates, LLC, the compensation consultant, changes in pre-tax operating earnings per share from the prior year, individual contributions toward achievement of strategic goals, our overall financial and operating results and the increase in the Company's stock price.

The Compensation Committee also noted that for 2010, the Company's total return (stock price appreciation assuming dividend reinvestment) was 94% versus 23% for four of its publicly-traded peers (GFI, ICAP, Tullett Prebon, and Compagnie Financière Tradition). BGC's 94% total return was also much higher than that for certain relevant indices in 2010, such as the S&P 500 Index (15% total return), the Dow Jones U.S. Select Investment Index (up 4%), the NYSE Arca Securities Broker/Dealer Index (up 7%), and the Dow Jones Global Exchanges Index (up 7%).

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In determining the 2010 Incentive Plan bonus for Mr. Lutnick, the Compensation Committee focused specifically on changes in our pre-tax operating earnings and distributable earnings from 2009 to 2010. In awarding Mr. Lutnick a \$9,750,000 bonus under the Incentive Plan for 2010, compared to the \$7,500,000 that he received for 2009, the Compensation Committee considered our overall improved performance in 2010 as compared to 2009. In awarding Mr. Lynn a \$6,250,000 bonus under the Incentive Plan for 2010, compared to the \$3,000,000 that he received for 2009, the Compensation Committee considered our improved 2010 operating results and strong record for the year in acquisitions and broker hires and management. With respect to Mr. Merkel, in awarding him a 2010 bonus under the Incentive Plan of \$1,500,000, compared to the \$1,000,000 that he received for 2009, the Compensation Committee considered our improved 2010 operating results and his significant role in managing various legal matters and acquisitions in which the Company was engaged in 2010. In awarding Mr. Windeatt a £625,000 bonus under the Incentive Plan for 2010, compared to the £500,000 that he received for 2009, the Compensation Committee considered our improved 2010 operating results and his significant role in managing brokers and acquisitions. In awarding Mr. Sadler a £325,000 bonus under the Incentive Plan for 2010, compared to a £230,000 bonus that he received for 2009, the Compensation Committee considered our improved 2010 operating results and his strong leadership in building our finance department. Mr. Sadler was not eligible for an Incentive Plan award for 2009.

The amounts related to PSUs above are based on the stock price of our Class A common stock as of the date the award was granted. For U.S. GAAP purposes, a compensation charge is recorded on PSUs and PSIs if and when a right of exchange is granted on the units and the charge is based on the stock price of our Class A common stock on the date the right of exchange is granted. Additionally, when the exchange actually occurs, a tax deduction is allowed equal to the fair market value at the date of exchange which reduces our actual cash tax expense.

For 2010, our Compensation Committee did not award any discretionary cash bonuses, or partnership unit awards in lieu of cash bonuses, to any of our executive officers. During 2010, the Committee did approve various compensation restructurings for Messrs. Lynn, Merkel, Windeatt and Sadler and a new exchange rights policy for Mr. Lutnick, as discussed below.

For 2009, our Compensation Committee awarded discretionary cash bonuses, or partnership unit awards in lieu of cash bonuses, to Messrs. Lynn, Windeatt, and Sadler. In March 2010, the Committee awarded Mr. Lynn a discretionary bonus for 2009 of \$1,250,000, paid \$625,000 in cash and \$625,000 in the form of 109,649 non-exchangeable PSUs, in addition to the \$3,000,000 Incentive Plan award for 2009 that he received in February 2010. In January 2009, Mr. Windeatt received a discretionary bonus for 2009 of \$161,802, in the form of 58,624 non-exchangeable REUs, with an aggregate post-termination payment amount of \$161,802, upon his appointment as an executive officer effective January 1, 2009. In March 2010, the Committee awarded Mr. Sadler a discretionary bonus for 2009 of £230,000 (\$345,345 as of March 19, 2010), paid \$210,210 in cash and \$135,135 in the form of 23,708 non-exchangeable PSUs. Mr. Sadler, who was not eligible to participate in the Incentive Plan for 2009, received his discretionary bonus for his performance from April 2, 2009 through the end of the year.

In 2010, the Incentive Plan cash bonuses for individual executive officers as a percentage of the overall total cash compensation paid to such executive officers by the Company was 67% to Mr. Lutnick, 50% to Mr. Lynn, 33% to Mr. Merkel, 8% to Mr. Sadler, and 27% to Mr. Windeatt.

Equity and Partnership Awards

It is our general policy to award RSUs, limited partnership units and other equity or partnership awards to our executive officers in order to align their interests with those of our long-term investors and to help attract and retain qualified individuals. Our Equity Plan and the Participation Plan are designed to reward and motivate employees and to provide us with optimal flexibility in the way that we do so. Our Equity Plan permits our Compensation Committee to grant stock appreciation rights, deferred stock such as RSUs, bonus stock, performance awards, dividend equivalents, and other stock-based awards, including to provide exchange rights

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for shares of our Class A common stock upon exchange of limited partnership units and founding partner units. Our Equity Plan, as amended and restated, was most recently approved by our stockholders at our 2009 Annual Meeting of Stockholders on December 14, 2009. The Participation Plan provides for the grant or sale of BGC Holdings limited partnership units. The total number of BGC Holdings limited partnership units issuable under the Participation Plan will be determined from time to time by our Board of Directors, provided that exchange rights for units representing the right to acquire shares of our Class A common stock may only be granted pursuant to other stock-based awards granted under our Equity Plan. Partnership units in BGC Holdings are entitled to participate in quarterly distributions of distributable earnings from BGC Holdings. We view these incentives as an effective tool in motivating, rewarding and retaining our executive officers.

We intend that our Equity Plan and the Participation Plan will be the primary vehicles for offering long-term equity and partnership awards to motivate and reward our executive officers, including where our Compensation Committee pays bonuses under the Incentive Plan and discretionary bonuses in the form of equity or partnership awards under the Equity Plan or Participation Plan, as discussed above, or where the Compensation Committee restructures the compensation of our executive offices, as discussed below.

In addition to equity and partnership awards granted in payment of Incentive Plan and discretionary bonus amounts and compensation restructurings, the Compensation Committee may grant equity and partnership awards to our executive officers in a specified number of awards based upon prior performance, the importance of retaining their services and the potential for their performance to help us attain our long-term goals. However, there is no set formula for the granting of such awards to individual executive officers.

We regard our equity and partnership award program as a key retention tool. This is a very important factor in our determination of the type of award to grant and the number of any underlying shares covered by the award. We believe that awards for our executive officers will have the long-term effect of maximizing our stock price and stockholder value.

We also believe that it is important that we have available various forms of equity and partnership awards in order to motivate, reward and retain our executive officers, and our Compensation Committee retains the right to grant a combination of forms of equity and partnership awards under our Equity Plan and the Participation Plan to executive officers as it considers appropriate or to differentiate among executive officers with respect to different types of awards. The Compensation Committee has also granted authority to Mr. Lutnick, our Chairman and Chief Executive Officer, to grant awards to non-executive officer employees of our Company under the Equity Plan and Participation Plan and to establish sub-plans for such persons.

In prior years, our Compensation Committee has granted RSUs under the Equity Plan, rather than options, and REUs and PSUs under the Participation Plan, to our executive officers. RSUs generally have dividend equivalents beginning with the first full quarter in which they are outstanding, although certain grants may have different terms and certain sub-plans may be established from time to time in different jurisdictions to comply with local law. Executive officers and other employees are also expected to be granted limited partnership units, under the Participation Plan, or offered the opportunity to make contributions to BGC Holdings in exchange for partnership units. To the extent that such partnership units or founding partner units are granted exchange rights for shares of our Class A common stock, the shares are provided pursuant to grants of other stock-based awards under our Equity Plan. Partnership units in BGC Holdings are generally entitled to participate in quarterly distributions of distributable earnings from BGC Holdings. Our Compensation Committee and Mr. Lutnick will have the discretion to determine the price of any purchase right for partnership units, which may be set at preferential or historical prices that are less than the prevailing fair market value of our Class A common stock. These partnership units are generally granted and priced on the same date and terms. In recent years the grants to executive officers have been made at the end of the calendar year and grants to other employees have been made in February of the following year, although the Compensation Committee and Mr. Lutnick retain discretion to provide for different terms for individual situations, and from time to time the Company may offer compensation enhancements or modifications to employees that it does not offer to its executive officers.

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No options or RSUs were granted to our executive officers in 2010. In addition, during 2010, no REUs were granted. Rather, PSUs were awarded to pay a portion of each executive officer's Incentive Plan bonus for 2010 and in the restructuring of the compensation of certain executive officers, as discussed below.

Timing of Awards

Equity and partnership awards to our executive officers that are in payment of Incentive Plan or discretionary bonuses are typically granted annually in conjunction with the Compensation Committee's review of Company and individual performance of our executive officers, although interim grants may be considered and approved from time to time. The Committee's annual review generally takes place at year-end meetings, which are generally held in December each year, although the reviews may be held at any time and from time to time throughout the year. From time to time, grants to executive officers may be made on a mid-year or other basis in the event of business developments, changing compensation requirements or other factors, in the discretion of the Compensation Committee. Our policy has generally been to award year-end grants to all employee recipients on the same date and at the same price as grants to our executive officers although to the extent that non-executive compensation decisions are made at later times, as was the case for 2009 and 2010, the dates of grants may differ. Grants, if any, to newly hired employees are effective on the employee's first day of employment.

The exercise price of all stock options is set at the closing price of our Class A common stock on NASDAQ on the date of grant. With respect to limited partnership units and other equity or partnership awards, grants are generally made based on a dollar value, and, where applicable, the number of units is determined using the closing price of our Class A common stock on NASDAQ on the date of grant or on a future defined date.

2010 Compensation Restructurings and Exchange Policy Adopted in 2010 for Mr. Lutnick

During March 2010, we began a global partnership redemption and compensation restructuring program to enhance our employment arrangements by leveraging our unique partnership structure. Under this program, participating partners generally agreed to extend the lengths of their employment agreements, to accept a larger portion of their compensation in partnership units and to other contractual modifications sought by us. Also as part of this program, we redeemed limited partnership interests for cash and/or other units and granted exchange rights to certain non-exchangeable units. Additionally, during 2010, we completed a global compensation restructuring program related to the modification of pre-merger contractual arrangements which accelerated the amortization of the associated deferred compensation expense.

At the same time as these programs, we restructured the compensation of two of our executive officers, Messrs. Lynn and Windeatt. In March 2010, our Compensation Committee approved the action of Cantor, as Majority in Interest Exchangeable Limited Partner under the BGC Holdings, L.P. Amended and Restated Agreement of Limited Partnership, to accelerate the vesting of exchangeability of 406,359 exchangeable founding partner units held by Mr. Lynn, which vesting would otherwise have occurred on April 1, 2010. In addition, on March 26, 2010, the Company repurchased from Mr. Lynn 500,000 shares of our Class A common stock, which Mr. Lynn had acquired upon exchange of exchangeable founding partner units in February 2010, for an aggregate cash payment of \$2,994,000, based on the per share closing price of our Class A common stock on such date.

Also on March 26, 2010, pursuant to a letter agreement between Mr. Lynn and the Company's BGC Holdings subsidiary, BGC Holdings redeemed from Mr. Lynn all of Mr. Lynn's 702,625 non-exchangeable REUs, which had an aggregate post-termination payment amount of \$3,500,000 and were granted to him in April, September and December 2008, for an aggregate cash payment of \$946,649 and an additional \$3,260,670 award in the form of 544,534 non-exchangeable PSUs, based on the per share closing price of our Class A common stock on such date. Pursuant to the agreement, BGC Holdings also redeemed from Mr. Lynn 133,105 of the aggregate of 591,577 non-exchangeable PSUs granted to Mr. Lynn in February and March 2010 for an

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aggregate cash payment of \$797,033 based on the per share closing price of our Class A common stock on such date. Mr. Lynn also entered into an amendment to his employment agreement, dated March 26, 2010, with the Company's subsidiary, BGC Brokers L.P. Pursuant to the amendment, and in connection with the repurchase of Mr. Lynn's shares and redemption of Mr. Lynn's REUs and PSUs, Mr. Lynn acknowledged and agreed (i) that any contingent non-cash award payable to him pursuant to Section 3(d) of his employment agreement may be in the form of PSUs, and any grant to be awarded to him in 2010 and thereafter may be in the form of PSUs or such other award types as determined by us; and (ii) that the value of a PSU award shall be deemed to be the result of the number of units represented by the PSU award multiplied by the closing price of our Class A common stock on the date of the final determination of the award.

Pursuant to a letter agreement, dated March 29, 2010, between Mr. Windeatt and BGC Holdings, BGC Holdings redeemed from Mr. Windeatt all of Mr. Windeatt's 70,424 non-exchangeable REUs, which had an aggregate post-termination payment amount of \$282,157 and were granted to him in April 2008 and January 2009, for an aggregate cash payment of \$94,880 and an additional \$326,819 award in the form of 54,579 non-exchangeable PSUs. Pursuant to the agreement, BGC Holdings also redeemed from Mr. Windeatt 13,026 non-exchangeable founding partner units, which Mr. Windeatt had received in connection with the Company's April 2008 merger, for an aggregate cash payment of \$78,000 based on the per share closing price of our Class A common stock on such date. In addition, on March 19, 2010, our Compensation Committee approved an immediate cash payment to Mr. Windeatt of £110,000 (\$165,165) in cancellation of the £220,000 (\$330,330) to which Mr. Windeatt would otherwise have been entitled in 2010 pursuant to a salary modification arrangement entered into by Mr. Windeatt in 2007. Finally, the Committee approved a continuation of Mr. Windeatt's car allowance, car insurance allowance, and apartment lease for 2010 in an aggregate amount not to exceed £65,000 (\$97,598) or, in the alternative, a payment to him of such amount in cash.

In December 2010, our Compensation Committee approved the action of Cantor, as Majority in Interest Exchangeable Limited Partner under the BGC Holdings, L.P. Amended and Restated Agreement of Limited Partnership, to accelerate the vesting of exchangeability of 754,770 exchangeable founding partner units held by Mr. Lynn, which vesting would otherwise have occurred in one-third increments on April 1, 2014, 2015 and 2016, and authorized the redemption of such units for an aggregate pre-tax cash payment based on the ten-day average closing price of our Class A common stock, less 2%. Subsequently, on December 31, 2010, BGC Holdings redeemed from Mr. Lynn 350,000 of such units for an aggregate cash payment of \$2,929,220. The remaining 404,770 of such units have not yet been redeemed.

In December 2010, the Compensation Committee also approved a letter agreement, dated December 15, 2010, between Mr. Windeatt and BGC Holdings. Pursuant to the letter agreement, BGC Holdings redeemed from Mr. Windeatt 50,000 non-exchangeable founding partner units, which Mr. Windeatt had received in connection with the Company's April 2008 merger, for an aggregate pre-tax cash payment of \$421,400, based on the five-day average closing price of our Class A common stock beginning on such date, less 2%.

In addition, pursuant to a letter agreement, dated December 15, 2010, between Mr. Sadler and BGC Holdings, BGC Holdings redeemed from Mr. Sadler 25,000 non-exchangeable PSUs, which had been granted to Mr. Sadler in March 2010, for an aggregate pre-tax cash payment of \$210,700, based on the five-day average closing price of our Class A common stock beginning on such date, less 2%.

Finally, pursuant to a letter agreement, dated December 15, 2010, between Mr. Merkel and BGC Holdings, BGC Holdings redeemed 150,137 non-exchangeable REUs, which had an aggregate post-termination payment amount of \$1,000,000 and which had been granted to Mr. Merkel in December 2008 and December 2009, for 150,137 non-exchangeable PSUs, 90,000 of which were redeemed from Mr. Merkel for an aggregate pre-tax cash payment of \$758,520, based on the five-day average closing price of our Class A common stock beginning on such date, less 2%.

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In December 2010, the Audit Committee and the Compensation Committee also approved a policy that gives Mr. Lutnick the same right, subject to certain conditions, to accept or waive opportunities that have previously been offered, or that may be offered in the future, to other executive officers to participate in any program to monetize or otherwise provide liquidity with respect to some or all of their non-exchangeable partnership units. Under the policy, Mr. Lutnick shall have the right to accept or waive in advance an opportunity to participate in any program that the Company may offer to any other executive officer (i) to have some or all of such officer's outstanding non-exchangeable units redeemed for other non-exchangeable units, and (ii) to have some or all of such officer's non-exchangeable units received upon such redemption either redeemed by BGC Holdings for cash equal to the 20-day average closing price for our Class A common stock, less 2% or, with the concurrence of Cantor, granted exchange rights for shares of our Class A common stock. In each case, Mr. Lutnick's right to accept or waive any opportunity offered to him to participate in any such program shall be cumulative and shall be equal to the greatest proportion of outstanding units with respect to which any other executive officer has been or is offered any such opportunity. For 2010, the Compensation Committee offered to Mr. Lutnick the opportunity to participate in a program to (i) to have up to 979,725 outstanding non-exchangeable units redeemed for non-exchangeable PSUs, PSIs or future units and (ii) to have up to such number of non-exchangeable PSUs, PSIs or future units received upon such redemption either redeemed for cash, or with Cantor's concurrence, granted exchange rights for shares of our Class A common stock. Mr. Lutnick waived such opportunity to participate. Under the policy, Mr. Lutnick shall again have the right to accept or waive the opportunity to participate in the program with respect to such proportion of his non-exchangeable limited partnership units if and when any additional opportunity is offered to any other executive officer, which additional opportunity Mr. Lutnick shall also have the right to accept or waive at that time, if and to the extent that such additional opportunity would equal or increase Mr. Lutnick's then-unaccepted cumulative opportunity.

Perquisites

Historically, from time to time, we have provided certain of our named executive officers with perquisites and other personal benefits that we believe are reasonable. While we do not view perquisites as a significant element of our executive compensation program, we do believe that they can be useful in attracting, motivating and retaining the executive talent for which we compete. From time to time, these perquisites might include travel, transportation and housing benefits, particularly for executives who live overseas and travel frequently to our other office locations. We believe that these additional benefits may assist our executive officers in performing their duties and provide time efficiencies for our executive officers in appropriate circumstances, and we may consider their use in the future. All present or future practices executive officer perquisites will be subject to periodic review and approval by our Compensation Committee.

The perquisites and other personal benefits, if any, provided to our current named executive officers generally have not had an aggregate incremental cost to us per individual that exceeds \$10,000. Certain executive officers working in our London headquarters have also received the use of parking spaces allocated to our headquarters lease, and in some cases, we have in the past provided to certain executive officers in London a car allowance, car insurance allowance and an apartment lease, which in certain circumstances has tax benefits to the employee in the U.K.

We offer medical, dental, life insurance and short-term disability to all employees on a non-discriminatory basis. Medical insurance premiums are charged to employees at varying levels based on total cash compensation, and all of our executive officers were charged at the maximum contribution level in light of their compensation. Certain of our executive officers living in London have in the past received certain additional private medical benefits.

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Post-Employment Compensation

Pension Benefits

We do not currently provide pension arrangements or post-retirement health coverage for our employees, although we may consider such benefits in the future.

Retirement Benefits

Our executive officers in the U.S. are generally eligible to participate in our 401(k) contributory defined contribution plan, which we refer to as our Deferral Plan. Pursuant to the Deferral Plan, all U.S. eligible employees, including executive officers, are provided with a means of saving for their retirement. We currently do not match any of our employees contributions to our Deferral Plan.

Nonqualified Deferred Compensation

We do not provide any nonqualified deferred compensation plans to our employees, although we may consider such benefits in the future.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis (CD&A) set forth in this Annual Report on Form 10-K with management of the Company and, based on such review and discussions, the Compensation Committee recommended to the Company s Board of Directors that the CD&A be included in this Annual Report on Form 10-K.

Dated: March 11, 2011

THE COMPENSATION COMMITTEE

Barry R. Sloane, Chairman

John H. Dalton

Stephen T. Curwood

Albert M. Weis

Table of Contents**Executive Compensation****Summary Compensation Table**

(a) Name and Principal Position	(b) Year	(c) Salary (\$)	(d) Bonus \$(1)	(e) Stock Awards, REUs and Founding Partner Units \$(2)	(f) Option Awards (\$)	(g) Non-Equity Incentive Plan Compensation \$(3)	(h) Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	(i) All Other Compensation \$(6)	(j) Total (\$)
Howard W. Lutnick, Chairman of the Board and Chief Executive Officer	2010	1,000,000				9,750,000			10,750,000
	2009	1,000,000				7,500,000			8,500,000
	2008	2,000,000	3,000,000	3,000,000		4,500,000			12,500,000
Shaun D. Lynn, President	2010	1,000,000				6,250,000			7,250,000
	2009	1,000,000	1,250,000			3,000,000			5,250,000
	2008	1,113,750	1,000,000	3,850,000		3,495,000			9,458,750
Stephen M. Merkel, Executive Vice President, General Counsel and Secretary	2010	1,000,000				1,500,000			2,500,000
	2009	1,000,000				1,000,000			2,000,000
	2008	975,000	552,500			500,000			2,027,500
Sean A. Windeatt, Chief Operating Officer(4)	2010	423,500				991,125		97,598	1,512,223
	2009	310,040	161,802			750,750		84,352	1,306,944
A. Graham Sadler, Chief Financial Officer(5)	2010	423,500				515,385			938,885
	2009	232,530	345,345	69,205					647,080

- (1) The bonus amounts in column (d) for 2009 reflect a discretionary bonus to Mr. Lynn in March 2010 of \$1,250,000, paid \$625,000 in cash and \$625,000 in the form of 109,649 non-exchangeable PSUs; a discretionary bonus to Mr. Windeatt in January 2009 of \$161,802 in the form of 58,624 non-exchangeable REUs, with an aggregate post-termination payment amount of \$161,802; and a discretionary bonus to Mr. Sadler in March 2010 of \$345,345, paid \$210,210 in cash and \$135,135 in the form of 23,708 non-exchangeable PSUs. The bonus amounts for 2008 also reflect the following REU awards in payment of discretionary bonuses: Mr. Lutnick, a \$2,000,000 award in the form of 350,263 non-exchangeable REUs; Mr. Lynn, a \$500,000 award in the form of 87,566 non-exchangeable REUs; Mr. Merkel, a \$427,500 award, in the form of 41,912 non-exchangeable REUs. The REUs awarded to Messrs. Lutnick and Lynn vested immediately upon grant, and the REUs awarded to Mr. Merkel vest ratably over a three-year period. More information with respect to REUs and RSUs is included in the footnotes to our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K. The bonus amounts for 2008 also reflect the following discretionary cash bonuses: Mr. Lutnick \$1,000,000; Mr. Lynn \$500,000; and Mr. Merkel, \$125,000.
- (2) The amounts in column (e) reflect the grant date fair value of RSUs, REUs and founding partner units awarded for services to eSpeed or BGC Partners OldCo or the Combined Company pursuant to our Equity Plan, the Participation Plan or otherwise. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures. The amounts for 2009 reflect the grant date fair value of 41,690 non-exchangeable REUs, which vest ratably over a three-year period, granted in March 2009 to Mr. Sadler, having a post-termination payment amount of \$69,205.
- (3) The amounts in column (g) reflect the awards to the named executive officers under the Incentive Plan. For 2010, Mr. Lutnick's Incentive Plan bonus was paid \$2,000,000 in cash and \$7,750,000 in the form of 914,995 non-exchangeable PSUs; Mr. Lynn's Incentive Plan bonus was paid \$1,000,000 in cash and \$5,250,000 in the form of 619,835 non-exchangeable PSUs; Mr. Merkel's Incentive Plan bonus was paid \$500,000 in cash and \$1,000,000 in the form of 118,064 non-exchangeable PSUs; Mr. Windeatt's Incentive Plan bonus was paid \$158,580 in cash

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- (£100,000) and \$832,545 (£525,000) in the form of 98,294 non-exchangeable PSUs; and Mr. Sadler's Incentive Plan bonus was paid \$39,645 in cash (£25,000) and \$475,740 (£300,000) in the form of 56,168 non-exchangeable PSUs. For 2009, Mr. Lutnick's Incentive Plan bonus was paid \$2,000,000 in cash and \$5,500,000 in the form of 1,190,476 non-exchangeable REUs; Mr. Lynn's Incentive Plan bonus was paid \$1,000,000 in cash and \$2,000,000 in the form of 481,928 non-exchangeable PSUs; Mr. Merkel's Incentive Plan bonus was paid \$500,000 in cash and \$500,000 in the form of 108,225 non-exchangeable REUs; and Mr. Windeatt's Incentive Plan bonus was paid \$150,150 in cash and \$600,600 in the form of 105,368 non-exchangeable PSUs.
- (4) Mr. Windeatt was appointed our Chief Operating Officer effective January 1, 2009. Mr. Windeatt's base salary for 2009 was £200,000, and the \$310,040 base salary reflected in the table was calculated using an exchange rate of \$1.55, the average rate in effect for the period. Mr. Windeatt's base salary for 2010 was £275,000, and the \$423,500 base salary reflected in the table was calculated using an exchange rate of \$1.54, the average rate in effect for the period.
- (5) Mr. Sadler was appointed our Chief Financial Officer on April 2, 2009. For all of 2009, Mr. Sadler's base salary rate was £200,000, which equated to \$310,040 using an exchange rate of 1.55, the average rate in effect for the period. The amount reflected as his base salary for 2009 is for the period April 2, 2009 through December 31, 2009. For 2010, Mr. Sadler's base salary rate was £275,000, which equated to \$423,500 using an exchange rate of \$1.54, the average rate in effect for the period.
- (6) The amounts in column (i) do not include a cash payment of \$165,165 (£110,000) to Mr. Windeatt in March 2010 in cancellation of the \$330,330 (£220,000) to which Mr. Windeatt would otherwise have been entitled in 2010 pursuant to a salary modification arrangement entered into by Mr. Windeatt in 2007. During 2010, Mr. Windeatt was provided a car allowance, car insurance allowance, and an apartment lease in an aggregate amount of \$97,598 (£65,000). During 2009, Mr. Windeatt was provided a car allowance and car insurance allowance having a value of approximately \$19,864 and an apartment lease in the amount of approximately \$64,488. The amounts paid were £12,814 and £41,600, respectively, and the above dollar amounts were calculated using exchange rates of 1.55 and 1.50, the average rate in effect for the respective periods.

Grants of Plan-Based Awards

The following table shows all grants of plan-based awards to the named executive officers in 2010:

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Name	Grant Date	Threshold (\$)	Target (\$)	Maximum (\$)(1)	Threshold (#)	Target (#)	Maximum (#)	All Other Grants Awards: Number of Units	Other Option Awards: Number of Underlying Securities Options (#)	Exercise or Base Price of Awards (\$/Sh)	Grant Date Fair Value of Awards (\$)
Howard W. Lutnick	1/1/10			10,000,000							
Shaun D. Lynn	1/1/10			10,000,000							
Stephen M. Merkel	1/1/10			10,000,000							
Sean A. Windeatt	1/1/10			10,000,000							
A. Graham Sadler	1/1/10			10,000,000							

- (1) The amounts in column (e) reflect the maximum individual payment under our Incentive Plan. During 2010, there were no specific minimum and target levels under the Plan. The \$10,000,000 maximum amount was the maximum annual amount available for payment to any one executive officer under the Incentive Plan for 2010, and our Compensation Committee retained negative discretion to award less than this amount even if the performance goals were met. Actual amounts paid (if any) to each named executive officer for 2010 are set forth in column (g) of the summary compensation table.

Table of Contents**Outstanding Equity Awards at Fiscal Year End**

The following table shows all unexercised options, REUs and founding partner units for each of the named executive officers as of December 31, 2010:

(a) Name	Option Awards					Grant Awards			
	(b) Number of Securities Underlying Unexercised Options (#) Exercisable	(c) Number of Securities Underlying Unexercised Options (#) Unexercisable	(d) Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	(e) Option Price (\$)	(f) Option Expiration Date	(g) Number of Shares or Units That Have Not Vested (#)(3)	(h) Market Value of Shares or Units That Have Not Vested \$(2)(3)	(i) Equity Incentive Plan Awards: Number of Unearned Shares, or Other Rights That Have Not Vested (#)	(j) Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, or Other Rights That Have Not Vested (\$)
Howard W. Lutnick	1,500,000			5.10	10/19/2011				
	1,000,000			14.39	12/9/2012				
	1,000,000			21.42	12/9/2013				
	1,000,000			13.00	12/20/2014				
	250,000			8.42	8/22/2016				
	800,000			8.80	12/15/2016				
	1,000,000			10.82	12/28/2017				
						2,449,313	20,353,791		
Shaun D. Lynn	42,188			5.10	10/19/2011	911,129	7,571,482		
Stephen M. Merkel	110,000			5.10	10/19/2011				
	100,000			14.39	12/9/2012				
	100,000			21.42	12/9/2013				
	100,000			11.47	12/20/2014				
Sean A. Windeatt									
A. Graham Sadler									

- (1) All options listed above are fully vested.
- (2) The amounts shown include the following REUs awarded to Mr. Lutnick: 1,190,476 awarded on December 22, 2009, effective January 1, 2010, and 643,087 granted in December 2008, all of which vest over a three-year period, as well as REUs awarded to Mr. Lutnick: 265,487 granted upon the closing of the merger in April 2008 and 350,263 granted in September 2008, all of which vested immediately. None of the REUs shown has been granted exchangeability into shares of our Class A common stock.
- (3) The amounts shown also include the following founding partner units that were granted to Mr. Lynn upon the closing of the merger in April 2008. 200,000, which units were immediately granted exchangeability into shares of our Class A common stock on a one-for-one basis (subject to adjustment); 406,359, which units became exchangeable on the second anniversary of the merger in April 2010; and 404,770 which units were granted accelerated exchangeability in December 2010. The amounts shown also reflect the following founding partner units that were granted to Mr. Lynn (i) 600,000 upon closing of the merger in April 2008 of which 200,000 were granted exchangeability indirectly; (ii) 406,359 units which became exchangeable on the second anniversary of the merger in April 2010; and (iii) 404,770 units which were granted accelerated exchangeability in December 2010 (a total of 754,770 were granted accelerated exchangeability of which 350,000 were redeemed in December 2010). The amounts shown also reflect the redemption of 500,000 units that were redeemed in March 2010.

Table of Contents**Option Exercises and Stock Vested**

None of our named executive officers exercised any options in 2010, although Messrs. Lutnick, Lynn and Merkel have exercised options beginning in 2011. An aggregate of 3,268 RSUs held by our named executive officers vested during 2010 as follows:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)(1)	Value Realized on Vesting (\$)(1)
Howard W. Lutnick				
Shaun D. Lynn				
Stephen M. Merkel			3,268	28,137
Sean A. Windeatt				
A. Graham Sadler				

(1) Does not include the vesting of any outstanding REUs; such REUs are not yet exchangeable into shares of our Class A common stock.

Potential Payments Upon Change of Control

The following table provides information regarding the estimated amounts payable to the individuals named below upon either termination or continued employment upon a change of control, under their change of control and employment agreements, described below, as if such agreements were in effect and the change of control had occurred on December 31, 2010 (including Incentive Plan and discretionary bonuses paid in 2010 for 2010) and using the closing market price of our Class A common stock as of December 31, 2010:

Name	Base Salary (\$)	Bonus (\$)	Vesting of Equity Compensation (\$)	Welfare Benefit Continuation (\$)	Tax Gross-Up Payment (\$)	Total (\$)
Howard W. Lutnick						
Termination of Employment	2,000,000	19,500,000		36,331	11,079,514	32,615,845
Extension of Employment	1,000,000	9,750,000			4,971,577	15,721,577
Shaun D. Lynn						
Termination of Employment	2,000,000	12,500,000		2,473		14,502,473
Extension of Employment	1,000,000	6,250,000				7,250,000
Stephen M. Merkel						
Termination of Employment	2,000,000	3,000,000		36,331	2,346,584	7,382,915
Extension of Employment	1,000,000	1,500,000			926,134	3,426,134

Change in Control Agreements

Each of Messrs. Lutnick and Merkel entered into change in control agreements with us on March 31, 2008, effective upon the closing of the merger on April 1, 2008. Under these agreements, if a change in control of the Company occurs (which will occur in the event that Cantor or one of its affiliates ceases to have a controlling interest in us) and Mr. Lutnick or Mr. Merkel elects to terminate his employment with us, such executive officer will receive in a lump sum in cash an amount equal to two times his annual base salary and the annual bonus paid or payable by us for the most recently completed year, including any bonus or portion thereof that has been deferred, and receive medical benefits for two years after the termination of his employment (provided that, if Mr. Lutnick or Mr. Merkel becomes re-employed and is eligible to receive medical benefits under another employer-provided plan, the former medical benefits will be secondary to the latter). If a change in control occurs and Mr. Lutnick or Mr. Merkel does not so elect to terminate his employment with us, such executive

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officer will receive in a lump sum in cash an amount equal to his annual base salary and the annual bonus paid or payable for the most recently completed fiscal year, including any bonus or portion thereof that has been deferred, and receive medical benefits, provided that in the event that, during the three-year period following the change in control, such executive officer's employment is terminated by us (other than by reason of his death or disability), he will receive in a lump sum in cash an amount equal to his annual base salary and the annual bonus paid or payable for the most recently completed fiscal year, including any bonus or portion thereof that has been deferred. In each case, Mr. Lutnick and Mr. Merkel will receive full vesting of all options and RSUs. The agreements further provide for no duty of Mr. Merkel or Mr. Lutnick to mitigate amounts due by seeking other employment and provide for payment of legal fees and expenses as a result of any dispute with respect to the agreements. The agreements further provide for indemnification of the executives in connection with a challenge thereof. In the event of death or disability, or termination in the absence of a change in control, such executive officer will be paid only his accrued salary to the date of death, disability, or termination in the absence of a change in control. The agreements are terminable by the Company upon two years' advance notice on or after the tenth anniversary of the closing of the merger. Mr. Lynn has change of control provisions in his employment agreement. See Employment and Separation Agreements .

Employment and Separation Agreements

Prior to the merger, Mr. Lynn and BGC International were parties to an employment agreement, dated August 13, 2004. Under this employment agreement, Mr. Lynn received an annual base salary of £500,000 per year and was eligible to receive a bonus equal to 15% of the pre-tax profits of the BGC businesses managed by him. This agreement terminated upon Mr. Lynn's entering into an employment agreement with BGC Brokers L.P. on March 31, 2008, effective upon the closing of the merger on April 1, 2008.

The current employment agreement with Mr. Lynn has an initial six-year term and will thereafter be extended automatically for successive periods of one year each on the same terms and conditions unless either BGC Brokers or Mr. Lynn provides notice of non-renewal. Pursuant to his employment agreement, Mr. Lynn will receive a base salary of \$1,000,000 per year, subject to annual review by the Compensation Committee, with a target bonus for each year during the term of the agreement of 300% of base salary. To the extent that he is eligible to receive a bonus, the first \$1,000,000 of such bonus will be paid in cash, with the remainder, if any, to be paid in cash or a contingent non-cash grant, as determined by the Compensation Committee. The target bonus for Mr. Lynn will be reviewed annually by the Compensation Committee. In the event of a change of control of the Company (which will occur in the event that we are no longer controlled by Cantor or a person or entity controlled by, controlling or under common control with Cantor), the individual or entity that acquires control of us will have the option to either extend the term of Mr. Lynn's employment for a period of three years from the date the change of control took effect (if the remaining term of his agreement at the time of the change of control is less than three years) or to terminate Mr. Lynn's employment. If the term of Mr. Lynn's employment is extended, Mr. Lynn will receive an amount equal to his aggregate compensation for the most recent full fiscal year in addition to any other compensation that Mr. Lynn may be entitled to under the agreement. If the continuing company opts to terminate Mr. Lynn's employment, he will receive two times his aggregate compensation under the agreement for the most recent full fiscal year in full and final settlement of all claims. In each case, he will receive full vesting of all options and RSUs (unless otherwise provided in the applicable award agreement) and welfare benefit continuation for two years and a pro rata bonus for the year of termination. In addition, in the event that Mr. Lynn remains employed by BGC Brokers on the second anniversary of the change of control (unless he is not employed on such date solely as a result of dismissal by BGC Brokers under circumstances that constitute a fundamental breach of contract by BGC Brokers), Mr. Lynn will receive an additional payment equal to the payment he received at the time of the change of control. Upon death, disability or termination in the absence of a change of control, Mr. Lynn will be paid only accrued salary to the date of death, disability or termination.

On March 26, 2010, Mr. Lynn entered into an amendment to his employment agreement. Pursuant to the amendment, Mr. Lynn acknowledged and agreed (i) that any contingent non-cash award payable to him pursuant to Section 3(d) of his employment agreement may be in the form of PSUs, and any grant to be awarded to him in

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2010 and thereafter may be in the form of PSUs or such other award type as determined by us; and (ii) that the value of a PSU award shall be deemed to be the result of the number of units represented by the PSU award multiplied by the closing price of the Company's Class A common stock on the date of the final determination of the award.

Mr. Windeatt has a standard employment agreement pursuant to which he is paid £200,000 (\$310,040) per year in 2010. In 2010, we provided to Mr. Windeatt a car allowance, car insurance allowance, and an apartment lease in the amount of approximately £65,000 (\$97,598). The apartment lease was an agreement between us and Mr. Windeatt's landlord in which we paid the lease amount on behalf of Mr. Windeatt for the period of the lease. Mr. Windeatt paid for such items in 2010 and the arrangements will be terminated for 2011. Mr. Windeatt's base salary for 2011 was raised to £325,000 (\$515,385 as of January 1, 2011) in part to reflect the elimination for 2011 of his car allowance, car insurance allowance, and apartment lease payments.

Mr. Sadler entered into a standard U.K. employment agreement with Tower Bridge International Services L.P., the service company controlled by us, effective December 2008. The agreement has no term and, after a probationary period, is terminable by either party on three months notice. In 2010, Mr. Sadler received a base salary of £275,000 (\$423,500 as of January 1, 2011) per year, and is eligible for discretionary and Incentive Plan bonuses. His base salary was continued at £275,000 (\$444,084 as of January 1, 2011) for 2011.

Effective as of December 31, 2009, in connection with an employment separation agreement with Mr. West, our former CFO, the Company agreed to accelerate the vesting of his previously outstanding but unvested RSUs and REUs. With respect to his 3,797 unvested RSUs, the Company agreed to vest such RSUs immediately and to deliver the shares to Mr. West on December 15, 2010, subject to the terms and conditions of the separation agreement. With respect to the post-termination payment amounts of his outstanding 14,070 unvested REUs, out of a total of 21,105 REUs with an aggregate combined post-termination payment amount of \$225,000, the Company agreed to accelerate the vesting of the post-termination payment amounts of such 14,070 unvested REUs. Subject to compliance with the terms and conditions of a partnership separation agreement, the 21,105 REUs' aggregate post-termination payment amount of \$225,000 will become payable to Mr. West within ninety days after the first, second, third, and fourth anniversaries of June 15, 2009 in four equal installments of \$56,250 each. We paid Mr. West his first \$56,250 installment on June 15, 2010.

Compensation of Directors

Directors who are also our employees do not receive additional compensation for serving as directors. Under our current policy, we pay to each non-employee director an annual cash retainer of \$25,000 and an annual stipend of \$5,000 for the chair of our Compensation Committee and \$10,000 for the chair of our Audit Committee. We also pay \$2,000 for each meeting of our Board of Directors and \$1,000 for each meeting of a committee of our Board actually attended, whether in person or by telephone. Under our policy, none of our non-employee directors is paid more than \$3,000 in the aggregate for attendance at meetings held on the same date. Non-employee directors also are reimbursed for all out-of-pocket expenses incurred in attending meetings of our Board or committees of our Board.

In addition to the cash compensation described above, under our current policy, upon the appointment or initial election of a non-employee director, at the option of such non-employee director, we grant to each non-employee director RSUs equal to the value of shares of our Class A common stock that could be purchased for \$70,000 at the closing price of our Class A common stock on the trading date of the appointment or initial election of the non-employee director (rounded down to the next whole share). These RSUs vest equally on each of the first two anniversaries of the grant date, provided that the non-employee director is a member of our Board of Directors at the opening of business on such date.

We also grant to each non-employee director annually on the date of his or her re-election, in consideration for services provided, RSUs equal to the value of shares of our Class A common stock that could be purchased for \$50,000 at the closing price of such Class A common stock on the trading date immediately preceding the

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date of such re-election (rounded down to the next whole share). These RSUs vest equally on each of the first two anniversaries of the grant date, provided that the non-employee director is a member of our Board of Directors at the opening of business on such date.

The RSUs described above are granted with dividend equivalents pursuant to our Equity Plan. Such RSUs are subject to the terms and conditions of the Equity Plan under which they are awarded and the execution and delivery of agreements with each recipient.

The table below summarizes the compensation paid to our non-employee directors for the year ended December 31, 2010:

(a) Name(1)	(b) Fees Earned or Paid in Cash (\$)	(c) Stock Awards (\$)(2)	(d) Option Awards (\$)(3)	(e) Non-Equity Incentive Plan Compensation (\$)	(f) Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	(g) All Other Compensation (\$)	(h) Total (\$)
Albert M. Weis, Director	71,000	50,000					121,000
John H. Dalton, Director	58,000	50,000					108,000
Barry R. Sloane, Director	66,000	50,000					116,000
Stephen T. Curwood, Director	61,000	50,000					111,000

- (1) Howard Lutnick, our Chairman of the Board and Chief Executive Officer, is not included in this table as he is an employee of our Company and thus received no compensation for his services as director. The compensation received by Mr. Lutnick as an employee of our Company is shown in the summary compensation table.
- (2) Reflects the grant date fair value of RSUs granted on December 13, 2010. More information with respect to the calculation of these amounts is included in the footnotes to our consolidated financial statements included in Item 8 of this Form 10-K. In 2010, each of Messrs. Weis, Dalton, Sloane and Curwood was granted 5,855 RSUs. As of December 31, 2010, each non-employee director had the following number of RSUs outstanding: Mr. Weis, 5,855; Mr. Dalton, 5,855; Mr. Sloane, 5,855; and Mr. Curwood, 13,846.
- (3) No options were granted to non-employee directors in 2010. As of December 31, 2010, each non-employee director had the following number of options outstanding: Mr. Weis, 74,619; Mr. Dalton, 84,619; Mr. Sloane, 0; Mr. Curwood, 0.

Compensation Committee Interlocks and Insider Participation

During 2010, the Compensation Committee of our Board of Directors consisted of Messrs. Curwood, Dalton, Sloane and Weis. All of the members who served on our Compensation Committee during 2010 were non-employee directors and were not former officers of our Company. No member of the Compensation Committee had any relationship with the Company during 2010 pursuant to which disclosure would be required under applicable SEC rules pertaining to the disclosure of transactions with related persons. During 2010, none of our executive officers served as a member of the board of directors or the compensation committee, or similar body, of a corporation where any of its executive officers served on our Compensation Committee or on our Board of Directors.

Table of Contents**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information, as of March 1, 2011, with respect to the beneficial ownership of our Common Equity by: (i) each stockholder, or group of affiliated stockholders, that we know owns more than 5% of any class of our outstanding capital stock, (ii) each of the named executive officers, (iii) each director and (iv) the executive officers and directors as a group. Unless otherwise indicated in the footnotes, the principal address of each of the stockholders, executive officers and directors identified below is located at 499 Park Avenue, New York, NY 10022. Shares of our Class B common stock are convertible into shares of our Class A common stock at any time in the discretion of the holder on a one-for-one basis. Accordingly, a holder of Class B common stock is deemed to be the beneficial owner of an equal number of shares of our Class A common stock for purposes of this table.

As of March 1, 2011, Cantor is obligated to distribute an aggregate of 19,363,672 shares of our Class A common stock (distribution rights shares) to retained and founding partners to satisfy certain of Cantor's deferred stock distribution obligations provided to such partners on April 1, 2008, all of which can be distributed within 60 days of March 1, 2011. Certain partners elected to receive their shares and others elected to defer receipt of their shares until a future date. As a result, certain of these distribution rights shares are included both in the number of shares beneficially owned directly by Cantor, and indirectly by CF Group Management, Inc. (CFGM) and Mr. Lutnick as a result of their control of Cantor, and in the number of shares beneficially owned directly by CFGM, Mr. Lutnick, Mr. Merkel and the other recipients of distribution rights shares, resulting in substantial duplications in the number of shares set forth in the table below. Once Cantor delivers these 19,363,672 distribution rights shares, these shares will no longer be reflected as beneficially owned directly by Cantor and indirectly by CFGM and Mr. Lutnick as a result of their control of Cantor. Instead, beneficial ownership of the shares will only be reported by CFGM and Mr. Lutnick as a result of their direct holdings of the shares, and Mr. Lutnick's indirect holdings as a result of his control of KBCR Management Partners, LLC (KBCR) and LFA LLC (LFA), and by the other recipients of the distribution rights shares, including Mr. Merkel.

Name	Class B Common Stock		Class A Common Stock	
	Shares	%	Shares	%
5% Beneficial Owners(1):				
Cantor Fitzgerald, L.P.(2)	84,299,362(3)	99.9%(4)	114,248,109(3)(5)	61.4%(6)
CF Group Management, Inc.	84,348,107(3)(7)	100.0%(4)	116,735,863(3)(8)	62.0%(9)
PAR Investment Partners, L.P.			4,471,344(10)	6.2%(11)
BlackRock, Inc.			3,844,108(12)	5.3%(11)
Executive Officers and Directors				
(1):				
Executive Officers				
Howard W. Lutnick	84,348,107(3)(13)	100.0%(4)	136,236,097(3)(14)	66.5%(15)
Shaun D. Lynn			944,879(16)	1.3%(17)
Stephen M. Merkel			415,699(18)	*
Sean A. Windeatt			10,990(19)	*
A. Graham Sadler				
Directors				
John H. Dalton			134,626(20)	*
Albert M. Weis			262,026(21)	*
Barry R. Sloane				
Stephen T. Curwood			7,991(22)	*
All executive officers and directors as a group (9 persons)	84,348,107	100.0%	138,012,308	65.1%(23)

* Less than 1%.

(1) Based upon information supplied by directors and executive officers and filings under Sections 13 and 16(a) of the Securities Exchange Act of 1934, as amended, with respect to 5% beneficial owners.

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- (2) Cantor has pledged to us, pursuant to a Pledge Agreement, dated as of July 26, 2007, such number of shares of our Class A common stock and our Class B common stock as equals 125% of the principal amount of the loan amount outstanding on any given date, as security for loans we agreed to make to Cantor from time to time. In September 2008, we were authorized to increase the amount available under the secured loan and Pledge Agreement with Cantor from up to \$100.0 million to all excess cash other than that amount needed for regulatory purposes, and to also accept, as security, pledges of any securities in addition to pledges of our Class A common stock or Class B common stock provided for under the original secured loan and Pledge Agreement. As of March 1, 2011, there was no loan amount outstanding, and there are no shares of our Class A or Class B common stock pledged under the Pledge Agreement.
- (3) Includes 58,500,000 rights to acquire shares of our Class B common stock upon exchange of BGC Holdings exchangeable limited partnership interests. A total of 65,862,204 BGC Holdings exchangeable limited partnership interests held by Cantor are exchangeable with us at any time for shares of our Class B common stock (or, at Cantor's option, or if there are no additional authorized but unissued shares of our Class B common stock, our Class A common stock) on a one-for-one basis (subject to customary anti-dilution adjustments). As of March 1, 2011, there were 58,500,000 authorized but unissued shares of our Class B common stock.
- (4) Percentage based on 84,348,107 shares of our Class B common stock, which includes 25,848,107 shares of our Class B common stock outstanding and 58,500,000 rights to acquire shares of our Class B common stock upon exchange of BGC Holdings exchangeable limited partnership interests held by Cantor. The BGC Holdings exchangeable limited partnership interests are exchangeable at any time for shares of our Class B common stock (or, at Cantor's option or if there are no additional authorized but unissued shares of our Class B common stock, our Class A common stock) on a one-for-one basis (subject to customary anti-dilution adjustments).
- (5) Consists of (i) 780,646 shares of our Class A common stock, (ii) 25,799,362 shares of our Class A common stock receivable upon conversion of 25,799,362 shares of our Class B common stock, (iii) 65,862,204 shares of our Class A common stock receivable upon exchange of 65,862,204 BGC Holdings exchangeable limited partnership interests (or upon conversion of 58,500,000 shares of our Class B common stock and 7,362,204 shares of our Class A common stock receivable upon exchange of 65,862,204 BGC Holdings exchangeable limited partnership interests), and (iv) 21,805,897 shares of our Class A common stock acquirable upon conversion/exchange of the convertible notes acquired on April 1, 2010 (the convertible notes). These amounts include 19,363,672 shares of our Class A common stock that have been deferred by retained partners, which may generally be distributed to such partners upon request, or are scheduled to be issued within 60 days of March 1, 2011.
- (6) Percentage based on (i) 72,586,770 shares of our Class A common stock outstanding, (ii) 25,799,362 shares of our Class A common stock receivable upon conversion of 25,799,362 shares of our Class B common stock, (iii) 65,862,204 shares of our Class A common stock receivable upon exchange of 65,862,204 BGC Holdings exchangeable limited partnership interests (or upon conversion of 58,500,000 shares of our Class B common stock and 7,362,204 shares of our Class A common stock receivable upon exchange of 65,862,204 BGC Holdings exchangeable limited partnership interests), and (iv) 21,805,897 shares of our Class A common stock acquirable upon conversion/exchange of the convertible notes.
- (7) Consists of (i) 48,745 shares of our Class B common stock held by CFGM, (ii) 25,799,362 shares of our Class B common stock held by Cantor, and (iii) 58,500,000 shares of our Class B common stock receivable upon exchange by Cantor of BGC Holdings exchangeable limited partnership interests. CFGM is the managing general partner of Cantor.
- (8) Consists of (i) 388,812 shares of our Class A common stock held by CFGM, (ii) 48,745 shares of our Class A common stock receivable upon conversion of 48,745 shares of our Class B common stock held by CFGM, (iii) 780,646 shares of our Class A common stock held by Cantor, (iv) 25,799,362 shares of our Class A common stock receivable by Cantor upon conversion of 25,799,362 shares of our Class B common stock held by Cantor, (v) 65,862,204 shares of our Class A common stock receivable upon exchange of 65,862,204 BGC Holdings exchangeable limited partnership interests (or upon conversion of 58,500,000 shares of our Class B common stock and 7,362,204 shares of our Class A common stock receivable upon exchange of 65,862,204 BGC Holdings exchangeable limited partnership interests), (vi) 21,805,897 shares

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- of our Class A common stock acquirable upon conversion/exchange of the convertible notes, and (vii) 2,050,197 distribution rights shares of our Class A common stock receivable pursuant to distribution rights held by CFGM, receipt of which has been deferred. These amounts include 19,363,672 shares of our Class A common stock that have been deferred by retained partners, which may generally be issued to such partners upon request, or are scheduled to be distributed within 60 days of March 1, 2011.
- (9) Percentage based on (i) 72,586,770 shares of our Class A common stock outstanding, (ii) 25,848,107 shares of our Class A common stock receivable upon conversion of 25,848,107 shares of our Class B common stock, (iii) 65,862,204 shares of our Class A common stock receivable upon exchange of 65,862,204 BGC Holdings exchangeable limited partnership interests (or upon conversion of 58,500,000 shares of our Class B common stock and 7,362,204 shares of our Class A common stock receivable upon exchange of 65,862,204 BGC Holdings exchangeable limited partnership interests), (iv) 21,805,897 shares of our Class A common stock acquirable upon conversion/exchange of the convertible notes, and (v) 2,050,197 distribution rights shares of our Class A common stock receivable pursuant to distribution rights held by CFGM, receipt of which has been deferred.
- (10) As set forth in a Schedule 13G/A filed with the SEC on January 21, 2011, reporting holdings as of December 31, 2010. According to the Schedule 13G/A, the shares of our Class A common stock are held by PAR Investment Partners, L.P., PAR Group, L.P., and PAR Capital Management, Inc., One International Place, Boston, Massachusetts 02110.
- (11) Percentage based on 72,586,770 shares of our Class A common stock outstanding.
- (12) As set forth in Schedule 13G filed with the SEC on February 2, 2011, reporting holdings as of December 31, 2010. According to the Schedule 13G, the shares of our Class A common stock are beneficially owned by the following subsidiaries of BlackRock, Inc.: BlackRock Japan Co. Ltd., BlackRock Institutional Trust Company, N.A., BlackRock Fund Advisors, BlackRock Advisors, LLC, BlackRock Investment Management, LLC, and BlackRock International Limited, 40 East 52nd Street, New York, NY 10022.
- (13) Consists of (i) 48,745 shares of our Class B common stock held by CFGM, (ii) 25,799,362 shares of our Class B common stock held by Cantor, and (iii) 58,500,000 shares of our Class B common stock receivable upon exchange by Cantor of BGC Holdings exchangeable limited partnership interests. Mr. Lutnick is the President and sole stockholder of CFGM. CFGM is the managing general partner of Cantor.
- (14) Mr. Lutnick's holdings consist of:
- (i) 2,305,766 shares of our Class A common stock held directly,
 - (ii) 5,050,000 shares of our Class A common stock subject to options currently outstanding and exercisable or exercisable within 60 days of March 1, 2011,
 - (iii) 254,679 shares of our Class A common stock held in Mr. Lutnick's 401(k) account,
 - (iv) 327,440 shares of our Class A common stock held in various trust, retirement and custodial accounts (175,589 shares held by a trust for the benefit of descendants of Mr. Lutnick and his immediate family (the Trust), of which Mr. Lutnick's wife is one of two trustees and Mr. Lutnick has limited powers to remove and replace such trustees, 101,485 shares held in a Keogh retirement account for Mr. Lutnick, 9,743 shares held in custodial accounts, 16,952 shares held in other retirement accounts, and 23,671 shares held in various other trusts),
 - (v) 388,812 shares of our Class A common stock held by CFGM,
 - (vi) 48,745 shares of our Class A common stock receivable upon conversion of 48,745 shares of our Class B common stock held by CFGM,
 - (vii) 780,646 shares of our Class A common stock held by Cantor,
 - (viii) 25,799,362 shares of our Class A common stock receivable upon conversion of 25,799,362 shares of our Class B common stock held by Cantor,
 - (ix) 65,862,204 shares of our Class A common stock receivable upon exchange of 65,862,204 BGC Holdings exchangeable limited partnership interests (or upon conversion of 58,500,000 shares of our Class B common stock and 7,362,204 shares of our Class A common stock receivable upon exchange of 65,862,204 BGC Holdings exchangeable limited partnership interests),
 - (x) 21,805,897 shares of our Class A common stock acquirable upon conversion/exchange of the convertible notes,

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- (xi) 7,742,325 shares of our Class A common stock receivable pursuant to distribution rights held by Mr. Lutnick, receipt of which has been deferred, including 682,746 distribution rights shares that are scheduled to be distributed on April 1, 2011,
- (xii) 2,050,197 shares of our Class A common stock receivable pursuant to distribution rights held by CFGM, receipt of which has been deferred,
- (xiii) 1,610,182 shares of our Class A common stock receivable pursuant to distribution rights held by the Trust, receipt of which has been deferred,
- (xiv) 2,048,000 shares of our Class A common stock receivable pursuant to distribution rights held by KBCR, by virtue of Mr. Lutnick being the managing member of KBCR, which is a non-managing General Partner of CFLP, receipt of which has been deferred, and
- (xv) 161,842 shares of our Class A common stock receivable pursuant to distribution rights held by LFA, receipt of which has been deferred.

Mr. Lutnick is the President and sole stockholder of CFGM and CFGM is the managing general partner of Cantor. These amounts include 19,363,672 shares of our Class A common stock that have been deferred by retained partners, which may generally be issued to such partners upon request, or are scheduled to be distributed within 60 days of March 1, 2011.

- (15) Percentage based on (i) 72,586,770 shares of our Class A common stock outstanding, (ii) 25,848,107 shares of our Class A common stock receivable upon conversion of 25,848,107 shares of our Class B common stock outstanding, (iii) 65,862,204 shares of our Class A common stock receivable upon exchange of 65,862,204 BGC Holdings exchangeable limited partnership interests (or upon conversion of 58,500,000 shares of our Class B common stock and 7,362,204 shares of our Class A common stock receivable upon exchange of 65,862,204 BGC Holdings exchangeable limited partnership interests), (iv) 21,805,897 shares of our Class A common stock acquirable upon conversion/exchange of the convertible notes, (v) 5,050,000 shares of our Class A common stock subject to options currently outstanding and exercisable or exercisable within 60 days of March 1, 2011, (vi) 7,742,325 shares of our Class A common stock receivable pursuant to distribution rights held by Mr. Lutnick, receipt of which has been deferred, including 682,746 distribution rights shares that are scheduled to be distributed on April 1, 2011, (vii) 2,050,197 shares of our Class A common stock receivable pursuant to distribution rights held by CFGM, receipt of which has been deferred, (viii) 1,610,182 shares of our Class A common stock receivable pursuant to distribution rights held by the Trust, receipt of which has been deferred, (ix) 2,048,000 shares of our Class A common stock receivable pursuant to distribution rights held by KBCR, receipt of which has been deferred, and (x) 161,842 shares of our Class A common stock receivable pursuant to distribution rights held by LFA, receipt of which has been deferred.
- (16) Mr. Lynn's holdings consist of (i) 33,750 shares of our Class A common stock subject to options currently outstanding and exercisable or exercisable within 60 days of March 1, 2011, and (ii) 911,129 BGC Holdings founding partner interests exchangeable into our Class A common stock on a one-for-one basis (subject to customary anti-dilution adjustments). Excludes 754,769 BGC Holdings founding partner interests held by Mr. Lynn, which are exchangeable into shares of our Class A common stock, over a period of time, subject to certain conditions.
- (17) Percentage based on (i) 72,586,770 shares of our Class A common stock outstanding, (ii) 33,750 shares of our Class A common stock subject to options currently outstanding and exercisable or exercisable within 60 days of March 1, 2011 and (iii) 911,129 BGC Holdings founding partner interests exchangeable into our Class A common stock on a one-for-one basis (subject to customary anti-dilution adjustments).
- (18) Mr. Merkel's holdings consist of (i) 388,000 shares of our Class A common stock subject to options currently outstanding and exercisable or exercisable within 60 days of March 1, 2011, (ii) 14,153 shares of our Class A common stock held directly by Mr. Merkel, (iii) 7,927 shares of our Class A common stock held in Mr. Merkel's 401(k) account, (iv) 2,250 shares of our Class A common stock beneficially owned by Mr. Merkel's spouse, and (v) 3,369 shares of our Class A common stock receivable pursuant to distribution rights held by Mr. Merkel.
- (19) Mr. Windeatt's holdings consist of 10,990 shares of our Class A common stock held directly.

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- (20) Mr. Dalton's holdings consist of (i) 50,007 shares of our Class A common stock held directly and (ii) 84,619 shares of our Class A common stock subject to options currently outstanding and exercisable or exercisable within 60 days of March 1, 2011.
- (21) Mr. Weis' holdings consist of (i) 182,407 shares of our Class A common stock held directly, (ii) 74,619 shares of our Class A common stock subject to options currently outstanding and exercisable or exercisable within 60 days of March 1, 2011, and (iii) 5,000 shares of our Class A common stock, of which 1,000 shares are beneficially owned by Mr. Weis' spouse, 3,000 shares are held in trust for Mr. Weis' children and 1,000 shares are beneficially owned by Mr. Weis' children.
- (22) Mr. Curwood's holdings consist of 7,991 shares of our Class A common stock held directly.
- (23) Percentage based on (i) 72,586,770 shares of our Class A common stock outstanding, (ii) 25,848,107 shares of our Class A common stock receivable upon conversion of 25,848,107 shares of our Class B common stock outstanding, (iii) 65,862,204 shares of our Class A common stock receivable upon exchange of 65,862,204 BGC Holdings exchangeable limited partnership interests (or upon conversion of 58,500,000 shares of our Class B common stock and 7,362,204 shares of our Class A common stock receivable upon exchange of 65,862,204 BGC Holdings exchangeable limited partnership interests), (iv) 21,805,897 shares of our Class A common stock acquirable upon conversion/exchange of the convertible notes, (v) 5,630,988 shares of our Class A common stock subject to options currently outstanding and exercisable or exercisable within 60 days of March 1, 2011, (vi) 933,886 BGC Holdings founding partner interests, which are exchangeable into shares of our Class A common stock on a one-for-one basis (subject to customary anti-dilution adjustments), and (vii) 19,363,672 shares of our Class A common stock receivable pursuant to distribution rights, receipt of which has been deferred.

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PERFORMANCE GRAPH

The performance graph below shows a comparison of the cumulative total stockholder return, on a dividend reinvestment basis, of \$100 invested on December 31, 2005 measured on December 31, 2006, December 31, 2007, December 31, 2008, December 31, 2009 and December 31, 2010. Our peer group consists of Tullett Prebon PLC, GFI Group Inc., Compangie Financière Tradition, and ICAP PLC. The returns of the peer group companies have been weighted according to their stock market capitalization for purposes of arriving at a peer group average.

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE
Review, Approval and Ratification of Transactions with Related Persons

The general policy of our Company and our Audit Committee is that all material transactions with a related party, including transactions with Cantor, the relationship between us and Cantor and agreements with related parties, as well as all material transactions in which there is an actual, or in some cases, perceived, conflict of interest, including repurchases of Class A common stock or purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor or our executive officers (see Repurchases and Purchases), are subject to prior review and approval by our Audit Committee, which will determine whether such transactions or proposals are fair and reasonable to our stockholders. In general, potential related party transactions are identified by our management and discussed with the Audit Committee at Audit Committee meetings. Detailed proposals, including, where applicable, financial and legal analyses, alternatives and management recommendations, are provided to the Audit Committee with respect to each issue under consideration and decisions are made by the Audit Committee with respect to the foregoing related-party transactions after opportunity for discussion and review of materials. When applicable, the Audit Committee requests further information and, from time to time, requests guidance or confirmation from internal or external counsel or auditors. Our policies and procedures regarding related party transactions are set forth in our Audit Committee Charter and Code of Business Conduct and Ethics, both of which are publicly available on our website at www.bgcpartners.com/legal/disclaimers/ under the heading Investor Info.

Until six months after Cantor ceases to hold 5% of our voting power, transactions or arrangements between us and Cantor will be subject to prior approval by a majority of our Board of Directors that we have found to qualify as independent in accordance with the published listing requirements of NASDAQ. See Potential Conflicts of Interest and Competition with Cantor.

Independence of Directors

Our Board of Directors has determined that each of Messrs. Curwood, Dalton, Sloane, and Weis qualifies as an independent director in accordance with the published listing requirements of NASDAQ. The NASDAQ independence definition consists of a series of objective tests, one of which is that the director is not an officer or employee of ours and has not engaged in various types of business dealings with us. In addition, as further required by NASDAQ rules, our Board has made a subjective determination with respect to each independent director that no relationships exist which, in the opinion of our Board, would interfere with the exercise of independent judgment by each such director in carrying out the responsibilities of a director. In making these determinations, our Board reviewed and discussed information provided by the individual directors and us with regard to each director's business and personal activities as they may relate to us and our management, including participation on any boards of other organizations in which other members of our Board were members.

The Merger and the Merger Agreement

The Merger

We completed the merger of BGC Partners OldCo with and into us, pursuant to which we were renamed BGC Partners, Inc. on April 1, 2008. In the merger, BGC Partners units were converted into common stock of the combined entity (the Combined Company) and eSpeed common stock remained outstanding as Combined Company common stock. In addition, the BGC Holdings exchangeable limited partnership interests became exchangeable with the Combined Company for Combined Company Class B common stock or Combined Company Class A common stock in accordance with the terms of the BGC Holdings limited partnership agreement and BGC Holdings founding partner interests became exchangeable with the Combined Company as described in Amended and Restated BGC Holdings Limited Partnership Agreement Exchanges, and as otherwise determined by Cantor in accordance with the terms of the BGC Holdings limited partnership agreement.

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The dollar value of the merger was \$1,231,512,000 as of May 29, 2007 (the date of execution of the merger agreement) and \$1,548,090,900 as of April 1, 2008 (the closing date of the transaction), respectively, based on the number of shares and rights to acquire shares of Combined Company common stock issued in the transaction multiplied by the average price of eSpeed common stock on such dates.

In connection with the merger, we contributed our assets and liabilities to BGC U.S. and BGC Global in exchange for limited partnership interests in these entities. As a result of this contribution, we received limited partnership interests in each of these entities.

Concurrently with the merger, we also entered into the related agreements and assumed all of the rights and obligations of BGC Partners OldCo under such related agreements. In addition, the following agreements automatically terminated:

the JSA, under which revenue for certain services was shared;

the administrative services agreement, dated as of December 15, 1999, by and among Cantor, Cantor Fitzgerald International, eSpeed, eSpeed Securities, Inc., eSpeed Markets, Inc. and eSpeed Securities International Limited; and

the CO2e.com/eSpeed Services Agreement, dated as of October 1, 2002, by and between eSpeed and CO2e.

License

We granted Cantor a non-exclusive, perpetual, irrevocable, worldwide, non-transferable and royalty-free license to all software, technology and intellectual property in connection with the operation of Cantor's business on and after the closing date of the merger. We entered into a license agreement with Cantor on April 1, 2008 with respect to such license. The license does not constitute an assignment or transfer of any software, technology or intellectual property owned by a third party if both (a) such assignment or transfer would be ineffective or would constitute a default under, or other contravention of, the provisions of a contract without the approval or consent of a third party and (b) such approval or consent is not obtained, provided, however, that the Combined Company agrees to use its commercially reasonable efforts to obtain any such approval or consent.

Any enhancements and upgrades of the software, technology and intellectual property provided under the license will be provided free of charge to any licensee under the license until April 1, 2009, one year after the closing date of the merger. The license will not be transferable except to any purchaser of all or substantially all of the business or assets of Cantor or its subsidiaries or to any purchaser of a business, division or subsidiary of Cantor or its subsidiaries pursuant to a bona fide acquisition of a line of business of Cantor or its subsidiaries (provided that (a) such purchaser agrees not to use the software, technology and intellectual property provided under the license to create a fully electronic brokerage system that competes with eSpeed's fully electronic systems for U.S. Treasuries and foreign exchange, (b) we are a third-party beneficiary of the transferee's agreement in clause (a) above and (c) Cantor enforces its rights against the purchaser to the extent that it breaches its obligations under clause (a) above).

Cantor also agreed that it will not use or grant any aspect of the license to create a fully electronic brokerage system that competes with our fully electronic systems for U.S. Treasuries and foreign exchange.

Corporate Governance Matters

Until six months after Cantor ceases to hold 5% of BGC Partners' voting power, transactions or arrangements between us and Cantor will be subject to prior approval by a majority of the members of our Board of Directors who have been found to qualify as independent in accordance with the published listing requirements of NASDAQ.

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During the same timeframe, we and Cantor also agreed not to employ or engage any officer or employee of the other party without the other party's written consent. However, either party may employ or engage any person who responds to a general solicitation for employment. Cantor may also hire any of our employees who are not brokers and who devote a substantial portion of their time to Cantor or Cantor-related matters or who manage or supervise any such employee, unless such hiring precludes us from maintaining and developing our intellectual property in a manner consistent with past practice. Cantor will provide a list of such persons to us promptly following the closing date of the merger.

Prior to the contribution of the BGC business in the separation, one or more members of the BGC Partners group could borrow an amount of cash up to the aggregate amount of cash held in the BGC Partners group prior to the contribution of the BGC business in the separation. We refer to this loan as the pre-contribution loan. At the request of Cantor, eSpeed funded the pre-contribution loan on or prior to the closing date of the separation. An aggregate of \$115 million was borrowed, all of which was repaid in full on April 4, 2008. See Separation Agreement Other Actions in Connection with the Separation Pre-Contribution Loan.

Fees and Expenses

Each party bore its own costs and expenses, including attorneys' and other advisors' fees, incurred in connection with the merger (it being understood that the costs and expenses of BGC Partners or Cantor incurred before the merger were, as applicable, reflected in the calculation of the closing cash and closing net equity).

Indemnification and Allocation of Losses

All representations and warranties made by BGC Partners OldCo, Cantor, BGC Partners, L.P. (BGC U.S.), BGC Global Holdings, L.P. (BGC Global and, together with BGC U.S., the Opcos) and BGC Holdings contained in the merger agreement, its schedules or in any certificate, document or other instrument delivered in connection with the merger agreement survived the closing of the merger until April 1, 2009, the first anniversary of the closing date of the merger. The representations and warranties by BGC Partners relating to capitalization survived the closing of the merger and continue to be in full force and effect indefinitely. None of the representations and warranties made by eSpeed in the merger agreement, its schedules or in any certificate, document or other instrument delivered in connection with the merger agreement survived the effective time of the merger. Covenants that contemplate or may involve actions to be taken or obligations in effect after the closing of the merger survive in accordance with their terms.

Cantor agreed to indemnify the Opcos, their heirs, executors, successors and assigns from losses to the extent resulting from or arising out of:

the breach of any representation or warranty of BGC Partners OldCo, Cantor, the Opcos or BGC Holdings, but only if a claim is presented before the applicable indemnity period terminates (it being understood that for purposes of determining the amount of such loss from a breach or inaccuracy of any representation or warranty, but not, for the avoidance of doubt, for purposes of determining whether there has been a breach or inaccuracy, all references to material and material adverse effect or similar qualifications as to materiality will be deleted therefrom, and certain specified actions will not be taken into account); or

the breach of any covenant or agreement in the merger agreement to be performed by BGC Partners OldCo, Cantor, the Opcos or BGC Holdings (except that Cantor is not obligated to indemnify for any losses from or arising out of certain litigation matters, and Cantor's indemnification obligations with respect to other specified matters are limited to losses resulting from the imposition of any fine or other monetary penalty, for the payment of any amount in settlement, resulting from such actions).

From and after the closing of the merger, any losses of the Opcos arising from certain litigation matters are allocated to BGC Holdings pursuant to the BGC U.S. limited partnership agreement and BGC Global limited partnership agreement which in turn will be allocated to the capital accounts of the limited partnership interests

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held by Cantor, the founding/working partners and the limited partnership unit holders (and not BGC Partners), pursuant to the terms of the BGC Holdings limited partnership agreement (see Amended and Restated Limited Partnership Agreements of BGC U.S. and BGC Global).

Cantor's indemnification obligations are subject to the following limitations:

Cantor is not required to indemnify a party with respect to any claim arising out of its indemnification obligations related to the breach of any representation or warranty unless the aggregate of all indemnifiable losses exceeds \$20 million, in which case Cantor is responsible only for losses in excess of such amount (provided that Cantor is not required to indemnify a party with respect to any claim arising out of its indemnification obligations related to the breach of any representation or warranty to the extent the aggregate amount of indemnifiable losses (taking into account for these purposes any losses excluded as a result of the \$20 million deductible amount or the de minimis amount described in the bullet below) are in excess of an amount equal to \$170 million (it being agreed that the indemnified parties bear the first \$20 million of such losses) minus the amount of indemnification payments made pursuant to Cantor's indemnification obligations prior to such claim minus the lesser of (1) \$85 million and (2) the amount of losses allocated to BGC Holdings through the allocation mechanism described above prior to the time of the final resolution of such claim); and

Cantor is not required to indemnify a party for losses arising out of its indemnification obligations if such losses are less than \$50,000 or are included as a liability in the final closing balance sheet.

The merger agreement specifies procedures with respect to claims subject to indemnification and related matters.

Amendment and Waiver

The merger agreement may not be modified or amended, and no waiver, consent or approval may occur by or on behalf of BGC Partners, except if in writing signed by each party to the merger agreement and by the Audit Committee of BGC Partners.

Continuing Interests in Cantor

The founding partners and other limited partners of Cantor, including Messrs. Lutnick, Lynn, Merkel and Windeatt, received distribution rights in the separation. The distribution rights of founding partners, including Messrs. Lynn and Windeatt, entitle the holder to receive a fixed number of shares of the BGC Partners Class A common stock, with one-third of such shares distributable on each of the first, second and third anniversaries of the merger. The distribution rights of the other limited partners in Cantor who did not become founding partners, including Messrs. Lutnick and Merkel, generally entitle the holder to receive a distribution of a fixed number of shares of BGC Partners common stock as follows:

with respect to distribution rights received in respect of units in Cantor, including units acquired at any time as a result of reinvestment in respect thereof, held three years or longer as of the completion of the merger, one-third of the shares underlying the distribution right on each of the 12-, 18- and 24-month anniversaries of April 1, 2008; and

with respect to distribution rights received in respect of units in Cantor, including units acquired at any time as a result of reinvestment in respect thereof, held less than three years as of the completion of the merger, one-fifth of the shares underlying the distribution right on each of the 12-, 18-, 24-, 30- and 36-month anniversaries of April 1, 2008.

In addition, the managing general partner of Cantor will be able to grant earlier distribution of the shares to founding partners and the other limited partners of Cantor. The ownership of these distribution rights and underlying shares of common stock is not dependent upon continued employment with BGC Partners or Cantor,

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although, in the case of Cantor limited partners that did not become founding partners, the continuing provision of services to Cantor will, in the absence of a breach of the partner obligations, result in accelerated receipt of the shares underlying these distribution rights as described above.

Separation Agreement

Separation and Contribution

At the closing of the separation, on March 31, 2008, Cantor, in a manner that is expected to be tax-free, contributed, conveyed, transferred, assigned and delivered to BGC Partners OldCo and its subsidiaries (including the Opcos), and BGC Partners OldCo and its subsidiaries (including the Opcos) acquired and accepted from Cantor, all of the right, title and interest of Cantor to the transferred assets:

specified equity interests related to the BGC businesses;

specified contracts related to the BGC businesses, including employment agreements with transferred employees;

certain rights under the JSA, including rights and obligations in respect of clearance, settlement and fulfillment services, to the extent related to the inter-dealer brokerage business;

all intellectual property primarily related to the BGC businesses being transferred;

all books and records (other than tax returns), files, papers, tapes, disks, manuals, keys, reports, plans, catalogs, sales and promotional materials and all other printed and written materials, to the extent available and primarily related to the BGC businesses; and

all permits or licenses issued by any governmental authority to the extent primarily related to the BGC businesses and permitted by applicable law to be transferred.

Cantor retained ownership to certain excluded assets, which included the following, which we refer to as the excluded assets :

all cash, cash equivalents and marketable securities (including any cash, cash equivalents and marketable securities held by any of the transferred entities), except for cash borrowed pursuant to the pre-contribution loan (as described under Other Actions in Connection with the Separation Pre-Contribution Loan);

any litigation claim or insurance recovery relating to specified matters, and any insurance policy and proceeds covering any excluded asset or any excluded liability (as defined below);

certain specified equity interests;

all intellectual property or hardware of Cantor not primarily used in the BGC businesses, including any rights (ownership, licensed or otherwise) to use the mark Cantor or Cantor Fitzgerald and any other trademarks, service marks, brand names, Internet domain names, logos, trade dress, trade names, corporate names and other indicia of origin, any derivatives of the foregoing, all registrations and applications for registration of any of the foregoing, in each case, not primarily related to the BGC businesses and all goodwill

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associated with and symbolized by the foregoing;

all books, records and other data that cannot, without unreasonable efforts or expense, be separated from the books and records maintained by Cantor in connection with businesses other than the BGC businesses or to the extent that such books, records and other data related to excluded assets, excluded liabilities or business employees who do not become transferred business employees and all personnel files and records; and

any asset relating to the other businesses of Cantor (other than any of the transferred assets described in the bullets above).

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BGC Partners OldCo, BGC U.S. and/or BGC Global assumed and became liable for and will pay, perform and discharge as they become due, the transferred liabilities:

all liabilities primarily relating to, arising from or in connection with any transferred business or any transferred asset, regardless of when or where such liability arose and regardless of where or against whom such liability is asserted or determined;

certain liabilities under the JSA to the extent related to the inter-dealer brokerage business, including liabilities related to rights and obligations in respect of clearance, settlement and fulfillment services primarily related to the inter-dealer brokerage business;

all liabilities primarily relating to, arising from or in connection with the transferred businesses' employees and their employment, including all compensation, benefits, severance, workers' compensation and welfare benefit claims and other employment-related liabilities primarily arising from or relating to the conduct of any transferred business; and

certain indebtedness, the total amount of which was \$150 million. The indebtedness consisted of BGC U.S. assuming the liabilities of Cantor pursuant to the note purchase agreement in respect of \$150 million of Cantor's senior notes. Cantor retained and became liable for, and will pay, perform and discharge as they become due, the certain excluded liabilities, which include the following, which we refer to as the excluded liabilities :

any liability of Cantor relating to excluded assets or any retained businesses, except the liabilities assumed by BGC Partners OldCo;

any guarantee by Cantor to a third-party in respect of certain indebtedness specified in the separation agreement; and

other specified excluded liabilities.

The parties to the separation agreement agreed to execute and deliver one or more agreements of assignment and assumption and/or bills of sale or such other instruments of transfer as Cantor may request for the purpose of effecting the separation.

Other Actions in Connection with the Separation

Transfer of Assets to Tower Bridge

Prior to the separation, BGC Partners OldCo contributed certain assets to Tower Bridge. Tower Bridge provides certain services to Cantor pursuant to the Tower Bridge administrative services agreement. Tower Bridge is a consolidated subsidiary of BGC Partners.

Redemption of Cantor Partners

In connection with the separation, Cantor redeemed certain limited partnership interests in Cantor held by certain of its limited partners for (a) new limited partnership interests in Cantor and rights to receive, following the merger, distributions of our common stock held by Cantor or (b) limited partnership interests in BGC Holdings and rights to receive, following the merger, distributions of our common stock held by Cantor, in each case subject to Cantor's terms and conditions.

Conversion

In connection with the separation and the merger, BGC Partners OldCo was converted from a corporation to a limited liability company for tax purposes prior to the merger. In the conversion of BGC Partners OldCo from a corporation to a limited liability company, each share of BGC

Partners OldCo common stock was converted into a BGC Partners unit.

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Repurchase of Certain Cantor Limited Partnership Interests or BGC Partners OldCo Units and Distribution Rights and Repayment of Certain Obligations

Following the separation, but prior to the merger, certain limited partners of Cantor and certain founding partners sold to Cantor for cash all or a portion of the distribution rights and/or BGC Holdings founding partner interests held by such persons, or, in the case of Mr. Lee Amaitis, his limited partnership interests in Cantor were redeemed by Cantor for cash and used some of the proceeds that they received in respect of the purchases of distribution rights and/or BGC Holdings founding partner interests and/or redemption of their Cantor limited partnership interests to repay certain loans made or guaranteed by Cantor for repayment of borrowings to their applicable lenders or for payment of required capital contributions, for the substantial majority of which Cantor was the lender, or in the case of capital contributions, the recipient, and the remainder of which were guaranteed by Cantor, all as described below under *Repayment of Existing Loans and Required Capital Contributions* and contemplated by the separation agreement.

Pre-Contribution Loan

Prior to Cantor's contribution of the transferred assets, one or more members of the BGC Partners group borrowed cash up to the aggregate amount of cash in the BGC Partners group prior to the contribution for regulatory and other business reasons, in order to establish the post-merger capital structure desired by the parties in a manner that permits certain regulated subsidiaries of BGC Partners OldCo to maintain required regulatory capital. Under the merger agreement, at Cantor's request, eSpeed funded the pre-contribution loan on or prior to the closing date of the separation. An aggregate of \$115 million was borrowed, all of which was repaid on April 4, 2008.

No Representations and Warranties

No party made any representations or warranties of any kind concerning the transactions contemplated by the separation agreement, transferred assets, transferred liabilities or transferred business or any consents or approvals required in such connection. The parties agreed that BGC Partners OldCo will bear the economic and legal risk that the conveyance of the transferred assets is insufficient or that the title to those assets is not good, marketable and free from encumbrances.

Commissions; Market Data; Clearing

Cantor has the right to be a customer of ours and to pay the lowest commission paid by any other of our customers or our affiliates, whether by volume, dollar or other applicable measurement. However, this right will terminate upon the earlier of a change of control of Cantor and the last day of the calendar quarter during which Cantor represents one of our 15 largest customers in terms of transaction volume. Cantor also has an unlimited right to internally use market data from BGCantor Market Data without cost, but Cantor does not have the right to furnish such data to any third party.

Until March 31, 2011, three years from the closing of the separation, Cantor will provide us with services that we reasonably determine are reasonably necessary in connection with the clearance, settlement and fulfillment of futures transactions by us. We are entitled to receive from Cantor all of the economic benefits and burdens associated with Cantor's performance of such services. We will use our commercially reasonable efforts to reduce and eliminate our need for such services from Cantor after March 31, 2011, although we may opt to extend the arrangement.

Reinvestments in the Opcos; Co-Investment Rights; Distributions to Holders of Our Common Stock

In order to maintain our economic interest in the Opcos, any net proceeds received by us from any subsequent issuances of our common stock other than upon exchange of BGC Holdings exchangeable limited

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partnership interests will be indirectly contributed to BGC U.S. and BGC Global in exchange for BGC U.S. limited partnership interests and BGC Global limited partnership interests consisting of a number of BGC U.S. units and BGC Global units that will equal the number of shares of our common stock issued.

In addition, we may elect to purchase from the Opcos an equal number of BGC U.S. units and BGC Global units through cash or non-cash consideration. In the future, from time to time, we also may use cash on hand and funds received from distributions from BGC U.S. and BGC Global to purchase shares of common stock or BGC Holdings exchangeable limited partnership interests.

In the event that we acquire any additional BGC U.S. limited partnership interests and BGC Global limited partnership interests from BGC U.S. or BGC Global, Cantor would have the right to cause BGC Holdings to acquire additional BGC U.S. limited partnership interests and BGC Global limited partnership interests from BGC U.S. and BGC Global, respectively, up to the number of BGC U.S. units and BGC Global units that would preserve Cantor's relative indirect economic percentage interest in BGC U.S. and BGC Global compared to our interests immediately prior to the acquisition of such additional partnership units by us, and Cantor would acquire an equivalent number of additional BGC Holdings limited partnership interests to reflect such relative indirect interest. The purchase price per BGC U.S. unit and BGC Global unit for any such BGC U.S. limited partnership interests and BGC Global limited partnership interests issued indirectly to Cantor pursuant to its co-investment rights will be equal to the price paid by us per BGC U.S. unit and BGC Global unit. Any such BGC Holdings limited partnership interests issued to Cantor will be designated as exchangeable limited partnership interests.

Cantor will have 10 days after the related issuance of BGC U.S. limited partnership interests and BGC Global limited partnership interests to elect such reinvestment and will have to close such election no later than 120 days following such election.

In addition, the Participation Plan provides for issuances, in the discretion of our Compensation Committee or its designee, of BGC Holdings limited partnership interests to current or prospective working partners and executive officers of BGC Partners. Any net proceeds received by BGC Holdings for such issuances generally will be contributed to BGC U.S. and BGC Global in exchange for BGC U.S. limited partnership interests and BGC Global limited partnership interests consisting of a number of BGC U.S. units and BGC Global units equal to the number of BGC Holdings limited partnership interests being issued so that the cost of such compensation award, if any, is borne pro rata by all holders of the BGC U.S. units and BGC Global units, including by us. Any BGC Holdings limited partnership interests acquired by the working partners, including any such interests acquired at preferential or historical prices that are less than the prevailing fair market value of our Class A common stock, will be designated as BGC Holdings working partner interests and will generally receive distributions from BGC U.S. and BGC Global on an equal basis with all other limited partnership interests.

To the extent that any BGC U.S. units and BGC Global units are issued pursuant to the reinvestment and co-investment rights described above, an equal number of BGC U.S. units and BGC Global units will be issued. It is the non-binding intention of us, BGC U.S., BGC Global and BGC Holdings that the aggregate number of BGC U.S. units held by the BGC Holdings group at a given time divided by the aggregate number of BGC Holdings units issued and outstanding at such time is at all times equal to one, which ratio is referred to in this proxy statement as the "BGC Holdings ratio," and that the aggregate number of BGC U.S. units held by the BGC Partners group at a given time divided by the aggregate number of shares of our common stock issued and outstanding as of such time is at all times equal to one, which ratio is referred to in this proxy statement as the "BGC Partners ratio." In furtherance of such non-binding intention, in the event of any issuance of BGC U.S. limited partnership interests and BGC Global limited partnership interests to us pursuant to voluntary reinvestment, immediately following such an issuance, we will generally declare a pro rata stock dividend to our stockholders, and in the event of any issuance of BGC U.S. limited partnership interests and BGC Global limited partnership interests to BGC Holdings pursuant to its co-investment rights, BGC Holdings will generally issue a pro rata unit distribution to its partners.

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License

Cantor granted to us a non-exclusive, perpetual, irrevocable, worldwide, non-transferable and royalty-free license to all intellectual property used in connection with our business operations. The license does not constitute an assignment or transfer of any intellectual property owned by a third party if both (a) such assignment or transfer would be ineffective or would constitute a default under, or other contravention of, contract provisions without the approval or consent of a third party and (b) such approval or consent is not obtained, provided that Cantor will use its commercially reasonable best efforts to obtain any such approval or consent. The license is not transferable except to a purchaser of all or substantially all of our business or assets or our business, division or subsidiaries pursuant to a bona fide acquisition of our line of business.

Intercompany Agreements; Guarantee Obligations

Certain contracts, licenses, commitments or other arrangements between Cantor and any entity transferred to BGC Partners OldCo in the separation were terminated. The parties have terminated or caused us to be substituted in all respects for Cantor in respect of all obligations of Cantor under any transferred liabilities for which Cantor was liable, as guarantor, original tenant, primary obligor or otherwise, except, in each case, for the indebtedness guarantees and any excluded liability. We further agreed to (a) indemnify and hold harmless Cantor for any resulting identifiable losses and (b) not renew, extend the term of, increase its obligations under, or transfer to a third party, without Cantor's prior written consent, any loan, lease, contract or other obligation for which Cantor was liable.

New BGC Partners

In order to facilitate the tax-free exchanges of the BGC Holdings exchangeable limited partnership interests, Cantor has a one-time right at BGC Holdings' expense to (a) incorporate, or cause the incorporation of, a newly-formed wholly-owned subsidiary of ours, which we refer to as New BGC Partners, (b) incorporate, or cause the incorporation of, a newly-formed wholly-owned subsidiary of New BGC Partners, which we refer to as New BGC Partners Sub and (c) cause the merger of New BGC Partners Sub with us, with the surviving corporation being a wholly-owned subsidiary of New BGC Partners. In connection with such a merger, our Class A common stock and Class B common stock will each hold equivalent common stock in New BGC Partners, with identical rights to the applicable class of shares held prior to such merger. As a condition to such merger, we will have received an opinion of counsel, reasonably satisfactory to our Audit Committee, to the effect that such merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. Cantor will indemnify us to the extent that we incur any material income taxes as a result of the transactions related to such merger.

Indemnification

In the separation agreement, Cantor agreed to indemnify BGC Partners OldCo and its affiliates and representatives, as well as the Opcos and BGC Holdings and each of their affiliates and representatives, from any breach of any covenant or agreement of Cantor contained in the separation agreement and any excluded asset or excluded liability.

In the separation agreement, BGC Partners OldCo agreed to indemnify Cantor, the Opcos and BGC Holdings and each of their affiliates and representatives from any breach of any covenant or agreement of BGC Partners OldCo contained in the separation agreement.

In the separation agreement, the Opcos agreed to indemnify Cantor, BGC Partners and BGC Holdings and their affiliates and representatives from any breach of any covenant or agreement of the Opcos made in the separation agreement and any transferred asset, transferred liability or any BGC business, and BGC Holdings agreed to indemnify Cantor and the Opcos and their affiliates and representatives from any breach of any covenant or agreement of BGC Holdings made in the separation agreement.

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Any out-of-pocket actual liabilities suffered or incurred by a party related to certain litigation matters, including reasonable fees, costs or expenses of enforcing any indemnity, will be allocated to BGC Holdings (and allocated to the capital accounts of the limited partnership interests of BGC Holdings held by Cantor, the founding/working partners and the limited partnership unit holders (and not us) pursuant to the terms of the BGC Holdings limited partnership agreement) (see Amended and Restated BGC Holdings Limited Partnership Agreement Distributions).

The separation agreement specifies procedures with respect to claims subject to indemnification and related matters.

Employee Matters

In general, any employee engaged in the conduct of the BGC businesses immediately prior to the closing of the separation, except those employees employed by Cantor primarily in corporate or executive level functions, was transferred to BGC Partners OldCo. As promptly as practicable following each fiscal quarter, our management will provide a report to our Audit Committee specifying all of the founding partners who have been terminated by us. Our management will also give our Audit Committee notice prior to such termination if the capital account underlying the BGC Holdings founding partner interests held by a founding partner or, in the case of a series of related terminations, by a group of founding partners, exceeds \$2.0 million on the date of termination.

Amendment

The separation agreement may be amended and modified only by a written agreement, signed by all parties to the separation agreement, provided that any amendment or modification will require prior written approval of the Audit Committee of BGC Partners.

Amended and Restated BGC Holdings Limited Partnership Agreement

On March 31, 2008, the limited partnership agreement of BGC Holdings was amended and restated and was further amended as of March 1, 2009, August 3, 2009, March 12, 2010, August 6, 2010, and December 31, 2010.

Management

BGC Holdings is managed by its general partner. We hold the BGC Holdings general partnership interest and the BGC Holdings special voting limited partnership interest, which entitles us to control BGC Holdings and to remove and appoint the general partner of BGC Holdings.

Under the BGC Holdings limited partnership agreement, we, as the BGC Holdings general partner, manage the business and affairs of BGC Holdings. However, Cantor's consent is required for amendments to the BGC Holdings limited partnership agreement, to decrease distributions to BGC Holdings limited partners to less than 100% of net income received by BGC Holdings (other than with respect to selected extraordinary items as described above), to transfer any BGC U.S. or BGC Global partnership interests beneficially owned by BGC Holdings and to take any other actions that may adversely affect Cantor's exercise of its co-investment rights to acquire BGC Holdings limited partnership interests, its right to purchase BGC Holdings founding partner interests and its right to exchange the BGC Holdings exchangeable limited partnership interests. Cantor's consent is also required in connection with transfers of BGC Holdings limited partnership interests by other limited partners and the issuance of additional BGC Holdings limited partnership interests outside of the Participation Plan. As described below under Exchanges, BGC Holdings founding partner interests are only exchangeable if Cantor so determines.

No working partner interests were issued at the time of the separation and merger. Any working partner interests that are issued will not be exchangeable with us unless otherwise determined by us with the written consent of a BGC Holdings exchangeable limited partnership interest majority in interest, in accordance with the terms of the BGC Holdings limited partnership agreement.

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As described below under Exchanges, the REU, RPU, PSU, PSI and similar partnership interests will only be exchangeable for our Class A common stock in accordance with the terms and conditions of the grant of such interests, which terms and conditions will be determined by the BGC Holdings general partner with the written consent of the BGC Holdings exchangeable limited partnership interest majority in interest, in accordance with the terms of the BGC Holdings limited partnership agreement.

The BGC Holdings limited partnership agreement also provides that BGC Holdings, in its capacity as the general partner of each of BGC U.S. and BGC Global, requires Cantor's consent to amend the terms of the BGC U.S. or BGC Global limited partnership agreements or take any other action that may interfere with Cantor's exercise of its co-investment rights to acquire BGC Holdings limited partnership interests (and the corresponding investment in BGC U.S. and BGC Global by BGC Holdings) or its rights to exchange the BGC Holdings exchangeable limited partnership interests. Founding/working partners and limited partnership unit holders do not have any voting rights with respect to their ownership of BGC Holdings limited partnership interests, other than limited consent rights concerning amendments to the terms of the BGC Holdings limited partnership agreement.

Classes of Interests in BGC Holdings

As of March 1, 2011, BGC Holdings had the following outstanding interests:

a general partnership interest, which is held indirectly by us;

BGC Holdings exchangeable limited partnership interests, which are held by Cantor;

BGC Holdings founding partner interests, which are limited partnership interests held by founding partners;

BGC Holdings REU interests, which are limited partnership interests held by REU partners;

a special voting limited partnership interest, which is held by us and which entitles us to remove and appoint the general partner of BGC Holdings;

BGC Holdings working partner interests held by working partners;

BGC Holdings RPU interests, which are a type of working partner interest held by RPU partners; and

BGC Holdings PSI and PSU interests, which are types of working partner interests held by PSI and PSU partners. REU, RPU, PSI and PSU interests are collectively referred to as limited partnership units.

In February 2009, BGC Holdings was authorized to create a separate class of working partner units called RPUs in an amendment to the limited partnership agreement, which was further amended in October 2009. The RPUs have similar features to existing REU interests except that they provide for a minimum distribution of \$0.005 per quarter. The RPUs also provide that if BGC Holdings were to be dissolved, the obligation to provide Post-Termination Payments to terminated partners holding RPUs is cancelled. The 15% cap on distributions which had been a feature of the RPUs was also eliminated. Further amendments to the limited partnership agreement of BGC Holdings were also authorized to amend future and existing classes of partnership interests to create separate classes.

In March 2010, the Amended and Restated BGC Holdings, L.P. limited partnership agreement was further amended by its general partner and Cantor to create two new types of working partner units, PSUs and PSIs. PSUs and PSIs are identical to REUs and RPUs, respectively, except that they have no associated post-termination payments. These new units are used by us for compensatory grants, compensation modifications,

redemptions of partnership interests and other purposes.

On August 6, 2010, the BGC Holdings limited partnership agreement was amended to revise the definition of the Cantor Group to mean Cantor and its subsidiaries (other than BGC Holdings and its subsidiaries or any member of the BGC Partners Group (as defined in the BGC Holdings limited partnership agreement)),

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Mr. Lutnick and/or any of his immediate family members as so designated by Mr. Lutnick and any trusts or other entities controlled Mr. Lutnick. In addition, in the event that BGC Holdings redeems any of its outstanding units, the Audit Committee of the Board of Directors of the Company on August 6, 2010 authorized management to sell to the new members of the Cantor Group exchangeable units equal in number to such redeemed units at a price per exchangeable unit to be determined based on the average daily or monthly closing price of the Class A common stock.

During March 2010, we began a global partnership redemption and compensation restructuring program to enhance our employment arrangements by leveraging our unique partnership structure. Under this program, participating partners generally agree to extend the lengths of their employment agreements, to accept a larger portion of their compensation in partnership units and to other contractual modifications sought by us. Also as part of this program, we redeemed limited partnership interests for cash and/or other units and granted exchangeability to certain units. At the same time, we sold shares of Class A common stock under our controlled equity offerings. Additionally, during 2010, we completed a global compensation restructuring related to the modification of pre-merger contractual arrangements which accelerated the amortization of the associated deferred compensation expense.

On December 31, 2010, the BGC Holdings limited partnership agreement was further amended to make certain changes to the definitions of bankruptcy and termination under the agreement in accordance with applicable law. In February 2011, the Audit Committee further authorized management to amend the BGC Holdings limited partnership agreement to provide for the creation of new partnership units similar to existing REUs, RPU, PSUs and PSI which would contain a provision eliminating allocations and distributions on such units until particular conditions are met.

On March 15, 2011, the BGC Holdings limited partnership agreement was amended to provide that (i) where either current, terminating, or terminated partners are permitted by the Company to exchange any portion of their founding partner units 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 in BGC Holdings at the price that Cantor would have paid for the founding partner units had the Company redeemed them; and (ii) the exchangeable limited partnership interests to be offered to Cantor pursuant to (i) would be subject to, and granted in accordance with, applicable laws, rules and regulations then in effect.

For a description of the exchange rights and obligations, see Exchanges. No BGC Holdings founding partner interests will be issued after the merger. The BGC Holdings founding/working partner interests held by founding/working partners are designated in various classes, reflecting in general the terms of classes of units that the founding partners previously held in Cantor. See Distributions Classes of Founding/Working Partner Interests.

The aggregate number of authorized BGC Holdings units is 600 million, and in the event that the total number of authorized BGC U.S. units under the BGC U.S. limited partnership agreement is increased or decreased after March 31, 2008, the total number of authorized BGC Holdings units will be correspondingly increased or decreased by the same number by the general partner so that the number of authorized BGC Holdings units equals the number of authorized BGC U.S. units.

Any authorized but unissued BGC Holdings units may be issued:

pursuant to the contribution and the separation;

to Cantor and members of the Cantor group, in connection with a reinvestment in BGC Holdings as described in Separation Agreement Reinvestments in the Opcos; Co-Investment Rights; Distributions to Holders of Our Common Stock ;

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with respect to BGC Holdings founding/working partner interests, to an eligible recipient, which means any limited partner or member of the Cantor group or any affiliate, employee or partner thereof, in each case as directed by a BGC Holdings exchangeable limited partner majority in interest (provided that such person or entity is not primarily engaged in a business that competes with BGC Holdings or its subsidiaries);

as otherwise agreed by us, as general partner, and a BGC Holdings exchangeable limited partner interest majority in interest

pursuant to the Participation Plan (as described in Separation Agreement Reinvestments in the Opcos; Co-Investment Rights; Distributions to Holders of Our Common Stock and BGC Holdings Participation Plan);

to any then-current founding/working partner or limited partnership unit holder pursuant to the BGC Holdings limited partnership agreement;

to any BGC Holdings partner in connection with a conversion of an issued unit and interest into a different class or type of unit and interest; and

to Cantor in the event of a termination or bankruptcy of a founding/working partner or limited partnership unit holder or the redemption of a founding/working partner interest or limited partnership unit holder pursuant to the BGC Holdings limited partnership agreement.

Exchanges

After March 31, 2009, the first anniversary of the completion of the separation, the BGC Holdings limited partnership interests held by Cantor became exchangeable with us for BGC Partners Class B common stock (or, at Cantor's option or if there are no additional authorized but unissued shares of BGC Partners Class B common stock, BGC Partners Class A common stock) on a one-for-one basis (subject to customary anti-dilution adjustments). Cantor was entitled to exchange up to an aggregate of 20 million of its BGC Holdings limited partnership interests prior to March 31, 2009, the first anniversary of the completion of the separation, for shares of BGC Partners Class A common stock in connection with a broad-based public offering, including all shares of BGC Partners Class A common stock received upon such exchange, underwritten by a nationally recognized investment banking firm. In addition, prior to the merger, a portion of the BGC Holdings founding partner interests held by Mr. Lynn and two other individuals who are employed by one or more of our affiliates, were sold to Cantor for cash, and the aggregate net proceeds of such sales were used as described in Repayment of Existing Loans and Required Capital Contributions. Upon acquiring such BGC Holdings founding partner interests from these select persons, Cantor exchanged them for equity interests in BGC Partners on a one-for-one basis, and prior to the merger, BGC Partners redeemed such BGC Partners equity interests from Cantor for cash equal to the amount paid by Cantor to the select persons in respect of such interests. See Repayment of Existing Loans and Required Capital Contributions.

The BGC Holdings limited partnership interests that Cantor transferred to founding partners in connection with the redemption of their current limited partnership interests in Cantor at the time of the separation are not exchangeable with us unless (1) Cantor reacquires such interests from BGC Holdings upon termination or bankruptcy of the founding partners or redemption of their units (which it has the right to do under certain circumstances), in which case such interests will be exchangeable with BGC Partners for BGC Partners Class A common stock or Class B common stock as described above or (2) Cantor determines that such interests can be exchanged by such founding partners with us for BGC Partners Class A common stock, generally on a one-for-one basis (subject to customary anti-dilution adjustments), on terms and conditions to be determined by Cantor, provided that the terms and conditions of such exchange cannot in any way diminish or adversely affect our rights or rights of our subsidiaries (it being understood that an obligation by BGC Partners to deliver shares of BGC Partners Class A common stock upon exchange will not be deemed to diminish or adversely affect the rights of us or our subsidiaries) (which exchange of certain interests Cantor expects to permit from time to time). Once a BGC Holdings founding partner interest becomes exchangeable, such founding partner interest is automatically exchanged for our Class A common stock upon termination or bankruptcy of such partner or upon redemption by BGC Holdings.

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In particular, the BGC Holdings founding partner interests that Cantor has provided are exchangeable with us for our Class A common stock on a one-for-one basis (subject to customary anti-dilution adjustments), in accordance with the terms of the BGC Holdings limited partnership agreement, as follows:

20% of the BGC Holdings founding partner interests held by each founding partner (other than Messrs. Amaitis and Lynn) became exchangeable upon the closing of the merger, with one-third of the shares receivable by such BGC Holdings founding partner upon a full exchange becoming saleable on each of the first, second and third anniversaries of the closing of the merger (subject to acceleration), subject to applicable law;

(1) the 3,160,215 BGC Holdings founding partner interests held by Mr. Amaitis at the closing of the merger became exchangeable at various points following upon the closing of the merger. Exchangeability was accelerated in connection with Mr. Amaitis' donation of an aggregate of 1,600,439 shares in connection with the 2008 and 2010 Charity Day as well as at other times.

(1) 600,000 of the 2,515,898 BGC Holdings founding partner interests held by Mr. Lynn at the closing of the merger became exchangeable upon the closing of the merger, (2) 40% of such BGC Holdings founding partner interests (less the 600,000 BGC Holdings founding partner interests referred to in clause (1) and any other interests or shares of Class A common stock that Mr. Lynn is otherwise eligible to exchange or sell or has sold for any reason, including, without limitation, in connection with any grant of additional interests or stock options (collectively, the Lynn applicable shares)) will become exchangeable on the second anniversary of the closing of the merger, (3) 50% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the third anniversary of the closing of the merger, (4) 60% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the fourth anniversary of the closing of the merger, (5) 70% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the fifth anniversary of the closing of the merger, (6) 80% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the sixth anniversary of the closing of the merger, (7) 90% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the seventh anniversary of the closing of the merger, and (8) 100% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the eighth anniversary of the closing of the merger (and any exchange of founding partner interests by Mr. Lynn will be subject to the terms and conditions of the BGC Holdings limited partnership agreement and the Lynn letter agreement), with the shares received by Mr. Lynn upon exchange being immediately saleable, subject to applicable law. Mr. Lynn exchanged 500,000 shares in February 2010, which shares were repurchased by the Company in March 2010. In December 2010, the Compensation Committee accelerated exchangeability of the last three tranches of such units (754,770 units) and BGC redeemed 350,000 of such units for \$8.3692 per unit.

Further, the Company provides exchangeability for partnership units under other circumstances in connection with compensation, acquisitions and investments, including as follows:

On April 1, 2010, BGC Holdings issued an aggregate of \$150.0 million principal amount of 8.75% Convertible Senior Notes due 2015 (the BGC Holdings Notes) in a private placement transaction to Cantor. On April 1, 2010, BGC Holdings lent the proceeds from the issuance of the BGC Holdings Notes to us in exchange for \$150.0 million principal amount of 8.75% Convertible Senior Notes due 2015 (the convertible notes) on substantially the same economic terms as the BGC Holdings Notes. These notes are exchangeable and convertible as follows: The BGC Holdings Notes held by Cantor are (i) exchangeable for a like principal amount of convertible notes held by BGC Holdings, or (ii) convertible into an aggregate of 21,805,897 BGC Holdings exchangeable limited partnership units. The BGC Holdings exchangeable limited partnership units are themselves exchangeable on a one-for-one basis for shares of Class A common stock. The convertible notes are convertible into an

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aggregate of 21,805,897 shares of Class A common stock. In connection with the issuance of the convertible notes, we entered into a registration rights agreement with Cantor, dated April 1, 2010, pursuant to which holders of the convertibles notes and the shares of Class A common stock issuable upon conversion of the convertible notes have registration rights.

On May 28, 2010, Cantor exchanged 3,500,000 Cantor units of BGC Holdings for 3,500,000 shares of our Class A common stock. In connection therewith, on July 2, 2010, we filed a resale Registration Statement on Form S-3 with respect to the 3,500,000 shares of Class A common stock which may be sold by Cantor for the account of certain retained and founding partners and/or by such retained and founding partners, as distributees of shares of Class A common stock from Cantor, from time to time on a delayed or continuous basis. On October 1, 2010, we filed Amendment No. 2 to this Registration Statement updating the number of shares which may be sold by Cantor to 3,494,891.

The granting of exchangeability of certain BGC Holdings units into shares of our Class A common stock in connection with (i) our partnership redemption and compensation restructuring program, (ii) other incentive compensation arrangements, and (iii) business combination transactions.

Any working partner interests (including RPU, PSU and PSI interests) that are issued will not be exchangeable with us unless we otherwise determine with the written consent of a BGC Holdings exchangeable limited partnership interest majority in interest, in accordance with the terms of the BGC Holdings limited partnership agreement.

The limited partnership units will only be exchangeable for BGC Partners Class A common stock in accordance with terms and conditions of the grant of such limited partnership units, which terms and conditions will be determined in our sole discretion, as the general partner of BGC Holdings, with the written consent of the BGC Holdings exchangeable limited partnership interest majority in interest with respect to the grant of any exchange right, in accordance with the terms of the BGC Holdings limited partnership agreement.

The one-for-one exchange ratio between BGC Holdings units and BGC Partners Class B common stock and Class A common stock will not be adjusted to the extent that we have made a dividend, subdivision, combination, distribution or issuance to maintain the BGC Partners ratio pursuant to a reinvestment by BGC Partners or its subsidiaries pursuant to its reinvestment right.

Upon our receipt of any BGC Holdings exchangeable limited partnership interest or BGC Holdings founding partner interest, BGC Holdings REU interest or BGC Holdings working partner interest that is exchangeable, pursuant to an exchange, such interest being so exchanged will cease to be outstanding and will be automatically and fully cancelled, and such interest will automatically be designated as a BGC Holdings regular limited partnership interest, will have all rights and obligations of a holder of BGC Holdings regular limited partnership interests and will cease to be designated as a BGC Holdings exchangeable interest or BGC Holdings founding partner interest, BGC Holdings REU interest or BGC Holdings working partner interest that is exchangeable, and will not be exchangeable.

With each exchange, our indirect interest in BGC U.S. and BGC Global will proportionately increase, because immediately following an exchange, BGC Holdings will redeem the BGC Holdings unit so acquired for the BGC U.S. limited partnership interest and the BGC Global limited partnership interest underlying such BGC Holdings unit. The acquired BGC U.S. limited partnership interest and BGC Global limited partnership interest will be appropriately adjusted to reflect the impact of certain litigation matters and the intention of the parties to the BGC Holdings limited partnership agreement for BGC Holdings (and not BGC Partners) to realize the economic benefits and burdens of such potential claims.

In addition, upon a transfer of a BGC Holdings exchangeable limited partnership interest that is not permitted by the BGC Holdings limited partnership agreement (see Transfers of Interests), such interest will cease to be designated as a BGC Holdings exchangeable limited partnership interest and will automatically be designated as a regular limited partnership interest.

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In the case of an exchange of an exchangeable limited partnership interest or a founding partner interest (or portion thereof), the aggregate capital account of the BGC Holdings unit so exchanged will equal a pro rata portion of the total aggregate capital account of all exchangeable limited partnership units and founding partner units then outstanding, reflecting the portion of all such exchangeable limited partnership units and founding partner units then outstanding represented by the units so exchanged. The aggregate capital account of such exchanging partner in such partner's remaining exchangeable limited partnership units and/or founding partner units will be reduced by an equivalent amount. If the aggregate capital account of such partner is insufficient to permit such a reduction without resulting in a negative capital account, the amount of such insufficiency will be satisfied by reallocating capital from the capital accounts of the exchangeable limited partners and the founding partners to the capital account of the units so exchanged, pro rata based on the number of units underlying the outstanding exchangeable limited partnership interests and the founding partner interests or based on other factors as determined by a BGC Holdings exchangeable limited partnership interest majority in interest.

In the case of an exchange of an REU interest or working partner interest or portion thereof, the aggregate capital account of the BGC Holdings units so exchanged will equal the capital account of the REU interest or working partner interest (or portion thereof), as the case may be, represented by such BGC Holdings units.

We agreed to reserve, out of our authorized but unissued BGC Partners Class B common stock and BGC Partners Class A common stock, a sufficient number of shares of BGC Partners Class B common stock and BGC Partners Class A common stock solely to effect the exchange of all then outstanding BGC Holdings exchangeable limited partnership interests, the BGC Holdings founding/working partner interests, if exchangeable, and BGC Holdings limited partnership units, if exchangeable, into shares of BGC Partners Class B common stock or BGC Partners Class A common stock pursuant to the exchanges (subject, in the case of BGC Partners Class B common stock, to the maximum number of shares authorized but unissued under BGC Partners certificate of incorporation as then in effect) and a sufficient number of shares of BGC Partners Class A common stock to effect the exchange of shares of BGC Partners Class B common stock issued or issuable in respect of exchangeable BGC Holdings limited partnership interests. We have agreed that all shares of BGC Partners Class B common stock and BGC Partners Class A common stock issued in an exchange will be duly authorized, validly issued, fully paid and non-assessable and will be free from pre-emptive rights and free of any encumbrances.

Partnership Enhancement Program

During March 2010, we began a global partnership redemption and compensation restructuring program to enhance our employment arrangements by leveraging our unique partnership structure. Under this program, participating partners generally agree to extend the lengths of their employment agreements, to accept a larger portion of their compensation in partnership units and to other contractual modifications sought by us. Also as part of this program, we redeemed limited partnership interests for cash and/or other units and granted exchangeability to certain units. At the same time, we sold shares of Class A common stock under our controlled equity offering. Additionally, during the twelve months ended December 31, 2010, we completed a global compensation restructuring related to the modification of pre-merger contractual arrangements which accelerated the amortization of the associated deferred compensation expense. In connection with the global partnership redemption and compensation restructuring program, we granted exchangeability on 6.8 million limited partnership units for the twelve months ended December 31, 2010. In addition, during the twelve months ended December 31, 2010, we, as part of our redemption and compensation restructuring program, redeemed approximately 5.9 million limited partnership units at an average price of \$5.89 per share and approximately 4.0 million founding partner units for an average price of \$6.23 per share. In connection with the restructuring, Cantor agreed to grant exchangeability on certain founding partner units.

We are continuing our global program in 2011 whereby partners redeem their REUs or RPU's in exchange for PSUs or PSIs and receive exchangeability or cash for certain of their limited partnership units and, in many cases, a modification or extension of their employment arrangements.

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The profit and loss of BGC U.S. and BGC Global are generally allocated based on the total number of BGC U.S. units and BGC Global units outstanding, other than in the case of certain litigation matters, the impact of which would be allocated to the BGC U.S. and BGC Global partners who are members of the BGC Holdings group as described in Amended and Restated Limited Partnership Agreements of BGC U.S. and BGC Global. The profit and loss of BGC Holdings are generally allocated based on the total number of BGC Holdings units outstanding, other than the impact of certain litigation matters, which will be allocated to the BGC Holdings partners who are members of the Cantor group, or who are founding/working partners or limited partnership unit holders. The minimum distribution for each RPU interest is \$0.005 per quarter.

BGC Holdings distributes to holders of the BGC Holdings limited partnership interests (subject to the allocation of certain litigation matters, to BGC Holdings partners who are members of the Cantor group, or who are founding/working partners or who are limited partnership unit holders (and not to us)):

with respect to partners who are members of the Cantor group and the founding/working partners, on or prior to each estimated tax due date (the 15th day of each April, June, September and December in the case of a partner that is not an individual, and the 15th day of each April, June, September and January in the case of a partner who is an individual), such partner's estimated proportionate quarterly tax distribution for such fiscal quarter; and

as promptly as practicable after the end of each fiscal quarter, an amount equal to the excess, if any, of (a) the net positive cumulative amount allocated to such partner's capital account pursuant to the BGC Holdings limited partnership agreement, over (b) the amount of any prior distributions to such partner.

Pursuant to the terms of the BGC Holdings limited partnership agreement, distributions by BGC Holdings to its partners may not be decreased below 100% of net income received by BGC Holdings from BGC U.S. and BGC Global (other than with respect to selected extraordinary items with respect to founding/working partners or limited partnership unit holders, such as the disposition directly or indirectly of partnership assets outside of the ordinary course of business) unless we determine otherwise, subject to Cantor's consent (as the holder of the BGC Holdings exchangeable limited partnership interest majority in interest). The BGC Holdings general partner, with the consent of Cantor, as the holder of the BGC Holdings exchangeable limited partnership interest majority in interest, may direct BGC Holdings to distribute all or part of any amount distributable to a founding/working partner or a limited partnership unit holder in the form of a distribution of publicly traded shares, including shares of any capital stock of any other entity if such shares are listed on any national securities exchange or included for quotation in any quotation system in the United States, which we refer to as publicly traded shares, or in other property.

In addition, the BGC Holdings general partner, with the consent of Cantor, as holder of a majority of the BGC Holdings exchangeable limited partnership interests, in its sole and absolute discretion, may direct BGC Holdings, upon a founding/working partner's or a limited partnership unit holder's death, retirement, withdrawal from BGC Holdings or other full or partial redemption of BGC Holdings units, to distribute to such partner (or to his or her personal representative, as the case may be) a number of publicly traded shares or an amount of other property that BGC Holdings general partner determines is appropriate in light of the goodwill associated with such partner and his, her or its BGC Holdings units, such partner's length of service, responsibilities and contributions to BGC Holdings and/or other factors deemed to be relevant by BGC Holdings general partner. Any such distribution of publicly traded shares or other property to a partner as described in the prior sentence will result in a net reduction in such partner's capital account and adjusted capital account, unless otherwise determined by BGC Holdings general partner in its sole and absolute discretion, provided that any gain recognized as a result of such distribution will not affect such partner's adjusted capital account, unless otherwise determined by both the BGC Holdings general partner and Cantor.

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The separation agreement and the BGC Holdings limited partnership agreement, however, provide that any and all items of income, gain, loss or deduction resulting from certain specified items allocated entirely to the capital accounts of the limited partnership interests in BGC U.S. and BGC Global held by BGC Holdings will be allocated entirely to the capital accounts of BGC Holdings limited partnership interests held by its founding/working partners, its limited partnership unit holders and Cantor as described below under Amended and Restated Limited Partnership Agreements of BGC U.S. and BGC Global Distributions. In addition, in the discretion of the BGC Holdings general partner, distributions with respect to selected extraordinary transactions, as described below, may be withheld from the founding/working partners and the limited partnership unit holders and distributed over time subject to the satisfaction of conditions set by us, as the general partner of BGC Holdings, such as continued service to us. See Redemption of BGC Holdings Founding/Working Partner Interests and Limited Partnership Interests. These distributions that may be withheld relate to income items from non-recurring events, including, without limitation, items that would be considered extraordinary items under U.S. GAAP and recoveries with respect to claims for expenses, costs and damages (excluding any recovery that does not result in monetary payments to BGC Holdings) attributable to extraordinary events affecting BGC Holdings (such events may include, unless otherwise determined by the BGC Holdings general partner, any disposition, directly or indirectly (including deemed sales), of capital stock of any affiliate owned by BGC Holdings, whether or not recurring in nature). The BGC Holdings general partner may also deduct from these withheld amounts all or a portion of any extraordinary expenditures from non-recurring events that it determines are to be treated as extraordinary expenditures, including, without limitation, any distribution or other payment (including a redemption payment) to a BGC Holdings partner, the purchase price or other cost of acquiring any asset, any other non-recurring expenditure of BGC Holdings, items that would be considered extraordinary items under U.S. GAAP, and expenses, damages or costs attributable to extraordinary events affecting BGC Holdings (including actual, pending or threatened litigation). Any amounts that are withheld from distribution and forfeited by the founding/working partners and the limited partnership unit holders with respect to such extraordinary transactions will be distributed to Cantor in respect of the BGC Holdings limited partnership interests held by Cantor.

No partner may charge or encumber its BGC Holdings limited partnership interest or otherwise subject such interest to any encumbrance, except those created by the BGC Holdings limited partnership agreement. However, a BGC Holdings exchangeable limited partner may encumber its BGC Holdings exchangeable limited partnership interest in connection with any bona fide bank financing transaction.

Classes of Founding/Working Partner Interests and Limited Partnership Units

Founding/working partners currently hold five classes of BGC Holdings units underlying such partner's BGC Holdings founding partner interests and BGC Holdings working partner interests, respectively: High Distribution, High Distribution II, High Distribution III, High Distribution IV, and Grant. In addition, there are separate classes of working partner interests called RPU, PSU and PSI and there are limited partnership units called REU. The term limited partnership units is generally used to refer to REU, RPU, PSU and PSI.

In general, the rights and obligations of founding/working partners with respect to their BGC Holdings units are similar, but not identical, to the rights and obligations of the founding partners, prior to the separation and merger, as limited partners in Cantor with respect to their Cantor units. See Risk Factors Risks Related to our Business The impact of the separation and merger on the founding partners, limited partnership unit holders and future working partners may adversely affect our ability to retain, recruit and motivate these persons. Each class of BGC Holdings units held by founding/working partners generally entitles the holder to receive a pro rata share of the distributions of income received by BGC Holdings. See Distributions. High Distribution II and High Distribution III units differ from High Distribution units, however, in that holders of High Distribution II and High Distribution III units paid at their original issuance, or the original issuance of their predecessor interests in Cantor, only a portion (generally approximately 20% in the case of High Distribution II Units and 14.3% in the case of High Distribution III Units) of the amount that would have been paid by a holder of a High Distribution unit as of that date, with the remaining amount (increased by a stated rate), which we refer to as a

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HD II Account Obligation or HD III Account Obligation, as applicable, paid, on a stated schedule (generally four years in the case of High Distribution II units and seven years in the case of High Distribution III units). With respect to High Distribution II Units and High Distribution III Units issued in redemption of similar units in Cantor, the applicable HD II Account Obligation or HD III Account Obligation will be paid to Cantor rather than to BGC Holdings. High Distribution IV units differ from High Distribution units in that holders of High Distribution IV units are entitled to receive an additional payment following redemption, as described in Redemption of BGC Holdings Founding/Working Partner Interests and Limited Partnership Units. Grant Units and Matching Grant Units differ from the other classes of BGC Holdings units in the calculation and the compensatory tax treatment of amounts payable upon redemption of such units.

With respect to the limited partnership units, each grant of REUs will have associated with it an REU post-termination amount, which represents an amount payable to the REU holder upon redemption of such units. A partner's entitlement to the REU post-termination amount will vest ratably over three years or according to such schedule as determined by BGC Holdings at the time of grant. In lieu of paying all or a portion of the REU post-termination amount, BGC Holdings may cause the REUs held by a redeemed partner to be automatically exchanged for shares of BGC Partners Class A common stock at the applicable exchange ratio.

The value of such shares may be more or less than the applicable post-termination amount. These payments of cash and/or shares are conditioned on the former REU holder not violating his or her partner obligations or engaging in any competitive activity prior to the date such payments are made, and are subject to reduction if any losses are allocated to such REUs. From time to time, the terms of specific grants of REUs will vary, which variations may include limitations on the income or distributions and may also provide for exchangeability at an identified time or upon the occurrence of certain conditions. RPU's have similar features to existing REU interests except that (i) they provide for a minimum distribution of \$0.005 per quarter and (ii) they provide that if BGC Holdings were to be dissolved, the obligation to provide Post-Termination Payments to terminated partners holding RPU's is cancelled. PSU's and PSI's are similar to REUs and RPU's, respectively, except that they do not have post-termination payments.

Partner Obligations

Each of the founding/working partners and each of the limited partnership unit holders are subject to certain partner obligations, which we refer to as partner obligations. The partner obligations constitute an undertaking by each of the founding/working partners and each of the limited partnership unit holders have a duty of loyalty to BGC Holdings and that, during the period from the date on which a person first becomes a partner through the applicable specified period following the date on which such partner ceases, for any reason, to be a partner, not to, directly or indirectly (including by or through an affiliate):

breach a founding/working partner's or limited partnership unit holder's, as the case may be, duty of loyalty to BGC Holdings, through the four-year period following the date on which such partner ceases, for any reason, to be a founding/working partner or limited partnership unit holder;

engage in any activity of the nature set forth in clause (1) of the definition of the competitive activity (as defined below) through the two-year period following the date on which such partner ceases for any reason to be a founding/working partner or limited partnership unit holder;

engage in any activity of the nature set forth in clauses (2) through (5) of the definition of competitive activity (as defined below) or take any action that results directly or indirectly in revenues or other benefit for that founding/working partner or limited partnership unit holder or any third party that is or could be considered to be engaged in any activity of the nature set forth in clauses (2) through (5) of the definition of competitive activity, except as otherwise agreed to in writing by BGC Holdings general partner, in its sole and absolute discretion, for the one-year period following the date on which such partner ceases, for any reason, to be a founding/working partner or limited partnership unit holder.

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A founding/working partner or limited partnership unit holder is considered to have engaged in a competitive activity if such partner (including by or through his, her or its affiliates), during the applicable restricted period, which we collectively refer to as the competitive activities :

- (1) directly or indirectly, or by action in concert with others, solicits, induces, or influences, or attempts to solicit, induce or influence, any other partner, employee or consultant of Cantor, BGC Partners or any member of the Cantor group or affiliated entity to terminate their employment or other business arrangements with Cantor, BGC Partners or any member of the Cantor group or affiliated entity, or to engage in any competing business (as defined below) or hires, employs, engages (including as a consultant or partner) or otherwise enters into a competing business with any such person;
- (2) solicits any of the customers of Cantor, BGC Partners or any member of the Cantor group or affiliated entity (or any of their employees), induces such customers or their employees to reduce their volume of business with, terminate their relationship with or otherwise adversely affect their relationship with, Cantor, BGC Partners or any member of the Cantor group or affiliated entity;
- (3) does business with any person who was a customer of Cantor, BGC Partners or any member of the Cantor group or affiliated entity during the 12-month period prior to such partner becoming a terminated or bankrupt partner if such business would constitute a competing business;
- (4) directly or indirectly engages in, represents in any way, or is connected with, any competing business, directly competing with the business of Cantor, BGC Partners or any member of the Cantor group or affiliated entity, whether such engagement will be as an officer, director, owner, employee, partner, consultant, affiliate or other participant in any competing business; or
- (5) assists others in engaging in any competing business in the manner described in the foregoing clause (4).

Competing business means an activity that (a) involves the development and operations of electronic trading systems, (b) involves the conduct of the wholesale or institutional brokerage business, (c) consists of marketing, manipulating or distributing financial price information of a type supplied by Cantor, BGC Partners, or any member of the Cantor group or affiliated entity to information distribution services or (d) competes with any other business conducted by Cantor, BGC Partners, any member of the Cantor group or affiliated entity if such business was first engaged in by Cantor or BGC Partners took substantial steps in anticipation of commencing such business and prior to the date on which such founding/working partner or limited partnership unit holder, as the case may be, ceases to be a founding/working partner or limited partnership unit holder, as the case may be.

make or participate in the making of (including through the applicable partner's or any of his, her or its affiliates, respective agents or representatives) any comments to the media (print, broadcast, electronic or otherwise) that are disparaging regarding BGC Partners or the senior executive officers of BGC Partners or are otherwise contrary to the interests of BGC Partners as determined by the BGC Holdings general partner in its sole and absolute discretion, for the four-year period following the date on which such partner ceases, for any reason, to be a founding/working partner or a limited partnership unit holder, as the case may be;

except as permitted with respect to corporate opportunities and fiduciary duties in the BGC Holdings limited partnership agreement (see Corporate Opportunity; Fiduciary Duty) take advantage of, or provide another person with the opportunity to take advantage of, a BGC Partners corporate opportunity (as such term would apply to BGC Holdings if it were a corporation) including opportunities related to intellectual property, which for this purpose requires granting BGC Partners a right of first refusal to acquire any assets, stock or other ownership interest in a business being sold by any partner or affiliate of such partner if an investment in such business would constitute a corporate opportunity (as such term would apply to BGC Holdings if it were a corporation), that has not been presented to and rejected by BGC Partners or that BGC Partners rejects but reserves for possible

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further action by BGC Partners in writing, unless otherwise consented to by BGC Holdings general partner in writing in its sole and absolute discretion, for a four-year period following the date on which such partner ceases, for any reason, to be a founding/working partner or a limited partnership unit holder, as the case may be; or

otherwise take any action to harm, that harms or that reasonably could be expected to harm, BGC Partners for a four-year period following the date on which a founding/working partner or a limited partnership unit holder, as the case may be, ceases, for any reason, to be a founding/working partner or a limited partnership unit holder, as the case may be, including any breach of its confidentiality obligations.

Notwithstanding anything to the contrary, and unless Cantor determines otherwise, none of such partner obligations apply to any founding/working partner or limited partnership unit holder that is also a Cantor company or any of its affiliates or any partner or member of a Cantor company or any of its affiliates. Such partners are exempt from these partner obligations.

The determination of whether a founding/working partner or limited partnership unit holder has breached his or her partner obligations will be made in good faith by the BGC Holdings general partner in its sole and absolute discretion, which determination will be final and binding. If a founding/working partner or a limited partnership unit holder breaches his, her or its partner obligations, then, in addition to any other rights or remedies that the BGC Holdings general partner may have, and unless otherwise determined by the BGC Holdings general partner in its sole and absolute discretion, BGC Holdings will redeem all of the units held by such partner for a redemption price equal to their base amount, and such partner will have no right to receive any further distributions, or payments of cash, stock or property, to which such partner otherwise might be entitled.

Any founding/working partner or limited partnership unit holder, as the case may be, that breaches his or her partner obligations is required to indemnify BGC Holdings for and pay any resulting attorneys' fees and expenses, as well as any and all damages resulting from such breach. In addition, upon breach of the BGC Holdings limited partnership agreement by or the termination or bankruptcy of a founding/working or a limited partnership unit holder, as the case may be, that is subject to the partner obligations, or if any such partner owes any amount to BGC Holdings or to any affiliated entity or fails to pay any amount to any other person with respect to which amount BGC Holdings or any affiliated entity is a guarantor or surety or is similarly liable (in each case whether or not such amount is then due and payable), BGC Holdings has the right to set off the amount that such partner owes to BGC Holdings or any affiliated entity or any such other person under any agreement or otherwise and the amount of any cost or expense incurred or projected to be incurred by BGC Holdings in connection with such breach, such termination or bankruptcy or such indebtedness (including attorneys' fees and expenses and any diminution in value of any BGC Holdings assets and including in each case both monetary obligations and the fair market value of any non-cash item and amounts not yet due or incurred) against any amounts that it owes to such partner under the BGC Holdings limited partnership agreement or otherwise, or to reduce the capital account, the base amount and/or the distributions (quarterly or otherwise) of such partner by any such amount.

A founding/working partner or a limited partnership unit holder, as the case may be, will become a terminated partner upon (a) the actual termination of the employment of such partner, so that such partner is no longer an employee of BGC U.S., BGC Global or any affiliated entity, with or without cause by the employer, by such partner or by reason of death, (b) the termination by the BGC Holdings general partner, which may occur without the termination of a partner's employment, of such partner's status as a partner by reason of a determination by the BGC Holdings general partner that such partner has breached the BGC Holdings limited partnership agreement or that such partner has ceased to provide substantial services to BGC Holdings or any affiliated entity, even if such cessation is at the direction of BGC Holdings or any affiliated entity or (c) ceasing to be a partner for any reason. With respect to a corporate or other entity partner, such partner will also be considered terminated upon the termination of the beneficial owner, grantor, beneficiary or trustee of such partner.

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A founding/working partner or a limited partnership unit holder, as the case may be, will become a bankrupt partner upon (a) making an assignment for the benefit of creditors, (b) filing a voluntary petition in bankruptcy, (c) the adjudication of such partner as bankrupt or insolvent, or the entry against such partner of an order for relief in any bankruptcy or insolvency proceeding; provided that such order for relief or involuntary proceeding is not stayed or dismissed within 120 days, (d) the filing by such partner of a petition or answer seeking for himself, herself or itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any bankruptcy statute, law or regulation, (e) the filing by such partner of an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of that nature or (f) the appointment of or seeking of the appointment of (in each case by any person) a trustee, receiver or liquidator of it or of all or any substantial part of the properties of such founding/working partner. With respect to a corporate founding/working partner, bankruptcy will also include the occurrence of any of the foregoing events with respect to the beneficial owner of the majority of the stock of such partner. Notwithstanding the foregoing, no event constitutes a bankruptcy of a founding/working partner or limited partnership unit holder, as the case may be, unless the BGC Holdings general partner so determines in its sole and absolute discretion.

Redemption of BGC Holdings Founding/Working Partner Interests and Limited Partnership Units

Unlike the BGC Holdings limited partnership interests held by Cantor, the classes of BGC Holdings limited partnership interests held by founding partners, working partners and limited partnership unit holders (in each case, to the extent such interests have not become exchangeable) are subject to purchase and redemption by BGC Holdings in the following circumstances (subject to Cantor's right to purchase such interests from BGC Holdings as described in Cantor's Right to Purchase Redeemed Interests):

except as otherwise agreed to by each of the BGC Holdings general partner, the BGC Holdings exchangeable limited partners (by a majority in interest of the BGC Holdings exchangeable limited partnership interests) and the applicable founding partner, upon any termination or bankruptcy of a founding partner (or the termination or bankruptcy of the beneficial owner of the stock or other ownership interest of any such founding partner that is a corporation or other entity), BGC Holdings will purchase and redeem from such founding partner or his, her or its representative, and such founding partner or his, her or its representative will sell to BGC Holdings, all of the founding partner interests held by such founding partner (and, with the consent of the BGC Holdings general partner and Cantor, BGC Holdings may assign its right to purchase such founding partner interests to another partner); and

except as otherwise agreed to by each of the BGC Holdings general partner and the applicable working partner or limited partnership unit holder, as the case may be, upon (1) any termination or bankruptcy of a working partner or limited partnership unit holder, as the case may be (or the termination or bankruptcy of the beneficial owner of the stock or other ownership interest of any such working partner or limited partnership unit holder that is a corporation or other entity) or (2) an election of the BGC Holdings general partner for any reason or for no reason whatsoever, BGC Holdings will purchase and redeem from such working partner or his, her or its representative, and such working partner or his, her or its representative will sell such REUs to BGC Holdings, all of the working partner interests held by such working partner (and, with the consent of the BGC Holdings general partner and Cantor, BGC Holdings may assign its right to purchase such partner interests to another partner).

Founding/working partner interests or REU or RPU interests, as the case may be, will be redeemed at a pre-determined formula redemption price. The redemption price for a BGC Holdings founding/working partner interest or limited partnership unit holder interest, as the case may be, generally reflects the purchase price paid by such partner for his or her interest, adjusted to reflect such partner's share of changes in the book value of BGC Holdings. For purposes of determining the redemption price, the book value is determined in accordance with the BGC Holdings limited partnership agreement, which in general does not take into account goodwill or going concern value. In the circumstances described above, BGC Holdings limited partnership interests held by founding partners, working partners and limited partnership unit holders that have become exchangeable will be automatically exchanged for BGC Partners Class A common stock.

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Each grant of REUs or RPUs will have associated with it a post-termination amount, which represents an amount payable to the REU or RPU holder upon redemption of such units. A partner's entitlement to the post-termination amount will vest ratably over three years or according to such schedule as determined by BGC Holdings at the time of grant. In lieu of paying all or a portion of the post-termination amount, BGC Holdings may cause the REUs or RPUs held by a redeemed partner to be automatically exchanged for shares of BGC Partners Class A common stock at the applicable exchange ratio. The value of such shares may be more or less than the applicable post-termination amount. These post-termination payments are conditioned on the former REU or RPU holder not violating his or her partner obligations or engaging in any competitive activity prior to the date such payments are made, and are subject to reduction if any losses are allocated to such REUs or RPUs.

The aggregate redemption price for a founding partner interest is generally equal to the adjusted capital account of such interest.

In general, with respect to founding partner interests, working partner interests or limited partnership unit holder interests that have not become exchangeable and that are held by terminated or bankrupt founding/working partners or terminated or bankrupt limited partnership unit holders, as the case may be, a portion of the redemption price, which we refer to as the base amount, is to be paid within 90 days of redemption, with the remainder of the redemption price paid on each of the following four anniversaries. The base amount of BGC Holdings founding/working partner interests and BGC Holdings REU and RPU interests designated as Grant Units, High Distribution III Units and High Distribution IV Units will each at all times be zero. The base amount is calculated pursuant to a formula, and it reflects a larger percentage of the total redemption price for working partners who have been partners for a longer period in BGC Holdings. The portion of the redemption price that is to be paid to a terminated or bankrupt founding/working partner or terminated or bankrupt REU or RPU partner, as the case may be, on each of the four anniversaries following a redemption is conditioned on such partner not having engaged in a competitive activity or violated his or her partner obligations.

The general partner of BGC Holdings may also withhold each founding/working partner or limited partner unit holder's, as the case may be, share of distributions attributable to income and loss with respect to selected extraordinary transactions, such as the disposition directly or indirectly of partnership assets outside the ordinary course of business. With respect to terminated or bankrupt founding/working partners or terminated or bankrupt REU or RPU interests, as the case may be, such partner whose limited partnership interests in BGC Holdings are redeemed will receive payments reflecting these extraordinary items only to the extent that such partner's right to receive these payments has vested (with 30% vesting on the third anniversary of the applicable event or, if later, the date of acquisition of interests in BGC Holdings and the remainder vesting ratably over a seven year vesting schedule, provided that the BGC Holdings general partner may, in its sole and absolute discretion, accelerate the vesting of such amounts), with payments made on each of the first five anniversaries of the redemption of such limited partner interests. These payments are conditioned on such partner not violating his or her partner obligations or engaging in any competitive activity, prior to the date such payments are completed and are subject to prepayment at the sole and absolute discretion of the BGC Holdings general partner at any time. Any amounts that are withheld from distribution and forfeited by such partners will be distributed to Cantor in respect of its BGC Holdings limited partnership interests.

Any distribution to a holder of High Distribution II Units or High Distribution III Units, including with respect to additional amounts payable upon redemption, may be reduced in the discretion of the BGC Holdings general partner to satisfy such holder's HD II Account Obligation or HD III Account Obligation, as applicable, as described above in Classes of Founding/Working Partner Interests. Upon the purchase by Cantor of High Distribution II Units or High Distribution III Units issued in redemption of similar units in Cantor, the amount payable by Cantor to acquire such units will be reduced by an amount equal to the HD II Account Obligation or HD III Account Obligation, as applicable, with respect to such units.

In addition, holders of High Distribution IV Units (all of which are being issued in exchange for High Distribution IV Units previously issued by Cantor to such holders) are entitled to receive an additional payment,

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one-fourth of such amount being payable on each of the first four anniversaries of redemption, reflecting a fixed amount determined as of the date of the original issuance of the predecessor High Distribution IV Units by Cantor.

BGC Holdings may in its discretion make redemption payments in property, including in BGC Partners units, rather than in cash and may in its discretion accelerate the amount of these payments and, with the consent of a BGC Holdings exchangeable limited partnership interest majority in interest, in recognition of a founding/working partner s or REU or RPU partner s, as the case may be, contributions to the business, increase these payments to reflect BGC Holdings goodwill or going concern value.

In the event of such a redemption or purchase by BGC Holdings of any BGC Holdings founding/working partner interests, BGC Holdings will cause BGC U.S. and BGC Global to redeem and purchase from BGC Holdings a number of BGC U.S. units and BGC Global units, in each case, equal to (1) the number of units underlying the redeemed or purchased BGC Holdings founding/working partner interests or REU or RPU interests, as the case may be, multiplied by (2) the Holdings ratio as of immediately before the redemption or purchase of such BGC Holdings founding/working partner interests or REU or RPU interests, as the case may be. The purchase price paid to BGC U.S. and BGC Global will be an amount of cash equal to the amount required by BGC Holdings to redeem or purchase such interest. Upon mutual agreement of the BGC Holdings general partner, the BGC U.S. general partner and the BGC Global general partner, BGC U.S. and BGC Global may, instead of cash, pay all or a portion of such aggregate purchase price, in publicly traded shares. The PSUs or PSIs are redeemable at the discretion of the general partner of BGC Holdings.

Cantor s Right to Purchase Redeemed Interests

BGC Holdings Founding Partner Interests

Cantor has a right to purchase any BGC Holdings founding partner interests that have not become exchangeable that are redeemed by BGC Holdings upon termination or bankruptcy of a founding partner or upon mutual consent of the general partner of BGC Holdings and Cantor. Cantor has the right to purchase such BGC Holdings founding partner interests at a price equal to the lesser of (1) the amount that BGC Holdings would be required to pay to redeem and purchase such BGC Holdings founding partner interests and (2) the amount equal to (x) the number of units underlying such founding partner interests, multiplied by (y) the exchange ratio as of the date of such purchase, multiplied by (z) the then current market price of BGC Partners Class A common stock. Cantor may pay such price using cash, publicly traded shares or other property, or a combination of the foregoing. If Cantor (or the other member of the Cantor group acquiring such founding partner interests, as the case may be) so purchases such founding partner interests at a price equal to clause (2) above, neither Cantor nor any member of the Cantor group nor BGC Holdings nor any other person is obligated to pay BGC Holdings or the holder of such founding partner interests any amount in excess of the amount set forth in clause (2) above.

In addition, in the event that current, terminating or terminated partners are permitted by the Company to exchange any portion of their founding partner units and Cantor consents to such exchange, the Company shall offer Cantor the right to purchase the same number of new exchangeable limited partnership interests in BGC Holdings at the price it would have paid for the founding partner units had the Company redeemed them. Such interests, if issued, would be subject to, and granted in accordance with, applicable laws, rules and regulations then in effect.

Any BGC Holdings founding partner interests acquired by Cantor, while not exchangeable in the hands of the founding partner absent a determination by Cantor to the contrary, will be exchangeable by Cantor for shares of BGC Partners Class B common stock or, at Cantor s election, shares of BGC Partners Class A common stock, in each case, on a one-for-one basis (subject to customary anti-dilution adjustments), on the same basis as the Cantor interests, and will be designated as BGC Holdings exchangeable limited partnership interests when acquired by Cantor. This may permit Cantor to receive a larger share of income generated by BGC Partners business at a less expensive price than through purchasing shares of BGC Partners Class A common stock, which is a result of the price payable by Cantor to BGC Holdings upon exercise of its right to purchase equivalent exchangeable interests.

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As of February 28, 2011, as a result of the termination of 3 BGC Holdings founding partners, BGC Holdings has the right to redeem an aggregate of 193,188 BGC Holdings limited partnership units, and, upon the redemption of any such founding partner units, Cantor will have the right to purchase from BGC Holdings an equivalent number of exchangeable BGC Holdings limited partnership units pursuant to terms yet to be determined. See *Other Transactions* below.

BGC Holdings Working Partner Interests and BGC Holdings Limited Partnership Units

Cantor has a right to purchase any BGC Holdings working partner interests or BGC Holdings limited partnership units (in each case that have not become exchangeable), as the case may be, that are redeemed by BGC Holdings if BGC Holdings elects to transfer the right to purchase such interests to a BGC Holdings partner rather than redeem such interests itself. Cantor has the right to purchase such interests on the same terms that such BGC Holdings partner would have a right to purchase such interests.

Transfers of Interests

In general, subject to the exceptions described below, no BGC Holdings partner may transfer or agree or otherwise commit to transfer all or any portion of, or any rights, title and interest in and to, its interest in BGC Holdings.

Regular limited partners (other than the special voting limited partner of BGC Holdings), including exchangeable limited partners, of BGC Holdings may transfer limited partnership interests in the following circumstances:

in connection with the contribution and the separation;

in connection with an exchange with BGC Partners, if applicable;

if the transferor limited partner is a member of the Cantor group, to any person; or

with the prior written consent of the general partner and the exchangeable limited partners (by affirmative vote of a BGC Holdings exchangeable limited partnership interest majority in interest, not to be unreasonably withheld or delayed).

With respect to any exchangeable limited partnership interest transferred by Cantor to another person, Cantor may elect, prior to or at the time of such transfer, either (1) that such person will receive such interest in the form of an exchangeable limited partnership interest and that such person will thereafter be an exchangeable limited partner so long as such person continues to hold such interest or (2) that such person will receive such interest in the form of a regular limited partnership interest (other than an exchangeable limited partnership interest or a special voting limited partnership interest of BGC Holdings), including as a founding partner interest, working partner interest or otherwise, and that such person will not be an exchangeable limited partner as a result of holding such interest.

Founding partners may transfer BGC Holdings founding partner interests in the following circumstances:

in connection with the contribution and the separation;

in connection with an exchange with BGC Partners, if applicable;

pursuant to a redemption;

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if the transferee limited partner is a member of the Cantor group (except that in the event such transferee ceases to be a member of the Cantor group, such interest will automatically transfer to Cantor);

with the consent of the BGC Holdings exchangeable limited partnership interest majority in interest, to any other founding partner;
or

with the mutual consent of the general partner and the BGC Holdings exchangeable limited partnership interest majority in interest (which consent may be withheld for any reason or no reason), to any other person.

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Working partners and limited partnership unit holders may transfer BGC Holdings working partner interests or BGC Holdings limited partnership units, as the case may be, in the following circumstances:

pursuant to a redemption, in the case of working partners, and pursuant to the grants concurrently with the merger, in the case of limited partnership unit holders;

in connection with an exchange with BGC Partners, if applicable;

if the transferee limited partner is a member of the Cantor group (except that in the event such transferee ceases to be a member of the Cantor group, such interest will automatically transfer to Cantor); or

with the mutual consent of the general partner and the BGC Holdings exchangeable limited partnership interest majority in interest. The special voting limited partner may transfer the special voting limited partnership interest in connection with the contribution and the separation or to a wholly owned subsidiary of BGC Partners (except that in the event such transferee ceases to be a wholly owned subsidiary of BGC Partners, the special voting partnership interest will automatically be transferred to BGC Partners, without any further action required on part of BGC Holdings, BGC Partners or any other person).

The general partner may transfer its general partnership interest in the following circumstances:

in connection with the contribution and separation;

to a new general partner as described below; or

with the special voting limited partner's prior written consent, to any other person.

The special voting limited partner may, in its sole and absolute discretion, remove any general partner, with or without cause. The general partner may resign as the general partner of BGC Holdings for any reason or no reason, except that as a condition to any removal or resignation, the special voting limited partner will first appoint a new general partner who will be admitted to BGC Holdings as the new general partner, and the resigning or removed general partner will transfer its entire general partnership interest to the new general partner.

Amendments

The BGC Holdings limited partnership agreement cannot be amended except with the approval of each of the general partner and the exchangeable limited partners (by the affirmative vote of a BGC Holdings exchangeable limited partnership interest majority in interest) of BGC Holdings. In addition, the BGC Holdings limited partnership agreement cannot be amended to:

amend any provisions which require the consent of a specified percentage in interest of the limited partners without the consent of that specified percentage in interest of the limited partners;

alter the interest of any partner in the amount or timing of distributions or the allocation of profits, losses or credits, if such alteration would either materially adversely affect the economic interest of a partner or would materially adversely affect the value of interests, without the consent of the partners holding at least two-thirds of all units, in the case of an amendment applying in, substantially

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similar manner to all classes of interests, or two-thirds in interest of the affected class or classes of the partners, in the case of any other amendment; or

alter the special voting limited partner's ability to remove a general partner.

The general partner of BGC Holdings may authorize any amendment to correct any technically incorrect statement or error apparent on the face thereof in order to further the parties' intent or to correct any formality or error or incorrect statement or defect in the execution of the BGC Holdings limited partnership agreement.

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In the event of any material amendment to the BGC Holdings limited partnership agreement that materially adversely affects the interest of a founding/working partner or an limited partnership unit holder, as the case may be, in the partnership or the value of founding/working partner interests or limited partnership units, as the case may be, held by such partner in the amount or timing of distributions or the allocation of profits, losses or credit, then such partner who does not vote in favor of such amendment has a right to elect to become a terminated partner of BGC Holdings, regardless of whether there is an actual termination of the employment of such partner. The BGC Holdings general partner will have a right, in the event of such election by a founding/working partner or an limited partnership unit holder, as the case may be, to revoke and terminate such proposed amendment to the BGC Holdings limited partnership agreement.

Corporate Opportunity; Fiduciary Duty

The BGC Holdings limited partnership agreement contains similar corporate opportunity provisions to those included in BGC Partners certificate of incorporation with respect to BGC Partners and/or Cantor and their respective representatives. See Description of Capital Stock Anti-Takeover Effects of Our Certificate of Incorporation and Bylaws and Delaware Law Corporate Opportunity.

Parity of Interests

The BGC Holdings limited partnership agreement provides that it is the non-binding intention of BGC Holdings and each of the partners of BGC Holdings that the BGC Holdings ratio at all times equals one. It is the non-binding intention of each of the partners of BGC Holdings and of BGC Holdings that there be a parallel issuance or repurchase transaction by BGC Holdings in the event of any issuance or repurchase by BGC U.S. of BGC U.S. units to or held by BGC Holdings so that the BGC Holdings ratio at all times equals one. In August 2008, we were authorized to cause BGC Holdings to issue REUs in connection with acquisitions and to provide for such acquisitions to be done in only one of BGC U.S. or BGC Global when appropriate. In such event, we are authorized to break parity with respect to outstanding units in such entities although no decision to do has been made at this time.

Amended and Restated Limited Partnership Agreements of BGC U.S. and BGC Global

Effective as of September 1, 2008, each of BGC U.S. and BGC Global entered into amended and restated limited partnership agreements. On September 26, 2008, the limited partnership agreement of BGC U.S. and the limited partnership agreement of BGC Global were amended, effective as of September 1, 2008, to provide that, at our election, in connection with a repurchase of our Class A common stock or similar actions, BGC U.S. and BGC Global will redeem and repurchase from us a number of units in BGC U.S. and BGC Global equivalent to the number of shares of Class A common stock repurchased by us in exchange for cash in the amount of the gross proceeds to be paid in connection with such stock repurchase. The proportion of such amount to be paid by BGC U.S. or BGC Global will be determined by BGC Partners. Certain technical amendments were also made to conform such limited partnership agreements to the BGC Holdings limited partnership agreement.

Management

BGC U.S. and BGC Global each are managed by their general partner, which is BGC Holdings. BGC Holdings, in turn, holds the BGC U.S. general partnership interest and the BGC U.S. special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC U.S., and the BGC Global general partnership interest and the BGC Global special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC Global, and serves as the general partner of each of BGC U.S. and BGC Global, which entitles BGC Holdings (and thereby, BGC Partners) to control each of BGC U.S. and BGC Global, subject to limited consent rights of Cantor and to the rights of BGC Holdings as the special voting limited partner. BGC Holdings holds its BGC U.S. general partnership interest through a Delaware limited liability company, BGC Holdings, LLC, and holds its BGC Global general partnership interest through a company incorporated in the Cayman Islands, BGC Global Holdings GP Limited.

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Cantor's consent rights means that BGC Holdings, in its capacity as general partner of each of BGC U.S. and BGC Global, is required to obtain Cantor's consent to amend the terms of the BGC U.S. limited partnership agreement or BGC Global limited partnership agreement or take any other action that may adversely affect Cantor's exercise of its co-investment rights (See Separation Agreement Reinvestments in the Opcos; Co-Investment Rights; Distributions to Holders of Our Common Stock) to acquire BGC Holdings limited partnership interests (and the corresponding investment in BGC U.S. and BGC Global by BGC Holdings) or right to exchange BGC Holdings exchangeable limited partnership interests. BGC Partners, in its capacity as the general partner of BGC Holdings, will not cause BGC Holdings, in its capacity as the general partner of BGC U.S. and BGC Global, to make any amendments (other than ministerial or other immaterial amendments) to the limited partnership agreement of either BGC U.S. or BGC Global unless such action is approved by a majority of BGC Partners' independent directors.

Classes of Interests in the Opcos

As of the date of this proxy statement, BGC U.S. and BGC Global each had the following outstanding interests:

a general partnership interest, which is held by BGC Holdings;

limited partnership interests, which are directly and indirectly held by BGC Partners and BGC Holdings; and

a special voting limited partnership interest, which is held by BGC Holdings and which entitles the holder thereof to remove and appoint the general partner of BGC U.S. or BGC Global, as the case may be.

The aggregate number of authorized units in each of BGC U.S. and BGC Global is 600 million, and in the event that the total number of authorized shares of BGC Partners common stock under BGC Partners' certificate of incorporation is increased or decreased after March 31, 2008, the total number of authorized units in each of BGC U.S. and BGC Global, as the case may be, will be correspondingly increased or decreased by the same number so that the number of authorized BGC U.S. units and BGC Global units, as the case may be, equals the number of authorized shares of BGC Partners common stock.

Any authorized but unissued BGC U.S. units or BGC Global units, as the case may be, may be issued:

pursuant to the contribution and the separation;

to BGC Partners and/or BGC Holdings and members of their group, as the case may be, in connection with an investment in BGC U.S. and BGC Global as described above in Separation Agreement Reinvestments in the Opcos; Co-Investment Rights; Distributions to Holders of our Common Stock ;

to BGC Holdings or members of its group in connection with a redemption pursuant to the BGC Holdings limited partnership agreement as described in Amended and Restated BGC Holdings Limited Partnership Agreement Redemption of BGC Holdings Founding/Working Partner Interests and Limited Partnership Units ;

as otherwise agreed by each of the general partner and the limited partners (by affirmative vote of the limited partners holding a majority of the units underlying limited partnership interests outstanding of BGC U.S. or BGC Global, as the case may be (except that if BGC Holdings and its group holds a majority in interest and Cantor and its group holds a majority of units underlying the BGC Holdings exchangeable limited partnership interests, then majority of interest means Cantor), which we refer to as an Opcos majority in interest ;

to BGC Partners or BGC Holdings in connection with a grant of equity by BGC Partners or BGC Holdings; and

to any BGC U.S. or BGC Global partner, as the case may be, in connection with a conversion of an issued unit and interest into a different class or type of unit and interest.

There will be no additional classes of partnership interests in BGC U.S. or BGC Global.

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Distributions

The profit and loss of BGC U.S. and BGC Global are generally allocated based on the total number of BGC U.S. units and BGC Global units outstanding, other than in the case of certain litigation matters, the impact of which is allocated to the BGC U.S. and BGC Global partners who are members of the BGC Holdings group.

BGC U.S. and BGC Global each distribute to each of its partners (subject to the allocation of certain litigation matters to BGC U.S. and BGC Global partners, as the case may be, who are members of the BGC Holdings group):

on or prior to each estimated tax due date (the 15th day of each April, June, September and December, in the case of a partner that is not an individual, and the 15th day of each April, June, September and January in the case of a partner who is an individual, or, in each case, if earlier with respect to any quarter, the date on which BGC Partners is required to make an estimated tax payment), such partner's estimated proportionate quarterly tax distribution for such fiscal quarter;

on or prior to each estimated tax due date for partners who are members of the BGC Holdings group, an amount (positive or negative) for such fiscal quarter in respect of items of income, gain, loss or deduction allocated in respect of certain litigation matters; and

as promptly as practicable after the end of each fiscal quarter, an amount equal to the excess, if any, of (a) the net positive cumulative amount allocated to such partner's capital account pursuant to the BGC U.S. limited partnership agreement or BGC Global limited partnership agreement, as the case may be, after the date of such agreement over (b) the amount of any prior distributions to such partner.

BGC U.S. or BGC Global, as the case may be, may, with the prior written consent of the holders of an Opcos majority in interest of the limited partnership interests, decrease the total amount distributed by BGC U.S. or BGC Global, as the case may be. In addition, if BGC U.S. or BGC Global, as the case may be, is unable to make the distributions required above as a result of any losses of the Opcos arising from the certain litigation claims, then BGC U.S. or BGC Global, as the case may be, will use reasonable best efforts to borrow such amounts as are necessary to make distributions that would have been received by the BGC Partners group in the absence of any such potential litigation claims and to make the estimated proportionate quarterly tax distribution to the Cantor group. The borrowing costs of any such borrowing will be treated as part of such potential litigation claims.

The limited partnership agreements of BGC U.S. and BGC Global also provide that at the election of BGC Partners, in connection with a repurchase of its Class A common stock or similar actions, BGC U.S. and BGC Global may redeem and repurchase from BGC Partners a number of units equivalent to the number of shares of common stock repurchased by BGC Partners in exchange for cash in the amount of the gross proceeds to be paid in connection with such stock repurchase. The proportion of such amount to be paid by BGC U.S. and BGC Global shall be determined by BGC Partners.

Transfers of Interests

In general, subject to the exceptions described below, no BGC U.S. partner or BGC Global partner, as the case may be, may transfer or agree to transfer all or any portion of, or any rights, title and interest in and to, its interest in BGC U.S. or BGC Global, as the case may be.

Limited partners of BGC U.S. and BGC Global may transfer their limited partnership interests in the following circumstances:

in connection with the contribution and the separation;

if the transferee limited partner will be a member of the BGC Partners group or the BGC Holdings group; or

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with the prior written consent of the general partner and the limited partners (by affirmative vote of an Opcos majority in interest, not to be unreasonably withheld or delayed).

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The special voting limited partner may transfer the special voting limited partnership interest in connection with the contribution and the separation or to a wholly owned subsidiary of BGC Holdings (except that in the event such transferee ceases to be a wholly-owned subsidiary of BGC Holdings, the special voting partnership interest will automatically be transferred to BGC Holdings, without any further action required on part of BGC U.S. or BGC Global, as the case may be, BGC Holdings or any other person).

The general partner may transfer its general partnership interest in the following circumstances:

in connection with the contribution and separation;

to a new general partner; or

with the special voting limited partner's prior written consent.

The special voting limited partner may in its sole and absolute discretion remove any general partner, with or without cause. The general partner may resign as the general partner of BGC U.S. or BGC Global, as the case may be, for any reason, except that as a condition to any removal or resignation, the special voting limited partner will first appoint a new general partner who will be admitted to BGC U.S. or BGC Global, as the case may be, and the resigning or removed general partner will transfer its entire general partnership interest to the new general partner.

No partner may charge or encumber its BGC U.S. or BGC Global interest, as the case may be, or otherwise subject such interest to any encumbrance, except those created by the BGC U.S. limited partnership agreement or BGC Global limited partnership agreement, as the case may be.

Amendments

Each of the BGC U.S. and BGC Global limited partnership agreements cannot be amended except with the approval of each of the general partner and the limited partners (by the affirmative vote of an Opcos majority in interest) of BGC U.S. or BGC Global, as the case may be. In addition, each of the BGC U.S. and BGC Global limited partnership agreements cannot be amended to:

amend any provisions which require the consent of a specified percentage in interest of the limited partners without the consent of that specified percentage in interest of the limited partners;

alter the interest of any partner in the amount or timing of distributions or the allocation of profits, losses or credits, if such alteration would either materially adversely affect the economic interest of a partner or would materially adversely affect the value of interests, without the consent of the partners holding at least two-thirds of all units, in the case of an amendment applying in, substantially similar manner to all classes of interests, or two-thirds in interest of the affected class or classes of the partners, in the case of any other amendment; or

alter the special voting limited partner's ability to remove a general partner.

The general partner of BGC U.S. or BGC Global, as the case may be, may authorize any amendment to correct any technically incorrect statement or error in order to further the parties' intent or to correct any formality or error or defect in the execution of the BGC U.S. or BGC Global limited partnership agreement, as the case may be.

Corporate Opportunity; Fiduciary Duty

The BGC U.S. limited partnership agreement and BGC Global limited partnership agreement contain similar corporate opportunity provisions to those included in the BGC Partners certificate of incorporation with respect to BGC Partners and/or BGC Holdings and their respective representatives. See *Description of Capital Stock*, *Anti-Takeover Effects of Our Certificate of Incorporation and Bylaws* and *Delaware*

Law Corporate Opportunity.

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Parity of Interests

The BGC U.S. limited partnership agreement and BGC Global limited partnership agreement provide that it is the non-binding intention of each of the partners of BGC U.S. and BGC Global and each of BGC Global and BGC U.S. that the number of outstanding BGC U.S. units equals the number of outstanding BGC Global units. It is the non-binding intention of each of the partners of BGC U.S. and BGC Global and each of BGC Global and BGC U.S. that there be a parallel issuance or repurchase transaction by BGC U.S. or BGC Global in the event of any issuance or repurchase by the other Opco so that the number of outstanding BGC U.S. units at all times equals the number of outstanding BGC Global units.

In August 2008, we were authorized to cause BGC Holdings to issue REUs in connection with acquisitions and to provide for such acquisitions to be done in only one of BGC U.S. or BGC Global when appropriate. In such event, we are authorized to break parity with respect to outstanding units in such entities although no decision to do has been made at this time.

On September 26, 2008, the limited partnership agreement of BGC US and the limited partnership agreement of BGC Global were amended, effective as of September 1, 2008, to provide that, at the Company's election, in connection with a repurchase of our Class A common stock or similar actions, BGC US and BGC Global will redeem and repurchase from the Company a number of units in BGC US and BGC Global equivalent to the number of shares of Class A common stock repurchased by the Company in exchange for cash in the amount of the gross proceeds to be paid in connection with such stock repurchase. The proportion of such amount to be paid by BGC US or BGC Global will be determined by BGC Partners. Certain technical amendments were also made to conform such limited partnership agreements to the BGC Holdings limited partnership agreement.

Tower Bridge

Currently, the principal activities of one of BGC Partners' U.K. subsidiaries, Tower Bridge, is the provision of administrative and corporate services in Europe and Asia to BGC Partners and its direct and indirect, current and future, subsidiaries and to Cantor and its direct and indirect, current and future, subsidiaries. Tower Bridge is not regulated by the FSA, and, therefore, this assists the Company in maximizing the efficiency of its regulatory capital usage in the United Kingdom.

Tower Bridge is a U.K. limited partnership, which is owned 52% by us and 48% by Cantor. The right to share in profits and losses and receive distributions from Tower Bridge is divided between us (and on behalf of its nominated entities) and Cantor (and on behalf of our nominated entities) based on these ownership interests.

The transfer to Tower Bridge took place in phases, starting with the creation of Tower Bridge and transfer of services businesses from one of BGC Partners' U.K. subsidiaries to Tower Bridge for \$4.5 million on December 31, 2006. The transferred services businesses included the support services that had been provided by such subsidiary at that time to the operating and regulated companies and partnerships owned and controlled by Cantor (including BGC Partners) and other entities where applicable, including administration and benefits services, employee benefits services, human resources and payroll services, financial services, financial operations services (including such subsidiary's back office employees engaged mainly or wholly in the services businesses at that time) and the goodwill of such subsidiary in connection therewith but excluding related debts and liabilities. The transferred services business did not include any real property leased or licensed by such subsidiary or other assets held by such subsidiary (including leasehold improvements and computer assets). In a subsequent phase we transferred certain building leases, leasehold improvements and other fixed assets (for example, computer equipment).

Tower Bridge provides specified services to Cantor pursuant to the Tower Bridge administrative services agreement that Cantor entered into in connection with the separation. See Administrative Services Agreements. Tower Bridge charges each recipient of services for actual costs incurred for services provided plus a mark-up (if any), as the parties may agree from time to time. Each recipient of services remains responsible for its own regulatory and other compliance functions.

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Administrative Services Agreements

The Tower Bridge administrative services agreements, which we collectively refer to as the administrative services agreements, have an initial term of three years, starting on January 1, 2007 and March 31, 2008, respectively. Thereafter, the administrative services agreements renew automatically for successive one-year terms, unless any party provides written notice to the other parties of its desire to terminate the agreement, in the case of the Tower Bridge administrative services agreement, at least 180 days, or, in the case of the administrative services agreement, 120 days, before the end of any such year ending during the initial or extended term, in which event the administrative services agreement will end with respect to the terminating party on the last day of such term. In addition, any particular service provided under the administrative services agreements may be cancelled by any party, with at least 90 days prior written notice to the providing party, with no effect on the other services. The terminating party will be charged a termination fee equal to the costs incurred by the party providing services as a result of such termination, including, any severance or cancellation fees.

Cantor is entitled to continued use of hardware and equipment it used prior to the date of the applicable administrative services agreements on the terms and conditions provided even in the event BGC Partners terminates the administrative services agreements, though there is no requirement to repair or replace.

During the term of the administrative services agreements, the parties will provide administrative and technical support services to each other, including:

administration and benefits services;

employee benefits, human resources, and payroll services;

financial and operations services;

internal auditing services;

legal related services;

risk and credit services;

accounting and general tax services;

space, personnel, hardware and equipment services;

communication and data facilities;

facilities management services;

promotional, sales and marketing services;

procuring of insurance coverage; and

any miscellaneous services to which the parties reasonably agree.

The administrative services agreements include provisions for allowing a provider or affiliate to arrange for a third party to provide for the services.

In consideration for the services provided, the providing party generally charges the other party an amount (including any applicable taxes) based on (1) the amount equal to direct cost that the providing party estimates it will incur or actually incurs in performing those services, including third-party charges incurred in providing services, plus (2) a reasonable allocation of other costs determined in a consistent and fair manner so as to cover the providing party's appropriate costs or in such other manner as the parties agree. In addition, the Tower Bridge administrative services agreement provides that the receiving party will pay a mark-up on such costs in an amount to be agreed by the parties from time to time.

The administrative services agreements provide that the services recipient generally indemnifies the services provider for liabilities that it incurs arising from the provision of services other than liabilities arising from fraud or willful misconduct of the service provider.

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We will continue to provide assets (principally computer equipment), systems/infrastructure and office space in the United Kingdom and Europe to Cantor, and, to the extent applicable, we and our affiliates will continue to do the same in Asia as well. It is expected, however, that certain of those assets and office space will be transferred to Tower Bridge or another service entity (subject to necessary third-party consents). We will provide these assets and office space to Tower Bridge to allow it to conduct its business. We will charge Cantor on the same basis as it charges Tower Bridge (although we will charge Tower Bridge without any mark-up). Tower Bridge will charge Cantor on the basis described above for such assets and office space once such assets and office space are transferred to Tower Bridge. These assets may be subject to operating leases with third-party leasing companies. We believe that the rate on such leases, subleases or licenses are no greater than would be incurred with a third party on an arm's-length basis.

In the United States, Cantor provides the Company with administrative services and other support for which Cantor charges the Company based on the cost of providing such services. Such support includes allocations for occupancy of office space, utilization of fixed assets and accounting, operations, human resources and legal services. On April 1, 2008, in connection with the services Cantor provides, the Company and Cantor entered into an employee lease agreement whereby certain employees of Cantor are deemed leased employees of the Company, and the Company has the powers and rights of a common law employer of such employees.

The fees paid to Cantor for administrative and support services, other than those to cover the compensation costs of leased employees, are included as part of Fees to related parties in the Company's consolidated statements of operations. The fees paid to Cantor to cover the compensation costs of leased employees are included as part of Compensation and employee benefits in the Company's consolidated statements of operations.

For the years ended December 31, 2010, 2009 and 2008, the Company was charged \$35.8 million, \$33.1 million, and \$28.5 million, respectively, for the services provided by Cantor and its affiliates, of which \$22.3 million, \$19.2 million, and \$13.2 million were to cover compensation to leased employees for the year ended December 31, 2010, 2009 and 2008.

Throughout Europe and Asia, the Company provides Cantor with administrative services, technology services and other support for which the Company charges Cantor based on the cost of providing such services plus a mark-up, currently 7.5%. Such support includes allocations for occupancy of office space, utilization of fixed assets, accounting, operations, human resources and legal services. In the United Kingdom (U.K.), the Company provides these services to Cantor through Tower Bridge International Services L.P. (Tower Bridge). The Company established Tower Bridge on December 21, 2006, and as of the beginning of January 2007, transferred all of its current U.K. administrative employees and operations to Tower Bridge. The Company owns 52% of Tower Bridge and consolidates it, and Cantor owns 48%. Cantor's interest in Tower Bridge is reflected as a component of Noncontrolling interest in subsidiaries in the Company's consolidated statements of financial condition, and the portion of Tower Bridge's income attributable to Cantor is included as part of Net income (loss) attributable to noncontrolling interest in subsidiaries in the Company's consolidated statements of operations.

In March 2011, the Audit Committee authorized the Company to receive an allocation of the differential between the Company's and Cantor's average increase in total compensation year over year to employees shared with Cantor under the administrative services agreement without a corresponding increase in allocation to Cantor for 2010. For 2011, the Audit Committee also authorized that the differential in average increase in total compensation for that year to shared employees be allocated to the Company only. In each case, such total compensation shall be allocated or credited to the Company only in respect of the period for which the awards were made (regardless of the ultimate charges associated with such awards) and shall be calculated at the date of grant and equal the total cash paid by the Company to each employee plus the number of partnership or equity units issued to such employee multiplied by the price of a share of Class A common stock on the date of grant plus the gross amount of any cash advance distribution loan made to such employee. The terms of this arrangement for 2012 will be considered by the Company and Cantor within the next 12 months.

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In addition, prior to the merger, the Company had certain agreements with Cantor. Under these agreements, which were terminated upon closing of the merger, eSpeed was entitled to receive a portion of Cantor's and CO2e.com, LLC (CO2e)'s revenues as fees for providing electronic brokerage services, voice-assisted brokerage services, fulfillment services and related services such as credit risk management, oversight of customer suitability and regulatory compliance, sales position of products and other services customary to marketplace intermediary operations.

Tax Receivable Agreement

Certain interests in BGC Holdings may, in effect, be exchanged in the future for shares of BGC Partners Class A common stock or BGC Partners Class B common stock on a one-for-one basis (subject to customary anti-dilution adjustments). The exchanges may result in increases to our share of the tax basis of the tangible and intangible assets of each of BGC U.S. and BGC Global that otherwise would not have been available, although the Internal Revenue Service may challenge all or part of that tax basis increase, and a court could sustain such a challenge by the Internal Revenue Service. These increases in tax basis, if sustained, may reduce the amount of tax that we would otherwise be required to pay in the future.

In connection with the separation and related transactions, BGC Partners OldCo entered into, and, in the merger, we assumed BGC Partners OldCo's rights and obligations under, the tax receivable agreement with Cantor that provides for the payment by us to Cantor of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of these increases in tax basis and of 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 we will benefit from the remaining 15% of cash savings, if any, in income tax that we realize. Pursuant to the tax receivable agreement, we will determine, after consultation with Cantor, the extent to which we are permitted to claim any such tax benefits, and such tax benefits will be taken into account in computing any cash savings so long as our accountants agree that it is at least more likely than not that such tax benefit is available.

Pursuant to the tax receivable agreement, 20% of each payment that would otherwise be made by us will be deposited into an escrow account until the expiration of the statute of limitations for the tax year to which the payment relates. If the Internal Revenue Service successfully challenges the availability of any tax benefit and determines that a tax benefit is not available, we will be entitled to receive reimbursements from Cantor for amounts we previously paid under the tax receivable agreement and Cantor will indemnify us and hold us harmless with respect to any interest or penalties and any other losses in respect of the disallowance of any deductions which gave rise to the payment under the tax receivable agreement (together with reasonable attorneys' and accountants' fees incurred in connection with any related tax contest, but the indemnity for such reasonable attorneys' and accountants' fees shall only apply to the extent Cantor is permitted to control such contest). Any such reimbursement or indemnification payment will be satisfied first from the escrow account (to the extent funded in respect of such payments under the tax receivable agreement).

For purposes of the tax receivable agreement, cash savings in income and franchise tax will be computed by comparing our actual income and franchise tax liability to the amount of such taxes that we would have been required to pay had there been no depreciation or amortization deductions available to us that were attributable to an increase in tax basis (or any imputed interest) as a result of an exchange and had BGC Partners OldCo not entered into the tax receivable agreement. The tax receivable agreement was entered into on March 31, 2008, in connection with the transactions contemplated by the separation agreement, and will continue until all such tax benefits have been utilized or expired, unless we (with the approval by a majority of our independent directors) exercise our right to terminate the tax receivable agreement for an amount based on an agreed value of payments remaining to be made under the agreement, provided that if Cantor and we cannot agree upon a value, the agreement will remain in full force and effect. The actual amount and timing of any payment under the tax receivable agreement will vary depending on a number of factors, including the timing of exchanges, the extent to which such exchanges are taxable and the amount and timing of our income.

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Any amendment to the tax receivable agreement will be subject to approval by a majority of our independent directors.

Aqua

On May 30, 2007, the Financial Industry Regulatory Authority (FINRA) approved the partial ownership change and name change of Aqua (formerly known as eSpeed Securities, Inc.). Pursuant to such approval, we and Cantor entered into an agreement whereby we are entitled to a 49% interest in Aqua, and Cantor is entitled to a 51% interest in Aqua, which may be subject to dilution by other investors from time to time. Aqua is also authorized to receive clearing and administrative services from Cantor and technology infrastructure services from us. Aqua is authorized to pay sales commissions to brokers of Cantor or other brokers who introduce clients who become Aqua participants. On October 2, 2007, Aqua obtained permission from FINRA to operate an Alternative Trading System and to provide Direct Market Access for institutional block equity buyside and sellside firms.

In June 2008, we were authorized to enter into loans, investments or other credit support arrangements for Aqua of up to \$5.0 million in the aggregate, which arrangements would be proportionally and on the same terms as similar arrangements between Aqua and Cantor. A \$2 million increase in this amount was authorized on November 1, 2010. We were 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. As of December 31, 2010, the Company had not entered into any arrangements for the Aqua business. During 2010, we made cash contributions of \$2.4 million to Aqua.

Registration Rights Agreements

Pursuant to various registration rights agreements entered into by Cantor and us, Cantor has received piggyback and demand registration rights.

Formation Registration Rights Agreement

Under the formation registration rights agreement, the piggyback registration rights allow Cantor to register the shares of Class A common stock issued or issuable to it in connection with the conversion of its shares of Class B common stock whenever we propose to register any shares of our Class A common stock for our own or another's account under the Securities Act for a public offering, other than any shelf registration of shares of our Class A common stock to be used as consideration for acquisitions of additional businesses and registrations relating to employee benefit plans.

Cantor also has the right, on three occasions, to require that we register under the Securities Act any or all of the shares of our Class A common stock issued or issuable to it in connection with the conversion of its shares of our Class B common stock. The demand and piggyback registration rights apply to Cantor and to any transferee of shares held by Cantor who agrees to be bound by the terms of the formation registration rights agreement.

We have agreed to pay all costs of one demand and all piggyback registrations, other than underwriting discounts and commissions. We have also agreed to indemnify Cantor and any transferee for certain liabilities they may incur in connection with the exercise of their registration rights. All of these registration rights are subject to conditions and limitations, including (1) the right of underwriters of an offering to limit the number of shares included in that registration, (2) our right not to effect any demand registration within six months of a public offering of our securities and (3) that Cantor agrees to refrain from selling its shares during the period from 15 days prior to and 90 days after the effective date of any registration statement for the offering of our securities.

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Separation Registration Rights Agreement

In connection with the separation, BGC Partners OldCo entered into the separation registration rights agreement with Cantor which provides that the holders of our common stock, issued or to be issued upon exchange of the BGC Holdings exchangeable limited partnership interests held by Cantor and for any shares of our common stock issued or issuable in respect of or in exchange for any shares of our common stock, are granted registration rights. We refer to these shares as registrable securities, and we refer to the holders of these registrable securities as holders.

The separation registration rights agreement provides that, after exchange of the BGC Holdings exchangeable limited partnership interests or conversion of Class B common stock into Class A common stock, as the case may be, each holder is entitled to unlimited piggyback registration rights, meaning that each holder can include his or her registrable securities in registration statements filed by us, subject to certain limitations. Cantor exercised such piggyback rights to participate in the June 2008 offering.

The separation registration rights agreement also grants Cantor four demand registration rights requiring that we register the shares of Class A common stock held by Cantor, provided that the amount of securities subject to such demand constitutes at least 10% of the shares of Class A common stock outstanding or has an aggregate market value in excess of \$20 million and no more than one demand registration during any twelve-month period.

We will pay the costs but the holders will pay for any underwriting discounts or commissions or transfer taxes associated with all such registrations.

We have agreed to indemnify the holders registering shares pursuant to the separation registration rights agreement against certain liabilities under the Securities Act.

Convertible Notes

On March 12, 2010 the Audit Committee of the Board of Directors of the Company authorized the Company or one of its subsidiaries to sell \$150,000,000 aggregate principal amount of 8.75% Convertible Senior Notes due 2015 to Cantor or any of its affiliates. On March 16, 2010, the Company, BGC Holdings and Cantor executed an agreement with respect to this transaction. In connection with the foregoing, on April 1, 2010 BGC Holdings issued an aggregate of \$150,000,000 principal amount of 8.75% Convertible Senior Notes due 2015 (the BGC Holdings Notes) in a private placement transaction to Cantor. On April 1, 2010, BGC Holdings lent the proceeds from the issuance of the BGC Holdings Notes to the Company in exchange for \$150,000,000 principal amount of 8.75% Convertible Senior Notes due 2015 (the BGCP Notes and, together with the BGC Holdings Notes, the Notes) on substantially the same economic terms as the BGC Holdings Notes. In connection with the issuance of the BGCP Notes, the Company entered into an Indenture, dated April 1, 2010, with Wells Fargo Bank, National Association, as trustee (the Indenture).

The Company lent the proceeds from the issuance of the BGCP Notes to its operating subsidiary, BGC Partners, L.P. (BGC U.S.). BGC U.S. used the proceeds to repay at maturity \$150,000,000 aggregate principal amount of senior notes due April 1, 2010.

The Notes are senior unsecured obligations and rank equally and ratably with all existing and future senior unsecured obligations of BGC Holdings and the Company, respectively. The Notes bear an annual interest rate of 8.75%, which are payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2010. The Notes will mature on April 15, 2015, unless earlier repurchased, exchanged or converted.

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Holders may exchange or convert the Notes at their option at any time until the close of business on the second scheduled trading day of the Class A common stock immediately preceding the maturity date. The Notes are exchangeable and convertible as follows:

The BGC Holdings Notes held by Cantor are (i) exchangeable for a like principal amount of BGCP Notes held by BGC Holdings, or (ii) convertible into an aggregate of 21,805,897 BGC Holdings exchangeable limited partnership interests at a conversion rate of 145.3727 units per \$1,000 of principal amount of BGC Holdings Notes, equivalent to a conversion price of \$6.88 per unit. The BGC Holdings exchangeable limited partnership interests are themselves exchangeable on a one-for-one basis for shares of Class A common stock.

The BGCP Notes are currently convertible into an aggregate of 21,805,897 shares of Class A common stock at a conversion rate of 145.3727 shares of Class A common stock per \$1,000 principal amount of BGCP Notes, equivalent to a conversion price of \$6.88 per share.

The conversion rate of the BGC Holdings Notes into BGC Holdings exchangeable limited partnership interests and the conversion rate of the BGCP Notes into shares of Class A common stock are subject to customary adjustments upon certain corporate events, including stock dividends and stock splits on the Class A common stock and the Company's payment of a quarterly cash dividend in excess of \$0.10 per share of Class A common stock. Adjustments as a result of dividends in excess of \$0.10 per share have occurred as a result of the last three quarterly dividend payments. The conversion rate will not be adjusted for accrued and unpaid interest to the conversion date.

The Company and BGC Holdings may not redeem their respective Notes prior to their stated maturity dates. Under the Indenture, if the Company undergoes a fundamental change, holders of the BGCP Notes may elect to have all or a portion of their BGCP Notes repurchased for cash at a price equal to 100% of the principal amount of the BGCP Notes purchased, plus any accrued and unpaid interest, but excluding the fundamental change purchase date. A fundamental change will be deemed to have occurred when any of the following occurs:

a person or group within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), other than the Company, its subsidiaries, the Company's or its subsidiaries' employee benefit plans or permitted holders (as defined below), files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect ultimate beneficial owner, as defined in Rule 13d-3 under the Exchange Act, of the Company's common equity representing more than 50% of the voting power of the Company's common equity;

consummation of any binding share exchange, exchange offer, tender offer, consolidation or merger of the Company pursuant to which the Company's common stock will be converted into cash, securities or other property or any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of the Company and its subsidiaries, taken as a whole, to any person other than one or more of its subsidiaries (any such exchange, offer, consolidation, merger, sale, lease or other transfer transaction or series of transactions being referred to herein as an event); provided, however, that any such event where the holders of more than 50% of the shares of the Company's common stock immediately prior to such event own, directly or indirectly, more than 50% of all classes of common equity of the continuing or surviving person or transferee or the parent thereof immediately after such event will not be a fundamental change;

the Company's stockholders approve any plan or proposal for the Company's liquidation or dissolution; or

the Class A common stock ceases to be listed on at least one U.S. national securities exchange.

A permitted holder means 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,

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so long as he is alive and, upon his death or incapacity, any person who will, as a result of Mr. Lutnick's death or incapacity, become a beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of the Company's common equity by operation of a trust, by will or the laws of descent and distribution or by operation of law.

If the Company undergoes a fundamental change, holders of the BGC Holdings Notes have the right to require BGC Holdings to repurchase all or a portion of their BGC Holdings Notes for cash at the same time and on the same terms as the holders of the BGCP Notes.

The Notes and the Indenture do not contain any financial covenants. The Notes and the Indenture contain customary events of default. The following events are considered events of default, which may result in the acceleration of the maturity of the Notes:

default in the payment in respect of the principal of any Note at its maturity, upon required repurchase, upon declaration of acceleration or otherwise;

default in the payment of any interest upon any Note when it becomes due and payable, with such default continuing for 60 days;

failure to comply with the obligation to convert such Notes upon exercise of a holder's conversion right, with such failure continuing for 10 business days;

in the case of the BGCP Notes only, failure by the Company to issue a fundamental change notice when due, with failure continuing for 10 business days;

in the case of the BGC Holdings Notes only, failure by BGC Holdings to comply with its obligation to prepay or repurchase all or any portion of the BGC Holdings Notes, upon exercise of the holders' right to require such prepayment or repurchase or otherwise, with such failure continuing for 10 business days;

default in the performance, or breach, of any covenant or agreement by BGC Holdings or the Company of their respective Notes, with continuance of such default or breach for 90 consecutive days after written notice thereof has been given;

an event of default as defined in any bonds, debentures or other instruments under which there may be issued evidences of indebtedness by the Company or any of its significant subsidiaries or BGC Holdings, as the case may be, of at least \$100 million, whether such indebtedness now exists or will hereafter be created, which event of default (or comparable default) will have resulted in the acceleration of the maturity of at least \$100 million of such indebtedness prior to its express maturity or will constitute a failure to pay at least \$100 million of such indebtedness when due and payable after the expiration of any applicable grace period with respect thereto, with such event of default (or comparable default) not having been rescinded or annulled or such indebtedness not having been discharged and such event of default (or comparable default) continuing for 30 consecutive days after written notice has been given;

entry against the Company or any of its significant subsidiaries or BGC Holdings, as the case may be, of a final judgment for the payment of money in an aggregate amount in excess of \$100 million (excluding any amounts covered by insurance), by a court or courts of competent jurisdiction, which judgment remains undischarged, unwaived, unstayed, unbonded or unsatisfied for 90 days after (i) the date on which the right to appeal or petition for review thereof has expired if no such appeal or review has commenced, or (ii) the date on which all rights to appeal or petition for review have been extinguished; or

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certain events in bankruptcy, insolvency or reorganization relating to the Company or any of the Company's significant subsidiaries or BGC Holdings.

Unless holders of at least a majority of the aggregate principal amount of the BGC Holdings Notes elect otherwise, at any time the BGCP Notes are prepaid or repurchased by the Company (including upon an event of

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default under the Indenture) BGC Holdings must prepay or repurchase the BGC Holdings Notes in the same principal amount and on the same terms as the BGCP Notes.

The Company issued the rights to acquire shares of Class A common stock upon the exchange of the BGC Holdings exchangeable limited partnership interests or upon the conversion of the BGCP Notes, as described above, pursuant to the exemption from registration under the Securities Act of 1933, as amended (the Securities Act), provided by Section 4(2) thereof for transactions not involving a public offering.

In connection with the issuance of the BGCP Notes, the Company entered into a registration rights agreement (the Registration Rights Agreement) with Cantor, dated April 1, 2010, pursuant to which holders of the BGCP Notes and the shares of Class A common stock issuable upon conversion of the BGCP Notes (the Registrable Securities) have registration rights. Pursuant to the Registration Rights Agreement, the Company has agreed to file a registration statement pursuant to Rule 415 under the Securities Act, which will provide for resales of all Registrable Securities. In addition, holders of the Registrable Securities have the right to demand registration for resales of the Registrable Securities in an underwritten public offering if such offering (i) represents at least 5% of either the BGCP Notes or the shares of Class A common stock outstanding on the date of the demand, or (ii) has an aggregate market value on the date of the demand of greater than \$7.5 million. Holders of the Registrable Securities are entitled to an aggregate of four demand registrations, which are subject to certain exceptions.

The registration rights granted in the Registration Rights Agreement are subject to customary restrictions such as blackout periods and limitations on the number of other securities of the Company to be included in any underwritten offering. In addition, the Registration Rights Agreement contains other limitations on the timing and ability of holders of the Registrable Securities to exercise demand registration rights.

Freedom

We and Cantor formed Freedom to acquire a 66.7% interest in Freedom International Brokerage, a Canadian government securities broker-dealer and Nova Scotia unlimited liability company, in April 2001. As of the closing of the merger, we became entitled to 100% of Freedom's capital interest in Freedom International Brokerage and we assumed 100% of Freedom's cumulative profits. As of December 31, 2010, the investment in Freedom International Brokerage was \$10.3 million. We also entered into the Freedom services agreements with Freedom International Brokerage.

Other Agreements

Services Agreements

Under the JSA, the Freedom services agreements and CO2e services agreement, eSpeed owned and operated the electronic trading systems and was responsible for providing electronic brokerage services, and Cantor and BGC Partners, Freedom and CO2e provided or provides voice-assisted brokerage services, clearance, settlement and other fulfillment and related services, such as credit and risk management services, oversight of customer suitability and regulatory compliance, sales positioning of products and other services customary to brokerage operations in exchange for certain revenue shares. The agreements also provided for certain performance obligations and non-competition provisions. Pursuant to the terms of the merger agreement, the JSA and the CO2e services agreement terminated upon the completion of the merger.

Additional Previous Transactions

On July 30, 2001, we entered into an agreement to form a business partner relationship with Deutsche Bank AG, which we refer to as Deutsche Bank, whereby Deutsche Bank agreed to channel its electronic market-making engines and liquidity for specified European fixed income products through our electronic trading

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platform. In connection with the agreement, Deutsche Bank purchased 750 shares of our Series C Redeemable Convertible Preferred Stock, which we refer to as Series C Preferred, at its par value of \$0.01 per share. Each share of the Series C Preferred was convertible at the option of Deutsche Bank into 10 shares of the Company's Class A common stock at any time during the five years ended July 31, 2006. At the end of each year of the five-year agreement in which Deutsche Bank fulfilled its liquidity and market-making obligations for specified products, 150 shares of Series C Preferred would automatically convert into warrants to purchase 150,000 shares of our Class A common stock at an exercise price of \$14.79 per share. At the end of the five-year period, to the extent that Deutsche Bank had not fulfilled its obligations under the agreement and Series C Preferred shares remained outstanding, we had the option to redeem each share of the Series C Preferred outstanding in exchange for 10 shares of our Class A common stock. Deutsche Bank was deemed to have fulfilled its obligations under the agreement for the 12 months ended July 30, 2002, and, accordingly, a warrant to purchase 150,000 shares of our Class A common stock was issued by us. We informed Deutsche Bank that it was not in compliance with the agreement for the 12 months ended July 30, 2003, and a warrant was not issued for such period. Based on certain communications and Deutsche Bank's inactivity with regards to this arrangement, we have further notified Deutsche Bank that we believe Deutsche Bank has terminated its right to receive warrants under the agreement for the remaining commitment periods. On March 17, 2008, we redeemed any and all outstanding shares of our Series C Redeemable Convertible Preferred Stock by issuing to Deutsche Bank AG 6,000 shares of our Class A common stock. In addition, we have provided Deutsche Bank with piggyback registration rights.

On June 5, 2010, warrants to purchase 666,666 shares of Class A common stock by each of Dynegy Inc. and Williams Energy Marketing & Trading Company expired without being exercised.

Indemnification by Cantor

Although we do not expect to incur any losses with respect to pending lawsuits or supplemental allegations relating to Cantor and Cantor's limited partnership agreement, in connection with our initial public offering, Cantor agreed to indemnify us with respect to any liabilities it incurs as a result of such lawsuits or allegations.

Distribution Rights Shares/Distributions/Receipt/Company Repurchases/Deferrals

Between July 29, 2010 and March 1, 2011, Cantor distributed an aggregate of 2,720,196 shares of Class A common stock to retained and founding partners to satisfy certain of Cantor's distribution rights obligations as follows:

on August 12, 2010, Cantor distributed 53,945 previously deferred distribution rights shares to Mr. Merkel, with the Company repurchasing such 53,945 shares from Mr. Merkel at a price of \$5.29 per share on such date;

on September 20, 2010, Cantor distributed 12,981 distribution rights shares to a certain partner of Cantor, with the Company repurchasing such 12,981 shares from such partner at a price of \$5.76 per share on such date; and

on September 29, 2010, October 25, 2010 and November 12, 2010, Cantor distributed 2,175,626, 4,456 and 473,188 distribution rights shares, respectively, with 2,609,366 of those shares included in a prospectus supplement to the Resale Registration Statement (defined below) filed by the Company with the SEC on November 22, 2010, as discussed below;

On October 1, 2010, the 30-month anniversary of the completion of the Merger, Cantor was obligated to distribute an aggregate of 1,121,579 distribution rights shares to retained partners, not including shares previously distributed to such partners or deferred by certain retained partners. In connection with the previous distributions of distribution rights shares and in connection with the 30-month anniversary of the completion of the Merger, Cantor offered to retained partners the opportunity to elect to defer their receipt of such 1,121,579 distribution rights shares and receive a distribution equivalent from Cantor rather than receiving an immediate

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distribution of such shares. Retained partners elected to defer receipt of an aggregate of 934,637 distribution right shares otherwise distributable to them on October 1, 2010. Retained partners who elected to defer their right to receive such shares are entitled to receive their shares upon written notice to Cantor. Such shares will be delivered to such partners on such subsequent dates after receipt of such notice as shall be determined by Cantor in its administrative discretion, and Cantor shall have a right to defer such distributions for up to three months, although Cantor generally makes such distributions on a quarterly basis to such partners.

Mr. Lutnick elected to defer receipt of an aggregate of 682,746 distribution rights shares otherwise distributable to him on October 1, 2010 and receive a distribution equivalent from Cantor, rather than receiving such distribution rights shares at that time. Mr. Merkel elected to receive 13,684 and 3,369 distribution rights shares, respectively, distributable to them on October 1, 2010. They received such shares on November 15, 2010 and included those shares in the prospectus supplement to the Resale Registration Statement filed by the Company with the SEC on November 22, 2010, as discussed below.

As of March 1, 2011, the aggregate number of remaining distribution rights shares that Cantor is obligated to distribute to retained and founding partners is 19,363,672 shares (17,287,343 shares with respect to retained partners and 2,076,329 shares with respect to founding partners). On April 1, 2011, the 36-month anniversary of the completion of the Merger, Cantor is obligated to distribute to retained and founding partners an aggregate of 2,921,018 such shares (1,136,121 shares with respect to retained partners and 1,784,897 shares with respect to founding partners), not including shares previously distributed to such partners or deferred by certain retained partners.

Controlled Equity Offerings/Payment of Commissions to CF&Co.

On June 2, 2010, the Company entered into a controlled equity offering sales agreement (the June Sales Agreement) with CF&Co., pursuant to which the Company could offer and sell up to 5,500,000 shares of Class A common stock (subject to a maximum aggregate gross sales price of \$100,000,000) from time to time through CF&Co., as the Company's sales agent. CF&Co. is a wholly owned subsidiary of Cantor and an affiliate of the Company. All such 5,500,000 shares of Class A common stock have been sold under the June Sales Agreement. Under the June Sales Agreement, the Company agreed to pay to CF&Co. a commission of 2% of the gross proceeds from the sales of such shares, resulting in a total of \$623,707 paid by the Company to CF&Co.

In addition, on September 3, 2010, the Company entered into a second controlled equity offering sales agreement with CF&Co. (the September Sales Agreement), relating to an additional 5,500,000 shares of Class A common stock. Pursuant to the terms of the September Sales Agreement, the Company may offer and sell up to 5,500,000 shares of Class A common stock (subject to the maximum aggregate gross sales price remaining under the Company's Registration Statement on Form S-3 (File No. 333-166564)) from time to time through CF&Co., as the Company's sales agent. Under the September Sales Agreement, the Company has agreed to pay to CF&Co. a commission of 2% of the gross proceeds from the sales of such shares. As of March 1, 2011, 435,910 shares of Class A common stock have been sold under the September Sales Agreement, resulting in a total of \$74,771 paid by the Company to CF&Co., and 5,064,090 shares of Class A common stock remain to be sold under such Agreement.

Exchange by Cantor of BGC Holdings Exchangeable Limited Partnership Units for Shares of Class A Common Stock

On August 16, 2010, Cantor exchanged 200,000 BGC Holdings exchangeable limited partnership units for 200,000 shares of Class A common stock and donated such shares to The Cantor Fitzgerald Relief Fund (the Relief Fund), as discussed below. Some of the shares donated to the Relief Fund were subsequently purchased by Mr. Lutnick and his accounts, and other such shares were included in the Resale Registration Statement, as discussed below.

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Redemption of Non-Exchangeable BGC Holdings Founding Partner Units From Terminating Founding Partners/Cantor Purchase Right/Company Compensation Arrangements

In the event that BGC Holdings redeems any non-exchangeable founding partner units held by any founding partner upon termination or bankruptcy of the founding partner, Cantor has the right to purchase from BGC Holdings an equivalent number of BGC Holdings limited partnership units upon the same terms. Any such limited partnership units purchased by Cantor from BGC Holdings will be exchangeable by Cantor for shares of Class B common stock, at Cantor's option, or if there are no additional authorized but unissued shares of Class B common stock, shares of Class A common stock, in each case on a one-for-one basis (subject to customary anti-dilution adjustments), from the Company, on the same basis as Cantor's other exchangeable limited partnership units acquired in connection with the Merger.

On August 27, 2010 and August 31, 2010, BGC Holdings redeemed an aggregate of 214,176 and 325,400 non-exchangeable founding partner units, respectively, held by three terminating founding partners, and Cantor exercised its right to purchase from BGC Holdings an equivalent number of BGC Holdings exchangeable limited partnership units at a price of approximately \$3.30 per unit. In addition, on November 17, 2010, BGC Holdings redeemed an aggregate of 1,489,338 non-exchangeable founding partner units held by 35 terminating founding partners, and Cantor exercised its right to purchase from BGC Holdings an equivalent number of exchangeable limited partnership units at a price of approximately \$3.58 per unit.

As a result of these purchases, as of March 1, 2011 Cantor owns an aggregate of 65,862,204 BGC Holdings exchangeable limited partnership units. In addition, as of March 1, 2011, as a result of the termination of an aggregate of 3 additional founding partners, BGC Holdings has the right to redeem an aggregate of 193,188 non-exchangeable founding partner units. Accordingly, upon the redemption of any of such founding partner units, Cantor will have the right to purchase from BGC Holdings an equivalent number of exchangeable limited partnership units pursuant to terms yet to be determined.

On November 1, 2010, the Audit and Compensation Committees of the Board of Directors of the Company authorized the Company's management from time to time to cause it to enter into various compensatory arrangements with partners, including founding partners who hold non-exchangeable founding partner units that Cantor has not elected to make exchangeable into shares of Class A Common Stock. These arrangements, which may be entered into prior to or in connection with the termination of such partners, include but are not limited to the grant of shares or other awards under the Company's Second Amended and Restated BGC Partners, Inc. Long Term Incentive Plan, payments of cash or other property, or partnership awards under the BGC Holdings' Participation Plan or other partnership adjustments, which arrangements may result in the repayment by such partners of any partnership loans or other amounts payable to or guaranteed by Cantor earlier than might otherwise be the case, and for which the Company may incur compensation charges that it might not otherwise have incurred had such arrangements not been entered into.

Conversions and Exchanges /Form S-3 Resale Registration Statement

On May 6, 2010, Cantor converted 600,000 shares of its Class B common stock into 600,000 shares of Class A common stock. On May 28, 2010 Cantor exchanged 3,500,000 BGC Holdings exchangeable limited partnership interests for 3,500,000 shares of Class A common stock, and in connection therewith, on July 2, 2010 the Company filed a resale Registration Statement on Form S-3 (the "Resale Registration Statement") with respect to the 3,500,000 shares of Class A common stock that may be sold by Cantor for the account of certain retained and founding partners and/or by such retained and founding partners, as distributees of shares of Class A common stock from Cantor, from time to time on a delayed or continuous basis.

On September 3, 2010, the Company filed Amendment No. 1 to the Resale Registration Statement to update the number of shares that may be sold under the Resale Registration Statement to 3,646,055, excluding 53,945 of the distribution rights shares distributed to Mr. Merkel and repurchased by the Company, as discussed above, but

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including 200,000 shares contributed by Cantor to the Relief Fund, as discussed below. As discussed above, Cantor had obtained such 200,000 shares of Class A common stock on August 16, 2010 by exchanging 200,000 BGC Holdings exchangeable limited partnership interests. On October 1, 2010, the Company filed Amendment No. 2 to the Resale Registration Statement, updating the number of shares that may be sold under the Resale Registration Statement to 3,494,891, including 61,817 shares that could be sold by the Relief Fund after the Relief Fund sold 138,183 shares to Mr. Lutnick and his accounts, as discussed below. The Resale Registration Statement was declared effective by the SEC on October 12, 2010. On November 22, 2010, the Company filed a prospectus supplement to the Resale Registration Statement primarily to include the names of additional selling stockholders and revise other information, as appropriate.

The prospectus supplement to the Resale Registration Statement filed on November 22, 2010 included 48,149 shares for the Relief Fund and reflected the Relief Fund's sale of an additional 13,668 shares to Mr. Lutnick and his accounts on November 3, 2010. The primary purposes of the Resale Registration Statement are to enable retained and founding partners to resell certain distribution rights shares which they have a right to acquire from Cantor and to enable the Relief Fund to sell certain shares of Class A common stock donated to it by Cantor. The Company is bearing all of the expenses of the Resale Registration Statement and sale of the shares, except selling stockholders are paying their own commissions for the sale of their shares. While Cantor is nominally listed as a selling stockholder, it has not and will not sell any shares for its own account under the Resale Registration Statement.

Authorization to Engage CF&Co. and its Affiliates to Act as Financial Advisor to the Company

On August 2, 2010, the Company was authorized to engage CF&Co. and its affiliates to act as financial advisor in connection with one or more third-party business combination transactions with or involving one or more targets as requested by the Company on behalf of its affiliates from time to time on terms, conditions and fees. In the third quarter of 2010, the Company paid CF&Co., an advisory fee of approximately \$700,000 in connection with the acquisition of Mint. In addition, on September 3, 2010 the Company filed a registration statement on Form S-4 (the "Form S-4 Registration Statement"), which was declared effective by the SEC on October 12, 2010, for the offer and sale of up to 20,000,000 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. In addition to shares of Class A common stock, the Company may offer other consideration in connection with such business combination transactions, including, but not limited to, cash, notes or other evidences of indebtedness, BGC Holdings units that may be exchangeable for shares of Class A common stock offered and sold on the Form S-4 Registration Statement, assumption of liabilities or a combination of these types of consideration. The Form S-4 Registration Statement states that 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 Class A common stock offered pursuant to the Form S-4 Registration Statement in full or partial payment of such fees.

Charity Day/Acceleration of Exercisability of Exchangeable Founding Partner Unit Exchange Rights/Purchase of Exchangeable Founding Partner Units/Exchange Rights

On April 26, 2010 two founding partners, one of whom is a former executive officer of the Company, donated an aggregate of 607,902 shares of Class A common stock to the Relief Fund to cover a portion of the net proceeds raised by employees of the Company on its annual September 11, 2009 Charity Day ("2009 Charity Day"). In connection with 2009 Charity Day, on August 12, 2010 one of these founding partners donated an additional 400,000 shares of Class A common stock to the Relief Fund, which shares were issued to him by the Company upon exchange of exchangeable founding partner units. As a result, an aggregate of 1,007,902 shares of Class A common stock were donated by these two founding partners to cover approximately \$6.1 million of the final net proceeds raised by the employees of the Company in connection with 2009 Charity Day.

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In connection with the founding partner's donation of the additional 400,000 shares of Class A common stock to the Relief Fund, Cantor accelerated the exercisability of the exchange rights of his 400,000 exchangeable founding partner units, which exchange rights would have otherwise become exercisable on the third anniversary of the Merger, and the Company, as the general partner of BGC Holdings, agreed to remove any contractual transfer restrictions on the 400,000 shares of Class A common stock in order to permit such founding partner to donate such shares to the Relief Fund. On August 12, 2010, the Company repurchased from the Relief Fund such 400,000 shares of Class A common stock at a price of \$5.29 per share. In addition, on August 17, 2010, Cantor further agreed to accelerate the exchangeability of the exchange rights of an additional 200,000 exchangeable founding partner units of the partner, and Cantor and the Company agreed to the sale by such founding partner of such 200,000 exchangeable founding partner units to a Cantor partner. Following these transactions and as of the date of this filing, the aforementioned founding partner holds an aggregate of 200,000 exchangeable founding partner units, of which exchange rights with respect to such units are currently exercisable for shares of Class A common stock.

On December 17, 2010, one partner donated 150,000 shares to the Relief Fund, which shares were issued to him by the Company upon exchange of BGC Holdings limited partnership units he received as part of his compensation. Pursuant to the terms of the BGC Holdings limited partnership agreement, Cantor consented to the exchange of such units for shares of Class A common stock and the Company, as the general partner of BGC Holdings, agreed to remove any contractual transfer restrictions on the 150,000 shares of Class A common stock in order to permit such founding partner to donate such shares.

Purchases of Certain Shares of Class A Common Stock by Mr. Lutnick and His Accounts/Donation of Shares

On September 20, 2010, Mr. Lutnick purchased from the Relief Fund, in a single transaction, 50,366 shares of Class A common stock for various custodial (9,743 shares), retirement (16,952 shares) and trust (23,671 shares) accounts for his own benefit and for the benefit of members of his immediate family. On September 30, 2010 and November 3, 2010, Mr. Lutnick purchased from the Relief Fund 87,817 and 13,668 additional shares of Class A common stock, respectively, for a Keogh retirement account for his own benefit. The sources of funds for the purchases of these shares of Class A common stock from the Relief Fund were Mr. Lutnick's personal funds and available cash in the accounts.

Issuances of Shares of Class A Common Stock Upon Exchanges of BGC Holdings Exchangeable Founding Partner Units/Opening of Brokerage Accounts

Since July 29, 2010, the Company has issued an aggregate of 2,410,298 shares of Class A common stock to founding partners of BGC Holdings upon exchange of their exchangeable founding partner units. In order to facilitate the receipt and sale of the exchange shares by the founding partners and the distribution rights shares to be received by retained and founding partners, the Company and Cantor have made arrangements for such partners to open brokerage accounts with an investment bank. These accounts will facilitate repayment by any such partners of any partnership loans or other amounts payable to or guaranteed by Cantor from the proceeds of any sale of such shares.

Other Transactions

In January 2007, the Company announced the formation of Aqua Securities, L.P. (Aqua), an alternative electronic trading platform which offers new pools of block liquidity to the global equities markets. Aqua is 51% owned by Cantor and 49% owned by the Company. Cantor and the Company have collectively contributed financial, professional and technology assets to the venture, which included all of the Company's former equities order routing business. On August 21, 2008, the Company entered into a two-year Subordinated Loan Agreement, whereby the Company agreed to lend Aqua the principal sum of approximately \$1.0 million, at the applicable rate of six month LIBOR plus 200 basis points. The cash proceeds covered by this Agreement shall be used and dealt with by Aqua as part of its capital and shall be subject to the risks of the business.

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In June 2008, the Company was authorized to enter into loans, investments or other credit support arrangements for Aqua of up to \$5.0 million in the aggregate, such arrangements would be proportionally and on the same terms as similar arrangements between Aqua and Cantor. A \$2.0 million increase in this amount was authorized on November 1, 2010. The Company was 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. During the year ended December 31, 2010, the Company made a \$2.4 million cash contribution to Aqua.

On December 21, 2007, the Company together with other leading financial institutions announced the formation of a limited partnership that has established a fully-electronic futures exchange. In November 2010, the Company made an additional investment of approximately \$6.4 million in ELX. The Company holds an approximate 26.3% interest in ELX Futures LP (ELX). The Company has also entered into a technology services agreement with ELX pursuant to which the Company provides software technology licenses, monthly maintenance support and other technology services as requested by ELX.

In April 2008, the Company was authorized to enter into short-term arrangements with Cantor to cover any failed U.S. treasury securities transactions and to share equally any net income resulting from such transactions, as well as any similar clearing and settlement issues.

In April 2008, the Company was authorized to enter into an indemnity agreement with Cantor with respect to the guarantee by Cantor of any liabilities associated with our application for a brokering license in China.

Effective as of September 1, 2008, the Company was authorized to divide the quarterly allocation of any profit or loss relating to foreign exchange currency hedging between Cantor and the Company. The amount allocated to each party is based on the total net exposure for the Company and Cantor. The ratio of gross exposures of Cantor and the Company will be utilized to determine the shares of profit or loss allocated to each for the period.

In March 2009, the Company and Cantor were authorized to utilize each other's brokers to provide brokerage services for securities not brokered by such entity so long as, unless otherwise agreed, such brokerage services were provided in the ordinary course and on terms no less than favorable to the receiving party than such services are provided to typical third-party customers.

In September 2010, the Audit Committee authorized management to approve the transfer of five options brokers in Paris from Cantor to BGC Partners.

In November 2010, the Audit Committee authorized the transfer of two equity derivatives brokers from BGC to Cantor.

Clearing Arrangements

Following the merger on April 1, 2008, we received regulatory approval from FINRA for self-clearing our own securities transactions, and have begun self-clearing transactions in mortgage-backed securities, equities, corporate and other DTC-eligible bonds and repurchase agreements. However, we have not begun to clear our own transactions in U.S. Treasury and U.S. Government Agency securities.

Accordingly, since the closing of the merger, we have continued to receive from Cantor certain clearing services in the U.S. pursuant to a pre-existing clearing agreement (Clearing Services). These Clearing Services have been provided since April 1, 2008 in exchange for payment by BGC Partners of third-party clearing costs and allocated costs.

On November 5, 2008, we entered into an Agreement (the Agreement) with Cantor. Pursuant to the terms of the Agreement, so long as Cantor is providing Clearing Services to us, Cantor shall be entitled to request from

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us, and we shall post as soon as practicable, cash or other property acceptable to Cantor in the amount reasonably requested by Cantor under the Agreement. The amounts requested shall reflect Cantor reasonable determination of its or its affiliates' required capital requirements in connection with the Clearing Services and/or potential additional funds which may be required to replace Cantor funds being otherwise utilized to post capital requirements for our benefit. To date, Cantor has not requested any amounts under the Agreement.

The Agreement shall not require us to provide cash or property which is required to be maintained by us to meet the capital requirements of our regulated entities or the needs of the ordinary operation of its businesses. Cantor shall not be required to pay interest on the amounts provided by us.

The Agreement is terminable by either party on 90 days' notice. We shall be entitled to withdraw a portion of the provided assets from time to time with mutual agreement by Cantor that such funds are in excess of the amounts reasonably required by Cantor. As soon as practicable following termination of the Agreement by either party, Cantor has agreed to return the provided assets to us.

We have further agreed to formalize our agreement to pay Cantor to clear our securities transactions at Cantor's cost, which shall include all direct and third-party costs, as well as allocated costs. These amounts have been paid to Cantor since April 1, 2008.

We rely upon Cantor to provide Clearing Services and, in the absence of the Agreement, we would have to secure an alternative third-party clearing arrangement to provide such Clearing Services, which might be at higher rates or otherwise on less favorable terms.

We intend to continue this relationship with Cantor. Accordingly, we expect that Cantor will continue to post clearing capital on our behalf and we will post clearing capital with Cantor as requested under the clearing capital agreement. To date, no amounts had been requested by Cantor pursuant to the clearing capital agreement. In the absence of such an arrangement, BGC Partners may be required to raise additional capital, borrow funds or take other action to meet the capital requirements in connection with the clearing of these transactions. The increased capital requirements required in connection with the clearing of our securities transactions could have a material adverse impact on BGC Partners' ability to make distributions, repurchase its stock or affect strategic acquisitions or other opportunities. However, we believe that the agreement with Cantor, or, in the alternative, a clearing agreement with an additional third-party clearing agent, will not preclude us from meeting our cash needs in the near term.

Acceleration of Exercisability of Exchangeable Founding Partner Unit Exchange Rights Held by Mr. Lynn

On December 15, 2010, the Compensation Committee approved Cantor's acceleration of exercisability of exchange rights with respect to 754,769 exchangeable founding partner units held by Mr. Lynn, which exchange rights would otherwise have become exercisable in one-third increments on April 1, 2014, 2015 and 2016, and authorized that all such exchangeable units may be redeemed by BGC Holdings for cash at the ten-day average closing price for a share of Class A common stock, less 2%. On December 31, 2010, BGC Holdings redeemed 350,000 such units for \$8.54 per unit, or \$2,989,000 in the aggregate, leaving 404,770 units subject to the arrangement. Not including the 404,770 units subject to the arrangement, as of the date of this filing, Mr. Lynn holds an aggregate of 1,261,128 exchangeable founding partner units, of which exchange rights with respect to 506,359 units are currently exchangeable for shares of Class A common stock, and exchange rights with respect to 754,769 units are exchangeable in one-third increments on April 1, 2011, April 1, 2012 and April 1, 2013.

Exercises of Employee Stock Options

On February 17, 2011, Mr. Lutnick exercised an employee stock option with respect to 1,500,000 shares of Class A common stock at an exercise price of \$5.10 per share. The exercise price was paid in cash from

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Mr. Lutnick's personal funds. Mr. Lutnick does not currently intend to sell any of the 1,500,000 shares of Class A common stock acquired upon exercise of the option.

On January 18, 2011, Mr. Merkel exercised an employee stock option with respect to 11,000 shares of Class A common stock at an exercise price of \$5.10 per share. After the withholding of shares to pay the option exercise price and applicable tax obligations, Mr. Merkel received 2,332 net shares of Class A common stock in connection with the option exercise. On January 25, 2011, Mr. Merkel sold the 2,332 shares of Class A common stock to the Company at a price of \$8.2595 per share, which price was calculated based on the five-day average closing price for a share of Class A common stock beginning on January 18, 2011, less 2%. Furthermore, on February 15, 2011, Mr. Merkel exercised the employee stock option with respect to an additional 11,000 shares of Class A common stock at an exercise price of \$5.10 per share. After the withholding of shares to pay the option exercise price and applicable tax obligations, Mr. Merkel received 2,332 net shares of Class A common stock in connection with the option exercise. On February 23, 2011, Mr. Merkel sold the 2,332 shares of Class A common stock to the Company at a price of \$8.7474 per share, which price was calculated based on the five-day average closing price for a share of Class A common stock beginning on February 15, 2011, less 2%. In the future, Mr. Merkel may engage in additional such exercises of such options and sell to the Company the net shares of Class A common stock acquired by him upon such exercises, with the per share sale price calculated based on a five-day average closing price for a share of Class A common stock, less 2%.

On January 18, 2011, Mr. Lynn exercised an employee stock option with respect to 4,219 shares of Class A common stock at an exercise price of \$5.10 per share. After the withholding of shares to pay the option exercise price and applicable tax obligations, Mr. Lynn received 895 net shares of Class A common stock in connection with the option exercise. On January 25, 2011, Mr. Lynn sold the 895 shares of Class A common stock to the Company at a price of \$8.2595 per share, which price was calculated based on the five-day average closing price for a share of Class A common stock beginning on January 18, 2011, less 2%. Furthermore, on February 15, 2011, Mr. Lynn exercised the employee stock option with respect to an additional 4,219 shares of Class A common stock at an exercise price of \$5.10 per share. After the withholding of shares to pay the option exercise price and applicable tax obligations, Mr. Lynn received 895 net shares of Class A common stock in connection with the option exercise. On February 23, 2011, Mr. Lynn sold the 895 shares of Class A common stock to the Company at a price of \$8.7475 per share, which price was calculated based on the five-day average closing price for a share of Class A common stock beginning on February 15, 2011, less 2%. In the future, Mr. Lynn may engage in additional such exercises of such options and sell to the Company the net shares of Class A common stock acquired by him upon such exercises, with the per share sale price calculated based on a five-day average closing price for a share of Class A common stock, less 2%.

Potential Conflicts of Interest and Competition with Cantor

Various conflicts of interest between us and Cantor may arise in the future in a number of areas relating to our past and ongoing relationships, including potential acquisitions of businesses or properties, the election of new directors, payment of dividends, incurrence of indebtedness, tax matters, financial commitments, marketing functions, indemnity arrangements, service arrangements, issuances of capital stock, sales or distributions of shares of our common stock and the exercise by Cantor of control over our management and affairs.

Cantor will continue 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 business, entry into new lines of business and borrowings and issuances of our common stock or other securities. This control will be subject to the approval of our independent directors on those matters requiring such approval. Cantor's voting power may also have the effect of delaying or preventing a change of control of the Company. This control will also be exercised because:

Cantor is, in turn, controlled by CFGM, its managing general partner, and, ultimately, by Mr. Lutnick, who serves as our Chief Executive Officer and Chairman. Mr. Lutnick is also the Chairman of the Board and Chief Executive Officer of Cantor and the President and controlling stockholder of CFGM;

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Mr. Merkel, who serves as our Executive Vice President, General Counsel and Secretary, is employed as Executive Managing Director, General Counsel and Secretary of Cantor.

Messrs. Lutnick and Merkel have holdings in Cantor through partnership unit ownership, including distribution rights.

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, could create conflicts of interest when we and those directors or officers are faced with decisions that could have different implications for Cantor and us. In addition, although in connection with the separation Cantor redeemed all of the Cantor limited partnership interests held by founding partners for BGC Holdings limited partnership interests and distribution rights, Messrs. Lutnick and Merkel continue to hold Cantor limited partnership and other interests in Cantor and its affiliates, including distribution rights, and were not redeemed for BGC Holdings limited partnership interests in connection with the separation or the merger.

It is also expected that Cantor will manage its ownership of our company 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 common stock or securities convertible or exchangeable into shares of common stock that would dilute the voting power in us of the holders of BGC Holdings exchangeable limited partnership interests.

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;

our issuance or disposition of securities;

the election of new or additional directors to our board of directors;

the payment of dividends by us (if any), distribution of profits by BGC U.S., BGC Global and/or BGC Holdings and repurchases of shares of our common stock or purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor or our executive officers;

business operations or business opportunities of us and Cantor that would compete with the other party's business opportunities, including brokerage and financial services by us and Cantor;

labor, tax, employee benefits, indemnification and other matters arising from the separation or the merger;

intellectual property matters;

business combinations involving us;

the terms of the merger agreement, the separation agreement and the related agreements we entered into in connection with the separation and merger;

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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; and

the nature, quality and pricing of administrative services to be provided by Cantor and/or Tower Bridge.

In addition, Cantor has from time to time in the past considered possible strategic realignments of its business and the business relationships that exist between and among Cantor and the businesses comprising our

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company and may do so in the future. Any future related-party transactions or arrangements between us and Cantor, until Cantor ceases to hold 5% of our voting power, are subject to the prior approval by a majority of our independent directors, but generally will not otherwise require the separate approval of our stockholders, and if such approval were required, Cantor would retain sufficient voting power to provide any such requisite approval without the affirmative consent of the other stockholders.

Agreements and other arrangements with Cantor, including the separation agreement, may be amended upon agreement of the parties to those agreements and 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. As a result, the prices charged to or by us for services provided under agreements with Cantor may be higher or lower than prices that may be charged to or by third parties, and the terms of these agreements may be more or less favorable to us than those that we could have negotiated with third parties.

In order to address potential conflicts of interest between us and Cantor and our representatives, our 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 in connection with our relationship with Cantor and its affiliates, officers, directors, general partners or employees and representatives.

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. 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 person has to us;

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;

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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 opportunities, the self-interest of Cantor or their respective representatives will be brought into conflict with our self-interest.

Leases

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 contiguous space at 499 Park Avenue, New York, New York. We also occupy a large space at 199 Water Street, New York, New York. Under the Administrative Services Agreement, we are obligated to Cantor for our pro rata portion (based on square footage used) of rental expense during the 16-year term of the lease for such spaces.

Our largest presence outside of the New York metropolitan area is at One Churchill Place, Canary Wharf in London.

We occupy a concurrent computing center in Rochelle Park, New Jersey and a Midwest data center in Chicago, Illinois. In March 2007, we opened an additional data center in Trumbull, Connecticut. We believe that our facilities are adequate for our current operations.

Certain Acquisitions and Dispositions of Interests in our Capital Stock by Cantor

Our board of directors has determined that Cantor is a deputized director of the Company for purposes of Rule 16b-3 under the Exchange Act with respect to the transactions contemplated by the separation and the merger. Rule 16b-3 exempts from the short-swing profits liability provisions of Section 16(b) of the Exchange Act certain transactions in an issuer's securities between the issuer or its majority-owned subsidiaries and its officers and directors if, among other things, the transaction is approved in advance by the issuer's board of directors or a disinterested committee of the issuer's board of directors. The Rule 16b-3 exemption extends to any such transactions by an entity beneficially owning more than 10% of a class of an issuer's equity securities if the entity is a deputized director because it has a representative on the issuer's board of directors. Our board of directors' intent in determining that Cantor is a deputized director is that Cantor's acquisitions or dispositions of shares of our common stock or interests in our common stock from or to us or their respective majority-owned subsidiaries will be eligible for the Rule 16b-3 exemption from the short-swing profits liability provisions of Section 16(b) of the Exchange Act.

Repurchases and Purchases

Our board of directors and our audit committee have authorized repurchases of our common stock and purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries as part of

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this policy, including those held by Cantor or our executive officers, at the volume weighted average price, to the extent available, or at other negotiated prices, of such securities on the date on which such purchase or repurchase is made. On May 4, 2010 the Company's Board of Directors authorized an \$85 million increase in the BGC Partners stock repurchase authorization, bringing the total amount available for future repurchases of Class A common stock to \$100 million. Management was authorized to purchase shares in the open market as well as shares or partnership units from employees, partners, Cantor and/or its affiliates. The Company currently has approximately \$97.5 million remaining from its buyback authorization and from time to time, the Company may actively continue to repurchase shares, partnership units or other interests. We expect to pay such dividends, if and when declared by our board of directors and our audit committee, on a quarterly basis. The dividend to stockholders is expected to be calculated based on post-tax distributable earnings allocated to BGC Partners, Inc. and generated over the fiscal quarter ending prior to the record date for the dividend.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees incurred by us for audit and other services rendered by Ernst & Young, LLP (Ernst & Young) during the years ended December 31, 2010 and 2009:

	Year Ended December 31,	
	2010	2009
Audit fees(a)	\$ 3,953,090	\$ 4,204,873
Audit-related fees(b)	113,000	
Tax fees	100,000	18,705
All other fees		59,671
Total	\$ 4,166,090	\$ 4,283,249

- (a) Audit fees consist of: (i) the integrated audit of our consolidated financial statements included in our Annual Report on Form 10-K, including the audit of internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002; (ii) reviews of the interim consolidated financial statements included in our Quarterly Reports on Form 10-Q; and (iii) statutory and regulatory audits and other services related to SEC matters.
- (b) Fees for audit-related services consist of audit fees for the employee benefit plan.

Audit Committee's Pre-Approval Policies and Procedures

During 2010, our Audit Committee specifically approved the appointment of Ernst & Young to be our independent auditors for the year ending December 31, 2010. Ernst & Young was also approved to perform reviews, pursuant to Statement on Auditing Standards No. 100, of our quarterly financial reports within the year ended December 31, 2010 and certain other audit related services such as accounting consultations. Pursuant to our Audit Committee charter, the Audit Committee will pre-approve all auditing services, internal control-related services and permitted non-audit services (including the fees and terms thereof) to be performed for us by our independent auditors, subject to certain minimum exceptions set forth in the charter.

Table of Contents**PART IV****ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a)(1) Financial Statements. See Index to Financial Statements on page 105.

(a)(2) Schedule I, Parent Company Only Financial Statements. All other schedules are omitted because they are not applicable, not required or the required information is in the financial statements or the notes thereto.

(a)(3) 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. Schedules and similar attachments to the exhibits designated by a double asterisk (**) have been omitted pursuant to Item 601(b)(2) of Regulation S-K. BGC Partners, Inc. will supplementally furnish a copy of them to the SEC upon request. We have requested confidential treatment as to certain portions of the Exhibits designated by a cross (+), which portions have been omitted and filed separately with the Securities and Exchange Commission (the SEC). Certain exhibits have been previously filed with the SEC pursuant to the Securities Exchange Act of 1934 (Commission File number 0-28191).

Exhibit

Number	Exhibit Title
1.1	Controlled Equity Offering SM Sales Agreement between BGC Partners, Inc. and Cantor Fitzgerald & Co., dated September 3, 2010 (incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed with the SEC on September 3, 2010)
1.2	Controlled Equity Offering SM Sales Agreement between BGC Partners, Inc. and Cantor Fitzgerald & Co., dated June 2, 2010 (incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 2, 2010)
2.1	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)**
2.2	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)**
2.3	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)**
2.4	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)**
3.1	Amended and Restated Certificate of Incorporation of BGC Partners, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
3.2	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)

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Number	Exhibit Title
4.1	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)
4.2	Warrant Agreement, dated as of August 21, 2002, between eSpeed, Inc. and UBS USA, Inc. (incorporated by reference to Exhibit 10.19 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)
4.3	Warrant Agreement, dated as of September 13, 2001, between eSpeed, Inc. and Exchange Brokerage Systems Corp. (incorporated by reference to Exhibit 10.24 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)
4.4	Amended and Restated Warrant Agreement, dated as of October 23, 2003, between eSpeed, Inc. and UBS USA Inc. (incorporated by reference to Exhibit 10.27 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003)
4.5	Warrant Agreement, dated as of February 24, 2006, among eSpeed, Inc. and IDT Horizon GT, Inc. (incorporated by reference to Exhibit 4.10 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2005)
4.6	Note Purchase Agreement, dated as of March 31, 2008, by and among BGC Partners, L.P. and the Purchasers whose names appear at the end thereof (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)**
4.7	Guaranty of BGC Partners, Inc., dated as of March 31, 2008 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
4.8	Letter Agreement, dated as of March 31, 2008, by and between BGC Partners, Inc. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.1	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)
10.2	Sublease Agreement, dated as of December 15, 1999, between Cantor Fitzgerald Securities and eSpeed, Inc. (incorporated by reference to Exhibit 10.7 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1999)
10.3	Registration Rights Agreement, dated as of June 5, 2000 among eSpeed, Inc., Williams Energy Marketing & Trading Company and Dynegy, Inc. (incorporated by reference to Exhibit 10.9 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000)
10.4	Stock Purchase Agreement, dated April 26, 2000, between eSpeed, Inc. and Cantor Fitzgerald Securities (incorporated by reference to Exhibit 10.10 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000)
10.5	Amendment to Stock Purchase Agreement, dated June 2, 2000, among eSpeed, Inc., Cantor Fitzgerald Securities and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.11 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000)
10.6	Registration Rights Agreement, dated as of July 30, 2001, among eSpeed, Inc. and the Investors named therein (incorporated by reference to Exhibit 10.19 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001)
10.7	Registration Rights Agreement, dated as of August 21, 2002, by and between eSpeed, Inc. and UBS USA Inc. (incorporated by reference to Exhibit 10.20 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)

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Number	Exhibit Title
10.8	Services Agreement, dated as of October 1, 2002, between eSpeed Inc. and CO2e.com, LLC (incorporated by reference to Exhibit 10.21 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)+
10.9	Intellectual Property Rights Further Assurances Agreement, dated as of October 11, 2002, between eSpeed, Inc. and CO2e.com, LLC (incorporated by reference to Exhibit 10.23 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)+
10.10	Software Agreement, dated as of February 24, 2006, between eSpeed, Inc. and IDT Horizon GT, Inc. (incorporated by reference to Exhibit 10.19 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2005)
10.11	Employment Separation Agreement and Release, dated as of January 23, 2008, by and between eSpeed, Inc. and Paul Saltzman (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007)
10.12	Amended and Restated Limited Partnership Agreement of BGC Holdings, L.P., dated as of March 31, 2008 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)**
10.13	Amended and Restated Limited Partnership Agreement of BGC Partners, L.P., dated as of March 31, 2008 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)**
10.14	Amended and Restated Limited Partnership Agreement of BGC Global Holdings, L.P., dated as of March 31, 2008 (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)**
10.15	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)**
10.16	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)
10.17	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)
10.18	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)
10.19	BGC Partners, Inc. Amended and Restated Long Term Incentive Plan, effective as of April 1, 2008 (incorporated by reference to Exhibit 10.9 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.20	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)
10.21	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)

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Number	Exhibit Title
10.22	Change in Control Agreement, dated as of March 31, 2008, by and between Howard W. Lutnick and BGC Partners, LLC (incorporated by reference to Exhibit 10.12 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.23	Change in Control Agreement, dated as of March 31, 2008, by and between Stephen M. Merkel and BGC Partners, LLC (incorporated by reference to Exhibit 10.13 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.24	Change in Control Agreement, dated as of March 31, 2008, by and between Lee M. Amaitis and BGC Partners, LLC (incorporated by reference to Exhibit 10.14 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.25	Amended and Restated Letter Agreement, dated as of November 1, 2008, by and between Lee M. Amaitis and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.15 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.26	Letter Agreement, dated as of March 31, 2008, by and between Shaun D. Lynn and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.16 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.27	Stock Purchase Agreement, dated June 2, 2008, by and between BGC Partners, Inc. and Stephen M. Merkel (incorporated by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2009)
10.28	Amended and Restated Letter Agreement, dated as of November 1, 2008, by and between Lee M. Amaitis and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2009)
10.29	Clearing Services Agreement, dated May 6, 2008, Cantor Fitzgerald & 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)
10.30	Amendment to Clearing Services Agreement, dated November 7, 2008, between Cantor Fitzgerald & 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)
10.31	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)
10.32	Agreement of Limited Partnership of BGC Partners, L.P., Amended and Restated as of September 1, 2008 (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)
10.33	Agreement of Limited Partnership of BGC Global Holdings, L.P., Amended and Restated as of September 1, 2008 (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)
10.34	BGC Partners, Inc. Amended and Restated Incentive Bonus Compensation Plan as of December 8, 2008 (incorporated by reference to Exhibit 10.38 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2009)
10.35	First Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of March 1, 2009 (incorporated by reference to Exhibit 10.40 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2009)

Table of Contents**Exhibit**

Number	Exhibit Title
10.36	Second Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of August 3, 2009 (incorporated by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2010)
10.37	Third Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of March 12, 2010 (incorporated by reference to Exhibit 10.40 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2010)
10.38	Employment Agreement, dated as of February 15, 2005, between Sean A. Windeatt and BGC Partners, Inc. (incorporated by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2009)
10.39	Employment Agreement, dated as of November 13, 2008, between Anthony Graham Sadler and Tower Bridge International Services, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 11, 2009)
10.40	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)
10.41	Employment Agreement, dated as of March 31, 2008, between BGC Brokers, L.P. and Shaun D. Lynn (incorporated by reference to Exhibit 10.11 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.42	Fourth Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of August 6, 2010 (incorporated by reference to Exhibit 10.44 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 9, 2010)
10.43	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)
10.44	Indenture, dated as of April 1, 2010, between BGC Partners, Inc. and Wells Fargo Bank, National Association, as Trustee, relating to the 8.75% Convertible Senior Notes due 2015 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2010)
10.45	BGC Partners, Inc. 8.75% Convertible Senior Notes due 2015 (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2010)
10.46	BGC Holdings, L.P. 8.75% Senior Convertible Notes due 2015 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2010)
10.47	Supplemental Indenture dated May 4, 2010 between BGC Partners, Inc. and Wells Fargo Bank National Association (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 5, 2010)
10.48	Fifth Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of December 31, 2010
10.49	BGC Partners, Inc. Second Amended and Restated Long Term Incentive Plan dated as of December 14, 2009 (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 16, 2009)
10.50	Letter Agreement, dated as of March 26, 2010, by and between Shaun D. Lynn and BGC Holdings, 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 31, 2010)

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Exhibit

Number	Exhibit Title
10.51	Amendment, dated as of March 26, 2010, by and between Shaun D. Lynn and BGC Partners, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2010)
10.52	Letter Agreement, dated as of March 29, 2010, by and between Sean A. Windeatt and BGC Holdings, L.P. (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2010)
10.53	Letter Agreement, dated as of March 29, 2010, by and between A. Graham Sadler and BGC Holdings, 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 31, 2010)
10.54	Letter Agreement, dated as of December 17, 2010, by and between Stephen M. Merkel and BGC Holdings, L.P.
10.55	Letter Agreement, dated as of December 17, 2010, by and between Shaun Lynn and BGC Holdings, L.P.
10.56	Letter Agreement, dated as of December 17, 2010, by and between A. Graham Sadler and BGC Holdings, L.P.
10.57	Letter Agreement, dated as of December 17, 2010, by and between Sean Windeatt and BGC Holdings, L.P.
10.58	Sixth Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of March 15, 2011
21.1	List of subsidiaries of BGC Partners, Inc.
23.1	Consent of Ernest & Young LLP, independent auditors
31.1	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification by the Chief Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Table of Contents**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, 2010 to be signed on its behalf by the undersigned, thereunto duly authorized, on the 16th day of March 2011.

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.

Signature	Capacity in Which Signed	Date
/s/ HOWARD W. LUTNICK Howard W. Lutnick	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 16, 2011
/s/ A. GRAHAM SADLER A. Graham Sadler	Chief Financial Officer (Principal Financial and Accounting Officer)	March 16, 2011
/s/ STEPHEN T. CURWOOD Stephen T. Curwood	Director	March 16, 2011
/s/ JOHN H. DALTON John H. Dalton	Director	March 16, 2011
/s/ BARRY R. SLOANE Barry R. Sloane	Director	March 16, 2011
/s/ ALBERT M. WEIS Albert M. Weis	Director	March 16, 2011

Table of Contents**BGC PARTNERS, INC.****(Parent Company Only)****STATEMENTS OF FINANCIAL CONDITION****(in thousands, except share and per share data)**

	December 31, 2010	December 31, 2009
Assets		
Cash and cash equivalents	\$ 52	\$ 1,148
Investments	895	895
Investments in subsidiaries	307,728	263,585
Receivables from related parties	158,125	8,771
Other assets	11,388	4,068
Total assets	\$ 478,188	\$ 278,467
Liabilities and Stockholders' Equity		
Payables to related parties	46,721	59,844
Accounts payable, accrued and other liabilities	16,930	16,734
Long-term debt	27,620	
Long-term debt with related parties	150,000	
Total liabilities	241,271	76,578
Total stockholders' equity	236,917	201,889
Total liabilities and stockholders' equity	\$ 478,188	\$ 278,467

See accompanying Notes to Financial Statements.

Table of Contents**BGC PARTNERS, INC.****(Parent Company Only)****STATEMENTS OF OPERATIONS****(in thousands, except per share data)**

	Year Ended December 31,		
	2010	2009	2008
Revenues:			
Transaction revenues	\$	\$	\$ 2,544
Fees from related parties			5,341
Software solutions			1,562
Interest income	9,844	3	4
Other revenues		74	26
Total revenues	9,844	77	9,477
Expenses:			
Compensation and employee benefits			6,971
Fees to related parties			2,058
Interest expense	12,928	815	477
Other expenses	182	50	12,590
Total expenses	13,110	865	22,096
Loss from continuing operations before income taxes	(3,266)	(788)	(12,619)
Equity income (loss) of subsidiaries	26,014	24,499	(24,040)
Provision (benefit) for income taxes	1,586	3,686	(6,950)
Net income (loss) available to common stockholders	\$ 21,162	\$ 20,025	\$ (29,709)
Per share data:			
Basic earnings (loss) per share	\$ 0.24	\$ 0.25	\$ (0.28)
Basic weighted average shares of common stock outstanding	88,294	80,350	105,771
Fully diluted earnings (loss) per share	\$ 0.24	\$ 0.24	\$ (0.28)
Fully diluted weighted average shares of common stock outstanding	228,568	211,036	105,771

See accompanying Notes to Financial Statements.

Table of Contents**BGC PARTNERS, INC.****(Parent Company Only)****STATEMENTS OF CASH FLOWS****(in thousands)**

	Year Ended December 31,		
	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss) available to common stockholders	\$ 21,162	\$ 20,025	\$ (29,709)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:			
Fixed asset depreciation and intangible asset amortization			6,117
Equity-based compensation			16
Equity in net (gains) losses of unconsolidated investments	(26,014)	(24,535)	24,040
Deferred tax expense (benefit)	1,250	(579)	(3,490)
Recognition of deferred revenue			(1,973)
Other			1,784
Decrease (increase) in operating assets:			
Reverse repurchases agreements with related parties			(49)
Receivables from related parties	(149,354)	(4,458)	(140,450)
Other assets	(5,772)	(1,845)	(28,873)
(Decrease) increase in operating liabilities:			
Accounts payable, accrued and other liabilities	8,899	16,161	(23,289)
Payables to related parties	(13,123)	20,601	39,674
Deferred revenue			764
Net cash (used in) provided by operating activities	(162,952)	25,370	(155,438)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments of secured loan by related party			65,000
Purchase of fixed assets			(1,641)
Capitalization of software development costs			(3,560)
Capitalization of patent defense and registration costs			(537)
Increase in investment in unconsolidated subsidiary			(28,568)
Net cash provided by investing activities			30,694
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends to stockholders	(42,606)	(24,171)	(18,600)
Repurchase of Class A common stock	(19,871)	(7,911)	(19,248)
Long-term debt	27,620		
Long-term debt with related parties	150,000		
Distributions from subsidiaries	12,312	7,579	44,154
Proceeds from primary offering of Class A common stock, net	33,938		72,342
Proceeds from exercises of stock options and warrants	463		1,174
Issuance of Class A common stock upon exchange of founding partner units and distribution rights			3,824
Stock-based compensation			6,887
Cancellation of RSUs in satisfaction of withholding tax requirements			(1,431)
Net cash provided by (used in) financing activities	161,856	(24,503)	89,102
Net (decrease) increase in cash and cash equivalents	(1,096)	867	(35,642)
Cash and cash equivalents at beginning of period	1,148	281	35,923

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Cash and cash equivalents at end of period	52	\$ 1,148	\$ 281
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Supplemental non-cash information

Contribution of eSpeed operations to subsidiary upon merger	\$	\$	\$ (298,178)
Issuance of Class A common stock upon exchange of limited partnership units	24,583	9,650	

See accompanying Notes to Financial Statements.

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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, Inc. (BGC Partners or the Company) should be read in conjunction with the consolidated financial statements of BGC Partners, Inc. and subsidiaries and the notes thereto.

On April 1, 2008, BGC Partners, LLC merged with and into eSpeed, which survived the merger and was renamed BGC Partners. In connection with the merger, eSpeed contributed its assets, liabilities and operations to BGC Partners, L.P. and BGC Global Holdings, L.P., in exchange for limited partnership interests in these entities.

2. Commitments, Contingencies and Guarantees

On March 31, 2008, BGC Partners, L.P. a subsidiary of the Company, entered into a Note Purchase Agreement pursuant to which it issued \$150.0 million principal amount of Senior Notes to a number of investors. The Senior Notes incurred interest payable semiannually at the rate of 5.19% per annum. The Senior Notes matured on April 1, 2010.

On September 25, 2009, BGC Partners, L.P. a subsidiary of the Company, entered into a secured loan arrangement, under which it pledged certain fixed assets including furniture, computers and telecommunications equipment in exchange for a loan of \$19.0 million. The outstanding balance of the secured loan was \$11.6 million and \$17.6 million as of December 31, 2010 and 2009, respectively. The principal and interest on this secured loan arrangement is repayable in thirty six consecutive monthly installments at a fixed rate of 8.09% per annum.

In connection with the issuance of these Notes, the Company provided guarantees of payment and performance of BGC Partners L.P.'s obligations pursuant to the agreements.

As of December 31, 2010, the Company has not been called upon to fulfill any obligations under the guarantees.

3. Long Term Debt

On April 1, 2010, the Company issued an aggregate of \$150.0 million principal amount of Convertible Notes to BGC Holdings, L.P., which further issued an aggregate of \$150.0 million Convertible Notes to Cantor in a private placement transaction. In a back-to-back transaction, the Company loaned the \$150.0 million to BGC Partners, L.P., which utilized the proceeds to repay at maturity \$150.0 million aggregate principal amount of Senior Notes due April 1, 2010.

The Convertible Notes bear an annual interest rate of 8.75%, which will be payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2010, and are convertible into 21.8 million shares of Class A common stock. The Convertible Notes will mature on April 15, 2015, unless earlier repurchased, exchanged or converted.

On various dates during the year ended December 31, 2010, the Company (as Co-Lessee with other related entities) sold certain furniture, equipment and software for \$29.3 million, net of costs and concurrently entered into agreements to lease the property back. The principal and interest on the leases are repayable in equal monthly installments for terms of 36 months (software) and 48 months (furniture and equipment) with maturities through September 2014. The outstanding balance of the leases was \$27.6 million as of December 31, 2010. The Company recorded interest expense of \$0.3 million for the year ended December 31, 2010.

Because assets revert back to the BGC Partners, Inc. and subsidiaries at the end of the leases, the transactions were capitalized. As a result, consideration received from the purchaser is included in the BGC Partners, Inc. consolidated balance sheet as a financing obligation, and payments made under the lease are being recorded as interest expense (at an effective rate of approximately 6%). Depreciation on these fixed assets will continue to be charged to Occupancy and equipment in the BGC Partners, Inc. consolidated statements of operations.

Table of Contents**EXHIBIT INDEX**

Exhibit Number	Exhibit Title
1.1	Controlled Equity Offering SM Sales Agreement between BGC Partners, Inc. and Cantor Fitzgerald & Co., dated September 3, 2010 (incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed with the SEC on September 3, 2010)
1.2	Controlled Equity Offering SM Sales Agreement between BGC Partners, Inc. and Cantor Fitzgerald & Co., dated June 2, 2010 (incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 2, 2010)
2.1	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)**
2.2	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)**
2.3	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)**
2.4	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)**
3.1	Amended and Restated Certificate of Incorporation of BGC Partners, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
3.2	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)
4.1	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)
4.2	Warrant Agreement, dated as of August 21, 2002, between eSpeed, Inc. and UBS USA, Inc. (incorporated by reference to Exhibit 10.19 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)
4.3	Warrant Agreement, dated as of September 13, 2001, between eSpeed, Inc. and Exchange Brokerage Systems Corp. (incorporated by reference to Exhibit 10.24 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)
4.4	Amended and Restated Warrant Agreement, dated as of October 23, 2003, between eSpeed, Inc. and UBS USA Inc. (incorporated by reference to Exhibit 10.27 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003)
4.5	Warrant Agreement, dated as of February 24, 2006, among eSpeed, Inc. and IDT Horizon GT, Inc. (incorporated by reference to Exhibit 4.10 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2005)

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Exhibit Number	Exhibit Title
4.6	Note Purchase Agreement, dated as of March 31, 2008, by and among BGC Partners, L.P. and the Purchasers whose names appear at the end thereof (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)**
4.7	Guaranty of BGC Partners, Inc., dated as of March 31, 2008 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
4.8	Letter Agreement, dated as of March 31, 2008, by and between BGC Partners, Inc. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.1	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)
10.2	Sublease Agreement, dated as of December 15, 1999, between Cantor Fitzgerald Securities and eSpeed, Inc. (incorporated by reference to Exhibit 10.7 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1999)
10.3	Registration Rights Agreement, dated as of June 5, 2000 among eSpeed, Inc., Williams Energy Marketing & Trading Company and Dynege, Inc. (incorporated by reference to Exhibit 10.9 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000)
10.4	Stock Purchase Agreement, dated April 26, 2000, between eSpeed, Inc. and Cantor Fitzgerald Securities (incorporated by reference to Exhibit 10.10 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000)
10.5	Amendment to Stock Purchase Agreement, dated June 2, 2000, among eSpeed, Inc., Cantor Fitzgerald Securities and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.11 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000)
10.6	Registration Rights Agreement, dated as of July 30, 2001, among eSpeed, Inc. and the Investors named therein (incorporated by reference to Exhibit 10.19 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001)
10.7	Registration Rights Agreement, dated as of August 21, 2002, by and between eSpeed, Inc. and UBS USA Inc. (incorporated by reference to Exhibit 10.20 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)
10.8	Services Agreement, dated as of October 1, 2002, between eSpeed Inc. and CO2e.com, LLC (incorporated by reference to Exhibit 10.21 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)+
10.9	Intellectual Property Rights Further Assurances Agreement, dated as of October 11, 2002, between eSpeed, Inc. and CO2e.com, LLC (incorporated by reference to Exhibit 10.23 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)+
10.10	Software Agreement, dated as of February 24, 2006, between eSpeed, Inc. and IDT Horizon GT, Inc. (incorporated by reference to Exhibit 10.19 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2005)
10.11	Employment Separation Agreement and Release, dated as of January 23, 2008, by and between eSpeed, Inc. and Paul Saltzman (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007)
10.12	Amended and Restated Limited Partnership Agreement of BGC Holdings, L.P., dated as of March 31, 2008 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)**

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Exhibit Number	Exhibit Title
10.13	Amended and Restated Limited Partnership Agreement of BGC Partners, L.P., dated as of March 31, 2008 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)**
10.14	Amended and Restated Limited Partnership Agreement of BGC Global Holdings, L.P., dated as of March 31, 2008 (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)**
10.15	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)**
10.16	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)
10.17	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)
10.18	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)
10.19	BGC Partners, Inc. Amended and Restated Long Term Incentive Plan, effective as of April 1, 2008 (incorporated by reference to Exhibit 10.9 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.20	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)
10.21	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)
10.22	Change in Control Agreement, dated as of March 31, 2008, by and between Howard W. Lutnick and BGC Partners, LLC (incorporated by reference to Exhibit 10.12 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.23	Change in Control Agreement, dated as of March 31, 2008, by and between Stephen M. Merkel and BGC Partners, LLC (incorporated by reference to Exhibit 10.13 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.24	Change in Control Agreement, dated as of March 31, 2008, by and between Lee M. Amaitis and BGC Partners, LLC (incorporated by reference to Exhibit 10.14 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.25	Amended and Restated Letter Agreement, dated as of November 1, 2008, by and between Lee M. Amaitis and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.15 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.26	Letter Agreement, dated as of March 31, 2008, by and between Shaun D. Lynn and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.16 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.27	Stock Purchase Agreement, dated June 2, 2008, by and between BGC Partners, Inc. and Stephen M. Merkel (incorporated by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2009)

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Exhibit Number	Exhibit Title
10.28	Amended and Restated Letter Agreement, dated as of November 1, 2008, by and between Lee M. Amaitis and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2009)
10.29	Clearing Services Agreement, dated May 6, 2008, Cantor Fitzgerald & 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)
10.30	Amendment to Clearing Services Agreement, dated November 7, 2008, between Cantor Fitzgerald & 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)
10.31	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)
10.32	Agreement of Limited Partnership of BGC Partners, L.P., Amended and Restated as of September 1, 2008 (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)
10.33	Agreement of Limited Partnership of BGC Global Holdings, L.P., Amended and Restated as of September 1, 2008 (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)
10.34	BGC Partners, Inc. Amended and Restated Incentive Bonus Compensation Plan as of December 8, 2008 (incorporated by reference to Exhibit 10.38 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2009)
10.35	First Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of March 1, 2009 (incorporated by reference to Exhibit 10.40 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2009)
10.36	Second Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of August 3, 2009 (incorporated by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2010)
10.37	Third Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of March 12, 2010 (incorporated by reference to Exhibit 10.40 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2010)
10.38	Employment Agreement, dated as of February 15, 2005, between Sean A. Windeatt and BGC Partners, Inc. (incorporated by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2009)
10.39	Employment Agreement, dated as of November 13, 2008, between Anthony Graham Sadler and Tower Bridge International Services, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 11, 2009)
10.40	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)
10.40	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)
10.41	Employment Agreement, dated as of March 31, 2008, between BGC Brokers, L.P. and Shaun D. Lynn (incorporated by reference to Exhibit 10.11 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)

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Exhibit Number	Exhibit Title
10.42	Fourth Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of August 6, 2010 (incorporated by reference to Exhibit 10.44 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 9, 2010)
10.43	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)
10.44	Indenture, dated as of April 1, 2010, between BGC Partners, Inc. and Wells Fargo Bank, National Association, as Trustee, relating to the 8.75% Convertible Senior Notes due 2015 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2010)
10.45	BGC Partners, Inc. 8.75% Convertible Senior Notes due 2015 (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2010)
10.46	BGC Holdings, L.P. 8.75% Senior Convertible Notes due 2015 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2010)
10.47	Supplemental Indenture dated May 4, 2010 between BGC Partners, Inc. and Wells Fargo Bank National Association (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 5, 2010)
10.48	Fifth Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of December 31, 2010
10.49	BGC Partners, Inc. Second Amended and Restated Long Term Incentive Plan dated as of December 14, 2009 (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 16, 2009)
10.50	Letter Agreement, dated as of March 26, 2010, by and between Shaun D. Lynn and BGC Holdings, 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 31, 2010)
10.51	Amendment, dated as of March 26, 2010, by and between Shaun D. Lynn and BGC Partners, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2010)
10.52	Letter Agreement, dated as of March 29, 2010, by and between Sean A. Windeatt and BGC Holdings, L.P. (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2010)
10.53	Letter Agreement, dated as of March 29, 2010, by and between A. Graham Sadler and BGC Holdings, 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 31, 2010)
10.54	Letter Agreement, dated as of December 17, 2010, by and between Stephen M. Merkel and BGC Holdings, L.P.
10.55	Letter Agreement, dated as of December 17, 2010, by and between Shaun Lynn and BGC Holdings, L.P.
10.56	Letter Agreement, dated as of December 17, 2010, by and between A. Graham Sadler and BGC Holdings, L.P.
10.57	Letter Agreement, dated as of December 17, 2010, by and between Sean Windeatt and BGC Holdings, L.P.
10.58	Sixth Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of March 15, 2011

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Exhibit Number	Exhibit Title
21.1	List of Subsidiaries of BGC Partners, Inc.
23.1	Consent of Ernst & Young LLP, independent auditors
31.1	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification by the Chief Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002