BGC Partners, Inc.
Form 10-Q
May 11, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2015

OR

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

Commission File Numbers: 0-28191, 1-35591

BGC Partners, Inc.

(Exact name of registrant as specified in its charter)

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

(212) 610-2200

(Registrant s telephone number, including area code)

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. x 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). x Yes ¨ No

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

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

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

On May 6, 2015, the registrant had 211,354,185 shares of Class A common stock, $0.01 par value, and 34,848,107 shares of Class B common stock, $0.01 par value, outstanding.

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BGC PARTNERS, INC.

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SPECIAL NOTE ON FORWARD-LOOKING INFORMATION

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), 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, possible, potential, continue, strate anticipates, plans, expects, intends, and similar expressions are intended to identify forward-looking statements.

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

- market conditions, including trading volume and volatility, potential deterioration of equity and debt capital markets and markets for commercial real estate and related services, and our ability to access the capital markets;
- pricing, commissions and fees, and market position with respect to our products and services and those of our competitors;
- the effect of industry concentration and reorganization, reduction of customers, and consolidation;
- liquidity, regulatory, and clearing capital requirements and the impact of credit market events;
- our relationships with Cantor Fitzgerald, L.P. and its affiliates (Cantor), including Cantor Fitzgerald & Co. (CF&Co) and Cantor Commercial Real Estate Company, L.P. (CCRE), any related conflicts of interest, any impact of Cantor s results on our credit ratings and/or the associated outlooks, CF&Co s acting as our sales agent under our controlled equity or other offerings, CF&Co s acting as our financial advisor in connection with potential business combinations, dispositions, or other transactions, our participation in various investments, stock loans or cash management vehicles placed by or recommended by CF&Co, and any services by CCRE with respect to finding and reviewing suitable acquisition or partner candidates, structuring transactions, and negotiating and due diligence services;
- economic or geopolitical conditions or uncertainties, the actions of governments or central banks, and the impact of natural disasters or weather-related or similar events, including power failures, communication and transportation disruptions, and other interruptions of utilities or other essential services;
- the effect on our businesses, our clients, the markets in which we operate, and the economy in general of possible shutdowns of the U.S. government, sequestrations, uncertainties regarding the debt ceiling and the federal budget, and other potential political impasses;

the effect on our businesses of reductions in overall industry volumes in certain of our products as a result of Federal Reserve Board quantitative easing, the ending of quantitative easing, and other factors, including the level and timing of governmental debt issuances and outstanding amounts;

the effect on our businesses of worldwide governmental debt issuances, austerity programs, increases or decreases in deficits, quantitative easing, and potential political impasses or regulatory requirements, including increased capital requirements for banks and other institutions;

extensive regulation of our businesses, changes in regulations relating to the financial services, commercial real estate and other industries, and risks relating to compliance matters, including regulatory examinations, inspections, investigations and enforcement actions, and any resulting costs, fines, penalties, sanctions, enhanced oversight, increased financial and capital requirements, and changes to or restrictions or limitations on specific activities, operations, compensatory arrangements, and growth opportunities, including acquisitions, hiring, and new businesses, products, or services;

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

costs and expenses of developing, maintaining, and protecting our intellectual property, as well as employment and other litigation and their related costs, including judgments or settlements paid or received and the impact thereof on our financial results and cash flows in any given period;

certain financial risks, including the possibility of future losses, reduced cash flows from operations, increased leverage and the need for short- or long-term borrowings or other sources of cash relating to acquisitions, dispositions, or other matters, potential liquidity and other risks relating to our ability to obtain financing or refinancing of existing debt on terms acceptable to us, if at all, and risks of the resulting leverage, including potentially causing a reduction in our credit ratings and/or the associated outlooks, increased borrowing costs, as well as interest rate and foreign currency exchange rate fluctuations;

risks associated with the temporary or longer-term investment of our available cash, including defaults or impairments on our investments, stock loans or cash management vehicles and collectability of loan balances owed to us by partners, employees, or others;

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 combinations or other transactions in the financial services, real estate, and other industries, including acquisitions, tender offers, dispositions, reorganizations, partnering opportunities and joint ventures, and our ability to maintain or develop relationships with independently owned offices in our real estate services business, the anticipated benefits of any such transactions or relationships and the future impact of any such transactions or relationships on our financial results for current or future periods, the integration of any completed acquisitions and the use of proceeds of any completed dispositions, and the value of and any hedging entered into in connection with consideration received or to be received in connection with such dispositions;

our estimates or determinations of potential value with respect to various assets or portions of our businesses, including with respect to the accuracy of the assumptions or the valuation models or multiples used;

our ability to hire and retain personnel, including brokers, salespeople, managers, and other professionals;

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

our ability to effectively manage any growth that may be achieved, while ensuring compliance with all applicable financial reporting, internal control, legal compliance, and regulatory requirements;

our ability to identify and remediate any material weaknesses in our internal controls that could affect our ability to prepare financial statements and reports in a timely manner, control our policies, practices and procedures, operations and assets, assess and manage our operational, regulatory, and financial risks, and integrate our acquired businesses and brokers, salespeople, managers and other professionals;

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

information technology risks, including, capacity constraints, failures, or disruptions in our systems or those of the clients, counterparties, exchanges, clearing facilities, or other parties with which we interact, including cybersecurity risks and incidents;

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

our ability to meet expectations with respect to payments of dividends and distributions and repurchases of shares of our Class A common stock and purchases or redemptions of limited partnership interests of BGC Holdings, L.P. (BGC Holdings) 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

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- the effect on the market for and trading price of our Class A common stock of various offerings and other transactions, including our controlled equity and other offerings of our Class A common stock and convertible or exchangeable debt securities, our repurchases of shares of our Class A common stock and purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries, any exchanges or redemptions of limited partnership units and issuances of shares of Class A common stock in connection therewith, including in partnership restructurings, our payment of dividends on our Class A common stock and distributions on BGC Holdings limited partnership interests, convertible arbitrage, hedging, and other transactions engaged in by holders of our 4.50% convertible notes and counterparties to our capped call transactions, or share sales, stock loan or similar transactions (including by Cantor or others), including pursuant to our employee benefit plans, unit exchanges and redemptions, partnership restructurings, acquisitions, conversions of our convertible notes, conversions or exchanges of our convertible or exchangeable debt securities, stock loans or pledges and distributions from Cantor pursuant to Cantor s distribution rights obligations and other distributions to Cantor partners, including deferred distribution rights shares.

The foregoing risks and uncertainties, as well as any risks and uncertainties discussed under the headings Part II, Item 1A Risk Factors, Part I, Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operations, and Part I, Item 3 Quantitative and Qualitative Disclosures About Market Risk and elsewhere in this Form 10-Q, may cause actual results and events to differ materially from the forward-looking statements. The information included herein is given as of the filing date of this Form 10-Q with the Securities and Exchange Commission, and future results or events could differ significantly from these forward-looking statements. We do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

WHERE YOU CAN FIND MORE INFORMATION

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

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

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BGC PARTNERS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(in thousands, except per share data)

(unaudited)

	March 31, 2015	December 31, 2014
Assets		
Cash and cash equivalents	$ 425,649	$ 648,277
Cash segregated under regulatory requirements	2,342	12,144
Securities owned	32,741	32,508
Securities borrowed		62,736
Marketable securities	56,662	144,719
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	2,458,088	640,761
Accrued commissions receivable, net	368,209	292,050
Loans, forgivable loans and other receivables from employees and partners, net	142,600	130,775
Fixed assets, net	162,219	112,020
Investments	32,230	17,392
Goodwill	888,932	392,570
Other intangible assets, net	307,295	27,980
Receivables from related parties	9,271	8,864
Other assets	380,750	228,331
Assets held for sale	23,254	
Total assets	$ 5,290,242	$ 2,751,127
Liabilities, Redeemable Partnership Interest, and Equity		
Short term borrowings	$ 60,000	$
Securities loaned	57,396	
Accrued compensation	287,256	231,679
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	2,319,851	646,169
Payables to related parties	28,242	23,326
Accounts payable, accrued and other liabilities	544,202	501,830
Notes payable and collateralized borrowings	841,382	556,700
Notes payable to related parties	150,000	150,000
Liabilities held for sale	18,153	

Total liabilities	4,306,482	2,109,704
Commitments and contingencies (Note 19)		
Redeemable partnership interest	59,481	59,501
Redeemable Noncontrolling interests	345,383	
Equity		
Stockholders equity:		
Class A common stock, par value $0.01 per share; 500,000 shares authorized; 222,944 and 220,217 shares issued at March 31, 2015 and December 31, 2014, respectively; and 186,953 and 185,108 shares outstanding at March 31, 2015 and December 31, 2014, respectively	2,229	2,202
Class B common stock, par value $0.01 per share; 100,000 shares authorized; 34,848 shares issued and outstanding at March 31, 2015 and December 31, 2014, convertible into Class A common stock	348	348
Additional paid-in capital	840,799	817,158
Contingent Class A common stock	56,827	47,383
Treasury stock, at cost: 35,991 and 35,109 shares of Class A common stock at March 31, 2015 and December 31, 2014, respectively	(206,514)	(200,958)
Retained deficit	(281,374)	(268,920)
Accumulated other comprehensive income (loss)	(17,853)	4,303
Total stockholders equity	394,462	401,516
Noncontrolling interest in subsidiaries	184,434	180,406
Total equity	578,896	581,922
Total liabilities, redeemable partnership interest, and equity	$ 5,290,242	$ 2,751,127

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

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BGC PARTNERS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(unaudited)

	Three Months Ended March 31,	
	2015	**2014**
Revenues:		
Commissions	$ 415,283	$ 303,598
Principal transactions	69,768	79,507
Real estate management services	40,602	39,826
Fees from related parties	6,606	7,032
Market data and software solutions	11,527	2,335
Interest income	1,705	2,072
Other revenues	2,076	10,419
Total revenues	547,567	444,789
Expenses:		
Compensation and employee benefits	346,813	275,299
Allocations of net income and grant of exchangeability to limited partnership units and FPUs	37,054	31,323
Total compensation and employee benefits	383,867	306,622
Occupancy and equipment	42,965	40,921
Fees to related parties	4,567	1,807
Professional and consulting fees	23,052	11,089
Communications	24,937	20,458
Selling and promotion	20,476	18,025
Commissions and floor brokerage	6,278	4,206
Interest expense	15,902	9,335
Other expenses	21,814	16,582
Total expenses	543,858	429,045
Other Income (losses), net:		
Gain (loss) on divestiture and sale of investments	(215)	
Gains (losses) on equity method investments	803	(2,275)
Other income (loss)	31,973	(2,223)
Total other income (losses), net	32,561	(4,498)
Income from operations before income taxes	36,270	11,246
Provision for income taxes	10,046	744

Consolidated net income	$	26,224	$	10,502
Less: Net income attributable to noncontrolling interest in subsidiaries		12,169		2,494
Net income available to common stockholders	$	14,055	$	8,008
Per share data:				
Basic earnings per share				
Net income available to common stockholders	$	14,055	$	8,008
Basic earnings per share	$	0.06	$	0.04
Basic weighted-average shares of common stock outstanding		222,019		220,608
Fully diluted earnings per share				
Net income for fully diluted shares	$	20,741	$	11,558
Fully diluted earnings per share	$	0.06	$	0.04
Fully diluted weighted-average shares of common stock outstanding		338,484		322,074
Dividends declared per share of common stock	$	0.12	$	0.12
Dividends declared and paid per share of common stock	$	0.12	$	0.12

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

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BGC PARTNERS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

(unaudited)

	Three Months Ended March 31,	
	2015	**2014**
Consolidated net income[1]	$ 26,224	$ 10,502
Other comprehensive (loss) income, net of tax:		
Foreign currency translation adjustments	(9,186)	729
Unrealized loss on securities available for sale	(15,968)	(433)
Total other comprehensive (loss) income, net of tax	(25,154)	296
Comprehensive income	1,070	10,798
Less: Comprehensive income attributable to noncontrolling interest in subsidiaries, net of tax[1]	9,171	2,539
Comprehensive (loss) income attributable to common stockholders	$ (8,101)	$ 8,259

[1] Consolidated net income allocated to Noncontrolling Interest in Subsidiaries includes income attributable to Redeemable Noncontrolling Interest.

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

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BGC PARTNERS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Three Months Ended March 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net income	$ 26,224	$ 10,502
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Fixed asset depreciation and intangible asset amortization	16,599	10,819
Employee loan amortization and reserves on employee loans	8,066	7,090
Equity-based compensation and allocations of net income to limited partnership units and FPUs	43,124	34,314
(Gains) Losses on equity method investments	(803)	2,275
Accretion of discount on convertible notes	1,464	1,200
Unrealized (gain) loss on marketable securities	(2,934)	2,838
Impairment of fixed assets	4,484	3,249
Deferred tax (benefit) provision	6,010	552
Sublease provision adjustment	(462)	1,455
Cumulative realized gain on marketable securities	(29,040)	
Loss on sale of KGL	215	
Consolidated net income, adjusted for non-cash and non-operating items	72,947	74,294
Decrease (increase) in operating assets:		
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	(1,108,825)	(1,033,649)
Loans, forgivable loans and other receivables from employees and partners, net	(5,757)	(1,696)
Accrued commissions receivable, net	15,378	(11,176)
Securities borrowed	62,736	(2,735)
Securities owned	4,845	(3,422)
Receivables from related parties	2,063	6,882
Cash segregated under regulatory requirements	9,961	(6,886)
Other assets	(3,710)	(30,416)
Increase (decrease) in operating liabilities:		
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	1,032,280	1,031,984
Payables to related parties	5,166	4,335
Securities sold, not yet purchased	(1,557)	(165)
Securities Loaned	57,396	
Accounts payable, accrued and other liabilities	(117,699)	(35,083)
Accrued compensation	(88,568)	7,797

Net cash provided by (used in) operating activities	$	(63,344)	$	64
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of fixed assets	$	(5,499)	$	(3,315)
Capitalization of software development costs		(3,096)		(2,534)
Purchase of equity method investments		(224)		(113)
Payments for acquisitions, net of cash acquired		(118,003)		(4,733)
Disposal of assets and liabilities held for sale, net		1,982		
Capitalization of trademarks, patent defense and registration costs		(552)		(123)
Net cash used in investing activities	$	(125,392)	$	(10,818)

BGC PARTNERS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(in thousands)

	Three Months Ended March 31,	
	2015	**2014**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of collateral borrowings	$	$ (1,601)
Issuance of collateralized borrowings, net of deferred issuance costs	27,918	
Earnings distributions	(17,771)	(12,151)
Redemption and repurchase of limited partnership interests	(7,311)	(8,008)
Dividends to stockholders	(26,509)	(26,376)
Repurchase of Class A common stock	(5,843)	(19,135)
Proceeds from exercise of stock options	275	
Repayments of short-term borrowings	(10,000)	
Net cash used in financing activities	(39,241)	(67,271)
Cash and cash equivalents classified as assets held for sale	10,990	
Effect of exchange rate changes on cash and cash equivalents	(5,641)	124
Net (decrease) increase in cash and cash equivalents	(222,628)	(77,901)
Cash and cash equivalents at beginning of period	648,277	716,919
Cash and cash equivalents at end of period	$ 425,649	$ 639,018
Supplemental cash information:		
Cash paid during the period for taxes	$ 9,862	$ 49,731
Cash paid during the period for interest	6,693	6,654
Supplemental non-cash information:		
Issuance of Class A common stock upon exchange of limited partnership interests	$ 17,946	$ 22,123
Issuance of Class A and contingent Class A common stock for acquisitions	14,719	

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

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BGC PARTNERS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Year Ended December 31, 2014

(in thousands,* except *share amounts)

	BGC Partners, Inc. Stockholders								
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Contingent Class A Common Stock	Treasury Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (loss)	Noncontrolling Interest in Subsidiaries	Total
Balance, January 1, 2014	$ 2,027	$ 348	$ 745,678	$ 12,051	$ (121,753)	$ (167,923)	$ (6,060)	$ 238,379	$ 702,747
Consolidated net income						4,135		(7,974)	(3,839)
Other comprehensive gain, net of tax							10,363	1,938	12,301
Equity-based compensation, 987,831 shares	10		2,275					1,047	3,332
Dividends to common stockholders						(105,132)			(105,132)
Earnings distributions to limited partnership interests and other noncontrolling interests								(55,821)	(55,821)
Grant of exchangeability and redemption of limited partnership interests, issuance of 11,899,558 shares	119		59,207					30,741	90,067
Issuance of Class A common stock (net of costs), 47,896			275					86	361

shares									
Redemption of FPUs, 2,494,896 units								(2,359)	(2,359)
Repurchase of Class A common stock, 14,020,586 shares			1,011		(79,205)			(24,526)	(102,720)
Cantor purchase of Cantor units from BGC Holdings upon redemption of founding/working partner units and subsequent repurchases by BGC Holdings, 3,142,257 units								(13,716)	(13,716)
Re-allocation of equity due to additional investment by founding/working partners								(110)	(110)
Issuance of Class A common stock for acquisitions, 1,912,630 shares	19		8,976	(3,635)				1,640	7,000
Issuance of contingent shares and limited partnership interests in connection with acquisitions				38,967				11,940	50,907
Purchases of Newmark noncontrolling interest			(234)					(169)	(403)
Other	27		(30)					(690)	(693)
Balance, December 31, 2014	$ 2,202	$ 348	$ 817,158	$ 47,383	$ (200,958)	$ (268,920)	$ 4,303	$ 180,406	$ 581,922

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

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BGC PARTNERS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)

For the Three Months Ended March 31, 2015

(in thousands, except share amounts)

	BGC Partners, Inc. Stockholders								
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Contingent Class A Common Stock	Treasury Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (loss)	Noncontrolling Interest in Subsidiaries	Total
Balance, January 1, 2015	$ 2,202	$ 348	$ 817,158	$ 47,383	$ (200,958)	$ (268,920)	$ 4,303	$ 180,406	$ 581,922
Consolidated net income						14,055		12,169	26,224
Less income attributable to Redeemable Noncontrolling interests								(1,124)	(1,124)
Other comprehensive gain, net of tax							(22,156)	(2,998)	(25,154)
Equity-based compensation, 428,233 shares	4		1,025					523	1,552
Dividends to common stockholders						(26,509)			(26,509)
Earnings distributions to limited partnership interests and other noncontrolling interests								(17,771)	(17,771)
Grant of exchangeability and redemption of limited partnership	22		20,936					11,240	32,198

interests, issuance of 2,158,311 shares									
Issuance of Class A common stock (net of costs), 39,848 shares			276					85	361
Redemption of FPUs, 9,935 units								(64)	(64)
Repurchase of Class A common stock, 734,561 shares					(4,466)			(1,377)	(5,843)
Forfeitures of Class A common stock, 147,785 shares			380		(1,090)			(220)	(930)
Issuance of Class A common stock for acquisitions, 100,325 shares	1		293	(338)				1,963	1,919
Issuance of contingent shares and limited partnership interests in connection with acquisitions				9,782				3,018	12,800
Purchases of Newmark noncontrolling interest			731					(1,219)	(488)
Other								(197)	(197)
Balance, March 31, 2015	$ 2,229	$ 348	$ 840,799	$ 56,827	$ (206,514)	$ (281,374)	$ (17,853)	$ 184,434	$ 578,896

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

BGC PARTNERS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. Organization and Basis of Presentation

Business Overview

BGC Partners, Inc. (together with its subsidiaries, BGC Partners, BGC or the Company) is a leading global brokerage company servicing the financial and real estate markets through its two segments, Financial Services and Real Estate Services. The Company s Financial Services segment specializes in the brokerage of a broad range of products, including fixed income securities, interest rate swaps, foreign exchange, equities, equity derivatives, credit derivatives, commodities, futures and structured products. It also provides a wide range of services, including trade execution, broker-dealer services, clearing, processing, information, and other back-office services to a broad range of financial and non-financial institutions. BGC Partners integrated platform is designed to provide flexibility to customers with regard to price discovery, execution and processing of transactions, and enables them to use voice, hybrid, or in many markets, fully electronic brokerage services in connection with transactions executed either over-the-counter (OTC) or through an exchange. Through its BGC Trader and BGC Market Data brands, BGC Partners offers financial technology solutions, market data, and analytics related to select financial instruments and markets.

Newmark Grubb Knight Frank (NGKF) is a full-service commercial real estate platform that comprises the Company s Real Estate Services segment, offering commercial real estate tenants, owners, investors and developers a wide range of services, including leasing and corporate advisory, investment sales and financial services, consulting, project and development management, and property and facilities management.

On February 26, 2015, the Company successfully completed a tender offer to acquire shares of common stock, par value $0.01 per share (the Shares), of GFI Group Inc. (GFI) for $6.10 per share in cash and accepted for purchase 54.3 million shares (the Tendered Shares) tendered to the Company pursuant to our offer (the Offer). The Tendered Shares, together with the 17.1 million Shares already owned by the Company, represent approximately 56% of GFI s outstanding shares. GFI is a leading intermediary and provider of trading technologies and support services to the global OTC and listed markets. GFI serves more than 2,500 institutional clients in operating electronic and hybrid markets for cash and derivative products across multiple asset classes.

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

Basis of Presentation

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

include the Company s accounts and all subsidiaries in which the Company has a controlling interest. Intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made to previously reported amounts to conform to the current presentation.

During the year ended December 31, 2014, the Company changed the presentation of certain line items in the unaudited condensed consolidated statements of operations. The Company now presents a new section entitled Other income (losses), net which is comprised of Gain on divestiture and sale of investments, Losses on equity method investments and Other income. Gain on divestiture and sale of investments and Losses on equity method investments were both previously presented as separate revenue line items.

During the three months ended March 31, 2015 the Company created a new line item for the remaining noncontrolling interest shareholders of GFI, a consolidated subsidiary of the Company, who owned 56.4 million, or 44%, of GFI s outstanding shares of common stock as of March 31, 2015. The Company accounts for this noncontrolling interest in GFI outside of permanent capital, as Redeemable noncontrolling interest, in the Company s unaudited condensed consolidated statements of financial condition. This classification is applicable, as these shares are redeemable at a price of $6.10 per share pursuant to the tender offer, for cash and/or BGC shares.

During the three months ended March 31, 2015 the Company changed the presentation of certain line items in our unaudited condensed consolidated statements of operations. We combined Market data and Software solutions into one line item Market data and software solutions. Reclassifications have been made to previously reported amounts to conform to the current presentation.

The unaudited condensed consolidated financial statements contain all normal and recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the unaudited condensed consolidated statements of financial condition, the unaudited condensed consolidated statements of operations, the unaudited condensed consolidated statements of comprehensive income, the unaudited condensed consolidated statements of cash flows and the unaudited condensed consolidated statements of changes in equity of the Company for the periods presented.

Recent Accounting Pronouncements

In April 2014, the FASB issued ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components on an Entity, which amends the requirements for reporting discontinued operations in ASC 205-20. The ASU includes changes in the criteria and required disclosures for disposals qualifying as discontinued operations, as well as additional required disclosures for disposals not considered discontinued operations. The amendments in this update are effective for the annual period beginning on January 1, 2015 for the Company. The adoption of this FASB guidance did not have a material impact on the Company s unaudited condensed consolidated financial statements.

On May 28, 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which relates to how an entity recognizes the revenue it expects to be entitled to for the transfer of promised goods and services to customers. The ASU will replace certain existing revenue recognition guidance when it becomes effective on January 1, 2017. Early adoption is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. Management is currently evaluating the impact of the future adoption of the ASU on the Company s unaudited condensed consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements Going Concern, which relates to disclosure of uncertainties about an entity s ability to continue as a going concern. The ASU provides additional guidance on management s responsibility to evaluate the condition of an entity and the required disclosures based on this assessment. The amendments in this update are effective for the annual period ending after December 15, 2016, and early application is permitted. The adoption of this FASB guidance would not impact the Company s unaudited condensed consolidated financial statements.

2. Divestiture

In connection with the successful completion of the Tender Offer to acquire GFI on February 26, 2015, the Company acquired Kyte Group Limited (KGL) which primarily included GFI s clearing business, and Kyte Broking Limited (KBL). On January 24, 2015, GFI entered into an agreement to sell 100% equity ownership of KGL, and the transaction was completed in March 2015. The total cash consideration received by the Company was approximately $10.6 million. The loss incurred from the sale of KGL of $0.2 million is recorded as Gain (loss) on divestiture and sale of investments in the Company s unaudited condensed consolidated statements of operations.

On February 3, 2015, GFI entered into an agreement to sell 100% equity ownership of KBL. GFI determined that KBL met the criteria for classification as held for sale and, as a result, its assets and liabilities have been included in Assets held for sale and Liabilities held for sale on the Condensed Consolidated Statements of Financial Condition as

of March 31, 2015. As of March 31, 2015, the total assets and liabilities of KBL that were classified as held for sale on the Company s unaudited condensed consolidated statements of financial condition was $23.3 million and $18.2 million, respectively. The Company believes that no impairment exists as the fair value of the net assets related to KBL less the costs to sell the business will exceed the related carrying value. The transaction, which is subject to customary closing conditions and regulatory approvals, is expected to close in the second quarter of 2015.

3. Limited Partnership Interests in BGC Holdings

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

Founding/Working Partner Units

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

Founding/working partner units are held by limited partners who are employees and generally receive quarterly allocations of net income. Upon termination of employment or otherwise ceasing to provide substantive services, the founding/working partner units are generally redeemed, and the unit holders are no longer entitled to participate in the quarterly allocations of net income. Since these allocations of net income are cash distributed on a quarterly basis and are contingent upon services being provided by the unit holder, they are reflected as a component of compensation expense under Allocations of net income and grant of exchangeability to limited partnership units and FPUs in the Company s unaudited condensed consolidated statements of operations.

Limited Partnership Units

Certain employees hold limited partnership interests in BGC Holdings (e.g., REUs, RPUs, PSUs, PSIs and LPUs, collectively the limited partnership units). Generally, such units receive quarterly allocations of net income, which are cash distributed and generally are 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 component of compensation expense under Allocations of net income and grant of exchangeability to limited partnership units and FPUs in the Company s unaudited condensed consolidated statements of operations. From time to time the Company issues limited partnership units as part of the consideration for acquisitions. These units are not entitled to a distribution of earnings.

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

The Company has also awarded certain preferred partnership units (Preferred Units). Each quarter, the net profits of BGC Holdings are allocated to such units at a rate of either 0.6875% (which is 2.75% per calendar year) or such other amount as set forth in the award documentation (the Preferred Distribution). These allocations are deducted before the calculation and distribution of the quarterly partnership distribution for the remaining partnership units and are generally contingent upon services being provided by the unit holder. The Preferred Units are not entitled to participate in partnership distributions other than with respect to the Preferred Distribution. Preferred Units may not be made exchangeable into the Company s Class A common stock and are only entitled to the Preferred Distribution, and accordingly they are not included in the Company s fully diluted share count. The quarterly allocations of net income on Preferred Units are reflected in compensation expense under Allocations of net income and grant of exchangeability to limited partnership units and FPUs in the Company s unaudited condensed consolidated statements of operations. After deduction of the Preferred Distribution, the remaining partnership units generally receive quarterly allocations of net income based on their weighted-average pro rata share of economic ownership of the operating subsidiaries.

Cantor Units

Cantor units are reflected as a component of Noncontrolling interest in subsidiaries in the Company s unaudited condensed consolidated statements of financial condition. Cantor receives allocations of net income, which are cash distributed on a quarterly basis and are reflected as a component of Net income attributable to noncontrolling interest in subsidiaries in the Company s unaudited condensed consolidated statements of operations.

General

Certain of the limited partnership interests, described above, have been granted exchangeability into Class A common stock on a one-for-one basis (subject to adjustment); additional limited partnership interests may become exchangeable for Class A common stock on a one-for-one basis (subject to adjustment). Any exchange of limited partnership interests into Class A common shares would not impact the fully diluted number of shares and units outstanding. Because these limited partnership interests generally receive quarterly allocations of net income, such exchange would have no significant impact on the cash flows or equity of the Company. Each quarter, net income is allocated between the limited partnership interests and the common stockholders. In quarterly periods in which the Company has a net loss, the loss allocation for FPUs, limited partnership units and Cantor units is allocated to Cantor and reflected as a component of Net income attributable to noncontrolling interest in subsidiaries in the Company s unaudited condensed consolidated statements of operations. In subsequent quarters in which the Company has net income, the initial allocation of income to the limited partnership interests is to Net income attributable to noncontrolling interests in subsidiaries, to recover any losses taken in earlier quarters, with the remaining income allocated to the limited partnership interests. This income (loss) allocation process has no impact on the net income allocated to common stockholders.

4. Acquisitions

Financial Services

On February 26, 2015, we successfully completed our tender offer to acquire shares of common stock, par value $0.01 per share, of GFI for $6.10 per share in cash and accepted for purchase 54.3 million shares tendered to us pursuant to the offer. The Tendered Shares, together with the 17.1 million Shares already owned by us, represent approximately 56% of GFI s

outstanding shares. We issued payment for the Tendered Shares on March 4, 2015 in the aggregate amount of $331.1 million. GFI is a leading intermediary and provider of trading technologies and support services to the global OTC and listed markets. GFI serves more than 2,500 institutional clients in operating electronic and hybrid markets for cash and derivative products across multiple asset classes. The excess of total consideration over the fair value of the total net assets acquired, of approximately $453.5 million, has been recorded to goodwill and was allocated to the Company s Financial Services segment. In addition, Total revenues in the Company s unaudited condensed consolidated statements of operations for the three months ended March 31, 2015 included $64.4 million related to GFI from the date of acquisition.

The following tables summarize the components of the purchase consideration transferred, the preliminary allocation of the assets acquired and liabilities assumed based on the fair values as of the acquisition date, and the related estimated useful lives of the amortizable intangible assets acquired (in millions, except for estimated useful life). The Company expects to finalize its analysis of the assets acquired and liabilities assumed within the first year of the acquisition, and therefore adjustments to assets and liabilities may occur.

Calculation of purchase consideration transferred

		February 26, 2015
Cash	$	331.1
Fair value of shares already owned (17,075,464 shares at $6.10 per share)		104.1
Total purchase consideration		435.2
Noncontrolling interest (56,435,876 shares at $6.10 per share)		344.3
Total purchase consideration and noncontrolling interest	$	779.5

Preliminary allocation of the assets acquired and the liabilities assumed

		February 26, 2015
Cash and cash equivalents	$	238.7
Receivables from broker-dealers, clearing organizations, customers and related-broker dealers		696.8
Accrued commissions receivable, net		93.6
Fixed assets, net		58.0
Other assets		189.5
Assets held for sale		208.3
Short-term borrowings		(70.0)
Accrued compensation		(141.7)
Payables to broker-dealers, clearing organizations, customers and related broker-dealers		(641.5)

Accounts payable, accrued and other liabilities	(154.6)
Notes payable and collateralized borrowings	(255.3)
Liabilities held for sale	(175.5)
Pre-existing noncontrolling interest	(2.1)
Finite-lived intangible assets:	
Non-compete agreement	15.5
Technology	38.1
Customer relationships	105.2
Acquired intangibles	6.7
Infinite-lived intangible assets:	
Trade name	116.3
Goodwill	453.5
Total	$ 779.5

The following unaudited pro forma summary presents consolidated information of the Company as if the acquisition of GFI had occurred on January 1, 2014. The unaudited pro forma results are not indicative of operations that would have been achieved, nor are they indicative of future results of operations. The unaudited pro forma results do not reflect any potential cost savings or other operations efficiencies that could result from the acquisition. In addition, the unaudited pro forma condensed combined financial information does not include any adjustments in respect of certain expenses recorded in the GFI financial statements that were associated with non-recurring events unrelated to the acquisition and does not include any adjustments in respect of any potential future sales of assets. However, the unaudited pro forma results below for the three months ended March 31, 2015 does include non-recurring pro forma adjustments directly related to the acquisition which mainly consisted of: (a) Prior to the acquisition, GFI had entered into an agreement with the CME Group Inc. (CME) for CME to acquire GFI. The CME transaction was terminated and as a result, GFI incurred breakage costs of approximately $24.7 million; (b) Severance and compensation restructuring charges of $22.2 million incurred by GFI; and (c) The aggregate of BGC s and GFI s professional fees incurred which totaled $24.9 million.

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In millions

	Three Months Ended March 31,	
	2015	2014
Pro forma revenues	$ 710.6	$ 682.9
Pro forma consolidated net income	$ 23.2	$ 7.6

Real Estate Services

During January and February 2015, the Company completed the acquisition of certain entities of Apartment Realty Advisors (ARA) and its members. ARA is the nation s largest privately held, full service investment brokerage network, focusing exclusively on the multi-housing industry.

The total consideration for acquisitions during the three months ended March 31, 2015, within the Real Estate Services segment was approximately $47.2 million, comprised of cash, shares of BGCP Class A common stock and BGC Holdings limited partnership units. The total consideration included contingent consideration of approximately 0.4 million restricted shares of the Company s Class A common stock (with an acquisition date fair value of approximately $2.3 million), 1.3 million limited partnership units (with an acquisition date fair value of approximately $10.5 million) and $7.6 million in cash that may be issued contingent on certain targets being met through 2018. The excess of the consideration over the fair value of the net assets acquired has been recorded as goodwill of approximately $44.8 million, excluding any measurement period and cumulative transaction adjustments, and was allocated to the Company s Real Estate Services segment.

The results of operations of the Company s acquisitions have been included in the Company s unaudited condensed consolidated financial statements subsequent to their respective dates of acquisition. The Company has made a preliminary allocation of the consideration to the assets acquired and liabilities assumed as of the acquisition date, and expects to finalize its analysis with respect to acquisitions within the first year after the completion of the transaction. Therefore, adjustments to preliminary allocations may occur.

5. Earnings Per Share

FASB guidance on Earnings Per Share (EPS) establishes standards for computing and presenting EPS. Basic EPS excludes dilution and is computed by dividing net income available to common stockholders by the weighted-average shares of common stock outstanding and contingent shares for which all necessary conditions have been satisfied except for the passage of time. Net income is allocated to the Company s outstanding common stock, FPUs, limited partnership units and Cantor units (see Note 3 Limited Partnership Interests in BGC Holdings).

The Company s earnings for the three months ended March 31, 2015 and 2014 were allocated as follows (in thousands):

	Three Months Ended March 31,	
	2015	2014

Net income available to common stockholders	$ 14,055	$ 8,008
Allocation of income to limited partnership interests in BGC Holdings	$ 10,137	$ 3,871

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

	Three Months Ended March 31,	
	2015	**2014**
Basic earnings per share:		
Net income available to common stockholders	$ 14,055	$ 8,008
Basic weighted-average shares of common stock outstanding	222,019	220,608
Basic earnings per share	$ 0.06	$ 0.04

Fully diluted EPS is calculated utilizing net income available for common stockholders plus net income allocations to the limited partnership interests in BGC Holdings, as well as adjustments related to the interest expense on the Convertible Notes, if applicable (see Note 17 Notes Payable, Collateralized and Short-Term Borrowings), and expense related to dividend equivalents for certain RSUs, if applicable, as the numerator. The denominator is comprised of the Company s weighted-average outstanding

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shares of common stock and, if dilutive, the weighted-average number of limited partnership interests and other contracts to issue shares of common stock, including Convertible Notes, stock options and RSUs. Except for the Preferred Units, the limited partnership interests generally are potentially exchangeable into shares of Class A common stock and are entitled to remaining earnings after the deduction for the Preferred Distribution; as a result, they are included in the fully diluted EPS computation to the extent that the effect would be dilutive.

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

	Three Months Ended March 31,	
	2015	**2014**
Fully diluted earnings per share:		
Net income available to common stockholders	$ 14,055	$ 8,008
Allocation of net income to limited partnership interests in BGC Holdings, net of tax	6,686	3,548
Interest expense on convertible notes, net of tax		
Dividend equivalent expense on RSUs, net of tax		2
Net income for fully diluted shares	$ 20,741	$ 11,558
Weighted-average shares:		
Common stock outstanding	222,019	220,608
Limited partnership interests in BGC Holdings	114,564	100,036
RSUs (Treasury stock method)	944	925
Other	957	505
Fully diluted weighted-average shares of common stock outstanding	338,484	322,074
Fully diluted earnings per share	$ 0.06	$ 0.04

For the three months ended March 31, 2015 and 2014, respectively, approximately 41.3 million and 44.7 million potentially dilutive securities were not included in the computation of fully diluted EPS because their effect would have been anti-dilutive. Anti-dilutive securities for the three months ended March 31, 2015 included, on a weighted-average basis, 40.3 million shares underlying Convertible Notes and 1.0 million other securities or other contracts to issue shares of common stock

Additionally, as of March 31, 2015 and 2014, respectively, approximately 12.1 million and 4.6 million shares of contingent Class A common stock and limited partnership units were excluded from the fully diluted EPS computations because the conditions for issuance had not been met by the end of the respective periods.

6. Stock Transactions and Unit Redemptions

Class A Common Stock

Changes in shares of the Company s Class A common stock outstanding for the three months ended March 31, 2015 and 2014 were as follows:

	Three Months Ended March 31,	
	2015	2014
Shares outstanding at beginning of period	185,108,316	181,583,001
Share issuances:		
Exchanges of limited partnership interests[1]	2,158,311	5,724,474
Vesting of restricted stock units (RSUs)	428,233	630,028
Acquisitions	100,325	
Other issuances of Class A common stock[2]	39,848	112,026
Treasury stock repurchases	(734,561)	(2,883,418)
Forfeitures of Class A common stock	(147,785)	
Shares outstanding at end of period	186,952,687	185,166,111

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

2 The Company did not issue shares of Class A common stock for general corporate purposes during the three months ended March 31, 2015 or March 31, 2014.

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Class B Common Stock

The Company did not issue any shares of Class B common stock during the three months ended March 31, 2015 and 2014. As of March 31, 2015 and 2014 the Company s Class B common stock outstanding was 34,848,107.

Controlled Equity Offering

The Company has entered into a controlled equity offering sales agreement with Cantor Fitzgerald & Co. (CF&Co), (November 2014 Sales Agreement) pursuant to which the Company may offer and sell up to an aggregate of 20 million shares of Class A common stock. Shares of the Company s Class A common stock sold under its controlled equity offering sales agreements are used primarily for redemptions and exchanges of limited partnership interests in BGC Holdings. CF&Co is a wholly owned subsidiary of Cantor and an affiliate of the Company. Under this Agreement, the Company has agreed to pay CF&Co 2% of the gross proceeds from the sale of shares. As of March 31, 2015, the Company has sold 1,492,563 shares of Class A common stock under this Agreement.

Unit Redemptions and Share Repurchase Program

The Company s Board of Directors and Audit Committee have authorized repurchases of the Company s Class A common stock and redemptions of BGC Holdings limited partnership interests or other equity interests in the Company s subsidiaries. In February 2014, our Audit Committee authorized such repurchases of stock or units from Cantor employees and partners. On July 30, 2014, the Company s Board of Directors and Audit Committee increased the BGC Partners share repurchase and unit redemption authorization to $250 million. As of March 31, 2015, the Company had approximately $122.3 million remaining from its share repurchase and unit redemption authorization. From time to time, the Company may actively continue to repurchase shares and/or redeem units.

The table below represents unit redemption and share repurchase activity for the three months ended March 31, 2015:

Period	Total Number of Units Redeemed or Shares Repurchased	Average Price Paid per Unit or Share	Approximate Dollar Value of Units and Shares That May Yet Be Redeemed/Purchased Under the Plan
Redemptions[1]			
January 1, 2015 March 31, 2015	2,040,190	$ 8.65	
Repurchases[2]			
January 1, 2015 January 31, 2015	731,765	$ 7.96	
February 1, 2015 February 28, 2015			
March 1, 2015 March 31, 2015	2,796	6.29	
Total Repurchases	734,561	$ 7.96	
Total Redemptions and Repurchases	2,774,751	$ 8.47	$ 122,336,975

1

During the three months ended March 31, 2015, the Company redeemed approximately 2.0 million limited partnership units at an average price of $8.65 per unit and approximately 10 thousand FPUs at an average price of $8.60 per unit. During the three months ended March 31, 2014, the Company redeemed approximately 2.3 million limited partnership units at an average price of $6.33 per unit and approximately 0.1 million FPUs at an average price of $6.75 per unit.

[2] During the three months ended March 31, 2015, the Company repurchased approximately 0.7 million shares of its Class A common stock at an aggregate purchase price of approximately $5.8 million for an average price of $7.96 per share. During the three months ended March 31, 2014, the Company repurchased approximately 2.9 million shares of its Class A common stock at an aggregate purchase price of approximately $19.1 million for an average price of $6.64 per share.

Redeemable Partnership Interest

The changes in the carrying amount of redeemable partnership interest for the three months ended March 31, 2015 and 2014 were as follows (in thousands):

	Three Months Ended March 31,	
	2015	2014
Balance at beginning of period	$ 59,501	$ 66,918
Consolidated net income allocated to FPUs		701
Earnings distributions		(121)
FPUs exchanged		(134)
FPUs redeemed	(20)	(367)
Balance at end of period	$ 59,481	$ 66,997

7. Securities Owned and Securities Sold, Not Yet Purchased

Securities owned primarily consist of unencumbered U.S. Treasury bills held for liquidity purposes. Total securities owned were $32.7 million and $32.5 million as of March 31, 2015 and December 31, 2014, respectively. There were no securities sold, not yet purchased as of March 31, 2015 and December 31, 2014. For additional information, see Note 12 Fair Value of Financial Assets and Financial Liabilities .

8. Collateralized Transactions

Securities Borrowed

Securities borrowed transactions are recorded at the contractual amount for which the securities will be returned plus accrued interest. As of March 31, 2015, the Company has not entered into any securities borrowed transactions. As of December 31, 2014, the Company entered into securities borrowed transactions of $62.7 million to cover failed trades.

Securities Loaned

As of March 31, 2015, the Company has Securities loaned transactions of $57.4 million with CF&Co. The market value of the securities lent was $56.4 million. The cash collateral received from CF&Co bears an interest rate of 0.75%. Securities loaned transactions are included in Securities loaned in the Company s unaudited condensed consolidated statements of financial condition.

9. Marketable Securities

Marketable securities consist of the Company s ownership of various investments. The investments had a fair value of $56.7 million and $144.7 million as of March 31, 2015 and December 31, 2014, respectively.

Marketable securities includes $50.2 million of NASDAQ OMX common stock received in connection with the earn-out from the sale of eSpeed. These shares of NASDAQ OMX common stock are classified as trading securities and accordingly measured at fair value, with any changes in fair value recognized currently in earnings and included in Other income in the Company s unaudited condensed consolidated statements of operations. From time to time the Company has entered into hedging transactions using derivative contracts to minimize the effect of price changes of the Company s NASDAQ OMX shares (see Note 11 Derivatives). During the three months ended March 31, 2015 and 2014 the Company recognized a gain of $2.9 million and a loss of $2.2 million respectively, related to the mark to market on the NASDAQ earn-out shares and the related hedging transactions when applicable.

Marketable securities also includes securities classified as available-for-sale. As of March 31, 2015 and December 31, 2014, the Company had $6.5 million and $97.5 million, respectively, related to securities classified as available-for-sale which are recorded at fair value. Unrealized gains or losses on marketable securities classified as available-for-sale are included as part of Accumulated other comprehensive loss in the Company s unaudited condensed consolidated statements of financial condition. The securities classified as available for sale as of December 31, 2014 included $93.1 million in fair value of GFI common stock (initial cost of $75.1 million). In connection with the Company s successful completion of the tender offer to acquire GFI on February 26, 2015 (see Note 1 Organization and Basis of Presentation), these shares were considered part of the purchase consideration. Upon acquisition of GFI, the unrealized gain previously recorded in Accumulated other comprehensive loss was recorded as a $29.0 million gain in Other income (losses), net in the Company s unaudited condensed statements of financial condition.

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

Receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers primarily represent amounts due for undelivered securities, cash held at clearing organizations and exchanges to facilitate settlement and clearance of matched principal transactions, spreads on matched principal transactions that have not yet been remitted from/to clearing organizations and exchanges and amounts related to open derivative contracts, including derivative contracts into which the Company may enter into to minimize the effect of price changes of the Company s NASDAQ OMX shares (see Note 11 Derivatives). As of March 31, 2015 and December 31, 2014, receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers consisted of the following (in thousands):

	March 31, 2015	December 31, 2014
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers:		
Contract values of fails to deliver	$ 2,260,195	$ 559,142
Receivables from clearing organizations	159,264	60,300
Other receivables from broker-dealers and customers	20,140	16,927
Net pending trades	8,411	884
Open derivative contracts	10,078	3,508
Total	$ 2,458,088	$ 640,761
Payables to broker-dealers, clearing organizations, customers and related broker-dealers:		
Contract values of fails to receive	$ 2,219,044	$ 552,790
Payables to clearing organizations	73,907	79,848
Other payables to broker-dealers and customers	24,072	13,378
Open derivative contracts	2,828	153
Total	$ 2,319,851	$ 646,169

A portion of these receivables and payables are with Cantor. See Note 13 Related Party Transactions, for additional information related to these receivables and payables.

Substantially all open fails to deliver, open fails to receive and pending trade transactions as of March 31, 2015 have subsequently settled at the contracted amounts.

11. Derivatives

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

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

The Company does not designate any derivative contracts as hedges for accounting purposes. FASB guidance requires that an entity recognize all derivative contracts as either assets or liabilities in the unaudited condensed consolidated statements of financial condition and measure those instruments at fair value. The fair value of all derivative contracts is recorded on a net-by-counterparty basis where a legal right to offset exists under an enforceable netting agreement. Derivative contracts are recorded as part of Receivables from broker-dealers, clearing organizations, customers and related broker-dealers and Payables to broker-dealers, clearing organizations, customers and related broker-dealers in the Company s unaudited condensed consolidated statements of financial condition.

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

	March 31, 2015		December 31, 2014	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	$ 301	$	$ 410	$
Futures		335		
Forwards	3,620	2,166		
Foreign exchange/commodities options	1,341			
Foreign exchange swaps	4,816	327	3,098	153
Total	$ 10,078	$ 2,828	$ 3,508	$ 153

The notional amounts of these derivative contracts at March 31, 2015 and December 31, 2014 were $12.3 billion and $0.3 billion, respectively. At March 31, 2015, the notional amounts primarily consisted of long futures of $5.1 billion and short futures of $5.6 billion. As of March 31, 2015, these notional values of long and short futures contracts were primarily related to fixed income futures in a consolidated VIE acquired in the acquisition of GFI, of which the Company s exposure to economic loss is approximately $5.6 million.

The interest rate swaps represent matched customer transactions settled through and guaranteed by a central clearing organization. Certain of the Company s foreign exchange swaps are with Cantor. See Note 13 Related Party Transactions, for additional information related to these transactions.

The replacement cost of contracts in a gain position at March 31, 2015 was $10.1 million.

The change in fair value of interest rate swaps, futures, foreign exchange/commodities options and foreign exchange swaps is reported as part of Principal transactions in the Company s unaudited condensed consolidated statements of operations, and the change in fair value of equity options related to the NASDAQ OMX hedges and forwards are included as part of Other income in the Company s unaudited condensed consolidated statements of operations. The table below summarizes gains and losses on derivative contracts for the three months ended March 31, 2015 and 2014 (in thousands):

	Three Months Ended March 31,	
Derivative contract	2015	2014
Interest rate swaps	$ (38)	$ 6
Futures	1,629	
Forwards	467	
Foreign exchange/commodities options	417	
Foreign exchange swaps	(34)	(57)
Equity options		615
Gain	$ 2,441	$ 564

As described in Note 17 Notes Payable, Collateralized and Short-Term Borrowings, on July 29, 2011, the Company issued an aggregate of $160.0 million principal amount of 4.50% Convertible Senior Notes due 2016 (the 4.50% Convertible Notes) containing an embedded conversion feature. The conversion feature meets the requirements to be accounted for as an equity instrument, and the Company classifies the conversion feature within Additional paid-in capital in the Company s unaudited condensed consolidated statements of financial condition. At the issuance of the 4.50% Convertible Notes, the embedded conversion feature was measured at approximately $19.0 million on a pre-tax basis ($16.1 million net of taxes and issuance costs) as the difference between the proceeds received and the fair value of a similar liability without the conversion feature and is not subsequently remeasured.

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

12. Fair Value of Financial Assets and Liabilities

As required by FASB guidance, assets and liabilities are classified in their entirety based on the lowest level of FASB 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.

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

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

As required by FASB guidance, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following tables set forth by level within the fair value hierarchy financial assets and liabilities accounted for at fair value under FASB guidance at March 31, 2015 and December 31, 2014 (in thousands):

	Assets at Fair Value at March 31, 2015				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Government debt	$ 32,435	$	$	$	$ 32,435
Securities owned Equities	306				306
Marketable securities	56,568	94			56,662
Interest rate swaps		301			301
Forwards		3,620			3,620
Foreign exchange/commodities options	1,341				1,341
Foreign exchange swaps		4,816			4,816
Total	$ 90,650	$ 8,831	$	$	$ 99,481

	Liabilities at Fair Value at March 31, 2015				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Futures	$	$ 335	$	$	$ 335
Forwards		2,166			2,166
Foreign exchange swaps		327			327
Total	$	$ 2,828	$	$	$ 2,828

	Assets at Fair Value at December 31, 2014				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Government debt	$ 32,508	$	$	$	$ 32,508
Marketable securities	144,719				144,719
Interest rate swaps		410			410
Foreign exchange swaps		3,098			3,098
Total	$ 177,227	$ 3,508	$	$	$ 180,735

	Liabilities at Fair Value at December 31, 2014				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Foreign exchange swaps	$	$ 153	$	$	153
Total	$	$ 153	$	$	$ 153

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The following tables present information about the offsetting of derivative instruments and collateralized transactions as of March 31, 2015 and December 31, 2014 (in thousands):

	March 31, 2015					
			Net Amounts Presented in the Statements of Financial Condition	Gross Amounts Not Offset		
Assets	Gross Amounts	Gross Amounts Offset		Financial Instruments	Cash Collateral Received	Net Amount
Interest rate swaps	$ 403	$ 102	$ 301	$	$	$ 301
Forwards	3,620		3,620			3,620
Foreign exchange /commodities options	1,992	651	1,341			1,341
Foreign exchange swaps	4,864	48	4,816			4,816
Total	$ 10,879	801	$ 10,078	$	$	$ 10,078
Liabilities						
Interest rate swaps	$ 102	$ 102	$	$	$	$
Futures	335		335			335
Forwards	2,166		2,166			2,166
Foreign exchange /commodities options	651	651				
Foreign exchange swaps	375	48	327			327
Total	$ 3,629	$ 801	$ 2,828	$	$	$ 2,828

	December 31, 2014					
			Net Amounts Presented in the Statements of Financial Condition	Gross Amounts Not Offset		
Assets	Gross Amounts	Gross Amounts Offset		Financial Instruments	Cash Collateral Received	Net Amount
Interest rate swaps	$ 547	$ 137	$ 410	$	$	$ 410
Foreign exchange swaps	3,144	46	3,098			3,098
Total	$ 3,691	183	$ 3,508	$	$	$ 3,508
Liabilities						
Interest rate swaps	$ 137	$ 137	$	$	$	$
Foreign exchange swaps	198	46	153			153
Total	$ 335	$ 183	$ 153	$	$	$ 153

Certain of the Company s foreign exchange swaps are with Cantor. See Note 13 Related Party Transactions, for additional information related to these transactions.

13. Related Party Transactions

Service Agreements

Throughout Europe and Asia, the Company provides Cantor with administrative services, technology services and other support for which it charges Cantor based on the cost of providing such services plus a mark-up, generally 7.5%. In the U.K., the Company provides these services to Cantor through Tower Bridge. The Company owns 52% of Tower Bridge and consolidates it, and Cantor owns 48%. Cantor s interest in Tower Bridge is reflected as a component of Noncontrolling interest in subsidiaries in the Company s unaudited condensed consolidated statements of financial condition, and the portion of Tower Bridge s income attributable to Cantor is included as part of Net income attributable to noncontrolling interest in subsidiaries in the Company s unaudited condensed consolidated statements of operations. In the U.S., the Company provides Cantor with technology services for which it charges Cantor based on the cost of providing such services.

The administrative services agreement provides that direct costs incurred are charged back to the service recipient. Additionally, the service recipient generally indemnifies the service provider for liabilities that it incurs arising from the provision of services other than liabilities arising from fraud or willful misconduct of the service provider. In accordance with the administrative service agreement, the Company has not recognized any liabilities related to services provided to affiliates.

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. Effective December 23, 2014, the Company consolidated ELX in its consolidated financial statements. Prior to consolidating ELX, the Company accounted for ELX under the equity method of accounting (see Note 14 Investments for more details).

For the three months ended March 31, 2015 and 2014, the Company recognized related party revenues of $6.6 million and $7.0 million, respectively, for the services provided to Cantor. These revenues are included as part of Fees from related parties in the Company s unaudited condensed consolidated statements of operations.

In the U.S., Cantor and its affiliates provide the Company with administrative services and other support for which Cantor charges the Company based on the cost of providing such services. In connection with the services Cantor provides, the Company and Cantor entered into an employee lease agreement whereby certain employees of Cantor are deemed leased employees of the Company. For the three months ended March 31, 2015 and 2014, the Company was charged $10.6 million and $7.6 million, respectively, for the services provided by Cantor and its affiliates, of which $6.0 million and $5.7 million, respectively, were to cover compensation to leased employees for the three months ended March 31, 2015 and 2014. The fees paid to Cantor for administrative and support services, other than those to cover the compensation costs of leased employees, are included as part of Fees to related parties in the Company s unaudited condensed consolidated statements of operations. The fees paid to Cantor to cover the compensation costs of leased employees are included as part of Compensation and employee benefits in the Company s unaudited condensed consolidated statements of operations.

For the three months ended March 31, 2015 and 2014, Cantor s share of the net profit in Tower Bridge was $0.6 million and $0.2 million, respectively. Cantor s noncontrolling interest is included as part of Noncontrolling interest in subsidiaries in the Company s unaudited condensed consolidated statements of financial condition.

Equity Method Investment

On June 3, 2014, the Company s Board of Directors and Audit Committee authorized the purchase of 1,000 Class B Units of LFI Holdings, LLC (LFI ,) a wholly owned subsidiary of Cantor, representing 10% of the issued and outstanding Class B Units of LFI after giving effect to the transaction. On the same day, the Company completed the acquisition for $6,500,000 and was granted an option to purchase an additional 1,000 Class B Units of LFI for an additional $6,500,000. LFI is a limited liability corporation headquartered in New York which is a technology infrastructure provider tailored to the financial sector. The Company accounts for the acquisition using the equity method.

Clearing Agreement with Cantor

The Company receives certain clearing services (Clearing Services) from Cantor pursuant to its clearing agreement. These Clearing Services are provided in exchange for payment by the Company of third-party clearing costs and allocated costs. The costs associated with these payments are included as part of Fees to related parties in the Company s unaudited condensed consolidated statements of operations.

Other Agreements with Cantor

The Company is authorized to enter into short-term arrangements with Cantor to cover any failed U.S. Treasury securities transactions and to share equally any net income resulting from such transactions, as well as any similar clearing and settlement issues. As of March 31, 2015, the Company had not entered into any arrangements to cover any failed U.S. Treasury transactions.

To more effectively manage the Company s exposure to changes in foreign exchange rates, the Company and Cantor agreed to jointly manage the exposure. As a result, the Company is authorized to divide the quarterly allocation of any profit or loss relating to foreign exchange currency hedging between Cantor and the Company. The amount allocated to each party is based on the total net exposure for the Company and Cantor. The ratio of gross exposures of Cantor

and the Company is utilized to determine the shares of profit or loss allocated to each for the period. During the three months ended March 31, 2015 and 2014, the Company recognized its share of foreign exchange gains of $646 thousand and $336 thousand, respectively. These gains are included as part of Other expenses in the Company s unaudited condensed consolidated statements of operations.

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 favorable to the receiving party than such services are provided to typical third-party customers.

In August 2013, the Audit Committee authorized the Company to invest up to $350 million in an asset-backed commercial paper program for which certain Cantor entities serve as placement agent and referral agent. The program issues short-term notes to money market investors and is expected to be used by the Company from time to time as a liquidity management vehicle. The notes are backed by assets of highly rated banks. The Company is entitled to invest in the program so long as the program meets investment policy guidelines, including related to ratings. Cantor will earn a spread between the rate it receives from the short-term note issuer and the rate it pays to the Company on any investments in this program. This spread will be no greater than the spread earned by Cantor for placement of any other commercial paper note in the program. As of March 31, 2015 the Company did not have any investments in the program and as of December 31, 2014, the Company had $125 million invested in the program, which is recorded in Cash and cash equivalents in the Company s unaudited condensed consolidated statements of financial condition.

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Receivables from and Payables to Related Broker-Dealers

Amounts due to or from Cantor and Freedom International Brokerage, one of our equity method investments, are for transactional revenues under a technology and services agreement with Freedom International Brokerage as well as for open derivative contracts. These are included as part of Receivables from broker-dealers, clearing organizations, customers and related broker-dealers or Payables to broker-dealers, clearing organizations, customers and related broker-dealers in the Company s unaudited condensed consolidated statements of financial condition. As of March 31, 2015 and December 31, 2014, the Company had receivables from Freedom International Brokerage of $2.4 million and $3.4 million, respectively. As of March 31, 2015 and December 31, 2014, the Company had $4.8 million and $3.1 million, respectively, in receivables from Cantor related to open derivative contracts. As of March 31, 2015 and December 31, 2014, the Company had $0.3 million and $0.2 million, respectively, in payables to Cantor related to open derivative contracts. Additionally, as of March 31, 2015, the Company had $2.2 million in payables to Cantor related to pending trades and fails. As of December 31, 2014, the Company did not have any payables to Cantor related to pending trades and fails.

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

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

As of March 31, 2015 and December 31, 2014, the aggregate balance of employee loans, net of reserve, was $142.6 million and $130.8 million, respectively, and is included as Loans, forgivable loans and other receivables from employees and partners, net in the Company s unaudited condensed consolidated statements of financial condition. Compensation expense for the above mentioned employee loans for the three months ended March 31, 2015 and 2014 was $8.1 million and $7.1 million, respectively. The compensation expense related to these employee loans is included as part of Compensation and employee benefits in the Company s unaudited condensed consolidated statements of operations.

8.75% Convertible Notes

On April 1, 2010, BGC Holdings issued an aggregate of $150.0 million principal amount of 8.75% Convertible Senior Notes due 2015 (the 8.75% Convertible Notes) to Cantor in a private placement transaction. The Company used the proceeds of the 8.75% Convertible Notes to repay at maturity $150.0 million aggregate principal amount of Senior Notes due April 1, 2010. The Company recorded interest expense related to the 8.75% Convertible Notes in the amount of $3.3 million for both the three months ended March 31, 2015 and 2014 respectively. See Note 17 Notes Payable, Collateralized and Short-Term Borrowings, for more information.

Controlled Equity Offerings and Other Transactions with CF&Co

As discussed in Note 6 Stock Transactions and Unit Redemptions, the Company has entered into controlled equity offering sales agreements with CF&Co, as the Company s sales agent. For the three months ended March 31, 2015 and 2014, the Company was charged approximately $0.3 million and $0.2 million, respectively, for services provided by CF&Co related to the Company s controlled equity offering sales agreements. These expenses are included as part of Professional and consulting fees in the Company s unaudited condensed consolidated statements of operations.

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

On June 28, 2013, the Company completed the NASDAQ OMX Transaction pursuant to the Purchase Agreement, dated as of April 1, 2013 (the Purchase Agreement). In the Purchase Agreement, the Company and Cantor agreed, subject to certain exceptions, not to engage in the business of fully electronic brokerage of benchmark on-the-run U.S. Treasuries and certain transactions in first off-the-run U.S. Treasuries for three years after the closing. The Company and Cantor received from NASDAQ OMX a perpetual and royalty-free market data license and granted to NASDAQ OMX a non-exclusive, irrevocable, royalty-free right and license to use any patents owned in the businesses covered by the Purchased Assets for U.S. Treasury securities transactions. CF&Co also agreed to provide NASDAQ OMX with certain clearing and broker-dealer services for up to nine months following the closing.

On December 9, 2014 the Company issued an aggregate of $300 million principal amount of 5.375% Senior Notes due in 2019 (the 5.375% Senior Notes). During the three months ended December 31, 2014, the Company recorded $252 thousand in underwriting or advisory fees payable to CF&Co and $18 thousand to CastleOak, a registered broker dealer affiliate of Cantor, related to these Senior Notes. These fees were recorded as debt issuance costs and are amortized over the term of the notes.

On February 26, 2015, the Company completed the tender offer for GFI shares. In connection with acquisition of GFI, during the three months ended March 31, 2015 the Company recorded advisory fees of $7.1 million payable to CF&Co. These fees were included in Professional and Consulting Fees in the Company s unaudited condensed consolidated statements of operations. During the three months ended March 31, 2014, the Company did not record any underwriting or advisory fees payable to CF&Co.

As of March 31, 2015, the Company has securities loaned transactions of $57.4 million with CF&Co. The market value of the securities lent was $56.4 million. The cash collateral received from CF&Co bears an interest rate of 0.75%. Securities loaned transactions are included in Securities loaned in the Company s unaudited condensed consolidated statements of financial condition.

Under rules adopted by the Commodity Futures Trading Commission (CFTC), all foreign introducing brokers engaging in transactions with U.S. persons are required to register with the National Futures Association and either meet financial reporting and net capital requirements on an individual basis or obtain a guarantee agreement from a registered Futures Commission Merchant. From time to time, the Company s European-based brokers engage in interest rate swap transactions with U.S.-based counterparties, and therefore the Company is subject to the CFTC requirements. CF&Co has entered into guarantees on behalf of the Company, and the Company is required to indemnify CF&Co for the amounts, if any, paid by CF&Co on behalf of the Company pursuant to this arrangement. There have been no payments made pursuant to this arrangement.

Transactions with Cantor Commercial Real Estate Company, L.P.

On October 29, 2013, the Audit Committee of the Board of Directors authorized the Company to enter into agreements from time to time with Cantor and/or its affiliates, including Cantor Commercial Real Estate Company, L.P. (CCRE), to provide services, including finding and reviewing suitable acquisition or partner candidates, structuring transactions, negotiating and due diligence services, in connection with the Company s acquisition and other business strategies in commercial real estate and other businesses. Such services are provided at fees not to exceed the fully-allocated cost of such services plus 10%. In connection with this agreement, the Company did not recognize any expense for the three months ended March 31, 2015 and 2014, respectively.

The Company also has a referral agreement in place with CCRE, in which brokers are incentivized to refer business to CCRE through a revenue-share arrangement. In connection with this revenue-share agreement, the Company recognized revenues of $120 thousand for the three months ended March 31, 2015 and did not recognize any revenues for the three months ended March 31, 2014. This revenue was recorded as part of Commissions in the Company s unaudited condensed consolidated statements of operations.

Cantor Rights to Purchase Limited Partnership Interests from BGC Holdings

Cantor has the right to purchase limited partnership interests (Cantor units) from BGC Holdings upon redemption of non-exchangeable FPUs redeemed by BGC Holdings upon termination or bankruptcy of the founding/working partner. Any such Cantor units purchased by Cantor are exchangeable for shares of Class B common stock or, at Cantor s election or if there are no additional authorized but unissued shares of Class B common stock, shares of

Class A common stock, in each case on a one-for-one basis (subject to customary anti-dilution adjustments).

During the three months ended March 31, 2015, Cantor did not purchase any exchangeable limited partnership interests from BGC Holdings.

On July 21, 2014, the Company issued exchange rights with respect to, and Cantor purchased, an aggregate of 3,142,257 exchangeable limited partnership units in BGC Holdings consisting of (i) 1,371,058 such units in connection with the redemption by BGC Holdings of an aggregate of 1,371,058 non-exchangeable founding partner units from former Cantor partners who were former founding partners of BGC Holdings, and (ii) 1,771,199 such units in connection with the grant of exchangeability to 1,771,199 units held by former Cantor partners who were former founding partners of BGC Holdings. Such exchangeable limited partnership units were exchangeable by Cantor at any time on a one-for-one basis for shares of common stock of the Company. The aggregate net purchase price paid by Cantor for such units was $10.6 million. Immediately after Cantor s purchases of such exchangeable limited partnership units, also on July 21, 2014, the Company purchased from Cantor an aggregate of 5 million units and shares, consisting of (i) all of such 3,142,257 units and (ii) 1,857,743 previously owned shares of the Company s Class A common stock, for $38.7 million based on the closing price per share of the Class A common stock on the date of such purchases.

As of March 31, 2015, there were 1,653,927 non-exchangeable FPUs remaining in which BGC Holdings had the right to redeem and Cantor had the right to purchase an equivalent number of Cantor units.

Transactions with Executive Officers and Directors

On January 21, 2014, the Compensation Committee authorized the acceleration of restrictions with respect to an aggregate of 1,254,723 shares of restricted Class A common stock held by the Company s executive officers as follows: Mr. Lutnick, 628,872 shares (Mr. Lutnick does not currently intend to sell any of these shares); Mr. Lynn, 424,347 shares; Mr. Merkel, 14,689 shares; Mr. Windeatt, 146,843 shares; and Mr. Sadler, 39,972 shares. The Compensation Committee authorized the Company to repurchase any or all of such shares from the executive officers at a price of $6.51 per share, which was the closing price of our Class A common stock on January 21, 2014.

On February 5, 2014, certain executive officers elected to sell, and we agreed to purchase, an aggregate of 636,841 shares of Class A common stock from such executive officers at a price of $6.51 per share as follows: Mr. Lynn, 424,347 shares; Mr. Merkel, 14,689 shares; Mr. Windeatt, 157,833 shares (of which 146,843 shares were previously restricted and an additional 10,990 freely tradable shares); and Mr. Sadler, 39,972 shares.

On May 9, 2014, partners of BGC Holdings approved the Tenth Amendment to the Agreement of Limited Partnership of BGC Holdings (the Tenth Amendment) effective as of May 9, 2014. In order to facilitate partner compensation and for other corporate purposes the Tenth Amendment creates a new class of partnership units (NPSUs), which are working partner units.

NPSUs are not entitled to participate in Partnership distributions, will not be allocated any items of profit or loss and may not be made exchangeable into shares of the Company s Class A common stock. Upon grant, NPSUs may be assigned a written vesting schedule pursuant to which a certain number of NPSUs would be converted for limited partnership units on each vesting date, subject to terms and conditions determined by the General Partner of the Partnership in its sole discretion, including that the recipient continue to provide substantial services to the Company and comply with his or her partnership obligations. The Tenth Amendment was approved by the Audit Committee of the Board of Directors and by the full Board of Directors.

On May 9, 2014, the Compensation Committee authorized the grant of 4 million NPSUs to Mr. Lutnick and 1 million NPSUs to Mr. Merkel. The NPSUs granted to Mr. Lutnick will vest ratably on January 1 of each year beginning January 1, 2015 and ending January 1, 2018, such that an equal number of NPSUs will vest and automatically be converted into an equivalent number of limited partnership units on each vesting date. The NPSUs granted to Mr. Merkel will vest ratably on January 1 of each year beginning January 1, 2015 and ending January 1, 2021, such that an equal number of NPSUs will vest and automatically be converted into an equivalent number of limited partnership units on each vesting date. Exchange rights with respect to any non-exchangeable limited partnership units will be determined in accordance with the Company s practices when determining discretionary bonuses or awards, which may include the Compensation Committee s exercise of negative discretion to reduce or withhold any such awards.

On January 1, 2015, (i) 1,000,000 of Mr. Lutnick s NPSUs converted into 550,000 PSUs and 450,000 PPSUs, of which Mr. Lutnick has the right to exchange for shares and cash, which he waived under our policy (described below), 239,739 PSUs and 196,150 PPSUs, and (ii) 142,857 of Mr. Merkel s NPSUs converted into 78,571 PSUs and 64,286 PPSUs, of which 5,607 PSUs and 4,588 PPSUs were made exchangeable and repurchased by the Company at the average price of shares of Class A common stock sold under our Controlled Equity Offering less 2%, or $91,558.

On January 30, 2015, the Compensation Committee granted 4,000,000 NPSUs to Mr. Lutnick and 1,000,000 NPSUs to Mr. Lynn that vest ratably on January 1 of each year beginning January 1, 2016 and ending January 1, 2020, such that an equal number of NPSUs will vest and automatically be converted into an equivalent number of vested non-exchangeable PSUs/PPSUs for Mr. Lutnick and vested non-exchangeable LPUs/PLPUs for Mr. Lynn on each

vesting date. The grant of exchange rights with respect to such vested PSUs/PPSUs and LPUs/PLPUs will be determined in accordance with the Company s practices when determining discretionary bonuses or awards, which may include the Compensation Committee s exercise of negative discretion to reduce or withhold any such awards.

Transactions with Relief Fund

During the year ended December 31, 2013, the Company committed to make charitable contributions to the Relief Fund in the amount of $25.0 million, which the Company recorded in Other expenses in the Company s unaudited condensed consolidated statements of operations for the year ended December 31, 2013. As of March 31, 2015 the remaining liability associated with this commitment was $16.5 million which is included in Accounts payable, accrued and other liabilities in the Company s consolidated statements of financial condition.

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 that offers new pools of block liquidity to the global equities markets, of up to $11.6 million in the aggregate; such arrangements are proportionally and on the same terms as similar arrangements between Aqua and Cantor. The Company has been further authorized to provide counterparty or similar guarantees on behalf of Aqua from time to time, provided that liability for any such guarantees, as well as similar guarantees provided by Cantor, would be shared proportionally with Cantor. Aqua is 51% owned by Cantor and 49% owned by the Company. Aqua is accounted for under the equity method of

accounting. During the three months ended March 31, 2015 and March 31, 2014, the Company made $0.2 million and $0.1 million, respectively, in cash contributions to Aqua. These contributions are recorded as part of Investments in the Company s unaudited condensed consolidated statements of financial condition.

The Company has also entered into a Subordinated Loan Agreement with Aqua, whereby the Company agreed to lend Aqua the principal sum of $980 thousand. The scheduled maturity date on the subordinated loan is September 1, 2017, and the current rate of interest on the loan is three month LIBOR plus 600 basis points. The loan to Aqua is recorded as part of Receivables from related parties in the Company s unaudited condensed consolidated statements of financial condition.

14. Investments

	March 31, 2015	December 31, 2014
Equity method investments	$ 30,697	$ 17,392
Cost method investments	1,533	
	$ 32,230	$ 17,392

Equity Method and Similar Investments

For the three months ended March 31, 2015, the Company s share of gains was $0.2 million related to its equity method investments. As a result of the GFI acquisition, the Company also has certain investments in brokerage businesses in which the Company has a contractual right to receive a percentage of revenues, less certain direct expenses. These investments are held by the Company s KBL subsidiary, whose assets and liabilities were classified as held for sale as of March 31, 2015. The Company accounts for these investments in a manner similar to the equity method of accounting. The Company s share of gains was $0.6 million related to these entities. For the three months ended March 31, 2014 the Company incurred losses related to its equity method investments of $2.3 million. The Company s total shares of gains and losses is reflected in Gains and Losses on equity method investments in the Company s unaudited condensed consolidated statement of operations.

On December 23, 2014, ELX, which had previously been accounted for using the equity method, was consolidated into the Company s financial statements.

See Note 13 Related Party Transactions, for information regarding related party transactions with unconsolidated entities included in the Company s unaudited condensed consolidated financial statements.

Investments in Variable Interest Entities

Certain of the Company s equity method investments included in the tables above are considered Variable Interest Entities (VIEs), as defined under the accounting guidance for consolidation. The Company is not considered the primary beneficiary of, and therefore does not consolidate, any of the VIEs in which it holds a variable interest. The Company s involvement with such entities is in the form of direct equity interests and related agreements. The Company s maximum exposure to loss with respect to the VIEs is its investment in such entities as well as a credit facility and a subordinated loan.

The following table sets forth the Company s investment in its unconsolidated VIEs and the maximum exposure to loss with respect to such entities as of March 31, 2015 and December 31, 2014. The amounts presented in the Investment column below are included in, and not in addition to, the equity method investment table above (in thousands):

	March 31, 2015		December 31, 2014	
	Investment	Maximum Exposure to Loss	Investment	Maximum Exposure to Loss
Variable interest entities[1]	$ 3,495	$ 4,523	$ 710	$ 1,690

[1] The Company has entered into a subordinated loan agreement with a VIE (Aqua), whereby the Company agreed to lend the principal sum of $980 thousand. As of March 31, 2015, the Company s maximum exposure to loss with respect to its VIEs primarily includes the sum of its equity investments in Aqua, BIP Trading and QUBED Derivatives and the $980 thousand subordinated loan to Aqua.

Consolidated VIEs

Through the acquisition of GFI, the Company is invested in a limited company that is focused on developing a proprietary trading business. The limited company is a VIE and it was determined that the Company is the primary beneficiary of this VIE because the Company, through GFI was the provider of the majority of this VIE s start-up capital and has the power to direct the activities of this VIE that most significantly impact its economic performance, primarily through its voting percentage and consent rights on the activities that would most significantly influence the entity. The consolidated VIE had total assets of $10.8 million at March 31, 2015, which primarily consisted of clearing margin. There were no material restrictions on the consolidated VIE s assets. The consolidated VIE had total liabilities of $3.0 million at March 31, 2015. The Company s exposure to economic loss on these VIEs is approximately $5.6 million.

Cost Method Investments

As a result of the GFI Acquisition, the Company acquired Investments for which they did not have the ability to exert significant influence over operating and financial policies. These investments are generally accounted for using the cost method of accounting in accordance with ASC 325-10, Investments Other (ASC 325-10). At March 31, 2015 the Company had cost method investments of $1.5 million.

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15. Fixed Assets, Net

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

	March 31, 2015	December 31, 2014
Computer and communications equipment	$ 292,242	$ 151,808
Software, including software development costs	213,246	103,872
Leasehold improvements and other fixed assets	152,306	105,389
	657,794	361,069
Less: accumulated depreciation and amortization	495,575	249,049
Fixed assets, net	$ 162,219	$ 112,020

Depreciation expense was $7.9 million and $7.8 million for the three months ended March 31, 2015 and 2014, respectively. Depreciation is included as part of Occupancy and equipment in the Company s consolidated statements of operations.

The Company has approximately $3.7 million of asset retirement obligations related to certain of its leasehold improvements. The associated asset retirement cost is capitalized as part of the carrying amount of the long-lived asset. The liability is discounted and accretion expense is recognized using the credit adjusted risk-free interest rate in effect when the liability was initially recognized.

For the three months ended March 31, 2015 and 2014, software development costs totaling $3.1 million and $2.5 million, respectively, were capitalized. Amortization of software development costs totaled $3.7 million and $2.4 million for the three months ended March 31, 2015 and 2014, respectively. Amortization of software development costs is included as part of Occupancy and equipment in the Company s unaudited condensed consolidated statements of operations.

Impairment charges of $4.5 million and $3.2 million were recorded for the three months ended March 31, 2015 and 2014, respectively, related to the evaluation of capitalized software projects for future benefit and for fixed assets no longer in service. Impairment charges related to capitalized software and fixed assets are reflected in Occupancy and equipment in the Company s unaudited condensed consolidated statements of operations.

16. Goodwill and Other Intangible Assets, Net

The changes in the carrying amount of goodwill by reportable segment for the three months ended March 31, 2015 were as follows (in thousands):

	Financial Services	Real Estate Services	Total
Balance at December 31, 2014	$ 134,898	$ 257,672	$ 392,570
Acquisitions	453,547	46,770	500,317
Other	(151)	(2,018)	(2,169)

Cumulative translation adjustment		(1,786)			(1,786)
Balance at March 31, 2015	$	586,508	$	302,424	$ 888,932

During the three months ended March 31, 2015, the Company recognized additional goodwill of approximately $453.5 million and $46.8 million, which was allocated to the Company s Financial Services segment and the Company s Real Estate Services segment, respectively.

During the three months ended March 31, 2015, the Company recognized measurement period adjustments of approximately $0.2 million relating to Financial Services, and $2.0 million for Real Estate Services. The Company considers the adjustments insignificant to its unaudited condensed consolidated financial statements and accordingly the Company s consolidated statements of financial position at December 31, 2014 were not retrospectively adjusted.

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

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

	March 31, 2015			
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Life (Years)
Definite life intangible assets:				
Patents	$ 7,890	$ 6,472	$ 1,418	2.5
Acquired intangibles	195,815	20,378	175,437	14.0
Noncompete agreements	1,790	1,548	242	0.5
All other	1,927	164	1,763	7.6
Total definite life intangible assets	207,422	28,562	178,860	13.8
Indefinite life intangible assets:				
Trade names	126,935		126,935	N/A
Horizon license	1,500		1,500	N/A
Total indefinite life intangible assets	128,435		128,435	N/A
Total	$ 335,857	$ 28,562	$ 307,295	13.8

	December 31, 2014			
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Life (Years)
Definite life intangible assets:				
Patents	$ 7,554	$ 6,336	$ 1,218	2.3
Acquired intangibles	28,004	14,815	13,189	2.1
Noncompete agreements	1,790	1,436	354	0.8
All other	2,182	1,148	1,034	4.2
Total definite life intangible assets	39,530	23,735	15,795	2.2
Indefinite life intangible assets:				
Trade names	10,685		10,685	N/A
Horizon license	1,500		1,500	N/A
Total indefinite life intangible assets	12,185		12,185	N/A
Total	$ 51,715	$ 23,735	$ 27,980	2.2

Intangible amortization expense was $4.8 million and $0.6 million for the three months ended March 31, 2015 and 2014, respectively. Intangible amortization is included as part of Other expenses in the Company s unaudited condensed consolidated statements of operations.

The estimated future amortization expense of definite life intangible assets as of March 31, 2015 is as follows (in millions):

2015	$ 18.8
2016	21.9
2017	18.6
2018	14.1
2019	12.8
2020 and thereafter	92.7
Total	$ 178.9

17. Notes Payable, Collateralized and Short-Term Borrowings

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

	March 31, 2015	December 31, 2014
8.75% Convertible Notes	$ 150,000	$ 150,000
4.50% Convertible Notes	153,715	152,527
8.125% Senior Notes	109,053	109,022

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	March 31, 2015	December 31, 2014
5.375% Senior Notes	295,396	295,151
8.375% Senior Notes	255,300	
Collateralized borrowings	27,918	
Loans pursuant to Credit Agreement	60,000	
Total	$ 1,051,382	$ 706,700

The Company s Convertible Notes and Senior Notes are recorded at amortized cost. As of March 31, 2015 and December 31, 2014, the carrying amounts and estimated fair values of the Company s Convertible Notes and Senior Notes were as follows (in thousands):

	March 31, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
8.75% Convertible Notes	$ 150,000	$ 226,875	$ 150,000	$ 220,213
4.50% Convertible Notes	153,715	173,600	152,527	170,800
8.125% Senior Notes	109,053	125,505	109,022	123,075
5.375% Senior Notes	295,396	306,375	295,151	295,500
8.375% Senior Notes	255,300	264,528		
Total	$ 963,464	$ 1,096,883	$ 706,700	$ 809,588

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

Convertible Notes

On April 1, 2010, BGC Holdings issued an aggregate of $150.0 million principal amount of the 8.75% Convertible Notes to Cantor in a private placement transaction. The Company used the proceeds of the 8.75% Convertible Notes to repay $150.0 million principal amount of Senior Notes that matured on April 1, 2010. The 8.75% Convertible Notes are senior unsecured obligations and rank equally and ratably with all existing and future senior unsecured obligations of the Company. The 8.75% Convertible Notes bear an annual interest rate of 8.75%, payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2010, and were convertible into 24.0 million shares of Class A common stock as of March 31, 2015. The 8.75% Convertible Notes matured on April 15, 2015. The Company recorded interest expense related to the 8.75% Convertible Notes of $3.3 million for both the three months ended March 31, 2015 and 2014, respectively.

As of March 31, 2015, the 8.75% Convertible Notes were convertible, at the holder s option, at a conversion rate of 160.2840 shares of Class A common stock per $1,000 principal amount of notes, subject to customary adjustments upon certain corporate events, including stock dividends and stock splits on the Class A common stock and the Company s payment of a quarterly cash dividend in excess of $0.10 per share of Class A common stock. The conversion rate will not be adjusted for accrued and unpaid interest to the conversion date.

On July 29, 2011, the Company issued an aggregate of $160.0 million principal amount of 4.50% Convertible Notes due 2016. The 4.50% Convertible Notes are general senior unsecured obligations of the Company. The 4.50% Convertible Notes pay interest semiannually at a rate of 4.50% per annum and were priced at par. The 4.50% Convertible Notes will mature on July 15, 2016, unless earlier repurchased, exchanged or converted. The Company recorded interest expense related to the 4.50% Convertible Notes of $3.0 million for both the three months ended March 31, 2015 and 2014, respectively.

As of March 31, 2015, the 4.50% Convertible Notes were convertible, at the holder s option, at a conversion rate of 101.6260 shares of Class A common stock per $1,000 principal amount of notes, subject to adjustment in certain circumstances, including stock dividends and stock splits on the Class A common stock and the Company s payment of a quarterly cash dividend in excess of $0.17 per share of Class A common stock. Upon conversion, the Company will pay or deliver cash, shares of the Company s Class A common stock, or a combination thereof at the Company s election. As of March 31, 2015, the 4.50% Convertible Notes were convertible into approximately 16.3 million shares of Class A common stock.

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

In connection with the offering of the 4.50% Convertible Notes, the Company entered into capped call transactions, which are expected to reduce the potential dilution of the Company s Class A common stock upon any conversion of the 4.50% Convertible Notes in the event that the market value per share of the Company s Class A common stock, as measured under the terms of the capped call transactions, is greater than the strike price of the capped call transactions ($10.68 as of March 31, 2015, subject to adjustment in certain circumstances). The capped call transactions had an initial cap price equal to $12.30 per share (50% above the last reported sale price of the Company s Class A common

stock on the NASDAQ on July 25, 2011), and had a cap price equal to approximately $13.35 per share as of March 31, 2015. The purchase price of the capped call transactions resulted in a decrease to Additional paid-in capital of $11.4 million on a pre-tax basis ($9.9 million on an after-tax basis). The capped call transactions cover approximately 15.0 million shares of BGC s Class A common stock as of March 31, 2015, subject to adjustment in certain circumstances.

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

	4.50% Convertible Notes		**8.75% Convertible Notes**	
	March 31, 2015	**December 31, 2014**	**March 31, 2015**	**December 31, 2014**
Principal amount of debt component	$ 160,000	$ 160,000	$ 150,000	$ 150,000
Unamortized discount	(6,285)	(7,473)		
Carrying amount of debt component	153,715	152,527	150,000	150,000
Equity component	18,972	18,972		
Effective interest rate	7.61%	7.61%	8.75%	8.75%
Maturity date (period through which discount is being amortized)	7/15/2016	7/15/2016	4/15/2015	4/15/2015

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	4.50% Convertible Notes		8.75% Convertible Notes	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Conversion price	$ 9.84	$ 9.84	$ 6.24	$ 6.25
Number of shares to be delivered upon conversion	16,260,160	16,260,160	24,042,600	23,990,604
Amount by which the notes if-converted value exceeds their principal amount	$	$	$ 77,203	$ 69,514

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

	4.50% Convertible Notes For the three months ended		8.75% Convertible Notes For the three months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Coupon interest	$ 1,800	$ 1,800	$ 3,281	$ 3,281
Amortization of discount	1,187	1,151		
Total interest expense	$ 2,987	$ 2,951	$ 3,281	$ 3,281

8.125% Senior Notes

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

The initial carrying value of the 8.125% Senior Notes was $108.7 million, net of debt issuance costs of $3.8 million. The issuance costs are amortized as interest cost, and the carrying value of the 8.125% Senior Notes will accrete up to the face amount over the term of the 8.125% Senior Notes. The Company recorded interest expense related to the 8.125% Senior Notes of $2.3 million for both the three months ended March 31, 2015 and 2014, respectively.

5.375% Senior Notes

On December 9, 2014, the Company issued an aggregate of $300.0 million principal amount of 5.375% Senior Notes due 2019 (the 5.375% Senior Notes). The 5.375% Senior Notes are general senior unsecured obligations of the Company. These Senior Notes bear interest at a rate of 5.375% per year, payable in cash on June 9 and December 9 of each year, commencing June 9, 2015. The interest rate payable on the notes will be subject to adjustments from time to time based on the debt rating assigned by specified rating agencies to the notes, as set forth in the Indenture. The 5.375% Senior Notes will mature on December 9, 2019. The Company may redeem some or all of the notes at any time or from time to time for cash at certain make-whole redemption prices (as set forth in the Indenture). If a Change of Control Triggering Event (as defined in the Indenture) occurs, holders may require the Company to purchase all or

a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date.

The initial carrying value of the 5.375% Senior Notes was $295.1 million, net of the discount and debt issuance costs of $4.9 million. The issuance costs are amortized as interest cost, and the carrying value of the 5.375% Senior Notes will accrete up to the face amount over the term of the notes. The Company recorded interest expense related to the 5.375% Senior Notes of $4.3 million for the three months ended March 31, 2015. There was no interest expense related to the 5.375% Senior Notes for the three months ended March 31, 2014.

8.375% Senior Notes

As part of the GFI acquisition, the Company acquired $240.0 million in aggregate principal amount of 8.375% Senior Notes (the 8.375% Senior Notes) due July 2018. The carrying value of these notes as of March 31, 2015 was $255.3 million. Interest on these notes is payable, semi-annually in arrears on the 19th of January and July. Due to the cumulative effect of downgrades to GFI s credit rating, the 8.375% Senior Notes were subjected to 200 basis points penalty interest. The Company recorded interest expense related to the 8.375% Senior Notes of $2.1 million for the three months ended March 31, 2015.

Collateralized Borrowings

Secured loan arrangements

On March 13, 2015, the Company entered into a secured loan arrangement of $28.2 million under which it pledged certain fixed assets as security for the loan. This arrangement incurs interest at a fixed rate of 3.70% and matures on March 11, 2019. The Company did not have any secured loan arrangements outstanding as of December 31, 2014. As of March 31, 2015, the Company had a $27.9 million secured loan arrangement outstanding which includes $0.3 million of deferred financing costs. The value of the fixed assets pledged as of March 31, 2015 was $22.5 million.

The Company recorded interest expense related to the secured loan arrangement of $0.1 million for the three months ended March 31, 2015. The Company recorded interest expense related to secured loan arrangements of $4 thousand for the three months ended March 31, 2014.

Short Term Borrowings

As part of the GFI Acquisition, the Company acquired a credit agreement as amended, (the Credit Agreement) with Bank of America, N.A. and certain other lenders. The Credit Agreement provides for maximum revolving loans of up to $75.0 million through December 2015. The interest rate of the outstanding loan under the credit agreement was 5.5% as of March 31, 2015. As of March 31, 2015 there was $60.0 million of borrowings outstanding. For the month ended March 31, 2015, the Company recorded interest expense related to the Credit Agreement of $0.2 million.

18. Compensation

The Company s Compensation Committee may grant various equity-based awards, including restricted stock units, restricted stock, stock options, limited partnership units and exchange rights for shares of the Company s Class A common stock upon exchange of limited partnership units and FPUs. A maximum of 300 million shares of the Company s Class A common stock are authorized to be delivered or cash settled pursuant to awards granted. As of March 31, 2015, the limit on the aggregate number of shares authorized to be delivered allows for the grant of future awards relating to 140.8 million shares. Upon vesting of RSUs, issuance of restricted stock or exercise of employee stock options, the Company generally issues new shares of the Company s Class A common stock.

Limited Partnership Units

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

	Number of Units
Balance at December 31, 2014	53,561,990
Granted	8,432,046
Redeemed/exchanged units	(2,708,002)
Forfeited units	(1,059,934)
Balance at March 31, 2015	58,226,100

During the three months ended March 31, 2015 and 2014, the Company granted exchangeability on 4.5 million and 4.5 million limited partnership units for which the Company incurred compensation expense, before associated income taxes, of $36.6 million and $29.1 million, respectively.

As of March 31, 2015 and December 31, 2014, the number of limited partnership units exchangeable into shares of Class A common stock at the discretion of the unit holder was 3.8 million and 2.0 million, respectively.

As of March 31, 2015 and December 31, 2014, the notional value of the limited partnership units with a post-termination pay-out amount held by executives and non-executive employees, awarded in lieu of cash compensation for salaries, commissions and/or discretionary or guaranteed bonuses was $90.7 million and $68.8 million, respectively. As of March 31, 2015 and December 31, 2014, the aggregate estimated fair value of these limited partnership units was $16.3 million and $11.8 million. The number of outstanding limited partnership units with a post-termination pay-out as of March 31, 2015 and December 31, 2014 was 12.8 million and 9.8 million, respectively, of which 8.2 million and 6.9 million were unvested.

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Certain of the limited partnership units with a post-termination pay-out have been granted in connection with the Company s acquisitions. As of March 31, 2015 and December 31, 2014, the aggregate estimated fair value of these acquisition related limited partnership units was $24.6 million and $24.2 million respectively.

Compensation expense related to limited partnership units with a post-termination pay-out amount is recognized over the stated service period. These units generally vest between three and five years from the date of grant. The Company recognized compensation expense, before associated income taxes, related to these limited partnership units that were not redeemed of $4.5 million and $1.0 million for the three months ended March 31, 2015 and 2014, respectively, which are included in Compensation and employee benefits in the Company s unaudited condensed consolidated statements of operations.

The limited partnership units generally receive quarterly allocations of net income, which are cash distributed on a quarterly basis and generally contingent upon services being provided by the unit holders. The allocation of income to limited partnership units and FPUs was $0.4 million and $2.2 million for the three months ended March 31, 2015 and 2014, respectively.

Restricted Stock Units

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

	Restricted Stock Units	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (Years)
Balance at December 31, 2014	2,140,932	$ 4.70	1.74
Granted	64,554	8.42	
Delivered units	(632,168)	4.95	
Forfeited units	(41,719)	5.14	
Balance at March 31, 2015	1,531,599	$ 4.75	1.68

The fair value of RSUs awarded to employees and directors is determined on the date of grant based on the market value of Class A common stock (adjusted if appropriate based upon the award s eligibility to receive dividends), and is recognized, net of the effect of estimated forfeitures, ratably over the vesting period. The Company uses historical data, including historical forfeitures and turnover rates, to estimate expected forfeiture rates for both employee and director RSUs. Each RSU is settled in one share of Class A common stock upon completion of the vesting period.

During the three months ended March 31, 2015 and 2014, the Company granted 0.1 million and 0.1 million, respectively, of RSUs with aggregate estimated grant date fair values of approximately $0.5 million and $0.7 million, respectively, to employees and directors. These RSUs were awarded in lieu of cash compensation for salaries, commissions and/or discretionary or guaranteed bonuses. RSUs granted to these individuals generally vest over a two- to four-year period.

The Company did not withhold any shares for taxes related to RSUs during the three months ended March 31, 2015 and 2014.

As of March 31, 2015 and December 31, 2014, the aggregate estimated grant date fair value of outstanding RSUs was approximately $7.3 million and $10.1 million, respectively.

Compensation expense related to RSUs, before associated income taxes, was approximately $1.6 million and $1.9 million for the three months ended March 31, 2015 and 2014, respectively. As of March 31, 2015, there was approximately $8.3 million of total unrecognized compensation expense related to unvested RSUs.

Restricted Stock

Pursuant to the Global Partnership Restructuring Program in June 2013, the Company granted approximately 41 million restricted shares of the Company s Class A common stock. Transferability of the shares of restricted stock is not subject to continued employment or service with the Company or any affiliate or subsidiary of the Company; however, transferability is subject to compliance with BGC Partners and its affiliates customary noncompete obligations. During the three months ended March 31, 2015 approximately 147.8 thousand shares were forfeited in connection with this clause. The restricted shares are generally saleable by partners in five to ten years. Partners who agree to extend the length of their employment agreements and/or other contractual modifications sought by the Company are expected to be able to sell their restricted shares over a shorter time period. During the three months ended March 31, 2015 and 2014, the Company released the restrictions with respect to approximately 0.9 million and 3.6 million of such shares, respectively.

Deferred Cash Compensation

As part of the acquisition of GFI, the Company now maintains a Deferred Cash Award Program which was adopted by GFI on February 12, 2013, and provides for the grant of deferred cash incentive compensation to eligible employees. The Company may pay certain bonuses in the form of deferred cash compensation awards, which generally vest over a future service period. In addition, prior to the completion of the tender offer, GFI s outstanding RSUs were converted into the right to receive an amount in cash equal to $6.10 per unit, with such cash payable on and subject to the terms and conditions of the original vesting schedule of each RSU. The total compensation expense recognized in relation to the deferred cash compensation awards for the three months ended March 31, 2015 was $3.2 million. Total unrecognized compensation cost related to deferred cash compensation prior to the consideration of forfeitures, was approximately $55.2 million and is expected to be recognized over a weighted-average period of 1.73 years.

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, 2014	2,184,238	$	9.66	2.3	$
Granted					
Exercised options	(30,000)		8.98		
Forfeited options	(3,500)		9.92		
Options exercisable at March 31, 2015	2,150,738	$	9.67	2.1	$

The Company did not grant any stock options during the three months ended March 31, 2015 and 2014. There were 30 thousand stock options exercised during the three months ended March 31, 2014.

The Company did not record any compensation expense related to stock options for the three months ended March 31, 2015 or 2014, as all of these options had vested in prior years. As of March 31, 2015, all of the compensation expense related to stock options was fully recognized.

19. Commitments, Contingencies and Guarantees

Contingencies

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

Company has pending against other parties which, if successful, would result in awards in favor of the Company or its subsidiaries.

Employment, Competitor-Related and Other Litigation

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

On August 24, 2009, Tullett Liberty Securities LLC (Tullett Liberty) filed a claim with FINRA dispute resolution in New York, New York against BGC Financial, L.P. (BGC Financial), an affiliate of BGC Partners, one of BGC Financial s officers, and certain persons formerly or currently employed by Tullett Liberty subsidiaries. Tullett Liberty thereafter added Tullett Prebon Americas Corp. (Tullett Americas, together with Tullett Liberty, the Tullett Subsidiaries) as a claimant, and added 35 individual employees, who were formerly employed by the Tullett Subsidiaries, as respondents. In the arbitration, the Tullett Subsidiaries alleged, among other things, 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 parties stipulated to consolidate the arbitration with five other related arbitrations (FINRA Case Nos. 09-04807,

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09-04842, 09-06377, 10-00139 and 10-01265), and FINRA consolidated them. In addition, Tullett filed an action in the Supreme Court, New York County against three of BGC s executives involved in the recruitment in the New York metropolitan area, but later agreed to discontinue the action in New York state court and add these claims to the arbitration. Tullett and the Company also agreed to join Tullett s claims against BGC Capital Markets, L.P. (BGC Capital Markets) to the arbitration. The parties and FINRA also agreed to consolidate an eighth arbitration filed against the Tullett Subsidiaries by certain of its former brokers now employed by BGC Financial (the eight arbitrations are collectively the FINRA Arbitrations).

On July 9, 2014, the panel issued its award. The Tullett Subsidiaries claims for punitive damages, as well as their claims against executives of the Company and its subsidiaries, were denied in their entirety. Tullett Subsidiaries were found to have breached their contract with the people who sold them Chapdelaine Corporate Securities & Co. (many of whom now work for BGC) and were ordered to pay those individuals over $6 million in damages. The Tullett Subsidiaries were also found to have wrongly refused to pay compensation and expenses to one of their former employees who now works for BGC, who was awarded over $222,000. BGC Financial and BGC Capital Markets (the BGC Respondents) were found solely liable for approximately $13 million in damages. Certain desk heads that moved to the BGC Respondents were found liable for a total of approximately $20 million. BGC paid the awards against the BGC Respondents and the desk heads in full.

On October 22, 2009, Tullett Prebon plc (Tullett) filed a complaint in the U.S. District Court for the District of New Jersey against BGC Partners captioned Tullett Prebon plc vs. BGC Partners, Inc. generally involving the same broker move as the FINRA Arbitrations (the New Jersey Action), the details of which were previously disclosed by the Company. After some additional pleading and motion practice, on June 18, 2010, the District Court ordered that the New Jersey Action be dismissed with prejudice, and the U.S. Court of Appeals for the Third Judicial Circuit affirmed. Subsequently, Tullett, joined by two subsidiaries, filed a complaint against BGC Partners in New Jersey state court alleging substantially the same claims as the New Jersey Action (the New Jersey State Action). The New Jersey State Action also raised claims related to employees who decided to terminate their employment with Tullett and join a BGC Partners affiliate subsequent to the federal complaint. BGC moved to stay the New Jersey State Action and dismiss certain of the claims asserted therein. On November 9, 2011, the court granted BGC Partners motion to dismiss Tullett s claim for raiding, but otherwise denied the motions to dismiss and for a stay. Trial of the New Jersey State Action began in September 2014. While the jury was deliberating, this matter was settled together with the cases described in the next paragraph.

On August 10, 2012, the Tullett Subsidiaries commenced a FINRA arbitration against BGC Financial, BGC USA, L.P. (BGC USA), another affiliate of BGC Partners, and two employees of BGC Financial who were formerly employed by the Tullett Subsidiaries. The Tullett Subsidiaries alleged, among other things, that BGC Financial and BGC USA aided and abetted various alleged wrongs by the individual respondents, tortiously interfered with these individuals employment contracts with Tullett, and violated a FINRA Rule of Conduct. The Tullett Subsidiaries sought compensatory damages of not less than $14 million in salaries, bonuses and other compensation and benefits they paid to the individual respondents, as well as consequential and punitive damages. In November 2012, BGC USA and an employee of BGC Financial were dismissed as respondents, and subsequently, the parties agreed to stay this arbitration pending the resolution of the FINRA Arbitration and the New Jersey State Action.

On January 2, 2015, the judge dismissed Tullett s RICO claim, noting that Tullett had not produced enough evidence to support its claims. On January 13, 2015, the Company entered into a settlement agreement with Tullett Prebon plc that resolves all ten outstanding lawsuits involving the two companies, including those matters described in the preceding paragraphs. In exchange for such agreement, the Company agreed to pay $100 million in the aggregate to Tullett. In addition, for a period of one year, the Company and Tullett agreed not to hire the senior employees, including desk heads, of the other party and its subsidiaries, which includes employees of GFI should the Company

close on its acquisition of GFI. As of December 31, 2014, the Company had accrued the settlement amount and all related expenses incurred through such date in accordance with U.S. Generally Accepted Accounting Principles (GAAP). The Company paid one quarter of the settlement on January 20, 2015, and paid the remaining settlement amount on March 31, 2015.

On March 9, 2012, a purported derivative action was filed in the Supreme Court of the State of New York, County of New York captioned International Painters and Allied Trades Industry Pension Fund, etc. v. Cantor Fitzgerald L.P., CF Group Management, Cantor Fitzgerald & Co., the Company and its directors, Index No. 650736-2012. The complaint was dismissed on September 23, 2013. The suit alleged that the terms of the April 1, 2010 8.75% Convertible Notes issued to Cantor were unfair to the Company, the Company s Controlled Equity Offerings unfairly benefited Cantor at the Company s expense and the August 2011 amendment to the change in control agreement of Mr. Lutnick was unfair to the Company. It sought to recover for the Company unquantified damages, disgorgement of payments received by defendants, a declaration that the 8.75% Convertible Notes are void and attorneys fees (the New York Complaint). On April 2, 2012, a purported derivative action was filed in the Court of Chancery of the State of Delaware captioned Samuel Pill v. Cantor Fitzgerald L.P., CF Group Management, Cantor Fitzgerald & Co., the Company and its directors, Civil Action No. 7382-CS, which suit made similar allegations to the New York Complaint, and seeks the same relief (the Delaware Complaint). On April 12, 2012, the Delaware Complaint was subsequently amended to delete any claim for relief in connection with the 8.75% Convertible Notes. On June 19, 2012, Plaintiff Samuel Pill voluntarily dismissed the Delaware action, without prejudice. On the same date, Plaintiff Pill refiled his complaint in the Supreme Court of the State of New York, County of New York, captioned Samuel Pill v. Cantor Fitzgerald, L.P., CF Group Management, Cantor Fitzgerald & Co., the Company and its

directors, Index No. 652126-2012. The two actions filed in New York were consolidated. Defendants filed a motion to dismiss the consolidated action on August 10, 2012, the motion was fully briefed and argued, and the motion to dismiss was granted on September 23, 2013 without prejudice. Thereafter, Plaintiffs filed a motion to reargue on October 15, 2013. The Plaintiff motion to reargue was denied on March 12, 2014, and a final judgment dismissing the consolidated action with prejudice was entered on April 21, 2014. On April 24, 2014, Plaintiffs filed a notice of appeal and pre-argument statement. On January 23, 2015, the Plaintiffs-Appellants filed their opening brief on appeal. The Defendants-Respondents filed their opposition brief on March 25, 2015. Plaintiffs-Appelants filed their reply brief on April 3, 2015.

In the ordinary course of business, various legal actions are brought and may be pending against the Company. The Company is also involved, from time to time, in other reviews, investigations and proceedings by governmental and self-regulatory agencies (both formal and informal) regarding the Company s business. Any such actions may result in judgments, settlements, fines, penalties, injunctions or other relief.

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

Letter of Credit Agreements

The Company has irrevocable uncollateralized letters of credit with various banks, where the beneficiaries are clearing organizations through which it transacted, that are used in lieu of margin and deposits with those clearing organizations. As of March 31, 2015, the Company was contingently liable for $1.5 million under these letters of credit.

Risk and Uncertainties

The Company generates revenues by providing financial intermediary, securities trading and brokerage activities, and commercial real estate services 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 and real estate markets. Additionally, financing is sensitive to interest rate fluctuations, which could have an impact on the Company s overall profitability.

Guarantees

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

Indemnification

In connection with the sale of eSpeed, the Company has indemnified NASDAQ OMX for amounts over a defined threshold against damages arising from breaches of representations, warranties and covenants. In addition, in connection with the acquisition of GFI, the Company has indemnified the Directors and Officers of GFI. As of March 31, 2015, no contingent liability has been recorded in the Company s consolidated statements of financial condition for this indemnification, as the potential for being required to make payments under this indemnification is remote.

20. Income Taxes

The Company s unaudited condensed consolidated financial statements include U.S. federal, state and local income taxes on the Company s allocable share of the U.S. results of operations, as well as taxes payable to jurisdictions outside the U.S. In addition, certain of the Company s entities are taxed as U.S. partnerships and are subject to the Unincorporated Business Tax (UBT) in New York City. Therefore, the tax liability or benefit related to the partnership income or loss, except for UBT, rests with the partners (see Note 3 Limited Partnership Interests in BGC Holdings for discussion of partnership interests), rather than the partnership entity. Income taxes are accounted for using the asset and liability method, as prescribed in FASB guidance on Accounting for Income Taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the unaudited condensed consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded against deferred tax assets if it is deemed more likely than not that those assets will not be realized. As of March 31, 2015, the Company had $272.3 million of undistributed foreign pre-tax earnings. Pursuant to FASB guidance on Accounting for Uncertainty in Income Taxes, the Company provides for uncertain tax positions based upon management s assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. As of March 31, 2015, the Company had $8.0 million of unrecognized tax benefits, all of which would affect the Company s effective tax rate if recognized. As of December 31, 2014, there were no unrecognized tax benefits. The increase of uncertain tax benefits is a result of the GFI Acquisition. The Company recognizes interest and penalties related to income tax matters in Interest expense and Other expenses, respectively, in the Company s unaudited condensed consolidated statements of operations. As of March 31, 2015, the Company had approximately $1.2 million of accrued interest related to uncertain tax positions. As of December 31, 2014, there were no accrued interest and penalties related to uncertain tax positions. The increase of accrued interest and penalties related to uncertain tax positions is a result of the GFI Acquisition.

21. Regulatory Requirements

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

Certain U.S. subsidiaries of the Company are registered as U.S. broker-dealers or Futures Commissions Merchants subject to Rule 15c3-1 of the SEC and Rule 1.17 of the Commodity Futures Trading Commission, which specify uniform minimum net capital requirements, as defined, for their registrants, and also require a significant part of the registrants assets be kept in relatively liquid form. As of March 31, 2015, the Company s U.S. subsidiaries had net capital in excess of their minimum capital requirements.

Certain European subsidiaries of the Company are regulated by the Financial Conduct Authority (the FCA) and must maintain financial resources (as defined by the FCA) in excess of the total financial resources requirement of the FCA. As of March 31, 2015, the European subsidiaries had financial resources in excess of their requirements.

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

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The regulatory requirements referred to above may restrict the Company s ability to withdraw capital from its regulated subsidiaries. As of March 31, 2015, $523.4 million of net assets were held by regulated subsidiaries. These subsidiaries had aggregate regulatory net capital, as defined, in excess of the aggregate regulatory requirements, as defined, of $231.1 million.

22. Segment and Geographic Information

Segment Information

The Company s business segments are determined based on the products and services provided and reflect the manner in which financial information is evaluated by management. The Company s operations consist of two reportable segments, Financial Services and Real Estate Services.

Accordingly, all segment information presented herein reflects the Company s revised segment reporting structure for all periods presented. The Company s Financial Services segment specializes in the brokerage of a broad range of products, including fixed income securities, interest rate swaps, foreign exchange, equities, equity de