HSBC HOLDINGS PLC
Form 6-K
March 30, 2017

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a - 16 or 15d - 16 of

the Securities Exchange Act of 1934

For the month of March

HSBC Holdings plc

42nd Floor, 8 Canada Square, London E14 5HQ, England

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F).

Form 20-F X Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934).

Yes No X

HSBC HOLDINGS PLC

30 March 2017

Transaction in own shares

HSBC Holdings plc (the Company) announces that it has purchased for cancellation the following number of its ordinary shares of US$0.50 each on the London Stock Exchange from Credit Suisse Securities (Europe) Limited (Credit Suisse) as part of its buyback announced on 22 February 2017.

Date of purchase:	30 March 2017
Number of ordinary shares of US$0.50 each purchased:	2,600,000
Highest price paid per share:	£6.6010

Lowest price paid per share:	£6.5240
Volume weighted average price paid per share:	£6.5592

Following the cancellation of the repurchased shares, the Company will have 20,159,642,845 ordinary shares in issue, including 325,273,407 ordinary shares which are held in treasury. Therefore the total voting rights in HSBC Holdings plc will be 19,834,369,438. This figure for the total number of voting rights may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, HSBC Holdings plc under the FCA's Disclosure Guidance and Transparency Rules.

In accordance with Article 5(1)(b) of Regulation (EU) No 596/2014 (the Market Abuse Regulation), a full breakdown of the individual trades is attached to this announcement.

http://www.rns-pdf.londonstockexchange.com/rns/0909B_-2017-3-30.pdf

This announcement will also be available on HSBC's website at www.hsbc.com/sea

Enquiries to:

Lauren Brown
Shareholder Services Team
+44 (0) 207 992 3761

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HSBC Holdings plc

By:
Name: Ben J S Mathews
Title: Group Company Secretary

Date: 30 March 2017

text-transform:none;font-variant: normal;">

—

1,648

—

—

—

—

930

2,582

Dividends to common stockholders

—

—

—

—

—

(96,510

)

—

—

(96,510

)

Earnings distributions to limited partnership interests and

other noncontrolling interests

—

—

—

—

—

—

—

(65,815

)

(65,815

)

Grant of exchangeability and redemption of limited

partnership interests, issuance of 5,361,137 shares

54

—

44,654

—

—

—

—

27,095

71,803

Issuance of Class A common stock (net of costs),

33,616 shares

—

—

309

—

—

—

—

85

394

Redemption of FPUs, 276,389 units

—

—

—

—

—

—

—

(2,284

)

(2,284

)

Repurchase of Class A common stock, 950,494 shares

—

—

—

—

(8,319

)

—

—

(2,271

)

(10,590

)

Forfeitures of restricted Class A common stock,

35,598 shares

—

—

140

—

(316

)

—

—

(48

)

(224

)

Issuance of Class A common stock for acquisitions,

1,341,783 shares

14

—

6,237

(4,156

)

—

—

—

567

2,662

Issuance of contingent shares and limited partnership

interests in connection with acquisitions

—

—

1,229

—

—

—

—

334

1,563

Purchase of Newmark noncontrolling interest

—

—

(175

)

—

—

—

—

(1,140

)

(1,315

)

Other

—

—

(1

)

—

—

—

—

639

638

Balance, June 30, 2017

$

2,997

$

348

$

1,520,627

$

38,316

$

(297,378

)

$

(415,053

)

$

(13,001

)

$

282,574

$

1,119,430

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. Through the Company's financial service brands, including BGC®, GFI®, Sunrise™, Besso™ and R.P. Martin™ among others, the Company's Financial Services segment specializes in the brokerage of a broad range of products, including fixed income (rates and credit), foreign exchange, equities, energy and commodities, insurance, and futures. It also provides a wide range of services, including trade execution, broker-dealer services, clearing, trade compression, post trade, 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 the Company's electronic brands including FENICS®, BGC Trader™, BGC Market Data, Capitalab® and Lucera®, BGC Partners offers fully electronic brokerage, financial technology solutions, market data, post-trade services and analytics related to financial instruments and markets.

Newmark Knight Frank (which may be referred to as "Newmark", or "NKF") is the Company's leading commercial real estate services business. Newmark offers commercial real estate tenants, owner-occupiers, investors and developers a wide range of services, including leasing and corporate advisory, investment sales and real estate finance, consulting, appraisal and valuation, project management and property and facility management.

On January 12, 2016, the Company, Jersey Partners, Inc. ("JPI"), New JP Inc. ("New JPI"), Michael A. Gooch, Colin Heffron, and certain subsidiaries of JPI and the Company closed on a previously agreed upon merger. This merger provided for the acquisition of JPI by BGC (the "JPI Merger") as provided for by a merger agreement dated December 22, 2015. Shortly following the completion of the JPI Merger, a subsidiary of the Company merged with and into GFI Group Inc. ("GFI") pursuant to a short-form merger under Delaware law, with GFI continuing as the surviving entity (the "GFI Merger" and, together with the JPI Merger, the "Back-End Mergers"). The Back-End Mergers allowed the Company to acquire the remaining approximately 33% of the outstanding shares of GFI common stock that it did not already own. Following the closing of the Back-End Mergers, the Company and its affiliates now own 100% of the outstanding shares of GFI's common stock.

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 more than 100 offices globally in major markets including New York and London, as well as in Atlanta, Beijing, Bogotá, Boston, Buenos Aires, Charlotte, Chicago, Copenhagen, Dallas, Denver, Dubai, Dublin, Geneva, Hong Kong, Houston, Istanbul, Johannesburg, Los Angeles, Madrid, Mexico City, Miami, Moscow, Nyon, Paris, Philadelphia, Rio de Janeiro, San Francisco, Santa Clara, Santiago, São Paulo, Seoul, Shanghai, Singapore, Sydney, Tel Aviv, Tokyo, Toronto, and Washington, D.C.

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 three months ended March 31, 2016, the Company changed the line item formerly known as "Market data and software solutions" to "Data, software and post-trade" in the Company's unaudited condensed consolidated statements of operations. Reclassifications have been made to previously reported amounts to conform to the current presentation.

On November 4, 2016, the Company acquired from Cantor Fitzgerald, L.P. ("Cantor") the 80% of the Lucera business (also known as "LFI Holdings, LLC" or "LFI") not already owned by the Company. Lucera is a technology infrastructure provider tailored to the financial sector headquartered in New York. This transaction has been determined to be a combination of entities under common control that resulted in a change in the reporting entity. Accordingly, the financial results of the Company have been retrospectively adjusted to include the financial results of Lucera in the current and prior periods as if Lucera had always been consolidated.

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The following tables summarize the impact of the transaction to the Company's unaudited condensed consolidated statements of operations for the three and six months ended June 30, 2016 (in thousands, except per share amounts):

	Three Months Ended June 30, 2016			Six Months Ended June 30, 2016		
	As Previously Reported	Retrospective Adjustments	As Adjusted	As Previously Reported	Retrospective Adjustments	As Adjusted
Income (loss) from operations before income taxes	$31,111	$ (1,907)	$29,204	$52,242	$ (3,648)	$48,594
Consolidated net income (loss)	20,563	(1,907)	18,656	36,854	(3,648)	33,206
Net income (loss) attributable to noncontrolling interest in subsidiaries	4,838	(649)	4,189	7,470	(1,236)	6,234
Net income (loss) available to common stockholders	15,725	(1,258)	14,467	29,384	(2,412)	26,972
Basic earnings (loss) per share	0.06	(0.01)	0.05	0.11	(0.01)	0.10
Diluted earnings (loss) per share	0.06	(0.01)	0.05	0.11	(0.01)	0.10

Additionally, the unaudited condensed consolidated statements of comprehensive income (loss), unaudited condensed consolidated statements of cash flows and unaudited condensed consolidated statements of changes in equity have been adjusted to reflect these retrospective adjustments.

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

Recently Adopted Accounting Pronouncements

In 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. This ASU provides additional guidance on management's responsibility to evaluate the condition of an entity and the required disclosures based on this assessment. This guidance was effective for the annual period ending after December 15, 2016. The adoption of this FASB guidance did not impact the Company's unaudited condensed consolidated financial statements.

In February 2015, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis. The amendment eliminates the deferral of certain consolidation standards for entities considered to be investment companies and modifies the consolidation analysis performed on certain types of legal entities. The guidance was effective beginning January 1, 2016 and early adoption was permitted. The adoption of this FASB guidance did not have a material impact on the Company's unaudited condensed consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, Interest—Imputation of Interest, which relates to simplifying the presentation of debt issuance costs. This ASU requires that debt issuance costs related to a recognized liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendments in this update were effective for the annual period beginning January 1, 2016 for the Company. The adoption of this FASB guidance did not have a material impact on the Company's unaudited condensed consolidated financial statements.

In September 2015, the FASB issued ASU No. 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments. This ASU requires adjustments to provisional amounts that are identified during the measurement period of a business combination to be recognized in the reporting period in which the adjustment amounts are determined. Acquirers are no longer required to revise comparative information for prior periods as if the accounting for the business combination had been completed as of the acquisition date. The guidance was effective beginning January 1, 2016. The adoption of this FASB guidance did not have a material impact on the Company's unaudited condensed consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, Improvements to Employee Share-Based Payment Accounting, which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification of related amounts within the statement of cash flows. The new standard was effective for the Company beginning January 1, 2017, and early adoption was permitted. The adoption of this FASB guidance did not have a material impact on the Company's unaudited condensed consolidated financial statements.

New Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which relates to how an entity recognizes the revenue it expects to be entitled to for the transfer of promised goods and services to customers. The ASU will replace certain existing revenue recognition guidance. The guidance, as stated in ASU No. 2014-09, was initially effective beginning on January 1, 2017. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers—Deferral of Effective Date, which defers the effective date by one year, with early adoption on the original effective date permitted. The standard permits the use of either the retrospective or cumulative effect transition method. Management is currently evaluating the overall impact that ASU 2014-09 will have on the Company’s financial statements, as well as the method of adoption. The Company currently believes that the most significant impact of this standard on its accounting will be in its Real Estate Services segment, where revenue recognition is currently deferred when future contingencies exist. Based on the Company’s preliminary assessment, the adoption of the new revenue recognition standard may accelerate the timing of revenue recognition where future contingencies exist. The Company is continuing to assess the impact the adoption of this guidance will have on its financial position, results of operations and cash flows.

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. This ASU requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income (loss) unless the investments qualify for the new practicability exception. Entities will also have to record changes in instrument-specific credit risk for financial liabilities measured under the fair value option in other comprehensive income (loss). In addition, entities will be required to present enhanced disclosures of financial assets and financial liabilities. The guidance is effective beginning January 1, 2018, with early adoption of certain provisions of the ASU permitted. Management is currently evaluating the impact of the new guidance on the Company’s unaudited condensed consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). This ASU requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. The amendments also require certain quantitative and qualitative disclosures. Accounting guidance for lessors is largely unchanged. The guidance is effective beginning January 1, 2019, with early adoption permitted. Management is currently evaluating the impact of the new guidance on the Company’s unaudited condensed consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326)—Measurement of Credit Losses on Financial Instruments, which requires financial assets that are measured at amortized cost to be presented, net of an allowance for credit losses, at the amount expected to be collected over their estimated life. Expected credit losses for newly recognized financial assets, as well as changes to credit losses during the period, are recognized in earnings. For certain purchased financial assets with deterioration in credit quality since origination, the initial allowance for expected credit losses will be recorded as an increase to the purchase price. Expected credit losses, including losses on off-balance-sheet exposures such as lending commitments, will be measured based on historical experience, current conditions and forecasts that affect the collectability of the reported amount. The new standard will become effective for the Company beginning January 1, 2020, under a modified retrospective approach, and early adoption is permitted. Management is currently evaluating the impact of the new guidance on the Company’s unaudited condensed consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230)—Classification of Certain Cash Receipts and Cash Payments, which makes changes to how cash receipts and cash payments are presented and classified in the statement of cash flows. The new standard will become effective for the Company beginning January 1, 2018 and will require adoption on a retrospective basis. The adoption of this FASB guidance will not have a material impact on the Company’s unaudited condensed consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230)—Restricted Cash, which requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. The new standard will become effective for the Company beginning January 1, 2018 and will require adoption on a retrospective basis. The adoption of this FASB guidance will not have a material impact on the Company's unaudited condensed consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, which eliminates the requirement to determine the fair value of individual assets and liabilities of a reporting unit to measure goodwill impairment. Under the amendments in the new ASU, goodwill impairment testing will be performed by comparing the fair value of the reporting unit with its carrying amount and recognizing an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The new standard will become effective for the Company beginning

January 1, 2020 and will be applied on a prospective basis, and early adoption is permitted. The adoption of this FASB guidance is not expected to have a material impact on the Company's unaudited condensed consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business, which clarifies the definition of a business with the objective of providing additional guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The new standard will become effective for the Company beginning January 1, 2018 and will be applied on a prospective basis. The adoption of this FASB guidance is not expected to have a material impact on the Company's unaudited condensed consolidated financial statements.

2. Limited Partnership Interests in BGC Holdings

The Company is a holding company with no direct operations and conducts substantially all of its operations through its operating subsidiaries. Virtually all of the Company's consolidated net assets and net income are those of consolidated variable interest entities. BGC Holdings, 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 ("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.

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 (loss), which are cash distributed on a quarterly basis and are reflected as a component of "Net income (loss) attributable to noncontrolling interest in subsidiaries" in the Company's unaudited condensed consolidated statements of operations.

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). Because they are included in the Company's fully diluted share count, if dilutive, 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 (loss) 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 (loss) attributable to noncontrolling interest in subsidiaries" in the Company's unaudited condensed consolidated statements of operations. In subsequent quarters in which the Company has net income, the initial allocation of income to the limited partnership interests is to "Net income (loss) attributable to noncontrolling interests in subsidiaries," to recover any losses taken in earlier quarters, with the remaining income allocated to the limited partnership interests. This income (loss) allocation process has no impact on the net income (loss) allocated to common stockholders.

3. Acquisitions

Besso

On February 28, 2017, the Company announced that it had completed the acquisition of Besso Insurance Group Limited ("Besso"). Besso, based out of London is an independent insurance broker with a number of divisions including Property, Casualty, Marine, Aviation, Professional and Financial Risks and Reinsurance.

Sunrise Brokers

On December 15, 2016, the Company completed the acquisition of the business of Sunrise Brokers Group ("Sunrise Brokers"). Sunrise Brokers, based in London with offices in New York and Hong Kong, is an independent financial brokerage specializing in worldwide equity derivatives.

Lucera

On November 4, 2016, the Company acquired from Cantor the 80% of the Lucera business (also known as "LFI Holdings, LLC" or "LFI") not already owned by the Company. This transaction has been determined to be a combination of entities under common control that resulted in a change in the reporting entity. Accordingly, the financial results of the Company have been retrospectively adjusted to include the financial results of Lucera in the current and prior periods.

The assets and liabilities of Lucera have been recorded in the Company's unaudited condensed consolidated statements of financial condition at the seller's historical carrying value. The excess of the purchase price over Lucera's net assets was accounted for as an equity transaction for the year ended December 31, 2016 (the period in which the transaction occurred).

Other Acquisitions

During the six months ended June 30, 2017, and the year ended December 31, 2016, there were several smaller acquisitions in both the Financial Services and Real Estate Services segments. The aggregate consideration paid for these acquisitions was not material.

The total consideration for acquisitions during the six months ended June 30, 2017 was approximately $81.4 million in total fair value, comprised of cash, shares of BGC Class A common stock and BGC Holdings limited partnership units, of which $7.4 million may be issued contingent on certain targets being met through 2022. The excess of the consideration over the fair value of the net assets acquired has been recorded as goodwill of approximately $34.9 million.

The total consideration for acquisitions during the year ended December 31, 2016 was approximately $139.0 million in total fair value, comprised of cash, shares of the Company's Class A common stock and BGC Holdings limited partnership units, of which $28.1 million may be issued contingent on certain targets being met through 2022. The excess of the consideration over the fair value of the net assets acquired has been recorded as goodwill of approximately $37.1 million. The goodwill figure includes measurement period adjustments of approximately $16.3 million recorded during the six months ended June 30, 2017.

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.

4. Earnings Per Share

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

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

	Three Months Ended		Six Months Ended	
	June 30, 2017	2016	June 30, 2017	2016
Basic earnings (loss) per share:				
Net income (loss) available to common stockholders	$21,768	$14,467	$39,983	$26,972
Basic weighted-average shares of common stock outstanding	286,840	275,997	285,129	274,895
Basic earnings (loss) per share	$0.08	$0.05	$0.14	$0.10

Fully diluted EPS is calculated utilizing net income (loss) available to common stockholders plus net income allocations to the limited partnership interests in BGC Holdings, as well as adjustments related to the interest expense on convertible notes, if applicable (see Note 16—"Notes Payable, Collateralized and Short-Term Borrowings"), as the numerator. The denominator is comprised of the Company's weighted-average number of outstanding shares of common stock and, if dilutive, the weighted-average number of limited partnership interests and other contracts to issue shares of common stock, including convertible notes, stock options and RSUs. 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		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Fully diluted (loss) earnings per share				
Net income (loss) available to common stockholders	$21,768	$14,467	$39,983	$26,972
Allocations of net income (loss) to limited partnership interests in BGC Holdings, net of tax	11,326	7,464	20,721	13,888
Interest expense on convertible notes, net of tax	—	1,521	—	3,044
Net income (loss) for fully diluted shares	$33,094	$23,452	$60,704	$43,904
Weighted-average shares:				
Common stock outstanding	286,840	275,997	285,129	274,895
Limited partnership interests in BGC Holdings	163,327	143,229	161,311	142,963
Convertible notes	—	16,260	—	16,260
RSUs (Treasury stock method)	409	376	525	517
Other	1,281	1,395	1,382	1,328
Fully diluted weighted-average shares of common stock outstanding	451,857	437,257	448,347	435,963
Fully diluted earnings (loss) per share	$0.07	$0.05	$0.14	$0.10

For the three months ended June 30, 2017 and 2016, respectively, approximately 4.7 thousand and 1.0 million potentially dilutive securities were not included in the computation of fully diluted EPS because their effect would have been anti-dilutive. For the six months ended June 30, 2017 and 2016, respectively, approximately 0.2 million and 1.3 million potentially dilutive securities were not included in the computation of fully diluted EPS because their effect would have been anti-dilutive. In both periods, these were securities or other contracts (RSUs and/or stock options) to issue shares of common stock.

Additionally, as of June 30, 2017 and 2016, respectively, approximately 4.0 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.

5. Stock Transactions and Unit Redemptions

Class A Common Stock

On June 22, 2016, at the Company's 2016 Annual Meeting of Stockholders, the stockholders approved an amendment to the Company's amended and restated certificate of incorporation to increase the number of authorized shares of Class A common stock from 500 million shares to 750 million shares. The Company filed the certificate of amendment on June 23, 2016, and the amendment was effective on that date.

Changes in shares of the Company's Class A common stock outstanding for the three and six months ended June 30, 2017 and 2016 were as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Shares outstanding at beginning of period	248,466,750	236,749,861	244,869,624	219,063,365
Share issuances:				
Exchanges of limited partnership interests[1]	1,950,465	2,427,152	5,361,137	3,321,754
Issuance of Class A common stock for general corporate purposes	—	1,648,000	—	1,648,000
Vesting of restricted stock units (RSUs)	80,629	113,572	437,018	487,471
Acquisitions	968,705	1,147,516	1,341,783	24,729,033
Other issuances of Class A common stock	23,674	15,079	33,616	42,305
Treasury stock repurchases	(397,539)	(797,189)	(950,494)	(7,984,235)
Forfeitures of restricted Class A common stock	(35,598)	(11,958)	(35,598)	(15,660)
Shares outstanding at end of period	251,057,086	241,292,033	251,057,086	241,292,033

[1] Because they are included in the Company's fully diluted share count, if dilutive, any exchange of limited partnership interests into Class A common shares would not impact the fully diluted number of shares and units outstanding.

Class B Common Stock

On June 22, 2016, at the Company's 2016 Annual Meeting of Stockholders, the stockholders approved an amendment to the Company's amended and restated certificate of incorporation to increase the number of authorized shares of Class B common stock from 100 million shares to 150 million shares and to provide that Class B common stock shall be issued only to certain affiliated entities or related persons. The Company filed the certificate of amendment on June 23, 2016, and the amendment was effective on that date.

The Company did not issue any shares of Class B common stock during the three and six months ended June 30, 2017 and 2016. As of June 30, 2017 and 2016, there were 34,848,107 shares of the Company's Class B common stock outstanding.

Controlled Equity Offering

The Company has entered into a controlled equity offering ("CEO") sales agreement with 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 CEO 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 June 30, 2017, the Company has sold 18,314,294 shares of Class A common stock under the November 2014 Sales Agreement. For additional information, see Note 12—"Related Party Transactions."

On April 12, 2017, the Company entered into a CEO sales agreement with CF&Co ("April 2017 Sales Agreement") on the same terms as above, pursuant to which the Company may offer and sell up to an aggregate of 20 million shares of Class A common stock. As of June 30, 2017, the Company has not sold any shares of Class A common stock under

the April 2017 Sales Agreement.

Unit Redemptions and Share Repurchase Program

The Company's Board of Directors and Audit Committee have authorized repurchases of the Company's Class A common stock and redemptions of BGC Holdings limited partnership interests or other equity interests in the Company's subsidiaries. On February 7, 2017, the Company's Board of Directors and Audit Committee increased the BGC Partners share repurchase and unit redemption authorization to $300 million, which may include purchases from Cantor, its partners or employees or other affiliated persons or entities. As of June 30, 2017, the Company had approximately $253.6 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 and six months ended June 30, 2017:

Period	Total Number of Units Redeemed or Shares Repurchased	Average Price Paid per Unit or Share	Approximate Dollar Value of Units and Shares That May Yet Be Redeemed/ Purchased Under the Plan
Redemptions[1,2]			
January 1, 2017—March 31, 2017	2,927,758	$ 10.84	
April 1, 2017—June 30, 2017	1,908,867	$ 11.14	
Repurchases[3,4]			
January 1, 2017—March 31, 2017	552,955	$ 11.07	
April 1, 2017—April 30, 2017	248,882	10.99	
May 1, 2017—May 31, 2017	121,023	11.57	
June 1, 2017—June 30, 2017	27,634	12.21	
Total Repurchases	950,494	$ 11.14	
Total Redemptions and Repurchases	5,787,119	$ 10.99	$ 253,618,546

[1] During the three months ended June 30, 2017, the Company redeemed approximately 1.6 million limited partnership units at an aggregate redemption price of approximately $18.5 million for an average price of $11.20 per unit and approximately 0.3 million FPUs at an aggregate redemption price of approximately $2.8 million for an average price of $10.72 per unit. During the three months ended June 30, 2016, the Company redeemed approximately 1.8 million limited partnership units at an aggregate redemption price of approximately $15.8 million for an average price of $8.93 per unit and approximately 39.6 thousand FPUs at an aggregate redemption price of approximately $0.3 million for an average price of $8.01 per unit.

[2] During the six months ended June 30, 2017, the Company redeemed approximately 4.6 million limited partnership units at an aggregate redemption price of approximately $50.0 million for an average price of $10.97 per unit and approximately 0.3 million FPUs at an aggregate redemption price of approximately $3.0 million for an average price of $10.72 per unit. During the six months ended June 30, 2016, the Company redeemed approximately 2.4 million limited partnership units at an aggregate purchase price of approximately $21.6 million for an average price of $8.85 per unit and approximately 0.1 million FPUs at an aggregate redemption price of approximately $1.1 million for an

average price of $8.17 per unit.

3. During the three months ended June 30, 2017, the Company repurchased approximately 0.4 million shares of its Class A common stock at an aggregate purchase price of approximately $4.5 million for an average price of $11.25 per share. During the three months ended June 30, 2016, the Company repurchased approximately 0.8 million shares of its Class A common stock at an aggregate purchase price of approximately $7.2 million for an average price of $9.04 per share.
4. During the six months ended June 30, 2017, the Company repurchased approximately 1.0 million shares of its Class A common stock at an aggregate purchase price of approximately $10.6 million for an average price of $11.14 per share. During the six months ended June 30, 2016, the Company repurchased approximately 8.0 million shares of its Class A common stock at an aggregate purchase price of approximately $69.7 million for an average price of $8.75 per share.

The table above represents the gross unit redemptions and share repurchases of the Company's Class A common stock during the six months ended June 30, 2017. Approximately 4.3 million of the 4.8 million units above were redeemed using cash from the Company's CEO program, and therefore did not impact the fully diluted number of shares and units outstanding. The remaining redemptions along with the Class A common stock repurchases resulted in a 1.5 million reduction in the fully diluted share count. This net reduction cost the Company approximately $16.8 million (or $11.08 per share/unit) during the six months ended June 30, 2017. This reduction partially offset the overall growth in the fully diluted share count which resulted from shares issued for equity-based compensation, front office hires and acquisitions.

Redeemable Partnership Interest

The changes in the carrying amount of redeemable partnership interest for the six months ended June 30, 2017 and 2016 were as follows (in thousands):

	Six Months Ended June 30,	
	2017	2016
Balance at beginning of period	$52,577	$57,145
Consolidated net income allocated to FPUs	2,305	2,173
Earnings distributions	(2,489)	(2,605)
FPUs exchanged	(584)	(1,368)
FPUs redeemed	(747)	(454)
Other	413	571
Balance at end of period	$51,475	$55,462

6. Securities Owned

Securities owned primarily consist of unencumbered U.S. Treasury bills held for liquidity purposes. Total Securities owned were $33.7 million as of June 30, 2017 and $35.4 million as of December 31, 2016. For additional information, see Note 11—"Fair Value of Financial Assets and Liabilities."

7. Collateralized Transactions

Reverse Repurchase Agreements

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

For Reverse Repurchase Agreements, it is the Company's policy to obtain possession of collateral with a market value equal to or in excess of the principal amount loaned under Reverse Repurchase Agreements. Collateral is valued daily and the Company may require counterparties to deposit additional collateral or return collateral pledged when appropriate.

As of June 30, 2017, the Company had no reverse repurchase agreements. As of December 31, 2016, Cantor facilitated Reverse Repurchase Agreements between the Company and Cantor in the amount of $54.7 million as part of the Company's cash management strategy. U.S. Treasury or other fixed income securities were received from Cantor as collateral for the fair value of the Repurchase Agreement.

Securities Loaned

As of June 30, 2017, the Company had Securities loaned transactions of $95.3 million with Cantor. The market value of the securities lent was $95.4 million. As of June 30, 2017, the cash collateral received from Cantor bore interest rates ranging from 1.3% to 2.0%. As of December 31, 2016, the Company had no Securities loaned transactions. Securities loaned transactions are included in "Securities loaned" in the Company's unaudited condensed consolidated statements of financial condition.

8. Marketable Securities

Marketable securities consist of the Company's ownership of various investments. The investments had a fair value of $169.2 million and $164.8 million as of June 30, 2017 and December 31, 2016, respectively.

As of June 30, 2017 and December 31, 2016, the Company held marketable securities classified as trading securities with a market value of $158.4 million and $154.8 million, respectively. These securities are measured at fair value, with any changes in fair value recognized currently in earnings and included in "Other income (loss)" in the Company's unaudited condensed consolidated statements of operations. During the three months ended June 30, 2017 and 2016, the Company recognized realized and unrealized net gains of $5.5 million and $7.5 million, respectively, related to the mark-to-market on these shares and any related hedging transactions when applicable. During the six months ended June 30, 2017 and 2016, the Company recognized a realized and unrealized net gain of $11.5 million and $6.7 million, respectively, related to the mark-to-market on these shares and any related hedging transaction when applicable.

As of June 30, 2017 and December 31, 2016, the Company held marketable securities classified as available-for-sale with a market value of $10.8 million and $10.0 million, respectively. These securities are measured at fair value, with unrealized gains or losses included as part of "Other comprehensive income (loss)" in the Company's unaudited condensed consolidated statements of comprehensive income (loss). During the three months ended June 30, 2017 and 2016, the Company recognized a gain of $0.5 million and a loss of $1.9 million, respectively, related to these marketable securities classified as available-for-sale. During the six months ended June 30, 2017 and 2016, the Company recognized a gain of $0.8 million and a loss of $1.2 million, respectively, related to these marketable securities classified as available-for-sale.

During the six months ended June 30, 2017, the Company sold marketable securities with a market value of $7.8 million at the time of sale. The Company did not purchase any marketable securities during the six months ended June 30, 2017. During the six months ended June 30, 2016, the Company sold marketable securities with a market value of $566.3 million at the time of sale and purchased marketable securities with a market value of $63.3 million.

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

Receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers primarily represent amounts due for undelivered securities, cash held at clearing organizations and exchanges to facilitate settlement and clearance of matched principal transactions, spreads on matched principal transactions that have not yet been remitted from/to clearing organizations and exchanges and amounts related to open derivative contracts, including derivative contracts into which the Company may enter to minimize the effect of price changes of the Company's marketable securities (see Note 10—"Derivatives"). As of June 30, 2017 and December 31, 2016, Receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers consisted of the following (in thousands):

	June 30, 2017	December 31, 2016
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers:		
Contract values of fails to deliver	$1,475,662	$344,962
Receivables from clearing organizations	157,117	135,175
Other receivables from broker-dealers and customers	7,920	13,993
Net pending trades	3,775	—
Open derivative contracts	3,212	3,427
Total	$1,647,686	$497,557
Payables to broker-dealers, clearing organizations, customers and related broker-dealers:		
Contract values of fails to receive	$1,414,785	$301,873
Payables to clearing organizations	53,657	22,170
Other payables to broker-dealers and customers	12,355	19,581
Net pending trades	—	29,962
Open derivative contracts	7,351	1,566
Total	$1,488,148	$375,152

A portion of these receivables and payables are with Cantor. See Note 12—"Related Party Transactions," for additional information related to these receivables and payables.

Substantially all open fails to deliver, open fails to receive and pending trade transactions as of June 30, 2017 have subsequently settled at the contracted amounts.

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

	June 30, 2017		December 31, 2016	
Derivative contract	Assets	Liabilities	Assets	Liabilities
Futures	$—	$ 1,734	$—	$ 512
Interest rate swaps	227	—	202	—
Foreign exchange swaps	2,816	3,964	2,946	977
Foreign exchange/commodities options	—	1,588	244	41
Forwards	169	65	35	36
Total	$3,212	$ 7,351	$3,427	$ 1,566

The notional amounts of these derivative contracts at June 30, 2017 and December 31, 2016 were $14.6 billion and $12.1 billion, respectively. At June 30, 2017, the notional amounts primarily consisted of long futures of $7.2 billion and short futures of $7.0 billion. As of June 30, 2017, 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 $2.8 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 12—"Related Party Transactions," for additional information related to these transactions.

The replacement cost of contracts in a gain position at June 30, 2017 was $3.2 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 marketable securities is included as part of "Other income (loss)" in the Company's unaudited condensed consolidated statements of operations. The table below summarizes gains and losses on derivative contracts for the three and six months ended June 30, 2017 and 2016 (in thousands):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
Derivative contract	2017	2016	2017	2016

Futures	$1,749	$566	$3,698	$1,298
Interest rate swaps	3	9	31	13
Foreign exchange swaps	342	137	969	257
Foreign exchange/commodities options	3,025	3,281	6,628	6,410
Forwards	—	—	—	152
Equity options	—	3,317	—	3,761
Gain	$5,119	$7,310	$11,326	$11,891

As described in Note 16—"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") that contained an embedded conversion feature. On July 13, 2016, certain holders of the 4.50% Convertible Notes converted $0.1 million in principal amount of notes, and upon conversion, the Company delivered 6,909 shares of its Class A common stock to such holders. On July 15, 2016, the Company, upon maturity, repaid the remaining approximately $159.9 million principal amount of its 4.50% Convertible Notes.

11. Fair Value of Financial Assets and Liabilities

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.

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 June 30, 2017 and December 31, 2016 (in thousands):

	Assets at Fair Value at June 30, 2017				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Marketable securities	$169,241	$—	$ —	$ —	$169,241
Government debt	33,621	—	—	—	33,621
Securities owned—Equities	122	—	—	—	122
Forwards	—	170	—	(1)	169
Foreign exchange swaps	—	3,141	—	(325)	2,816
Interest rate swaps	—	227	—	—	227
Total	$202,984	$3,538	$ —	$ (326)	$206,196

	Liabilities at Fair Value at June 30, 2017				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Forwards	$—	$66	$—	$ (1)	$65
Futures	—	1,734	—	—	1,734
Foreign exchange/commodities options	1,588	—	—	—	1,588
Foreign exchange swaps	—	4,289	—	(325)	3,964
Contingent consideration	—	—	58,396	—	58,396
Total	$1,588	$6,089	$58,396	$ (326)	$65,747

Assets at Fair Value at December 31, 2016	
Level 1	Total

		Level 2	Level 3	Netting and Collateral	
Marketable securities	$164,820	$—	$ —	$ —	$164,820
Government debt	35,190	—	—	—	35,190
Securities owned—Equities	167	—	—	—	167
Forwards	—	57	—	(22)	35
Foreign exchange swaps	—	3,441	—	(495)	2,946
Interest rate swaps	—	231	—	(29)	202
Foreign exchange/commodities options	244	—	—	—	244
Total	$200,421	$3,729	$ —	$ (546)	$203,604

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	Liabilities at Fair Value at December 31, 2016				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Forwards	$—	$58	$—	$ (22)	$36
Foreign exchange swaps	—	1,472	—	(495)	977
Futures	—	512	—	—	512
Interest rate swaps	—	29	—	(29)	—
Foreign exchange/commodities options	41	—	—	—	41
Contingent consideration	—	—	55,614	—	55,614
Total	$41	$2,071	$55,614	$ (546)	$57,180

Changes in Level 3 contingent consideration measured at fair value on a recurring basis for the three months ended June 30, 2017 are as follows (in thousands):

	Opening Balance as of April 1, 2017	Total realized and unrealized gains (losses) included in Net income (loss) [1]	Unrealized gains (losses) included in Other comprehensive income (loss)	Issuances	Settlements	Closing Balance at June 30, 2017	Unrealized gains (losses) for Level 3 Assets / Liabilities Outstanding at June 30, 2017
Liabilities							
Accounts payable, accrued and other liabilities:							
Contingent consideration	$52,737	$ (2,727)	$ (1,115)	$ 2,172	$ (355)	$58,396	$ (3,842)

[1] Realized and unrealized gains (losses) are reported in “Other expenses” and “Other income (loss),” as applicable, in the Company’s unaudited condensed consolidated statements of operations.

Changes in Level 3 contingent consideration measured at fair value on a recurring basis for the three months ended June 30, 2016 are as follows (in thousands):

	Opening	Total	Unrealized	Issuances	Settlements	Closing	Unrealized

	Balance as of April 1, 2016	realized and unrealized gains (losses) included in Net income (loss) [1]	gains (losses) included in Other comprehensive income (loss)			Balance at June 30, 2016	gains (losses) for Level 3 Assets / Liabilities Outstanding at June 30, 2016
Liabilities							
Accounts payable, accrued and other liabilities:							
Contingent consideration	$64,337	$ (749)	$ 80	$ 578	$ (3,312)	$62,272	$ (699)

(1) Realized and unrealized gains (losses) are reported in "Other expenses" and "Other income (loss)," as applicable, in the Company's unaudited condensed consolidated statements of operations.

Changes in Level 3 contingent consideration measured at fair value on a recurring basis for the six months ended June 30, 2017 are as follows (in thousands):

	Opening Balance as of January 1, 2017	Total realized and unrealized gains (losses) included in Net income (loss) [1]	Unrealized gains (losses) included in Other comprehensive income (loss)	Issuances	Settlements	Closing Balance at June 30, 2017	Unrealized gains (losses) for Level 3 Assets / Liabilities Outstanding at June 30, 2017
Liabilities							
Accounts payable, accrued and other liabilities:							
Contingent consideration	$55,614	$ (3,769)	$ (1,159)	$ 8,363	$ (10,509)	$58,396	$ (4,929)

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Changes in Level 3 contingent consideration measured at fair value on a recurring basis for the six months ended June 30, 2016 are as follows (in thousands):

	Opening Balance as of January 1, 2016	Total realized and unrealized gains (losses) included in Net income (loss) [(1)]	Unrealized gains (losses) included in Other comprehensive income (loss)	Issuances	Settlements	Closing Balance at June 30, 2016	Unrealized gains (losses) for Level 3 Assets / Liabilities Outstanding at June 30, 2016
Liabilities							
Accounts payable, accrued and other liabilities:							
Contingent consideration	$65,043	$ (748)	$ 78	$ 1,411	$ (4,852)	$62,272	$ (670)

The following tables present information about the offsetting of derivative instruments and collateralized transactions as of June 30, 2017 and December 31, 2016 (in thousands):

	June 30, 2017					
				Gross Amounts Not Offset		
	Gross Amounts	Gross Amounts Offset	Net Amounts Presented in the Statements of Financial Condition	Financial Instruments	Cash Collateral Received	Net Amount
Assets						
Forwards	$170	$ (1)	$ 169	$ —	$ —	$ 169
Foreign exchange swaps	3,141	(325)	2,816	—	—	2,816
Interest rate swaps	227	—	227	—	—	227
Total	$3,538	$ (326)	$ 3,212	$ —	$ —	$ 3,212

Liabilities						
Forwards	$66	$ (1)	$ 65	$ —	$ —	$ 65
Foreign exchange swaps	4,289	(325)	3,964	—	—	3,964
Futures	1,734	—	1,734	—	—	1,734
Foreign exchange/commodities options	1,588	—	1,588	—	—	1,588
Total	$7,677	$ (326)	$ 7,351	$ —	$ —	$ 7,351

	December 31, 2016					
				Gross Amounts Not Offset		
	Gross Amounts	Gross Amounts Offset	Net Amounts Presented in the Statements of Financial Condition	Financial Instruments	Cash Collateral Received	Net Amount
Assets						
Forwards	$57	$ (22)	$ 35	$ —	$ —	$ 35
Foreign exchange swaps	3,441	(495)	2,946	—	—	2,946
Interest rate swaps	231	(29)	202	—	—	202
Foreign exchange/commodities options	244	—	244	—	—	244
Total	$3,973	$ (546)	$ 3,427	$ —	$ —	$ 3,427
Liabilities						
Forwards	$58	$ (22)	$ 36	$ —	$ —	$ 36
Foreign exchange swaps	1,472	(495)	977	—	—	977
Interest rate swaps	29	(29)	—	—	—	—
Futures	512	—	512	—	—	512
Foreign exchange/commodities options	41	—	41	—	—	41
Total	$2,112	$ (546)	$ 1,566	$ —	$ —	$ 1,566

Certain of the Company's foreign exchange swaps are with Cantor. See Note 12—"Related Party Transactions," for additional information related to these transactions.

Quantitative Information About Level 3 Fair Value Measurements

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

	Fair Value as of June 30, 2017	Valuation Technique	Unobservable Inputs	Range	Weighted Average
Liabilities					
Accounts payable, accrued and other liabilities:					
Contingent consideration	$58,396	Present value of expected payments	Discount rate	3.3%-9.6%	8.3%
			Probability of meeting earnout	75%-100%	96% (1)

(1) The probability of meeting the earnout targets as of June 30, 2017 was based on the acquired businesses' projected future financial performance, including revenues.

	Fair Value as of December 31, 2016	Valuation Technique	Unobservable Inputs	Range	Weighted Average
Liabilities					
Accounts payable, accrued and other liabilities:					
Contingent consideration	$ 55,614	Present value of expected payments	Discount rate	3.3%-9.2%	6.3%
			Probability of meeting earnout	75%-100%	96% (1)

(1) The probability of meeting the earnout targets as of December 31, 2016 was based on the acquired businesses' projected future financial performance, including revenues.

Valuation Processes – Level 3 Measurements

Valuations for contingent consideration are conducted by the Company. Each reporting period, the Company updates unobservable inputs. The Company has a formal process to review the material accuracy of changes in fair value.

Sensitivity Analysis – Level 3 Measurements

The significant unobservable inputs used in the fair value of the Company's contingent consideration are the discount rate and forecasted financial information. Significant increases (decreases) in the discount rate would have resulted in a lower (higher) fair value measurement. Significant increases (decreases) in the forecasted financial information would have resulted in a higher (lower) fair value measurement. As of June 30, 2017 and December 31, 2016, the present value of expected payments related to the Company's contingent consideration was $58.4 million and $55.6 million, respectively. The undiscounted value of the payments, assuming that all contingencies are met, would be $70.3 million and $69.0 million, respectively.

12. Related Party Transactions

Service Agreements

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

For the three months ended June 30, 2017, Cantor's share of the net income in Tower Bridge was $0.6 million and for the three months ended June 30, 2016, Cantor's share of net loss in Tower Bridge was $0.1 million. For the six months ended June 30, 2017,

Cantor's share of the net income in Tower Bridge was $18 thousand and for the six months ended June 30, 2016, Cantor's share of net income in Tower Bridge was $0.5 million. Cantor's noncontrolling interest is included as part of "Noncontrolling interest in subsidiaries" in the Company's unaudited condensed consolidated statements of financial condition.

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

For the three months ended June 30, 2017 and 2016, the Company recognized related party revenues of $5.6 million and $4.9 million, respectively, for the services provided to Cantor. For the six months ended June 30, 2017 and 2016, the Company recognized related party revenues of $12.1 million and $11.9 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 June 30, 2017 and 2016, the Company was charged $13.6 million and $9.8 million, respectively, for the services provided by Cantor and its affiliates, of which $8.2 million and $6.2 million, respectively, were to cover compensation to leased employees for the three months ended June 30, 2017 and 2016. For the six months ended June 30, 2017 and 2016, the Company was charged $28.7 million and $22.9 million, respectively, for the services provided by Cantor and its affiliates, of which $16.9 million and $12.9 million, respectively, were to cover compensation to leased employees for the six months ended June 30, 2017 and 2016.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.

Lucera

On October 25, 2016, the Company's Board of Directors and Audit Committee authorized the purchase of 9,000 Class B Units of Lucera, representing all of the issued and outstanding Class B Units of Lucera not already owned by the Company. On November 4, 2016, the Company completed this transaction. As a result of this transaction, the Company owns 100% of the ownership interests in Lucera. The Company previously had a 20% ownership interest in Lucera and accounted for its investment using the equity method.

In the purchase agreement, Cantor agreed, subject to certain exceptions, not to solicit certain senior executives of Lucera's business and was granted the right to be a customer of Lucera's businesses on the best terms made available to any other customer. The aggregate purchase price paid by the Company to Cantor consisted of approximately $24.2 million in cash plus a $4.8 million post-closing adjustment determined after closing based on netting Lucera's expenses paid by Cantor after May 1, 2016 against accounts receivable owed to Lucera by Cantor for access to Lucera's business from May 1, 2016 through the closing date. The purchase has been accounted for as a transaction between entities under common control.

During the three months ended June 30, 2017 and 2016, respectively, Lucera had $0.3 million and $0.9 million in related party revenues from Cantor. During the six months ended June 30, 2017 and 2016, respectively, Lucera had $0.7 million and $1.8 million in related party revenues from Cantor. These revenues are included in "Data, software

and post-trade" in the Company's unaudited condensed consolidated statements of operations.

Clearing Agreement with Cantor

The Company receives certain clearing services from Cantor pursuant to its clearing agreement. These clearing services are provided in exchange for payment by the Company of third-party clearing costs and allocated costs. The costs associated with these payments are included as part of "Fees to related parties" in the Company's unaudited condensed consolidated statements of operations. The costs for these services were immaterial for the three and six months ended June 30, 2017.

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 in any net income resulting from such transactions, as well as any similar clearing and settlement issues. As of June 30, 2017 and December 31, 2016, 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 have agreed to jointly manage the exposure. As a result, the Company is authorized to divide the quarterly allocation of any profit or loss relating to 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 June 30, 2017 and 2016, the Company recognized its share of foreign exchange losses of $2.3 million and $1.5 million, respectively. During the six months ended June 30, 2017 and 2016, the Company recognized its share of foreign exchange losses of $2.8 million and $1.4 million, respectively. These losses are included as part of "Other expenses" in the Company's unaudited condensed consolidated statements of operations.

Pursuant to the separation agreement relating to the Company's acquisition of certain BGC businesses from Cantor in 2008, Cantor has a right, subject to certain conditions, to be the Company's customer and to pay the lowest commissions paid by any other customer, whether by volume, dollar or other applicable measure. In addition, Cantor has an unlimited right to internally use market data from the Company without any cost. Any future related-party transactions or arrangements between the Company and Cantor are subject to the prior approval by the Company's Audit Committee. During the three months ended June 30, 2017 and 2016, the Company recorded revenues from Cantor entities of $51 thousand and $28 thousand, respectively, related to commissions paid to the Company by Cantor. During the six months ended June 30, 2017 and 2016, the Company recorded revenues from Cantor entities of $131 thousand and $80 thousand, respectively, related to commissions paid to the Company by Cantor. These revenues are included as part of "Commissions" in the Company's unaudited condensed consolidated statements of operations.

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 policies related to ratings. Cantor will earn a spread between the rate it receives from the short-term note issuer and the rate it pays to the Company on any investments in this program. This spread will be no greater than the spread earned by Cantor for placement of any other commercial paper note in the program. As of June 30, 2017 and December 31, 2016, the Company did not have any investments in the program.

On June 5, 2015, the Company entered into an agreement with Cantor providing Cantor, CF Group Management, Inc. ("CFGM") and other Cantor affiliates entitled to hold Class B common stock the right to exchange from time to time, on a one-to-one basis, subject to adjustment, up to an aggregate of 34,649,693 shares of Class A common stock now owned or subsequently acquired by such Cantor entities for up to an aggregate of 34,649,693 shares of Class B common stock. Such shares of Class B common stock, which currently can be acquired upon the exchange of exchangeable limited partnership units owned in BGC Holdings, are already included in the Company's fully diluted share count and will not increase Cantor's current maximum potential voting power in the common equity. The exchange agreement will enable the Cantor entities to acquire the same number of shares of Class B common stock that they are already entitled to acquire without having to exchange its exchangeable limited partnership units in BGC Holdings. The Company's Audit Committee and full Board of Directors determined that it was in the best interests of the Company and its stockholders to approve the exchange agreement because it will help ensure that Cantor retains its exchangeable limited partnership units in BGC Holdings, which is the same partnership in which the Company's partner employees participate, thus continuing to align the interests of Cantor with those of the partner employees.

Under the exchange agreement, Cantor and CFGM have the right to exchange 14,676,743 shares of Class A common stock owned by them as of June 30, 2017 for the same number of shares of Class B common stock. Cantor would also have the right to exchange any shares of Class A common stock subsequently acquired by it for shares of Class B common stock, up to 34,649,693 shares of Class B common stock.

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

On June 23, 2015, the Audit Committee of the Company authorized management to enter into a revolving credit facility with Cantor of up to $150.0 million in aggregate principal amount pursuant to which Cantor or BGC would be entitled to borrow funds from each other from time to time. The outstanding balances would bear interest at the higher of the borrower's or the lender's short-term borrowing rate then in effect, plus 1%.

On April 21, 2017, pursuant to the authorization, the Company entered into a $150.0 million revolving credit facility (the "Credit Facility") with an affiliate of Cantor. BGC agreed to lend $150.0 million under the Credit Facility to such affiliate (the "Loan"). As of June 30, 2017, the Credit Facility was fully drawn and the interest rate on the Loan was 4.47%. The Credit Facility has a maturity date of April 20, 2018, which may be extended from time to time on the terms set forth in the Credit Facility. The Company recorded interest income related to the Loan of $1.3 million for both the three and six months ended June 30, 2017.

As part of the Company's cash management process, the Company may enter into tri-party repurchase agreements, reverse repurchase agreements and other short-term investments, some of which may be with Cantor. As of June 30, 2017, the Company had no reverse repurchase agreements. As of December 31, 2016, Cantor facilitated reverse repurchase agreements on the Company's behalf, and consequently the Company had $54.7 million of reverse repurchase agreements outstanding with Cantor.

On February 9, 2016, the Audit Committee of the Board of Directors authorized the Company to enter into an arrangement with Cantor in which the Company would provide dedicated development services to Cantor at a cost to the Company not to exceed $1.4 million per year for the purpose of Cantor developing the capacity to provide quotations in certain securities from time to time. The services are terminable by either party at any time and will be provided on the terms and conditions set forth in the existing Administrative Services Agreement. The Company did not provide development services to Cantor in the three months ended June 30, 2017 under this arrangement. The cost of development services provided to date is approximately $1.2 million.

In July 2016, the Audit Committee of the Company authorized the Company to provide real estate and related services, including real estate advice, brokerage, property or facilities management, appraisals and valuations and other services, to Cantor on rates and terms no less favorable to the Company than those charged to third-party customers. The Company and Cantor expect to enter into these arrangements from time to time. The Company did not provide any such real estate and related services in the three months ended June 30, 2017.

Receivables from and Payables to Related Broker-Dealers

Amounts due to or from Cantor and Freedom International Brokerage, one of the Company's 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 June 30, 2017 and December 31, 2016, the Company had receivables from Freedom International Brokerage of $1.9 million and $1.3 million, respectively. As of June 30, 2017 and December 31, 2016, the Company had $2.8 million and $3.0 million, respectively, in receivables from Cantor related to open derivative contracts. As of June 30, 2017 and December 31, 2016, the Company had $3.9 million and $1.0 million, respectively, in payables to Cantor related to open derivative contracts. As of June 30, 2017, the Company had $2.3 million in receivables from Cantor related to fails and equity trades pending settlement. As of December 31, 2016, the Company did not have any receivables from Cantor related to fails and pending trades.

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

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

As of June 30, 2017 and December 31, 2016, the aggregate balance of employee loans, net, was $299.6 million and $267.5 million, respectively, and is included as "Loans, forgivable loans and other receivables from employees and partners, net" in the Company's unaudited condensed consolidated statements of financial condition. Compensation expense for the above-mentioned employee loans for the three months ended June 30, 2017 and 2016 was $8.7 million and $10.6 million, respectively. Compensation expense for the above-mentioned employee loans for the six months ended June 30, 2017 and 2016 was $15.9 million and $21.1 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.

Interest income on the above-mentioned employee loans for the three months ended June 30, 2017 and 2016 was $1.6 million and $1.7 million, respectively. Interest income on the above-mentioned employee loans for the six months ended June 30, 2017 and 2016 was $3.1 million and $2.7 million, respectively. The interest income related to these employee loans is included as part of "Interest income" in the Company's unaudited condensed consolidated statements of operations.

Share Repurchases from Cantor

On February 23, 2016, the Company purchased from Cantor 5,000,000 shares of the Company's Class A common stock at a price of $8.72 per share, the closing price on the date of the transaction. This transaction was included in the Company's stock repurchase authorization and was approved by the Audit Committee of the Board of Directors.

Controlled Equity Offerings and Other Transactions with CF&Co

As discussed in Note 5—"Stock Transactions and Unit Redemptions," the Company has entered into the November 2014 Sales Agreement and the April 2017 Sales Agreement with CF&Co, as the Company's sales agent. During the three months ended June 30, 2017, the Company sold 1.5 million shares under its sales agreement for aggregate proceeds of $17.1million, at a weighted-average price of $11.42 per share. During the three months ended June 30, 2016, the Company sold 3.3 million shares under its sales agreement for aggregate proceeds of $30.3 million, at a weighted-average price of $9.18 per share. For the three months ended June 30, 2017 and 2016, the Company was charged approximately $0.3 million and $0.6 million, respectively, for services related to the Company's sales agreement. During the six months ended June 30, 2017, the Company sold 4.3 million shares under its sales agreement for aggregate proceeds of $47.8 million, at a weighted-average price of $11.18 per share. During the six months ended June 30, 2016, the Company sold 3.7 million shares under its sales agreement for aggregate proceeds of $33.6 million, at a weighted-average price of $9.16 per share. As of June 30, 2017, the Company has not sold any shares of Class A common stock under the April 2017 Sales Agreement. For the six months ended June 30, 2017 and 2016, the Company was charged approximately $1.0 million and $0.7 million, respectively, for services related to the November 2014 Sales Agreement. The net proceeds of the shares sold are included as part of "Additional paid-in capital" in the Company's unaudited condensed consolidated statements of 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 October 3, 2014, management was granted approval by the Company's Board of Directors and Audit Committee to enter into stock loan transactions with CF&Co utilizing shares of Marketable securities. Such stock loan transactions will bear market terms and rates. As of June 30, 2017, the Company had Securities loaned transactions of $95.3 million with CF&Co. The market value of the securities lent was $95.4 million. As of June 30, 2017, the cash collateral received from CF&Co bore interest rates ranging from 1.3% to 2.0%. As of December 31, 2016, the Company had no Securities loaned transactions with CF&Co. Securities loaned transactions are included in "Securities loaned" in the Company's unaudited condensed consolidated statements of financial condition.

On May 27, 2016, the Company issued an aggregate of $300.0 million principal amount of 5.125% Senior Notes due 2021 (the "5.125% Senior Notes"). In connection with this issuance of 5.125% Senior Notes, the Company recorded approximately $0.5 million in underwriting fees payable to CF&Co and $18 thousand to CastleOak Securities, L.P. These fees were recorded as a deduction from the carrying amount of the debt liability, which is amortized as interest expense over the term of the notes. Cantor purchased $15.0 million of such senior notes and still holds such notes as of June 30, 2017.

Under rules adopted by the Commodity Futures Trading Commission (the "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 foreign-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. During the three months ended June 30, 2017 and 2016, the Company recorded fees of $31.3 thousand, with respect to these guarantees. During the six months ended June 30, 2017 and 2016, the Company recorded fees of $62.5 thousand, with respect to these guarantees. These fees were included in “Fees to related parties” in the Company’s unaudited condensed consolidated statements of operations.

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 and six months ended June 30, 2017 and 2016.

The Company also has a referral agreement in place with CCRE, in which the Company's brokers are incentivized to refer business to CCRE through a revenue-share agreement. In connection with this revenue-share agreement, the Company recognized revenues of $2.9 million and $0.9 million for the three months ended June 30, 2017 and 2016, respectively. The Company recognized revenues of $4.3 million and $1.8 million for the six months ended June 30, 2017 and 2016, respectively. This revenue was recorded as part of "Commissions" in the Company's unaudited condensed consolidated statements of operations.

The Company also has a revenue-share agreement with CCRE, in which the Company pays CCRE for referrals for leasing or other services. The Company did not make any payments under this agreement to CCRE for the three and six months ended June 30, 2017, respectively. The Company made payments of $0.1 million under this agreement to CCRE for the three and six months ended June 30, 2016, respectively.

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. In addition, pursuant to the Sixth Amendment to the BGC Holdings Limited Partnership Agreement (the "Sixth Amendment"), where either current, terminating, or terminated partners are permitted by the Company to exchange any portion of their FPUs and Cantor consents to such exchangeability, the Company shall offer to Cantor the opportunity for Cantor to purchase the same number of new exchangeable limited partnership interests (Cantor units) in BGC Holdings at the price that Cantor would have paid for the FPUs had the Company redeemed them. Any such Cantor units purchased by Cantor are currently exchangeable for up to 34,649,693 shares of Class B common stock or, at Cantor's election or if there are no such additional 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).

On November 7, 2016, the Company issued exchange rights with respect to, and Cantor purchased, in transactions exempt from registration pursuant to Section 4(a)(2) of the Securities Act, an aggregate of 624,762 exchangeable limited partnership units in BGC Holdings, as follows: In connection with the redemption by BGC Holdings of an aggregate of 141,523 non-exchangeable founding partner units from founding partners of BGC Holdings for an aggregate consideration of $560,190, Cantor purchased 141,523 exchangeable limited partnership units from BGC Holdings for an aggregate of $560,190. In addition, pursuant to the Sixth Amendment, on November 7, 2016, Cantor purchased 483,239 exchangeable limited partnership units from BGC Holdings for an aggregate consideration of $1,796,367 in connection with the grant of exchangeability and exchange for 483,239 founding partner units. Subsequent to these transactions, there were 548,259 FPUs remaining which BGC Holdings had the right to redeem or exchange and with respect to which Cantor had the right to purchase an equivalent number of Cantor units.

As of June 30, 2017, there were 991,182 FPUs remaining which BGC Holdings had the right to redeem or exchange and with respect to which Cantor had the right to purchase an equivalent number of Cantor units.

Transactions with Executive Officers and Directors

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 created a new class of partnership units ("NPSUs").

On December 14, 2016, the Company entered into the Twelfth Amendment to the Agreement of Limited Partnership of the Partnership, effective as of October 1, 2016 (the "Twelfth Amendment"), which was entered into to amend certain terms and conditions of the Partnership's N Units in order to provide flexibility to the Company and the Partnership in using such N Units in connection with compensation arrangements and practices. The Twelfth Amendment provides for a minimum $5 million gross revenue requirement in a given quarter as a condition for an N Unit to be replaced by another type of Partnership unit in accordance with the Partnership Agreement and the grant documentation. The

Twelfth Amendment was approved by the Audit Committee of the Board of Directors of the Company.

NPSUs granted to Executive Officers are not entitled to participate in partnership distributions, will not be allocated any items of profit or loss, may not be made exchangeable into shares of the Company's Class A common stock and will not be included in the fully diluted share count. Subject to the approval of the Compensation Committee or its designee, such N Units may be converted into the underlying unit type (i.e. an NREU will be converted into an REU) and will then participate in partnership distributions, subject to terms and conditions determined by the general partner of BGC Holdings in its sole discretion, including that the recipient continue to provide substantial services to the Company and comply with his or her partnership obligations. The Tenth Amendment was approved by the Audit Committee of the Board of Directors and by the full Board of Directors.

On February 24, 2016, the Compensation Committee granted 1,500,000 NPSUs to Mr. Lutnick, 2,000,000 NPSUs to Mr. Lynn, 1,000,000 NPSUs to Mr. Merkel and 75,000 NPSUs to Mr. Windeatt. Conversion of NPSUs into PSUs/PPSUs for Messrs. Lutnick

and Merkel and into LPUs/PLPUs for Messrs. Lynn and Windeatt may be (i) 25% per year with respect to NPSUs granted in 2016; (ii) 25% of the previously awarded NPSUs currently held by Messrs. Lutnick and Lynn based upon the original issuance date (the first 25% having already been converted); and (iii) 25% per year of the current balance of NPSUs previously awarded to Mr. Merkel, provided that, with respect to all of the foregoing, such future conversions are subject to the approval of the Compensation Committee each year. The grant of exchange rights with respect to such PSUs/PPSUs and LPUs/PLPUs will be determined in accordance with the Company's practices when determining discretionary bonuses or awards, and any grants of exchangeability shall be subject to the approval of the Compensation Committee.

On February 24, 2016, the Compensation Committee granted 750,000 non-exchangeable PSUs and 291,667 PPSUs (which may not be made exchangeable) to Mr. Lutnick; 621,429 non-exchangeable LPUs and 241,667 PLPUs (which may not be made exchangeable) to Mr. Lynn; 114,583 non-exchangeable PSUs and 93,750 PPSUs (which may not be made exchangeable) to Mr. Merkel; 105,188 non-exchangeable LPUs and 40,906 non-exchangeable PLPUs (which may not be made exchangeable) to Mr. Windeatt; and 55,688 non-exchangeable LPUs and 21,656 non-exchangeable PLPUs (which may not be made exchangeable) to Mr. Sadler.

On February 24, 2016, the Compensation Committee approved the acceleration of the lapse of restrictions on transferability with respect to 612,958 shares of restricted stock held by the Company's executive officers as follows: Mr. Lynn, 431,782 shares; Mr. Merkel, 150,382 shares; and Mr. Sadler, 30,794 shares. On February 24, 2016, Messrs. Lynn and Sadler sold these shares to the Company at $8.40 per share, and Mr. Merkel sold 120,000 of such shares to the Company at $8.40 per share. In connection with such transaction, 64,787 of Mr. Lynn's and 4,621 of Mr. Sadler's partnership units were redeemed for zero.

In February 2016, the Company granted exchange rights and/or released transfer restrictions with respect to 2,127,648 rights available to Mr. Lutnick with respect to some of his non-exchangeable limited partnership units (which amount included the lapse of restrictions with respect to 235,357 shares of restricted stock held by him), which were all of such rights available to him at such time. Mr. Lutnick has not transferred or exchanged such shares or units as of the date hereof.

On March 9, 2016, Mr. Lutnick exercised an employee stock option with respect to 250,000 shares of Class A common stock at an exercise price of $8.42 per share. The net exercise of the option resulted in 17,403 shares of the Company's Class A common stock being issued to Mr. Lutnick. On November 11, 2016, Mr. Lutnick exercised an employee stock option with respect to 800,000 shares of Class A common stock at an exercise price of $8.80 per share. The net exercise of the option resulted in 51,064 shares of the Company's Class A common stock being issued to Mr. Lutnick.

In July 2016, the Audit Committee authorized the purchase by Mr. Lutnick's retirement plan of up to $350,000 in Class A common stock at the closing price on the date of purchase. 36,405 shares of Class A common stock were purchased by the plan on August 16, 2016, at $8.77 per share, the closing price on the date of purchase.

On September 30, 2016, Mr. Merkel elected to sell, and the Company agreed to purchase, an aggregate of 16,634 shares of the Company's Class A common stock at a price of $8.75 per share, the closing price of the Company's Class A common stock on such date. On September 30, 2016, certain trusts for the benefit of Mr. Merkel's immediate family, of which Mr. Merkel is the sole trustee of each trust, elected to sell, and the Company agreed to purchase, an aggregate of 4,131 shares of the Company's Class A common stock on the same terms. These transactions were included in the Company's stock repurchase authorization and authorized by the Audit Committee of the Board of Directors.

On November 10, 2016, Mr. Dalton exercised a stock option with respect to 7,534 shares of Class A common stock at an exercise price of $8.87 per share.

On November 7, 2016, the Compensation Committee approved a grant of 200,000 non-exchangeable PSUs/PPSUs to Mr. Merkel in replacement of 200,000 NPSUs previously granted to him on or about each of the following dates, provided that the Company and its affiliates earn, in aggregate, at least $25 million in gross revenues in the calendar quarter in which the PSUs/PPSUs are to be granted: (i) December 1, 2016 and (ii) each March 31 of 2017 through 2020 (for an aggregate total of 1,000,000 non-exchangeable PSUs/PPSUs). In connection with the foregoing, Mr. Merkel agreed to surrender a total of 1,714,826 previously granted NPSUs.

Each grant of such non-exchangeable PSUs/PPSUs is subject to Mr. Merkel's continued employment and compliance with the Partnership Agreement as of the applicable grant date. The number of PSUs and PPSUs issuable on each grant date shall be determined by reference to the then-applicable practices for U.S.-based partners when determining the proportionality of PSUs/PPSUs (currently 55% in PSUs and 45% in PPSUs). The determination price of the PPSUs upon grant shall be the closing price of our Class A common stock on the applicable grant dates. In addition to the foregoing grants of PSUs/PPSUs in replacement of NPSUs, the Compensation Committee granted: (i) effective November 7, 2016, exchange rights with respect to 110,000 of Mr. Merkel's previously issued non-exchangeable PSUs and 90,000 of Mr. Merkel's previously issued non-exchangeable PPSUs, and (ii) effective

on or about each February 28 of 2017 through 2020, exchange rights for 200,000 of Mr. Merkel's then non-exchangeable PSU/PPSUs (the proportion of PSUs to PPSUs shall be in accordance with their issuance), subject to Mr. Merkel's continued employment and compliance with the Partnership Agreement as of the applicable exchangeability date (for an aggregate total of 1 million exchangeable PSUs/PPSUs).

The Compensation Committee also agreed to the repurchase by the Company of (i) the 110,000 exchangeable PSUs for an aggregate of $952,600, based on the closing price of the Company's Class A common stock on November 7, 2016, and (ii) the 90,000 exchangeable PPSUs for an aggregate of $773,599, at the weighted-average determination price for such PPSUs at the time of grant, which was $8.60 per unit.

As a result of the foregoing schedule, Mr. Merkel did not receive additional grants of exchange rights as part of his 2016 year-end compensation. Consistent with the previously approved schedule, effective February 28, 2017, the Compensation Committee approved (i) the grant of exchange rights with respect to 110,000 PSUs and 90,000 PPSUs held by Mr. Merkel; and (ii) the Company's redemption for cash of such 110,000 PSUs at the average price that the Company received for sales of Class A common stock sold under the Controlled Equity Offering sales program on the date of approval, less 2%, for an aggregate of $1,216,911, and such 90,000 PPSUs at the applicable determination price of $9.41 per PPSU, for an aggregate of $847,033.

On December 14, 2016, in connection with his execution of a new amended and restated deed of adherence to the U.K. Partnership and a related letter agreement, the Compensation Committee granted 1,000,000 NPSUs and 3,500,000 non-exchangeable LPUs to Mr. Lynn effective as of October 1, 2016. The 1,000,000 NPSUs shall be replaced by non-exchangeable LPUs ratably (in installments of 250,000 each) effective October 1 of 2017, 2018, 2019 and 2020, subject to the terms of the letter agreement, including the Revenue Requirement (as defined below).

In January 2017, the requirement of further approval of the Compensation Committee to replace the NPSUs as described above was amended and changed into the requirement that the Company, inclusive of affiliates thereof, earn, in aggregate, at least $5 million in gross revenues in the calendar quarter in which the applicable award of non-exchangeable PSUs/PPSUs/LPUs/PLPUs is to be granted, and such executive remaining an employee or member of an affiliate of BGC and having complied at all times with his applicable employment or membership agreement and the Partnership Agreement as of the applicable grant date (collectively, the "Revenue Requirement").

On January 31, 2017, in connection with 2016 year-end compensation, certain previous awards of NPSUs vesting on January 1, 2017 were replaced with non-exchangeable PSUs/PPSUs (for Mr. Lutnick) and non-exchangeable LPUs/PLPUs (for Messrs. Lynn and Windeatt), all effective January 1, 2017, with the determination price of each PPSU and PLPU based on the closing price of our Class A common stock on December 30, 2016, which was $10.23. As a result, effective as of January 1, 2017, (a) 2,375,000 of Mr. Lutnick's NPSUs were replaced with 1,710,000 non-exchangeable PSUs and 665,000 non-exchangeable PPSUs; (b) 750,000 of Mr. Lynn's NPSUs were replaced with 540,000 non-exchangeable LPUs and 210,000 non-exchangeable PLPUs; and (c) 18,750 of Mr. Windeatt's NPSUs were replaced with 13,500 non-exchangeable LPUs and 5,250 non-exchangeable PLPUs.

On January 31, 2017, in connection with his execution of an amendment to his amended and restated deed of adherence to the U.K. Partnership and a related letter agreement, the Compensation Committee granted 400,000 NPSUs and 100,000 LPSUs to Mr. Windeatt effective as of February 24, 2017. The 400,000 NPSUs shall be replaced by LPUs ratably (in installments of 100,000 each) on or about each April 1 of 2018, 2019, 2020, and 2021, subject to the terms of the letter agreement, including the Revenue Requirement.

On January 31, 2017, under the Company's policy, the Compensation Committee granted exchange rights with respect to rights available to Mr. Lutnick with respect to some of his of his non-exchangeable PSUs/PPSUs. Mr. Lutnick elected to waive such rights as a one-time waiver that is not cumulative. Also pursuant to the policy, the Compensation Committee further approved a grant of 325,000 non-exchangeable PSUs to Mr. Lutnick, in replacement of 325,000 of his NPSUs, and a grant of 1,661,600 non-exchangeable PSUs in replacement of his 1,661,600

non-exchangeable PPSUs, for an aggregate total of 1,986,600 non-exchangeable PSUs, effective as of January 1, 2017, which were all of the rights available to him at such time.

On January 31, 2017, the Compensation Committee approved the acceleration of the lapse of restrictions on transferability with respect to 167,654 shares of restricted stock held by Mr. Lynn. On the same date, the Company repurchased the shares from Mr. Lynn at $11.07 per share, the closing price of our Class A common stock on such date.

In connection with such transaction, 25,156 of Mr. Lynn's non-exchangeable LPUs were redeemed for zero. In addition, on January 31, 2017, the Compensation Committee redeemed for cash 180,115 of Mr. Lynn's non-exchangeable LPUs at the average price that the Company received for sales of Class A common stock sold under the Controlled Equity Offering sales program on the date of approval, less 2%, for an aggregate of $1,958,641, and 70,045 non-exchangeable PLPUs at a determination price of $6.51, for

an aggregate of $455,993. In connection with such redemptions from Mr. Lynn, 9,480 of his non-exchangeable LPUs and 3,687 of his non-exchangeable PLPUs at a determination price of $6.51 were redeemed for zero.

On the same date, the Compensation Committee approved the redemption for cash of 46,469 of Mr. Windeatt's non-exchangeable LPUs at $10.87 per unit based on the average proceeds of the sale of shares under our Controlled Equity Offering less 2%, for an aggregate of $505,322, 14,866 non-exchangeable PLPUs were redeemed at a determination price of $6.51 per PLPU, for an aggregate of $96,778, and 3,206 non-exchangeable PLPUs were redeemed at a determination price of $7.83 per unit, for an aggregate of $25,103. In connection with these transactions, 2,902 non-exchangeable LPUs, 782 non-exchangeable PLPUs with a determination price of $6.51, and 347 non-exchangeable PLPUs with a determination price of $7.38 were redeemed for zero.

On the same date, the Compensation Committee approved the redemption for cash of certain of Mr. McMurray's non-exchangeable LPUs and non-exchangeable PLPUs effective April 1, 2017. On April 1, 2017, the Company redeemed 17,115 of Mr. McMurray's non-exchangeable LPUs for an aggregate of $188,634, based on the average price that the Company received for sales of Class A common stock sold under the Controlled Equity Offering sales program on such date, less 2%. The Company also redeemed 6,656 non-exchangeable PLPUs at a determination price of $11.07 per unit, for an aggregate of $73,682. In connection with the redemption from Mr. McMurray, 1,849 of his non-exchangeable LPUs and 719 of his non-exchangeable PLPUs with a determination price of $11.07 were redeemed for zero.

Transactions with Relief Fund

During the year ended December 31, 2015, the Company made an interest-free loan to the Cantor Fitzgerald Relief Fund (the "Relief Fund") for $1.0 million in connection with the Company's annual Charity Day. As a result of the loan, the Relief Fund issued a promissory note to the Company in the aggregate principal amount of $1.0 million due on August 4, 2016. On March 2, 2016, the promissory note was canceled in connection with charitable contribution commitments related to the Company's annual Charity Day.

During the year ended December 31, 2015, the Company committed to make charitable contributions to the Relief Fund in the amount of $40.0 million, which the Company recorded in "Other expenses" in the Company's unaudited condensed consolidated statements of operations for the year ended December 31, 2015. As of June 30, 2017 and December 31, 2016, the remaining liability associated with this commitment was $31.2 million and $30.7 million, respectively, which is included in "Accounts payable, accrued and other liabilities" in the Company's unaudited condensed consolidated statements of financial condition.

On February 23, 2016, the Company purchased from the Relief Fund 970,639 shares of the Company's Class A common stock at a price of $8.72 per share, the closing price on the date of the transaction. On November 16, 2016, the Company purchased from the Relief Fund 166,238 shares of the Company's Class A common stock at a price of $9.74 per share, the closing price on the date of the transaction.

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; such arrangements are proportionally and on the same terms as similar arrangements between Aqua and Cantor. On October 27, 2015, the Company's Board of Directors and Audit Committee increased the authorized amount by an additional $4.0 million, to $16.2 million. The Company has been further authorized to provide counterparty or similar guarantees on behalf of Aqua from time to time, provided that liability for any such guarantees, as well as similar guarantees provided by Cantor, would be shared proportionally with Cantor. Aqua is 51% owned by Cantor and 49% owned by the Company. Aqua is accounted for under the equity method of accounting. During the three months ended June 30, 2017 and 2016, the Company made $0.4 million and

$0.8 million, respectively, in cash contributions to Aqua. During the six months ended June 30, 2017 and 2016, the Company made $0.6 million and $1.1 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 loaned Aqua the principal sum of $980 thousand. The scheduled maturity date on the subordinated loan is September 1, 2018, 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.

13. Investments

Equity Method and Cost Method Investments

(in thousands)	June 30, 2017	December 31, 2016
Equity method investments	$32,226	$ 30,844
Cost method investments	2,896	2,595
Investments	$35,122	$ 33,439

The Company recognized a gain of $1.6 million and a gain of $0.9 million related to its equity method investments for the three months ended June 30, 2017 and 2016, respectively. The Company recognized a gain of $1.8 million related to its equity method investments for both the six months ended June 30, 2017 and 2016. The Company's share of the gains or losses is reflected in "Gains (losses) on equity method investments" in the Company's unaudited condensed consolidated statements of operations.

On November 4, 2016, the Company acquired the remaining interest in Lucera, which had previously been accounted for using the equity method. This transaction resulted in the consolidation of the entity in the Company's unaudited condensed consolidated financial statements (see Note 12—"Related Party Transactions" for more information).

See Note 12—"Related Party Transactions," for information regarding related party transactions with unconsolidated entities included in the Company's unaudited condensed consolidated financial statements.

Cost Method Investments

The Company had previously acquired investments for which it did not have the ability to exert significant influence over operating and financial policies. The investments are generally accounted for using the cost method of accounting in accordance with FASB guidance, Investments—Other. The carrying value of the cost method investments was $2.9 million as of June 30, 2017 and $2.6 million as of December 31, 2016, and is included in "Investments" in the Company's unaudited condensed consolidated statements of financial condition.

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 these VIEs. The Company's involvement with such entities is in the form of direct equity interests and related agreements. The Company's maximum exposure to loss with respect to the VIEs is its investment in such entities as well as a credit facility and a subordinated loan.

The following table sets forth the Company's investment in its unconsolidated VIEs and the maximum exposure to loss with respect to such entities as of June 30, 2017 and December 31, 2016. The amounts presented in the "Investment" column below are included in, and not in addition to, the equity method investment table above (in thousands):

	June 30, 2017		December 31, 2016	
	Investment	Maximum	Investment	Maximum

		Exposure to Loss		Exposure to Loss
Variable interest entities[1]	$3,344	$ 4,324	$4,608	$ 5,588

[1] The Company has entered into a subordinated loan agreement with Aqua, whereby the Company agreed to lend the principal sum of $980 thousand. As of June 30, 2017, the Company's maximum exposure to loss with respect to its unconsolidated VIEs includes the sum of its equity investments in its unconsolidated VIEs and the $980 thousand subordinated loan to Aqua.

Consolidated VIE

Through the acquisition of GFI, the Company is invested in a limited liability company that is focused on developing a proprietary trading technology. The limited liability company is a VIE and it was determined that the Company is the primary beneficiary of this VIE because the Company, 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 $6.0 million as of June 30, 2017, which primarily consisted of clearing margin. There were no material restrictions on the

consolidated VIE's assets. The consolidated VIE had total liabilities of $1.5 million as of June 30, 2017. The Company's exposure to economic loss on this VIE is approximately $2.8 million.

14. Fixed Assets, Net

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

	June 30, 2017	December 31, 2016
Computer and communications equipment	$ 144,204	$ 130,538
Software, including software development costs	143,078	130,397
Leasehold improvements and other fixed assets	169,132	154,602
	456,414	415,537
Less: accumulated depreciation and amortization	(280,677)	(249,670)
Fixed assets, net	$ 175,737	$ 165,867

Depreciation expense was $7.4 million and $6.9 million for the three months ended June 30, 2017 and 2016, respectively. Depreciation expense was $15.2 million and $14.1 million for the six months ended June 30, 2017 and 2016, respectively. Depreciation is included as part of "Occupancy and equipment" in the Company's unaudited condensed consolidated statements of operations.

The Company has approximately $6.5 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 June 30, 2017 and 2016, software development costs totaling $9.6 million and $7.5 million, respectively, were capitalized. Amortization of software development costs totaled $5.1 million and $7.4 million for the three months ended June 30, 2017 and 2016, respectively. For the six months ended June 30, 2017 and 2016, software development costs totaling $14.3 million and $10.3 million, respectively, were capitalized. Amortization of software development costs totaled $10.6 million and $14.6 million for the six months ended June 30, 2017 and 2016, respectively. Amortization of software development costs is included as part of "Occupancy and equipment" in the Company's unaudited condensed consolidated statements of operations.

Impairment charges of $0.2 million and $1.4 million were recorded for the three months ended June 30, 2017 and 2016, respectively, related to the evaluation of capitalized software projects for future benefit and for fixed assets no longer in service. Impairment charges of $0.7 million and $3.2 million were recorded for the six months ended June 30, 2017 and 2016, respectively, related to the evaluation of the centralized software project for future benefit and fixed assets no longer in service. The impairment charges for the six months ended June 30, 2017 and 2016 were related to the Financial Services segment. 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.

15. Goodwill and Other Intangible Assets, Net

The changes in the carrying amount of goodwill by reportable segment for the six months ended June 30, 2017 were as follows (in thousands):

	Financial Services	Real Estate Services	Total
Balance at December 31, 2016	$451,035	$412,655	$863,690
Acquisitions	28,768	6,124	34,892
Measurement period adjustments	(17,057)	781	(16,276)
Cumulative translation adjustment	2,447	—	2,447
Balance at June 30, 2017	$465,193	$419,560	$884,753

During the six months ended June 30, 2017, the Company recognized additional goodwill of approximately $28.8 million which was allocated to the Company's Financial Services segment, and $6.1 million which was allocated to the Company's Real Estate Services segment. See Note 3—"Acquisitions" for more information.

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

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

	June 30, 2017			
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Life (Years)
Definite life intangible assets:				
Customer-related	$196,299	$ 20,751	$ 175,548	14.5
Technology	24,023	8,005	16,018	4.7
Noncompete agreements	31,045	11,557	19,488	2.5
Patents	10,549	9,435	1,114	2.5
All other	19,037	7,938	11,099	8.8
Total definite life intangible assets	280,953	57,686	223,267	12.4
Indefinite life intangible assets:				
Trade names	90,293	—	90,293	N/A
Licenses	2,489	—	2,489	N/A
Total indefinite life intangible assets	92,782	—	92,782	N/A
Total	$373,735	$ 57,686	$ 316,049	12.4

	December 31, 2016			
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Life (Years)
Definite life intangible assets:				
Customer-related	$127,749	$ 14,386	$ 113,363	17.7
Technology	24,570	6,275	18,295	5.2
Noncompete agreements	16,478	7,597	8,881	2.7
Patents	10,300	8,432	1,868	1.7
All other	13,426	5,996	7,430	3.7
Total definite life intangible assets	192,523	42,686	149,837	14.4
Indefinite life intangible assets:				
Trade names	96,386	—	96,386	N/A
Licenses	1,500	—	1,500	N/A
Total indefinite life intangible assets	97,886	—	97,886	N/A
Total	$290,409	$ 42,686	$ 247,723	14.4

Intangible amortization expense was $8.8 million and $4.9 million for the three months ended June 30, 2017 and 2016, respectively. Intangible amortization expense was $15.0 million and $10.3 million for the six months ended June 30, 2017 and 2016, respectively. Intangible amortization is included as part of "Other expenses" in the Company's

unaudited condensed consolidated statements of operations.

There were no impairment charges for the Company's definite and indefinite life intangibles for the three and six months ended June 30, 2017 and 2016.

The estimated future amortization expense of definite life intangible assets as of June 30, 2017 is as follows (in millions):

2017	$14.9
2018	26.3
2019	24.6
2020	18.5
2021	17.2
2022 and thereafter	121.8
Total	$223.3

16. Notes Payable, Collateralized and Short-term Borrowings

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

Total	June 30, 2017	December 31, 2016
8.125% Senior Notes	$109,334	$109,271
5.375% Senior Notes	297,573	297,083
8.375% Senior Notes	244,750	246,988
5.125% Senior Notes	296,600	296,215
Collateralized borrowings	42,630	16,210
Short-term borrowings	150,000	—
Total	$1,140,887	$965,767

The Company's Senior Notes are recorded at amortized cost. As of June 30s, 2017 and December 31, 2016, the carrying amounts and estimated fair values of the Company's Senior Notes were as follows (in thousands):

	June 30, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
8.125% Senior Notes	$109,334	$115,335	$109,271	$115,650
5.375% Senior Notes	297,573	315,750	297,083	312,000
8.375% Senior Notes	244,750	253,800	246,988	256,650
5.125% Senior Notes	296,600	316,125	296,215	309,300
Total	$948,257	$1,001,010	$949,557	$993,600

The fair values of the Senior 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 July 29, 2011, the Company issued an aggregate of $160.0 million principal amount of 4.50% Convertible Notes due July 15, 2016. The 4.50% Convertible Notes were general senior unsecured obligations of the Company. The 4.50% Convertible Notes paid interest semiannually at a rate of 4.50% per annum and were priced at par. The Company recorded interest expense related to the 4.50% Convertible Notes of $3.0 million and $6.1 million for the three and six months ended June 30, 2016, respectively. The Company did not record any interest expense related to the 4.5% Convertible Notes for the three and six months ended June 30, 2017.On July 13, 2016, certain holders of the 4.50% Convertible Notes converted $68,000 in principal amount of notes, and, upon conversion, the Company delivered 6,909 shares of its Class A common stock to such holders. On July 15, 2016, the Company repaid the remaining approximately $159.9 million principal amount of its 4.50% Convertible Notes at maturity.

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		4.50% Convertible Notes For the six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Coupon interest	$ —	$ 1,800	$ —	$ 3,600
Amortization of discount	—	1,234	—	2,459
Total interest expense	$ —	$ 3,034	$ —	$ 6,059

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”). 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 each of the three months ended June 30, 2017 and 2016. The Company recorded interest expense related to the 8.125% Senior Notes of $4.6 million for each of the six months ended June 30, 2017 and 2016.

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 both the three and six months ended June 30, 2017 and 2016. The Company recorded interest expense related to the 5.375% Senior Notes of $8.6 million for both the six months ended June 30, 2017 and 2016.

8.375% Senior Notes

As part of the GFI acquisition, the Company assumed $240.0 million in aggregate principal amount of 8.375% Senior Notes due July 2018 (the “8.375% Senior Notes”). The carrying value of these notes as of June 30, 2017 was $244.7 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 the credit rating of GFI’s 8.375% Senior Notes, the 8.375% Senior Notes were subjected to 200 basis points penalty interest. On April 28, 2015, a subsidiary of the Company purchased from GFI approximately 43.0 million new shares of GFI common stock. This increased BGC’s ownership to approximately 67% of GFI’s outstanding common stock and gave the Company the ability to control the timing and process with respect to a full merger. Also on July 10, 2015, the Company guaranteed the obligations of GFI under the 8.375% Senior Notes. These actions resulted in upgrades of the credit ratings of GFI’s 8.375% Senior Notes by Moody’s Investors Service, Fitch Ratings Inc. and Standard & Poor’s, which reduced the penalty interest to 25 basis points effective July 19, 2015. In addition, on January 13, 2016, Moody’s further upgraded the credit rating on GFI’s 8.375% Senior Notes, eliminating the penalty interest. The Company recorded interest expense related to the 8.375% Senior Notes of $5.0 million for both the three months ended June 30, 2017 and 2016. The Company recorded interest expense related to the 8.375% Senior Notes of $10.0 million and $10.1 million for the six months ended June 31, 2017 and 2016, respectively.

5.125% Senior Notes

On May 27, 2016, the Company issued an aggregate of $300.0 million principal amount of 5.125% Senior Notes due 2021 (the “5.125% Senior Notes”). The 5.125% Senior Notes are general senior unsecured obligations of the Company. These Senior Notes bear interest at a rate of 5.125% per year, payable in cash on May 27 and November 27 of each year, commencing November 27, 2016. The 5.125% Senior Notes will mature on May 27, 2021. The Company may

redeem some or all of the notes at any time or from time to time for cash at certain "make-whole" redemption prices (as set forth in the Indenture). If a "Change of Control Triggering Event" (as defined in the Indenture) occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date.

The initial carrying value of the 5.125% Senior Notes was $295.8 million, net of the discount and debt issuance costs of $4.2 million. The issuance costs are amortized as interest expense and the carrying value of the 5.125% Senior Notes will accrete up to the face amount over the term of the notes. The Company recorded interest expense related to the 5.125% Senior Notes of $4.0 million and $1.6 million for the three months ended June 30, 2017 and 2016, respectively. The Company recorded interest expense related to the 5.125% Senior Notes of $8.1 million and $1.6 million, respectively, for the six months ended June 30, 2017 and 2016.

Collateralized Borrowings

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 a loan. This arrangement incurs interest at a fixed rate of 3.70% and matures on March 13, 2019. As of June 30, 2017, the Company had $12.7 million outstanding related to this secured loan arrangement, which includes $0.1 million of deferred financing costs. The value of the fixed assets pledged as of June 30, 2017 was $1.5 million. The Company recorded interest expense related to this secured loan arrangement of $0.1 million and $0.2 million for the three months ended June 30, 2017 and 2016, respectively. The Company recorded interest expense related to this secured loan arrangement of $0.3 million and $0.4 million for the six months ended June 30, 2017 and 2016, respectively.

On May 31, 2017, the Company entered into a secured loan arrangement of $29.9 million under which it pledged certain fixed assets as security for a loan. This arrangement incurs interest at a fixed rate of 3.44% and matures on May 31, 2021. As of June 30, 2017, the Company had $29.9 million outstanding related to this secured loan arrangement. The value of the fixed assets pledged as of June 30, 2017 was $25.8 million. The Company recorded interest expense related to this secured loan arrangement of $0.1 million for both the three and six months ended June 30, 2017.

Credit Agreement

On February 25, 2016, the Company replaced an existing $25 million committed unsecured credit agreement with Bank of America, N.A. with a new committed unsecured credit agreement with Bank of America, N.A., as administrative agent, and a syndicate of lenders. Several of the Company’s domestic non-regulated subsidiaries are parties to the credit agreement as guarantors. The credit agreement provides for revolving loans of $150.0 million, with the option to increase the aggregate loans to $200.0 million. The maturity date of the facility is February 25, 2018. Borrowings under this facility bear interest at either LIBOR or a defined base rate plus an additional margin which ranges from 50 basis points to 250 basis points depending on the Company’s debt rating as determined by S&P and Fitch and whether such loan is a LIBOR loan or a base rate loan. As of June 30, 2017, there were $150.0 million of borrowings outstanding under the facility. As of June 30, 2017, the interest rate on this facility was 3.22%. There were no borrowings under the facility as of December 31, 2016. For the three months ended June 30, 2017 and June 30, 2016, the Company recorded interest expense related to the credit facility of $1.0 million and $0.2 million, respectively. For the six months ended June 30, 2017 and 2016, the Company recorded interest expense related to the credit facility of $1.2 million and $0.3 million, respectively.

17. Compensation

The Company’s Compensation Committee may grant various equity-based and partnership 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. On June 22, 2016, at the Annual Meeting of Stockholders of the Company, the stockholders approved the Seventh Amended and Restated Long Term Incentive Plan (the “Equity Plan”) to increase from 350 million to 400 million the aggregate number of shares of Class A common stock of the Company that may be delivered or cash-settled pursuant to awards granted during the life of the Equity Plan. As of June 30, 2017, the limit on the aggregate number of shares authorized to be delivered allowed for the grant of future awards relating to 200.6 million shares. Upon vesting of RSUs, issuance of restricted stock, exercise of employee stock options and exchange of limited partnership units, the Company generally issues new shares of the Company’s Class A common stock. On June 6, 2017, at the Annual Meeting of Stockholders of the Company, the Company’s stockholders approved the Company’s Second Amended and Restated Incentive Bonus Compensation Plan (the “Incentive Plan”) to approve the material terms of the performance goals under the Incentive Plan for compliance with Section 162(m) of the Internal Revenue Code of 1986, as amended, including an amendment to those performance goals in order to broaden the stock price performance goal to include dividends and/or total stockholder return.

Limited Partnership Units

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

	Number of Units
Balance at December 31, 2016	104,564,656
Granted	21,880,083
Redeemed/exchanged units	(5,840,639)
Forfeited units	(2,017,108)
Balance at June 30, 2017	118,586,992

During the three months ended June 30, 2017 and 2016, the Company granted exchangeability on 3.6 million and 3.5 million limited partnership units for which the Company incurred non-cash compensation expense of $38.2 million and $30.6 million, respectively. During the six months ended June 30, 2017 and 2016, the Company granted exchangeability on 8.9 million and

6.7 million limited partnership units for which the Company incurred non-cash compensation expense of $92.0 million and $58.4 million, respectively. This expense is included within “Allocations of net income and grant of exchangeability to limited partnership units and FPUs” in the Company’s unaudited condensed consolidated statements of operations.

As of June 30, 2017 and December 31, 2016, the number of limited partnership units exchangeable into shares of Class A common stock at the discretion of the unit holder was 16.4 million and 13.9 million, respectively.

As of June 30, 2017 and December 31, 2016, 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 approximately $192.9 million and $155.6 million, respectively. As of June 30, 2017 and December 31, 2016, the aggregate estimated fair value of these limited partnership units was approximately $36.7 million and $26.2 million, respectively. The number of outstanding limited partnership units with a post-termination pay-out as of June 30, 2017 and December 31, 2016 was approximately 20.4 million and 17.0 million, respectively, of which approximately 12.2 million and 11.2 million were unvested. The liability for limited partnership units with a post-termination payout is included in “Accrued compensation” on the Company’s unaudited condensed consolidated statements of financial condition.

Certain of the limited partnership units with a post-termination pay-out have been granted in connection with the Company’s acquisitions. As of June 30, 2017 and December 31, 2016, the aggregate estimated fair value of these acquisition-related limited partnership units was $22.5 million and $20.3 million, respectively. The liability for such acquisition-related limited partnership units is included in “Accounts payable, accrued and other liabilities” on the Company’s unaudited condensed consolidated statements of financial condition.

Compensation expense related to limited partnership units with a post-termination pay-out amount or a stated vesting schedule is recognized over the stated service period or stated vesting schedule. These units generally vest between three and five years from the date of grant. The Company recognized compensation expense related to these limited partnership units of $6.0 million and $4.6 million for the three months ended June 30, 2017 and 2016, respectively. The Company recognized compensation expense related to these limited partnership units of $12.4 million and $6.7 million for the six months ended June 30, 2017 and 2016, respectively. These are included in “Compensation and employee benefits” in the Company’s unaudited condensed consolidated statements of operations.

Certain 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 $12.0 million and $10.4 million for the three months ended June 30, 2017 and 2016, respectively. The allocation of income to limited partnership units and FPUs was $21.4 million and $15.5 million for the six months ended June 30, 2017 and 2016, respectively. This expense is included within “Allocations of net income and grant of exchangeability to limited partnership units and FPUs” in the Company’s unaudited condensed consolidated statements of operations.

Restricted Stock Units

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

	Restricted Stock Units	Weighted- Average Grant	Weighted- Average Remaining

		Date Fair Value	Contractual Term (Years)
Balance at December 31, 2016	1,547,402	$ 6.86	1.63
Granted	618,317	10.10	
Delivered units	(628,720)	6.77	
Forfeited units	(95,894)	8.01	
Balance at June 30, 2017	1,441,105	$ 8.22	1.99

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

During the six months ended June 30, 2017 and 2016, the Company granted 0.6 million and 0.7 million, respectively, of RSUs with aggregate estimated grant date fair values of approximately $6.2 million and $5.3 million, respectively, to employees and

directors. These RSUs were awarded in lieu of cash compensation for salaries, commissions and/or discretionary or guaranteed bonuses. RSUs granted to these individuals generally vest over a two- to four-year period.

For RSUs that vested during the six months ended June 30, 2017 and 2016, the Company withheld shares valued at $2.2 million and $1.2 million to pay taxes due at the time of vesting.

As of June 30, 2017 and December 31, 2016, the aggregate estimated grant date fair value of outstanding RSUs was approximately $11.8 million and $10.6 million, respectively.

Compensation expense related to RSUs was approximately $1.6 million and $1.2 million, respectively, for the three months ended June 30, 2017 and 2016. Compensation expense related to RSUs was approximately $2.7 million and $2.8 million, respectively, for the six months ended June 30, 2017 and 2016. As of June 30, 2017, there was approximately $11.5 million of total unrecognized compensation expense related to unvested RSUs.

Restricted Stock

The Company has granted restricted shares under its Equity Plan. Such restricted shares are generally saleable by partners in five to ten years. Partners who agree to extend the length of their employment agreements and/or other contractual modifications sought by the Company are expected to be able to sell their restricted shares over a shorter time period. Transferability of the 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 six months ended June 30, 2017 and 2016, approximately 36 thousand shares and 16 thousand shares, respectively, were forfeited in connection with this clause. During the six months ended June 30, 2017 and 2016, the Company released the restrictions with respect to approximately 1.5 million and 2.2 million of such shares, respectively. As of June 30, 2017, there were 10.5 million of such restricted shares outstanding.

Deferred Cash Compensation

The Company maintains a Deferred Cash Award Program which provides for the grant of deferred cash incentive compensation to eligible employees. The Company may pay certain bonuses in the form of deferred cash compensation awards, which generally vest over a future service period. 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, net of forfeitures, recognized in relation to the deferred cash compensation awards for the three months ended June 30, 2017 and 2016 was $2.4 million and $3.9 million, respectively. The total compensation expense, net of forfeitures, recognized in relation to the deferred cash compensation awards for the six months ended June 30, 2017 and 2016 was $6.2 million and $9.8 million, respectively. As of June 30, 2017, the total liability for the deferred cash compensation awards was $12.7 million, which is included in "Accrued compensation" on the Company's unaudited condensed consolidated statements of financial condition. Total unrecognized compensation cost related to deferred cash compensation, prior to the consideration of forfeitures, was approximately $9.5 million and is expected to be recognized over a weighted-average period of 1.65 years.

Stock Options

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

	Options	Weighted-	Weighted-	Aggregate

		Average Exercise Price	Average Remaining Contractual Term (Years)	Intrinsic Value
Balance at December 31, 2016	1,007,085	$ 10.82	1.0	$ —
Granted	—	—		
Exercised options	—	—		
Forfeited options	—	—		
Balance at June 30, 2017	1,007,085	$ 10.82	0.5	$ 548,006
Options exercisable at June 30, 2017	1,007,085	$ 10.82	0.5	$ 548,006

There were no stock options exercised during the six months ended June 30, 2017 and 250 thousand stock options exercised during the six months ended June 30, 2016, respectively. The Company did not grant any stock options during the six months ended June 30, 2017 and 2016.

The Company did not record any compensation expense related to stock options for the three or six months ended June 30, 2017 or 2016, as all of these options had vested in prior years. As of June 30, 2017, all of the compensation expense related to stock options was fully recognized.

18. Commitments, Contingencies and Guarantees

Contingencies

In the ordinary course of business, various legal actions are brought and are pending against the Company and its subsidiaries in the U.S. and internationally. In some of these actions, substantial amounts are claimed. The Company is also involved, from time to time, in reviews, examinations, investigations and proceedings by governmental and self-regulatory agencies (both formal and informal) regarding the Company's businesses, 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 subsidiaries are involved in litigation, claims and arbitrations in the U.S. and internationally, relating to, inter alia, various employment matters, including with respect to termination of employment, hiring of employees currently or previously employed by competitors, terms and conditions of employment and other matters. In light of the competitive nature of the brokerage industry, litigation, claims and arbitration between competitors regarding employee hiring are not uncommon. The Company is also involved, from time to time, in other reviews, investigations and proceedings by governmental and self-regulatory agencies (both formal and informal) regarding the Company's 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 unaudited condensed 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 June 30, 2017, the Company was contingently liable for $1.7 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.

Insurance

The Company is self-insured for health care claims, up to a stop-loss amount for eligible participating employees and qualified dependents in the United States, subject to deductibles and limitations. The Company's liability for claims incurred but not reported is determined based on an estimate of the ultimate aggregate liability for claims incurred. The estimate is calculated from actual claim rates and adjusted periodically as necessary. The Company has accrued $0.8 million in health care claims as of June 30, 2017. The Company does not expect the impact of the health care claims to have a material impact on its financial condition, results of operations or cash flows.

Guarantees

The Company provides guarantees to securities clearinghouses and exchanges which meet the definition of a guarantee under FASB interpretations. Under these standard securities clearinghouse and exchange membership agreements, members are required to

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

Indemnifications

In connection with the sale of eSpeed, the Company has indemnified Nasdaq for amounts over a defined threshold against damages arising from breaches of representations, warranties and covenants. In addition, in connection with the acquisition of GFI, the Company has indemnified the directors and officers of GFI. As of June 30, 2017, no contingent liability has been recorded in the Company's unaudited condensed consolidated statements of financial condition for these indemnifications, as the potential for being required to make payments under these indemnifications is remote.

19. Income Taxes

The Company's unaudited condensed consolidated financial statements include U.S. federal, state and local income taxes on the Company's allocable share of the U.S. results of operations, as well as taxes payable to jurisdictions outside the U.S. In addition, certain of the Company's entities are taxed as U.S. partnerships and are subject to the Unincorporated Business Tax ("UBT") in New York City. Therefore, the tax liability or benefit related to the partnership income or loss, except for UBT, rests with the partners (see Note 2—"Limited Partnership Interests in BGC Holdings" for discussion of partnership interests), rather than the partnership entity. Income taxes are accounted for using the asset and liability method, as prescribed in FASB guidance on Accounting for Income Taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the unaudited condensed consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded against deferred tax assets if it is deemed more likely than not that those assets will not be realized.

As of June 30, 2017, the Company had $497.4 million of undistributed foreign pre-tax earnings, which excludes the cash proceeds from the sale of Trayport. Except for the cash proceeds from the sale of Trayport, it is the Company's intention to permanently reinvest these undistributed foreign pre-tax earnings in the Company's foreign operations. It is not practicable to determine the amount of additional tax that may be payable in the event these earnings are repatriated due to the fluctuation of the relative ownership percentages of the foreign subsidiaries between the Company and BGC Holdings, L.P. For the cash proceeds which are not permanently reinvested, the accrued tax liability is $135.5 million, net of foreign tax credits. In addition, certain GFI net operating loss carryforwards are expected to be utilized to reduce cash taxes. Taking these items together, we therefore expect to pay effective cash taxes of no more than $64 million related to the Trayport transaction

Pursuant to FASB guidance on Accounting for Uncertainty in Income Taxes, the Company provides for uncertain tax positions based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. As of June 30, 2017, the Company had $3.1 million of unrecognized tax benefits, all of which would affect the Company's effective tax rate if recognized. As of December 31, 2016, the Company's unrecognized tax benefits, excluding related interest and penalties, were $3.1 million, all of which, if recognized, would affect the effective tax rate. The Company recognizes interest and penalties related to income tax matters in "Interest expense" and "Other expenses," respectively, in the Company's unaudited condensed consolidated statements of operations. As of June 30, 2017, the Company had approximately $0.3 million of accrued interest related to uncertain tax positions. As of December 31, 2016, there were $0.3 million of accrued interest and penalties related to uncertain

tax positions.

20. Regulatory Requirements

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

Certain U.S. subsidiaries of the Company are registered as U.S. broker-dealers or Futures Commissions Merchants subject to Rule 15c3-1 of the SEC and Rule 1.17 of the Commodity Futures Trading Commission, which specify uniform minimum net capital requirements, as defined, for their registrants, and also require a significant part of the registrants’ assets be kept in relatively liquid form. As of June 30, 2017, 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 June 30, 2017, 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.

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

The regulatory requirements referred to above may restrict the Company’s ability to withdraw capital from its regulated subsidiaries. As of June 30, 2017, $530.7 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 $284.5 million.

21.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.

The Company’s Financial Services segment specializes in the brokerage of a broad range of products, including fixed income (rates and credit), foreign exchange, equities, insurance, energy and commodities, and futures. It also provides a wide range of services, including trade execution, broker-dealer services, clearing, trade compression, post trade, information, and other back-office services to a broad range of financial and non-financial institutions. The Company’s Real Estate Services segment offers commercial real estate tenants, owners, investors and developers a wide range of services, including leasing and corporate advisory, investment sales and real estate finance, consulting, project and development management, and property and facilities management.

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

The amounts shown below for the Financial Services and Real Estate Services segments reflect the amounts that are used by management to allocate resources and assess performance, which is based on each segment’s “Income (loss) from operations before income taxes.” In addition to the two business segments, the tables below include a “Corporate Items” category. Corporate revenues include fees from related parties and interest income. Corporate expenses include non-cash compensation expenses (such as the grant of exchangeability to limited partnership units; redemption/exchange of partnership units, issuance of restricted shares and a reserve on compensation-related partnership loans; and allocations of net income to limited partnership units and FPUs), as well as unallocated expenses, such as certain professional and consulting fees, executive compensation and interest expense, which are managed separately at the corporate level. Corporate other income (losses), net includes gains that are not considered part of the Company’s ordinary, ongoing business, such as the mark-to-market on marketable securities and any related hedging transactions when applicable, and the adjustment of future earn-out payments.

Certain financial information for the Company’s segments is presented below. Certain reclassifications have been made to previously reported amounts to conform to the current presentation. See Note 15—“Goodwill and Other Intangible Assets, Net,” for goodwill by reportable segment.

Three months ended June 30, 2017 (in thousands):

	Financial Services	Real Estate Services	Corporate Items	Total
Brokerage revenues:				
Rates	$133,469	$—	$—	$133,469
Credit	70,730	—	—	70,730
Foreign exchange	79,681	—	—	79,681
Energy and commodities	48,479	—	—	48,479
Equities, insurance, and other asset classes	85,324	—	—	85,324
Leasing and other services	—	144,681	—	144,681
Real estate capital markets	—	98,029	—	98,029
Real estate management services	—	51,589	—	51,589
Fees from related parties	—	—	5,576	5,576
Data, software and post-trade	13,322	—	—	13,322
Other revenues	655	128	93	876
Total non-interest revenues	431,660	294,427	5,669	731,756
Interest income	657	890	4,454	6,001
Total revenues	432,317	295,317	10,123	737,757
Interest expense	—	—	16,676	16,676
Non-interest expenses	351,579	261,512	68,947	682,038
Total expenses	351,579	261,512	85,623	698,714
Other income (losses), net:				
Gains (losses) on equity investments	—	—	1,602	1,602
Other income (losses)	4,069	—	786	4,855
Total other income (losses), net	4,069	—	2,388	6,457
Income (loss) from operations before income taxes	$84,807	$33,805	$(73,112)	$45,500

Three months ended June 30, 2016 (in thousands):

	Financial Services	Real Estate Services	Corporate Items	Total
Brokerage revenues:				
Rates	$120,678	$—	$—	$120,678
Credit	77,330	—	—	77,330
Foreign exchange	76,835	—	—	76,835
Energy and commodities	57,306	—	—	57,306
Equities, insurance, and other asset classes	45,593	—	—	45,593
Leasing and other services	—	124,555	—	124,555
Real estate capital markets	—	82,739	—	82,739

Real estate management services	—	45,529	—	45,529
Fees from related parties	—	—	4,865	4,865
Data, software and post-trade	14,160	—	—	14,160
Other revenues	197	76	129	402
Total non-interest revenues	392,099	252,899	4,994	649,992
Interest income	641	863	2,274	3,778
Total revenues	392,740	253,762	7,268	653,770
Interest expense	—	—	14,624	14,624
Non-interest expenses	340,758	229,032	51,027	620,817
Total expenses	340,758	229,032	65,651	635,441
Other income (losses), net:				
Gains (losses) on equity investments	—	—	863	863
Other income (losses)	(1,326)	—	11,338	10,012
Total other income (losses), net	(1,326)	—	12,201	10,875
Income (loss) from operations before income taxes	$50,656	$24,730	$(46,182)	$29,204

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Six months ended June 30, 2017 (in thousands):

	Financial Services	Real Estate Services	Corporate Items	Total
Brokerage revenues:				
Rates	$269,221	$—	$—	$269,221
Credit	152,600	—	—	152,600
Foreign exchange	159,707	—	—	159,707
Energy and commodities	101,624	—	—	101,624
Equities, insurance, and other asset classes	161,030	—	—	161,030
Leasing and other services	—	272,255	—	272,255
Real estate capital markets	—	176,825	—	176,825
Real estate management services	—	102,219	—	102,219
Fees from related parties	—	—	12,141	12,141
Data, software and post-trade	26,409	—	—	26,409
Other revenues	1,597	132	123	1,852
Total non-interest revenues	872,188	551,431	12,264	1,435,883
Interest income	1,307	1,843	6,154	9,304
Total revenues	873,495	553,274	18,418	1,445,187
Interest expense	—	—	31,497	31,497
Non-interest expenses	705,485	498,095	148,199	1,351,779
Total expenses	705,485	498,095	179,696	1,383,276
Other income (losses), net:				
Gain (loss) on divestiture and sale of investments	—	—	557	557
Gains (losses) on equity investments	—	—	1,839	1,839
Other income (losses)	8,717	—	1,227	9,944
Total other income (losses), net	8,717	—	3,623	12,340
Income (loss) from operations before income taxes	$176,727	$55,179	$(157,655)	$74,251

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Six months ended June 30, 2016 (in thousands):

	Financial Services	Real Estate Services	Corporate Items	Total
Brokerage revenues:				
Rates	$240,297	$—	$—	$240,297
Credit	162,245	—	—	162,245
Foreign exchange	159,303	—	—	159,303
Energy and commodities	121,704	—	—	121,704
Equities, insurance, and other asset classes	93,959	—	—	93,959
Leasing and other services	—	230,182	—	230,182
Real estate capital markets	—	144,872	—	144,872
Real estate management services	—	91,587	—	91,587
Fees from related parties	—	—	11,935	11,935
Data, software and post-trade	28,094	—	—	28,094
Other revenues	3,593	76	415	4,084
Total non-interest revenues	809,195	466,717	12,350	1,288,262
Interest income	1,152	1,525	3,485	6,162
Total revenues	810,347	468,242	15,835	1,294,424
Interest expense	—	—	28,082	28,082
Non-interest expenses	685,872	427,606	113,116	1,226,594
Total expenses	685,872	427,606	141,198	1,254,676
Other income (losses), net:				
Gain (loss) on divestiture and sale of investments	—	—	—	—
Gains (losses) on equity investments	—	—	1,751	1,751
Other income (losses)	9,646	—	(2,551)	7,095
Total other income (losses), net	9,646	—	(800)	8,846
Income (loss) from operations before income taxes				