

BGC Partners, Inc.
Form 10-Q
August 08, 2016
Table of Contents

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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2016

OR

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

Commission File Numbers: 0-28191, 1-35591

BGC Partners, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of	13-4063515 (I.R.S. Employer
incorporation or organization)	Identification No.)
499 Park Avenue, New York, NY (Address of principal executive offices)	10022 (Zip Code)
(212) 610-2200	
(Registrant's telephone number, including area code)	

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

On August 4, 2016, the registrant had 241,897,958 shares of Class A common stock, \$0.01 par value, and 34,848,107 shares of Class B common stock, \$0.01 par value, outstanding.

Table of Contents**BGC PARTNERS, INC.****TABLE OF CONTENTS**

	Page
<u>PART I FINANCIAL INFORMATION</u>	
ITEM 1	5
<u>Financial Statements (unaudited)</u>	
	5
<u>Condensed Consolidated Statements of Financial Condition At June 30, 2016 and December 31, 2015</u>	
	6
<u>Condensed Consolidated Statements of Operations For the Three and Six Months Ended June 30, 2016 and June 30, 2015</u>	
	7
<u>Condensed Consolidated Statements of Comprehensive Income For the Three and Six Months Ended June 30, 2016 and June 30, 2015</u>	
	8
<u>Condensed Consolidated Statements of Cash Flows For the Six Months Ended June 30, 2016 and June 30, 2015</u>	
	10
<u>Condensed Consolidated Statements of Changes in Equity For the Year Ended December 31, 2015</u>	
	11
<u>Condensed Consolidated Statements of Changes in Equity For the Six Months Ended June 30, 2016</u>	
	12
<u>Notes to Condensed Consolidated Financial Statements</u>	
ITEM 2	48
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	
ITEM 3	89
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	
ITEM 4	91
<u>Controls and Procedures</u>	
<u>PART II OTHER INFORMATION</u>	
ITEM 1	92
<u>Legal Proceedings</u>	
ITEM 1A	92
<u>Risk Factors</u>	
ITEM 2	92
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	
ITEM 3	92
<u>Defaults Upon Senior Securities</u>	
ITEM 4	92
<u>Mine Safety Disclosures</u>	
ITEM 5	92
<u>Other Information</u>	
ITEM 6	93
<u>Exhibits</u>	
<u>SIGNATURES</u>	94

Table of Contents

SPECIAL NOTE ON FORWARD-LOOKING INFORMATION

This Form 10-Q (this Form 10-Q) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, which we refer to as the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, words such as may, will, should, estimates, predicts, possible, potential, continue, strategy, believes, anticipates, plans, expects, intends, and are intended to identify forward-looking statements.

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

market conditions, including trading volume and volatility, potential deterioration of equity and debt capital markets and markets for commercial real estate and related services, and our ability to access the capital markets;

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

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

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

our relationships with Cantor Fitzgerald, L.P. and its affiliates, which we refer to as Cantor, including Cantor Fitzgerald & Co., which we refer to as CF&Co, and Cantor Commercial Real Estate Company, L.P., which we refer to as CCRE, any related conflicts of interest, any impact of Cantor's results on our credit ratings and/or the associated outlooks, any loans to or from us or Cantor, CF&Co's acting as our sales agent or underwriter under our controlled equity or other offerings, Cantor's holdings of our debt securities, CF&Co's acting as a market maker in our debt securities, CF&Co's acting as our financial advisor in connection with potential business combinations, dispositions, or other transactions, our participation in various investments, stock loans or cash management vehicles placed by or recommended by CF&Co, and any services provided by or transactions with CCRE;

economic or geopolitical conditions or uncertainties, the actions of governments or central banks, including uncertainty regarding a U.K. exit from the European Union following the recent referendum, and the impact of terrorist acts, acts of war or other violence or political unrest, as well as natural disasters or weather-related or similar events, including power failures, communication and transportation disruptions, and other interruptions of utilities or other essential services;

the effect on our businesses, our clients, the markets in which we operate, and the economy in general of possible shutdowns of the U.S. government, sequestrations, uncertainties regarding the debt ceiling and the federal budget, and other potential political impasses, as well as the economic and market response to the U.S. presidential campaign and election;

the effect on our businesses of reductions in overall industry volumes in certain of our products as a result of central bank quantitative easing, interest rate changes, market volatility, and other factors;

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

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

procedures, operations and assets, assess and manage our operational, regulatory, and financial risks, and integrate our acquired businesses and brokers, salespeople, managers and other professionals;

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

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

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

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

Table of Contents

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

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

WHERE YOU CAN FIND MORE INFORMATION

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

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

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****BGC PARTNERS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION****(in thousands, except per share data)****(unaudited)**

	June 30, 2016	December 31, 2015
Assets		
Cash and cash equivalents	\$ 427,558	\$ 461,207
Cash segregated under regulatory requirements	16,495	3,199
Securities owned	318,580	32,361
Marketable securities	152,995	650,400
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	2,022,920	812,240
Accrued commissions receivable, net	368,214	342,299
Loans, forgivable loans and other receivables from employees and partners, net	247,922	158,176
Fixed assets, net	148,018	145,873
Investments	42,117	33,813
Goodwill	816,156	811,766
Other intangible assets, net	223,758	233,967
Receivables from related parties	8,231	15,466
Other assets	319,420	290,687
Total assets	\$ 5,112,384	\$ 3,991,454
Liabilities, Redeemable Partnership Interest, and Equity		
Securities loaned	\$	\$ 117,890
Accrued compensation	322,196	303,959
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	1,857,733	714,823
Payables to related parties	23,650	21,551
Accounts payable, accrued and other liabilities	568,623	692,639
Notes payable and collateralized borrowings	1,132,226	840,877
Total liabilities	3,904,428	2,691,739
Commitments and contingencies (Note 19)		
Redeemable partnership interest	55,462	57,145
Equity		
Stockholders' equity:		

Edgar Filing: BGC Partners, Inc. - Form 10-Q

Class A common stock, par value \$0.01 per share; 750,000 and 500,000 shares authorized at June 30, 2016 and December 31, 2015, respectively; 286,088 and 255,859 shares issued at June 30, 2016 and December 31, 2015, respectively; and 241,292 and 219,063 shares outstanding at June 30, 2016 and December 31, 2015, respectively	2,861	2,559
Class B common stock, par value \$0.01 per share; 150,000 and 100,000 shares authorized at June 30, 2016 and December 31, 2015, respectively; 34,848 shares issued and outstanding at June 30, 2016 and December 31, 2015, convertible into Class A common stock	348	348
Additional paid-in capital	1,413,245	1,109,000
Contingent Class A common stock	44,415	50,095
Treasury stock, at cost: 44,796 and 36,796 shares of Class A common stock at June 30, 2016 and December 31, 2015, respectively	(267,703)	(212,331)
Retained deficit	(326,018)	(273,492)
Accumulated other comprehensive income (loss)	(20,743)	(25,056)
Total stockholders' equity	846,405	651,123
Noncontrolling interest in subsidiaries	306,089	591,447
Total equity	1,152,494	1,242,570
Total liabilities, redeemable partnership interest, and equity	\$ 5,112,384	\$ 3,991,454

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

Table of Contents**BGC PARTNERS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(in thousands, except per share data)****(unaudited)**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Revenues:				
Commissions	\$ 498,588	\$ 487,810	\$ 973,675	\$ 903,093
Principal transactions	86,448	95,349	178,887	165,117
Real estate management services	45,529	46,528	91,587	87,130
Fees from related parties	4,865	6,095	11,935	12,701
Data, software and post-trade	12,448	27,693	24,765	39,220
Interest income	3,777	3,161	6,160	4,866
Other revenues	305	2,495	3,987	4,571
Total revenues	651,960	669,131	1,290,996	1,216,698
Expenses:				
Compensation and employee benefits	418,621	431,287	827,804	777,871
Allocations of net income and grant of exchangeability to limited partnership units and FPU's	40,975	26,200	73,899	63,254
Total compensation and employee benefits	459,596	457,487	901,703	841,125
Occupancy and equipment	49,511	63,108	99,513	106,073
Fees to related parties	3,534	4,121	9,743	8,688
Professional and consulting fees	14,201	15,220	29,611	38,501
Communications	30,600	32,110	61,508	57,047
Selling and promotion	25,514	26,763	51,112	47,239
Commissions and floor brokerage	10,097	10,473	19,140	16,751
Interest expense	14,624	18,439	28,082	34,341
Other expenses	23,684	27,179	46,495	48,220
Total expenses	631,361	654,900	1,246,907	1,197,985
Other income (losses), net:				
Gain (loss) on divestiture and sale of investments		894		679
Gains (losses) on equity method investments	500	833	1,058	1,636
Other income (loss)	10,012	1,331	7,095	32,531
Total other income (losses), net	10,512	3,058	8,153	34,846
Income from operations before income taxes	31,111	17,289	52,242	53,559
Provision for income taxes	10,548	2,272	15,388	12,318

Edgar Filing: BGC Partners, Inc. - Form 10-Q

Consolidated net income	\$ 20,563	\$ 15,017	\$ 36,854	\$ 41,241
Less: Net income attributable to noncontrolling interest in subsidiaries	4,838	5,670	7,470	17,839
Net income available to common stockholders	\$ 15,725	\$ 9,347	\$ 29,384	\$ 23,402
Per share data:				
<i>Basic earnings per share</i>				
Net income available to common stockholders	\$ 15,725	\$ 9,347	\$ 29,384	\$ 23,402
Basic earnings per share	\$ 0.06	\$ 0.04	\$ 0.11	\$ 0.10
Basic weighted-average shares of common stock outstanding	275,997	244,862	274,895	233,504
<i>Fully diluted earnings per share</i>				
Net income for fully diluted shares	\$ 25,359	\$ 13,256	\$ 47,562	\$ 33,997
Fully diluted earnings per share	\$ 0.06	\$ 0.04	\$ 0.11	\$ 0.10
Fully diluted weighted-average shares of common stock outstanding	437,257	366,774	435,963	352,707
Dividends declared per share of common stock	\$ 0.16	\$ 0.14	\$ 0.30	\$ 0.26
Dividends declared and paid per share of common stock	\$ 0.16	\$ 0.14	\$ 0.30	\$ 0.26

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

Table of Contents**BGC PARTNERS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(in thousands)****(unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Consolidated net income	\$ 20,563	\$ 15,017	\$ 36,854	\$ 41,241
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(149)	2,254	4,117	(6,932)
Available for sale securities	(1,923)	(383)	32	(16,351)
Total other comprehensive income (loss), net of tax	(2,072)	1,871	4,149	(23,283)
Comprehensive income	18,491	16,888	41,003	17,958
Less: Comprehensive income attributable to noncontrolling interest in subsidiaries, net of tax	4,436	5,940	7,306	15,111
Comprehensive income (loss) attributable to common stockholders	\$ 14,055	\$ 10,948	\$ 33,697	\$ 2,847

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

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

	Six Months Ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net income	\$ 36,854	\$ 41,241
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Fixed asset depreciation and intangible asset amortization	38,452	40,283
Employee loan amortization and reserves on employee loans	20,997	19,761
Equity-based compensation and allocations of net income to limited partnership units and FPU's	83,374	73,256
Deferred compensation expense	9,780	11,360
Losses (gains) on equity method investments	(1,058)	(1,636)
Amortization of (premium)/discount on notes payable	(1,014)	2,958
Unrealized loss (gain) on marketable securities	2,937	(837)
Impairment of fixed assets	3,169	17,679
Deferred tax provision (benefit)	(7,671)	2,160
Sublease provision adjustment	(549)	(924)
Realized losses (gains) on marketable securities (see Note 9 - Marketable Securities)	(9,606)	(29,040)
Loss (gain) on divestitures		(537)
Forfeitures of Class A common stock	(99)	(1,102)
Other	(391)	
Consolidated net income, adjusted for non-cash and non-operating items	175,175	174,622
Decrease (increase) in operating assets:		
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	(1,207,888)	229,099
Loans, forgivable loans and other receivables from employees and partners, net	(110,515)	(50,015)
Accrued commissions receivable, net	(25,454)	1,977
Securities borrowed		62,499
Securities owned	(286,219)	4,142
Receivables from related parties	7,609	(1,659)
Cash segregated under regulatory requirements	(13,288)	3,868
Other assets	(15,956)	4,033
Increase (decrease) in operating liabilities:		
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	1,141,883	(308,983)
Payables to related parties	2,103	15,755

Securities sold, not yet purchased		(1,557)
Securities loaned	(117,967)	47,792
Accounts payable, accrued and other liabilities	(15,976)	(117,301)
Accrued compensation	(12,657)	(70,959)
Net cash provided by (used in) operating activities	\$ (479,150)	\$ (6,687)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	\$ (22,642)	\$ (14,210)
Capitalization of software development costs	(10,267)	(6,948)
Purchase of equity method investments	(7,612)	(687)
Payments for acquisitions, net of cash acquired	(113,151)	(155,518)
Purchase of marketable securities	(63,341)	
Proceeds from sale of marketable securities	566,319	
Disposal of assets and liabilities held for sale, net		(5,633)
Capitalization of trademarks, patent defense and registration costs	(363)	(742)
Net cash provided by (used in) investing activities	\$ 348,943	\$ (183,738)

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

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

	Six Months Ended June 30,	
	2016	2015
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of collateralized borrowings	\$ (3,400)	\$ (1,643)
Issuance of senior notes, net of deferred issuance costs	295,762	
Issuance of collateralized borrowings, net of deferred issuance costs		27,886
Earnings distributions	(41,154)	(39,155)
Redemption and repurchase of limited partnership interests	(20,896)	(14,400)
Dividends to stockholders	(81,910)	(60,995)
Repurchase of Class A common stock	(69,730)	(5,886)
Cancellation of restricted stock units in satisfaction of withholding tax requirements	(30)	(488)
Proceeds from issuance of Class A common stock, net of costs	14,961	
Proceeds from exercise of stock options	86	275
Repayments of short-term borrowings		(20,000)
Net cash provided by (used in) financing activities	93,689	(114,406)
Cash and cash equivalents classified as assets held for sale		23,228
Effect of exchange rate changes on cash and cash equivalents	2,869	(2,661)
Net decrease in cash and cash equivalents	(33,649)	(284,264)
Cash and cash equivalents at beginning of period	461,207	648,277
Cash and cash equivalents at end of period	\$ 427,558	\$ 364,013
Supplemental cash information:		
Cash paid during the period for taxes	\$ 35,811	\$ 15,374
Cash paid during the period for interest	27,999	25,660
Supplemental non-cash information:		
Issuance of Class A common stock upon exchange of limited partnership interests	\$ 28,435	\$ 32,998
Issuance of Class A and contingent Class A common stock for acquisitions	1,846	32,263
Issuance of Class A common stock upon conversion of 8.75% convertible notes		150,000

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

Table of Contents**BGC PARTNERS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the Year Ended December 31, 2015

(in thousands, except share amounts)

BGC Partners, Inc. Stockholders

	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Contingent Class A Common Stock	Treasury Stock	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Subsidiaries	Total
Balance, January 1, 2015	\$ 2,202	\$ 348	\$ 817,158	\$ 47,383	\$ (200,958)	\$ (268,920)	\$ 4,303	\$ 180,406	\$ 581,922
Consolidated net income						126,788		141,530	268,318
Other comprehensive gain, net of tax							(29,359)	(3,876)	(33,235)
Equity-based compensation, 825,996 shares	8		2,909					1,454	4,371
Dividends to common stockholders						(131,360)			(131,360)
Earnings distributions to limited partnership interests and other noncontrolling interests								(70,538)	(70,538)
Grant of exchangeability and redemption of limited partnership interests, issuance of 9,445,664 shares	94		141,262					75,684	217,040
Issuance of Class A common stock (net of costs), 129,151	1		860					247	1,108

shares					
Redemption of FPU's, 539,275 units				(835)	(835)
Repurchase of Class A common stock, 1,416,991 shares			(9,371)	(2,743)	(12,114)
Forfeitures of restricted Class A common stock, 270,422 shares	688		(2,002)	(387)	(1,701)
Cantor purchase of Cantor units from BGC Holdings upon redemption of founding/working partner units, 1,775,481 units				6,573	6,573
Re-allocation of equity due to additional investment by founding/working partners				(80)	(80)
Issuance of Class A common stock for acquisitions, 1,199,052 shares	12	5,112	(4,579)		545
Issuance of contingent shares and limited partnership interests in connection with acquisitions		23,104	7,291	8,695	39,090
Conversion of 8.75% Convertible Notes to Class A common stock, 24,042,599 shares	240	117,178		32,582	150,000
Reclassification of Redeemable noncontrolling interest to noncontrolling interest for GFI Back-End Merger				222,148	222,148
		731		(1,219)	(488)

Purchases of
Newmark
noncontrolling
interest

Other	2	(2)						1,806	1,806
-------	---	-----	--	--	--	--	--	-------	-------

**Balance,
December 31,
2015**

\$ 2,559	\$ 348	\$ 1,109,000	\$ 50,095	\$ (212,331)	\$ (273,492)	\$ (25,056)	\$ 591,447	\$ 1,242,570
----------	--------	--------------	-----------	--------------	--------------	-------------	------------	--------------

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

Table of Contents**BGC PARTNERS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)****For the Six Months Ended June 30, 2016****(in thousands, except share amounts)****(unaudited)****BGC Partners, Inc. Stockholders**

	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Contingent Class A Common Stock	Treasury Stock	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Subsidiaries	Total
Balance, January 1, 2016	\$ 2,559	\$ 348	\$ 1,109,000	\$ 50,095	\$ (212,331)	\$ (273,492)	\$ (25,056)	\$ 591,447	\$ 1,242,570
Consolidated net income						29,384		7,470	36,854
Other comprehensive gain, net of tax							4,313	(164)	4,149
Equity-based compensation, 487,471 shares	5		1,999					1,024	3,028
Dividends to common stockholders									