

Registered number: 04045177

BGC EUROPEAN GP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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BGC EUROPEAN GP LIMITED

COMPANY INFORMATION

DIRECTORS	Mr S J Harper	Non-executive Director
	Mr R B Stevens	
	Mr S Smith	Non-executive Director
	Mr S A Windeatt	
	Dr G P Lyons	(Appointed 8 June 2021) Non-executive Director
	Ms B J Merry	(Appointed 8 June 2021) Non-executive Director
	Mr S Bisgay	Appointed 17 June 2021

COMPANY SECRETARY Mr R M Snelling

REGISTERED NUMBER 0405177

REGISTERED OFFICE 5 Churchill Place
Canary Wharf
E14 5RD
London

AUDITORS Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

BGC EUROPEAN GP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

INTRODUCTION

BGC European GP Limited, ('the Company'), a limited company incorporated under the laws of England and Wales, is part of the global BGC Partners, Inc. group ('BGC Group'), which is comprised of BGC Partners, Inc. and its subsidiaries and is part of the Cantor Fitzgerald, L.P. group ('Cantor Group'), which is comprised of Cantor Fitzgerald, L.P. and its subsidiaries.

The principal activity of the Company is to act as the general partner of the UK limited partnership of BGC European Holdings L.P. ('the Limited Partnership'). As part of the BGC Group, both the Company and the Limited Partnership are part of the BGC Group, a leading global brokerage firm which services the financial services markets.

BUSINESS REVIEW

The Company is a holding company and therefore does not undertake any trading activity. The Company has recognised the tax effects on its share of the taxable profits of the Limited Partnership, and the underlying partnerships that the Company is indirectly a member of.

DISTRIBUTION RECEIVED

On 14 September 2020, the Company received a distribution of US\$5,000 (2019: nil) from the Limited Partnership.

MISAPPROPRIATION OF TAX PAYMENTS AND RESTATEMENT

During the fourth quarter of 2020, the BGC Group identified the theft of UK tax payment related funds. The theft, which occurred over several years ending September 2020, was perpetrated by two individuals who worked for affiliates of the Company. Although litigation has commenced against the two individuals seeking recovery of the stolen amounts, an affiliate of the Company, Tower Bridge International Services LP ('TBIS'), being the group's service provider responsible for dealing with such tax matters for the affected entities, has taken financial responsibility for the theft. TBIS has recognised a provision for the stolen funds and incremental expenses and accordingly, the Company has recognised the tax effects on its share of TBIS's taxable profits.

FINANCIAL KEY PERFORMANCE INDICATORS

As the Company is a holding company, the directors regard the carrying value of the underlying investment as the only key performance indicator. The carrying value of the investment at 31 December 2020 is US\$100 (2019: US\$100).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company did not engage in any trading activity in the year and therefore its exposure to operational risks is minimal.

BGC EUROPEAN GP LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

VALUATION RISK

The primary risk the Company faces is the valuation risk relating to its investment. The directors assess for indicators of impairment to determine whether an impairment review is required.

CREDIT RISK

Credit risk is the risk of potential loss from a counterparty default. As the Company is a holding company and therefore does not undertake any trading activity, its risk is reduced as the receivables are due from related entities within the BGC Group.

LIQUIDITY RISK

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive cost. Liquidity is managed on a day-to-day basis by the BGC Group treasury department, and the Company participates in the BGC Group's centralised treasury arrangement.

FOREIGN EXCHANGE RISK

The Company is exposed to foreign exchange risk due to exchange rate movements in the revaluations of balance sheet items. The risk is reduced as the foreign exchange exposure is minimal.

EUROPEAN UNION REFERENDUM

The UK and European Union trade agreement was signed on 30 December 2020, which was applied provisionally from 1 January 2021 and entered into force on 1 May 2021. The BGC Group has established several work streams to analyse and plan for the potential effects of a number of scenarios and will continue to monitor legislative developments in order to finalise the BGC Group's operating model going forward. To date, there have been no matters that warrant adjustments to either the financial results as at 31 December 2020 and for the year then ended, or the directors' expectation of the going concern status of the Company.

COVID-19

After reviewing forecasts and making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue. The Company acts as the General Partner of the Limited Partnership. As part of its going concern review, the Limited Partnership has stress tested the potential impact of a significant downturn in the activity levels on its profitability. We do not expect there to be a material impact on the financial position of the Limited Partnership. As it is expected that the Limited Partnership will continue in operation for a foreseeable future, and for a period of at least 12 months from the date of signing of the financial statements of the Company, the directors believe that the Company is a going concern and accordingly, they have prepared the financial statements on this basis.

BGC EUROPEAN GP LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

POST BALANCE SHEET EVENT

There are no significant events occurring after the balance sheet date, up to the date of approval of the financial statements that would meet the criteria to be disclosed or adjusted in the financial statements as at 31 December 2020 and for the year then ended.

This report was approved by the board and signed on its behalf by:



Mr R B Stevens

Director

Date: 4 November 2021

BGC EUROPEAN GP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present this report and the audited financial statements for the year ended 31 December 2020.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to US\$6,386 (2019: loss US\$2,884). The increase in profit was mainly due to the receipt of a \$5,000 (2019: nil) distribution received from the Limited Partnership and a US\$1,510 tax credit (2019: US\$1,435 charge).

The directors do not recommend a dividend for the year (2019: US\$nil).

DIRECTORS

The directors who served during the year were:

Mr S Harper	Non-executive Director
Mr E T Hirschhorn	(appointed on 9 December 2019 and resigned on 4 March 2020)
Mr S D Lynn	(resigned on 2 November 2020)
Mr P Pion	(resigned 12 May 2021)
Mr J S Smith	Non-executive Director
Mr R B Stevens	
Mr S A Windeatt	

GOING CONCERN

The Company's principal activity is to act as the general partner of the Limited Partnership. As it is expected that the Limited Partnership will continue in operation for the foreseeable future, and for a period of at least 12 months from the date of the signing of these financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and for at least 12 months from the date of the approval and signing of the balance sheet. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Please see the Principal Risk and Uncertainties Section in the Strategic Report for reference to the Company's review of the current impact of COVID-19.

FUTURE DEVELOPMENTS

The Company will continue to act as the general partner of the Limited Partnership for the foreseeable future.

BGC EUROPEAN GP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of Companies Act 2006. Such qualifying third party indemnity provision remains in force at the date of approving the Directors' Report.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Under section 487(2) of the Companies Act 2006, the auditors, Ernst & Young LLP has indicated its willingness to continue in office and were deemed to have been re-appointed as auditors.

This report was approved by the board and signed on its behalf by:



Mr R B Stevens
Director

Date: 4 November 2021

BGC EUROPEAN GP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with the requirements of the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with Section 10 of FRS 102 Accounting Policies, Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- in respect of the Company's financial statements, state whether applicable UK Accounting Standards including FRS 102 in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BGC EUROPEAN GP LIMITED

Opinion

We have audited the financial statements of BGC European GP Limited for the year ended 31 December 2020 which comprise, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006, tax legislation (governed by HM Revenue and Customs) and Financial Reporting Standard 102.
- We understood how the Company is complying with these legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance matters. We also reviewed minutes of the Board of directors, made enquiries of management for their awareness of any non-compliance with laws and regulations and gained an understanding of the Company's approach to governance through the review of the Board's approval of the risk management framework and the internal controls processes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and designating management override and revenue recognition outside the normal course of business to be fraud risks. We considered the controls that the Company has established to address these risks identified, or that otherwise seek to prevent, deter or detect fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of executive management and those responsible for legal and compliance matters and journal entry testing. We corroborated our enquiries through review of Board minutes and policies.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, which appears to read "Ernst & Young LLP".

Andrew Stevenson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

9 November 2021

BGC EUROPEAN GP LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 US\$	2019 US\$
Turnover	3	5,000	-
Administrative expenses		(124)	(124)
Operating profit/(loss)	4	4,876	(124)
Interest payable and similar charges	5	-	(1,325)
Profit/(loss) on ordinary activities before taxation		4,876	(1,449)
Tax credit/(charge) on ordinary activities	7	1,510	(1,435)
Total comprehensive income/(loss) for the year		6,386	(2,884)

The notes on pages 14 to 22 form part of these financial statements.

All amounts relate to continuing operations.

BGC EUROPEAN GP LIMITED
REGISTERED NUMBER 08519926

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 US\$	2019 US\$
Fixed assets			
Investments	9	100	100
Current assets			
Debtors: amounts falling due more than one year	10	5,753	3,115
Debtors: amounts falling due within one year	10	1,290	-
Creditors: amounts falling due within one year	11	(4,219)	(6,677)
Net current assets/(liabilities)		<u>2,824</u>	<u>(3,562)</u>
Net assets/(liabilities)		<u>2,924</u>	<u>(3,462)</u>
Capital and reserves			
Called up share capital	12	2	2
Share premium account	13	999	999
Retained earnings/(losses)		<u>1,923</u>	<u>(4,463)</u>
Shareholder's funds/(deficit)		<u>2,924</u>	<u>(3,462)</u>

The notes on pages 14 to 22 form part of these financial statements.

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf by:



Mr R B Stevens
Director

Date: 4 November 2021

BGC EUROPEAN GP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital US\$	Share premium account US\$	Retained earnings /(losses) US\$	Total shareholder's funds US\$
At 1 January 2020	2	999	(4,463)	(3,462)
Profit for the year	-	-	6,386	6,386
At 31 December 2020	2	999	1,923	2,924

	Called up share capital US\$	Share premium account US\$	Retained (losses) US\$	Total shareholder's deficit US\$
At 1 January 2019	2	999	(1,579)	(578)
Loss for the year	-	-	(2,884)	(2,884)
At 31 December 2019	2	999	(4,463)	(3,462)

The notes on pages 14 to 22 form part of these financial statements.

BGC EUROPEAN GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. STATEMENT OF COMPLIANCE

BGC European G.P. Limited is a limited company registered in England and Wales. Its registered office is Five Churchill Place, London, E14 5RD. The principal accounting policies for the Company are summarised below. They have all been applied consistently throughout the year and the preceding year.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, on the basis that the Company is a going concern, unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

After reviewing forecasts and making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue. The Company acts as the General Partner of the Limited Partnership. As part of its going concern review, the Limited Partnership has stress tested the potential impact of a significant downturn in the activity levels on its profitability. We do not expect there to be a material impact on the financial position of the Limited Partnership. As it is expected that the Limited Partnership will continue in operation for a foreseeable future, and for a period of at least 12 months from the date of signing of the financial statements of the Company, the directors believe that the Company is a going concern and accordingly, they have prepared the financial statements on this basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company accounting policies.

2.2 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the directors of the Company to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and amounts reported for revenues and expenses during the year. However, the nature of estimation means the actual outcome could differ from those estimates. Judgement made on assessment of investment impairment had the most significant effect on amounts recognised in the financial statements.

2.3 Functional and presentation currency

The financial statements are prepared in US Dollars, which is the currency of the primary economic environment in which the Company operates.

BGC EUROPEAN GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (Continued)

2.4 Foreign currencies

Transactions in currencies other than US Dollars are recorded at the average exchange rate ruling during the month in which the transactions occurred.

Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at the exchange rates ruling at the balance sheet date. Translation differences are recognised in the Statement of Comprehensive Income.

The conversion rate used to translate GBP into USD at 31 December 2020 was 1.367 (2019: 1.325).

2.5 Exemptions Applied

As a qualifying entity under FRS 102, the Company has taken advantage of the exemptions in section 1.11-1.12 from preparing a cash flow statement, the requirement of section 33.7 to disclose key management personnel compensation, the requirement of section 33.1A to disclose related party transactions with and between wholly owned subsidiaries. The BGC Group prepares publicly available consolidated financial statements including a cash flow statement which are intended to give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows and the Company is included in the publicly available consolidated financial statements of BGC Partners, Inc.

2.6 Revenue recognition

Revenue is recognised to the extent that economic benefits will flow to the Company and the revenue can be reliably measured.

The Company's turnover is derived from distributions received from its fixed asset investment.

2.7 Investments

Equity investments are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs). Subsequently, they are measured at fair value through profit or loss except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value becomes available.

If a reliable measure of fair value is no longer available, the equity instrument's fair value on the last date the instrument was reliably measurable is treated as the cost of the instrument.

BGC EUROPEAN GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (Continued)

2.8 Impairment of assets

The Company assesses at each reporting date whether an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment recognised in the Statement of Comprehensive Income. An impairment loss recognised in respect of an asset is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

2.9 Interest income and expenses

Interest income and expense is recognised in the Statement of Comprehensive Income using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

2.10 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Deferred taxation

Deferred tax is recognised in respect of all timing differences, which occur between the Company's taxable profits and total comprehensive income, arising from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

BGC EUROPEAN GP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (Continued)

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

BGC EUROPEAN GP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****3. TURNOVER**

	2020 US\$	2019 US\$
Income from fixed asset investment	5,000	-

On 14 September 2020, the Company received a distribution of US\$5,000 from the Limited Partnership.

4. OPERATING PROFIT/(LOSS)

The operating profit/(loss) on ordinary activities before taxation is stated after crediting/(charging):

	2020 US\$	2019 US\$
Foreign exchange gain/(loss)	(124)	(124)

Fees payable to the Company's auditor for the audit of the Company's financial statements was US\$10,500 (2019: US\$8,762). The auditor's remuneration for 2020 and 2019 was borne by a fellow BGC Group entity and not recharged to the Company. No other fees were paid to the auditor in relation to the Company (2019: US\$nil).

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2020 US\$	2019 US\$
Other interest payable	-	1,325

6. DIRECTORS AND EMPLOYEES

	2020 US\$	2019 US\$
Directors' remuneration		
Directors' remuneration	-	16,000
Remuneration of the highest paid director	-	5,000

Directors' remuneration for 2020 and 2019 was borne by a fellow BGC Group entity and not recharged to the Company.

BGC EUROPEAN GP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. TAXATION

	2020 US\$	2019 US\$
Analysis of tax (credit)/charge for the year		
Current tax		
UK corporation tax on profits for the year	1,128	2,255
	<u>1,128</u>	<u>2,255</u>
Deferred tax		
Origination and reversal of timing differences	(2,271)	(916)
Effect of changes in tax rates	(367)	96
Total deferred tax	<u>(2,638)</u>	<u>(820)</u>
Tax (credit)/charge on ordinary activities	<u>(1,510)</u>	<u>1,435</u>

The (credit)/charge can be reconciled to the profit/(loss) per the Income Statement as follows:

	2020 US\$	2019 US\$
Profit/(loss) on ordinary activities before taxation	4,876	(1,449)
Tax on profit/(loss) at standard UK tax rate of 19% (2019: 19%)	926	(275)
Effects of:		
Share of partnership profits	(2,103)	1,386
Income not taxable	33	-
Expenses not deductible	-	228
Tax rate changes	(366)	96
Total tax (credit)/charge for the year	<u>(1,510)</u>	<u>1,435</u>

The effective statutory corporation tax rate for the year ended 31 December 2020 is 19%. Finance Act 2016, which was substantively enacted on 6 September 2016, confirmed that the rate of corporation tax would reduce to 17% from 1 April 2020. However, Budget on 11 March 2020 confirmed that the rate reduction to 17% would not go ahead and the corporation tax rate would remain at 19%. Also, Budget 2021 provides that the rate of corporation tax will increase to 25% from April 2023. This rate was enacted in Finance Bill 2021.

BGC EUROPEAN GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

8. DEFERRED TAX ASSETS

	2020	2019
	US\$	US\$
At the beginning of the year	3,115	2,295
Deferred tax credit to income statement for the period	2,638	820
At the end of the year	<u>5,753</u>	<u>3,115</u>

The deferred tax asset is made up as follows:

Timing differences on allocation of partnership profits	5,482	2,866
Tax losses carried forward	271	249
	<u>5,753</u>	<u>3,115</u>

The effective statutory corporation tax rate for the year ended 31 December 2020 is 19%. Budget 2021 provides that the rate of corporation tax will increase to 25% from April 2023. This rate was enacted in Finance Bill 2021. This rate was enacted in Finance Bill 2021. If the rate of 25% was applied, the deferred tax asset would be US\$1,817 higher.

The Company has historic (pre-2008) non-trade tax losses of US\$16k carried forward as at 31 December 2020. It is uncertain whether these losses will be utilised in the foreseeable future, as they can only be offset against non-trade profits. Therefore, no deferred tax asset has been recognised on these non-trade losses as at 31 December 2020. If the rate of 25% was applied, the unrecognised deferred tax asset would be US\$984 higher.

9. FIXED ASSETS INVESTMENTS

	2020
	US\$
Cost and net book value	
At 1 January 2020 and At 31 December 2020	<u>100</u>

The investment represents the Company's capital contribution of US\$100 as the General Partner in BGC European Holdings L.P., which provides the Company with 0.01% of the economic rights.

A reliable measure of fair value is not available therefore the investment is held at cost less impairment.

10. DEBTORS:

	2020	2019
	US\$	US\$
Due after more than one year		
Deferred tax asset (see note 8)	<u>5,753</u>	<u>3,115</u>

This represents the deferred tax asset that is considered non-current and to be utilised in more than one year.

BGC EUROPEAN GP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****10. DEBTORS:**

Due within one year	2020	2019
	US\$	US\$
Amounts owed from group undertakings	<u>1,290</u>	<u>-</u>

The directors consider the carrying value of debtors falling due within one year approximates to fair value. The amounts owed from group undertakings are unsecured, non-interest bearing and callable on

11. CREDITORS: Amounts falling due within one year

	2020	2019
	US\$	US\$
Amounts owed to group undertakings	-	3,759
Corporation tax	4,219	2,918
	<u>4,219</u>	<u>6,677</u>

The directors consider the carrying value of creditors falling due within one year approximates to fair value. The amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand.

12. SHARE CAPITAL

	2020	2019
	US\$	US\$
Authorised		
100,000,000- Ordinary shares of US\$1 each	<u>100,000,000</u>	<u>100,000,000</u>
Allotted, called up and fully paid		
2 - Ordinary shares of US\$1 each	<u>2</u>	<u>2</u>

13. SHARE PREMIUM ACCOUNT

	2020	2019
	US\$	US\$
Share premium	<u>999</u>	<u>999</u>

On 7 December 2011, the Company issued 1 ordinary share of US\$1 each at a price of US\$1,000 and received US\$999 as share premium.

BGC EUROPEAN GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 102 not to disclose transactions with other BGC Group entities that are directly or indirectly wholly owned by BGC Partners, Inc. whose financial statements are publicly available. BGC Partners, Inc., is partially owned by Cantor Fitzgerald, L.P. the ultimate controlling party of the BGC Group.

	2020 US\$	2019 US\$
Amount due from related party		
Other affiliated entities	1,290	-
	<hr/>	<hr/>
Amount due to related party		
Other affiliated entities	-	3,759
	<hr/>	<hr/>

15. POST BALANCE SHEET EVENT

There are no significant events occurring after the balance sheet date, up to the date of approval of the financial statements that would meet the criteria to be disclosed or adjusted in the financial statements as at 31 December 2020 and for the year then ended.

16. ULTIMATE PARENT AND CONTROLLING PARTY

The immediate parent and controlling party is BGC Global Holdings GP Limited, a company registered in the Cayman Islands. The ultimate controlling party is Cantor Fitzgerald, L.P. which is registered in the United States of America.

The smallest and largest group to make its financial statements publicly available into which the results of the Company are consolidated is BGC Partners, Inc. incorporated in the United States of America. The consolidated financial statements of this group are available from 499 Park Avenue, New York, USA 10022. The largest group into which the results of the Company are consolidated is Cantor Fitzgerald, L.P. which does not produce publicly available financial statements.

BGC EUROPEAN HOLDINGS LP

**GENERAL PARTNER'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

THESE PARTNERSHIP
ACCOUNTS FORM
PART OF THE ACCOUNTS
OF COMPANY

4045177

BGC EUROPEAN HOLDINGS LP

LIMITED PARTNERSHIP INFORMATION

GENERAL PARTNER BGC European GP Limited

**DIRECTORS OF THE
GENERAL PARTNER**

Mr S. Bisgay	(appointed 17 June 2021)
Mr S. J. Harper	Non-executive Director
Dr G. P. Lyons	(appointed 8 June 2021) Non-executive Director
Ms B. J. Merry	(appointed 8 June 2021) Non-executive Director
Mr S. Smith	Non-executive Director
Mr R. B. Stevens	
Mr S. A. Windeatt	

COMPANY SECRETARY Mr R. M. Snelling

PARTNERSHIP NUMBER LP011809

REGISTERED OFFICE Five Churchill Place
Canary Wharf
London
E14 5RD

INDEPENDENT AUDITOR Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

BGC EUROPEAN HOLDINGS LP

GENERAL PARTNER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The General Partner presents its annual report and the audited financial statements of BGC European Holdings L.P. ('the Limited Partnership' or 'the Parent Limited Partnership') and the BGC European Holdings L.P. group ('the Group'), comprising the Limited Partnership and all of its subsidiaries, for the year ended 31 December 2020.

The Group is part of the global BGC Partners, Inc. group ('the BGC Group'), which is comprised of BGC Partners, Inc. and its subsidiaries. BGC Partners, Inc. is part of the Cantor Fitzgerald L.P. group ('the Cantor Group') which is comprised of Cantor Fitzgerald L.P. and its subsidiaries.

RESULTS

The Group's profit for the year, after taxation, amounted to US\$67m (2019: US\$108m).

DIRECTORS OF THE GENERAL PARTNER

The directors of the General Partner who served during the year were:

Mr S. J. Harper	Non-executive Director
Mr S. D. Lynn	(resigned 2 November 2020)
Mr E. T. Hirschhorn	(resigned 4 March 2020)
Mr P. Pion	(resigned 12 May 2021)
Mr S. Smith	Non-executive Director
Mr R. B. Stevens	
Mr S. A. Windeatt	

GOING CONCERN

The Group's business activities, together with factors likely to affect its future development and financial position, are set out in the Strategic Report. In addition, notes 28 to 36 to the financial statements include details of the Group's objectives, policies and processes in relation to managing its risk and its exposure to credit, market, interest rate, liquidity, foreign exchange, operational, capital and regulatory environment risks.

The Group is expected to continue to generate positive cash flows from its regular trading activities for the foreseeable future. The Group generates its own operational cash flow and is expected to be profitable next year.

The directors of the General Partner have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and for at least 12 months from the date of the approval and signing of the Statement of Financial Position. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Please see the Principal Risks and Uncertainties section in the Strategic Report for references to the General Partnership's review of the current impact of COVID-19.

FUTURE DEVELOPMENTS

The Group intends to continue to grow its business by both acquisition and by expansion of existing business lines. Concurrently the Group continues to review its business lines and associated costs, both back and front office, with the continued aim of operating in the most efficient way.

BGC EUROPEAN HOLDINGS LP

GENERAL PARTNER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations (SI 2018/1155) introduced greenhouse gas emissions reporting for large unquoted UK companies for annual periods commencing on, after, 1 April 2019.

The Group's greenhouse gas emissions and energy consumption for the year ended 31 December 2020 are:

	2020 tCO ₂ e
Emissions from combustion of gas and emissions from combustion of fuel for transport purposes	-
Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel	-
Emissions from purchased electricity 6,986,787kWh	1,628
Total tCO ₂ e	1,628
Intensity ratio (tCO ₂ e per average UK employee)	1.077

The Group has disclosed the energy consumption relating to its UK employees, this is principally the consumption of electricity in its London offices.

The Group has not undertaken any measures to increase its energy efficiency during the year ended 31 December 2020 as it considers its staff to be low energy users.

DIRECTORS' INDEMNITIES

The Group has made indemnity provisions for the benefit of the directors of BGC European GP Limited. These provisions were in force during the financial year and at the date of this report.

RISK MANAGEMENT

A full description of the key risks faced by the Group, and the policies in place to manage those risks, is set out in notes 28 to 36.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who was a director of the General Partner at the time when this report was approved has confirmed that:

- so far as they are aware, there is no relevant audit information of which the Group's auditor is unaware, and
- they have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

BGC EUROPEAN HOLDINGS LP

**GENERAL PARTNER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

AUDITOR

Ernst & Young LLP have expressed their willingness to continue in office

This report was approved by BGC European GP Limited, acting as the General Partner of BGC European Holdings L.P. and signed on behalf of the Board of Directors of the General Partner by

Mr R. B. Stevens
Director of BGC European GP Limited



Date: 30/09/2021

BGC EUROPEAN HOLDINGS LP

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

INTRODUCTION

The Limited Partnership is the parent undertaking of the Group which provides inter-dealer broker services in both securities and derivatives amongst other products, and operates from London, Bahrain, Copenhagen, Dubai, Frankfurt, Madrid, Nyon and Paris. The Group also provides administrative support and information technology ('IT') services to the BGC Group, the Cantor Group and the GFI Group ('GFI'), which comprises of GFI Group Inc. and its subsidiaries. The GFI Group is also a part of the BGC Group. The Group intends to continue these activities.

Broking activities

The Group is a full service inter dealer broker which specialises in broking over-the-counter, exchange traded and matched principal financial products. The Group generates revenue from the execution of both matched principal and name give-up trades which are conducted under a number of different brands including Aurel, BGC, Fenics, Martin Brokers, Sunrise and Sterling International Brokers. The Group also provides post trade services under the Capitalab brand.

The Group's product range includes government bonds, eurobonds, emerging market debt securities, repos, exchange traded derivatives, credit derivatives, commodity derivatives, interest rate derivatives, foreign exchange spot, options and forwards and equities.

The Group is constantly expanding into new markets.

Execution activities

The Group provides access to its execution facilities to associated BGC Group entities either on an arranging or principal basis. Where execution is provided by the Group, the liquidity risk inherent in the settlement remains with the Group, unless the affiliate posts cash to fund fails or margin calls. During the year ended 31 December 2020, no affiliate has posted cash to fund fails or margin calls (2019: US\$nil).

The Group received US\$11m (2019: US\$12m) in fees from other BGC Group entities for providing those facilities.

Fees from related parties

The Group has a controlling interest in entities that provide brokerage, back office, administration and IT infrastructure, support and platform development services ('the Group service entities') to the BGC Group, the Cantor Group and GFI. The Group service entities consist of Tower Bridge International Services L.P. ('TBIS'), BGC Technology International Limited ('BGCTIL'), BGC Technology Support Services Limited ('BGCTSSL') and BGC Services (Holdings) L.L.P. ('BGCSHLLP'). The Group generated US\$97m (2019: US\$97m) in revenue through the fees charged to associated BGC Group, Cantor Group and GFI entities for these services.

Exchange memberships and regulators

As at the year end, the Group was a member of the London Stock Exchange; a category two member of the London Metal Exchange and LME Clear member; and a non clearing member of NASDAQ OMX, Baltic, CBOE, CME Clearport, CME Direct, Curve Global, EEX, Eurex, Eurex Repo, Euronext (Amsterdam, Brussels & Paris), ICE Europe & UK, ICE Endex and SGX.

BGC EUROPEAN HOLDINGS LP

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

INTRODUCTION (continued)

Exchange memberships and regulators (continued)

The Group is regulated on a consolidated basis by the FCA. A subsidiary entity, BGC Brokers L.P. ('BGCBLP') is authorised and regulated by the Financial Conduct Authority ('FCA') in the UK. BGCBLP is authorised to arrange transactions and deal in investments on a matched principal basis in Dubai, by the Dubai Financial Services Authority ('DFSA'), and is also authorised to arrange transactions and to deal in financial instruments as an agent in Bahrain, by the Central Bank of Bahrain ('CBB'). In the United States, BGCBLP is registered with the National Futures Association ('NFA') as an Introducing Broker in compliance with Commodities Futures Trading Commission ('CFTC') regulations. BGCBLP also holds an Australian Market Licence with the Australian Securities and Investments Commission ('ASIC'), which is required to deal with clients based in that jurisdiction. BGCBLP's Nyon Branch is regulated by the Swiss Financial Market Supervisory Authority ('FINMA'). A French subsidiary, BGC France Holdings, is supervised by the French Prudential Supervision and Resolution Authority ('ACPR'). Its subsidiary, Aurel BGC is authorised and regulated by the ACPR, it is also regulated by the Autorité des Marchés Financiers ('AMF'). Another subsidiary, Sunrise Brokers L.L.P. ('Sunrise'), is authorised and regulated by the FCA, but subsequent to 31 December 2020 applied for deauthorisation (see Post Balance Events Section).

BUSINESS REVIEW

Review of Financial Performance

The Group's revenues in 2020 were US\$765m compared to US\$753m in 2019.

For the year ended 31 December 2020, the Group's turnover had increased by 2% (2020: US\$765m vs 2019: US\$753m). This was primarily due to the acquisition of GFI Securities Ltd's ('GFIS') European Union businesses which, as explained below, added US\$17m to the Group's revenues.

The Group's cost of sales increased by US\$64m mainly due to additional recharges from the BGC Group for equity based compensation payments. The increase in cost of sales was offset by a US\$35m decrease in administrative expenses. During 2019, the Group's office leases in London overlapped whilst it fitted out a new office and undertook a phased relocation from 1 to 5 Churchill Place, resulting in increased costs in 2019. The old office lease expired on 31 December 2019. The prior year also includes professional and consulting fees for legal and technology projects that have since been completed.

Misappropriation of Tax Payments and Restatement

During the fourth quarter of 2020, the BGC Group identified the theft of UK tax payment related funds. The theft, which occurred over several years ending September 2020, was perpetrated by two individuals, one of whom was a member of BGCSHLLP whilst the other was employed by TBIS. An insurance claim has been made in relation to the thefts and litigation has commenced against the two individuals seeking recovery of the stolen amounts. The Group's subsidiary, TBIS, being the Group's service provider responsible for dealing with such tax matters for the affected entities, has taken financial responsibility for the theft. TBIS has recognised a provision for the stolen funds and incremental expenses. On 9 July 2021, the Group made a US\$35m capital contribution to TBIS through BGCSHLLP (as subsidiary of the Group). The Group agreed with the minority member of TBIS that its capital contribution would not dilute their interests, and that the expected recoveries by TBIS of the stolen amounts would be repaid to the Group as a return of its capital contribution to the extent there was available surplus.

The Group has restated the prior year opening balances and comparative amounts in these financial statements relating to the effect of the theft. The impact of the theft on the Group's profit for the financial year was US\$13m, US\$11m for 2019 and US\$16m for the opening retained earnings. See note 41 for more details regarding this restatement.

BGC EUROPEAN HOLDINGS LP

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

BUSINESS REVIEW (Continued)

Investments

The total comprehensive income for the year includes a gain before tax of US\$17m (2019: US\$11m) related to the revaluation of available for sale investments, including an US\$18m (2019: US\$10m) amount for the revaluation gain on the Group's investment in LCH Group Holdings Limited.

Acquisition of business and additional minority interest

On 3 July 2020, BGC France Holdings ('BGC FH') acquired GFI Securities Limited's ('GFIS') European Union businesses, which were valued at US\$3.4m and the related net assets at their carrying values. In consideration, GFIS received US\$3.4m of equity in BGC FH and an amount of cash equal to the carrying value of the net assets, which were consolidated using acquisition accounting, giving rise to an additional US\$3.4m of goodwill for the Group. As a consequence of this, GFIS now has a minority interest on consolidation of the Group.

Distributions and loan repayment

On 26 June 2020, the Parent Limited Partnership received a US\$20m distribution from its subsidiary BGCBLP, and repaid US\$12m of its outstanding US\$63m subordinated loans payable to BGC Global Holdings, L.P.

On 20 September 2020, the Parent Limited Partnership received a US\$55m distribution from its subsidiary BGCSHLLP, and subsequently paid a US\$50m distribution to its members.

Disposal of shared services and tech businesses

On 16 November 2020, the Group disposed of a business to an affiliate company, Cantor International Services Limited, for a total cash consideration of US\$1.2m. The net assets disposed of had a value on the date of sale of US\$nil, resulting in a gain of US\$1.2m.

Sunrise deregistration from NFA

During the year, Sunrise applied for and was deregistered from the National Futures Association as an introducing broker.

FINANCIAL KEY PERFORMANCE INDICATORS

The Group's core objectives and long term strategy dictate key performance indicators ('KPIs') that management and the directors of the General Partner monitor, target and measure.

Revenue

Aim: To sustain the Group's operational activities and to consistently deliver year-on-year growth.

Analysis: For the year ended 31 December 2020, the Group's turnover increased by 2% (2020: US\$765m vs 2019: US\$753m). Financial services revenues increased by US\$13m, this was primarily due to the acquisition of GFIS's European Union businesses.

Profit for the financial year

Aim: To sustain profit growth momentum.

Analysis: For the year ended 31 December 2020, the Group had a profit after tax of US\$67m compared to US\$108m for 2019 and the total operating profit was US\$71m compared to US\$88m for 2019.

Regulatory capital excess

Aim: To maintain a capital surplus in excess of regulatory requirements.

BGC EUROPEAN HOLDINGS LP

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Analysis: The Group's current regulated subsidiaries, were in compliance with their minimum solo regulatory capital requirements throughout the prior and current year. The Group did not breach its minimum consolidated regulatory requirements throughout the current and prior year.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the Group arise from competition from other brokerage and financial services firms, and the lack of the availability of highly skilled brokers and the development of trading technologies, preventing the Group from maintaining and securing market share.

The Group also faces credit, interest rate, liquidity, foreign exchange, operational, capital and regulatory environment risks in the course of its normal business. The General Partner places reliance on the BGC Group's Risk Management function to manage and monitor risks as well as other related matters, and receives regular reports on specific risks affecting the Group.

The Group transacts business predominantly on a name give-up or matched principal basis. In its role as an intermediary, matching buyers and sellers, its exposure to credit and market risk is limited. In addition the Group has established policies and procedures to further mitigate its exposure to both credit and market risk. See notes 28 to 36 to the financial statements for further details.

European Union Referendum

The UK and European Union trade agreement was signed on 30 December 2020, which was applied provisionally from 1 January 2021 and entered into force on 1 May 2021. The BGC Group has established several work streams to analyse and plan for the potential effects of a number of scenarios and will continue to monitor legislative developments in order to finalise the BGC Group's operating model going forward. To date, there have been no matters that warrant adjustments to either the financial results as at 31 December 2020 and for the year then ended, or the General Partner's expectation of the going concern status of the Group.

Covid-19

After reviewing forecasts and making enquiries, the General Partner has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The General Partner specifically considered the potential impact of a significant downturn in levels of revenue on profitability and regulatory capital surplus that could result from the ongoing global COVID-19 outbreak in their analysis. The General Partner expects that the Group will generate positive cash flows over the next twelve months from the date the financial statements are authorised for issue and be able to meet all its obligations as and when they fall due. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

POST BALANCE SHEET EVENTS

Sunrise Brokers LLP

With effect from 1 March 2021, BGCBLP and Sunrise, both subsidiaries of the Group, entered into a new arrangement. Sunrise has agreed to provide its services to BGCBLP, in exchange for a share of the revenue BGCBLP generates from trading under its 'Sunrise Brokers' brand. Sunrise ceased its regulated activities on that date and has submitted an application to the FCA to surrender its authorisation to conduct regulated activities.

BGC EUROPEAN HOLDINGS LP

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Distributions

On 23 September 2021, the General Partner approved the payment of a US\$80m distribution to the members of the Parent Limited Partnership, contingent on these financial statements being approved.

There are no other significant events occurring after the balance sheet date, up to the date of approval of the financial statements that would meet the criteria to be disclosed or adjusted in the financial statements as at 31 December 2020 and for the year then ended.

This report was approved by BGC European GP Limited acting as the General Partner of BGC European Holdings L.P. and signed on behalf of the Board of Directors of the General Partner by:



Mr R. B. Stevens
Director of BGC European GP Limited

Date: 30/09/2021

BGC EUROPEAN HOLDINGS LP

STATEMENT OF RESPONSIBILITIES OF THE GENERAL PARTNER'S DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2020

The General Partner is responsible for preparing the General Partner's Report, the Strategic Report, the Group's financial statements and the Parent Limited Partnership's financial statements in accordance with applicable law and regulations and the Limited Partnership Agreement.

The Limited Partnership Agreement, the FCA and the Partnership (Accounts) Regulations 2008 require the General Partner to prepare financial statements for each financial year. The directors of the General Partner have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS102"). Under Company law, as applied to qualifying partnerships, the directors of the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors of the General Partner are required to:

- select suitable accounting policies in accordance with Section 10 of FRS 102 Accounting Policies, Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- in respect of the Group's financial statements, state whether applicable UK Accounting Standards including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Group will not continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BGC EUROPEAN HOLDINGS LP

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF BGC EUROPEAN HOLDINGS LP

Opinion

We have audited the financial statements of BGC European Holdings LP (the 'qualifying partnership') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Group Statement of Comprehensive Income, the Group and Parent Limited Partnership Statement of Changes in Equity, the Group and Parent Limited Partnership Statements of Financial Position, the Group Cash Flow Statement and the related notes 1 to 43, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the group's and qualifying partnership's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 41 of the financial statements which describes the impact of the theft of UK tax payment related funds from an entity affiliated to the qualifying partnership.

Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and qualifying partnership's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

BGC EUROPEAN HOLDINGS LP

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF BGC EUROPEAN HOLDINGS LP (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained with the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships

In our opinion, based on the work undertaken in the course of the audit:

- ▶ the information given in the strategic report and the general partner's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and,
- ▶ the strategic report and the general partner's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and qualifying partnership and its environment obtained in the course of the audit, we have identified no material misstatements in the strategic report or general partner's report.

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us to report to you if, in our opinion:

- ▶ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of members' remuneration specified by law are not made; or
- ▶ we have not received all the information and explanations we require for our audit.

BGC EUROPEAN HOLDINGS LP

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF BGC EUROPEAN HOLDINGS LP (CONTINUED)

Responsibilities of members

As explained more fully in the General Partner's Responsibilities Statement set out on page 9, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the group's and the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless members either intend to liquidate the group or the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the qualifying partnership and management.

- ▶ We obtained an understanding of the legal and regulatory frameworks that are applicable to the qualifying partnership and determined that the most significant are the Companies Act 2006 as applied to qualifying partnerships, The Partnerships (Accounts) Regulations 2008, United Kingdom Generally Accepted Accounting Practice and the relevant tax legislation in respective jurisdictions.
- ▶ We understood how the qualifying partnership is complying with these legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance matters. We also reviewed minutes of the Board and the Audit committees, made enquiries of the management for their awareness of any non-compliance with laws and regulations and gained an understanding of the qualifying partnership's approach to governance through the review of the Board's approval of the risk management framework and the internal controls processes.

BGC EUROPEAN HOLDINGS LP

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF BGC EUROPEAN HOLDINGS LP (CONTINUED)

- ▶ We assessed the susceptibility of the group's and qualifying partnership's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and designating management override and revenue recognition outside the normal course of business to be fraud risks. We considered the controls that the group and qualifying partnership has established to address these risks identified, or that otherwise seek to prevent, deter or detect fraud.
- ▶ Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraphs above. Our procedures involved enquiries of executive management and those responsible for legal and compliance matters and journal entry testing. We corroborated our enquiries through review of Board minutes and policies.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the qualifying partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Wallace (Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 30 September 2021

BGC EUROPEAN HOLDINGS LP

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020	Restated*	2019	Restated*
	Note	US\$000	US\$000	US\$000	US\$000
			Continuing operation	Discontinued operation	Total
Turnover	3	764,640	753,441	(784)	752,657
Cost of sales		(510,050)	(446,239)	(37)	(446,276)
Gross profit/(loss)		254,590	307,202	(821)	306,381
Administrative expenses		(183,359)	(218,101)	(25)	(218,126)
Operating profit/(loss)	4	71,231	89,101	(846)	88,255
Income from fixed asset investments		-	3,990	-	3,990
Interest receivable and similar income	7	7,557	6,896	10	6,906
Interest payable and similar charges	8	(9,987)	(11,140)		(11,140)
Other income	9	1,604	22,931	-	22,931
Profit/(loss) on ordinary activities before taxation		70,405	111,778	(836)	110,942
Tax (charge)/credit on profit/(loss) on ordinary activities	10	(3,012)	(2,738)	159	(2,579)
Profit/(loss) for the financial year		67,393	109,040	(677)	108,363
Profit/(loss) for the financial year attributable to:					
Minority interests	21	4,478	7,054	-	7,054
Owners of the Parent Limited Partnership		62,915	101,986	(677)	101,309
		67,393	109,040	(677)	108,363

* The Group has restated the prior year opening balances and comparative amounts in these financial statements relating to the theft of UK tax payment related funds. Please refer to Note 41 for details on the restatement of balances.

On 18 January 2019, the Group disposed of CSC Commodities Limited and the results are disclosed as discontinued activities for the prior year. All other activities are continuing for the current and prior year.

The notes on pages 21 to 65 form an integral part of these financial statements.

BGC EUROPEAN HOLDINGS LP

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020	Restated*	2019	Restated*
		US\$000	US\$000	US\$000	US\$000
	Note		Continuing operation	Discontinued operation	Total
Profit/(loss) for the financial year		67,393	109,040	(677)	108,363
Revaluation of available for sale investments	14	17,063	10,520	-	10,520
Deferred tax on revaluation of available for sale investments	10	(4,436)	(1,707)	-	(1,707)
Exchange differences on retranslation of subsidiary undertakings		4,493	(351)	-	(351)
Total other comprehensive income for the year		17,120	8,462	-	8,462
Total comprehensive income/(loss) for the year		84,513	117,502	(677)	116,825
Total comprehensive income/(loss) for the year attributable to:					
Minority interests	21	4,478	7,054	-	7,054
Owners of the Parent Limited Partnership		80,035	110,448	(677)	109,771
		84,513	117,502	(677)	116,825

* The Group has restated the prior year opening balances and comparative amounts in these financial statements relating to the theft of UK tax payment related funds. Please refer to Note 41 for details on the restatement of balances.

On 18 January 2019, the Group disposed of CSC Commodities Limited and the results are disclosed as discontinued activities for the prior year. All other activities are continuing for the current and prior year.

The notes on pages 21 to 65 form an integral part of these financial statements.

BGC EUROPEAN HOLDINGS LP
**GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Partners' capital account	Available for sale reserve	Currency translation reserve	Partners' income account	Partners' funds	Minority interest	Total equity
GROUP	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
At 1 January 2019 (Restated*)	227,958	38,945	(9,171)	16,452	274,184	7,541	281,725
Profit/(loss) for the year:							
<i>Continuing operation</i>	-	-	-	101,986	101,986	7,054	109,040
<i>Discontinued operation</i>	-	-	-	(677)	(677)	-	(677)
Other comprehensive income/(loss)	-	8,813	(351)	-	8,462	-	8,462
Merger accounting adjustment	-	-	-	3,706	3,706	-	3,706
At 31 December 2019 (Restated*)	227,958	47,758	(9,522)	121,467	387,661	14,595	402,256
At 1 January 2020	227,958	47,758	(9,522)	121,467	387,661	14,595	402,256
Profit/(loss) for the year	-	-	-	62,915	62,915	4,478	67,393
Other comprehensive income/(loss)	-	12,627	4,242	-	16,869	251	17,120
Distribution paid during the year	-	-	-	(50,000)	(50,000)	-	(50,000)
Additional minority interest	-	-	-	-	-	3,394	3,394
At 31 December 2020	227,958	60,385	(5,280)	134,382	417,445	22,718	440,163

* The Group has restated the prior year opening balances and comparative amounts in these financial statements relating to the theft of UK tax payment related funds. Please refer to Note 41 for details on the restatement of balances.

The notes on pages 21 to 65 form an integral part of these financial statements.

BGC EUROPEAN HOLDINGS LP

**PARENT LIMITED PARTNERSHIP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

		Partners' capital account	Partners' income account	Partners' funds
PARENT LIMITED PARTNERSHIP	Note	US\$000	US\$000	US\$000
At 1 January 2019		227,958	(100)	227,858
Profit for the year	11	-	8,202	8,202
At 31 December 2019		<u>227,958</u>	<u>8,102</u>	<u>236,060</u>
At 1 January 2020		227,958	8,102	236,060
Profit for the year	11	-	69,842	69,842
Distribution paid during the year		-	(50,000)	(50,000)
At 31 December 2020		<u>227,958</u>	<u>27,944</u>	<u>255,902</u>

The notes on pages 21 to 65 form an integral part of these financial statements.

BGC EUROPEAN HOLDINGS LP
REGISTERED PARTNERSHIP NUMBER: LP011809

GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020


	Note	2020		Restated* 2019	
		US\$000	US\$000	US\$000	US\$000
Fixed assets					
Goodwill and intangible assets	12		38,046		35,946
Tangible assets	13		61,126		64,643
Investments	14		94,222		76,915
			<u>193,394</u>		<u>177,504</u>
Current assets					
Debtors	15	552,658		658,708	
Investments	16	56,939		56,760	
Cash at bank and in hand		258,620		140,853	
		<u>868,217</u>		<u>856,319</u>	
Creditors: amounts falling due within one year	17	(562,391)		(560,930)	
Net current assets			<u>305,826</u>		<u>295,389</u>
Total assets less current liabilities			<u>499,220</u>		<u>472,893</u>
Creditors: amounts falling due after more than one year	18		(51,000)		(63,000)
Provisions for liabilities	19		(8,057)		(7,637)
Net assets			<u>440,163</u>		<u>402,256</u>
Capital and reserves					
Partners' capital account	20		227,958		227,958
Available for sale reserve			60,385		47,758
Currency translation reserve			(5,280)		(9,522)
Partners' income account			134,382		121,467
Partners' funds	20		<u>417,445</u>		<u>387,661</u>
Minority interests	21		22,718		14,595
Total equity			<u>440,163</u>		<u>402,256</u>

* The Group has restated the prior year opening balances and comparative amounts in these financial statements relating to the theft of UK tax payment related funds. Please refer to Note 41 for details on the restatement of balances.

The notes on pages 21 to 85 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by BGC European GP Limited acting as the General Partner and were signed on its behalf by:

Mr R. B. Stevens
 Director of BGC European GP Limited



Date: 30/09/2021

BGC EUROPEAN HOLDINGS LP
REGISTERED PARTNERSHIP NUMBER: LP011809

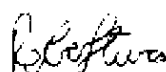
PARENT LIMITED PARTNERSHIP STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020		2019	
		US\$000	US\$000	US\$000	US\$000
Fixed assets					
Investments	14		329,147		367,826
Current assets					
Debtors	15	145,586		56,119	
Cash at bank and in hand		107,544		43,873	
		<u>253,130</u>		<u>99,992</u>	
Creditors: amounts falling due within one year	17	<u>(275,375)</u>		<u>(168,758)</u>	
Net current liabilities			<u>(22,245)</u>		<u>(68,766)</u>
Total assets less current liabilities			<u>306,902</u>		<u>299,060</u>
Creditors: amounts falling due after more than one year	18		<u>(51,000)</u>		<u>(63,000)</u>
Net assets			<u><u>255,902</u></u>		<u><u>236,060</u></u>
Capital and reserves					
Partners' capital account	20		227,958		227,958
Partners' income account	20		27,944		8,102
Partners' funds	20		<u><u>255,902</u></u>		<u><u>236,060</u></u>

The notes on pages 21 to 65 form an integral part of these financial statements

The financial statements were approved and authorised for issue by BGC European GP Limited acting as the General Partner and were signed on its behalf by:

Mr R. B. Stevens
 Director of BGC European GP Limited



Date: 30/09/2021

BGC EUROPEAN HOLDINGS LP

**GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 US\$000	Restated* 2019 US\$000
Cash flow from operating activities		
Profit for the financial year	67,393	108,363
Adjustments for:		
Depreciation of tangible fixed assets	17,332	13,420
Amortisation of intangible fixed assets	7,272	6,581
Loss on disposal of tangible fixed assets	3,783	5,525
Interest paid	9,987	11,140
Interest received	(7,557)	(6,906)
Income from investments	-	(3,990)
Disposal of subsidiary undertakings	-	(19,192)
Increase in working capital	(2,598)	(2,281)
Decrease in amounts owed by affiliates	4,091	15,225
Decrease/ (increase) amounts owed by parent undertakings	3,916	(3,916)
Increase/ (decrease) amount owed to parent undertakings	71,284	(28,223)
Increase/ (decrease) amount owed to affiliates	33,958	(9,871)
Decrease in provisions	420	(3,581)
Tax paid	(2,030)	(1,014)
Net cash generated from operating activities	207,251	81,280
Cash flow from Investing activities		
Purchase of short term investment	(179)	(285)
Disposal of subsidiary undertakings	-	19,192
Purchase of tangible fixed assets	(17,474)	(42,423)
Purchase of intangible assets	(8,734)	-
Purchase of investments	(244)	-
Interest received	7,557	6,906
Dividends received	-	3,990
Net cash used in investing activities	(19,074)	(12,620)
Cash flows from financing activities		
Distribution paid	(50,000)	-
Repayment of loans	(12,000)	(18,000)
Interest paid	(9,987)	(9,970)
Additional minority interest	3,645	-
Net cash used in financing activities	(68,342)	(27,970)
Net increase in cash and cash equivalents	119,835	40,690
Cash and cash equivalents at beginning of year	140,853	98,906
Effect of exchange rates on cash at bank and in hand	(3,988)	886
Cash and cash equivalents at the end of year	256,700	140,482
Cash at bank and in hand	258,620	140,853
Bank overdrafts	(1,920)	(371)
	256,700	140,482

* The Group has restated the prior year opening balances and comparative amounts in these financial statements relating to the theft of UK tax payment related funds. Please refer to Note 41 for details on the restatement of balances.

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. STATEMENT OF COMPLIANCE

BGC European Holdings L.P. ('the Limited Partnership' or 'the Parent Limited Partnership') is a limited partnership, registered in England and Wales. Its registered office is 5 Churchill Place, London, E14 5RD. The principal accounting policies for the Parent Limited Partnership and its subsidiaries (collectively the 'Group') are summarised below. They have all been applied consistently throughout the year and the preceding year.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The Group and the Parent Limited Partnership's financial statements have been prepared under the historical cost convention, on the basis that they are a going concern, unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006, and, where applicable, with International Accounting Standard 39 ('IAS 39').

To assess the possible impact of the COVID-19 pandemic on the Group's financial, liquidity and capital positions, a going concern assessment on the Group has been performed which included stress testing of the 12 month forecast under stressed scenarios and observing the impact on the Group. This included stressing the revenue, expenses and regulatory capital for a significant downturn in activity levels. Based on the assessment performed, the General Partner has a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future, and for at least 12 months from the date of the approval and signing of the statement of financial position. Whilst there remains significant uncertainty regarding the future development of the pandemic and the timing and size of the future economic recovery, this does not impact the Group's ability to continue as a going concern and hence the financial statements have been prepared on this basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies.

2.2 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the General Partner of the Limited Partnership to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of Financial Position and amounts reported for revenues and expenses during the year. However, the nature of estimation means the actual outcome could differ from those estimates. The Limited Partnership has identified the following judgements:

Deferred tax assets

Assets are recognised based on the best estimate of future profitability. Assessing the profitability and sufficiency of future taxable profits, future reversal of existing taxable temporary difference and ongoing tax planning strategy depend on judgements.

Bonus accruals and Share-based payments

Provisions are based on the best estimate of expected discretionary bonus payables that may be incurred. Share-based payment require estimations and assumptions of performance over the relevant period, weighted average forfeiture rate, fair value per unit, average retirement age, discount rate etc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2.2 Judgements and key sources of estimation uncertainty (continued)

Impairment of financial and non-financial assets

Where there are indicators of impairment of individual assets, the Group performs impairment tests by comparing the recoverable amount of the asset to the carrying value. The recoverable amount is the higher of fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions at arm's length on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation requires an estimation of future cash flows expected to arise for the cash-generating unit, the selection of suitable discount rates and the estimation of future growth rates.

Litigation and regulatory provisions

Provision is made where appropriate for claims arising in respect of staff related matters and other legal claims including litigation. The provisions rely on judgements that are based on the facts available up to the date of signing these financial statements, and consequently the provisions can vary significantly as more information becomes available at a later date.

Asset retirement obligation (ARO) provision

An ARO provision is made on the basis of the best estimates of the present value of the future expected cost obligations at the time of retirement of the assets.

Provision for doubtful receivables

Management make provisions for doubtful debts based on the best estimate of expected receipts.

Investments

Management estimate the fair value of the unlisted available for sale investments that the Group holds. The fair value hierarchies and techniques used by the Group are set out in policy 2.25.

LLP recharge

The Group generates recharge revenue from BGCSHLLP to GFI, the amount of which is based upon an estimate of the functions each entity contributes towards the generation of GFI's revenue, and the amount of revenue that is generated.

2.3 Basis of consolidation

The Group financial statements consolidate the financial statements of the Limited Partnership and all of its subsidiaries for the year ended 31 December 2020. A subsidiary is an entity controlled by the Limited Partnership. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the subsidiary so as to obtain benefit from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. On consolidation, distributions to the members of BGCSHLLP are reclassified as cost of sales and, consequently, only the members' paid in capital is recognised as minority interests.

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2.3 Basis of consolidation (continued)

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

In the Parent Limited Partnership financial statements investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

2.4 Functional currency

The Group's functional currency is US dollars as this is the currency of the primary economic environment in which the entity operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2.5 Foreign currency

Transactions in foreign currencies are recorded at the average exchange rate for the month that the transactions occurred. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are recognised in total comprehensive income.

The conversion rates used to translate the main non-US dollar source currencies into US Dollars are as follows:

	31 December 2020	31 December 2019
GBP	1.367	1.325
EUR	1.224	1.123

2.6 Presentational currency

The financial statements are prepared in US dollars and are rounded to the nearest thousand.

The assets and liabilities of foreign operations with different functional currencies are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses of foreign operations are translated at the average exchange rate for the month that the transactions occurred. The currency translation difference is recognised in other comprehensive income.

2.7 Revenue recognition

Revenue is recognised to the extent that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is stated net of sales taxes, rebates and discounts. Rendering of services includes fees and commissions from trading in financial markets and the provision of administrative support and information technology services to related parties. Open positions in financial instruments are carried at fair market value and gains and losses arising on this valuation are recognised in revenue, as well as gains and losses realised on positions that have closed. Revenue is recognised on a trade date basis.

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2.8 Cost of sales

Cost of sales includes expenses which are directly attributable to the activity of generating revenue, such as brokers' compensation, sales and promotion, communications and other trade related charges.

2.9 Retirement benefit costs

The Group operates a defined contribution scheme for certain employees of the Group as determined by their contracts of employment. Contributions are charged to the Group Statement of Comprehensive Income as they are incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

2.10 Failed trades

Failed security transactions are recorded gross on a settlement date basis.

2.11 Dividend income

Dividend income is recognised when the Group's or the Limited Partnership's right to receive the payment is established.

2.12 Interest income and other expenses

Interest income and interest expense are recognised in the Group Statement of Comprehensive Income, using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

2.13 Equity compensation

Equity based compensation expense recognised during the period is based on the portion of equity based awards that is ultimately expected to vest. The grant date fair value of equity based awards is recognised as an expense over the awards' vesting period.

Restricted stock units ('RSUs')

RSUs are awarded by BGC Partners, Inc. to staff and are accounted for as a liability based on the estimated fair value of the total liability at reporting date of all future payments with a charge to expense based on movement in the fair value.

The fair value of RSUs awarded is determined on the date of grant based on the market value of BGC Partners, Inc.'s Class A common stock, and is recognised, net of the effect of estimated forfeitures, over the vesting period. Historical data is used, including historical forfeitures and staff turnover rates, to estimate the expected forfeitures. Each RSU is converted into one share of BGC Partners, Inc.'s Class A common stock, upon completion of the vesting period except in certain exceptional circumstances. RSUs awarded generally vest over a three to four year period.

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2.13 Equity compensation (continued)

Limited partnership units

BGC Partners, Inc. provides a number of distinct limited partnership units in BGC Holdings LP including Restricted Equity Units ('REUs'), Partnership Sharing Units ('PSUs'), Partnership Sharing Interests ('PSIs'), Partnership Sharing Equity ('PSEs') to certain individuals who provide services to the Group. Generally, such units receive quarterly allocations of net income which are cash distributed on a quarterly basis. These quarterly allocations of net income on such limited partnership units are reflected within the Group's compensation expense for the year. Non-Earning Partnership Sharing Units ('NPSUs') and Non-Earning Limited Partnership Units ('NLPUs') do not receive quarterly allocations of net income.

REUs may entitle the holder to receive post termination payments equal to the notional amount of the units in four equal yearly instalments after the holder's termination by either party. These limited partnership units are accounted for as liability awards and as such the Group records the compensation expense for the liability awards based on the change in fair value at each reporting date.

PSUs, PSIs and PSEs have no residual value however the units are periodically granted exchangeability or redeemed for zero and the partner is granted BGC Partners, Inc Class A common stock typically on a one for one basis, or Newmark Group Inc Class A common stock which is granted based on a set ratio. On the issuance of stock, the Group recognises an expense based on the fair value of the award on that date. The granting of exchangeability or the redemption of PSUs, PSIs and PSEs is discretionary and therefore no expense is recorded prior to the formal decision being made by the senior management of BGC Partners Inc.

NPSUs and NLPUs generally vest between two and five years from the date of the grant. These units are accounted for as equity awards, and compensation expense is recognised, net of estimated forfeitures, over the vesting period.

The grant date fair value of the NPSUs and NLPUs is based on the market value of the BGCP Inc.'s Class A common stock. Upon vesting, each NPSU or NLPU is either granted exchangeability or redeemed for zero and BGCP Inc Class A common stock is issued typically on a one for one basis.

Restricted stock

BGC Partners, Inc. has granted restricted Class A common stock ('the Restricted Shares') to certain individuals who provide services to the Group. The grant date fair value of the Restricted Shares is expensed on the date of grant because the Restricted Shares are fully vested and not subject to continued employment or service with the BGC Group.

2.14 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2.15 Deferred taxation

Deferred tax is recognised in respect of all timing differences, which occur between the Group's taxable profits and accounting profits, arising from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2.16 Goodwill and intangible assets

i) Goodwill

Goodwill arising on business combinations represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities acquired. It is amortised on a straight line basis over its useful economic life up to 10 years, with the related expense being charged to the Group Statement of Comprehensive Income. Goodwill acquired in a business combination is, from the date of acquisition, allocated to each cash generating unit that is expected to benefit from the synergies of the combination.

Goodwill is reviewed for indicators of impairment on an annual basis. If indicators of impairment are identified then a full impairment review is performed.

ii) Other intangibles

Trademarks and customer lists acquired by the Group are measured at cost less accumulated amortisation and accumulated impairment losses. They are amortised on a straight line basis over their estimated useful lives of up to 10 years with annual amortisation expense charged to Statement of Comprehensive Income. The carrying values of other intangibles are reviewed if events or changes in circumstances indicate the carrying value may not be recoverable.

2.17 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes expenditure directly attributable to making the asset capable of operating as intended.

Depreciation is calculated to write off the cost, less estimated residual value, of fixed assets on a systematic basis over their estimated useful lives, at the following rates per annum:

Leasehold improvements	- over the shorter of the lease term or 10 years
Office furniture and equipment	- 20% to 33%
Motor vehicles	- 33%

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2.18 Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost less any provision for impairment. They are reviewed for impairment at least annually or whenever events or circumstances indicate that the carrying amount may not be recoverable.

2.19 Impairment of non-financial assets

The Group assesses at each reporting date whether an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment recognised in the Group Statement of Comprehensive Income. An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

2.20 Operating leases

Rental expenses, lease incentives and sub lease rental income are recognised in the Group Statement of Comprehensive Income on a straight line basis over the lease term.

2.21 Provisions for liabilities

Provisions are recorded where a past event has taken place that gives the Group a legal or constructive obligation that is probable to require settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

2.22 Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

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

The Group has entered into various agreements with certain of its employees and partners whereby these individuals receive loans which may be either wholly or in part repaid from the distribution earnings that the individual receives on some or all of their limited partnership interests or may be forgiven over a period of time. The forgivable portion of these loans is recognised as compensation expense over the life of the loan. From time to time, the Group may also enter into agreements with employees and partners to grant bonus and salary advances or other types of loans. These advances and loans are repayable in the timeframes outlined in the underlying agreements. The Group reviews the loan balances each reporting period for collectability. If the Group determines that the collectability of a portion of the loan balances is not expected, the Group recognises a provision against the loan balances.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2.24 Positions

Positions are valued on the Statement of Financial Position at fair value. All positions are exchange traded derivatives which are listed on ICE, CME, SGX, EEX or Nasdaq, and hence there are no in-house valuation techniques or models used in determining fair value. There is no material difference between the fair value recorded on the statement of financial position and the market value.

2.25 Financial instruments

Recognition

The Group determines the classification of its financial instruments at initial recognition depending on the purpose for which the financial instruments were acquired and their characteristics, in accordance with the categories outlined below. When financial instruments are recognised, they are initially measured at fair value. Financial instruments are recognised on a trade date basis.

Determination of fair value

Fair value is determined by reference to third party market values and inputs where available. Where the Group has assets and liabilities with offsetting market risks, mid-market prices have been used as a basis for establishing the fair values of those positions. Bid prices are used for long positions and offer prices for short positions.

Where there is no underlying active market, the fair value is determined using proprietary pricing models which apply appropriate valuation techniques and consider the impact of post period end settlement prices.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

i) Financial instruments at amortised cost

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These amounts are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying value and the discounted future cash flows deriving from the continued use of that asset.

Debt securities

Debt securities are held to maturity investments and reported on the Statement of Financial Position at amortised cost. Debt securities with an original and residual maturity of less than twelve months are recognised within current assets.

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2.25 Financial instruments (continued)

ii) Financial instruments held at fair value through comprehensive income

Financial instruments classified as held for trading, or designated as such on inception, are included in this category and relate to other derivative financial instruments within trade debtors and trade creditors as shown in the Statement of Financial Position. Financial instruments are classified as held for trading if they are acquired for the purpose of reselling.

The financial instruments are initially recognised at fair value on the date on which a contract is entered into. They are subsequently carried in the Statement of Financial Position at fair value, with gains or losses recognised in the Statement of Comprehensive Income.

Derecognition

A financial asset is considered for derecognition when the contractual rights from the financial asset expire, or when the contractual right to benefit from the future cash flow of that asset has been transferred. The Group derecognises a financial asset when it transfers substantially all the risks and rewards of ownership.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. In circumstances where a financial liability is replaced by the same lender yet the contractual terms are substantially different or modified, the original financial liability will be derecognised at the point of contractual exchange and the new financial liability recognised.

Stock borrowing & lending and repurchase & reverse repurchase agreements

Cash balances and accrued interest arising under repurchase agreements, and securities lending arrangements, continue to be recorded as liabilities and the related securities, where owned by the Group, are recognised in the financial statements. Cash balances and accrued interest arising under resale agreements and securities borrowing arrangements are recorded as debtors and the related securities are not recognised in the financial statements.

2.26 Cash at bank and in hand

Cash comprises cash at bank, in hand, and client monies held by the Group. Client monies held on behalf of clients by the Group are included within cash in the statement of financial position and the corresponding liability to clients is included in trade creditors. The return received on holding client money is included within interest receivable and similar income in the Group Statement of Comprehensive Income and is not passed on to clients. Overdraft balances of the Group are included within creditors.

3. TURNOVER

The Group's income is derived primarily from matched principal and name give-up brokerage services and its product range includes government bonds, eurobonds, emerging market debt securities, repos, exchange traded derivatives, credit derivatives, commodity derivatives, interest rate derivatives, foreign exchange spot, options and forwards and equities. The Group also derives income from post trade services and the provision of administrative support and IT services to other members of the BGC, Cantor and GFI Groups. Turnover is shown net of any commission expense and is exclusive of Value Added Tax.

BGC EUROPEAN HOLDINGS LP**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****4. OPERATING PROFIT**

	2020 US\$000	Restated 2019 US\$000
The consolidated operating profit is stated after charging/(crediting):		
Amortisation of intangible fixed assets	7,272	6,581
Depreciation of tangible fixed assets	17,332	13,420
Loss on disposal of fixed assets	3,783	5,525
Rent payable under operating lease	11,700	16,056
Foreign exchange loss / (gain)	946	(343)

Please refer to Note 41 for details on the restatement of balances.

5. AUDITOR'S REMUNERATION

	2020 US\$000	2019 US\$000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	245	244
Fees payable to the Group's auditor and its associates for other services:		
Audit of the accounts of subsidiaries	836	889
Other audit related services	143	160

6. STAFF COSTS

	2020 US\$000	Restated 2019 US\$000
Wages and salaries	463,352	387,790
Social security costs	37,769	38,354
Other pension costs	3,623	3,183
	504,744	429,327

The average number of staff during the year was as follows:

	2020 No.	2019 No.
Front office	1,090	1,137
Back office and support	768	843
	1,858	1,980

Included in wages and salaries is a total equity compensation expense of US\$105,053k (2019: US\$56,626k) relating to staff of the Group of which US\$3,017k (2019: US\$2,344k) relates to RSUs, US\$151k (2019: US\$8k) relates to the limited partnership units accounted for as liability awards and US\$101,885k (2019: US\$54,274k) relates to limited partnership unit exchangeability.

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6. STAFF COSTS (Continued)

The key assumptions made in determining the RSU expense were:

- Weighted average forfeiture rate: front office 29% (2019: 25%); back office 24% (2019: 24%).
- Fair value per unit: BGC Partners, Inc. share price at grant date.

The key assumptions made in determining the expense for the limited partnership units accounted for as liability awards were:

- Weighted average forfeiture rate: 51% (2019: 55%).
- Fair value per unit: post termination grant price.
- Average retirement age: 48 years (2019: 47 years)
- Discount rate: 1.74% (2019: 1.92%).

The key assumptions made in determining the expense for the NPSUs and NLPUs accounted for as equity awards were:

- Weighted average forfeiture rate: 14% (2019: 10%).
- Fair Value per unit: BGC Partners, Inc. share price at grant date.
- Partners holding NLPUs are not entitled to dividends during the vesting the period. The value of these non-vested shares are reduced by the present value of expected future dividend streams US\$0.01 a share (2019: US\$ 0.14), using US treasury bill yield curve rates.

The pension charge of US\$3,623k for the year ended 31 December 2020 (2019: US\$3,183k) represents contributions payable by the Group to the pension scheme. As at 31 December 2020, there were US\$28k (2019: US\$91k) of outstanding contributions to the scheme.

Please refer to Note 41 for details on the restatement of balances.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 US\$000	2019 US\$000
Interest on bank deposits	1,775	1,619
Interest on employee loans	4,832	1,937
Other interest receivable	950	3,350
	<u>7,557</u>	<u>6,906</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2020 US\$000	Restated 2019 US\$000
Interest on bank overdrafts and third party loans	3,246	2,760
Interest on loans from affiliates	4,505	5,973
Unwinding of discount on provisions	103	630
Other interest and similar charges	2,133	1,777
	<u>9,987</u>	<u>11,140</u>

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

8. INTEREST PAYABLE AND SIMILAR CHARGES (Continued)

Please refer to Note 41 for details on the restatement of balances.

9. OTHER INCOME

On 16 November 2020, the Group disposed of a business to an affiliate company, Cantor International Services Limited, for a total cash consideration of US\$1,178k. The net assets disposed had a carrying value on the date of sale of US\$nil, resulting in a gain of US\$1,178k (2019: US\$19,092k relating to the disposal of CSC Commodities Limited ('CSC')). The Group has also recognised a US\$373k (2019: US\$nil) amount of income in relation to loan provisions released for employees of CSC Commodities Limited, which the Group disposed of on 18 January 2019. During the year, the Group also recognised an amount of US\$53k (2019: US\$262k) in relation to tax credits for research and development.

10. TAXATION

	2020 US\$000	Restated 2019 US\$000
Analysis of tax charge in the year - Current tax:		
UK corporation tax on profits for the period	1,468	1,118
Adjustments in respect of prior years	(223)	(262)
Foreign tax charge on profits for the year	1,770	2,323
Foreign tax adjustment in respect of prior periods	(5)	-
Total current tax charge	3,010	3,179
Deferred tax:		
Origination and reversal of timing differences	(117)	(855)
Effects of change in tax rate	(112)	(3)
Adjustments in respect of prior periods	231	258
Total deferred tax charge/(credit)	2	(600)
Tax on profit on ordinary activities	3,012	2,579
Factors affecting tax charge for the year		
	2020 US\$000	Restated 2019 US\$000
Profit on ordinary activities before tax	70,405	110,942
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	13,377	21,079
Effects of:		
Expenses/(Income) not deductible/taxable for tax purposes	3,611	(1,064)
Creation of tax losses	13	-
Partnership profits allocated to partners	(14,164)	(19,503)
Deferred tax not provided	(415)	330
Differences in overseas tax rate	584	1,741
Adjustment to tax charge in respect of prior periods	6	(4)
Total tax charge for the year	3,012	2,579

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

10. TAXATION (Continued)

For reasons explained in the Strategic Report, the 2019 comparatives in this note have been restated by US\$1k, for adjustments to current and deferred tax for years ending 31 December 2017, 31 December 2018 and 31 December 2019. Overpayment relief claims will soon be submitted for years ending 31 December 2017, 31 December 2018 and 31 December 2019 to claim the tax benefit from HMRC.

Factors that may affect future tax charges

The effective statutory corporation tax rate for the year ended 31 December 2020 is 19%. Budget 2021 provides that the rate of corporation tax will increase to 25% from April 2023. This rate has been enacted in the Finance bill 2021. The deferred tax asset and liability has been calculated using the rate of 19%. The estimated impact of the 25% rate on the deferred tax asset would be an increase of US\$363k, and would an increase of US\$4,400k on the deferred tax liability.

Deferred taxation

	2020 US\$000	Restated 2019 US\$000
Movement on deferred tax asset balance in the year:		
At beginning of year	4,133	4,508
Acquisition balance	-	(926)
Credit to Group Statement of Comprehensive Income	(2)	600
Foreign exchange gain/(loss)	124	(49)
At 31 December	<u>4,255</u>	<u>4,133</u>
	2020 US\$000	Restated 2019 US\$000
Movement on deferred tax liability balance in the year:		
At beginning of year	(9,393)	(7,686)
Acquisition balance	(22)	-
Charge to Other Comprehensive Income	(4,436)	(1,707)
At 31 December	<u>(13,851)</u>	<u>(9,393)</u>
	2020 US\$000	Restated 2019 US\$000
The deferred tax asset is made up as follows:		
Partnership income not yet received	6	4
Tax losses	1,014	2,954
Other timing differences	2,835	467
Fixed asset timing difference	400	708
	<u>4,255</u>	<u>4,133</u>

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

10. TAXATION (Continued)

	2020 US\$000	Restated 2019 US\$000
The deferred tax liability is made up as follows:		
Revaluation of available for sale investments	(13,831)	(9,393)
Other timing differences	(20)	-
	<u>(13,851)</u>	<u>(9,393)</u>

11. PROFIT OF THE PARENT LIMITED PARTNERSHIP

In accordance with section 408 of the Companies Act 2006, as applied to qualifying partnerships, the Income Statement of the Parent Limited Partnership is not presented as part of these financial statements. The Parent Limited Partnership's net income for the financial year amounted to a profit of US\$69,842k (2019: US\$8,202k).

12. GOODWILL AND INTANGIBLE ASSETS

	Customer list	Trademark	Other Intangibles	Goodwill	Total
Group	US\$000	US\$000	US\$000	US\$000	US\$000
Cost					
At 1 January 2020	23,430	1,272	2,468	52,116	79,286
Additions	-	-	5,170	3,564	8,734
Disposals	-	-	-	(11,900)	(11,900)
Foreign exchange movement	-	-	10	1,729	1,739
At 31 December 2020	<u>23,430</u>	<u>1,272</u>	<u>7,648</u>	<u>45,509</u>	<u>77,859</u>
Amortisation					
At 1 January 2020	7,224	514	2,465	33,137	43,340
Charge for the year	2,343	119	1,287	3,523	7,272
Disposals	-	-	-	(11,900)	(11,900)
Foreign exchange movement	-	-	10	1,091	1,101
At 31 December 2020	<u>9,567</u>	<u>633</u>	<u>3,762</u>	<u>25,851</u>	<u>39,813</u>
Net book value					
At 31 December 2020	<u>13,863</u>	<u>639</u>	<u>3,886</u>	<u>19,658</u>	<u>38,046</u>
At 31 December 2019	<u>16,206</u>	<u>758</u>	<u>3</u>	<u>18,979</u>	<u>35,946</u>

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12. GOODWILL AND INTANGIBLE ASSETS (Continued)

Goodwill recognised prior to the transition to FRS102 is being amortised on a straight line basis over its estimated useful economic life not exceeding 20 years. Goodwill recognised subsequent to the transition to FRS102 is being amortised on a straight line basis over its estimated useful economic life not exceeding 10 years. Trademarks are being amortised on a straight line basis over their estimated useful economic life of up to 10 years. Customer lists are being amortised on a straight line basis over their estimated useful economic life of up to 10 years. Amortisation is included in administration expenses in the Statement of Comprehensive Income.

On 3 July 2020, the Group acquired GFIS's European Union businesses and the related net assets, for US\$3,394k of equity and an amount of cash equal to the carrying value of the net assets acquired. GFIS is a fellow subsidiary of the BGC Group. The net assets acquired had a fair value to the Group of US\$12,031k, which were consolidated using acquisition accounting. US\$3,394k of goodwill arose on the consolidation of the acquisition. US\$170k of acquisition costs were also capitalised in relation to this acquisition.

Analysis of the acquisition of GFIS's European Union businesses:

	Fair value to Group US\$000
Net assets at date of acquisition:	
Tangible fixed assets	144
Goodwill	3,394
Debtors	16,920
Cash at bank in hand	1,268
Creditors: amounts falling due within one year	(9,423)
Provisions for liabilities	(272)
Total consideration	<u>12,031</u>
Discharged by:	
Cash consideration	8,637
Equity consideration	<u>3,394</u>
	<u>12,031</u>

During the year the Group derecognised the goodwill that arose on acquiring Mint Partners Ltd ('Mint') and Ginalfi Finance SA ('Ginalfi'), as the Group no longer trades under the Mint and Ginalfi brands. The goodwill in relation to these acquisitions had already been fully impaired.

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

13. TANGIBLE FIXED ASSETS

Equipment and machinery, office furniture and computer equipment have been analysed together under the category of equipment, fittings and machinery as these categories share the same depreciation policy.

	Leasehold improvements	Equipment, fittings and machinery	Motor vehicles	Total
Group	US\$000	US\$000	US\$000	US\$000
Cost				
At 1 January 2020	46,632	54,499	317	101,448
Additions	6,747	11,668	24	18,439
Disposals	(3,262)	(2,056)	(63)	(5,381)
Foreign exchange movement	522	733	4	1,259
At 31 December 2020	50,639	64,844	282	115,765
Depreciation				
At 1 January 2020	8,272	28,216	317	36,805
Charge for the year	6,054	11,275	3	17,332
Additions	9	934	22	965
Disposals	110	(1,643)	(65)	(1,598)
Foreign exchange movement	436	695	4	1,135
At 31 December 2020	14,881	39,477	281	54,639
Net book value				
At 31 December 2020	35,758	25,367	1	61,126
At 31 December 2019	38,360	26,283	-	64,643

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. FIXED ASSETS INVESTMENTS

	Available for sale listed investments	Available for sale unlisted investments	Loans and receivables	Total
Group	US\$000	US\$000	US\$000	US\$000
Cost or valuation				
At 1 January 2019	281	76,634	-	76,915
Transfer	-	(261)	261	-
Additions	-	-	244	244
Revaluations	69	16,994	-	17,063
At 31 December 2020	<u>350</u>	<u>93,367</u>	<u>505</u>	<u>94,222</u>
At 31 December 2019	<u>281</u>	<u>76,634</u>	<u>-</u>	<u>76,915</u>

The carrying value of available for sale investments are carried at fair value.

The revaluation of the Group's unlisted available for sale investments was primarily driven by an increase in the value of its investment in LCH Group Holdings Limited. This investment was valued at US\$83,384k as at 31 December 2020 (2019: US\$65,575k), resulting in a gain of US\$17,809k. The valuation technique was based on a price-earnings ratio derived from inputs observed during 2020, including the London Stock Exchange's December 2018 purchase of a 14.64% investment in the LCH, which was then applied to the LSE's 2020 segmental financial reporting of the LCH.

Loans and receivables mainly relates to US\$81k (2019: US\$70k) of debentures with Arsenal Holdings PLC with a redemption date of 1 August 2028 and US\$182k (2019: US\$182k) of debentures with the Rugby Football Union with a redemption date of 1 September 2088. These loans and receivables have been reclassified from available for sale - listed investments in 2020. During the year, the Group purchased US\$232k of debentures with the Marylebone Cricket Club, with a redemption date of 9 November 2095. The directors of the General Partner consider that the carrying value of these items is approximate to fair value.

BGC EUROPEAN HOLDINGS LP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. FIXED ASSETS INVESTMENTS (Continued)

	Investments in subsidiaries	Loans to subsidiaries	Total
Parent Limited Partnership	US\$000	US\$000	US\$000
Cost			
At 1 January 2020	521,428	34,700	556,128
Disposal/repayment	(9,569)	(34,700)	(44,269)
At 31 December 2020	511,859	-	511,859
Impairment			
At 1 January 2020	188,302	-	188,302
Disposal	(5,590)	-	(5,590)
At 31 December 2020	182,712	-	182,712
Net book value			
At 31 December 2020	329,147	-	329,147
At 31 December 2019	333,126	34,700	367,826

On 30 January, 14 May and 31 December 2020, BGCB LP repaid US\$17,000k, US\$5,000k and US\$12,700k respectively, to repay its outstanding subordinated loan with the Limited Partnership in full.

On 15 December 2020, the Limited Partnership put a subsidiary company, Emerging Markets Bond Exchange Limited ('EM Bonds') into liquidation. EM Bonds returned a US\$3,288k amount of residual equity to the Limited Partnership, resulting in a loss on disposal of US\$691k for the Limited Partnership.

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. FIXED ASSETS INVESTMENTS (Continued)

As at 31 December 2020, the Parent Limited Partnership and the Group have investments in the following subsidiary undertakings.

Entity	Parent holding %	Group holding %	Nature of business	Registration
Aurel BGC SAS	-	100.00	Inter-dealer broker	France
BGC Brokers L.P.	99.99	100.00	Inter-dealer broker	England & Wales
BGC International	-	100.00	Investment company	England & Wales
Cantor Fitzgerald (Proprietary) Limited	-	100.00	Dormant	South Africa
BGC France Holdings SAS	-	100.00	Holding company	France
BGC Services (Holdings) L.L.P.	82.30	91.40	Service entity	England & Wales
BGC Technology International Limited	-	90.65	Service company	England & Wales
BGC Technology Support Services Limited	-	90.65	Service company	England & Wales
Martin Brokers Group Limited	-	100.00	Service company	England & Wales
Tower Bridge International Services L.P.	-	52.01	Service entity	England & Wales
BGC Brokers GP Limited	100.00	100.00	General partner	England & Wales
BGCSHLLP Holdings Limited	100.00	100.00	General partner	England & Wales
Tower Bridge GP Limited	100.00	100.00	General partner	England & Wales
Sterling International Brokers Limited	100.00	100.00	Nominee company	England & Wales
BGC International L.P.	99.98	100.00	Dormant entity	England & Wales
BGC International GP Limited	100.00	100.00	General partner	England & Wales
BGCM GP Limited	100.00	100.00	General partner	England & Wales
BGC M L.P.	99.00	100.00	Holding entity	England & Wales
BGC International Holdings, L.P.	99.00	100.00	Holding entity	USA
BGCIHLP, L.L.C.	100.00	100.00	General partner	USA
MIS Holdings, L.L.C.	100.00	100.00	Holding company	USA
BGC Sunrise Holdings, L.P.	99.00	100.00	Holding company	USA
Sunrise Brokers L.L.P.	-	100.00	Service entity	England & Wales
Jobridge Holdings Limited (in liquidation)	100.00	100.00	Holding company	Cyprus
Goseas Holdings Limited (in liquidation)	100.00	100.00	Holding company	Cyprus
Sunrise Global Brokers Limited	7.50	100.00	General partner	England & Wales
Emerging Markets Bond Exchange Limited (in liquidation)	100.00	100.00	Intermediary firm	England & Wales

On 25 February 2020, Sterling Brokers Limited applied to be removed from the Companies House register. Sterling Brokers Limited was subsequently dissolved on the 29 September 2020.

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

15. DEBTORS

	Group		Parent Limited Partnership	
	2020	Restated 2019	2020	2019
	US\$000	US\$000	US\$000	US\$000
Trade debtors	261,947	405,030	897	2
Amounts owed by subsidiaries	-	-	134,070	35,630
Amounts owed by parent undertakings	-	3,916	-	5,359
Amounts owed by affiliates	16,462	20,553	10,594	15,086
Deferred tax (note 10)	4,255	4,133	-	-
Corporation tax	507	1,696	-	-
Other debtors	258,940	215,038	25	42
Prepayments and accrued income	10,547	8,340	-	-
	<u>552,658</u>	<u>658,706</u>	<u>145,586</u>	<u>56,119</u>

Amounts past due more than one year included above are:

	Group		Parent Limited Partnership	
	2020	Restated 2019	2020	2019
	US\$000	US\$000	US\$000	US\$000
Trade debtors	20,034	19,666	-	-
Deferred Tax	4,255	4,133	-	-

Trade debtors are shown net of provision for bad and doubtful debts. At each reporting date the Group reviews its expected receipts. At the beginning of the year, the Company had a provision of US\$2,552k (2019: US\$2,020k). During the year the Group increased its provision by US\$1,752k (2019: US\$532k). As at 31 December 2020 the provision was US\$4,304k (2019: US\$2,552k).

Trade debtors above include US\$108,870k (2019: US\$261,759k) of failed trades to deliver.

Amounts owed by affiliates relates to amounts owed to the Group and Parent Limited Partnership by members of the BGC, Cantor and GFI Groups. These amounts are unsecured, non-interest bearing and are repayable on demand.

Other debtors for the Group primarily consist of staff loans of US\$152,545k (2019: US\$192,814k). Certain staff loans totalling US\$99,132k (2019: US\$38,210k) are to be repaid from the proceeds of future distributions on limited partnership units granted to the individuals. These loans have been classified as falling due within one year due to the uncertainty of the timing of those distributions.

Please refer to Note 41 for details on the restatement of balances.

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

16. CURRENT ASSET INVESTMENTS

	2020 US\$000	2019 US\$000
Group		
US Treasury Bills	56,939	56,760

The market value of the US Treasury Bills, which are held for liquidity purposes, at 31 December 2020, was US\$56,991k (2019: US\$56,858k).

17. CREDITORS: amounts falling due within one year

	Group		Parent Limited Partnership	
	2020 US\$000	Restated 2019 US\$000	2020 US\$000	2019 US\$000
Bank loans and overdrafts	1,920	371	-	-
Trade creditors	112,240	262,349	468	197
Amount owed to subsidiaries	-	-	142,833	126,609
Amount owed to parent undertakings	71,284	-	70,153	33,883
Amounts owed to affiliates	64,399	30,441	54,579	-
Other taxes and social security	118,360	83,669	(420)	(983)
Corporation Tax	3,536	3,278	-	-
Deferred tax (note 10)	13,851	9,393	-	-
Accruals and deferred income	145,598	131,836	7,762	9,052
Other creditors	31,203	39,593	-	-
	562,391	560,930	275,375	168,758

Trade creditors primarily consist of failed trades to receive of US\$106,670k (2019: US\$257,852k).

Amounts owed to affiliates relates to amounts owed by the Group and Parent Limited Partnership to members of the BGC, Cantor and GFI Groups. These amounts are unsecured, non-interest bearing and are repayable on demand.

Please refer to Note 41 for details on the restatement of balances.

18. CREDITORS: amounts falling due after more than one year

	Group		Parent Limited Partnership	
	2020 US\$000	2019 US\$000	2020 US\$000	2019 US\$000
Amounts owed to parent undertaking	51,000	63,000	51,000	63,000

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18. CREDITORS: amounts falling due after more than one year (continued)

Amounts owed to parent undertaking are comprised of the following unsecured subordinated and term loan:

Entity	Value US\$000	Effective date	Term	Interest rate
BGC Global Holdings, L.P.	51,000	31/07/2017	6 years	7.8%

On 26 June 2020, the Limited Partnership repaid US\$12,000k of its outstanding US\$63,000k subordinated loans payable to BGC Global Holdings, L.P ('BGCGHLP').

19. PROVISIONS

Group	Litigation & other claims US\$000	Property related US\$000	Total US\$000
At 1 January 2020	2,737	4,900	7,637
Additions	2,575	21	2,596
Released	(604)	(1,290)	(1,894)
Utilised during the year	-	(744)	(744)
Unwinding of discount	-	115	115
Foreign exchange loss	248	99	347
At 31 December 2020	4,956	3,101	8,057

Litigation and other claims

In the normal course of business, the Group receives claims in respect of employee related matters and other legal claims including litigation. Where appropriate, provision is made for claims arising, representing the expected cost to the Group of settling such claims. Instances of litigation are typically expected to settle within two years. The legal provision above relates to certain ongoing employee related disputes.

From time to time the Group may become subject to various litigation, regulatory and tax matters or employment related claims. Management have considered any current matters pending against the Group. Where a claim is considered to be more likely than not to result in a cost to the Group, a provision has been made based on management's best estimate of the cost to the Group of settling such claims. Certain other matters may give rise to a material future outflow of economic benefit, however management consider that this is not probable and, based on the facts and circumstances, that it is not possible to reliably estimate the amounts involved.

Property

The property provisions relate to asset retirement obligations for properties occupied by the Group.

As at 31 December 2020, the amount of the provisions in respect of asset retirement obligations was US\$3,101k (2019: US\$4,900k). This provision is not expected to be fully utilised until 2030.

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

20. RECONCILIATION OF MOVEMENT IN PARTNERS' FUNDS

	Group		Parent Limited Partnership	
	2020 US\$000	2019 US\$000	2020 US\$000	2019 US\$000
Partners' Capital Account				
BGC European GP Limited				
As at 1 January and 31 December	-	-	-	-
BGC Global Holdings, L.P.				
As at 1 January and 31 December	215,853	215,853	215,853	215,853
BGC Brokers Holdings, L.P.				
As at 1 January and 31 December	12,105	12,105	12,105	12,105
Total as at 31 December	227,958	227,958	227,958	227,958

BGC European GP Limited, in its capacity as General Partner, contributed US\$100 of capital to the Limited Partnership and holds a 0.01% economic interest in and is the controlling party of the Limited Partnership.

	Group		Parent Limited Partnership	
	2020 US\$000	Restated 2019 US\$000	2020 US\$000	2019 US\$000
Partners' Income Account and Reserves				
BGC European GP Limited				
As at 1 January	(3)	(3)	-	-
Dividend paid during the year	(5)	-	(5)	-
As at 31 December	(8)	(3)	(5)	-
BGC Global Holdings, L.P.				
As at 1 January	159,706	46,228	8,102	(100)
Share of total recognised gains	79,784	109,772	69,842	8,202
Dividend paid during the year	(49,995)	-	(49,995)	-
Merger accounting adjustment	-	3,706	-	-
As at 31 December	189,495	159,706	27,949	8,102
BGC Brokers Holdings, L.P.				
As at 1 January and 31 December	-	-	-	-
Sub-total of Partners' Income Account and Reserves	189,487	159,703	27,944	8,102
Total Partners' Funds	417,445	387,661	255,902	236,060

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

20. RECONCILIATION OF MOVEMENT IN PARTNERS' FUNDS (continued)

Please refer to Note 41 for details on the restatement of balances.

21. MINORITY INTERESTS

Minority Interests represent the minority holdings in the Group service entities held outside of the Group. The minority interests in the Group service entities are held by BGC Partners, L.P., an associated BGC Group entity, and Tower Bridge International Holdings, L.P., an associated Cantor Group entity.

On 3 July 2020, BGC France Holdings ('BGC FH') acquired GFIS's European Union businesses, which were valued at US\$3.4m and the related net assets at their carrying values. In consideration, GFIS received US\$3.4m of equity in BGC FH and an amount of cash equal to the carrying value of the net assets, which were consolidated using acquisition accounting. As a consequence of this, GFIS now has a minority interest on consolidation of the Group.

	Equity US\$000
At 1 January 2020	14,595
Addition	3,394
Exchange differences on retranslation of GFIS's Minority Interest	251
Profit attributable to minority interests	4,478
At 31 December 2020	<u>22,718</u>

22. PENSION COMMITMENTS

The Group operates money purchase pension schemes and as such any contributions are recognised in the Statement of Comprehensive Income as they fall due. The final pension obligation to employees and former employees is with the external pension providers so there are no post retirement pension commitments for the Group.

23. OPERATING LEASE COMMITMENTS

At 31 December 2020 the Group had total future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2020 US\$000	2019 US\$000
Group		
Not later than one year	12,958	5,642
Later than one year and not later than five years	44,017	39,929
Later than five years	76,359	92,683
	<u>133,334</u>	<u>138,254</u>

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

24. RELATED PARTY TRANSACTIONS

During the year, the Group entered into transactions under service arrangements in the ordinary course of business with other members of the BGC, GFI and Cantor groups. These arrangements include brokerage, back office, administration and IT infrastructure, support and platform development services provided by the Group service entities and BGCSHLLP. The fees charged for these services are included within the Group's revenue. Fees charged to the Cantor Group during 2020 amounted to US\$9,835k (2019: US\$11,821k). In addition, the Group enters into forward foreign exchange derivative transactions with a Cantor Group entity, details of which are provided in note 26. Interest payable or interest income arises in respect of currency swaps entered into with Cantor Group entity.

The outstanding balances held with BGC, GFI and Cantor Group undertakings are as follows:

	Amount due from related party	Amount due to related party
	US\$000	US\$000
2020		
Entities with control over the Group	-	71,284
Other affiliated entities	16,462	64,399
	<u>16,462</u>	<u>135,683</u>
2019		
Entities with control over the Group	3,916	-
Other affiliated entities	20,553	30,441
	<u>24,469</u>	<u>30,441</u>

In addition to the trading balances outstanding included in the table above, the Group and Parent Limited Partnership have outstanding subordinated and term loans with related parties. Details of these loans are provided in notes 14 and 18.

All directors of the GP and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals was US\$14,127k (2019: US\$13,058k).

25. CLIENT MONEY AND CASH COLLATERAL

Segregated cash is set aside and held in trust for clients to whom they are due. As at 31 December 2020 there was US\$3,015k of segregated cash held (2019: US\$2,683k) with a corresponding liability included within trade creditors.

In certain circumstances the Group requires collateral from its clients as a condition of trading. As at 31 December 2020 there was US\$1,177k client collateral held (2019: US\$516k).

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

26. DERIVATIVE FINANCIAL INSTRUMENTS

The Group utilises the following derivative instruments for funding and foreign exchange management purposes:

	Contract or underlying principal amount US\$000	Fair Value Asset US\$000	Fair Value Liability US\$000
2020			
Currency swaps	288,426	2,772	(2,751)
Forward foreign currency contracts	213,415	1,567	(1,050)
	<u>501,841</u>	<u>4,339</u>	<u>(3,801)</u>
2019			
Currency swaps	346,617	1,103	(1,718)
Forward foreign currency contracts	50,168	483	(142)
	<u>396,785</u>	<u>1,586</u>	<u>(1,860)</u>

Changes in the fair value of the financial assets and liabilities are recorded within administrative expenses in the Group Statement of Comprehensive Income.

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1:	quoted (unadjusted) prices in active markets for identical assets and liabilities.
Level 2:	other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3:	techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	2020 US\$000	2019 US\$000
Group		
Level 1		
Listed available for sale investments	<u>350</u>	<u>281</u>
Total Level 1	<u>350</u>	<u>281</u>

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27. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	2020 US\$000	2019 US\$000
Level 2		
Derivative financial instruments Assets	4,339	1,586
Derivative financial instruments Liabilities	(3,801)	(1,860)
Unlisted available for sale investments	9,985	2,493
Total Level 2	10,523	2,219
Level 3		
Unlisted available for sale investments	83,382	73,882
Total	94,255	76,382

Available for sale investments

Listed available for sale investments are held at fair value and valued using quoted market prices. Unlisted available for sale investments held at fair value are valued using the last traded price of the investment.

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets and liabilities which are recorded at fair value:

	At 1 January 2020 US\$000	Gain recorded in reserves US\$000	Transfer to Level 2 US\$000	At 31 December 2020 US\$000
Financial investments available for sale				
Unlisted equity investments	73,882	17,807	(8,307)	83,382

US\$8,307k was reclassified to fair value level 2 (2019: reported as level 3 in terms of fair value hierarchy) as there were observable transactions during the year.

The revaluation of level 3 financial instruments is recognised in Total Comprehensive Income and recorded in the available for sale reserve. The sensitivity of the level 3 investments' carrying value has been determined by varying key inputs to the valuation model. For unquoted equity investments, the Company considered the effect of a movement in the fair value by 10%, which is considered by the Company to be a reasonably possible alternative assumption. The carrying value of the level 3 investments would change by US\$8,338k (2019: US\$7,388k) for a 10% movement in the net assets of the underlying companies (see note 14 for detail of the valuation techniques).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

27. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Derivative financial instruments

The derivative financial instruments are valued using a valuation technique with market observable inputs. The valuation technique uses a forward pricing and swaps model applying present value calculations. The model incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Derivative financial assets and liabilities are held at the net fair value at counterparty level. The net fair value of the derivative financial assets and liabilities, if a total asset, is included in other debtors (see note 15) and is designated as fair value through P&L financial assets. The net fair value of the derivative financial assets and liabilities, if a total liability, is included in other creditors (see note 17) and is designated as fair value through P&L.

28. RISK MANAGEMENT

Risk is inherent in the Group's activities but is carefully managed through a process of ongoing identification, measurement and monitoring, with activities subject to risk limits and controls. This process of risk management is critical to the Group's continuing business. The Group is exposed to credit risk, market risk, interest rate risk, liquidity risk, foreign exchange risk, operational risk, capital risk and regulatory environment risk in the course of its normal business. The Group has an Internal Capital Adequacy Assessment Process ('ICAAP') to determine the risks it is potentially exposed to and to ensure that capital is held proportionate to these risks.

Risk Management Structure

Overall responsibility for the risk management of the Group lies with the Board of directors of the General Partner ('the Board'). However, there are separate bodies referred to below that are responsible for managing and monitoring risks and other related matters. In addition, the Board may on occasion delegate approval or decision making authority to another body ('a delegated body') such as a subsidiary's board of directors.

Risk Oversight Committee ('ROC')

The Board relies on the ROC, a sub committee of the Board, to provide recommendations on risk appetite, tolerance and strategy. In recommending the risk appetite, the ROC is responsible for approving the risk appetite methodology including the assumptions and models used in the methodology. The ROC is also responsible for ensuring the accurate and timely monitoring of capital and risk exposures and for reviewing reports on any material limit breaches and the adequacy of any proposed mitigation.

The Board is supported by a number of governance committees including the Finance, Capital, Assets and Liabilities Committee ('FCALCO'), Operational Risk and Compliance Committee ('ORCC') and the Business Development Committee ('BDC').

The Group has various control function departments that have line responsibility for managing the Group's risks. These include Risk Management, Internal Audit, Operations, Treasury and Finance.

**NOTES TO THE FINANCIAL STATEMENTS
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29. RISK MANAGEMENT – CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has standards, policies and procedures dedicated to controlling, monitoring and mitigating risk arising from its activities.

Members of the Risk Management department are granted credit approval authority consistent with their experience and judgment. Each Credit Officer granted credit approval authority is provided with a memorandum outlining the extent of that approval authority. All such delegated authorities must be approved by the Board or a delegated body before such delegation of authority may be activated.

Where a proposed limit is in excess of delegated authorities, the Board or a delegated body and the Global Credit Committee ('GCC') must assess the creditworthiness of the counterparty, assign an internal rating, and establish the credit limit. The Board or a delegated body has the authority to decline or reduce any credit approval made by the GCC or made by a member of Risk Management under delegated authority.

The credit review is an important part of the Group's credit risk management process. The purpose of the credit review is to assess the Group's exposure to the counterparty relative to that counterparty's financial capacity; to establish, reaffirm or modify the internal risk ratings; to establish, reaffirm or modify credit limits; and to take corrective action to remedy any deficiencies that might have been identified in the review process. Credit reviews are required at the time of the initial approval of credit limits for a counterparty and on a periodic basis thereafter based on the counterparty's review cycle.

The Risk Management department undertakes credit reviews of other members of the Cantor Group with which the Group trades and assigns credit limits to these entities. All such limits are presented to the Board or a delegated body for approval.

The Risk Management department is responsible for the day-to-day monitoring of credit limits. A weekly credit report is prepared which is widely circulated and includes members of the Board and FCALCO on the distribution list.

A quarterly report is prepared for the FCALCO. This report contains management information on credit exposures, credit stress testing, credit limit breaches and related matters. A summarised version of this report is prepared for the Risk Oversight Committee.

Credit risk concentrations

The Group is potentially exposed to single name credit concentration risk and is exposed to sectoral risk in the financial sector. Concentration risk is the probability of losses arising from significant exposure to a particular counterparty or group of counterparties. The Group manages its single name concentration risk through counterparty credit limits as well as the FCA Large Exposure risk requirements. The credit risk stress testing model takes into account both sectoral and single name concentration risk.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

29. RISK MANAGEMENT – CREDIT RISK (continued)

Cash at bank: Client segregated and own funds

Risk Management considers and approves the list of creditworthy banks. No funds are placed with any entity that has not been approved by the Risk Management department. Periodic reviews are held to determine whether the policy remains appropriate or whether changes are required. Credit risk is also diversified by placing funds with several banks.

The table below shows the maximum exposure to credit risk for components of the statement of financial position, including derivatives. The main exposure is shown gross, before mitigation through the use of netting agreements and offset of collateral held at clearing houses, which is recorded within trade debtors.

	2020 US\$000	Restated 2019 US\$000
Gross maximum exposure of on balance sheet items		
Fixed asset investments	94,222	76,915
Current asset investments	56,939	56,760
Trade debtors	265,599	416,900
Amounts owed by parent undertakings	-	3,916
Amounts owed by affiliate undertakings	16,462	20,553
Other debtors	291,828	242,521
Cash at bank and in hand	258,620	140,853
Gross maximum exposure of off balance sheet items		
Pending trades receivable	5,000,497	4,052,682
Total	<u>5,984,167</u>	<u>5,011,100</u>

Trade debtors consist primarily of brokerage receivables (details of which are set out below), and principal trading receivables, which are amounts owing from highly rated financial institutions with short-term exposures, averaging three days. As a result the probability of default is considered low. Other debtors, gross of provisions, primarily consist of a total US\$284,565k (2019: US\$221,986k) amount of loans to staff of BGCSHLLP.

Name Give-Up business

The credit risk exposure from the name give-up business arises from the risk of not collecting or reclaiming commissions that have been billed to a counterparty. Outstanding receivables are actively monitored and followed up on a regular basis by the Brokerage Receivables department and senior management, where appropriate. The types of counterparties that the business transacts with help to manage the risk of default as these are predominantly investment grade banks and investment firms.

Aged brokerage receivable reports are produced and reviewed daily. The FCALCO reviews brokerage receivables on a regular basis. The default rate on receivables for amounts owed over one year or more is very low and allowances for potentially irrecoverable amounts are determined on an individual case by case basis.

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

29. RISK MANAGEMENT – CREDIT RISK (continued)

Name Give-Up business

The table below shows the ageing analysis of the gross maximum exposure of name give-up business trade debtors, which are past due but not impaired:

	2020 US\$000	2019 US\$000
Less than 3 months	19,323	23,378
3 months or more	51,045	56,461
	<u>70,368</u>	<u>79,839</u>

Matched Principal Transactions

Credit risk from matched principal trading is not deemed significant as it is mitigated by settlement predominantly taking place on a Delivery versus Payment ('DVP') basis. Counterparty credit limits are in place for each counterparty.

DVP is the settlement of principal transactions where the payment and transfer of the subject security occur simultaneously on the settlement date. At nearly all stages neither the Group nor the client is out of cash and security at the same time. Pending and failed trades do not expose the Group or the client to the full value of the trade, but only to market risk in the event of default leading to failure to settle and the subsequent need for a replacement open market transaction. Settlement normally occurs within a central depository e.g. DTC, Euroclear.

The credit risk exposure from the matched principal business arises from the risk of a counterparty defaulting and causing the transaction to fail. The exposure is not the full settlement value of the transaction that has failed but is limited to market movement on the value of the security during the period from execution until the replacement trade has settled. At settlement, where a counterparty has failed to settle, the Group finances the failed transaction in the market using secured financing facilities.

Of the failed trades to deliver at 31 December 2020, US\$nil remained open at 31 July 2021 (US\$nil remained open at 31 July 2020). Of the failed trades to receive at 31 December 2020, US\$nil remained open at 31 July 2021 (US\$nil remained open at 31 July 2020).

No other class of financial assets were past due for either 2020 or 2019.

Credit Quality per Class of Financial Assets

Current asset investments

The credit risk on investments in US Treasury Bills is considered low.

Trade debtors

The material trade debtors mostly relate to name give-up and matched principal trading which have been discussed above.

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29. RISK MANAGEMENT – CREDIT RISK (continued)

Amounts owed by group undertakings

Amounts owed by group undertakings primarily relate to administrative support, IT services and BGCSHLLP recharges. Amounts owed by related parties are settled upon demand.

Other debtors

Other debtors primarily consists of staff loans. Given the short term nature (up to three years) of these balances and the fact that these are recoverable from staff, the credit risk is considered low.

Cash at bank and in hand

Cash at bank and at hand consist of cash and money market fund deposits held at credit worthy financial institutions.

The provision for impairment of name give-up business trade debtors is US\$4,304k (2019: US\$2,552k) and represents the expected reduction in the amount receivable as a result of invoicing amendments, other disputes and specific provisions for doubtful debts.

30. RISK MANAGEMENT – MARKET RISK

The Group classifies exposures to market risk into either trading or non-trading portfolios. The non-trading portfolio includes various financial instruments, mainly consisting of debt securities and foreign currency swaps, entered into for funding purposes. In general, the Group seeks to avoid holding financial instruments that would be classified into the trading book category. However, in the ordinary course of business the Group may hold long and short inventory positions, intra day or occasionally overnight. These transactions may be the result of an error or to facilitate clients' execution needs, to add liquidity to a market or to attract additional order flow.

Position monitoring - Matched principal business

In order to manage this risk, the Risk Management department monitors the trading book to determine if all positions are booked to counterparties in matched principal transactions. If unmatched or unallocated positions are noted, Risk Management investigates these with the assistance of operations, product control and front office staff. If any valid positions are held, management is notified and Risk Management monitors these to ensure that unmatched positions are liquidated promptly. All such positions held overnight are hedged where possible.

Fixed asset investments

Fixed asset investments are mostly unlisted investments in exchange memberships. The Group faces market risk arising from uncertainties about future values in respect of its available for sale investments. The effect of a 10% movement in the underlying valuation of its listed and unlisted available for sale investments, assuming all other factors remain constant, would be a US\$9,372k (2019: US\$7,666k) change in shareholders' funds. There would be no material impact on comprehensive income unless a decline in valuation was prolonged and an investment's carrying value exceeded its recoverable amount.

The market risk on these investments is considered low as the investments are in established exchanges.

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31. RISK MANAGEMENT – INTEREST RATE RISK

Certain of the Group's financial assets and liabilities are exposed to interest rate changes as a result of contractual re-pricing.

The carrying value of the interest bearing monetary assets and liabilities has been classified according to the earliest date at which the interest rate may change:

	Less than 1 year US\$000	More than 1 year US\$000	Non-interest bearing US\$000	Total US\$000
31 December 2020				
Cash at bank and in hand	258,620	-	-	258,620
Other financial assets	308,616	-	285,672	594,288
Subordinated loans payable	-	(51,000)	-	(51,000)
Other financial liabilities	(1,920)	-	(424,724)	(426,644)
Total	<u>565,316</u>	<u>(51,000)</u>	<u>(139,052)</u>	<u>375,264</u>
	Less than 1 year US\$000	More than 1 year US\$000	Non-interest bearing US\$000	Total US\$000
31 December 2019 - Restated				
Cash at bank and in hand	140,853	-	-	140,853
Other financial assets	278,746	-	422,551	701,297
Subordinated loans payable	-	(63,000)	-	(63,000)
Other financial liabilities	(371)	-	(464,219)	(464,590)
Total	<u>419,228</u>	<u>(63,000)</u>	<u>(41,668)</u>	<u>314,560</u>

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Interest rate risk for the Group arises from cash at bank, subordinated and secured loans payable and other financial assets or liabilities as noted above.

The Group is currently financed by subordinated loan from a limited partner, BGCGLP, amounting to US\$51,000k (2019: US\$63,000k) and matures in July 2023.

The Group estimates that a 1% hypothetical adverse movement in interest rates would have resulted in an increased charge to the Group Statement of Comprehensive Income of US\$550k (2019: US\$564k).

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32. RISK MANAGEMENT – LIQUIDITY RISK

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. The liquidity position of BGCBLP is regulated by the FCA who require BGCBLP to prepare an annual Individual Liquidity Adequacy Assessment ('ILAA') to ensure the business has sufficient liquidity to meet its requirements. The FCA reviews the ILAA and will then provide Individual Liquidity Guidance to BGCBLP, which BGCBLP ensures it complies with.

Liquidity risk can arise from mismatching in the timing of cash flows. A lack of liquidity could stop or materially hinder the operations of the Group as well as lead to significant reputational damage. The Group engages in matched principal trading and name give-up activity which by their nature, result in a relatively low level of liquidity risk.

Liquidity risk from matched principal trading is low and is mitigated by settlement taking place on a DVP basis. DVP utilises a central depository e.g. DTC or Euroclear, enabling the movement of the cash and security simultaneously. Pending and failed trades do not expose the Group or the client to the full value of the trade prior to settlement, but only to market risk in the event of default by a counterparty leading to failure to settle and the subsequent need to replace the defaulting counterparty with a new open market transaction.

There is intraday and overnight liquidity risk associated with the Group's matched principal trading. Intraday funding is required to buy/receive securities before those securities can be sold/delivered for same day settlement. The Group readily acknowledges that it cannot operate a matched principal business without access to intraday credit. The Group relies on various clearing banks and organisations for secured intraday credit to facilitate settling of its trades. The credit providers have rights of lien over the assets they are funding but may require additional collateral to mitigate their intraday credit exposure to the Group. The Group primarily manages exposure to potential loss of intraday credit in the following two ways:

- i) Maintaining good relationships with providers of intraday credit and active communication on the credit worthiness of the Group to a broad array of creditors, including clearing banks. The credit worthiness of the Group is critical to the continued access to intraday credit; and
- ii) Recognition that intraday credit providers may call for collateral to reduce their assessed credit exposure to the Group. As such, conservative estimates of potential collateral calls (in a stressed environment considered within the ILAA) are assessed for each intraday credit provider. The Group believes that providing adequate collateral will allow it to maintain access to significant amounts of intraday credit through a variety of stress events, and thus allow it to continue its business.

The Group also retains cash as a liquidity reserve for a variety of other business as usual and stressed events, and has access to other currencies via the foreign exchange swap market, as determined by the Group's internal liquidity models.

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32. RISK MANAGEMENT – LIQUIDITY RISK (continued)

Liquidity risk arising from liability maturity

The largest balance sheet usage is in the form of self-generating assets such as brokerage receivables which tend to be mostly funded by self-generating liabilities such as brokers' compensation. Aside from cash, the remainder of the assets tend to be investments, fixed assets and employee loans which are illiquid and are funded with long term liabilities. The Group utilises a cash capital model to ensure sufficient long dated funding of illiquid assets and it utilises a stressed liquidity model which results in the need to hold cash and highly liquid unencumbered government securities, such as US Treasury Bills, (together, a liquidity reserve) to provide a liquidity buffer that could be utilised in stressed market conditions.

As at 31 December 2020, the Group had non-derivative financial liabilities with maturities of less than 1 year totalling US\$426,644k (2019: US\$464,590k) and non derivative financial liabilities greater than one year totalling US\$51,000k (2019: US\$63,000k). Derivative financial instruments are settled within one year of the balance sheet date on a gross basis and are included in trade debtors and trade creditors, dependant on the total net fair value, of each trading counterparty.

33. RISK MANAGEMENT – FOREIGN EXCHANGE RISK

The Group is exposed to risks associated with changes in foreign exchange ('FX') rates. The Group's operations generate a significant portion of its revenues and expenses in Euros and British Pounds. Therefore any unhedged adverse movements of these currencies against the US Dollar can result in a negative movement in the Group's net assets. Changes in translation of the Group's net assets are recorded as part of its results of operations and fluctuate with changes in exchange rates.

For USD functional members of the Group, a 1% foreign exchange movement for all non USD currencies with all other variables held constant, would result in an increase or decrease in the Group Statement of Comprehensive Income and a corresponding increase or decrease in Partners' funds as at the balance sheet date of US\$388k (2019: US\$295k). For non USD functional members of the Group, a 1% foreign exchange movement on consolidation of non USD functional currency subsidiaries, with all other variables held constant, would result in an increase or decrease in Partners' funds as at the balance sheet date, of US\$400k (2019 US\$158k). The risk is considered to be low as the FX exposure is managed through a daily monitoring and hedging process in order to reduce potential losses caused by exchange rate variations. For the year ended 31 December 2020, the Group had reported a foreign exchange loss of US\$946k (2019: gain of US\$343k) in the Group Statement of Comprehensive Income.

34. RISK MANAGEMENT – OPERATIONAL RISK

Operational risk is the risk of loss, resulting from inadequate or failed internal processes, people and systems, or from external events. When controls fail to perform, operational risks can cause damage to reputation, have regulatory and legal implications or lead to financial loss. It is recognised that operational risk is inherent in the business that the Group undertakes and that it is critical that this is managed appropriately according to the General Partner's risk appetite, through a programme of sound operational risk management. Controls include effective segregation of duties, access controls, authorisation controls, reconciliation procedures and various assessment processes and the use of Internal Audit.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

34. RISK MANAGEMENT – OPERATIONAL RISK (continued)

The ORCC was established to reduce the impact and frequency of failures materialising through the identification, assessment, monitoring, and reporting of risks and through the enhancement of controls in relation to the operational risks inherent within the business.

Risk and Control Self Assessments ('RCSAs') are carried out by each of the Group's functional areas and business lines with support from the Risk Department. It is expected that each RCSA should be reviewed on at least an annual basis or where a significant loss event occurs, where Key Risk Indicator ('KRI') values indicate an increase in inherent risk, or where control weaknesses are identified (e.g. through Internal Audit reports or issues raised by the External Auditors). The RCSAs are subject to review and challenge in the first instance by the Risk Department and then by the ORCC.

35. RISK MANAGEMENT – CAPITAL RISK

The Risk Department prepares a quarterly report which forms part of a pack of information provided to the ORCC. This pack also includes wider risk information relating to compliance, internal audit, legal and business continuity. A summarised version of the pack is submitted to the Board and the ROC. In addition to the quarterly report, other ad hoc reporting may be made where operational risk indicators within the risk appetite (e.g. KRI thresholds or operational risk losses) breach the escalation threshold.

The Group maintains an actively managed capital base to cover risks inherent in the business.

Objectives, policies and processes for managing capital

The primary objectives of the Group's capital risk management are to ensure that the Group complies with externally imposed capital requirements and to ensure that the Group will be able to continue as a going concern, while maximising the return to stakeholders, through the optimisation of the debt and equity balances. The capital structure consists of subordinated debt, disclosed in note 18, and Partners' funds, disclosed in note 20.

The Group manages its capital structure and makes adjustments to it in light of economic conditions and the risk characteristics of its activities and regulatory requirements. In order to maintain or adjust the capital structure, the Limited Partnership has the ability to adjust the amount of distributions paid to, or request additional capital contributions from, its partners.

	2020	Restated 2019
	US\$000	US\$000
Partners' funds	417,445	387,661
Minority Interests	22,718	14,595
Subordinated loans	51,000	63,000
Total	<u>491,163</u>	<u>465,256</u>

Regulatory capital

The Group's regulatory capital consists of its Partners funds and subordinated loans, less deductions for goodwill and intangibles.

The Group's current regulated subsidiaries, were in compliance with their minimum solo regulatory capital requirements throughout the current year. The Group did not breach its minimum consolidated regulatory requirements throughout the current and prior year.

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

36. RISK MANAGEMENT – REGULATORY ENVIRONMENT RISK

The Group is regulated on a consolidated basis by the FCA. A subsidiary entity, BGCBLP, is authorised and regulated by the FCA. BGCBLP is authorised to arrange transactions and deal in investments on a matched principal basis in Dubai by the DFSA, and is also authorised to arrange transactions and deal in financial instruments as an agent in Bahrain by the CBB. In the US, BGCBLP is registered with the NFA as an Introducing Broker in compliance with CFTC regulations. BGCBLP also holds an Australian Market Licence with the Australian Securities and Investments Commission ('ASIC'), which is required to deal with clients based in that jurisdiction. BGCBLP's Nyon Branch is regulated by the Swiss Financial Market Supervisory Authority ("FINMA"). A French subsidiary, BGC France Holdings, is supervised by the French Prudential Supervision and Resolution Authority ('ACPR'). Its subsidiary, Aurel BGC is authorised and regulated by the ACPR, it is also regulated by the Autorité des Marchés Financiers ('AMF'). Another subsidiary, Sunrise Brokers L.L.P. ('Sunrise'), is authorised and regulated by the FCA, but subsequent to 31 December 2020 applied for deauthorisation (see Note 39). The Group must also comply with UK, Bahrain, Danish, Dubai, French, German, Spanish, and Swiss legislation and taxation authorities in respect of corporate income, indirect and employment taxes.

Changes in the regulatory framework such as the IFR in Europe and Dodd-Frank in the US, as well as the UK's recent Brexit may have some impact on the financial performance of the business and are closely monitored by the Group, including any regulatory risks. The implementation of the European Market Infrastructure Regulation (EMIR) and the Dodd Frank Act has resulted in greater reporting of information in relation to business activities, and for certain standardised derivative contracts to be cleared through central counterparties. The Board of the General Partner monitors these developments through its various sub committees, including the ROC and the ORCC, to ensure management action is taken in response to regulatory developments and any risks associated with non-compliance are closely monitored.

The Group has no tolerance for known and deliberate breaches of applicable laws, regulatory requirements or corporate policies. The Group accepts that unintentional or inadvertent breaches may occur from time to time. The Group expects internal systems and controls (including training of staff and documentation of policies and procedures) to be designed and implemented with the aim of detecting, preventing and therefore minimising (both in terms of frequency and impact) the occurrence of breaches. The Group has negligible tolerance for repeated breaches which are based on materially similar fact patterns. The Board expects to be notified of any breaches, or if there is any material/elevated risk in this regard.

Furthermore, the Group expects that monitoring, surveillance and self-reporting will promptly identify issues which may have regulatory consequences. Where material exceptions are identified, the ROC expects to be informed of the issue and any remediation actions on a timely basis. The Group will ensure that the remedial action taken is appropriate so that the issues highlighted are satisfactorily addressed. Where necessary this will involve adjusting the internal control framework so that it is kept in line with the regulatory risk profile. The Group is only prepared to conduct business in jurisdictions within which it has obtained the necessary regulatory approvals.

BGC EUROPEAN HOLDINGS LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

37. CONTINGENT LIABILITY

From time to time the Group may become subject to various litigation, regulatory matters or employment related claims. The directors have considered any current matters pending against the Group. Where a claim is considered to be more likely than not to result in a cost to the Group, a provision has been made on management's best estimate of the cost of the Group of settling such claims. Certain other matters may give rise to a material future outflow of economic benefit, however management consider that this is not probable and, based on the facts and circumstances, that it is not possible to reliably estimate the amounts involved.

38. QUALIFYING PARTNERSHIP ACCOUNTS EXEMPTION

The following Qualifying Partnerships have taken advantage of the exemption not to prepare partnership accounts for filing with the registrar, in accordance with regulation 7 of the Partnership (Accounts) Regulations 2008, as they are included on a consolidated basis in these audited group accounts:

BGC Brokers L.P.
Tower Bridge International Services L.P.
BGC International L.P.
BGC M L.P.

39. POST BALANCE SHEET EVENTS

Sunrise Brokers LLP

With effect from 1 March 2021, BGCBLP and Sunrise, both subsidiaries of the Group, entered into a new arrangement. Sunrise has agreed to provide its services to BGCBLP, in exchange for a share of the revenue BGCBLP generates from trading under its 'Sunrise Brokers' brand. Sunrise ceased its regulated activities on that date and has submitted an application to the FCA to surrender its authorisation to conduct regulated activities.

Distribution

On 23 September 2021, the General Partner approved the payment of a US\$80m distribution to the members of the Parent Limited Partnership, contingent on these financial statements being approved.

There are no other significant events occurring after the balance sheet date, up to the date of approval of the financial statements that would meet the criteria to be disclosed or adjusted in the financial statements as at 31 December 2020 and for the year then ended.

40. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The General Partner is BGC European GP Limited. The Limited Partners are BGC Global Holdings, L.P., which is registered in the Cayman Islands, and BGC Brokers Holdings, L.P., which is registered in the United States of America. The immediate controlling party is the General Partner; it has exclusive responsibility for the management and control of the business and affairs of the Limited Partnership. The ultimate controlling party is Cantor Fitzgerald, L.P., which is registered in the United States of America.

The smallest and largest group to make its financial statements publicly available into which the results of the Group are consolidated is BGC Partners, Inc., which is registered at 499 Park Avenue, New York, NY 10022, United States of America. The largest group into which the results of the Limited Partnership are consolidated is Cantor Fitzgerald, L.P.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

41. RESTATEMENT

During the fourth quarter of 2020, the BGC Group identified the theft of UK tax payment related funds. The theft, which occurred over several years ending September 2020, was perpetrated by two individuals, one of whom was a member of BGCSHLLP whilst the other was employed by TBIS, who worked for the Group. An insurance claim has been made in relation to the thefts and litigation has commenced against the two individuals seeking recovery of the stolen amounts. The Group's subsidiary, TBISLP, being the Group's service provider responsible for dealing with such tax matters for the affected entities, has taken financial responsibility for the theft. TBISLP has recognised a provision for the stolen funds and incremental expenses.

The Group has restated the prior year opening balances and amounts in these financial statements relating to the theft. The investigation into the theft revealed that the Group owes HMRC US\$21,289k in relation to unpaid taxes (including net foreign exchange gain) and US\$3,045k in associated interest and penalties. It was also revealed that some of the misappropriated funds had been transferred to BGCSHLLP as members capital during 2018. After de-recognising that amount of capital, certain members of BGCSHLLP were considered salaried members under HMRC's salaried member rules. This resulted in the Group needing to provide US\$2,348k for National Insurance.

The restatement to the 2019 Statement of Comprehensive Income of US\$10,818k includes an amount of US\$7,973k in respect of the unpaid taxes and a foreign exchange loss of US\$873k, US\$1,170k in interest and penalties, and US\$802k for National Insurance. The restatement to the retained earnings at 1 January 2019 of US\$15,864k includes US\$13,661k in respect of the unpaid taxes and a foreign exchange gain of US\$1,218k, US\$1,875k in interest and penalties, and US\$1,546k for National Insurance.

The Group's deferred tax asset has also been restated by US\$1k to reflect the tax effect of the theft, the Group's retained earnings as at 1 January 2019 has been restated accordingly.

The summary effect of the adjustments on the primary financial statements is shown below:

BGC EUROPEAN HOLDINGS LP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

41. RESTATEMENT (Continued)

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 US\$000	Adjustment US\$000	Restated 2019 US\$000
Turnover	752,657	-	752,657
Cost of sales	(445,474)	(802)	(446,276)
Gross profit	307,183	(802)	306,381
Administrative expenses	(209,280)	(8,846)	(218,126)
Operating profit	97,903	(9,648)	88,255
Income from fixed asset investments	3,990	-	3,990
Interest receivable and similar income	6,906	-	6,906
Interest payable and similar charges	(9,970)	(1,170)	(11,140)
Other income	22,931	-	22,931
Profit on ordinary activities before taxation	121,760	(10,818)	110,942
Tax credit on profit on ordinary activities	(2,579)	-	(2,579)
Profit for the financial year	119,181	(10,818)	108,363
Profit for the financial year	119,181	(10,818)	108,363
Revaluation of available of sale investments	10,520	-	10,520
Deferred tax on revaluation of available for sale investments	(1,707)	-	(1,707)
Exchange differences on retranslation of subsidiary undertakings	(351)	-	(351)
Total other comprehensive income for the year	127,643	(10,818)	116,825
Total comprehensive income/(loss) for the year attributable to:			
Minority interests	7,054	-	7,054
Owners of the Parent Limited Partnership	112,127	(10,818)	101,309
	119,181	(10,818)	108,363

BGC EUROPEAN HOLDINGS LP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

41. RESTATEMENT (Continued)

**GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	2019 US\$000	Adjustment US\$000	Restated 2019 US\$000
Fixed assets			
Goodwill and intangible assets	35,946	-	35,946
Tangible assets	64,643	-	64,643
Investments	76,915	-	76,915
	<u>177,504</u>	<u>-</u>	<u>177,504</u>
Current assets			
Debtors	658,707	(1)	658,706
Investments	56,760	-	56,760
Cash at bank and in hand	140,853	-	140,853
	<u>856,320</u>	<u>(1)</u>	<u>856,319</u>
Creditors: amounts falling due within one year	(534,248)	(26,682)	(560,930)
Net current assets	<u>322,072</u>	<u>(26,683)</u>	<u>295,389</u>
Total assets less current liabilities	499,576	(26,683)	472,893
Creditors: amounts falling due after more than one year	(63,000)	-	(63,000)
Provisions for liabilities	(7,637)	-	(7,637)
Net assets	<u>428,939</u>	<u>(26,683)</u>	<u>402,256</u>
Capital and reserves			
Partners' capital account	227,958	-	227,958
Available for sale reserve	47,758	-	47,758
Currency translation reserve	(9,522)	-	(9,522)
Partners' income account	148,150	(26,683)	121,467
Partners' funds	414,344	(26,683)	387,661
Minority interests	14,595	-	14,595
Total equity	<u>428,939</u>	<u>(26,683)</u>	<u>402,256</u>

BGC EUROPEAN HOLDINGS LP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

41. RESTATEMENT (Continued)

**GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 US\$000	Adjustment US\$000	Restated 2019 US\$000
Partners' capital accounts at 1 January 2019	227,958	-	227,958
Partners' income account and other reserves	62,091	(15,865)	46,226
Profit for the year	112,127	(10,818)	101,309
Other comprehensive income	8,462	-	8,462
Merger accounting adjustment	3,706	-	3,706
Partners' funds at 31 December 2019	<u>414,344</u>	<u>(26,683)</u>	<u>387,661</u>

BGC EUROPEAN HOLDINGS LP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

41. RESTATEMENT (Continued)

**GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 US\$000	Adjustment US\$000	Restated 2019 US\$000
Profit for the financial year	119,181	(10,818)	108,363
Adjustments for:			
Depreciation of tangible fixed assets	13,420	-	13,420
Amortisation of intangible fixed assets	6,581	-	6,581
Loss on disposal of tangible fixed assets	5,525	-	5,525
Interest paid	9,970	1,170	11,140
Interest received	(6,906)	-	(6,906)
Income from investments	(3,990)	-	(3,990)
Disposal of subsidiary undertakings	(19,192)	-	(19,192)
(Decrease) in working capital	(11,929)	9,648	(2,281)
Decrease in amounts owed by affiliates	15,225	-	15,225
(Increase) amounts owed by parent undertakings	(3,916)	-	(3,916)
(Decrease) amount owed to parent undertakings	(28,223)	-	(28,223)
(Decrease) amount owed to affiliates	(9,871)	-	(9,871)
(Decrease) in provisions	(3,581)	-	(3,581)
Tax paid	(1,014)	-	(1,014)
Net cash generated from operating activities	81,280	-	81,280
Cash flows from Investing activities			
Purchase of short term investment	(285)	-	(285)
Disposal of subsidiary undertakings	19,192	-	19,192
Purchase of tangible fixed assets	(42,423)	-	(42,423)
Interest received	6,906	-	6,906
Dividends received	3,990	-	3,990
Net cash used in investing activities	(12,620)	-	(12,620)
Cash flows from financing activities			
Distribution paid	-	-	-
Repayment of loans	(18,000)	-	(18,000)
Interest paid	(9,970)	-	(9,970)
Repayment of minority interest	-	-	-
Net cash used in financing activities	(27,970)	-	(27,970)
Net increase in cash and cash equivalents	40,690	-	40,690
Cash and cash equivalents at beginning of year	98,906	-	98,906
Effect of exchange rates on cash at bank and in hand	886	-	886
Cash and cash equivalents at the end of year	140,482	-	140,482

BGC EUROPEAN HOLDINGS LP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

42. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2020 US\$000	Cash flows US\$000	Interest charges US\$000	Changes in market value/ exchange rate US\$000	At 31 December 2020 US\$000
Cash and cash equivalents	140,482	125,688	(5,482)	(3,988)	256,700
Subordinated loans payable	(63,000)	16,505	(4,505)	-	(51,000)
Derivatives	(1,860)	-	-	(1,941)	(3,801)
Net debt	<u>75,622</u>	<u>142,193</u>	<u>(9,987)</u>	<u>(5,929)</u>	<u>201,899</u>

BGC EUROPEAN HOLDINGS LP
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
43. CAPITAL REQUIREMENTS DIRECTIVE IV ("CRD IV") – COUNTRY BY COUNTRY REPORTING

The tables below show the country-by-country reporting for the Group

Table 2 – for the year ended 31 December 2020

Country	UK	UK	Bahrain	UAE	Denmark	Germany	Spain	Ireland	Switzerland	Turkey	France	Total
Type	BGC Brokers LP	Other entities	BGC Brokers LP	BGC Brokers LP	BGC Brokers LP & Other entities	BGC Brokers LP & Other entities	BGC Brokers LP & Other entities	Other entities	BGC Brokers LP	Other entities	Other entities	
Turnover (US\$'000)	422,782	136,639	3,906	58,366	3,160	5,916	4,737	1,276	46,879	-	80,979	764,640
Average Number of Employees	4	1,508	13	31	4	27	5	2	60	-	204	1,858
Profit or (loss) before tax (US\$'000)	33,284	700	(38)	29,107	1,170	(1,561)	1,559	77	(820)	(49)	6,976	70,405
Corporation tax (received) / paid (US\$'000)	-	462	-	-	1,074	-	549	-	-	-	(55)	2,030

Table 2 – for the year ended 31 December 2019 (Restated)

Country	UK	UK	Bahrain	UAE	Denmark	Germany	Spain	Ireland	Switzerland	Turkey	France	Total
Type	BGC Brokers LP	Other entities	BGC Brokers LP	BGC Brokers LP	BGC Brokers LP	BGC Brokers LP	BGC Brokers LP	Other entities	BGC Brokers LP	Other entities	Other entities	
Turnover (US\$'000)	431,238	139,198	3,574	49,235	1,911	3,956	3,424	-	63,259	-	56,862	752,657
Average Number of Employees	4	1,654	13	32	4	21	3	-	53	5	191	1,980
Profit or (loss) before tax (US\$'000)	30,086	50,879	(479)	18,762	414	(2,166)	1,488	-	13,473	(355)	(1,160)	110,942
Corporation tax (received) / paid (US\$'000)	-	1,314	-	-	-	-	-	-	-	-	(300)	1,014