MIFIDPRU 8 Disclosures 2023

For

BGC Brokers LP

Table of Contents

1. Overview

1.1. Background

BGC Brokers LP, ('BGCB' or 'the Firm') is regulated by the Financial Conduct Authority ('FCA') as a FCA investment firm and is subject to the Overall Financial Adequacy Rule ("OFAR") that is set out under the Investment Firm Prudential Regime ("IFPR") and the FCA Prudential Sourcebook for MiFID Investment Firms ('MIFIDPRU').

The Firm is part of the global BGC Group, Inc group ("BGC Group"), which comprises BGC Group, Inc., and its subsidiaries.

IFPR came into force on the 1st January 2022 and establishes the framework for regulatory financial resource management and includes components that require FCA investment firms to assess the adequacy of their financial resources. The Firm is a MIFIDPRU £750k Non-Small & Non-interconnected ("Non-SNI") Firm.

Under MIFIDPRU 8 (Disclosure), FCA investment firms are required to disclose specific information on the following areas:

- Risk management objectives and policies;
- Governance arrangements;
- Own funds;
- Own funds requirements;
- Remuneration policy and practices (as required under MIFIDPRU and SYSC19G); and
- Investment policy, if relevant.

1.2. Disclosure policy

These disclosures have been prepared on a solo basis for BGCB as per MIFIDPRU 8.1.7. These disclosures cover the financial position for the year ended 31 December 2023 and were approved by the Board.

This document has been prepared following the disclosure rules set out in MIFIDPRU 8.

1.3. Nature of business

The principal activity of the Firm is as an inter-dealer broker providing integrated voice and electronic services to wholesale market participants, including the operation of an Organised Trading Facility (OTF).

The Firm is active in many products and markets including, but not limited to, equities, fixed income, rates, foreign exchange, equity derivatives, commodities, listed futures & options and structured products, offering a full range of brokerage services including price discovery, trade execution and access to electronic trading services. The Firm provides integrated voice and electronic services to wholesale market participants across the globe from its offices in the UK, Switzerland, and the Middle East.

Brokerage services are delivered either on: -

- a matched principal basis, whereby the Firm will transact between the client and the counterparty, then will settle the transactions on its own account; or
- a name give-up basis, whereby the Firm will arrange the transaction between the client and the counterparty and then provides the details to those parties, who will settle the transaction between themselves.

1.4. Scope of application

BGCB, as the individual MIFIDPRU Investment Firm, meets the level of application as defined in MIFIDPRU 8.1.7.

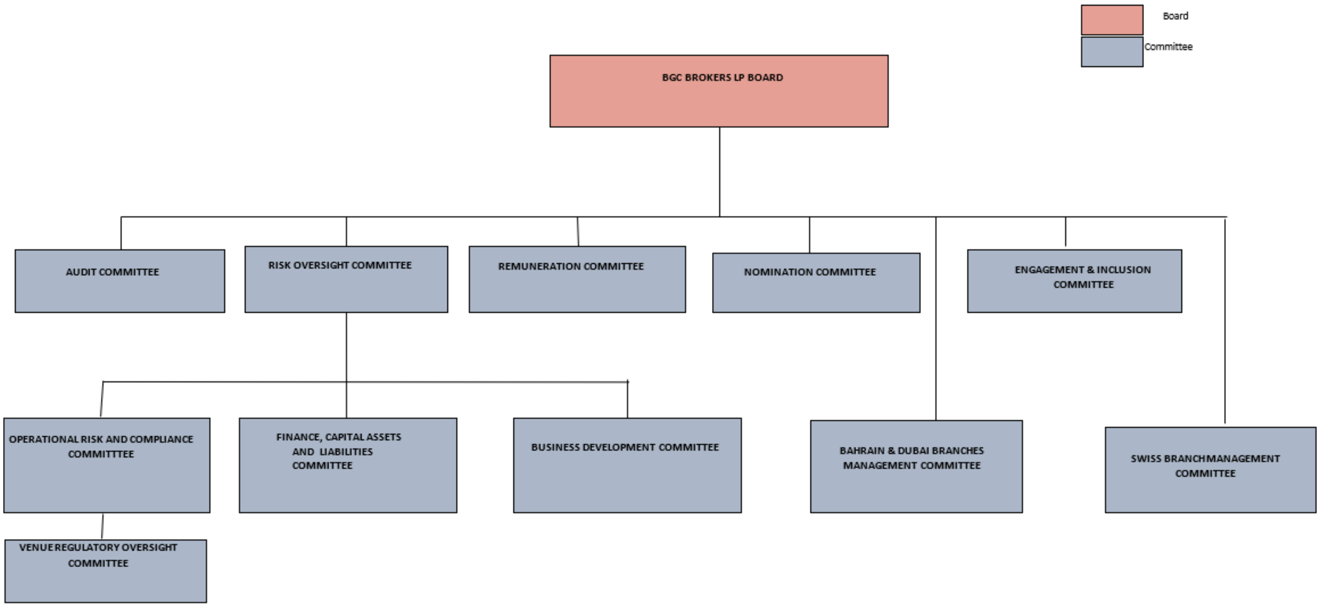
2. Governance Arrangement

2.1. Governance

The Firm has developed an orderly governance structure to ensure that there is clear and swift communication from top to bottom (and bottom to top) of all key business-related issues. Governance of the Firm comprises of the board, board committees and management committees, which operate via systems and processes through which the Firm's departments and staff articulate their findings, exercise their opinions, meet their obligations and mediate their differences. This ensures that three key objectives are delivered:

1. Authority;
2. Decision making; and
3. Accountability.

Within the Firm's governance structure, there are clearly defined roles and responsibilities. A summary of the key committees and departments has been provided below:



2.2. Roles and Responsibilities - Key Committees and Departments

2.2.1. The Board

Overall responsibility for risk management lies with the Board of BGC Brokers LP ("the Board"). The Board sets the "tone from the top" and establishes the risk appetite for each risk category. The Board approves the risk management framework and oversees the application of methodologies, risk policies, roles and responsibilities. This is in line with the Firm's strategic and operational goals of establishing a system of financial, operational and compliance controls and monitoring through risk management systems. The Board is also responsible for approving the business strategy, the business plan and internal capital adequacy and risk assessment ("ICARA"), which sets out the framework by which the Firm manages its regulatory capital and liquidity.

2.2.2. Risk Oversight Committee and Audit Committee

The Board relies on the Risk Oversight Committee (“ROC”) and Audit Committee (“AC”), which comprises of non-executive directors, to provide recommendations on risk appetite, Operational Resilience framework, tolerance and strategy. In recommending the risk appetite, the ROC is responsible for reviewing and challenging the risk framework including the methodology and model assumptions.

The ROC and AC are 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.

2.2.3. Finance, Capital Assets & Liabilities Committee (FCALCO)

This executive management committee manages, oversees and/or reports on activities in relation to capital, liquidity, assets and liabilities, market risk, credit risk and, to the extent applicable, conduct risk. The committee’s core responsibilities are to ensure individual business lines are aligned with the Firm’s overall objectives and are proactively controlled as regards to prudential risk. The committee has responsibility for managing financial risk strategy whilst ensuring that it adheres to risk appetite set by the Board. The committee, in conjunction with the ORCC, is responsible for approving/recommending the ICARA to the Board.

2.2.4. Operational Risk and Compliance Committee (ORCC)

The ORCC is an executive management committee whose responsibilities include, but are not limited, to:

- Monitor and challenge operational risks within the Firm and ensure that its internal controls and the risk management framework are properly established according to guidelines;
- Review and manage operating issues which arise in the ordinary course of business;
- Promote a culture and conduct designed to mitigate operational risks;
- Ensure that Senior Management have the appropriate understanding, skill, and authority to manage operational risk; and
- Review, challenge and recommend the ICARA for approval at the Board.

2.2.5. Business Development Committee (BDC)

The Business Development Committee (BDC) is responsible for ensuring that any business developments have been assessed in respect of any new risks, their impact on both capital and liquidity, and their impact on other risks.

2.2.6. Risk Management Department

Through monitoring and reporting, the Risk Management department is responsible for ensuring that operational, counterparty-credit and market risks are kept in line with risk appetite. For operational risk, this is accomplished by a range of interconnecting risk and control methodologies that are embedded throughout the Firm. As for counterparty-credit and market risk, this is accomplished by establishing consistent standards, applying those standards in the assessment of counterparties and positions, adhering to delegated authority limits, and monitoring current and potential exposures after the execution of transactions.

A Risk Appetite Statement is prepared by the Risk Management Department and articulates the Board’s view on the amount of operational, counterparty-credit and market risk that the Firm is prepared to accept, tolerate or be exposed to at any point in time. This cascades through the Firm and used as a basis for decision-making.

The Risk Management department has an independent reporting line to the ROC, which is comprised of Non-Executive Directors (NED). The Chief Risk Officer is a member of the various management committees and attends the relevant board sub-committees.

2.2.7. Internal Audit Department

The effectiveness of the internal control system is reviewed regularly by the independent internal audit function, which directly reports to the Audit Committee. Internal Audit establishes an annual audit plan based on discussions with management and the assessment of risks inherent in the Firm's activities. Based on the results from these audits it provides assurance to Senior Management and the Board that the system of internal controls achieves its objectives and highlights gaps and areas for improvement.

2.3. Directorships

Name	Role at BGCB	Number of UK External Directorships*
Mr D.A. Denyssen	Chief Financial Officer	0
Mr S. J. Harper	Non-executive Director	1
Dr G.P. Lyons	Non-executive Director	3
Ms B. Merry	Non-executive Director	4
Mr J. M. Skitt	Head of Human Resources	0
Mr S. Smith	Non-executive Director	2
Mr N.G. Stewart	Chief Information Officer	0
Mr S.A. Windeatt	Chief Executive Officer	0

**Excluding those within the BGC Group or in organisations not pursuing commercial objectives*

2.4. Diversity of the management body

The Board firmly believes in the benefits of greater diversity in senior leadership. The Firm has signed up to HM Treasury's Women in Finance Charter (the "WIFC"), which commits signatory firms to set percentage targets to increase the proportion of women in senior management roles and publicly report annually on their progress in seeking to meet these targets, including stating whether they believe they are currently on track to meet their overall targets (see "UK Women in Finance Charter" tab at www.bgcg.com/esg/social/). In this regard, we have publicly committed to women making up 25% of our senior management roles by 2027. When we signed up to the WIFC in September 2021, we had 10% female representation in senior management roles. As of 30 September 2023, we had 17% female representation in senior management roles. As such, we believe we are on track to meet our overall WIFC target of 25% by our deadline of September 2027. The strategy in seeking to stimulate such diversity includes developing links with agency and search firms which focus on female hiring, our ongoing Women's Leadership Programme and supporting Professional Qualifications.

A number of further initiatives are in place to foster greater diversity and inclusion and promote our organisational Core Values (Integrity, Commitment and Opportunity), including an extensive programme of Early Careers, Work Experience and Internship initiatives focusing on diverse talent (including the 10,000 Black Interns, Young Women in Finance and School Leaver Programmes), our Mentorship Programme, firmwide Culture Champions and Network of Women affinity group. The Firm also delivers a wide range of classroom-based talent offerings including mandatory "Best of Behaviours" and "Preventing Harassment in the Workplace" in-person training, which interactively explores inclusive behaviours, challenges bias mindsets, and pioneers safe and inclusive workplace environments, as well as mandatory online diversity and inclusion training for all new joiners.

The Firm is committed to equal opportunity, diversity, inclusion and other policies and practices that seek to further our development of a diverse and inclusive workplace. We consider all qualified applicants for job openings and promotions without regard to any characteristic that has no bearing on the ability of employees to do their jobs well. Our recruitment, promotion and compensation processes are designed to enable us to treat employees fairly and our compensation decisions are differentiated based on performance. We continue to develop initiatives to support this ethos, with our organisational Core Values underpinning all our activities.

Talent remains at the core of who we are as a Firm, and we remain committed to having a culture built around inclusion and developing a diverse workforce. We continue to work to enhance our ability to attract, develop and retain top talent with an emphasis on increasing representation of traditionally underrepresented groups at all levels of the organisation, encompassing early careers to experienced hiring, retention and development initiatives. Our goal is to build an even more successful organisation that more closely reflects the broader population.

3. Risk Management

3.1. Risk Identification

Early and comprehensive identification of risk is an essential element of the Firm's Enterprise Risk Management ("ERM") for effective management of its activities. The Risk Management Department's framework provides management with the tools to assist in the identification of potential risks or risk concentrations as early as possible and sets out reasonable and appropriate measures to be taken to manage these risks.

There are additional risks with regards to new products being developed and brought onto the market. Before commencing business with new products, types of business and/or markets, the risks inherent in them and the resultant effects must be identified. It is the responsibility of the first line of defence (i.e. the business) to identify the most material risks faced by the Firm. The methods to identify risks can vary across business units and functions, but typically they would include:

- **Risks that have occurred externally** – Areas where there have been documented risk events in similar organisations;
- **Previous Assessments** – Consideration of risks identified in previous iterations;
- **Previous Operational Risk Events**– Areas where there have been previous internal incidents in the Firm or where analysis of external loss data has identified risk that could occur in the Firm;
- **New business and acquisitions** – Initial risk assessments and due diligence with regards to new business products and business acquisitions; and
- **Internal and External Audit** – Consideration of risks that stem from internal and external audit findings.

Top-down review of risks that have been identified and are documented in the Overarching Risk Policy. This policy sets the basis for the risk framework for the Firm.

The business is responsible for the identification and day-to-day management of risks. Senior Management, with the responsibility for overseeing the Front and Back Office functions, are responsible for all control related business issues and management of the issues in their business function, within the limits and control environment established by the Board.

The Risk Management department review the risks identified and provide challenge as to additional risks that should be considered.

All identified risks are mapped to the Firm's risk categorisation model to ensure that all risks to which the Firm is exposed are categorised and reported in a consistent manner.

The Firm's strategy, risks and capital structure are reviewed and challenged by the Board of BGCB on a regular basis as part of the Firm's governance process, or whenever there is a material change to the Firm's business or operating model. The Board ensures that the Firm holds sufficient own funds and liquid assets to meet the risk of harm to clients, the market and itself.

3.2. Existence of independent risk oversight and assurance functions

The significant risks to the Firm are continually monitored, assessed and managed by operating the three lines of defence model for the risk management and control of the business. The model distinguishes between functions that own and manage risks, functions overseeing risks and functions providing independent assurance.

In certain instances, departments may perform both first- and second- line activities (e.g. Treasury). Any such instance, and the associated controls, is detailed in departmental procedures ensuring appropriate segregation of duties.

First line of defence comprises senior business and operational management for Operational, Market and Credit risks, and Front Office and Treasury for Liquidity risk. The first line of defence's members own the risks and controls and have responsibility and accountability for identifying, assessing, controlling and mitigating risks.

Second line of defence comprises the Risk Management, Legal and Compliance departments for Operational, Market and Credit risks, with senior and business management, Treasury and the FCALCO for Liquidity risk, who challenge, review and monitor the implementation of effective risk management practices by business and operational management. The second line of defence also independently provides reporting and escalation of risk issues up and down the organisation.

Third line of defence, Internal Audit, through a risk-based approach, provides assurance to the Board and senior management, on how effectively the Firm assesses and manages its risks, including the manner in which the first and second lines of defence operate. This assurance covers all elements of the risk management framework, i.e. risk identification, risk assessment and response to escalation of risk related information.

1st Line of Defence	Business Management, Front Office
2nd Line of Defence	Risk, Legal, Compliance
3rd Line of Defence	Internal Audit

A key tenet of the three lines of defence model is that senior management of the Firm, in particular those senior managers with responsibility for overseeing the front and back-office functions, are responsible for all control related business issues and have full accountability for the management of the risks in their business function, within the limits and control environment established by the Board. All members of staff are required to take a prudent approach to risk taking and to regularly review the effectiveness of their control environment. Adherence to this is achieved in part through the Risk & Control Self-Assessment process undertaken by the Risk Champions with support from the Enterprise Risk team.

The Firm's independent control functions (Risk Management, Compliance and Internal Audit) are responsible for providing assurance that the control environment is fit for purpose and to enable the identification and escalation to the Board of the Firm's key risks and appropriate actions to mitigate them. The three key control functions may combine resources, skills and technical expertise in conducting monitoring, oversight and review work.

3.3. Risk Appetite

The Board has set its risk appetites in order to identify and define the type and levels of risk of harms to clients, the market and to the Firm itself that the Firm is willing to accept in pursuit of its strategic goals and priorities. In essence, it describes what risks the organisation is willing to take and those which it will not. The risk appetite framework is designed to ensure that it is fully aligned to the Firm's business model and strategy.

3.3.1 Operational, Regulatory and Financial Crime Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. Operational risks can result in harms to clients, the market and to the Firm. The Firm recognises that some risks, however unwelcome, are unavoidable (e.g. terrorism, natural disasters, disruptions, and consequences of economic downturn). It is therefore accepted that some level of such risks must be tolerated to avoid stifling or curtailing business operations. It also recognises that it may be sensible to accept risks where the cost of mitigation/avoidance exceeds the expected loss, provided the resultant risk is within agreed tolerance. However, the Firm has no appetite for deliberate breaches of company policy, regulatory requirements or wilful behaviour that results in client detriment. In addition, the Firm has no appetite for operational, regulatory and financial crime risks which could materially harm the Firm's reputation.

3.3.2 Legal Risk

The Firm has no tolerance for knowing and deliberate breaches of applicable laws and regulations; but accepts that unintentional or inadvertent breaches of laws and regulations may occur from time to time. Robust internal systems and controls (including training of staff and documentation of policies and procedures) have been designed to minimise (both in terms of frequency and impact) the occurrence of such breaches/failures. The Firm endeavours to minimise the impact caused by any unintentional breaches by taking suitable mitigating actions (such as disciplinary action against employees, etc.).

3.3.3 Conduct Risk

The Firm has defined conduct risk as the risk of harming client interests, market integrity and/or competition in financial markets due to an inappropriate culture, or inappropriate practices or behaviours across the Firm. The Firm has no tolerance for known and deliberate misconduct and/or breaches of internal policy/ legislation resulting (or having the potential to result) in harm or an unfair outcome for clients and/or market integrity issues; and has no tolerance for known and deliberate promotion of ineffective competition within the financial markets.

3.3.4 Credit and Concentration Risk

The Firm accepts that its matched principal business can result in credit risk concentrated in the financial sector, which could arise because of pre-settlement risk from potential market volatility combined with a counterparty default within the pre-settlement window. It also has limited risk appetite with regards to brokerage receivables and surplus funds. These risks could result in a risk of harm to the Firm, but it is not expected to result in a risk of harm to markets or clients, in consideration of current controls in place. The Firm has a robust framework and measures in place to mitigate these risks.

Additionally, credit and concentration risk could arise from the Firm's exposure to high quality counterparties on its cash deposits, which is regarded as non-trading activity and as such is not captured through the K-factor calculations. Whilst controls are in place in respect of the review of the credit worthiness of the cash deposited with counterparties and the regular monitoring by the Treasury function of these counterparties, this risk is assessed as part of the ICARA process and is included as part of the additional own funds' requirement.

3.3.5 Market Risk

The Firm seeks to avoid market risk. However, in the ordinary course of business the Firm understands that it may hold long and short inventory positions intra-day, or occasionally overnight. These transactions may be because of an error or to facilitate clients' execution needs, adding liquidity to a market or attracting additional order flow. All such positions held overnight are hedged where possible. The Firm has a limited appetite for balance sheet FX risk. The Firm accepts that FX risk can arise as it transacts in currencies other than its functional currency which is USD.

3.3.6 Liquidity Risk

The Firm defines liquidity risk as the risk to the Firm arising from its inability to meet its funding and payment obligations as and when they fall due, in both normal and stressed conditions.

The Firm's approach to managing and mitigating its liquidity risk is included as part of the ICARA process under the Liquidity Risk Assessment. The Firm recognises that to conduct its current business, it must hold sufficient liquidity both in quantum and type to meet this assessment.

The Firm are not members of any Central Security Depositaries (CSD) or Central Counterparty Clearing (CCP) houses and therefore have de minimis intraday or inter-day liquidity risk. Instead, it holds liquidity to support its clearing providers in times of market wide, idiosyncratic and combined stresses.

The Firm produce daily management reports stating its liquidity position versus its requirement and a series of KPI's to advise management of potential or actual liquidity risks.

3.4. Control Environment

Governance and Responsibilities – It is the responsibility for each of the functional areas, Committees, the Board, to consistently review and challenge any operational risks and their subsequent controls to ensure that all material key risks are understood, monitored and managed.

Internal Control Testing – Internal control testing provides a method to independently test the design and effectiveness of key controls, which are related to key risks. Outcomes from this exercise act as a key input into the Risk and Control Self-Assessment (RCSA) process.

Internal Audit and Compliance Departments conduct process reviews and control testing throughout the year. They provide Committees with assurance that the risk and control environment is fit for purpose ensuring that key issues are identified and escalated for adequate oversight. To minimise duplication and implement a cohesive approach, these teams along with the Enterprise Risk team will share plans and findings.

Regulatory Requirements – It is essential that the Risk Management Department, the ORCC and the Board keep up to date with all current and future regulatory requirements, and to ensure that they are delivered in the appropriate capacity.

Regulatory requirements are monitored on a regular basis and all changes are reflected in the developments, amendments and updates to the operational risk policy, methodologies, guides and processes. Relevant changes are communicated to the committees and the Board which is evidenced in the minutes. Any current interaction with regulators, including investigations, is included in the overall assessment of Risk exposures.

3.4.1 Risk Analysis and Assessment

RCSAs were conducted covering all business areas for the Firm, one for each Risk Champion. The approach followed the Firm's enterprise risk methodology. RCSAs were prepared and have been signed off by the Risk Champions. Outputs from the RCSA were used to assist in deciding the operational risk scenarios and the chosen scenarios were discussed in the context of any high residual impacts, or high residual frequency indicators for the Firm. When conducting the scenario analysis, due regard was taken to the Firm's risk appetite to ensure consistency of approach. Scenarios were selected as events that could occur in the future as well as in the present. All the scenarios chosen, together with summaries of those considered and discarded were discussed, reviewed, and challenged by the ORCC.

3.4.2 Risk Events

An operational risk event is an incident that has impacted or had the potential to impact the business in a negative manner. Such an event may result in a financial loss, gain, near miss and/or reputational damage to the Firm.

Operational Risk Event Database ("OpRED") is an online database used to capture information on operational risk events. All employees have access to OpRED and are trained on its functionality. Employees are aware that it is their responsibility to log operational risk events in their respective functions. The data collected provides an insight into the nature of losses experienced by the Firm, providing a reference point in respect of risk identification and control failure.

Root Cause Analysis – Root cause analysis is a collective term that describes a wide range of approaches, tools and techniques used to uncover the initial causes of problems. Formal root cause analysis is performed for the most significant control failures and forms the basis for remediation action.

3.5. Operational Resilience Framework

Operational Resilience focuses on how BGCB can continue to provide Important Business Services ("IBS") to clients and markets on the basis that disruption is inevitable, including from unexpected events.

The key components of operational resilience include defining and understanding the Firm's IBS and thus calculating the maximum Impact tolerance levels (ITL's) by which an outage may cause intolerable harm to clients, markets or the Firm.

Business services have been collated and documented into an inventory from which the Firm followed a systematic approach based on FCA requirements to determine its Important Business Services.
The Firm has analysed and set impact tolerances for each of its Important Business Services. The impact tolerances have been set by judging (quantitatively where appropriate) the potential impact from severe but plausible disruption scenarios, relevant to each service, from confidentiality breaches, integrity events, or from availability failures, and in the context of all the relevant factors set out in the FCA regulation.

Given that operational resilience regulation is based on the effective delivery of the Important Business Services to the clients, scenario testing includes a focus on these services and the ability to remain within the impact tolerances set by the Firm. Scenario testing considers "severe and plausible" scenarios that stress tests the Firm's capability to deliver important business services and to assess its ability to remain within its impact tolerance for each of its IBS's. The Firm carries out scenario testing regularly and when there is a material change to the Firm's businesses, IBSs or ITLs.

The Firm keeps up to date a written record of their self-assessment of their compliance with FCA requirements. A lessons learned exercise is conducted so the Firm can review the experiences of an event, including a project, an incident, a crisis and a scenario test, identifying both the positive experiences, and those areas where improvements can be made.

BGCB has in place a communication strategy which has been defined as part of the ongoing Business Continuity Management plan in the EMEA Incident Management Guide (IRG) which includes the Internal & External Communication Process and is being used for operational resilience matters.

The Board and governance committees demonstrate their responsibility for directing, evaluating, and monitoring the overall Operational Resilience framework but delegate the Business as usual ("BAU") role and responsibilities and subsequent processes and controls via the below operating model:

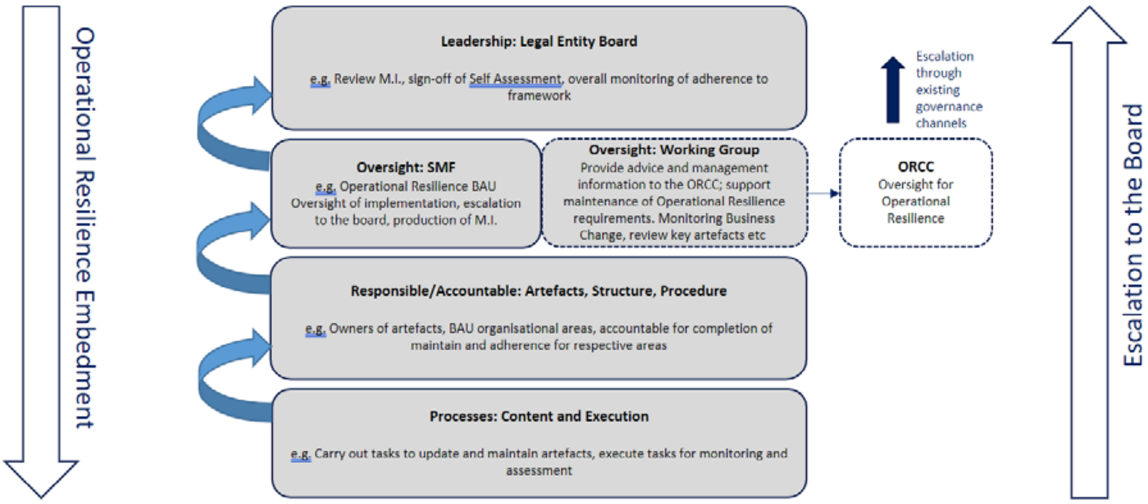


Table 1: The ORCC is responsible for the oversight and control of the Operational Resilience Framework within the Firms, whilst BAU is managed by the Firms Operational Resilience Working Group (ORWG). The ORWG meets regularly and provides updates to the Board.

Operational Resilience is an ongoing assessment of the Firm's ability to monitor its IBS and set appropriate ITL's. The Firm is committed to re-assess both the IBS & ITL's at least once a year or whenever there is a material change within the business. Furthermore, the Firm will continue to invest in the BAU governance, the development of enhanced framework and metrics and ensure alignment to the Operational Risk Management frameworks to achieve target operating model for managing Operations Resilience.

4. Own Funds

4.1. Composition of Regulatory Own Funds and Reconciliation to the Balance Sheet in the Audited Financial Statements

The Firm only holds Common Equity Tier 1 Capital ("CET1"), which consist of partners' capital, partners' income accounts and revaluation reserves. The Firm does not have any Additional Tier 1 or Tier 2 Capital.

Deductions that are made from CET1 are in respect of the prudential valuation and the investment the Firm holds in its French subsidiary, BGC France Holdings SAS.

The below table (OF1) shows the composition of the Firms' regulatory Own Funds as at 31 December 2023.

Table OF1

Composition of regulatory own funds			
	Item	Amount (USD thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements for the year ended 31 December 2023
1	OWN FUNDS	250,433	
2	TIER 1 CAPITAL	250,433	
3	COMMON EQUITY TIER 1 CAPITAL	250,433	
4	Fully paid-up capital instruments (Partners capital accounts)	152,285	Statement of changes in Partners' Funds
5	Share premium	N/A	
6	Retained earnings (Partners Income account)	159,994	Statement of changes in Partners' Funds
7	Accumulated other comprehensive income	-	
8	Other reserves	3,666	Statement of changes in Partners' Funds
9	Adjustments to CET1 due to prudential filters	(2)	
10	Other funds	-	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(65,510)	Note 11

Table OF2 below shows a reconciliation of BGCB's regulatory Own Funds with its balance sheet from the 2023 audited financial statements:

Table OF2

Own funds: reconciliation of regulatory own funds to balance sheet in the 2023 audited financial statements			
		a	c
		Balance sheet as in published/audited financial statements	Cross reference to table OF1
		As at 31 December 2023 (USD 000's)	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements			
1	Tangible assets	52	
2	Fixed asset investments	66,002	Item 11
3	Debtors	285,456	
4	Current investments	31,140	
5	Cash at bank and in hand	121,247	
	Total Assets	503,897	
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements			
1	Creditors: amounts falling due within one year	(185,190)	
2	Provisions for liabilities	(2,762)	
	Total Liabilities	(187,952)	
Capital and Reserves			
1	Partners' capital accounts	152,285	Item 4
2	Partners' income accounts	159,994	Item 6
3	Revaluation reserve	3,666	Item 8
	Total Capital and Reserves	315,945	

Main features of own instruments issued by the Firm
CET1 instruments are wholly comprised of Limited Partnership Capital.

4.2. Capital Adequacy

4.2.1 Approach to assessing capital adequacy

The main objective of IFPR is to establish the Firm's compliance with the OFAR, in accordance with MIFIDPRU 7.4.7R, which sets out that:

A firm must, at all times, hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

(a) the Firm is able to remain financially viable throughout the economic cycle under stress, with the ability to address any material potential harm that may result from its ongoing activities; and

(b) the Firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

The MIFIDPRU handbook introduces thresholds on Capital (Own Funds threshold requirement "OFTR") and Liquidity (Liquid assets threshold requirement "LATR") that the Firm must assess. The components of these include Permanent Minimum Capital (PMC), K-Factor Requirement (KFR), Fixed Overhead Requirement (FOR) and any additional own funds or liquidity that is required.

BGCB performs an Internal Capital and Risk Assessment (ICARA), as a collective term, which is used to describe the systems, controls & procedures that the Firm deploys, to ensure compliance with the OFAR.
The ICARA process is done at least annually or when a material change to the business takes place. It combines the ICARA and the Recovery & Wind-down Plan (WDP)[1] into a single document, whereas previously these were prepared as separate documents as required by the pre-2022 regulatory regime.
The Firm uses the ICARA process to determine its Threshold Requirements (OFTR & LATR) and the trigger points for its Recovery Actions and its Orderly Wind-Down.
The ICARA not only assesses the internal risks of harms faced by the Firm, but also assesses the risk of harms posed by the Firm, to both its clients and the markets, as both a going concern and in a wind-down scenario.

4.2.2 Own Funds Requirements (MIFIDPRU 8.5)

Under IFPR, a firm must calculate its Own Funds Requirement in accordance with MIFIDPRU 4.3. The Firm is required to hold own funds in excess of the higher of the following:

- the Firm's Permanent Minimum Capital Requirement (PMC);
- its Fixed Overheads Requirement (FOR) under MIFIDPRU 4.5; or
- its Sum of K-factor Requirements under MIFIDPRU 4.6 (KFR)

The Permanent Minimum Requirement for the Firm is £750,000 and does not scale with harm.

In accordance with MIFIDPRU 8.5.1, the table below shows the KFR for the Firm broken down into three groupings – Risk to Clients, Risk to Firm and Risk to Market respectively as calculated on 31 December 2023. The FOR on 31 December 2023 is based on the audited financial statements for the prior year ended 31 December 2022. This is due to the 2023 accounts not being approved until after the year end.

K-Factor Requirement and Fixed Overheads Requirement

		USD'000
KFR	∑ K-AUM, K-CMH & K-ASA	21
	∑ K-DTF & K-COH	37,430
	∑ K-NPR, K-CMG, K-TCD & K-CON	1,925
Fixed Overheads Requirement		71,857

The Firms' current business activities give rise to the following K-Factor requirements:

- Client Money Held ('K-CMH')
- Daily Trading Flow ('K-DTF')
- Client orders handled ('K-COH')
- Net Position Risk ('K-NPR')
- Trading Counterparty Default ('K-TCD')
- Concentration Risk ('K-CON')

[1] Detailed wind-down plans are maintained as a separate document. However, the WDP forms part of ICARA document.

The Firms' current business activities render the following K-Factors inapplicable:

- Assets Under Management ('K-AUM')
- Assets Safeguarded and Administered ('K-ASA')
- Clearing Member Guarantee ('K-CMG')

5. Remuneration

5.1. Purpose of the Remuneration Policy

The purpose of the Policy and the various Firm Policies is to ensure that Firm's Remuneration:

- Supports robust governance in line with the Firm's risk appetite;
- Promotes sound and effective risk management;
- Ensures the business is sustainable and that the firm's financial resources are aligned to principles of safety and soundness; and that of the Financial Conduct Authority's ("FCA's") FCA;
- Encourages responsible business conduct, fair treatment of clients as well as avoiding conflicts of interest in the relationships with clients.

The Policy defines the Firm's remuneration policies, procedures and practice in accordance with the FCA's Remuneration Code and MiFID II remuneration requirements.

Through effective remuneration governance and risk management the Firm will:

- Attract, develop and retain high-performing candidates and staff drawn from as diverse a talent pool as possible to deliver its business strategy;
- Encourage appropriate conduct and behaviours from staff;
- Ensure that compensation arrangements are equitable and neutral in design and application and do not favour or discriminate, directly or indirectly, on the basis of any protected characteristic of an individual in accordance with the Equality Act 2010;
- Ensure that compensation arrangements are designed to appropriately balance risk and financial results in a manner that does not encourage staff to expose the Firm to excessive or imprudent risk;
- Avoid remuneration practices which could provide inappropriate incentives to staff or otherwise have the potential to damage the Firm's business, reputation, its relationship with customers or regulators;
- Avoid remuneration practices that conflict with our duty to act in the best interests of our clients, including the manner in which we assess the performance of all relevant persons within the firm; and
- Avoid remuneration practices that could provide an incentive to recommend a particular financial instrument to a client when a different financial instrument would better meet that client's needs.

The Board approves and adopts the Policy at the recommendation of the Remuneration Committee. The Policy is subject to at least one annual review by the Remuneration Committee and approval by the Board.

5.2. Key Remuneration Principles

The Firm is committed to ensuring it attracts the best talent regardless of gender, race, or sexuality and to ensure that talent flourishes within the organisation and is rewarded accordingly.

The Firm is also committed to promoting a culture of high performance and ethical standards, where talented staff can achieve excellent business results, develop their careers and be appropriately rewarded.

The approach to remuneration is to ensure that staff are compensated appropriately for their skills, experience and the sustainable value they bring to the business.

The Firm's approach to remunerating its staff is designed to achieve the following:

- Attract, recognise, develop and retain key talent;
- Provide a total reward package that is competitive and attractive within the market place;
- Motivate and reward people who demonstrate behaviours in line with the Firm's core values that are being adopted namely:
  - Integrity
  - Commitment
  - Opportunity
- Ensure remuneration practices are designed to embed effective risk disciplines and to be fully compliant with all appropriate governance; and
- Comply with relevant regulatory and legal requirements.

5.3. Compensation

The Firm operates a total compensation philosophy whereby the level of overall compensation awarded to a staff member is assessed considering the combined value of fixed and variable remuneration. Remuneration consists broadly of fixed remuneration (i.e. base salary) and variable remuneration in the form of a performance-related award, a portion of which will be deferred in the form of equity with contingent vesting.

5.3.1 Base Salary (fixed remuneration)

Salaries (fixed remuneration) are intended to compensate staff for their skills and experience taking into account local market practice.

5.3.2 Performance-based Remuneration (variable remuneration)

5.3.2.1 Front Office bonus arrangements

Any bonus or commission or advance on profit allocation payable to the Firms' brokers is generally based on six monthly periods, paid three months in arrears and subject to the approval of the CEO of the Firm. Payment in arrears ensures that any irregularities in a transaction on which bonus/commission/advance on profit allocation is payable will be detected before the payment is due.

The Firm retains an overriding discretion over whether and how much to pay by way of bonus or commission or profit allocation, notwithstanding that a high-level numeric formula also commonly applies to determine the desk pools from which bonuses are paid.

Compliance with applicable regulations, the fair treatment of clients and the quality of services provided to clients is expressly relevant to the exercise of that discretion as provided for in the Firm's employment contracts or deeds of adherence. Additionally, consideration is given by the relevant manager of the individual's overall conduct, over a multi-year period and both financial/market conduct as mentioned above and non-financial behavioural conduct in line with the Firm's Core Values as well as the bonus impact guidelines referred to below in cases of misconduct.

A proportion of brokers' remuneration may consist of cash and/or a non-cash grant of equity units, typically in BGC Group, Inc., subject to the terms of the grant documents under which such non- cash compensation is awarded, including any vesting and cancellation provisions and restrictive covenants.

5.3.2.2 Corporate and Shared Services bonus arrangements

The Firm has always placed emphasis on its people receiving non-cash compensation (i.e. Restricted Stock Units (RSUs)) as a substantial part of their variable compensation. In recent years, stock and other equity option/ownership programmes have been rolled out to the wider workforce at most levels of seniority. The compensation arrangements of Higher Earners are designed to integrate compensation with achieving short-term and long-term business objectives and to assist with attracting, motivating and retaining high quality people and rewarding them for superior performance by making them stakeholders in the business.

All Shared Services staff earning over £100,000 in total compensation receive a proportion of their compensation in RSUs.

The variable component of the compensation arrangements is discretionary and subject to various criteria including the financial performance of the regulated entities as well as the individual's overall conduct over a multi-year period in line with bonus impact guidelines referred to below.

- For all staff, fixed compensation is considered sufficiently high to allow full flexibility with regard to the discretionary variable component, including the possibility of paying no such component at all.

5.3.2.3 Non-Executive Directors ("NEDs")

NEDs are remunerated based on an annual fixed fee as well as additional fees reflecting the number of board and other committee meetings they attend on an annual basis. They are not eligible for any bonus.

5.3.2.4 Guaranteed Bonus Payments

Guaranteed bonus remuneration is only paid on an exceptional basis and the focus of such payments is for new hires' sign-on bonuses, usually as a mitigant for bonus they have foregone from their previous employer. Any proposal to pay a guaranteed bonus to any Front Office/Shared Services employee is reviewed for Remuneration Code compliance by the HR and the Legal department before being agreed with candidates and before being paid.

The number and nature of guaranteed bonuses are monitored monthly by HR.

All reasonable steps are taken to ensure that any sign-on bonus is proportionate to the new hire's previous remuneration terms (e.g. deferral and/or retention periods). The new hire may be required to provide written confirmation that any guarantee offered is not more generous than their previous remuneration package. A provision to this effect is included in the employment contract and provides for (i) specific consent to allow the relevant trading entity to contact a previous employer for verification, and (ii) a requirement to repay and/or voiding provision if such representation is subsequently found to be incorrect or untrue.
Guaranteed bonuses may only be offered in exceptional circumstances as a one-year guarantee to a new hire in the first year of joining.

5.3.2.5 Bonus Eligibility - Support staff

All support staff, including those on probation, may be considered eligible to participate in the bonus programme for the prior performance year, subject to the following:

- *Disciplinary proceedings* may affect eligibility, whether ongoing or concluded.
- *New Hires and Staff on Probation.* Provided a new hire joins prior to 1 October they may be eligible to be considered for a discretionary bonus. Any bonus award may be pro- rated for the period during which the new hire joined the Firm during the performance period.
- *Transfers between Business Units.* If a staff member transfers internally or is a shared resource across two or more businesses, the individual's bonus will be determined by reference to proportionate input from the respective business units.
- *Leavers.* Staff are not eligible to receive any bonus if they have given or received notice of termination before the payment date.
- *Absence.* Staff who are absent for a significant period throughout the year may have any bonus award pro-rated or based on the extent of contribution made during the year.

5.3.3 Malus and clawback - misconduct and bonus adjustments

All financial and non-financial misconduct that results in disciplinary action will be recorded on the Firm's Conduct Register (the "Conduct Register") and an assessment undertaken by the relevant manager as to whether there should be an impact upon bonus. This assessment is undertaken with HR support and with reference to additional guidance, which is approved by RemCo and may be updated from time to time.

In addition to a process for adjusting bonuses to be paid, the non-cash unit component of remuneration allows the Firm the ability to clawback parts of variable remuneration already awarded. These equity units only monetise in the future into saleable stock at the discretion of the Firm. Therefore, if misconduct is discovered, as well at the ability to adjust future bonuses to be paid as described above, the Firm has the ability through its equity scheme to cancel units already granted as part of previous bonus cycles. Equity units are a feature of remuneration for most Front Office members and staff.

5.3.4 Termination Payments

There is no common practice of making termination payments other than those required by law (for example statutory redundancy payments). No termination payments are made to reward failure.

5.3.5 Remuneration and Capital

Variable remuneration will only be paid provided there is sufficient regulatory capital. Front Office variable remuneration (commission or bonus or profit allocation) is only payable where revenue exceeds costs. For Corporate and Shared Services staff, the senior management of the relevant employing entity approve variable remuneration with regard to the financial performance of the Firm over the performance period. While those staff are entitled to be considered for a discretionary bonus or profit allocation, the use of such discretion could result in zero awards being made.

The Firm is committed to maintaining a sufficient surplus of regulatory capital and, in the event that the Firm needed strengthen its capital base (against requirements), its board have the discretion to, and would, reduce the overall amount of any variable remuneration to be paid to Corporate and Shared Services staff.

5.4. LLP Members' Renumeration

LLP members receive a monthly fixed draw, at the discretion of the relevant board, and an additional advanced draw from time to time.

Once the performance of the LLP is known, at the discretion of the relevant board, a profit allocation will be made to the members based on the LLP and their performance.

The members renumeration is aligned to the relevant sections of the firms Remuneration policy framework.

5.5. Employee Loans

The Firm has entered into agreements with certain of its employees to grant various types of loans in return for their services to the Firm.
These loans incentivise the employees with equity awards by providing them with liquidity against the distribution of existing and future equity awards and/or proceeds against the future equity unit sales that have been awarded in BGC Group, Inc.
The loans are payable in the timeframes set out in the agreements and are aligned to the relevant sections of the Firms' Renumeration Policy framework.

5.6. Material risk takers aggregate remuneration information

Material risk takers ("MRT") are defined as staff whose professional activities have a material impact on the Firm's risk profile. The table below provides aggregate quantitative information on MRT remuneration.

MATERIAL RISK TAKERS REMUNERATION FOR 2023		
	Senior management[1]	
	No. of recipients	$000
Fixed remuneration during 2023	13	4,462
Variable remuneration awarded for 2023 performance:		
Cash	13	1,130
Equity	12	9,610
Total		10,740
Outstanding deferred remuneration change during the year:		
Awarded	12	9,610
Lapsed due to performance outcomes or adjustments	-	-
Lapsed due to leaving service	-	-
Vested	10	6,008
Outstanding unvested as at 31 December 2023	12	37,057
Sign-on payments or awards	-	-
Severance payments	-	-
Highest individual severance payment	-	-

(1) All senior management are Material Risk Takers (MRT)

5.7. Governance and Responsibilities

5.7.1 The Board of Directors

The Board of Directors is ultimately responsible for the overall remuneration philosophy and policy for the Firm.

5.7.2 The Remuneration Committee ("RemCo")

RemCo is responsible for assisting the board to exercise independent judgement in considering, agreeing and overseeing the overall remuneration philosophy and policy for the Firm. It comprises of the NEDs as members, and the Heads of HR and Compliance representatives. RemCo's terms of reference ensure that it:

(a) Is satisfied that the Firm is compliant with the remuneration requirements of the FCA handbook, including whether the:

(i) remuneration policies are consistent with and promote sound and effective risk management, and do not encourage risk-taking that exceeds the level of tolerated risk within the Firm

(ii) remuneration policies are in line with the Firm's business strategy, objectives, values and long-term interests of the Firm; and

(iii) remuneration policies, together with the manner in which performance is assessed are not structured in a manner that encourages behaviour that is detrimental to the best interests of our clients. More specifically, remuneration must aim to encourage responsible business conduct, fair treatment of clients as well as avoid conflicts of interest in the relationship with our clients.

(b) Is consulted by senior management and senior representatives of the Risk and Compliance functions regarding remuneration proposals for individuals about whom the compliance and risk functions have concerns;

(c) Considers conduct, both financial and non-financial, of staff recorded in the Conduct register, including whether their remuneration has been impacted as a result of their conduct;

(d) Exercises competent and independent judgement on the Firm's remuneration practices and the incentives created for managing risk, capital and liquidity;

(e) Reviews the Firm's remuneration policies, remuneration policy statement and makes proposals and recommendations regarding changes and enhancements;

(f) Is aware of the remuneration of the Firm's senior officers in the Risk and Compliance functions; and

(g) Is aware of the remuneration of the top earners in the Front Office and/or the reasons for significant changes to those earnings. The RemCo shall determine the scope of the Front Office information they wish to receive.

5.8. Control Functions

5.8.1 Independence of Control functions

The Firm ensures that all staff engaged in control functions are independent from the business they oversee. They are managed by a Shared Service department and not by a business unit. They have appropriate authority and are remunerated:

- Adequately to attract qualified and experienced staff;
- With an appropriate ratio of fixed to variable remuneration in which the fixed element will usually be significantly higher;
- With their variable remuneration set by Shared Services senior line managers; and
- In accordance with the achievement of the objectives linked to the function, independently of the performance of the business they oversee.

All control functions and business units are required to maintain appropriate systems and controls to implement this policy effectively. These systems and controls may vary according to business requirements, but should include at a minimum:

- Appropriate resources to implement and oversee the requirements of this policy effectively;
- Adequate monitoring and oversight of controls to enable assurance as to the effective operation of the policy to be provided to the RemCo; and
- Appropriate management information to support the annual remuneration cycle.

In the implementation of this policy, conflicts of interest must be avoided between the members of the control functions and the business they oversee, such that control functions' objectives are independent of the performance of the business and their personal objectives are based solely on the objectives of their own control function.

5.8.2 Risk Function

The Head of Risk, supported by the Risk function, is required to:

- Attend at least one RemCo meeting and ensure that performance-related remuneration and the Firm's Remuneration Policy remain appropriate taking account of the Firm's risk appetite;
- Maintain a comprehensive record of breaches and risk incidents (actual and near misses);
- Provide information to RemCo on the performance of the business divisions against risk appetite in order to allow those governing bodies to take current and potential future risk fully into account in the assessment of performance for the purpose of determining bonus outcomes; and
- Review the achievement of individual and business objectives for the Risk function at year-end and feed into the bonus process.

5.8.3 Compliance Function

The Head of Compliance attends the RemCo as a representative and supported by the Compliance function, is required to:

- Report to the RemCo at year end on conduct and compliance considerations relevant to the determination of remuneration outcomes;
- Maintain a comprehensive record of compliance breaches.

6. Investment Policy

In accordance with MIFIDPRU 8.7.6, a firm is only required to make disclosures regarding its investment policy in the following circumstances:

- Where its holdings relate to a company whose shares have been admitted to trading on a regulated market;
- Where the proportion of voting rights that the Firm directly or indirectly holds in that company is greater than 5% of all voting rights attached to the shares issued by the company; and
- Only in respect of shares in that company to which voting rights are attached.

As the Firm does not have any company holdings that meet these criteria, the Firm is not required to make the disclosures required under MIFIDPRU 8.7.

7. Conclusion

The information contained in this disclosure is proportionate to BGCB's size, nature, and complexity of BGCB's activities in accordance with the MIFIDPRU 8 disclosure rules.