



BACKGROUND

Capitalab is a division of BGC Brokers LP¹ which provides Portfolio Compression, Initial Margin Optimisation, CCP Margin Optimisation and NDF Reset Risk Management services.

Recently, a Brexit communication was sent to the European customers of BGC outlining our Brexit Strategy, which ensures continuity of the provision of our services to our 27 European Union member states (EU27) and United Kingdom (UK) customers from our European and UK offices. This communication, titled “BGC Partners Client Communication – Getting Ready for Brexit”, describes the use of Aurel BGC SAS (“Aurel”)² as the BGC Partners Group’s EU hub. If you did not receive this communication, please contact Brexit@bgcpartners.com

This Brexit Communication is intended to provide further details specifically for the Capitalab division of BGC and should be read in conjunction with the Brexit statement referenced above.

CAPITALAB BREXIT IMPLICATIONS

CAPITALAB BREXIT STRATEGY

In preparation for a hard Brexit, BGC is working closely with the French regulators, the Autorité de Contrôle Prudentiel et de Résolution (the ACPR) and the Autorité des Marchés Financiers (the AMF) to ensure that Aurel is able to provide the same or similar financial services (including those provided by Capitalab) as those currently provided by BGC Brokers LP and its divisions or brands from London. Subject to such necessary regulatory and other permissions, after a hard Brexit it is intended that Capitalab will conduct business in Europe as follows:

1. Capitalab will create an “EU” division under Aurel to ensure continuity of service provision to EU27 clients.
2. Aurel will (where required) on-board both existing and new EU27 clients of Capitalab.
3. We expect, for most clients, this will be a repapering exercise; however, where additional on-boarding steps are required, we will look to leverage any information that has already been provided as far as possible in order to streamline this process.
4. We do not anticipate that there will be any material impact to either, the commercial terms, the products and services offered, or the basis upon which such services will be offered.
5. Capitalab’s Rulebook for Compression and Initial Margin Optimisation, along with Terms for CCP Margin Optimisation and NDF Reset Risk Management services, will prevail for EU27 customers under English Law.
6. Capitalab’s existing relationships with customers from the UK & Rest of the World (ROW) will continue as is post Brexit, i.e. services will continue to be provided by Capitalab, a division of BGC Brokers L.P. in London.

¹ BGC Brokers L.P. is authorised and regulated by the UK Financial Conduct Authority and is based in London

² Aurel BGC SAS is the Paris based subsidiary of BGC and is authorised and regulated by the French Regulators, the Autorité de Contrôle Prudentiel et de Résolution (the ACPR) and the Autorité des Marchés Financiers (the AMF).



CUSTOMER FREQUENTLY ASKED QUESTIONS

I am an existing customer of Capitalab based in the EU27, will anything change with regards to my existing IT Connectivity to Capitalab?

Portfolio upload and results download will be to and from the same existing systems used by Capitalab in London presently. The impact of Capitalab's Brexit strategy is expected to be low, with principle changes related to updates to MarkitWire IDs, RTNS codes and invoicing, replacing those from Capitalab, a Division of BGC Brokers to Capitalab, a division of Aurel BGC SAS for EU 27 firms. We are committed to working with customers to minimise the impacts of any changes to your workflows.

For new trades arranged by our services for EU27 customers, a new MarkitWire ID for Capitalab's EU division under Aurel BGC SAS will be CAPB_FR. New RTNS codes will be CPLA for NDF Reset Risk Management and CPLF for Initial Margin Optimisation.

Our technology teams will work with you to ensure there is ample opportunity to conduct any required testing. In case of any questions please contact info@capitalab.co.uk

I am an existing customer of Capitalab based in the EU27. In addition to signing up to Aurel's on-boarding documents, what additional documentation do I need to sign for Capitalab's EU division?

You will be required to execute a new Participation Agreement and Fee Schedule with Capitalab, a division of Aurel BGC SAS. You will however remain subject to the Capitalab Rule Book.

Where can I find detailed information relating to: (i) on-boarding to Aurel, (ii) my existing relationship with BGC Brokers L.P. and (iii) the date of new relationship commencement?

Please refer to "BGC Partners Client Communication – Getting Ready for Brexit" for further details related to this.

CONTACT US

We continue to operate in exceptionally uncertain times and will be monitoring the political and regulatory developments closely. As further details emerge regarding the future course of UK and EU relationship, we will continue to keep our customers informed of any potential changes that might impact them.

Specifically, Capitalab is actively monitoring negotiations as they progress between the UK and EU, and in the event that an agreement is reached, Capitalab will contact its customers (directly or through BGC) in order to provide additional updates regarding our strategy for the provision of services to customers.

Should you have any questions or notifications regarding the contents of this communication or the BGC Partners Brexit strategy, please contact us at: Brexite@BGCpartners.com