

GAIN Capital Group LLC

Firm Disclosure Document

National Futures Association Rule 2-36 and Commodity Futures Trading Commission Regulation 1.55

GAIN Capital Group LLC dba Forex.com
RFED Division
30 Independence Blvd, Suite 300
Warren NJ 07045
NFA ID: 0339826

Introduction

The Commodity Futures Trading Commission (“CFTC”) and National Futures Association (“NFA”) requires each Forex Dealer Member (“FDM”), including GAIN Capital Group, LLC (“GAIN Capital”), to make the following information publicly available on its website. Unless otherwise noted, the information included in this document is as of March 31, 2022. GAIN Capital will update this information at least annually and will endeavor to make all required intra-year updates within 30 days, including but not limited to, change in Sr. Management, any material change to its business operations, financial condition or other factors that GAIN Capital believes may be material to a customer’s decision to do business with the company. Nonetheless, GAIN Capital’s business activities and financial data are not static and will change in non-material ways frequently throughout any 12-month period.

Firm Information

GAIN Capital’s corporate headquarters is located at 30 Independence Blvd, Suite 300, Warren, NJ 07059. The general support phone line is (877)-367-3946 for domestic clients, and (908)-731-0750 for international clients. The fax number is (908)-731-0701. GAIN Capital can also be contacted via email at Support@GainCapital.com. Gain Capital is a wholly-owned subsidiary of StoneX Group Inc (“SNEX”). SNEX is a public company listed on the NASDAQ and financial information regarding the company can be found on the company’s website (www.stonex.com). On October 1, 2021 GAIN Capital transferred its Futures Division, including all futures customer accounts to its affiliate FCM, StoneX Financial Inc. (NFA ID: 0476094). To access GAIN Capital’s Financial Condition, Customer Liability, Net Capital Requirements, and additional disclosures please visit this page: <https://www.forex.com/en-us/terms-and-policies/disclosures-and-risk-warning/>

GAIN Capital is an NFA Member (ID#: 0339826), and is registered as a Retail Foreign Exchange Dealer (RFED) and Futures Commission Merchant (FCM) with the CFTC. The NFA is GAIN Capital’s Designated Self-Regulatory Organization. The NFA & CFTC websites are accessible from the following links respectively: www.nfa.futures.org, www.CFTC.gov

i. Name, title, business background, areas of responsibility, and the nature of the duties of each person that is a listed principal of the Forex Dealer Member;

Alexander R. Bobinski Jr., Chief Executive Officer

30 Independence Blvd, Suite 30, Warren NJ 07045

Mr. Bobinski manages the overall business, strategy, and growth initiatives for GAIN Capital. Mr. Bobinski started his career at GAIN Capital in August 2005 as the CFO. He served as CFO until November 2012. Mr. Bobinski became CCO of GAIN Capital in July 2006 and CEO in September 2012 representing the position he currently holds today. Mr. Bobinski became registered as a

principal & associated person of GAIN Capital in June 2006 & July 2006 respectively (NFA ID: 0371364). In addition to managing GAIN Capital, Mr. Bobinski holds several other positions in the GAIN Capital group of companies.

Prior to joining GAIN Capital, Mr. Bobinski operated his own consulting business and served in leadership positions at the following brokerage companies: Futures Accounting and Consulting Services (Owner: March 2005 – July 2005); Refco, LLC (CFO: January 2002 – February 2005); Nomura Securities International (VP & Controller: July 1990 – December 2000); Elders Futures, Inc (Manager, Financial & Regulatory Reporting: January 1989 – June 1990); Bridgewater USA (Controller & Compliance Director: March 1988 – December 1988); the National Futures Association (Auditor: 1986-1988). Mr. Bobinski is a Certified Public Accountant and holds a B.S. in business administration and accounting from Ramapo College of New Jersey.

Benjamin Greenfield, Chief Financial Officer

30 Independence Blvd, Suite 30, Warren NJ 07045

Mr. Greenfield has managed GAIN Capital's finance and accounting department in various capacities since October 2013. Most recently, Mr. Greenfield was appointed as the CFO and registered as a principal with NFA in July 2019 (NFA ID: 0523160).

Prior to joining GAIN Capital, Mr. Greenfield held various roles for the public accounting firm Deloitte between 2010-2013. Also, he served as an Adjunct Professor of Accounting at Fairleigh Dickinson University Silberman College of Business between 2010-2017. Mr. Greenfield is a Certified Public Accountant and holds a M.S. in Accounting from Fairleigh Dickinson University and a B.A. in Religion/Religious Studies from Haverford College.

Maria Concepcion Arena, Head of Regulatory Reporting and Treasury

30 Independence Blvd, Suite 30, Warren NJ 07045

Ms. Arena manages all treasury and regulatory reporting matters for GAIN Capital. Ms. Arena was previously appointed as the CFO and became registered as a principal of GAIN Capital in November 2012 (NFA ID: 0445185), a position she held until June 2019. Ms. Arena has also held various managerial positions within the Accounting, Finance, and Regulatory Reporting teams since joining GAIN Capital in 2006.

Prior to joining GAIN Capital, Ms. Arena served in leadership positions at the following brokerage firms: Refco, LLC (Manager, Regulatory Reporting: 2002 – 2006); Nomura Securities International (Regulatory Reporting & Accounting: 1991-2002). Ms. Arena is a Certified Public Accountant with a B.S. in Business Administration and Accounting from Baruch College.

Michael Frey, Chief Compliance Officer

30 Independence Blvd, Suite 30, Warren NJ 07045

Mr. Frey has been managing the Compliance Department at GAIN Capital since September 2013, and was appointed as CCO in December 2014, representing the position that he currently holds. Mr. Frey oversees compliance related functions at GAIN Capital, including but not limited to the CCO responsibilities defined by CFTC Regulation 3.3.

Mr. Frey started his career at GAIN Capital in January 2007 and served as a member of the Compliance Department until February 2011. After his first tenure at GAIN Capital, Mr. Frey held compliance control positions for the AML & Client Onboarding teams at BNP Paribas (February 2011-February 2013) & JPMorgan Chase (February 2013-September 2013). Mr. Frey holds a B.S. in Finance from Fairleigh Dickinson University.

GAIN Holdings LLC, Principal

30 Independence Blvd, Suite 30, Warren NJ 07045

GAIN Holdings, LLC, a Delaware Corporation, incorporated on 03/24/2006 is the direct parent company of GAIN Capital Group, LLC ('GCG'). Both GCG and GAIN Holdings LLC are ultimately 100% owned by StoneX Group Inc. NASDAQ: SNEX

ii. A discussion of the significant types of business activities and product lines engaged in by the Forex Dealer Member, and the approximate percentage the Forex Dealer Member's assets and capital used in each type of activity

GAIN Capital is a global provider of trading services and solutions, specializing in over-the-counter, or OTC, and exchange-traded markets. Gain Capital services retail and institutional customers worldwide and conducts business from its offices in Bedminster, New Jersey; New York City, New York. GAIN Capital has invested considerable resources since its inception in developing its proprietary trading platforms to provide its customers with advanced price discovery, trade execution and order management functions. Today GAIN Capital's customers can trade through web based, downloadable and mobile trading platforms and have access to innovative trading tools to assist them with research and analysis, automated trading and account management. GAIN Capital offers its customers access to a diverse range of financial products, including foreign exchange, or forex, precious metals, as well as futures and options on futures on more than 30 global exchanges. As of May 04, 2022, GAIN Capital has committed 100% of its assets and capital to its foreign exchange offering. The Company allocates its capital in a manner generally consistent with its asset allocation.

iii. A discussion of the Forex Dealer Member's business on behalf of its customers, including types of customers, markets and currencies traded, international businesses, prime brokers and/or liquidity providers used, and the Forex Dealer Member's policies and

procedures concerning the choice of bank depositories, custodians and counterparties to permitted transactions under CFTC Regulation 1.25;

GAIN Capital offers its Forex services to a wide array of account types including: individual, joint, corporate, IRA, Commodity Trading Advisor (“CTA”) and commodity funds. Our current client base is mainly comprised of retail self-directed customers; however, we also have institutional and managed account offerings. Gain Capital provides access to rolling spot foreign exchange products that includes over 50 tradable currency pairs.

GAIN Capital utilizes banks and prime brokers to act as custodians and counterparties to client and firm assets and to act as liquidity providers. GAIN Capital has established Prime Broker relationships with JPMorgan Chase, UBS, & Citibank. In selecting a new bank/broker depository GAIN Capital will undertake a thorough review of an institution’s capitalization, creditworthiness, operational reliability, and access to liquidity. Additionally, GAIN Capital will review credit ratings and outlooks as published by selected third part ratings agencies if available and undertake additional diligence regarding the institution’s profitability, share price, and analyst recommendations. The depository review will also include the availability of deposit insurance and the extent of the regulation and supervision of the depository. As part of our counterparty risk mitigation measures, GAIN Capital seeks to diversify client and firm assets across an array of custodians to reduce its exposure to counterparty failure of any one institution. As of the date this document was written, we have obtained a comfort level with our banks and liquidity providers and will continue to assess the counterparty risk and diversify assets amongst multiple counterparties in the future. GAIN Capital utilizes the same counterparty review procedures when assessing counterparties for permitted transactions under CFTC Regulation 1.25

GAIN Capital solely invests client and firm assets in 1.25 eligible investments as defined by CFTC regulation. GAIN Capital considers all highly liquid investments with a maturity of 90 days or less to be a cash or cash equivalent. As of March 31, 2022, client and firm assets were deposited in cash and cash equivalents (cash and money market funds) but can at its election deposit client and firm assets in US T-bills less than 90 days to Maturity as well as marketable securities (US T-bills greater than 90 Days to maturity), all of which are available upon demand within 24 hours.

iv. A discussion of the material risks associated with the Forex Dealer Member acting as a counterparty to eligible contract participants (ECP) as defined in Section 1a(18) of the Act, including any risks created by the Forex Dealer Member's affiliates and other ECPs acting as dealers;

In general, we view the key risks associated with acting as counterparty to ECP clients consistent with the risks that exist for our retail client base. As of February 23, 2022, GAIN Capital did not have

any affiliate ECP forex accounts on its books. Additionally, GAIN Capital did not have any non-affiliate ECP accounts on its books that were not acting in the capacity of a dealer. GAIN Capital requires that all non-affiliate ECPs acting as a dealer be regulated entities in the jurisdiction in which they operate. The key risks resulting from GAIN Capital's acting as counterparty to non-affiliate ECPs acting as a dealer are: 1) Debit/Deficit risk 2) Market making losses due to volatility 3) System performance/outage issues and 4) Manual input error. To effectively manage these risks, GAIN Capital performs the following:

- **Debit/Deficit risk**

To mitigate the risk of non-affiliate ECPs acting as a dealer from going in to deficit, GAIN Capital will employ several risk reducing measures which may include all or some of the following measures: 1.) auto liquidation of the non-affiliate ECPs acting as a dealer underlying client accounts for failure to meet NFA's minimum required margin; 2.) requiring margin requirements be maintained in excess of NFA's minimum margin requirements; 3.) issuance of intra-day margin calls; 4.) placing an account on reduce only; or 5.) liquidation of all or a portion of open position(s). All non-affiliate ECPs acting as a dealer are monitored proactively throughout the trading day.

- **Market making losses due to volatility**

GAIN Capital's risk management policy is designed to accurately execute client transactions and aggregate the resulting exposure. GAIN Capital has developed a risk policy over time that addresses both high and low volatility environments, news events and weekends when markets are closed. The over-riding principle for the risk mandate is to be constantly looking to reduce the firm's exposure and achieve the commercial goals of the firm. The risk policy dictates both exposure and P/(L) targets that are executed by the market making team. The surveillance of these parameters makes up a high percentage of the daily duties of the trading team. Strict adherence to the policy is a requisite. There is no proprietary trading and there is very little decision making done by the trading group. Executions are predefined in advance based on stress testing.

- **System performance/outage**

Although there is always a risk that unanticipated volume surges can exceed the systems' anticipated capacity, we make best efforts to monitor, test, and scale all our systems to provide the best possible client experience. The system has been designed to be scalable to a level that exceeds current demands to a level that can meet the needs of a market much larger than the size of our current market. The aspects of capacity planning process may include: 1.) baseline figures for acceptable client experience and infrastructure utilization; 2.) continual and periodic review of trade/order execution process time; 3.) real time monitoring as well as historical trend analysis of infrastructure utilization; and 4.) actions to scale systems in the areas of network, trade

execution servers, database systems, data room HVAC, power and power continuity. Capacity is continually reviewed by both our Platform Operations Team as well as the individual engineering teams. Additionally, GAIN Capital has defined a process for developing, maintaining and testing contingency plans for business processes in the event of IT service interruptions that are outlined in the company BCP/DR Plan.

- **Manual input error**

GAIN Capital's trading system is designed to set limits for each customer based on customer account settings including factors such as: margin threshold based on NFA requirements, margin utilization, margin funds availability, quantity, and order type. Additionally, large orders, typically >\$10,000,000 notional value are first sent to the trade desk for manual review to insure accuracy of pricing on larger exposures. Additionally, the client is limited to a maximum "per click" trade size to help avoid potential fat finger errors on behalf of the client.

v. GAIN Capital's quantitative and qualitative disclosures about market risk

a. Key Financial Metrics

As of May 04, 2022, GAIN Capital maintained \$54.3 million in Adjusted Net Capital representing 185% of Net Capital required. The Balance Sheet Leverage calculated in accordance with NFA Financial Requirements Section 16 Information was 3.67 (Total Assets less Amounts to be Segregated and Secured divided by Ownership Equity). As of March 31, 2022, GAIN Capital did not utilize any available subordinated debt and did not have any loans payable, contingent liabilities and/or material commitments. GAIN Capital's liabilities primarily consist of payable to customers transacting forex; accounts payable and accrued expenses and payables to affiliates.

A summary schedule of GAIN Capital's adjusted net capital reflecting balances as of the month-end for the most recent 12 months can be found directly in our website, link below:

<https://www.filesandimages.com/Brand/compliance/forex-net-capital-summary.pdf>

b. Investment of Customer Funds

c. Interest Rate Risk

d. Foreign Currency Exposure

e. Credit Risk

f. Market Risk

g. Cash Liquidity Risk

h. Regulatory Capital Risk

i. Technological Risk

j. Risk Related to GAIN Capital Affiliates

vi. A discussion of any pending or completed material administrative, civil, enforcement or criminal complaints or actions filed against the Forex Dealer Member during the last three years;

- On August 7, 2019 the National Futures Association (“NFA”) ordered GAIN Capital Group, LLC (“GAIN Capital”) to pay a \$50,000 fine based on a complaint issued by the NFA’s Business Conduct Committee (“BCC”), alleging that GAIN Capital did not in a timely manner favorably adjust all customer accounts adversely impacted by a technical issue affecting the MetaTrader4 forex trading platform. GCG corrected the technical platform issue and adjusted all adversely affected customers before the complaint was issued. GCG settled the matter without admitting or denying any of the allegations and agreeing to adopt procedural enhancements going forward. This matter is now resolved.
- On September 29, 2020, GAIN Capital Group, LLC (“GCG”) entered into a Settlement Agreement with the US Commodity Futures Trading Commission (“CFTC”) to settle charges that GCG’s Futures Division did not adequately supervise trading activity for accounts introduced by an Independent Introducing Broker between 2014 and 2016. During this period, GCG failed to adequately supervise the implementation of its trade move policy in certain instances. As part of the settlement, GCG agreed to pay the CFTC a monetary penalty of \$300,000.

vii. GAIN Capital’s overview of customer fund segregation and secured locations, collateral management and investments

GAIN Capital’s aggregate retail forex assets are calculated and treated in accordance with CFTC 5.8 and NFA Financial Requirements.

GAIN Capital solely invests customer and firm assets in 1.25 eligible investments as defined by CFTC regulation. Investments of funds included cash on deposit at banks and other FCMs as well as US Government Securities with maturities up to 12 months. Additional financial information, including how GAIN Capital invests and holds customer funds, may be found on the National Futures Association website by clicking [here](#). GAIN Capital considers all highly liquid investments with a maturity of 90 days or less to be a cash or cash equivalent. GAIN Capital considers US T-bills greater than 90 Days to maturity as marketable securities, all of which are available upon demand within 24 hours.

As of March 31, 2022, client and firm assets were deposited in cash and cash equivalents (cash and money market funds

GAIN Capital does not hold customer funds required to be segregated under the CFTC regulation 1.20. GAIN Capital does not hold customer secured funds under CFTC Regulation 30.7. GAIN Capital does not hold cleared swaps collateral required to be segregated under CFTC Regulations 22.2.

viii. Filing a Complaint against GAIN Capital or one of its employees

CFTC - A customer that wishes to file a complaint about about GAIN Capital or one of its employees with the Commission can contact the Division of Enforcement by calling the Division of Enforcement toll-free at 866-FON-CFTC (866-366-2382) or electronically at <https://forms.cftc.gov/Forms/TipsAndComplaints.aspx>

NFA - A customer that may file a complaint about the Firm's FCM Division or one of its employees with the National Futures Association electronically at <https://www.nfa.futures.org/complaintnet/complaint.aspx> or by calling NFA directly at 800-621-3570.

ix. GAIN Capital Financial Metrics

GAIN Capital is required to maintain certain financial metrics as a condition of its registration as both an RFED and FCM. A summary of these metrics are provided below for reference:

Description	Amount
Total Equity (Total Shareholder Equity)	78,018,898.00
Regulatory Capital (Adjusted Net Capital)	54,299,040.00
Net Worth (Net Capital)	55,089,804.00
Proprietary Margin Requirements/Customer Margin Requirements- Futures	N/A
Proprietary Margin Requirements/Customer Margin Requirements- Secured	N/A
Proprietary Margin Requirements/Customer Margin Requirements- Cleared Swaps	N/A
# of Futures Segregated Customers greater than 50% of all Futures Segregated Customers	N/A
# of Futures Segregated Customers greater than 50% of all Futures Secured Customers	N/A
# of Cleared Swaps Customers greater than 50% of all Cleared Swaps Customers	N/A
Aggregate Notional Value of all non-hedge, principal OTC transactions by FCM	0
Unsecured Line of Credit and Short Term Funding Obtained But not Yet Drawn Upon	0
Aggregate Financing Provided to Customers in Illiquid Financial Products	N/A
12 Month Segregated Customer Debit/Deficit Expense Written Off as Uncollectable as a % of Total Segregated Customer Liability	N/A
12 Month Segregated Customer Debit/Deficit Expense Written Off as Uncollectable as a % of Total Secured Customer Liability	N/A
12 Month Segregated Customer Debit/Deficit Expense Written Off as Uncollectable as a % of Total Cleared Swaps Customer Liability	N/A

As noted above, more information about GAIN Capital's Financial Condition, Customer Liability, Net Capital Requirements, and additional disclosures are available on our website

<https://www.forex.com/en-us/terms-and-policies/disclosures-and-risk-warning/>

FCMS and RFEDs must file monthly financial reports with the CFTC's Division of Swap Dealer and Intermediary oversight (DSIO) within 17 business days after the end of the month. Selected financial information from these reports is published by the CFTC please visit

<https://www.cftc.gov/MarketReports/financialfcmdata/index.htm> to access the data.