GAIN CAPITAL GROUP, LLC
(An indirect wholly-owned subsidiary of GAIN Capital Holdings, Inc.)
(NFA I.D. No. 0339826)

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2016
AND
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Report of Independent Registered Public Accounting Firm

The Board of Managers and
Member of GAIN Capital Group, LLC:

We have audited the accompanying statement of financial condition of GAIN Capital Group, LLC as of December 31, 2016 (the financial statement). The financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of GAIN Capital Group, LLC as of December 31, 2016, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

February 28, 2017

GAIN CAPITAL GROUP, LLC
STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2016
(Amounts in thousands)

ASSETS:		
Cash and cash equivalents	$	35,674
Cash and securities held for customers		476,452
Receivables from brokers		31,704
Property and equipment		6,589
Goodwill		3,959
Intangible assets		1,728
Receivables from affiliates		66,398
Other assets		7,821
Total assets	$	630,325
LIABILITIES AND MEMBERSHIP EQUITY:		
Liabilities		
Payables to customers	$	485,333
Accrued expenses and other liabilities		5,061
Accrued compensation and benefits		5,089
Payables to affiliates		446
Total liabilities		495,929
Commitments and contingencies (see note 12)		
Membership equity		134,396
Total liabilities and membership equity	$	630,325

See Notes to Statement of Financial Condition

1. ORGANIZATION AND NATURE OF BUSINESS

GAIN Capital Group, LLC ("Group" or the "Company") is a Delaware Limited Liability Company, whose predecessor entity was formed and incorporated on August 1, 2003. The capital structure of Group consists of 100 membership units, wholly owned by its parent, GAIN Holdings, LLC. GAIN Holdings, LLC is a subsidiary of GAIN Capital Holdings, Inc. (the "Ultimate Parent"), a Delaware corporation formed and incorporated on March 24, 2006.

The Company is a provider of online trading services, specializing in over-the-counter ("OTC") spot foreign exchange markets ("forex") and exchange-traded futures ("futures").

The Company's OTC internet trading platform provides a market for customers to trade, on a margin basis when allowed, spot foreign exchange. The Company's customers traded in over 50 such markets in 2016, including forex and non-leveraged metals.

The Company does not actively initiate directional market positions in anticipation of future movements in the relative prices of currencies. Rather, the Company evaluates market risk exposure on a continuous basis.

Though the Company engages in hedging activities, which control the levels of customer trading exposure by offlaying exposure with liquidity providers, the Company is likely to have open positions in various currencies at any given time. The Company's risk-management approach maintains capital levels in excess of those required under applicable regulations.

For its forex business, the Company maintains liquidity relationships with three financial institutions, providing the Company with access to a forex liquidity pool. The majority of the Company's foreign exchange business relates to major foreign currencies such as U.S. dollars, Japanese yen, Euros, British pound sterling, Swiss francs, Australian dollars, and Canadian dollars.

The counterparties to the Company's forex transactions include retail traders, investment advisors, commercial banks, small to mid-sized corporations, hedge funds, investment banks, and broker-dealers.

For its exchange-traded business, the Company provides its customers connectivity to over 30 global electronic exchanges. The Company earns commission from customer trades that are transacted via exchange. The Company's customers in its exchange-traded business include speculative traders, hedge funds, small to mid-sized corporations, agricultural hedgers, and investment advisors.

Group is a Retail Foreign Exchange Dealer, ("RFED") and a registered Futures Commission Merchant ("FCM") with the Commodity Futures Trading Commission ("CFTC"). The CFTC, an agency of the U.S. Government, and the National Futures Association ("NFA"), an industry self-regulating organization, regulate RFEDs, including Group.

2. SIGNIFICANT ACCOUNTING POLICIES

***Basis of accounting*—**The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "GAAP").

***Use of estimates*—**The preparation of the Statement of Financial Condition, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities. In presenting these financial statements, management makes estimates regarding:

- Valuation of assets and liabilities requiring fair value estimates;
- Allowances for doubtful accounts;
- The carrying amount of goodwill and other intangible assets;
- The depreciation period of property and equipment;
- The measurement of accruals;
- The amortization period of goodwill and intangible assets with finite lives;
- Fair value of open positions

Estimates, by their nature, are based on judgment and available information. Therefore, actual results could differ from those estimates and the differences could have a material impact on the Statement of Financial Condition.

***Foreign currencies*—**The Company has determined that its functional currency is the U.S. dollar ("USD"). In accordance with accounting guidance, monetary assets and liabilities denominated in foreign currencies are converted into USD at rates of exchange in effect at the date of the Statement of Financial Condition. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

***Income taxes*—**The Company is a single member limited liability company which is disregarded for federal corporate income tax purposes and is part of the Ultimate Parent's U.S. federal consolidated corporate income tax return. There is no tax sharing agreement among the Company and its affiliates.

***Cash and cash equivalents*—**The Company considers all highly liquid investments with an original maturity of 90 days or less, and not otherwise held for the benefit of the Company's customers, to be cash equivalents. At December 31, 2016, the Company's cash equivalents included money market accounts and treasury bills. Cash equivalents are recorded at fair value.

***Cash and securities held for customers*—** Cash and securities held for customers represents cash and other highly liquid assets held to fund customer liabilities in connection with trading positions. Included in this balance are funds deposited by customers and funds accruing to customers as a result of trades or contracts. The Company records a corresponding liability in connection with this amount in *Payables to customers* in the Statement of Financial Condition. A portion of the balance is not available for general use due to legal restrictions, in accordance with certain jurisdictional regulatory requirements. At December 31, 2016, $224.0 million of the Company's cash is legally restricted and held in segregated or secured accounts. In addition, the Company holds certain customer funds in segregated or secured broker accounts. A portion of the *Receivables from brokers* balance is required for margin, with the excess offsetting a portion of the customer liabilities. Cash and securities held for customers offset the remaining customer liabilities.

***Fair value*—** Certain financial assets and liabilities are recorded at fair value in accordance with applicable accounting guidance, as discussed in Note 3. The Company applies relevant accounting guidance, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability. The guidance establishes a hierarchy that categorizes financial instruments, based on the priority of the inputs to the valuation technique into the following three-levels:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

Level 3 - Valuations that require inputs that are both unobservable and significant to the fair value measurement.

For assets and liabilities that are transferred between Levels during the period, fair values are ascribed as if the assets or liabilities had been transferred as of the beginning of the year.

***Concentrations of credit risk*—**Financial instruments that subject the Company to credit risk primarily consist of *Cash and securities held for customers*. The Company's credit risk is managed by investing *Cash and securities held for customers* primarily in high-quality money market and U.S. Government instruments. The majority of the Company's *Cash and securities held for customers* are held at four financial institutions. Also, the Company has credit risk related to receivables from brokers. As of December 31, 2015, the Company's *Receivables from brokers* balance, included in the Statement of Financial Condition, were held primarily with four large, global financial institutions.

***Receivables from brokers*—**The Company has posted funds with brokers as collateral as required by agreements for holding hedging positions and to clear its customers exchange-traded positions. In addition, the Company has cash in excess of required collateral. These amounts are reflected as *Receivables from brokers* on the Statement of Financial Condition and include gains or losses realized on settled contracts, as well as unrealized gains or losses on open positions.

***Property and equipment*—**Property and equipment are recorded at cost, net of accumulated depreciation. Identifiable significant improvements are capitalized and expenditures for maintenance and repairs are charged to expense as incurred.

Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Software	3 years
Computer equipment	3 years
Furniture and fixtures	3 years
Leasehold improvements	Shorter of lease term or estimated useful life
Telephone equipment	3 years
Office equipment	3 years
Website development	3 years

The Company accounts for costs incurred to develop its trading platform and related software in accordance with relevant accounting guidance. The guidance requires that such technology be capitalized in the application and development stages.

***Long-Lived assets*—**The Company periodically evaluates the carrying value of long-lived assets when events and circumstances warrant such review in accordance with accounting guidance, *Property, Plant and Equipment*. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flows from such assets are separately identifiable and are less than the carrying value. In that event, a loss is recognized in the amount by which the carrying value exceeds the fair market value of the long-lived asset. The Company has identified no such impairment indicators as of December 31, 2016. This guidance applies to assets held for use and not to assets held for sale. The Company has no assets held for sale.

***Goodwill*—** In accordance with relevant guidance, the Company amortizes goodwill over 10 years and considers impairment when indicators, as explained by the guidance, are present. The Company has elected to consider its goodwill on an entity basis. No impairment indicators were present in 2016. See Note 7 for additional information.

***Intangible assets*—**Accounting guidance addressing intangible assets requires purchased intangible assets to be amortized over their estimated useful lives unless their lives are determined to be indefinite. If the indefinite-lived assets are determined to have a finite life in the future, the Company will amortize the carrying value over the remaining estimated useful life at that time.

The Company performs a qualitative assessment of its indefinite-lived assets fair value on an annual basis. No circumstances have arisen indicating that an impairment may have occurred. This qualitative assessment leads the Company to conclude that it is more likely than not that our indefinite lived intangible assets are not impaired. See Note 6 for additional information.

Other assets—The Company records receivables from vendors, security deposits, receivables from customers, and miscellaneous receivables in *Other assets* on the Statement of Financial Condition. See Note 8 for additional information.

Allowance for doubtful accounts—The Company records an increase in the allowance for doubtful accounts when the prospect of collecting a specific account balance becomes doubtful. Management specifically analyzes accounts receivable and historical bad debt experience when evaluating the adequacy of the allowance for doubtful accounts. Should any of these factors change, the estimates made by management will also change, which could affect the level of the Company's future provision for doubtful accounts. The customer receivables, net of allowance for doubtful accounts, are included in *Other assets* on the Statement of Financial Condition.

Receivables from affiliates and ***Payables to affiliates—*** In the ordinary course of business the Company transacts with, provides services to, or receives services from certain subsidiaries of the Ultimate Parent. Such services include technical support, finance, corporate governance, and other related areas. These subsidiaries are referred to herein as affiliates. See Note 9 for additional information.

Payables to customers—This account includes amounts due on cash and margin transactions. These transactions include deposits, commissions and gains or losses arising from settled trades. The balance also reflects unrealized gains or losses arising from open positions in customer accounts.

The Company also engages in "white label," or omnibus relationships, with other regulated financial institutions. The payables balance includes amounts deposited by these financial institutions.

Derivatives— Forex and metals contracts allow for exchanging the difference in value of a particular asset between the time at which a contract is opened and the time at which it is closed. The Company's foreign exchange and metals customer positions are considered derivatives as defined by related accounting guidance. Therefore, they are accounted for at fair value, and are included in *Receivables from brokers* and *Payables to customers on* the Statement of Financial Condition.

Recent accounting pronouncements- In March 2016, the FASB issued new guidance regarding the accounting for stock compensation. The FASB issued this update to simplify several aspects of the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows, forfeitures, minimum statutory tax withholding requirements, classification of employee taxes paid on the Statement of Cash Flows when an employer withholds shares for tax-withholding purposes, expected term, intrinsic value, and eliminating the indefinite deferral. The guidance is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The Company has elected to early adopt guidance in the fourth quarter of 2016 and did not have a significant impact on the Company's Statement of Financial Condition.

In February 2016, the FASB issued new guidance regarding the accounting for leases. The FASB issued this update to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. The Company is currently assessing the impact on its Statement of Financial Condition of adopting this guidance.

3. ASSETS AND LIABILITIES REPORTED AT FAIR VALUE

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis during the reporting period and the related hierarchy levels (amounts in thousands):

	Fair Value Measurements on a Recurring Basis As of December 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets/(Liabilities):				
Cash and cash equivalents:				
Money market accounts	$ 670	$ —	$ —	$ 670
Cash and securities held for customers:				
US treasury bills: U.S. government and agency securities	130,967			
Receivables from brokers:				
Open contracts and other positions		(268)	—	$ (268)
Other assets:				
Certificates of deposit	82		—	$ 82
Investment in gold	115		—	$ 115
Payables to customers:				
Customer open contracts and other positions		11,506	—	$ 11,506
Total	$131,834	$ 11,238	$ —	$ 12,105

The Company has not changed its valuation techniques in measuring the fair value of any financial assets and liabilities during the year, nor has there been any movement between levels during the year.

Level 1 Financial Assets

The Company has money market accounts, US treasury bills, certificates of deposit, and an investment in gold that are Level 1 financial instruments that are recorded based upon listed or quoted market rates. The money market accounts and US treasury bills are recorded in *Cash and cash equivalents* and *Cash and securities held for customers*, while the certificates of deposit and the investment in gold are recorded in *Other assets*.

Level 2 Financial Assets and Liabilities

The Company has customer derivative contracts that are Level 2 financial instruments recorded in *Payables to customers.* The Company has broker derivative contracts that are Level 2 financial instruments recorded in *Receivables from brokers.* The fair values of these Level 2 financial instruments are based upon directly observable values for underlying instruments.

Financial Instruments Not Measured at Fair Value

The table below presents the carrying value, fair value, and fair value hierarchy category of certain financial instruments that are not measured at fair value on the Statement of Financial Condition (amounts in thousands). The carrying value of *Receivables from brokers* and *Payables to customers* not measured at fair value approximates fair value because of the relatively short period of time between their origination and expected maturity. The carrying value of *Payables to customers* includes amounts deposited by these third parties or entities in order for the Company to act as a clearing broker.

	As of December 31, 2016		Fair Value Measurements using:		
	Carrying Value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Receivables from brokers	$ 31,972	$ 31,972	$ —	$ 31,972	$ —
Financial Liabilities:					
Payables to customers	$ 496,839	$ 496,839	$ —	$ 496,839	$ —

For the purposes of disclosure, the Company has not changed its valuation techniques in measuring the fair value of any financial assets and liabilities during the year, nor has there been any movement between levels during the year.

4. DERIVATIVES

The Company's contracts with its customers and its liquidity providers are derivative instruments. The table below represents the fair values of the Company's derivative instruments as of December 31, 2016 reported within *Receivables from brokers* and *Payable to customers* on the accompanying Statement of Financial Condition (amounts in thousands):

	Gross amounts of assets for derivative open positions at fair value	Gross amount of (liabilities) for derivative open positions at fair value	Net amounts of assets/(liabilities) for derivative open positions at fair value
Derivative Instruments:			
Foreign currency exchange contracts	$ 16,263	$ (5,125)	$ 11,138
Metals contracts	108	(8)	100
Total	$ 16,371	$ (5,133)	$ 11,238

	Cash Collateral	Net amounts of assets/liabilities for derivative open positions at fair value	Net amounts of assets/liabilities presented in the balance sheet
Derivative Assets/Liabilities:			
Receivables from bank and brokers	$ 31,972	$ (268)	$ 31,704
Payables to customers, brokers, dealers, FCMs and other regulated entities	$ 496,839	$ 11,506	$ 485,333

The Company's derivatives include different underlyings, which vary in price. Foreign exchange contracts typically have prices less than two dollars, while certain metals contracts can be considerably higher priced. The table below represents the number of contracts of the Company's derivative instruments as of December 31, 2016 and reported within *Receivables from brokers* and *Payables to customers* on the accompanying Statement of Financial Condition (amounts in thousands):

	Total contracts in long positions	Total contracts in short positions
Derivative Instruments:		
Foreign currency exchange contracts	523,252	597,315
Metals contracts	18	4
Total	523,270	597,319

The Company did not designate any of its derivatives as hedging instruments.

5. PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2016 is as follows (amounts in thousands):

Software	$	21,737
Computer equipment		6,747
Leasehold improvements		1,830
Telephone equipment		657
Office equipment		1,705
Furniture and fixtures		654
Web site development costs		626
Total		33,956
Less: Total accumulated depreciation and amortization		(27,367)
Property and equipment, net	$	6,589

6. INTANGIBLE ASSETS

In 2003, the Company acquired the Forex.com domain name for $0.2 million. In 2004, the Company acquired the foreignexchange.com domain name for $0.1 million. Because the rights to use these domain names require the payment of a nominal annual renewal fee, management determined that there was no legal, regulatory, or technological limitations on their useful lives. Accordingly, these indefinite-lived assets are not amortized.

The Company's various finite-lived intangible assets consisted of the following as of December 31, 2016 (amounts in thousands):

	December 31, 2016			
Intangibles		**Cost**		**Accumulated Amortization**
Customer list	$	1,984	$	(1,542)
Technology		1,630		(706)
Trademark		650		(650)
	$	4,264	$	(2,898)

7. GOODWILL

Goodwill is calculated as the difference between the cost of acquisition and the fair value of the net identifiable assets of an acquired business.

	December 31, 2016			
Goodwill		**Cost**		**Accumulated Amortization**
Goodwill	$	6,599	$	(2,640)

8. OTHER ASSETS

Other assets consisted of the following at December 31, 2016 (amounts in thousands):

Vendor and security deposits	$	6,278
Prepaid assets		1,017
Miscellaneous receivables, net		526
	$	7,821

9. RELATED-PARTY TRANSACTIONS

In the ordinary course of business, the Company pays direct costs on behalf of its affiliates. The Company establishes a receivable for these amounts. As of December 31, 2016, the Company had $66.4 million recorded in *Receivables from affiliates* and $0.4 million recorded in *Payables to affiliates* in the Statement of Financial Condition.

10. SHARE-BASED COMPENSATION

Certain of the Company's employees participate in the Ultimate Parent's share-based compensation plans. The Ultimate Parent accounts for share-based compensation in accordance with relevant accounting guidance, which requires measurement of compensation cost for share-based awards at fair value and recognition of compensation cost over the service period, net of estimated forfeitures. Share-based compensation costs are charged to the Company under the Ultimate Parent's compensation allocation program.

Restricted Stock Units

Certain of the Company's employees have received restricted stock unit ("RSU") awards pursuant to the Ultimate Parent's share-based compensation plans. RSUs are generally subject to ratable vesting over time, contingent upon continued employment. They are restricted in terms of sale, transfer, or assignment, until the end of a specified period, generally one to four years from date of grant. All or a portion of an award may be canceled if employment is terminated before the end of the restriction period. Additionally, all or a portion of a vested award may be canceled in certain limited situations, including termination for cause during the restriction period. The Ultimate Parent estimates the fair value of RSUs based on the grant date fair value of its common stock, adjusted for estimated forfeitures.

Stock Options

Certain of the Company's employees have received options to purchase shares of the Ultimate Parent's common stock under the Ultimate Parent's share-based compensation plans. Under the plans, the Ultimate Parent defers a portion of certain key employees' incentive compensation, with awards made in the form of stock options generally having an exercise price not less than the fair value of the Ultimate Parent's common stock on the date of grant. Such stock option awards generally become exercisable ratably over a four year period and expire seven years from the date of grant. Stock option awards have vesting, restriction, and cancellation provisions that are generally similar to those in RSUs. The Ultimate Parent estimates the fair value of these awards determined using the Black Scholes valuation model.

11. LEGAL

In the normal course of business, the Company may be named as a defendant in certain litigation, arbitrations, and regulatory actions arising out of its activities as a forex and futures broker. Management believes, on the basis of information currently available, that the results of such actions will not have a material adverse effect on the Company's financial condition.

12. COMMITMENTS AND CONTINGENCIES

Leases—The Company leases office space under non-cancelable operating lease agreements that expire on various dates through 2025. Such leases do not require any contingent rental payments or impose any financial restrictions. The majority of the leases include renewal terms substantially the same as the current terms. Future annual minimum lease payments, including maintenance and management fees, for non-cancelable operating leases, are as follows (amounts in thousands):

Year Ended December 31:		
2017	$	1,327
2018		1,193
2019		996
2020		918
2021 and beyond		6,167
	$	10,601

13. RETIREMENT PLANS

The Ultimate Parent sponsors a 401(k) retirement plan which was put into effect as of January 1, 2011. The plan provides for a 100% match by the Ultimate Parent on the first 3% of the employee's salary contributed to the plan and 50% on the next 2% with immediate vesting on all contributions made by the Ultimate Parent. Substantially all of the Company's employees are eligible to participate in the plan.

14. NET CAPITAL REQUIREMENTS

As a registered RFED and a registered FCM, the Company is subject to the net capital requirements of Rule 1.17 (the "Rule") under the Commodity Exchange Act (the "Act") and capital requirements of the CFTC and NFA. Under the Rule, the minimum required adjusted net capital, as defined, is $20.0 million plus 5% of the amount of customer liabilities over $10.0 million. At December 31, 2016, the Company had adjusted net capital of $46.5 million, which was $19.5 million in excess of the required net capital.

As an FCM, the Company is required to perform computations of the requirements of Section 4d(a)(2) and Regulation 30.7 under the Commodity Exchange Act. As of December 31, 2016, assets held in separate accounts, both segregated and secured, totaled $358.3 million and $5.4 million, respectively, and exceeded requirements by $16.2 million and $1.5 million, respectively.

15. SUBSEQUENT EVENTS

On February 7, 2017, the Company entered into an Asset Purchase Agreement (the "Purchase Agreement") with Forex Capital Markets L.L.C. ("FXCM"). Pursuant to the terms of the Purchase Agreement, FXCM transferred substantially all of its U.S.- domiciled customer accounts to the Company effective as of February 24, 2017.