



*November 2014*

# Safe Harbor Statement

In addition to historical information, this presentation contains "forward-looking" statements that reflect management's expectations for the future. The forward-looking statements contained in this presentation include, without limitation, statements relating to GAIN's expectations regarding the opportunities and strengths of the combined company created by the combination of GAIN and GFT, the anticipated cost and revenue synergies as well as expected growth in financial and operating metrics, the strategic rationale for the business combination, including expectations regarding product offerings, growth opportunities, value creation, and financial strength. A variety of important factors could cause results to differ materially from such statements. These factors are noted throughout GAIN's annual report on Form 10-K, as filed with the Securities and Exchange Commission on March 17, 2014, and include, but are not limited to, the actions of both current and potential new competitors, fluctuations in market trading volumes, financial market volatility, evolving industry regulations, including changes in regulation of futures companies, errors or malfunctions in our systems or technology, rapid changes in technology, effects of inflation, customer trading patterns, the success of our products and service offerings, GAIN's ability to continue to innovate and meet the demands of our customers for new or enhanced products, our ability to successfully integrate assets and companies GAIN has acquired, including the successful integration of Open E Cry and GFT, GAIN's ability to effectively compete in the OTC products and futures industries, changes in tax policy or accounting rules, fluctuations in foreign exchange rates and commodity prices, adverse changes or volatility in interest rates, as well as general economic, business, credit and financial market conditions, internationally or nationally, and GAIN's ability to continue paying a quarterly dividend in light of future financial performance and financing needs. The forward-looking statements included herein represent GAIN's views as of the date of this presentation. GAIN undertakes no obligation to revise or update publicly any forward-looking statement for any reason unless required by law.

## Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA are non-GAAP financial measures that represent our historical and pro forma earnings before interest, taxes, depreciation, amortization and non-recurring expenses. These non-GAAP financial measures have certain limitations, including that they do not have a standardized meaning and, therefore, our definitions may be different from similar non-GAAP financial measures used by other companies and/or analysts. Thus, it may be more difficult to compare our financial performance to that of other companies. We believe our reporting of EBITDA and Adjusted EBITDA assists investors in evaluating our historical and expected operating performance. However, because EBITDA and Adjusted EBITDA are not measures of financial performance calculated in accordance with GAAP, such measures should be considered in addition to, but not as a substitute for, other measures of our financial performance reported in accordance with GAAP, such as net income.

# GAIN Capital: Global Markets for Active Traders

	Description	Clients	Key Operating Metrics
Retail OTC	<ul style="list-style-type: none"> <li>Award-winning service supports traders in 180 countries</li> <li>Access to over 12,500 FX and CFD products</li> </ul>	<ul style="list-style-type: none"> <li>Self-directed retail traders</li> <li>White-label partners</li> </ul>	<ul style="list-style-type: none"> <li>2014 revenue: \$151.6 mm</li> <li>% of total revenue: 60%</li> <li>Average Daily Volume<sup>(1)</sup>: \$9.2bn</li> <li>Funded Accounts<sup>(2)</sup>: 120,778</li> </ul>
Institutional	<ul style="list-style-type: none"> <li>State-of-the-art ECN technology and tools</li> <li>Sales Trader business (acquired from GFT)</li> </ul>	<ul style="list-style-type: none"> <li>Hedge funds</li> <li>Banks</li> <li>Other financial institutions</li> <li>High net worth</li> </ul>	<ul style="list-style-type: none"> <li>2014 revenue: \$71.8 mm</li> <li>% of total revenue: 35%</li> <li>Average Daily Volume<sup>(2)</sup>: \$17.9bn</li> <li>GTX Avg. Daily Volume<sup>(2)</sup>: \$16.5bn</li> </ul>
Exchange-Based	<ul style="list-style-type: none"> <li>Innovative online futures broker with proprietary trading technology</li> <li>Strong sales distribution</li> </ul>	<ul style="list-style-type: none"> <li>Retail traders</li> <li>Institutional clients</li> <li>Agricultural hedgers (e.g. farmers)</li> </ul>	<ul style="list-style-type: none"> <li>2014 revenue: \$25.4 mm</li> <li>% of total revenue: 5%</li> <li>Contracts: 1.8mm</li> <li>Funded Accounts: 11,243</li> </ul>

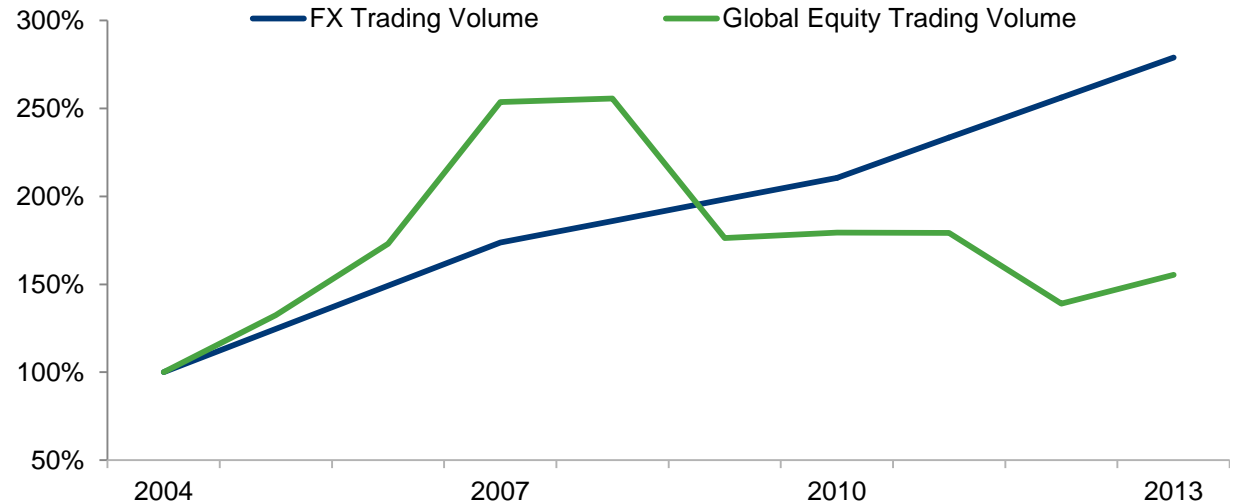
(1) Account metrics as of September 30, 2014

# Focus on Truly Global and Growing Asset Class

- FX market has seen consistent growth in the last decade

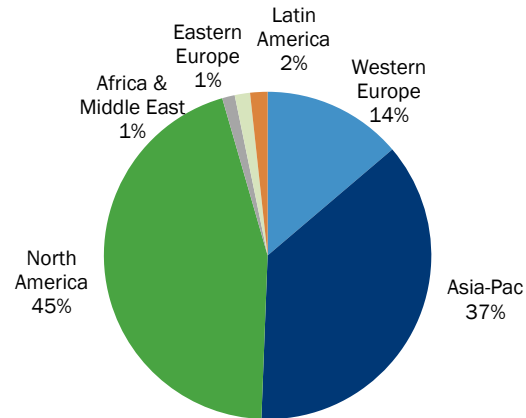
- FX market has a truly global distribution, with particularly high share of non-North American participants

## Annual Trading Volume



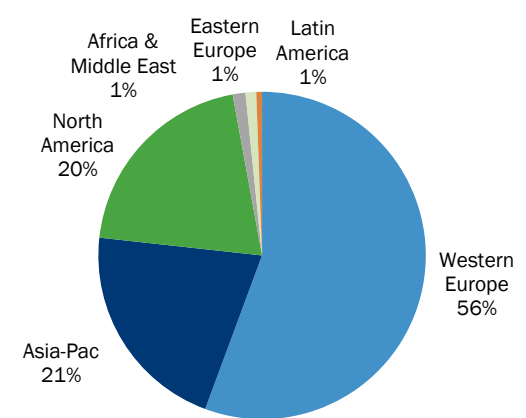
## Value Traded by Region

**Equity Value Traded by Region**



**\$217 billion<sup>(1)</sup>**

**FX Value Traded by Region**



**\$5 trillion<sup>(2)</sup>**

Source: BIS, World Federation of Exchanges.

(1) Average daily volume for the nine months ended September 30, 2013.

(2) Average daily volume for April 2013.

# Investment Highlights



**Strong Market Position Across Business Lines**

**Robust Operating Metrics**

**City Index Acquisition Offers Increased Scale and Revenue Diversification**

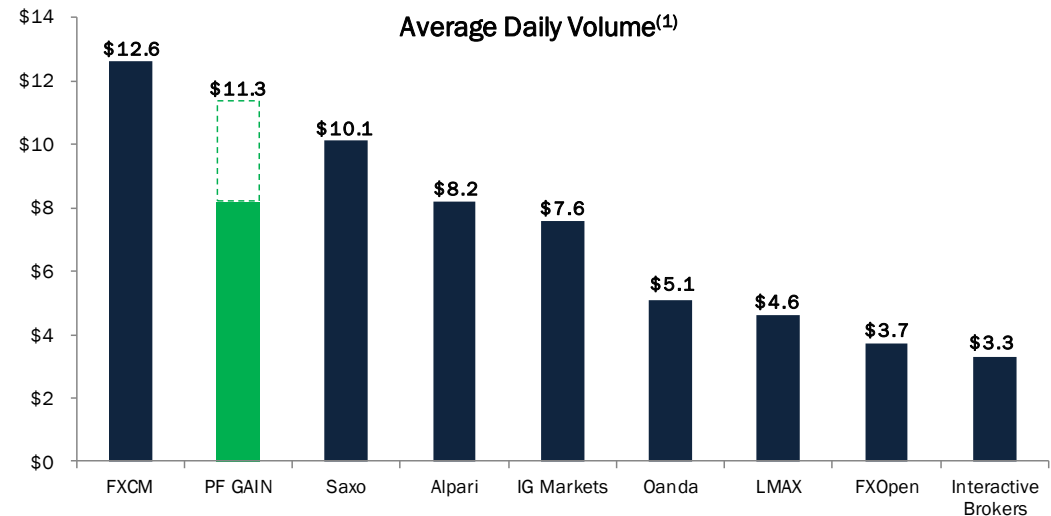
**Strong Financial Profile**

**Partner of Choice in Consolidating Industry**

# Forex.com: Premier Retail OTC Brand

- Retail customers in 180 countries
- 12,500+ products covering FX and CFDs on commodities, indices and interest rates
- Geographically diversified business; multi-language offering targeting high growth markets in Middle East and Asia Pacific
  - Fully localized FOREX.com service in Chinese, Japanese, Arabic, Russian & German
- Acquire customers directly and via partners
  - Q3 sales channel mix split evenly between direct and indirect
- Galvan Research business acquisition closed in Q3
  - Standalone CFD advisory and research, immediately accretive
  - Cross sell across to wider retail OTC customer base to increase customer engagement
- Native mobile apps to increase client engagement
- Pending City Index transaction to further enhance scale

## Top Players Globally by Average Daily Volume (1)



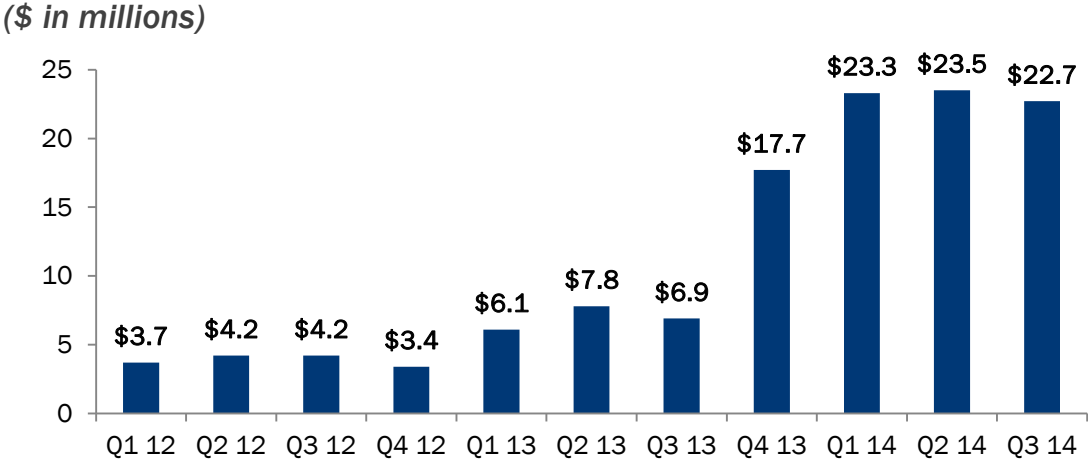
Note: Dollars in billions. Dotted line represents impact of City Index trading volume.

(1) Based on Forex Magnates 3Q 2014 Quarterly Industry Report for the 3 months ended August 31, 2014. GAIN and City Index volume based on actual data per GAIN and City Index management. Excludes Japanese brokers.

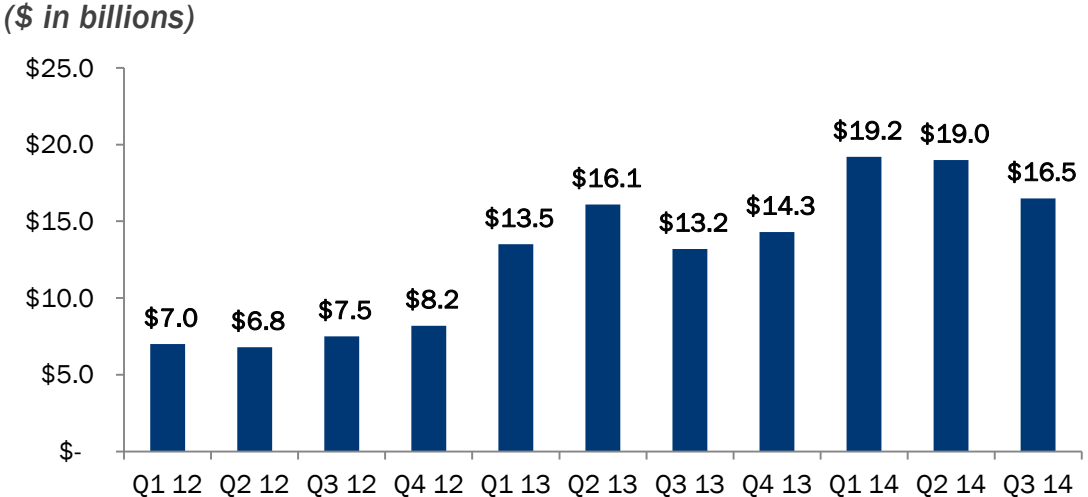
# A Growing Force in Institutional FX Trading

- FX ECN for hedge funds and institutions launched in late 2010
  - Peer-to-peer trading capabilities
  - Prime brokerage credit, central clearing model
- Revenues rose more than ~6x Q1 12–Q3 14
- SEF approval received April 2014
- Sales Trader business adds new stream of institutional-like revenue
  - Service for high-net worth individuals
  - Higher revenue capture relative to GTX

## Institutional Quarterly Revenue



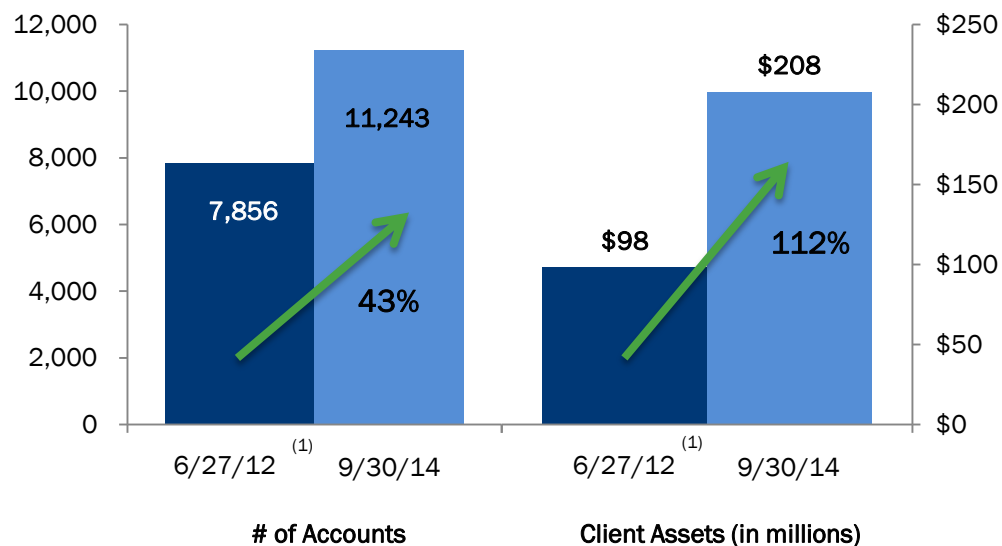
## GTX Daily Volume



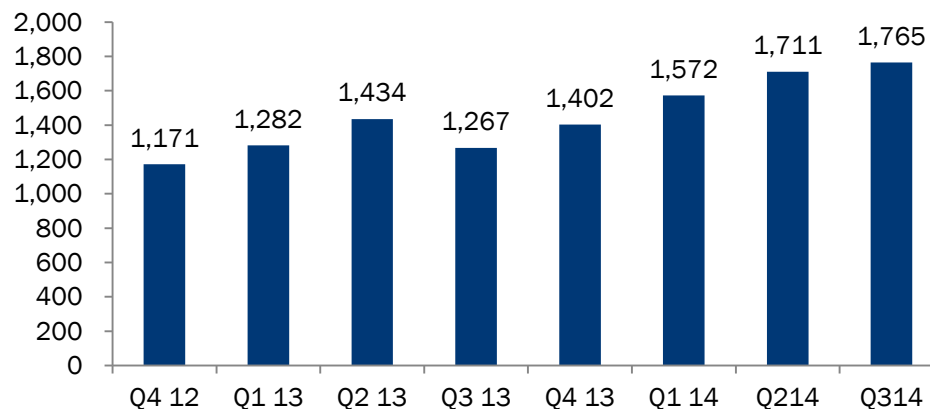
# Exchange-Traded Futures

- Strategic entry into exchange-traded futures via acquisition from Schwab in Q3 2012
  - Complementary product with retail FX
  - Commission-based revenue stream
- Business delivering strong results
  - ~11,200 accounts as of Sept 30, 2014
  - Q3 14 Futures Contracts: 1,764,586
  - Run-rate revenue rising (~\$41mm based on Q3 2014)
- Acquisition of majority stakes in Daniels Trading and Top Third further expand reach
  - Daniels Trading brings additional volume
  - Top Third taps new client base
  - Immediately accretive

## Strong Growth in Customer Accounts and Assets



## Futures Contracts (in 000s)

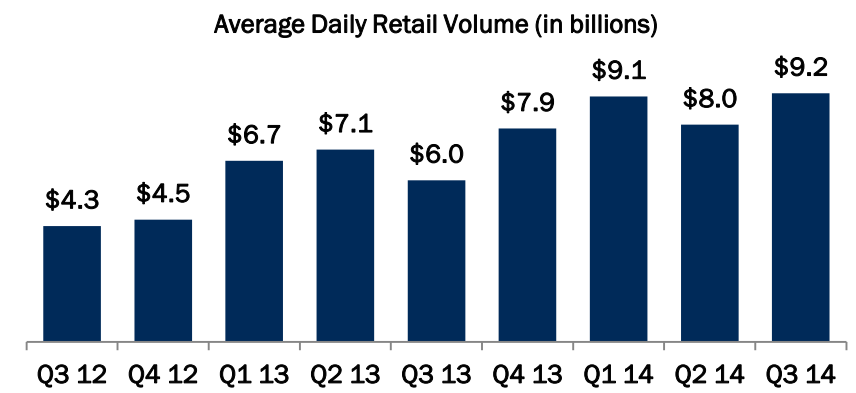
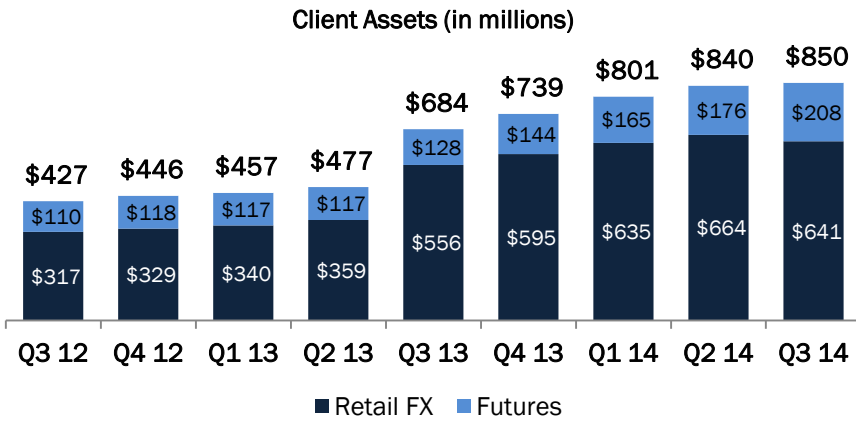
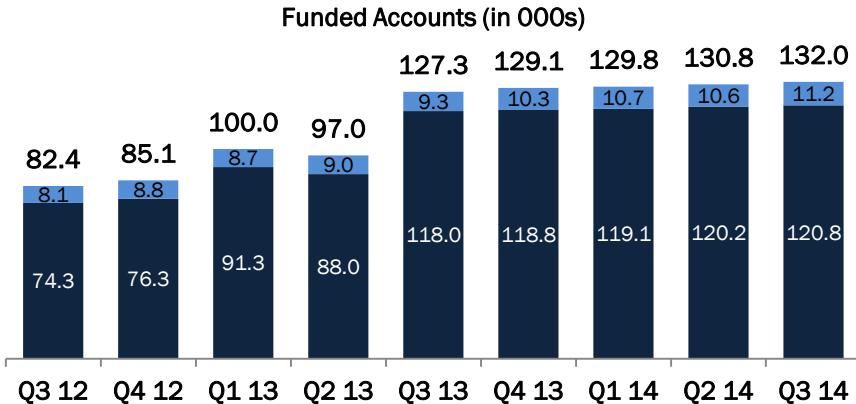


(1) Announcement date of OEC acquisition.



# Strong Core Operating Metrics

- Retail metrics continue upward trend
- Continuing to grow funded account base and client assets
  - Both organically and through M&A
- Increase in both assets and accounts resulting in more trading activity from clients
  - Average daily volume increased 34% year-over-year
    - 5% quarterly growth since Q1 2012
- Potential upside from higher global interest rates
  - 100 basis point increase in global rates results in \$0.07 – \$0.10 of incremental EPS



# GAIN Capital + City Index: Creating A Global Leader in Online Trading

- **Combination creates one of the world's largest and most diversified providers of leveraged trading**
  - #2 provider of retail OTC trading with trailing twelve months revenue of \$462mm; adjusted EBITDA of \$61mm; and retail trading volume of \$3.1 trillion
- **Key strategic benefits of transaction:**
  - **Increases scale** – Combined company will have over 235,000 funded accounts, ~\$1.2 billion in customer assets and retail trading volume in excess of \$3 trillion<sup>(1)</sup>
  - **Diversifies global footprint** – Positions combined company as a top provider in the major global markets
  - **Diversifies retail business** – GAIN Capital's leadership in FX and City Index's strength in CFDs/spread bets provides greater diversification of volume and revenue sources in retail business
- **Key financial benefits of transaction:**
  - **Synergies** – Fixed operating expense synergies of \$45mm–\$55mm relative to the combined company's trailing twelve months expenses. Expect to begin realizing synergies promptly after closing, with full synergies achieved over 18-24 months
  - **Positive earnings impact** – Expect transaction to be accretive on both an adjusted<sup>(2)</sup> and cash<sup>(3)</sup> EPS basis by the fourth quarter after transaction closing
  - **Positive tax attributes** – Estimated \$65mm of available NOLs at City Index
  - **Maintains strong financial footing** – Combined company will increase current liquidity to over \$170mm (pro forma)<sup>(4)</sup>
- **Further builds on GFT acquisition: enhancing scale with complementary operations**
  - GFT acquisition closed in September 2013
  - Business integrated with little or no client attrition
  - On track to achieve \$35-\$45 million of operating synergies

Note: All pro forma financials represent the combination of GAIN Capital and City Index via simple addition.

(1) Funded accounts and client assets as of September 30, 2014. Retail trading volume for the trailing twelve months ended September 30, 2014.

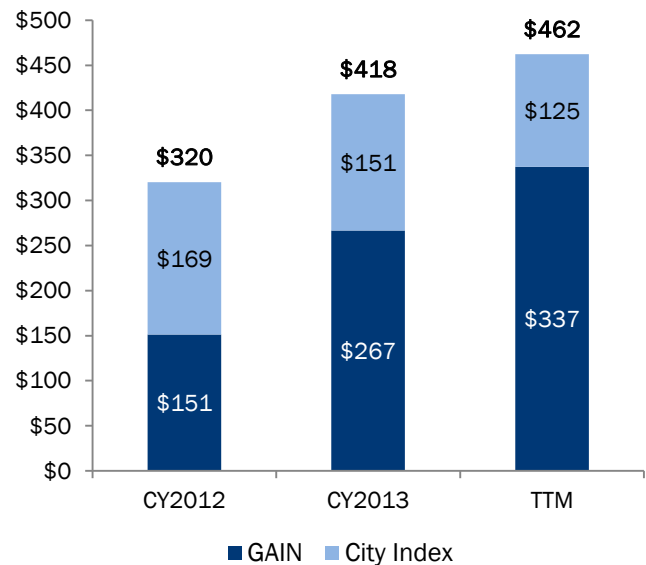
(2) Reflects GAAP EPS with an adjustment for expected restructuring charges.

(3) Reflects GAAP EPS with an adjustment for non-cash expenses including: acquired intangible amortization, depreciation & amortization and non-cash interest expense.

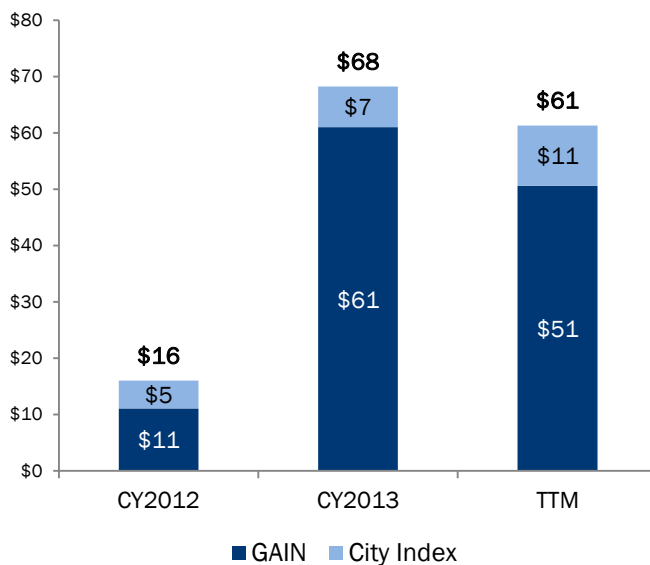
(4) See pro forma liquidity chart in appendix to this presentation.

# Pro Forma GAIN Capital

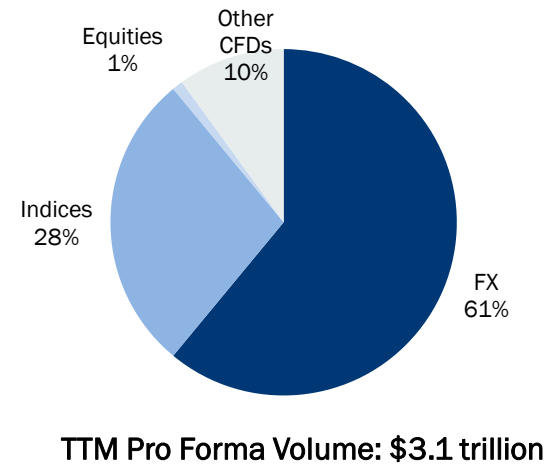
Historical Pro Forma Revenue



Historical Pro Forma Adjusted EBITDA



Pro Forma TTM Retail Volume by Asset Class



The combination of GAIN Capital and City Index creates a company with<sup>(1)</sup>:

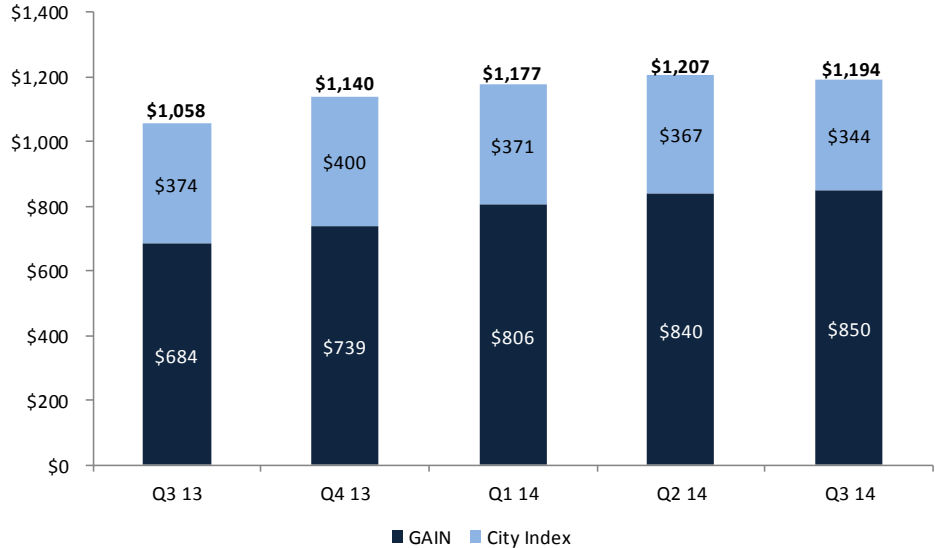
- Revenue: >\$462mm
- Adjusted EBITDA (pre-synergies): ~\$61mm (13% margin)
- Adjusted EBITDA (post-synergies)<sup>(2)</sup>: ~\$111mm (24% margin)
- Pro forma retail volume: \$3.1 trillion (ADV: \$11.9 billion)

Note: Dollars in millions. All pro forma financials represent the combination of GAIN Capital and City Index via simple addition. Based on GBP/USD exchange rate of 1.60.

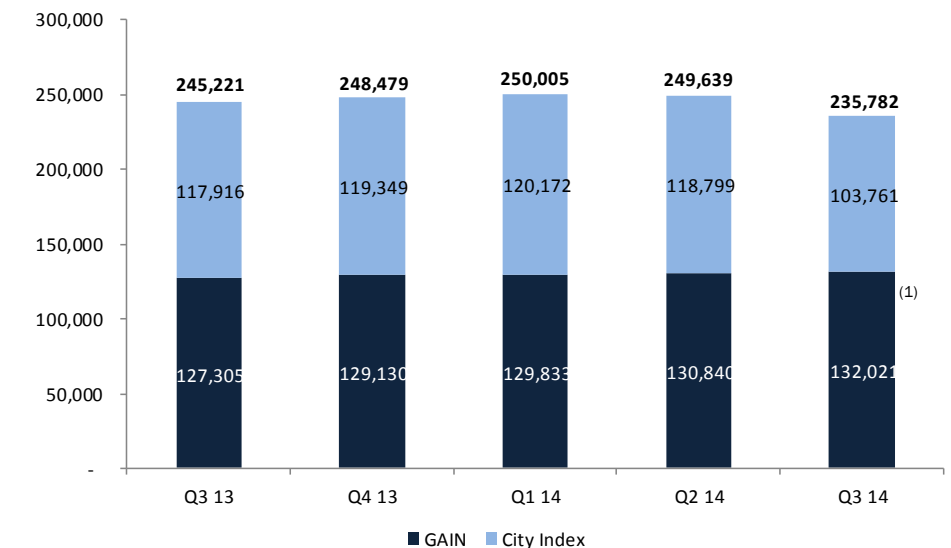
(1) For the trailing twelve months ended September 30, 2014.  
 (2) Assumes \$50mm of fixed operating expense synergies based on midpoint of \$45mm-\$55mm estimated synergies over the first 2 years post-closing.

# Pro Forma GAIN Capital Operating Metrics

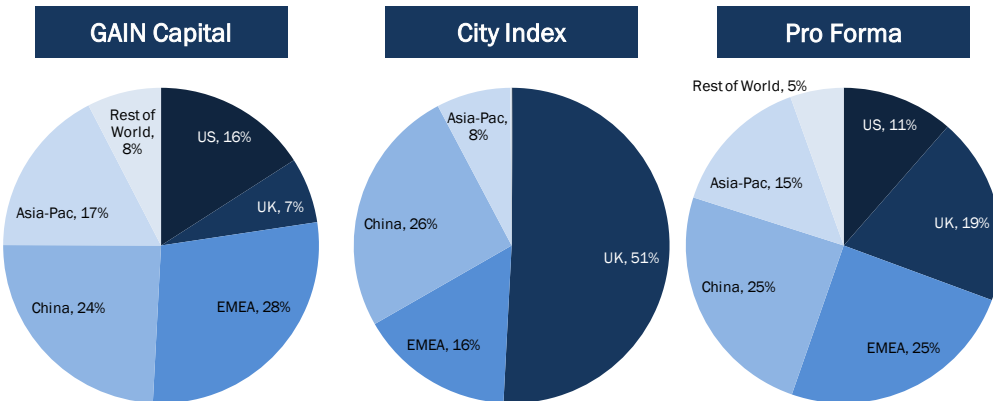
## Client Assets



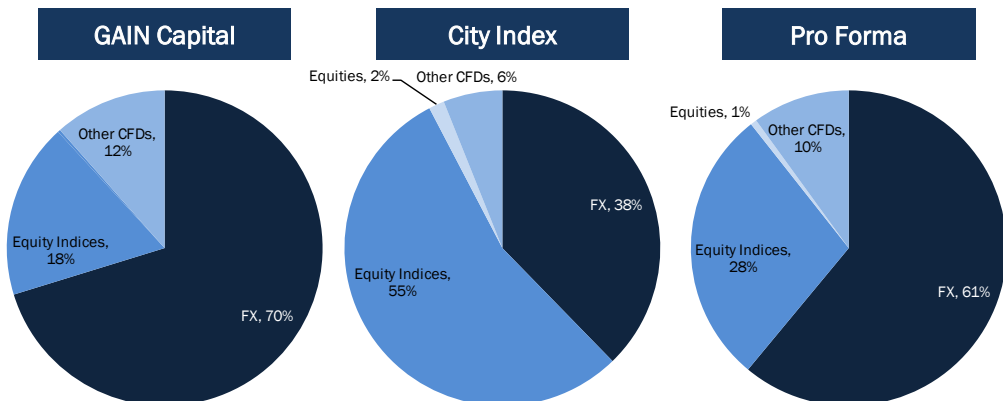
## Funded Accounts



## Retail Trading Volume (by Geography)<sup>(2)</sup>



## Retail Trading Volume (by Asset Class)<sup>(2)</sup>



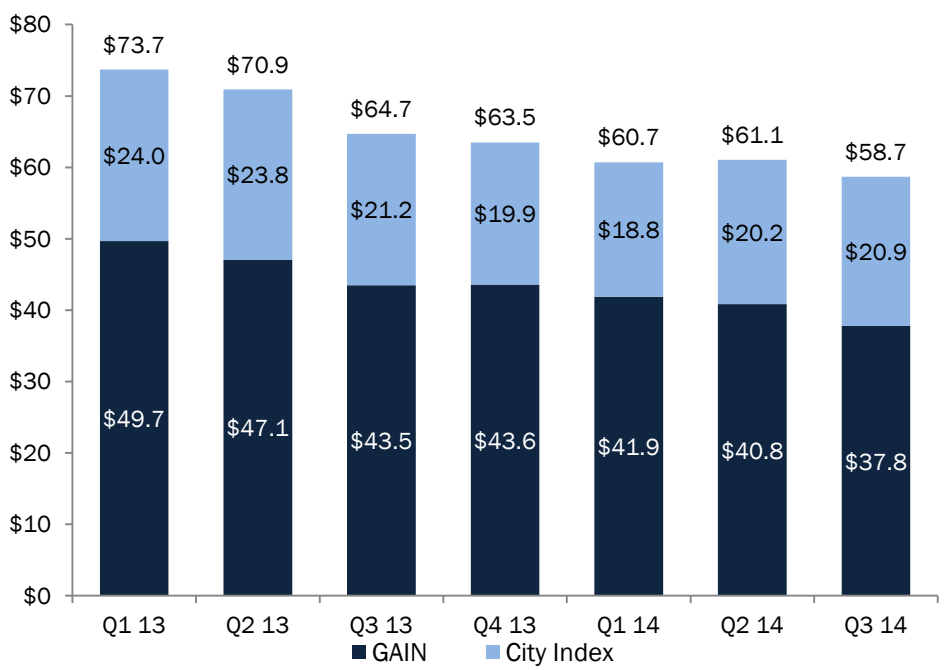
Note: Client assets in millions. Trading volume in billions. Based on GBP/USD exchange rate of 1.60.

(1) Inactivity fee initiated in July 2014 resulted in the closure of a significant number of dormant accounts.  
 (2) Based on trailing twelve months as of September 30, 2014. GAIN Capital: \$2.2 billion; City Index: \$0.9 billion; and Pro Forma: \$3.1 trillion.

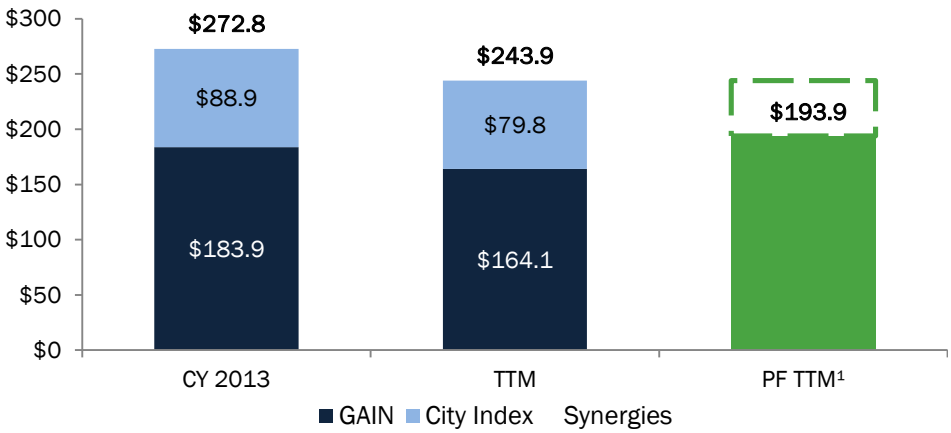
# Synergies – Fixed Operating Expenses

- The companies expect to eliminate between \$45mm – \$55mm in operating costs over the first 2 years after closing
- The companies are continuing to develop detailed integration plans, focusing achievement of cost savings through:
  - Consolidation of office locations and functions
  - Consolidation of trading platforms and systems
  - Reduced product and software development costs
  - Reduced trading expenses

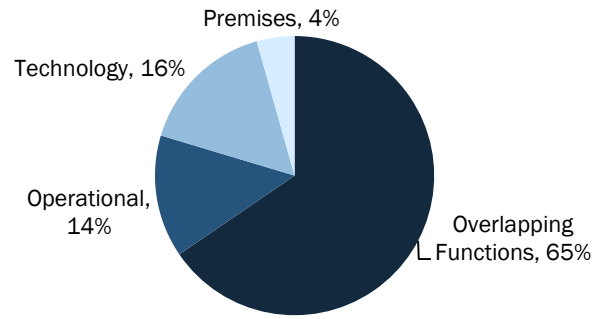
## Quarterly Historical Fixed Operating Expenses



## Impact of Synergies



## Breakdown of Synergies



Note: Dollars in millions. Based on GBP/USD exchange rate of 1.60. Calculation of fixed operating expenses for both companies available in the appendix to this presentation.

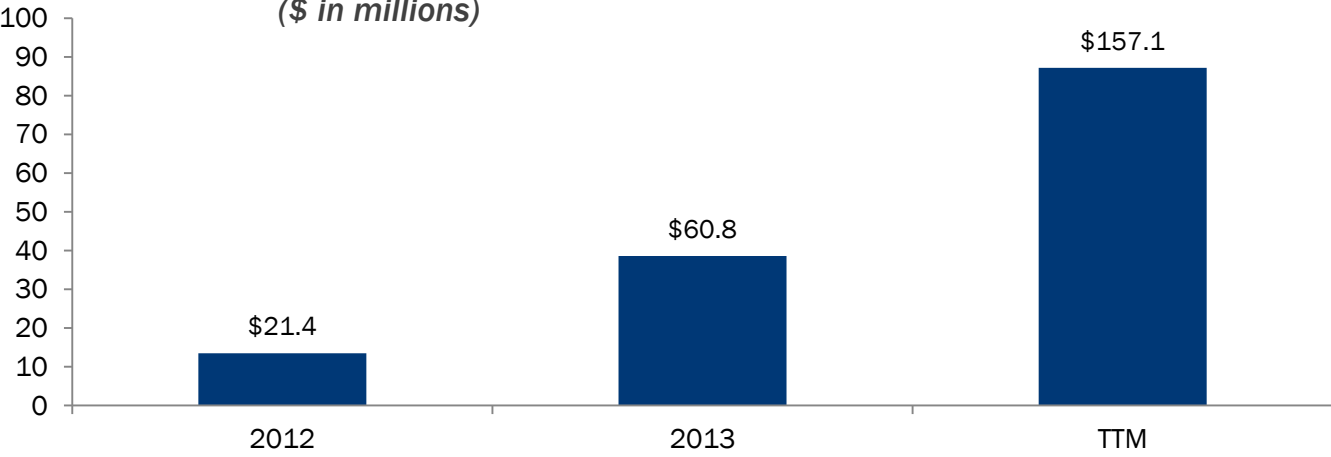
(1) Assumes \$50mm of fixed operating expense synergies based on midpoint of \$45mm-\$55mm estimated synergies over the first 2 years post-closing.

# Successfully Executing Diversification Strategy

- GAIN has consistently diversified its business in the last three years
- Growth of commission based revenue: institutional fx and exchange-traded futures
- GFT and City Index acquisitions improve diversity of retail volume

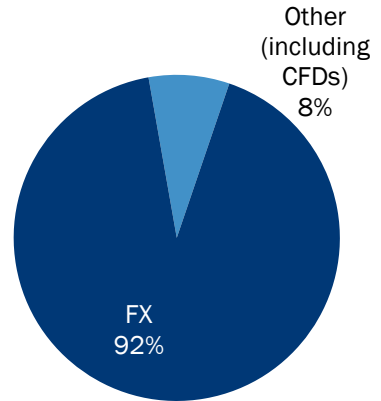
## Commission-Based Annual Revenue

(\$ in millions)

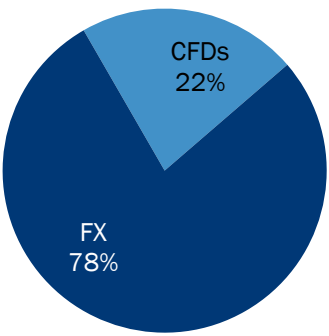


## Retail Volume Composition

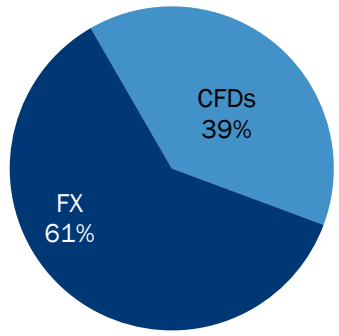
FY 2012	PF 2013 <sup>(1)</sup>	PF TTM <sup>(2)</sup>
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2012 Volume: \$1.3 trillion



Pro Forma 2013 Volume: \$1.9 trillion



TTM Pro Forma Volume: \$3.1 trillion

<sup>1</sup> Pro forma for GFT  
<sup>2</sup> Pro forma for City Index

# Strong Financial Profile

- GAIN maintains a robust balance sheet with strong credit metrics
  - Debt/ LTM Adjusted EBITDA of 2.2X
  - Debt/ tangible equity of 0.4x
- Committed to shareholder value
  - Quarterly dividend of \$0.05/ share
  - Ongoing share buyback program
- Strategic use of capital markets financing
  - \$80m convertible refinanced GFT-related debt and raised funds for M&A
  - Access to additional liquidity for working capital

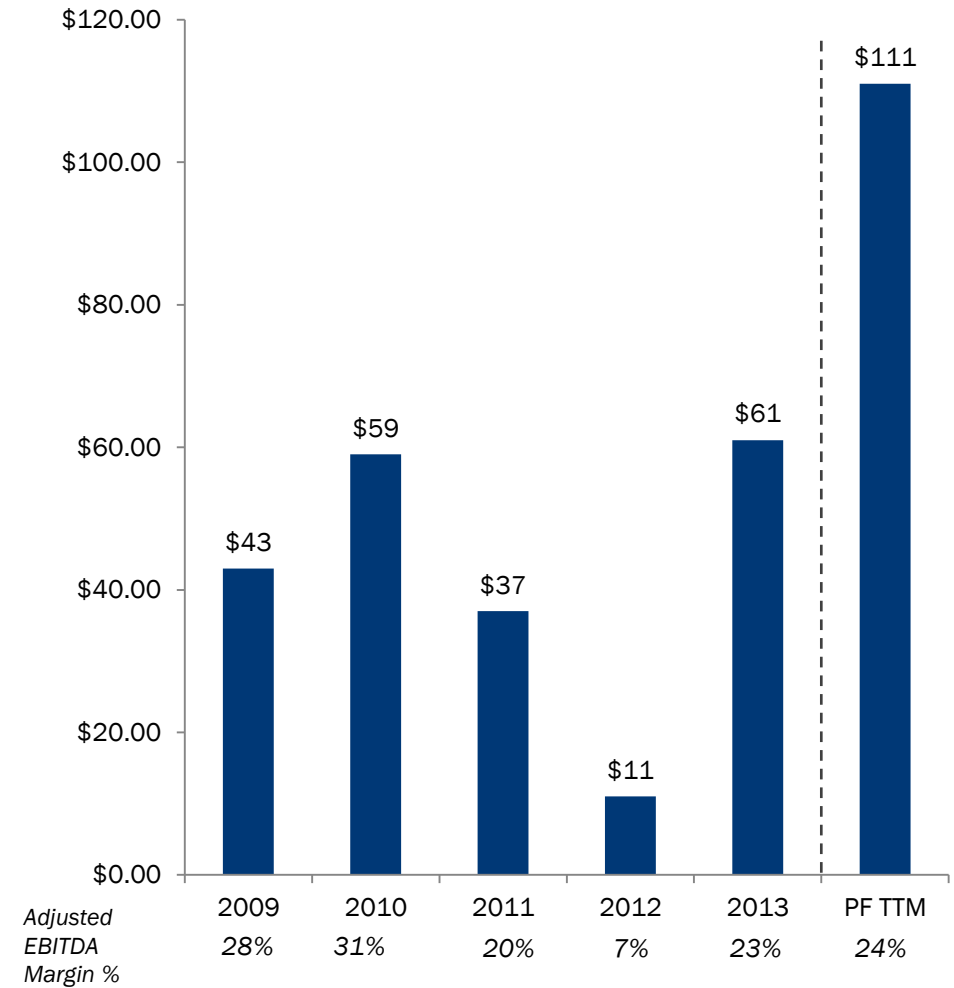
# Financial Highlights

(\$ in millions)

## Revenue



## Adjusted EBITDA

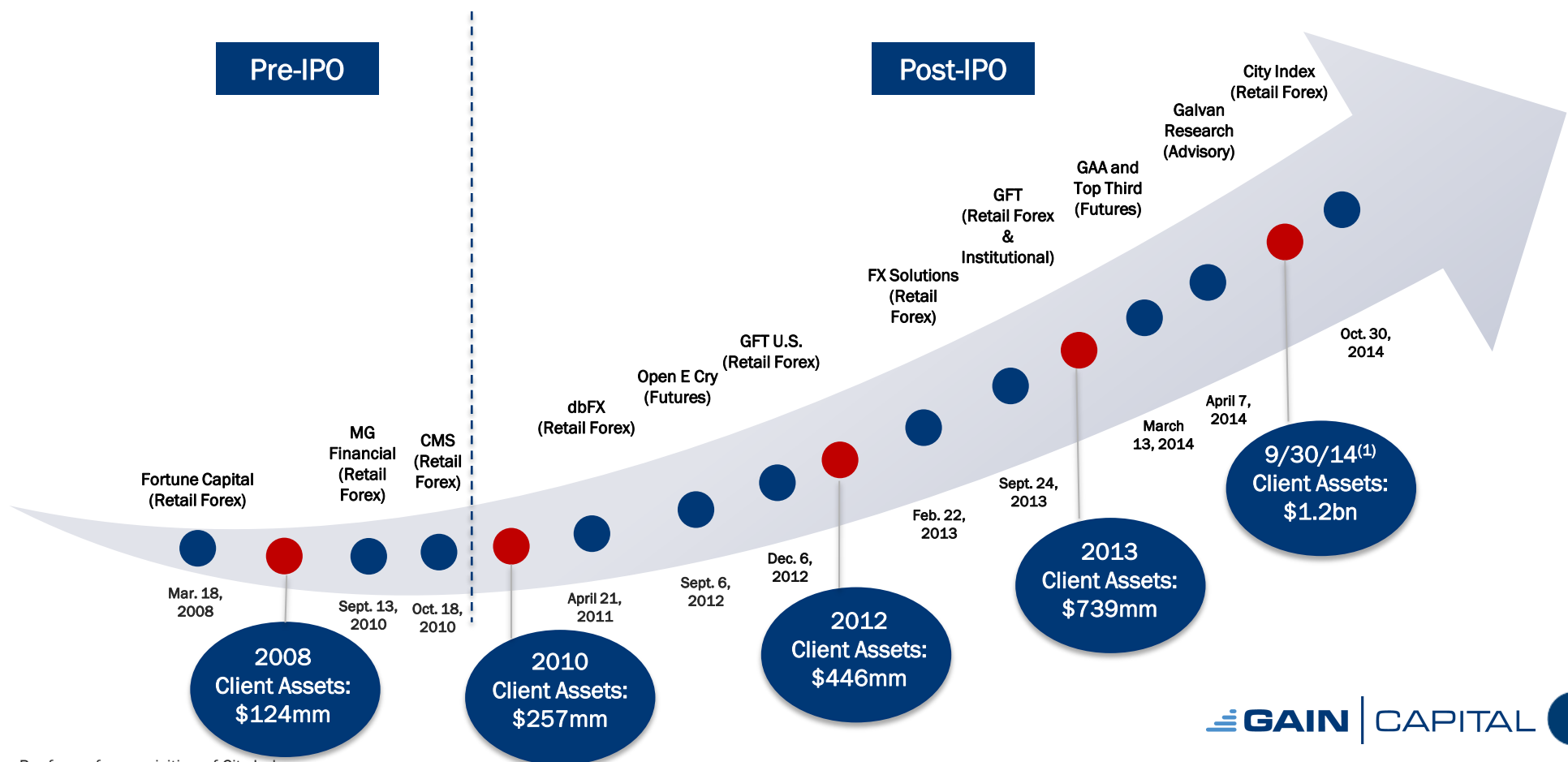


(1) Pro forma for City Index. Adjusted EBITDA includes the midpoint of anticipated year 2 cost synergies (\$45 million - \$55 million).



# Partner of Choice in Consolidating Industry

- City Index transaction is a key part of the successful execution of GAIN's acquisition strategy
- M&A is focused on expanding into new products, customer segments and geographies
- Pro forma for the acquisition, GAIN Capital's asset base has nearly tripled in the past 2 years and increased by >4x since IPO



(1) Pro forma for acquisition of City Index.

# Conclusion

- Transformational acquisition of City Index offers scale and diversification
- Focus on integrating City index and realizing operating synergies
- Robust operating metrics position GAIN to benefit from even modest improvement in market conditions
- Positioned for further growth in both retail OTC and commissioned-based businesses

# Annex

# Adjusted EBITDA Reconciliation

(\$ in millions)

	3 Months Ended September 30,		9 Months Ended September 30,	
	2014	2013	2014	2013
<b>Net Revenue</b>	\$ 103.7	\$ 60.8	\$ 254.8	\$ 183.6
Net (Loss)/Income	15.3	5.6	14.0	27.0
<i>Net (Loss)/Income Margin %</i>	15%	9%	5%	15%
<b>Net (Loss)/Income</b>	\$ 15.3	\$ 5.6	\$ 14.0	\$ 27.0
Depreciation & amortization	2.0	1.9	6.0	5.2
Purchase intangible amortization	2.0	0.5	4.6	1.7
Interest expense	1.5	0.2	4.4	0.3
Income tax expense	5.4	3.0	4.7	11.2
Acquisition costs	0.9	0.5	1.5	1.5
Restructuring	0.4	0.4	1.0	0.4
Integration costs	-	-	1.7	-
<b>Adjusted EBITDA</b>	<u>\$ 27.5</u>	<u>\$ 12.1</u>	<u>\$ 37.9</u>	<u>\$ 47.3</u>
<i>Adjusted EBITDA Margin % <sup>(1)</sup></i>	27%	20%	15%	26%

(1) Adjusted EBITDA is a non-GAAP financial measure that represents earnings before interest, taxes, depreciation, amortization and non-recurring expenses.

# Current Liquidity

(\$ in millions)

	As of	
	9/30/14	12/31/13
Cash and cash equivalents	\$82.2	\$39.9
Cash and securities held for customers	849.7	739.3
Short term investments <sup>(1)</sup>	0.9	0.8
Receivables from banks and brokers <sup>(2)</sup>	165.3	227.6
<b>Total Operating Cash</b>	<b>\$1,098.1</b>	<b>\$1,007.6</b>
Less: Cash and securities held for customers	(849.7)	(739.3)
<b>Free Operating Cash</b>	<b>\$248.4</b>	<b>\$268.3</b>
Less: Minimum regulatory capital requirements	(79.6)	(85.7)
Less: Convertible Senior Notes <sup>(3)</sup>	(80.0)	(80.0)
<b>Free Cash Available<sup>(4)</sup></b>	<b>\$88.8</b>	<b>\$102.6</b>

(1) Reflects cash that would be received up on the liquidation of short term investments.

(2) Reflects cash that would be received from brokers following the close-out of all open positions.

(3) The note payable amount reflects the aggregate principal amount of the notes outstanding, rather than solely the debt portion that is carried on our consolidated balance sheets at September 30, 2014

(4) Does not reflect reduction for current liabilities of \$74.0 million and \$69.7 million at September 30, 2014 and December 31, 2013, respectively.

# Definition of Metrics

- **Funded Accounts**
  - Retail accounts who maintain a cash balance
- **Trading Volume**
  - Represents the U.S. dollar equivalent of notional amounts traded
- **Futures Contracts**
  - Represents the average daily trades transacted by OEC customers
- **Customer Assets**
  - Represents amounts due to clients, including customer deposits and unrealized gains or losses arising from open positions



*November 2014*