UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________.

Commission file number: 001-35008

GAIN CAPITAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-4568600**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
Bedminster One 135 Route 202/206 Bedminster, New Jersey	**07921**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (908) 731-0700

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.00001 par value per share	GCAP	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by a check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. o Yes ☒ No

Indicate by a check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. o Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging grown company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The aggregate market value of the voting stock held by non-affiliates as of June 28, 2019, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $93.4 million based upon the closing price reported for such date on the New York Stock Exchange.

As of March 9, 2020, the registrant had 37,505,756 shares of common stock, $0.00001 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the registrant’s Definitive Proxy Statement to be filed pursuant to Regulation 14A within 120 days after the end of the fiscal year is incorporated by reference into Part III of this Form 10-K.

GAIN Capital Holdings, Inc.
FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

PART I		
Item 1.	Business	4
Item 1A.	Risk Factors	15
Item 1B.	Unresolved Staff Comments	32
Item 2.	Properties	32
Item 3.	Legal Proceedings	32
Item 4.	Mine Safety Disclosures	32
PART II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	33
Item 6.	Selected Financial Data	34
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	35
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	52
Item 8.	Financial Statements and Supplementary Data	54
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	54
Item 9A.	Controls and Procedures	54
Item 9B.	Other Information	57
PART III		
Item 10.	Directors, Executive Officers and Corporate Governance	58
Item 11.	Executive Compensation	58
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	58
Item 13.	Certain Relationships and Related Transactions, and Director Independence	58
Item 14.	Principal Accountant Fees and Services	58
PART IV		
Item 15.	Exhibits and Financial Statement Schedules	59
EXHIBIT INDEX		F-39
SIGNATURES		F-45

PART I

FORWARD-LOOKING INFORMATION

In this Annual Report on Form 10-K, the words "GAIN," the "Company," "our," "we" and "us" refer to GAIN Capital Holdings, Inc. and, except as otherwise specified herein, to GAIN's subsidiaries. GAIN's fiscal year ended on December 31, 2019.

This Annual Report on Form 10-K contains a number of forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 as amended (the "Exchange Act"). These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which GAIN operates, as well as management's current beliefs and assumptions. Any statements contained herein (including, without limitation, statements to the effect that management or GAIN "believes," "expects," "anticipates," "plans" and similar expressions) that are not statements of historical fact should be considered forward-looking statements and should be read in conjunction with the consolidated financial statements and notes to consolidated financial statements included in this report and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. There are a number of important factors that could cause actual results to differ materially from those indicated by such forward-looking statements. These factors include, without limitation, those set forth in the section entitled "Item 1A. Risk Factors" below and discussed elsewhere herein. The risks and uncertainties described below are not the only ones we face. We expressly disclaim any obligation to update any forward-looking statements, except as may be required by law.

ITEM 1. BUSINESS

OVERVIEW

We are a global provider of trading services and solutions, specializing in over-the-counter ("OTC") and exchange-traded markets. We serve customers in more than 180 countries worldwide, and we conduct business from our offices in Bedminster, New Jersey; New York, New York; Chicago, Illinois; Powell, Ohio; London, England; Tokyo, Japan; Sydney, Australia; Shanghai, China; Hong Kong; Dubai, U.A.E.; Krakow, Poland; and Singapore.

We have invested considerable resources since our inception to develop our proprietary trading platforms to provide our customers with advanced price discovery, trade execution and order management functions, while improving our ability to acquire and service our customers efficiently, as well as manage market and credit risk associated with our customers' trading activity. Today our customers can trade through web-based, downloadable, and mobile trading platforms, all of which provide access to innovative trading tools to assist them with research and analysis, trade execution and account management.

We operate our business in two segments. Through our retail segment, we provide customers around the world access to a diverse range of global financial markets. We offer our customers access to over 15,000 global financial markets, including spot foreign exchange ("forex"), precious metals trading, as well as contracts for difference ("CFDs"), which are investment products with returns linked to the performance of underlying assets. We offer CFDs on currencies, commodities, indices, individual equities, cryptocurrencies, bonds, options and interest rate products. In the United Kingdom ("U.K."), we offer spread bets, which are investment products similar to CFDs, but having more favorable tax treatment for residents of the U.K.

In addition to OTC products offered by our retail segment, our futures segment offers exchange-traded futures and options on futures on more than 30 global exchanges. Each of our operating segments is discussed in more detail below. For financial information regarding our segments, please refer to Note 23 to our audited consolidated financial statements included in this Annual Report.

As a global provider of online trading services, the results of our operations are impacted by a number of external factors, including market volatility, competition, the regulatory environment in the various jurisdictions and markets in which we operate, as well as the financial condition of the customers to whom we provide our services. These are not the only factors that may have impacted our results of operations for the most recent fiscal period as well as in future periods. Please refer to "Item 1A. Risk Factors" for a discussion of other factors that may impact our business.

For financial information by geographic area, please refer to Note 23 to our audited consolidated financial statements included in this Annual Report.

Growth Strategies

We intend to grow our business and increase our profitability principally by employing the following strategies:

- Pursuing organic growth by:
  - Leveraging our global footprint and powerful brand assets to increase our overall share in the markets we operate;
  - Introducing new, innovative products and services; including upgraded and enhanced trading platforms and decision support tools that enhance the customer experience and improve competitive position;
  - Optimizing our marketing investment to drive new account growth and asset gathering; and
  - Improving client onboarding to increase acquisition results and return on our marketing investment.
- Increasing operational excellence by:
  - Increasing automation, thereby reducing service costs;
  - Simplifying our technology infrastructure to more efficiently use our resources
  - Seeking to achieve an optimal balance between insourcing versus outsourcing; and
  - Developing regional centers to provide administrative and support functions more efficiently.
- Reducing revenue volatility through:
  - Lessening the variability between customer transaction revenue ("CTR", which is spread, commissions and overnight financing) and reported results;
  - Implementing artificial intelligence driven hedging programs;
  - Decreasing the cost of hedging; and
  - Further optimizing trade flow.
- We will also continue to selectively review mergers and acquisitions and other inorganic opportunities which complement our organic growth strategy.

Sale to INTL FCStone Inc.

On February 26, 2020, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with INTL FCStone Inc., a Delaware corporation (“INTL”) and Golf Merger Sub I, Inc., a Delaware corporation and a wholly owned subsidiary of INTL (“Merger Sub”), pursuant to which, among other things and subject to the satisfaction or waiver of specified conditions, Merger Sub will merge with and into the Company (the "Merger"). As a result of the Merger, Merger Sub will cease to exist, and we will survive as a wholly owned subsidiary of INTL. Subject to the terms and conditions of the Merger Agreement at the effective time of the Merger (the Effective Time"), each share of the Company's common stock issued and outstanding immediately prior to the Effective Time (other than dissenting shares) will be converted into the right to receive $6.00 per share in cash, without interest.

Tender Offer

On October 9, 2018, the Company announced that it had commenced a "modified Dutch auction" tender offer to purchase up to $50 million of shares of its common stock, or such lesser number of shares of its common stock as were properly tendered and not properly withdrawn, at a price not less than $7.24 nor greater than $7.94 per share of common stock. On November 9, 2018, the Company accepted for purchase 6,377,551 shares of its common stock at a price of $7.84 per share (reflecting a proration factor of approximately 0.95664), for an aggregate cost of approximately $50 million, excluding fees and expenses relating to the tender offer. At the time these shares represented approximately 14 percent of the shares outstanding.

Sale of GTX ECN Business

On June 29, 2018, we completed the sale of the assets of our GTX ECN (electronic communication network) business, an institutional platform for trading foreign exchange, to 360T, a subsidiary of Deutsche Börse AG, pursuant to an Asset Purchase Agreement dated as of May 29, 2018 (the “Purchase Agreement”). The Purchase Agreement provides for a cash purchase price for the GTX business of $100 million, less a working capital adjustment, which amounted to a $0.2 million reduction in the purchase price. The Purchase Agreement contains customary representations and warranties that generally survived until the first anniversary of the closing date. Also, we agreed to certain non-competition and non-solicitation obligations relating to the GTX business and its employees that expire on the third anniversary of the closing date. We have continued to provide certain transition services to the buyer following the closing date. The parties have entered into commercial agreements relating to a continued business relationship between GAIN and 360T.

Prior to its sale, we reported the results of our GTX ECN business as part of our institutional segment. We have determined that the institutional reportable segment met the discontinued operations criteria set forth in ASC Subtopic 205-20-45, *Presentation of Financial Statements*, in the quarter ended June 30, 2018. As such, institutional segment results have been classified as discontinued operations in the accompanying Consolidated Statement of Operations and Comprehensive Income for the year ended December 31, 2018. For more information relating to the discontinued operations of our GTX ECN business, please see Note 3 to our Consolidated Financial Statements elsewhere in this report.

FXCM Asset Acquisition

On February 7, 2017, we 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 us effective as of February 7, 2017. In consideration of the transfer of these accounts, we agreed to pay FXCM, without duplication:

- $500 per account for each transferred account that first executes a new trade with GAIN during the 76-day period immediately following the closing of the account transfer (the “Initial Period”); and

- $250 per account for each transferred account that (i) did not execute a new trade with GAIN during the Initial Period and (ii) executes a new trade with GAIN during the 77-day period immediately following the last day of the Initial Period.

We paid $7.2 million to FXCM as consideration for the purchased accounts for the year ended December 31, 2017, which was capitalized and included as an intangible asset to be amortized on a straight line basis over its two year useful life.

Our Retail Segment

Our retail segment represented 76.0% of our net revenue for the year ended December 31, 2019. We conduct our retail business primarily through our FOREX.com and City Index brands.

Through our retail segment, we provide customers around the world access to over 15,000 global financial markets, including spot foreign exchange ("forex"), precious metals trading, as well as CFDs, which are investment products with returns linked to the performance of underlying assets. We offer CFDs on currencies, commodities, indices, individual equities, cryptocurrencies, bonds, options and interest rate products. In the U.K., we offer spread bets, which are investment products similar to CFDs, but have more favorable tax treatment for residents of the U.K.. We offer these products under the diverse regulatory environments in which we operate. Because of United States ("U.S.") regulations, neither we, nor our subsidiaries, offer CFDs or spread bets in the U.S. or to U.S. residents.

We seek to attract and support our customers through direct and indirect channels. Our primary direct channels for our retail segment are our Internet websites, FOREX.com and Cityindex.com, which are available in multiple languages, including English, Chinese, Japanese and Arabic. Our indirect channels include our relationships with introducing brokers, who solicit customers on our behalf, and white label partners, who offer our trading services to their customers under their own brand. Total retail trading volume sourced through direct and indirect channels was 78% and 22%, respectively, for the year ended December 31, 2019.

We generate revenue in our retail segment in two ways: (1) trading revenue from our market making activities for OTC products, earned principally from the bid/offer spread we offer our customers and fees, including financing charges for positions held overnight, commissions on equity CFD trades, and other account related fees and (2) any net gains and losses generated through changes in the market value of the currencies and other products held in our net exposure.

In 2019, we generated approximately 67.7% of our retail segment trading volume from customers outside the U.S. For a discussion of the risks associated with our retail segment operations outside the U.S., please refer to “Item 1A. Risk Factors.”

The following sections provide additional information regarding our retail business:

Innovative trading tools

We have made significant investment in developing and supporting our award-winning proprietary trading technology in order to provide our customers with an enhanced customer experience and multiple ways to trade and manage their accounts, tailored to their level of experience and preferred mode of access. In addition, we selectively offer third party trading tools that we believe complement our proprietary offerings. We believe that our proprietary trading technology is a significant competitive advantage because we have the ability to adapt quickly to our customers' changing needs.

Competitive pricing and fast, accurate trade execution

We have longstanding relationships with a large number of institutional liquidity providers, as well as access to multiple liquidity venues. They allow us to offer our customers superior liquidity and more competitive pricing with tighter bid/offer spreads than many of our competitors. In addition, we have developed a proprietary pricing engine that aggregates quotes from our liquidity sources to ensure that our prices accurately reflect current market price levels and allow us to provide our customers with fast, accurate trade execution.

Efficient customer onboarding and account management

We have developed proprietary technology to handle numerous aspects of account onboarding and customer service including the account opening and customer verification process, fast online account funding and withdrawals with a wide variety of automated payment methods, and on-demand delivery of customer information, such as account statements and other account-related reporting. We also offer account opening and funding functions on our mobile trading applications in order to provide a superior experience to the large number of customers who trade primarily through their mobile devices. Given the highly regulated and global nature of our business, these processes are customized to each regulatory jurisdiction in which we operate, and are further tailored to customer needs and preferences in specific countries in order to make it easier for clients in these countries to open accounts with us and then to fund and trade in those accounts.

Sophisticated risk management

Because we are exposed to market, credit and other risks in connection with our retail business, developing and maintaining robust risk management capabilities is a high priority.

We allow our customers to trade notional amounts greater than the funds they have on deposit with us through the use of leverage, making management of credit risk a key focus for us. We manage customer credit risk through a combination of trading tools that allow our customers to monitor their risk exposure and avoid taking on excessive risk, as well as automated processes that close customer positions in accordance with our policies, in the event the funds in customers' accounts are not sufficient to hold their positions. One such tool available on our trading platforms is a real-time margin monitor that enables customers to know when they are approaching their margin limits. If customers' equity falls below the amount required to support one or more positions, automated alerts are sent to make them aware, so they can manage their position. If customers' equity falls further beyond their liquidation level, we automatically liquidate positions to bring the customer's account into margin compliance. If liquidation is necessary, a further automated confirmation is sent to confirm the action taken.
In addition to automated processes, we actively monitor and assess various market factors, including volatility and liquidity, and take steps to address identified risks, such as proactively adjusting required customer margin (both initial and maintenance).

With respect to market risk, when a retail customer executes a trade with us, the trade may be naturally hedged against an offsetting trade from another customer, hedged through an offsetting trade with one of our liquidity providers or may become part of our net exposure portfolio. For naturally hedged trades, we receive the entire bid/offer spread we offer our customers on the two offsetting transactions. For trades hedged with our liquidity providers, we earn the difference between the retail bid/offer spread we offer our customers and the wholesale bid/offer spread we receive from our liquidity providers. Customer trades in our net exposure portfolio are managed pursuant to our risk-management policies and procedures, including risk limits established by the Risk Committee of our Board of Directors. We receive the net gains or losses generated through managing our net exposure.

Our risk management policies and procedures have been developed to enable us to effectively manage our exposure to market risk, particularly in connection with managing our net exposure. Our net exposure is evaluated and rebalanced continuously, in real-time throughout the trading day, thereby minimizing the risk that we will be adversely affected by changes in the market prices of the products we hold. This real-time rebalancing of our portfolio enables us to curtail risk in both up and down market scenarios.

Our risk management policies and procedures are established and reviewed regularly by the Risk Committee of our Board of Directors. Our risk-management team monitors risk exposure continuously and updates senior management both informally over the course of the trading day and formally through real-time, intraday and end-of-day reporting. We do not actively initiate proprietary market positions in anticipation of future movements in the relative prices of the products we offer.

Customers

Our retail customers consist primarily of self-directed traders, who execute trades on their own behalf. A small number of our customers have engaged an intermediary to make trading decisions on their behalves.

Our typical self-directed customer is generally comfortable making trading decisions and is specifically interested in trading leveraged products, which generally have a higher risk/reward profile. For the year ended December 31, 2019, self-directed customers represented approximately 99.8% of our retail trading volume.

The intermediaries engaged by our managed account customers, which we refer to as authorized traders, include professional money managers, which trade aggregated customer funds, and individuals that trade for a small number of customer accounts. For the year ended December 31, 2019, managed account customers collectively represented approximately 0.2% of our retail trading volume.

Sales and Marketing

In connection with our retail business, we look to acquire new customers as cost-efficiently as possible, primarily through online marketing efforts such as advertising on third-party websites, search engine marketing and affiliate marketing. Our experienced in-house marketing team creates highly targeted online campaigns tailored to experienced traders, as well as marketing programs and materials designed to support and educate newer traders. We use sophisticated tracking and measurement techniques to monitor the results of individual campaigns and continually work to optimize our overall marketing results.

One of our principal lead-generation tools is to offer prospective customers access to free registered practice trading accounts for a 30-day trial period. From a prospective customer’s point of view, we believe the registered practice trading account serves two important functions. First, it allows the prospective customer to evaluate our trading platform, tools, and services. Second, for less experienced traders, it serves as an educational tool, providing the prospective customers with the opportunity to try trading in a risk-free environment, without committing any capital. During this trial period, our customer service team is available to assist and educate the prospective customers.

We also work with introducing brokers in order to expand our customer base. We work with a variety of different types of introducing brokers, ranging from small, specialized firms that specifically identify and solicit customers interested in forex and CFD trading, to larger, more established financial services firms. Introducing brokers direct customers to us in return for either a commission on each referred customer’s trading volume or a share of net revenue generated by each referred customer’s trading activity. We also offer a global affiliate program to which third parties refer customers to us in exchange for a one-time payment.

Competition

The market for our retail services is rapidly evolving and highly competitive. Our competitors vary by region in terms of regulatory status, breadth of product offering, size and geographic scope of operations. Our main competitors during 2019 can be categorized as follows:

- Regulated Forex Firms such as OANDA Corporation.
- Global Multi-Asset Trading Firms, including firms such as IG Group Holdings plc, CMC Group and Plus500 Ltd. These firms generally offer a broad set of asset classes and earn a significant percentage of their revenue from CFDs, forex and exchange-traded products.

Our Futures Segment

Our futures segment offers execution and related services for exchange-traded futures and futures options on major U.S. and European exchanges. We clear our customers’ trades through our regulated Futures Commission Merchant ("FCM"), GAIN Capital Group, LLC (“GCGL”). Also in the futures segment, we operate Global Asset Advisors, LLC (“GAA”) and Top Third Ag Marketing, LLC (“TT”). GAA is a Chicago-based futures brokerage firm which principally markets to and services clients under the Daniels Trading (“DTR”) brand. GAA is an introducing broker targeting retail and professional traders, primarily in equities and agricultural products. TT, also an introducing broker, uses options-based hedging strategies to help clients manage the risks of agricultural production. We purchased majority interests in both GAA and TT in 2014. We acquired the remaining minority interests in GAA and TT in stages, at various points since then. As of the date of this report, both companies are wholly-owned subsidiaries.

Revenue in our futures segment is primarily generated through commissions earned on futures and futures options trades. Our futures segment represented 14.9% of our net revenue for the year ended December 31, 2019.

Advanced Trading Platform

Our futures segment provides customers an enhanced experience through our GAIN Trader proprietary trading platform. We have invested in high-speed connectivity to provide access to over 30 global exchanges, which allows us to deliver streaming quotes and high-speed executions. The GAIN Trader platform has a robust suite of trading tools, including charting tools, custom alerts and indicators, as well as automated trading and risk management tools. Our futures segment also provides Trade Desk Manager, a version of our GAIN Trader platform offered to introducing brokers, which allows them to manage their customers’ accounts. In addition, we facilitate connection to our trading services through Application Programming Interface ("APIs") from other front-end applications, and we license a white label version of our GAIN Trader platform to select third parties.

Risk Management

In our futures segment, we are exposed to credit risk as it relates to customer positions. If an adverse market move occurs and triggers an additional margin requirement, we may be unable to collect the additional margin in a timely manner, or at all. In such a case, we would incur bad debt expense, which could have a material adverse effect on our results of operations. To mitigate this risk, we monitor all client accounts in near real time using multiple tools and processes designed to ensure that our client accounts are trading within their means.

Sales and Marketing

As with our retail segment, we seek to acquire futures customers as cost-efficiently as possible. Our principal source of new customers is a large network of introducing brokers. Further, sales leads are generated through seminars, online advertising and other media. In addition to our marketing efforts, we attract our futures segment customers through dedicated sales staff at GCGL, GAA and TT. These sales teams focus on a variety of sectors and provide differentiated services to our customers.

Competition

Our futures segment comprises both introducing-broker ("IB") business as well as direct client offerings that span service levels (self-directed to full service). For our IB business our largest competitors are RJO'Brien and ADM Investor Services, and to a lesser extent Rosenthal Collins Group ("RCG").

Our direct full-service business is concentrated in the agricultural hedge sector where we compete with Allendale, Advance Trading and Roach Ag Market as well as a number of boutique smaller rural IBs. For our self-directed, direct business, we compete with Interactive Brokers, TD Ameritrade, E*Trade Financial Corporation and TradeStation. All these firms own and operate their own proprietary trading platforms, as GAIN does, and they offer futures trading as a complement to their core equity trading clientèle.

Intellectual Property

We rely on a combination of trademark, copyright, trade secret and unfair competition laws in the United States and other jurisdictions to protect our proprietary technology, intellectual property rights and our brands (e.g., FOREX.com, GAIN Capital, and City Index). We also enter into confidentiality and invention assignment agreements with our employees and consultants, and confidentiality agreements with other third parties. We rigorously control access to our proprietary technology. Currently, we do not have any pending or issued patents.

We use a variety of service marks that have been registered with the U.S. Patent and Trademark Office, including: GAIN Capital (registered service mark), GAIN Capital Group (registered service mark), Forex Insider (registered service mark), ForexTrader (registered service mark), FOREX.com (registered service mark), It’s Your World. Trade It. (registered service mark), GAIN Capital Futures (registered service mark), and GAIN Futures (registered service mark). We also have registered trademarks covering our City Index brand name and logo in a variety of jurisdictions, including Australia, the U.K., European Union ("E.U."), Singapore and China.

Regulation

Overview

Our business and industry are highly regulated. Our operating subsidiaries are regulated in a number of jurisdictions, including the U.S., the U.K. (through which we have historically accessed regulatory passport rights to operate in a number of European Economic Area jurisdictions), Japan, Australia, Canada, Singapore, and the Cayman Islands. Government regulators and self-regulatory organizations oversee the conduct of our business in many ways, and several perform regular examinations to monitor our compliance with applicable statutes, regulations and rules. These statutes, regulations and rules cover all aspects of our business, including:

- sales and marketing activities, including our interaction with, and solicitation of, customers;
- trading practices, including the types of products and services we may offer;
- the methods by which customers can fund accounts with us;
- treatment of customer assets, including custody, control, safekeeping and, in certain countries, segregation of our customer funds and securities;
- offer fair and transparent markets including offering symmetrical pricing;
- maintaining specified minimum amounts of capital and limiting withdrawals of funds from our regulated operating subsidiaries;
- continuing education requirements for our employees;
- anti-money laundering practices;
- recordkeeping and reporting; and
- supervision regarding the conduct of directors, officers and employees.

In some jurisdictions in which we offer our products and services, we are not subject to regulation because there is no established regulatory regime that covers our products and services or due to the manner in which we offer our products and service. From time to time, we consult with legal counsel in jurisdictions in which we operate on a regular basis, or where we have a material concentration of customers, as to whether we have the required authorizations, licenses or approvals or whether we may conduct our business cross-border with residents in that jurisdiction without obtaining local regulatory authorization, approval or consent. To the extent that we wish to serve customers in a jurisdiction in which we determine licensing or registration is required, we may also elect to direct such customers to a licensed white label or other partner, rather than pursuing licensing or registration ourselves.

Though we conduct our business in a manner which we believe complies with applicable local law, regulators may assert authority over activities that they deem to take place within the jurisdiction they regulate, and new laws, rules or regulations may be enacted that change the regulatory landscape and result in new, or clarify preexisting, registration or licensing requirements.

The primary responsibility for ensuring that we maintain compliance with all applicable regulatory requirements is vested in our legal and compliance departments. In addition, our legal and compliance departments are responsible for our ongoing training and education programs, supervision of our personnel required to be licensed by one or more of our regulators, review of sales, marketing and other communications and other related functions. In addition, our sales employees are licensed pursuant to applicable regulation.

U.S. Regulation

In the U.S., the Commodity Futures Trading Commission ("CFTC") and the National Futures Association ("NFA") regulate our forex and futures trading activities. Historically, the principal legislation covering our U.S. forex business was the Commodity Exchange Act, which provides for federal regulation of all commodities and futures trading activities and requires all futures and commodity options to be traded on organized exchanges. In recent years, as is the case of other companies in the financial services industry, our forex business has been subject to increasing regulatory oversight. The CFTC Reauthorization Act, which grants the CFTC express authority to regulate the retail forex industry includes a series of rules which regulate various aspects of our business, including:

- creating retail foreign exchange dealers ("RFED"), a regulated category of forex brokers focused on retail investors that are permitted to act as counterparty to retail forex transactions;
- imposing an initial minimum security deposit amount between 2.0% and 5.0%, depending on the pair, of the notional value for retail forex transactions in “major currency” pairs and between 5.0% and 20.0%, depending on the pair, of the notional value for retail forex transactions in “non-major currency” pairs;

- providing that introducing brokers, money managers and fund managers must either (i) register with the CFTC and become members of the NFA or apply for an exemption from registration and (ii) meet the minimum net capital requirements applicable to futures and commodity options introducing brokers or enter into a guarantee agreement with a CFTC-regulated forex dealer member and permitting only one such guarantee agreement per introducing broker;
- requiring that a risk disclosure statement be provided to every retail forex customer, including disclosure of the number of profitable and unprofitable non-discretionary accounts maintained by the forex broker during the four most recent calendar quarters; and
- prohibiting RFEDs, FCMs and introducing brokers from including statements in sales and marketing materials that would appear to convey to potential retail forex customers that there is a guaranty against loss, and requiring that FCMs, RFEDs and introducing brokers provide retail forex customers with enhanced written disclosure statements that, among other things, inform customers of the risk of loss and in 2018 the NFA imposed or proposed additional rule measures including but not limited to:

    - requiring associated persons of swap dealers to pass swaps proficiency requirements effective January 31, 2020; and
    - provided additional guidance on the supervision of branch offices and guaranteed introducing brokers; and
    - amended several existing compliance rules and interpretive notices to expressly incorporate supervision requirements for Members' swaps activities; and
    - amended NFA rules and interpretive notices regarding Information Systems Security Programs including training and notification requirements for cybersecurity incidents.

In July 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act. A number of significant provisions contained in the law affected our business. Specifically, the Dodd-Frank Act included:

- rules that, beginning in October 2010, required us to ensure that our customers residing in the United States have accounts open only with our NFA-member operating entity, GCGL; and
- amendments to the Commodity Exchange Act that, beginning on July 15, 2011, required essentially all retail transactions in any commodity other than foreign currency to be executed on an exchange, rather than OTC.

The Dodd-Frank Act also provides for additional regulation of swaps and security-based swaps, including some types of foreign exchange and metals derivatives in which we engage. The Dodd-Frank Act requires the registration of swap dealers with the CFTC and imposes significant regulatory requirements on swap dealers and swap execution facilities. Effective February 27, 2013, GAIN GTX, LLC became provisionally registered as a swap dealer. During 2016, GTX SEF, LLC became permanently registered as a swap execution facility, although it withdrew its registration with the CFTC as a swap execution facility on December 30, 2018. The CFTC and NFA have adopted, and may adopt, new rules including those more recently adopted requiring RFEDs to provide greater transparency about the cost associated with their forex transactions; required notification to NFA for FCMs that decide to offer customers the ability to trade any virtual currency futures product and monthly risk data reporting requirements for Swap Dealers. Our operations in the U.S. are also subject to regulatory capital requirements that require various of our subsidiaries to maintain a minimum level of net capital relative to customer obligations. For more information, please see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Regulatory Capital Requirements.”

U.S. Patriot Act and Anti-Money Laundering

Like other companies in the financial services industry, we are subject to a variety of statutory and regulatory requirements concerning our relationships with customers and the review and monitoring of their transactions. Specifically, we are subject to the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, or the USA PATRIOT Act, which requires that we maintain a comprehensive AML program, a customer identification program, or CIP, designate an AML compliance officer, provide specified employee training and conduct an annual independent audit of our AML program. Consistent with the USA PATRIOT Act, our CIP includes both documentary and non-documentary review and analysis of potential customers. Under our CIP, we review each prospective customer’s identity internally and also contract with third-party firms to aid in identity verification and to perform background checks. As part of the background check, all prospective customers are screened against the U.S. Treasury Department’s Office of Foreign Assets and Control, Specially Designated Nationals and Blocked Persons lists. Our AML Program also includes procedures for verifying beneficial owners and control persons of legal entity customers in accordance with the FinCEN CDD Rule. These procedures and tools, coupled with our periodic training, assist us in complying with the USA PATRIOT Act, as well as the CFTC, NFA, FinCEN, and the Office of Foreign Assets Control ("OFAC") applicable AML, CDD and CIP requirements.

United Kingdom Regulation

GAIN Capital U.K., Ltd. (“GCUK”) and Trade Facts, Ltd. (“Trade Facts”), collectively the U.K. Entities, are registered in the U.K. and are regulated by the Financial Conduct Authority ("FCA"), in respect of their trading activity. These U.K. Entities are required to comply with relevant U.K. and E.U. legislation and regulation. Please see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Regulatory Capital Requirements” for a discussion of minimum regulatory capital requirements applicable to our U.K. businesses.

ESMA Intervention Measures

In March 2018, the European Securities and Markets Authority ("ESMA") announced product intervention measures to further regulate the marketing, distribution or sale of CFDs to retail investors in the E.U. These measures require firms to:

- implement leverage limits ranging between 30:1 and 2:1 by imposing minimum margin as a percentage of the overall exposure that the CFD provides;
- close out a customer’s position when their funds fall to 50% of the margin needed to maintain their open positions on their CFD account;
- provide a negative balance protection that guarantees that a client cannot lose more than the total funds in their CFD account;
- stop offering monetary and non-monetary inducements to encourage trading;
- provide a standardized risk warning, which requires firms to tell potential customers the percentage of their retail client accounts that make losses.

While the restrictions on leverage did affect our clients' trading patterns, the Company has taken actions that mitigated the impact of ESMA’s regulations and currently does not expect that the regulations will have a material adverse impact on the Company’s results of operations or financial condition.

These measures became effective on August 1, 2018 and have since been extended several times. The expectation was that in time the various E.U. regulators would introduce similar, permanent measures in their own jurisdictions. In July 2019 ESMA announced that it would cease renewal of the measures. In August 2019, the FCA implemented regulations similar to ESMA’s existing temporary restrictions, but extended the restrictions to closely substitutable products, including knock-out products and turbo certificates. Since then almost all EU countries have introduced permanent national measures that are similar to the ESMA measures.

Furthermore, the FCA released a consultation paper (CP 19/22) in early 2019 regarding a potential ban on the sale of CFDs referencing cryptocurrencies to retail consumers. The consultation period is now closed and final rules are expected to be released in the first or second quarter of 2020.

Client Money Rules

GCUK is subject to the FCA’s Client Money rules. Under these rules, we are required to:

- maintain adequate segregation of client funds;
- maintain adequate records in order to identify appropriate client details;
- have adequate organizational arrangements in place to minimize the risk that client money may be paid for by the account of a client whose money has not yet been received by us;
- undertake daily internal and external client money reconciliations within an appropriate risk and control framework; and
- appoint an individual who is responsible for Client Asset Sourcebook ("CASS") oversight.

Anti-Money Laundering and Sanctions

As in the U.S., we are subject to statutory and regulatory requirements concerning our relationships with customers and the review and monitoring of their transactions. Specifically, GCUK is subject to ongoing customer due diligence ("CDD") obligations under the Money Laundering Regulations 2017 ("MLR"), and the FCA Handbook.

The prescribed CDD measures require the U.K. Entities to (i) verify customer identity and understand the nature and purpose of the proposed relationship on the basis of documents, data or information obtained from a reliable and independent source and

(ii) review and monitor their customer's transactions and activities. The U.K. Entities are required to determine the extent of CDD measures required for each customer on a risk sensitive basis depending on the type of customer, business relationship, product or transaction and we must be able to demonstrate that such measures are appropriate in view of the risks of money laundering and terrorist financing. Our procedures are based on the Joint Money Laundering Steering Group's Guidance for the U.K. Financial Sector, which provides guidance to firms for the determination of appropriate CDD measures.

The FCA requires the U.K. Entities to have systems and controls in place to enable them to identify, assess, monitor and manage money laundering risk. Accordingly, we have the requisite systems and controls in place which are comprehensive and proportionate to the nature, scale and complexity of our activities. We provide appropriate training to our employees in relation to money laundering and retain documentation of our risk management policies and risk profile in relation to money laundering. As required, our Money Laundering Reporting Officer ("MRLO") provides regular reports on the operation and effectiveness of these systems and controls, including details of our regular assessments of the adequacy of these systems and controls to ensure their compliance with FCA requirements.

Our systems and controls also include CDD and other measures to identify where customers and others with whom we transact may be subject to financial sanctions, including those initiated or adopted by the U.K. Treasury or the E.U.

EMIR

The E.U. European Market Infrastructure Regulation (Regulation (EU) 648/2012) ("EMIR") imposes requirements on entities that enter into any form of derivative contract, including foreign exchange derivatives, and applies directly to firms in the E.U. that trade derivatives and indirectly to non-E.U. firms that trade derivatives with E.U. firms. Accordingly, GCUK needs to:

- report all derivative contracts and their lifecycle events (concluded, modified and terminated) to which we are a party to a trade repository either by ourselves or through a third party;
- keep all records relating to concluding of derivative contracts and any subsequent modification for 5 years;
- comply with the risk management requirements for OTC bilateral derivatives, including portfolio reconciliation, portfolio compression, record keeping, dispute resolution and margining (these requirements began to be phased in starting in September 2016); and
- clear through central counterparties all OTC derivatives which will be subject to the mandatory clearing obligation.

Appropriateness assessments

Where firms offer "execution only" services for certain financial instruments which are deemed "complex", E.U. Markets in Financial Instruments Directive (Directive 2004/39/EC) ("MiFID I") requires firms to assess the appropriateness of those investments for retail clients. For this assessment, we are required to collect information about our existing and potential clients' knowledge and experience with regard to specific products and services, including:

- the types of services, transactions and financial instruments with which the retail client is familiar;
- the nature, volume, and frequency of the retail client's transactions in financial instruments and the period over which they have been carried out; and
- the level of education, and profession or relevant former profession of the retail client or potential retail client.

We are required to offer to a retail client or transact for them only those products that are deemed appropriate for their knowledge, experience and other circumstances. If the retail client demands a product that has been assessed as inappropriate for the retail client's circumstances by us, we may either refuse to offer the product to the client or allow them access to the product but we are required to give the retail client a warning that the product may be inappropriate to its circumstances. We are not required to undertake this analysis for professional clients as we are entitled to assume that a professional client has the necessary knowledge and experience in order to understand the risks involved in relation to the particular products or services for which they have been classified as a professional client.

MiFID II

MiFID I applied in the U.K. from November 2007 but has been recast into a new directive, the Markets in Financial Instruments Directive II (Directive 2014/65/EU) ("MiFID II"), and a new regulation, the Markets in Financial Instruments Regulation (Regulation 600/2014) ("MiFIR"). The changes implemented by MiFID II and MiFIR took effect on January 3, 2018.

MiFID II:

- expands the number of financial instruments for which firms are required to carry out an appropriateness assessment before providing an execution only service to retail clients;
- extends the pre- and post-trade transparency regime to derivatives traded on regulated markets, multi-lateral trading facilities ("MTFs"), and organized trading facilities ("OTFs");
- expands transaction reporting to those financial instruments traded on MTFs, OTFs, and those financial instruments where the underlying instrument is traded on a Trading Venue; and
- gives E.U. Member State regulators the new power to ban or restrict the marketing, distribution or sale of a financial instrument or types of financial practice where there is a threat to investor protection, the orderly functioning and integrity of markets or to financial stability. The European Banking Authority and the European Securities and Markets Authority have similar powers to impose a ban on an E.U.-wide basis or in relation to a particular E.U. Member State.

Packaged Retail and Insurance-based Investment Products ("PRIIPs")

Regulation 1286/486 on key information documents for packaged retail and insurance-based investment products, or the PRIIPs Regulation, took effect in the U.K. from January 1, 2018, reflecting a delay from the original implementation date of December 31, 2016. U.K. Entities now need to comply with the new regime set out in the PRIIPs Regulation in relation to PRIIPS that they manufacture, advise on or sell to retail clients. The FCA regards derivatives (including options, futures, and contracts for differences) as falling within the definition of a PRIIP. The new regime requires us to provide retail clients with a standardized key information document ("KID") in good time before any transaction in derivatives is concluded or for transactions concluded by distance communications, after the transaction has taken place, but only if it is not possible to provide the KID in advance and the client consents.

Other International Regulation

We have provided below a brief description of the key aspects of the regulations governing our operations in the jurisdictions outside of the U.S. and the U.K. in which we have registered with, or obtained a license from, the local regulator, as well as material regulatory developments affecting our business in other jurisdictions important to our business, including developments that have presented risks or uncertainties for our operations.

Japan

GAIN Capital Japan Co., Ltd. ("GCJP") is a registered Type I financial instruments business firm regulated by the Japan Financial Services Agency ("FSA"), in accordance with Financial Instruments and Exchange Law (Law No. 25 of 1948, as amended). GC Japan is a member of the Financial Futures Association of Japan. GCJP is subject to a minimum capital adequacy ratio of 140%, which is derived by dividing Net Capital (as defined in Law No. 25) by the sum of GCJP's market, counterparty credit risk and operational risk. Recently announced regulations in Japan will also require GCJP to conduct daily stress tests of open client positions starting in January 2020 and to implement daily transaction reporting starting in January 2021. At December 31, 2019, GCJP maintained $10.7 million more than the minimum required regulatory capital for a total of 11.7 times the required capital.

Australia

GAIN Capital Australia, Pty. Ltd. ("GCAU") is regulated under the laws of Australia, including the *Corporations Act 2001* (Commonwealth of Australia). The Australian Securities and Investments Commission ("ASIC") is the corporate, markets and financial services regulator in Australia responsible for administering aspects of the *Corporations Act 2001*. GCAU holds an Australian Financial Services License that has been issued by ASIC. GCAU is required to maintain a minimum capital requirement of the greater of $0.7 million (1.0 million AUD) or 10% of average revenues. The regulatory capital held is required to be in excess of 110% of its requirements at all times. ASIC recently announced proposed regulations for comment (CP322 Product Intervention measures) that may result in new regulations that restrict the available leverage that may be offered to customers, provide for margin close-out protection, additional risk warnings, prohibition on certain types of inducements, real-time disclosures and further transparency regarding the cost of trading. At December 31, 2019, GCAU maintained $4.6 million more than the minimum required regulatory capital for a total of 6.1 times the required capital.

Cayman Islands

GAIN Global Markets, Inc. ("GGMI") our Cayman Islands subsidiary, is a registered securities arranger and market maker with the Cayman Islands Monetary Authority ("CIMA"). GGMI is required to maintain a capital level that is the greater of one quarter of relevant annual expenditure, or approximately $0.4 million. At December 31, 2019, GGMI maintained $3.0 million more than the minimum required regulatory capital for a total of 8.5 times the required capital.

Canada

GAIN Capital-Forex.com Canada, Ltd. ("GCCA") is a Dealer Member of the Investment Industry Regulatory Organization of Canada ("IIROC") and regulated under the laws of Canada, including the Canadian Investor Protection Fund. In Canada, the securities industry is governed by provincial or territorial legislation, and there is no national regulator. Local legislation differs from province to province and territory to territory, but generally requires that forex dealing representatives register with applicable regulators and self-regulatory organizations in order to offer forex and/or CFD products to retail clients. GCCA's principal provincial regulator is the Ontario Securities Commission ("OSC"). GCCA is required to maintain risk-adjusted capital in excess of the minimum capital requirement. At December 31, 2019, GCCA maintained $2.1 million more than the minimum required regulatory capital for a total of 11.5 times the required capital.

Singapore

GAIN Capital Singapore Pte., Ltd. ("GCS") is registered by the Monetary Authority of Singapore ("MAS") and operates as an approved holder of Capital Market Services License. GCS is subject to the requirements of MAS and pursuant to the Securities and Futures Act (Cap 289). Under these rules GCS is required to maintain a minimum base capital of approximately $3.7 million (5.0 million SGD) and Financial Resources in excess of 120% of the total risk requirements, which is calculated as the sum of operational, counterparty, large exposure and market risk at all times. MAS announced changes in allowed maximum leverage effective in October 2019 that, among other things, reduce the maximum leverage that can be offered to certain classes of investors to 20-to-1 from the current limit of 50-to-1. At December 31, 2019, GCS maintained $8.1 million more than the required minimum regulatory capital for a total of 3.2 times the required capital.

Global Anti-Money Laundering

Our anti-money laundering and customer identification programs are designed to comply with applicable rules and regulations on a global basis. In addition, we have developed proprietary methods for risk-management and continue to add specialized processes, queries and automated reports designed to identify potential money laundering, fraud and other suspicious activities.

Employees

As of December 31, 2019, we had 676 employees. None of our employees are covered by collective bargaining agreements.

Corporate Information

We were incorporated in Delaware in October 1999 as GAIN Capital, Inc. Our principal executive offices are located at Bedminster One, 135 Route 202/206, Bedminster, New Jersey 07921. Other offices include New York, New York; Chicago, Illinois; Powell, Ohio; London, England; Tokyo, Japan; Sydney, Australia; Shanghai, China; Hong Kong; Dubai, U.A.E.; Krakow, Poland; and Singapore. A complete list of our subsidiaries can be found in Exhibit 21.1 to this Annual Report.

Available Information

GAIN maintains a corporate website with the address *www.gaincapital.com*. Its intended use is as a regular means of disclosing material public information and for complying with disclosure obligations under Regulation FD promulgated by the U.S. Securities and Exchange Commission ("SEC"). Such disclosures are included on the website under the heading “Investor Relations.” Accordingly, investors should monitor such portions of the website, in addition to following our press releases, SEC filings and public conference calls and webcasts.

We are not incorporating information contained in the website by reference into this Annual Report on Form 10-K. We will make available, free of charge through the website under the heading “Investor Relations,” our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and any amendments to these reports as soon as reasonably practicable after electronically filing such material with, or furnishing such material to, the SEC. In addition, we make available on our website (i) our Proxy Statements and reports filed by officers and directors under Section 16(a) of the Exchange Act, (ii) the charters for the committees of our Board of Directors, including the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Risk Committee and (iii) our Code of Business Conduct and Ethics governing our directors, officers and employees. We intend to disclose on our website any amendments to, or waivers from, our Code of Business Conduct and Ethics that are required to be disclosed pursuant to the rules of the SEC and the New York Stock Exchange. The SEC maintains a website, *www.sec.gov*, containing the reports, proxy statements and other information that we file with the SEC.

ITEM 1A. RISK FACTORS

Risks related to Our Pending Transaction with INTL

We may not complete the pending transaction with INTL within the time frame we anticipate, or at all, which could have an adverse effect on our business, results of operations and financial condition.

On February 26, 2020, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with INTL FCStone Inc. ("INTL") and Golf Merger Sub I Inc., a wholly owned subsidiary of INTL ("Merger Sub"), pursuant to which, among other things and subject to the satisfaction or waiver of specified conditions, Merger Sub will merge with and into the Company (the "Merger"). As a result of the Merger, Merger Sub will cease to exist, and the Company will survive as a wholly owned subsidiary of INTL. Subject to the terms and conditions of the Merger Agreement, at the effective time of the Merger (the "Effective Time"), each share of the Company's common stock issued and outstanding immediately prior to the Effective Time (other than dissenting shares) will be converted into the right to receive $6.00 in cash, without interest.

The completion of the Merger and the other transactions contemplated by the Merger Agreement (the "Merger Transactions") will be conditioned on the satisfaction or waiver of certain conditions, including, without limitation, (1) the approval of the Merger Agreement and the Merger Transactions by our stockholders, (2) the absence of any restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction preventing the consummation of the Merger, (3) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (4) the receipt of all other required regulatory approvals, (5) subject to certain qualifications, the accuracy of representations and warranties and obligations of us, INTL and Merger Sub, as applicable, under the Merger Agreement and (6) there shall not have occurred a Company Material Adverse effect on us or a Parent Material Adverse Effect on INTL (as such terms are defined in the Merger Agreement) since the signing of the Merger Agreement. In addition, the Merger Agreement may be terminated under certain specified circumstances, including, but not limited to, (i) if the Merger has not been consummated on or before November 27, 2020 or (ii) a change in the recommendation of our Board of Directors or a termination of the Merger Agreement by us to enter into an agreement for a "Superior Proposal," as defined in the Merger Agreement. As a result, we cannot assure you that the Merger Transactions will be completed, or that, if completed, it will be exactly on the terms set forth in the Merger Agreement or within the expected time frame.

If the Merger Transactions are not completed within the expected time frame or at all, we may be subject to a number of material risks. The price of our common stock may decline to the extent that current market prices reflect a market assumption that the Merger Transactions will be completed. We could be required to pay INTL a termination fee of $9 million or reasonable out-of-pocket deal-related expenses up to $3.5 million if the Merger Agreement is terminated under specific circumstances described in the Merger Agreement. The failure to complete the Merger Transactions also may result in negative publicity and negatively affect our relationship with our stockholders, employees, collaborators, customers, regulators and other business partners. We may also be required to devote significant time and resources to litigation related to any failure to complete the Merger Transactions or related to any enforcement proceeding commenced against us to perform our obligations under the Merger Agreement.

The announcement and pendency of the transaction with INTL could adversely affect our business, results of operations and financial condition.

Our efforts to complete the Merger Transactions could cause substantial disruptions in, and create uncertainty surrounding, our business, which may materially adversely affect our results of operation and our business. Uncertainty as to whether these transactions will be completed may affect our ability to recruit prospective employees or to retain and motivate existing employees. Employee retention may be particularly challenging while the transactions are pending because employees may experience uncertainty about their roles following the transactions. A substantial amount of our management's and employees' attention is being directed toward the completion of the transactions and thus is being diverted from our day-to-day operations. Uncertainty as to our future could adversely affect our business and our relationship with collaborators, vendors, customers, regulators and other business partners. For example, vendors, collaborators and other counterparties may defer decisions concerning working with us, or seek to change existing business relationships with us. Changes to or termination of existing business relationships could adversely affect our results of operations and financial condition, as well as the market price of our common stock. The adverse effects of the pendency of the Merger Transactions could be exacerbated by any delays in completion of the transactions or termination of the Merger Agreement.

While the Merger Agreement is in effect, we are subject to restrictions on our business activities.

While the Merger Agreement is in effect, we are subject to restrictions on our business activities, generally requiring us to conduct our business in the ordinary course, consistent with past practice, and subjecting us to a variety of specified limitations absent INTL's prior consent. These limitations include restrictions on our ability to, among other things, acquire other businesses and assets, dispose of our assets, make investments, enter into certain contracts, repurchase or issue securities, pay dividends (except as consistent with our past practice), make capital expenditures, take certain actions relating to intellectual property, amend our organizational documents and incur indebtedness. These restrictions could prevent us from pursuing strategic business opportunities, taking actions with respect to our business that we may consider advantageous and responding effectively or timely to competitive pressures and industry developments, and may as a result materially and adversely affect our business, results of operations and financial condition.

We have incurred, and will continue to incur, direct and indirect costs as a result of the Merger Agreement, and in certain instances, the Merger Agreement requires us to pay a termination fee to INTL, all of which could require us to use available cash that would have otherwise been available for other purposes.

We have incurred, and will continue to incur, significant costs and expenses, including fees for professional services and other transaction costs, in connection with the Merger Transactions. We must pay substantially all of these costs and expenses whether or not the transactions are completed. There are a number of factors beyond our control that could affect the total amount or the timing of these costs and expenses. In addition, under the terms of the Merger Agreement, we could be required to pay INTL a termination fee of $9 million or reasonable out-of-pocket deal-related expenses up to $3.5 million if the Merger Agreement is terminated under specific circumstances described in the Merger Agreement. If the Merger Agreement is terminated under such circumstances, the termination fee we may be required to pay under the Merger Agreement may require us to use available cash that would have otherwise been available for general corporate purposes and other uses. Even if the Merger Agreement is terminated under circumstances that do not require us to pay a termination fee, we will be responsible for substantially all of the costs and expenses we have incurred and will continue to occur in connection with the Merger Transactions, which may also require us to use available cash that would otherwise have been available for general corporate purposes and other uses. For these and other reasons, the costs we incur in connection with the Merger Agreement or its termination could materially and adversely affect our business operations and financial condition, which in turn would materially and adversely affect the price of our common stock.

Risks Related to Our Business

Our revenue and profitability are influenced by trading volume and market volatility, which are directly impacted by domestic and international market and economic conditions that are beyond our control.

Our revenue is influenced by the general level of trading activity in the global financial markets. Our revenue and operating results may vary significantly from period to period due primarily to movements and trends in the world's financial markets and to fluctuations in trading levels. We have generally experienced greater trading volume in periods of volatile markets. Recent years have experienced volatility ranging from historic lows to significant. When we experience lower levels of market volatility, our revenue and profitability will likely be negatively affected. In addition, our customer base is primarily comprised of individual retail customers who view trading in the markets we offer as an alternative investment class. If global economic conditions limit the disposable income of our customers or provide more attractive investment markets, our business could be materially adversely affected as our customers may choose to curtail their trading, which could result in reduced customer trading volume and trading revenue.

Like other financial services firms, our business and profitability are directly affected by elements that are beyond our control, such as economic and political conditions, broad trends in business and finance, changes in the volume of market transactions, changes in supply and demand for products in which we offer leveraged derivatives, movements in currency exchange rates, changes in the financial strength of market participants, legislative and regulatory changes, changes in the markets in which such transactions occur, changes in how such transactions are processed and disruptions due to terrorism, war, extreme weather events or outbreaks of pandemic or contagious diseases, such as the novel coronavirus (COVID-19). Any one or more of these factors, or other factors, may adversely affect our business and results of operations and cash flows. A weakness in relevant markets could result in reduced trading activity by our customers and, therefore, could have a material adverse effect on our business, financial condition and results of operations and cash flows. As a result, period-to-period comparisons of our operating results may not be meaningful and our future operating results may be subject to significant fluctuations or declines.

Our risk management policies and procedures may be ineffective, leaving us exposed to unidentified or unexpected risks.

We are dependent on our risk management policies and our staff adhering to them. Our policies, procedures and practices used to identify, monitor and control a variety of risks, including risks related to human error, customer defaults, market movements, technology, fraud and money-laundering, are established and reviewed by the Risk Committee of our Board of Directors. Some of our methods for managing risk are discretionary by nature and are based on internally developed controls and observed historical market behavior and also involve reliance on standard industry practices. These methods may not adequately prevent losses, particularly as they relate to extreme market movements, which may be significantly greater than historical fluctuations in the market. Our risk management methods also may not adequately prevent losses due to technical errors if our testing and quality control practices are not effective in preventing software or hardware failures. In addition, we may elect to adjust our risk-management policies to allow for an increase in risk appetite, which could expose us to the risk of greater losses. Our risk-management methods rely on a combination of technical controls, human controls, and supervision, all of which are subject to error and failure. These methods may not protect us against all risks or may protect us less than anticipated, in which case our business, financial condition and results of operations and cash flows may be materially adversely affected.

Our trading activities involve significant risks and unforeseen events that could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We offer our clients access to a wide array of leveraged derivative products, including forex, CFDs, spread bets, futures, futures options, and gold and silver spot trading products. Our trading activities in these various products involve significant risks.

Through our retail trading activities, one of our principal sources of revenues and profits arise from the differences between the prices at which we buy and sell, or sell and buy, the leveraged derivatives we offer. We may incur trading losses for a variety of reasons, including:

- price changes in leveraged derivatives;
- lack of liquidity or adverse price movements in leveraged derivatives in which we have positions; and
- inaccuracies in our proprietary pricing mechanism, or rate engine, which evaluates, monitors and assimilates market data and reevaluates our outstanding price quotes, in order to publish prices reflective of prevailing market conditions throughout the trading day.

These risks may affect the prices at which we are able to sell or buy leveraged derivatives or may limit or restrict our ability to either resell leveraged derivatives that we have purchased or repurchase leveraged derivatives that we have sold.

In addition, competitive forces often require us to match the breadth of quotes our competitors display and to hold varying amounts and types of leveraged derivatives at any given time. By having to maintain positions in certain leveraged derivatives, we are subjected to a high degree of risk. We may not be able to manage such risk successfully and may experience significant losses from such activities, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

All of the risks that pertain to our trading activities in the leveraged derivative products we offer also apply to any other products we may offer in the future. These risks include market risk, credit risk, counterparty risk, liquidity risk, technology risk, third-party risk and risk of human error. In addition, unexpected events can occur that can result in great financial loss to us, including our inability to effectively integrate new products into our existing trading platforms or our failure to properly manage the market risks associated with making markets for new products. The profit margins for these products may not be similar to the profit margins we have realized with respect to existing leveraged derivatives trading.

In our futures segment, we are also exposed to credit risk with our clients for exchange-traded futures and options on futures. An adverse market move related to a client's position may result in a debit balance, which, if we are unable to collect, would result in a bad debt expense. Such an expense could have a material adverse effect on our results of operations.

The accounting method for convertible debt securities that may be settled in cash, such as our 4.125% Convertible Senior Notes due 2020 and our 5.00% Convertible Senior Notes due 2022, could have a material effect on our reported financial results.

Accounting Standards Codification 470-20, Debt with Conversion and Other Options, or ASC 470-20. ASC 470-20 requires an entity to separately account for the liability and equity components of convertible debt instruments whose conversion may be settled entirely or partially in cash (such as our 4.125% Convertible Senior Notes due 2020 and our 5.00% Convertible Senior Notes due 2022) in a manner that reflects the issuer's economic interest cost for non-convertible debt. The liability component of the notes is initially valued at the fair value of a similar debt instrument that does not have an associated equity component and is reflected as a liability in our Consolidated Balance Sheets. The equity component of the notes is included in the additional paid-in capital section of our shareholders' equity on our Consolidated Balance Sheets, and the value of the equity component is treated as original issue discount for purposes of accounting for the debt component. This original issue discount is amortized to non-cash interest expense over the term of the notes, and, as a result, we record a greater amount of interest expense in current periods than just our cash interest alone. Accordingly, we will report lower net income in our financial results than would have been recorded had we reflected only cash interest expense in our consolidated income statement because ASC 470-20 will require the interest expense associated with the notes to include both the current period's amortization of the original issue discount and the notes' cash coupon interest.

In addition, convertible debt instruments whose conversion may be settled entirely or partly in cash (such as our 4.125% Convertible Senior Notes due 2020 and our 5.00% Convertible Senior Notes due 2022) are currently accounted for using the treasury stock method. Under this method, the shares issuable upon conversion of the notes are not included in the calculation of diluted earnings per share unless the conversion value of the notes exceeds their principal amount at the end of the relevant reporting period. If the conversion value exceeds their principal amount, then, for diluted earnings per share purposes, the notes are accounted for as if the number of shares of common stock that would be necessary to settle the excess, if we elected to settle the excess in shares, were issued. The accounting standards in the future may not continue to permit the use of the treasury stock method. If we are unable to use the treasury stock method in accounting for the shares, if any, issuable upon conversion of the notes, then our diluted earnings per share could be adversely affected.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

Our ability to make scheduled payments of principal, to pay interest on or to refinance our indebtedness, including our 4.125% Convertible Senior Notes due 2020 and our 5.00% Convertible Senior Notes due 2022, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate future cash flow from operations sufficient to service our debt because of factors beyond our control. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

Any disruption or corruption of our proprietary technology could have a material adverse effect on our business, financial condition and results of operations and cash flows.

We rely on our proprietary technology to receive and properly process internal and external data. Any disruption in the proper functioning or any corruption of our software or erroneous or corrupted data may cause us to make erroneous trades, accept customers who we otherwise would not have accepted, accept customers from jurisdictions where we do not possess the proper licenses, authorizations or permits or require us to suspend our services, any of which could have a material adverse effect on our business, financial condition and results of operations and cash flows.

Systems failures could cause interruptions in our services or decreases in the responsiveness of our services, which could harm our business.

If our systems fail to perform, we could experience disruptions in operations, slower response times or decreased customer satisfaction. Our ability to facilitate transactions successfully and provide high quality customer service depends on the efficient and uninterrupted operation of our computer and communications hardware and software systems. These systems have in the past experienced periodic interruptions and disruptions in operations, which we believe will continue to occur from time to time. Our systems also are vulnerable to damage or interruption from human error, natural disasters, power loss, telecommunication failures, break-ins, sabotage, computer viruses, intentional acts of vandalism and similar events. We do not have fully redundant capabilities. While we currently maintain a disaster recovery plan ("DRP"), which is intended to minimize service interruptions and secure data integrity, our DRP may not work effectively during an emergency. Any systems failure that causes an interruption in our services or decreases the responsiveness of our services could impair our reputation, damage our brand name and materially adversely affect our business, financial condition and results of operations and cash flows.

We may not be able to develop and adopt new technologies in a timely fashion, which could adversely impact our ability to compete in the markets in which we operate.

Our success in the past has largely been attributable to our proprietary technology that has taken many years to develop. If our competitors develop more advanced technologies, we may be required to devote substantial resources to the development of more advanced technology to remain competitive. Our industry is characterized by rapidly changing technology, evolving industry standards and changing trading systems, practices and techniques. We may not be able to keep up with these rapid changes in the future, develop new technology, realize a return on amounts invested in developing new technologies or remain competitive in the future.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our customers, and personally identifiable information of our customers and employees, in our data centers and on our networks. The secure processing, maintenance and transmission of this information is critical to our operations. Despite our security measures, we have from time to time experienced third-party cyberattacks as well as unintentional errors that can damage our systems or expose sensitive information, and our information technology and infrastructure may be vulnerable to future attacks by hackers or compromised due to employee error, malfeasance or other disruptions, such as "distributed denial of service" or similar cyberattacks. Any such event could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen.

While our liability for known past events has not been material to our business, financial condition, results of operations or cash flows, any such access, disclosure or other loss of information could result in future legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption of our operations and the services we provide to customers, damage to our reputation or a loss of confidence in our products and services, any of which could adversely affect our business, financial condition, results of operations and cash flows. Although we maintain cyber risk insurance, this insurance may not be sufficient to cover all of our losses from any future breaches of our systems.

Products linked to cryptocurrencies could expose us to technology, regulatory and financial risks.

We offer derivative products linked to Bitcoin and other cryptocurrencies in certain jurisdictions, and intend to expand the types of products offered, the associated types of cryptocurrencies and the jurisdictions in which the products are offered. The distributed ledger technology underlying cryptocurrencies and other similar financial assets is evolving at a rapid pace and may be vulnerable to cyberattacks or have other inherent weaknesses that are not yet apparent. We may be, or may become, exposed to risks related to cryptocurrencies or other financial products that rely on distributed ledger technology through our facilitation of clients' activities involving such financial products linked to distributed ledger technology.

There is currently no broadly accepted regulatory framework for Bitcoin or other cryptocurrencies, and the regulation of cryptocurrencies is developing and changing rapidly in the U.S. and other countries around the world. For example, in the U.S., it is unclear whether many cryptocurrencies are "securities" under federal securities laws, and the implications for us if any of our products are linked to cryptocurrencies that are determined to be securities could be significant and adverse. In addition, some market observers have asserted that historical material price fluctuations in many cryptocurrency markets, such as that for Bitcoin, may indicate the propensity for cryptocurrency markets to "bubble," and if markets for any cryptocurrencies linked to our products suffer severe fluctuations, our customers could experience significant losses and we could lose their business.

We may not be able to protect our intellectual property rights or may be prevented from using intellectual property necessary for our business.

We rely on a combination of trademark, copyright, trade secret and unfair competition laws in the United States and other jurisdictions in which we operate to protect our proprietary technology, intellectual property rights and our brands. We do not have any patents. While we rigorously control access to our proprietary technology and enter into confidentiality and invention assignment agreements with our employees, consultants and other third parties, it is possible that third parties may copy or otherwise obtain and use our proprietary technology without authorization or otherwise infringe on our rights. Such unauthorized use and infringement would undermine the competitive benefits offered by our proprietary technology and could adversely impact our business and results of operations.

We also license or are permitted to use intellectual property or technologies owned by others. In the event such intellectual property or technology becomes material to our business, the loss of our license or our inability to otherwise continue use of such technologies would have a material adverse effect on our business. We may also face claims of infringement that could interfere with our ability to use technology that is material to our business operations.

Attrition of customer accounts and failure to attract new accounts in a cost-effective manner could have a material adverse effect on our business, financial condition and results of operations and cash flows.

Our customer base primarily comprises individual retail customers. Although we offer products and tailored services designed to educate, support and retain our customers, our efforts to attract new customers or reduce the attrition rate of our existing customers may not be successful. If we are unable to maintain or increase our customer retention rates or generate a sufficient number of new customers in a cost-effective manner, our business, financial condition and results of operations and cash flows would likely be adversely affected. Although we have spent significant financial resources on sales and marketing expenses, and plan to continue to do so, these efforts may not be cost-effective or successful at attracting new customers. In particular, we believe that rates for desirable advertising and marketing placements, including online, search engine, print and television advertising, are likely to increase in the foreseeable future, and we may be disadvantaged relative to our larger competitors in our ability to expand or maintain our advertising and marketing commitments. Additionally, our sales and marketing methods are subject to regulation by the CFTC, and NFA, in the U.S., the FCA, in the U.K. and by other regulators in other jurisdictions. The rules and regulations of these organizations impose specific limitations on our sales methods, advertising and marketing. If we do not achieve our advertising objectives, our profitability and growth may be materially adversely affected.

We are subject to litigation risk which could adversely affect our reputation, business, financial condition and results of operations and cash flows.

Many aspects of our business involve risks that expose us to potential liability under federal, state and local laws, both in the U.S. and in the other jurisdictions in which we operate, as well as the rules and enforcement efforts of our regulators and self-regulatory organizations worldwide. These risks include, among others, disputes over trade terms with customers and other market participants, customer losses resulting from system delay or failure and customer claims that we made materially false or misleading statements or lost or diverted customer assets in our custody. We may also be subject to regulatory investigation and enforcement actions seeking to impose significant fines or other sanctions, which in turn could trigger civil litigation for our previous operations that may be deemed to have violated applicable rules and regulations in one or more jurisdictions.

The volume of claims and the amount of damages and fines claimed in litigation and regulatory proceedings against financial services firms has been increasing and may continue to increase. The amounts involved in the trades we execute, together with rapid price movements in our derivative products, can result in potentially large damage claims in any litigation resulting from such trades. Dissatisfied customers, regulators or self-regulatory organizations may make claims against us regarding the quality of trade execution, improperly settled trades, mismanagement or even fraud, and these claims may increase as our business expands.
Litigation may also arise from disputes over the exercise of our rights with respect to customer accounts and collateral. Although our customer agreements generally provide that we may exercise such rights with respect to customer accounts and collateral as we deem reasonably necessary for our protection, our exercise of these rights may lead to claims by customers that we did so improperly.

We may also have to rely on litigation to enforce our intellectual property rights, protect our trade secrets, determine the validity and scope of the proprietary rights of others or defend against claims of infringement or invalidity. Even if we prevail in any litigation or enforcement proceedings against us, we could incur significant legal expenses defending against the claims, even those without merit. Moreover, because even claims without merit can damage our reputation or raise concerns among our customers, we may feel compelled to settle claims at significant cost. The initiation of any claim, proceeding or investigation against us, or an adverse resolution of any such matter, could have a material adverse effect on our reputation, business, financial condition and results of operations and cash flows.

We may be subject to customer litigation, financial losses, regulatory sanctions and harm to our reputation as a result of employee misconduct or errors that are difficult to detect and deter.

There have been a number of highly publicized cases involving fraud or other misconduct by employees of financial services firms in recent years. Our employees could execute unauthorized transactions for our customers, use customer assets improperly or without authorization, carry out improper activities on behalf of customers or use confidential customer or company information for personal or other improper purposes, as well as improperly record or otherwise try to hide improper activities from us.

In addition, employee errors, including mistakes in executing, recording or reporting transactions for customers, may cause us to enter into transactions that customers disavow and contest. Employee errors expose us to the risk of material losses until the errors are detected and the transactions are unwound or reversed. The risk of employee error or miscommunication may be greater for products that are new or have non-standardized terms. Further, such errors may be more likely to occur following any acquisitions during the integration of or migration from technological systems. Misconduct by our employees or former employees could subject us to financial losses or regulatory sanctions and seriously harm our reputation. It may not be possible to detect or deter employee misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Our employees may also commit good faith errors that could subject us to financial claims for negligence or otherwise, as well as regulatory actions.

Misconduct by employees of our customers can also expose us to claims for financial losses or regulatory proceedings when it is alleged we or our employees knew or should have known that an employee of our customer was not authorized to undertake certain transactions. Dissatisfied customers can make claims against us, including claims for negligence, fraud, unauthorized trading, failure to supervise, breach of fiduciary duty, employee errors, intentional misconduct, unauthorized transactions by persons associated with us or failures in the processing of transactions.

Our customer accounts may be vulnerable to identity theft and credit card fraud.

Credit card issuers have adopted credit card security guidelines as part of their ongoing efforts to prevent identity theft and credit card fraud. We continue to work with credit card issuers to ensure that our services, including customer account maintenance, comply with these rules. When there is unauthorized access to credit card data that results in financial loss, there is the potential that we could experience reputational damage and parties could seek damages from us.

If our reputation is harmed, or the reputation of the online financial services industry as a whole is harmed, our business, financial condition and results of operations and cash flows may be materially adversely affected.

Our ability to attract and retain customers and employees may be adversely affected if our reputation is damaged. If we fail, or appear to fail, to deal with issues that may give rise to reputational risk, our business prospects could be materially adversely affected. These issues include, but are not limited to, appropriately dealing with potential conflicts of interest, legal and regulatory requirements, ethical issues, money-laundering, privacy, client data protection, record keeping, sales and trading practices, and the proper identification of the legal, credit, liquidity, and market risks inherent in our business. Failure to appropriately address these issues could also give rise to additional legal risk to us, which could, in turn, increase the size and number of claims and damages asserted against us or subject us to regulatory enforcement actions, fines and penalties. Any such sanctions could materially adversely affect our reputation, thereby reducing our ability to attract and retain customers and employees.

In addition, our ability to attract and retain customers may be adversely affected if the reputation of the online financial services industry as a whole, or the forex and CFD industry, is damaged. In recent years, a number of financial services firms have suffered significant damage to their reputations from highly publicized incidents that in turn resulted in significant and in some cases irreparable harm to their business. A perception of instability within the online financial services industry also could materially adversely affect our ability to attract and retain customers.

The loss of our key employees could materially adversely affect our business, including our ability to grow our business.

Our key employees, including Glenn Stevens, our chief executive officer, have significant experience in the forex and CFD industry and have made significant contributions to our business. Our continued success is dependent upon retaining key executive officers and employees, as well as retaining the expertise of our trading staff, technology and programming specialists and a number of other key managerial, marketing, planning, financial, technical and operations personnel. The loss of such key personnel could have a material adverse effect on our business. In addition, our ability to grow our business is dependent, to a large degree, on our ability to retain such employees.

The industries in which we operate are highly competitive and we may be adversely affected if we are unable to compete effectively.

The OTC derivatives market served by our retail segment is rapidly evolving and characterized by intense competition and evolving domestic and global regulatory oversight and rules. Tighter spreads and increased competition could make our business less profitable. Our prospects may be materially adversely affected by our ability to adapt to these changes and effectively manage the risks, expenses and difficulties frequently encountered in the operation of a business in a rapidly evolving industry. We face similar competitive pressure in our futures segment.

In addition, our competitors include sophisticated institutions which have larger customer bases, more established name recognition and substantially greater financial, marketing, technological and personnel resources than we do. These advantages may enable them, among other things, to:

- develop products and services that are similar to ours, or that are more attractive to customers than ours in one or more of our markets;
- provide products and services we do not offer;
- provide execution and clearing services that are more rapid, reliable, efficient or less expensive than ours;
- offer products and services at prices below ours to gain market share and to promote other businesses, such as forex options, futures, listed securities, CFDs, precious metals and OTC derivatives;
- adapt at a faster rate to market conditions, new technologies and customer demands;
- offer better, faster and more reliable technology;
- outbid us for desirable acquisition targets;
- more efficiently engage in and expand existing relationships with strategic alliances;
- market, promote and sell their products and services more effectively; and
- develop stronger relationships with customers.

These competitors, including commercial and investment banking firms, may have access to capital in greater amounts and at lower costs than we do, and, therefore, may be better able to respond to changes in the industries in which we operate, to compete for skilled professionals, to finance acquisitions, to fund internal growth and to compete for market share generally. Access to capital is critical to our business to satisfy regulatory obligations and liquidity requirements. Among other things, access to capital determines our creditworthiness, which if perceived negatively in the market could materially impair our ability to attract customer assets. Access to capital also determines the degree to which we can expand our operations. Therefore, if we are unable to maintain or increase our capital on competitive terms, we could be at a significant competitive disadvantage, and our ability to maintain or increase our revenue and earnings could be materially impaired. Also, new or existing competitors in our markets could make it difficult for us to maintain our current market share or increase it in desirable markets. Increased competition could also result in narrowing bid/offer spreads, which could materially adversely affect our business, financial condition and results of operations and cash flows. Any reduction in revenues without a commensurate reduction in expenses would decrease our profitability. We may not be able to compete effectively against these firms, particularly those with greater financial resources, and our failure to do so could materially and adversely affect our business, financial condition and results of operations and cash flows.

We may be unable to successfully execute our growth strategy.

As we continue to seek to grow our business, we are executing a growth strategy that involves a number of different initiatives designed to organically grow our product offering and customer base and leverage our global brands, including an increase in our marketing spending relative to past periods. We will also seek to increase operational efficiency and reduce revenue volatility while still selectively pursuing acquisition opportunities. We also intend to continue to expand and upgrade the reliability and scalability of our transaction processing systems, network infrastructure and other aspects of our proprietary technology. We may not be able to successfully execute all or any of these initiatives, and the results may vary from our expectations. Further, even if these initiatives are successful, we may not be able to expand and upgrade our technology systems and infrastructure to accommodate increases in our business activity in a timely manner, which could lead to operational breakdowns and delays, loss of customers, a reduction in the growth of our customer base, increased operating expenses, financial losses, increased litigation or customer claims, regulatory sanctions or increased regulatory scrutiny. In addition, we will need to continue to attract, hire and retain highly skilled and motivated executives and employees to both execute our growth strategy and to manage the resulting growth effectively.

We may be unable to respond to customers' demands for new services and products and our business, financial condition and results of operations and cash flows may be materially adversely affected.

The market for Internet-based and mobile trading is characterized by:

- changing customer demands;
- the need to enhance existing services and products or introduce new services and products;
- evolving industry practices; and
- rapidly evolving technology solutions.

New services and products provided by our competitors may render our existing services and products less competitive. Our future success will depend, in part, on our ability to respond to customers' demands for new services and products on a timely and cost-effective basis and to adapt to address the increasingly sophisticated requirements and varied needs of our customers and prospective customers. We may not be successful in developing, introducing or marketing new services and products. In addition, our new service and product enhancements may not achieve market acceptance. Any failure on our part to anticipate or respond adequately to customer requirements or changing industry practices, or any significant delays in the development, introduction or availability of new services, products or service or product enhancements could have a material adverse effect on our business, financial condition and results of operations and cash flows.

Our international operations present special challenges and our failure to adequately address such challenges or compete in these markets, either directly or through joint ventures with local firms, could have a material adverse effect on our business, financial condition and results of operations and cash flows.

In 2019, we generated approximately 67.7% of our retail segment trading volume from customers outside the United States. Expanding our business in new markets is an important part of our growth strategy. Due to certain cultural, regulatory and other challenges relevant to those markets, however, we may be at a competitive disadvantage in those regions relative to local firms or to international firms that have a well-established local presence. These challenges include:

- less developed or mature local technological infrastructure and higher costs, which could make our products and services less attractive or accessible in emerging markets;
- difficulty in complying with the diverse regulatory requirements of multiple jurisdictions, which may be more burdensome, not clearly defined and subject to unexpected changes, potentially exposing us to significant compliance costs and regulatory penalties;
- less developed and established local financial and banking infrastructure, which could make our products and services less accessible;
- reduced protection of intellectual property rights;
- inability to enforce contracts;
- difficulties and costs associated with staffing and managing foreign operations, including reliance on newly hired local personnel;
- tariffs and other trade barriers;
- currency and tax laws that may prevent or restrict the transfer of capital and profits among our various operations around the world; and
- time zone, language and cultural differences among personnel in different areas of the world.

In addition, in order to be competitive in these local markets, or in some cases because of restrictions on the ability of foreign firms to do business locally, we may seek to operate through joint ventures with local firms. Doing business through joint ventures may limit our ability to control the conduct of the business and could expose us to reputational and greater operational risks. We may also face intense competition from other international firms over relatively scarce opportunities for market entry. Given the intense competition from other international brokers that are also seeking to enter these new markets, we may have difficulty finding suitable local firms willing to enter into the kinds of relationships with us that we may need to gain access to these markets. This competition could make it difficult for us to expand our business internationally as planned. We may also face challenges related to local economic, political and social conditions, including the possibility of economic slowdowns, hyperinflationary conditions, political instability, social unrest or outbreaks of pandemic or contagious diseases, such as the novel coronavirus (COVID-19).

If our operating subsidiaries are unable to pay us dividends when needed, we may be unable to satisfy our obligations when they arise.

As a holding company, nearly all of our funds generated from operations are generated by our operating subsidiaries. Historically, we have accessed these funds through receipt of dividends from these subsidiaries. Some of our subsidiaries are subject to regulation and requirements of various regulatory bodies, including the CFTC and NFA in the U.S., the FCA in the U.K., the FSA in Japan, IIROC and the Ontario Securities Commission ("OSC") in Canada, MAS in Singapore, ASIC in Australia, and CIMA in the Cayman Islands, relating to liquidity and capital standards, which may have the effect of limiting funds available for the payment of dividends to the holding company. Accordingly, if our operating subsidiaries are unable to pay us dividends and make other payments to us when needed, due to regulatory restrictions or otherwise, we may be unable to satisfy our obligations when they arise.

Our acquisition strategy may result in transaction expenses, integration and consolidation risks.

Although our Merger Agreement with INTL imposes certain restrictions on our ability to pursue acquisitions without INTL's consent, and we expect to focus on organic growth, we may continue to selectively pursue acquisition opportunities that may arise. Such acquisitions will involve transaction expenses, including, but not limited to, fees paid to legal, financial, tax and accounting advisors, filing fees and printing costs. Other risks associated with future acquisitions may include:

- diversion of management time and focus from operating our business;
- transition of operations, users and customers onto our existing platforms or onto platforms of the acquired company;
- difficulties in integrating the operations of the acquired business;
- failure to realize anticipated operational or financial synergies; and
- liability for activities of the acquired company before the acquisition, such as violations of laws, commercial disputes, tax liabilities, and other known and unknown liabilities.

Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, amortization expenses, impairment of goodwill and purchased long-lived assets, and restructuring charges, any of which could harm our financial condition or results. Our failure to address these risks or other problems encountered in connection with our future acquisitions could cause us to fail to realize the anticipated benefits of such acquisitions or incur unanticipated liabilities, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Risks Related to Regulation

Failure to comply with the rapidly evolving laws and regulations governing our businesses may result in regulatory agencies taking action against us, which could significantly harm our business.

Substantially all of our operations are conducted through subsidiaries that are regulated by governmental bodies or self-regulatory organizations. Many of the regulations we are governed by are intended to protect the public, our customers and the integrity of the markets, and not necessarily our shareholders.

Among other things, we are subject to regulation with regard to:

- sales and marketing activities, including our interaction with, and solicitation of, customers;
- trading practices, including the types of investment products we may offer;
- the methods by which customers can fund accounts with us;
- treatment of customer assets, including custody, control, safekeeping and, in certain countries, segregation of our customer funds and securities;
- maintaining specified minimum amounts of capital and limiting withdrawals of funds from our regulated operating subsidiaries;
- continuing education requirements for our employees;
- anti-money laundering practices;
- record keeping and reporting; and
- supervision regarding the conduct of directors, officers and employees.

Compliance with these regulations is complicated, time consuming and expensive. Our ability to comply with all applicable laws and regulations is dependent in large part on our internal legal and compliance functions, as well as our ability to attract and retain qualified personnel, which we may not be able to do. Regulators and self-regulatory organizations broadly oversee the conduct of our business and several perform regular examinations of our operations to monitor our compliance with applicable laws and regulations. If a regulator finds that we have failed to comply with applicable rules and regulations, we may be subject to censure, fines, cease-and-desist orders, suspension of our business, removal of personnel, civil litigation or other sanctions, including, in some cases, increased reporting requirements or other undertakings, revocation of our operating licenses or criminal conviction. In addition, we could incur significant legal expenses in defending ourselves against and resolving actions or investigations by such regulatory agencies. An adverse resolution of any future actions or investigations by such regulatory agencies against us could result in a negative perception of our company and cause the market price of our common stock to decline or otherwise have a material adverse effect on our business, financial condition, results of operations and cash flows.

The withdrawal of the U.K. from membership in the E.U., commonly referred to as Brexit, could cause disruptions to, and create uncertainty surrounding, our business in the U.K. and E.U.

On January 31, 2020, the U.K. withdrew from membership in the E.U., which exit (referred to as Brexit) could cause disruptions to, and create uncertainty surrounding, our business in the U.K. and E.U., including our historical right to serve customers in the E.U. on a passport basis due to the licenses we hold in the U.K. Brexit could also impact our existing and future relationships with suppliers and employees in the U.K. and E.U. by disrupting the free movement of goods, services, and people between the U.K., the E.U., and elsewhere. As a result, Brexit could have an adverse effect on our future business, financial results and operations.

The long-term nature of the U.K.’s relationship with the E.U. is unclear and subject to considerable uncertainty. The effects of Brexit will depend on any agreements the U.K. makes to retain access to E.U. markets during a transitional period that is set to expire on December 31, 2020, during which the British government will continue to negotiate the terms of the U.K.'s future relationship with the E.U. The outcome of these negotiations is uncertain, and Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the U.K. determines which E.U. laws to replace or replicate. Further, uncertainty around these and related issues could lead to adverse effects on the economy of the U.K. and the other economies in which we operate. There can be no assurance that any or all of these events will not have a material adverse effect on our business operations, results of operations and financial condition.

Regulatory changes in the jurisdictions in which we operate may disrupt our operations or require us to comply with additional regulatory requirements.

Recently, the legislative and regulatory environment in which we operate has undergone significant changes, and U.S. and foreign regulators have expressed their intention to review existing regulation in a number of areas. For example, in March 2018, ESMA announced product intervention measures to further regulate the marketing, distribution or sale of CFDs to retail investors in the E.U. These measures require firms to:

- implement leverage limits ranging between 30:1 and 2:1 by imposing minimum margin as a percentage of the overall exposure that the CFD provides;
- close out a customer’s position when their funds fall to 50% of the margin needed to maintain their open positions on their CFD account;
- provide a negative balance protection that guarantees that a client cannot lose more than the total funds in their CFD account;
- stop offering monetary and non-monetary inducements to encourage trading;
- provide a standardized risk warning, which requires firms to tell potential customers the percentage of their retail client accounts that make losses.

While the restrictions on leverage did affect our clients' trading patterns, the Company has taken actions that mitigated the impact of ESMA’s regulations and currently does not expect that the regulations will have a material adverse impact on the Company’s results of operations or financial condition.

In Australia, recent activity suggests that ASIC may be adopting new regulations that restrict the available leverage that may be offered to customers and provide for margin close-out protection, additional risk warnings, prohibition on certain types of inducements, real-time disclosures and further transparency regarding the cost of trading.

In China, recent activity suggests that the Chinese government may be looking to adopt specific regulations governing trading of foreign exchange and CFD products. Our ability to expand our presence in various jurisdictions throughout the world will depend on the nature of future changes to the regulatory environment and our ability to continue to comply with evolving requirements. Any of these new regulatory developments, alone or in combination, could have a material adverse effect on our business and profitability.

As we operate in many jurisdictions without local registration, licensing or authorization, we may be subject to possible enforcement action and sanction for our operations in such jurisdictions if our operations are determined to have violated regulations in those jurisdictions. Further, we may be required to cease operations in one or more of the countries in which we operate without registration, licensing or authorization, or our growth may be limited by newly imposed regulatory or other restrictions.

For the year ended December 31, 2019, although a majority of our retail trading volume was attributable to customers residing in a jurisdiction where we or our white label partners are licensed, regulated or deal with customers cross-border in a manner that we believe does not require us to be regulated in that jurisdiction, a portion of our retail trading volume was attributable to customers in jurisdictions in which we or our white label partners are not currently licensed or authorized by the local government or applicable self-regulatory organization. This includes jurisdictions, such as China, from which we derive material revenue and profit and in which the local government has not adopted specific regulations governing the trading of foreign exchange and CFD products of the types we offer to retail clients. We determine the nature and extent of services we can offer and the manner in which we conduct our business in the various jurisdictions in which we serve customers based on a variety of factors, including legal advice received from local counsel, our review of applicable U.S. and local laws and regulations and, in some cases, our discussions with local regulators. In cases in which we operate in jurisdictions based on local legal advice and/or cross border in a manner that we believe does not require us to be regulated in a particular jurisdiction, we are exposed to the risk that our legal, regulatory and other analysis is subsequently determined by a local regulatory agency or other authority to be incorrect and that we have not been in compliance with local laws or regulations, including local licensing or authorization requirements, and to the risk that the regulatory environment in a jurisdiction may change, including in a circumstance where laws or regulations or licensing or authorization requirements that previously were not enforced become subject to enforcement.

In such jurisdictions in which we are not licensed or authorized, we may be subject to a variety of restrictions regarding the manner in which we conduct our business or serve customers, including restrictions on:

- our sales and marketing activities;
- the use of a website specifically targeted to potential customers in a particular country;
- our ability to have a physical presence in a particular country; or
- the types of services we may offer customers physically present in each country.

These restrictions may have a material adverse affect on our results of operations and financial condition and/or may limit our ability to grow or continue to operate our business in any such jurisdiction or may result in increased overhead costs or degradation in our services in that jurisdiction. Consequently, we cannot assure you that our operations in jurisdictions where we are not licensed or authorized will continue uninterrupted or that our international expansion plans will be achieved.

We may be subject to possible enforcement action and penalties if we are determined to have previously offered, or currently offer, our services in violation of applicable laws and regulations in any of the markets in which we serve customers. In any such case, we may be required to cease the conduct of our business with customers in one or more jurisdictions. We may also determine that compliance with the laws or licensing, authorization or other regulatory requirements for continuing the business in one or more jurisdictions are too onerous to justify making the necessary changes. In addition, any such event could negatively impact our relationship with the regulators or self-regulatory organizations in the jurisdictions where we are subject to regulation.

We are required to maintain high levels of capital, which could constrain our growth and subject us to regulatory sanctions.

Our regulators have stringent rules requiring that we maintain specific minimum levels of regulatory capital in our operating subsidiaries. In the U.S., as a FCM, and a RFED, we are required to maintain adjusted net capital of $20.0 million plus 5.0% of the amount of retail customer liabilities over $10.0 million, plus 10% of all liabilities owed to eligible contract participant counterparties acting as a dealer that are not an affiliate. On a worldwide basis, as of December 31, 2019, we were required to maintain approximately $99.9 million in minimum capital in the aggregate across all jurisdictions. Regulators continue to evaluate and modify regulatory capital requirements from time to time in response to market events and to improve the stability of the international financial system. Additional revisions to this framework or new capital adequacy rules applicable to us may be proposed and ultimately adopted, which could further increase our minimum capital requirements in the future.

Even if regulators do not change existing regulations or adopt new ones, our minimum capital requirements will generally increase in proportion to the size of the business conducted by our regulated subsidiaries. As a result, we will need to increase our regulatory capital in order to expand our operations and increase our revenue, and our inability to increase our capital on a cost-efficient basis could constrain our growth. In addition, in many cases, we are not permitted to withdraw regulatory capital maintained by our subsidiaries without prior regulatory approval or notice, which could constrain our ability to allocate our capital resources most efficiently throughout our global operations. In particular, these restrictions could adversely affect our ability to withdraw funds needed to satisfy our ongoing operating expenses, debt service and other cash needs and could affect any future decision by our Board of Directors regarding the payment of our quarterly dividends. Regulators monitor our levels of capital closely and we are required to report the amount of regulatory capital we maintain to our regulators on a regular basis, and must report any deficiencies or material declines promptly. While we expect that our current amount of regulatory capital will be sufficient to meet anticipated short-term increases in requirements, any failure to maintain the required levels of regulatory capital, or to report any capital deficiencies or material declines in capital could result in severe sanctions, including fines, censure, restrictions on our ability to conduct business and revocation of our registrations. The imposition of one or more of these sanctions could ultimately lead to our liquidation, or the liquidation of one or more of our operating subsidiaries.

Interpretation of corporate tax laws and regulations and changes in such laws and regulations, as well as adverse determinations regarding the application of such laws and regulations, could adversely affect our earnings.

We are subject to the income tax laws of the U.S., its states and municipalities and those of the foreign jurisdictions in which we have significant business operations. These tax laws are complex and may be subject to different interpretations. We must make judgments and interpretations about the application of these inherently complex tax laws when determining the provision for income taxes and must also make estimates about when in the future certain items affect taxable income in the various tax jurisdictions. Disputes over interpretations of the tax laws may be settled with the taxing authority upon examination or audit. In addition, changes to the Internal Revenue Code, administrative rulings or court decisions could increase our provision for income taxes and reduce our earnings.

On December 22, 2017, President Trump signed into law P.L. no 115-97, also known as the Tax Cuts and Jobs Act ("TCJA"), which includes a broad range of tax law changes affecting businesses, including corporate tax rates, business deductions, and international tax provisions. Throughout 2019 and 2018, the Internal Revenue Service ("IRS") and Treasury department have issued administrative guidance on the application of various provisions of the TCJA so there is less uncertainty as to how these new provisions will be interpreted and applied by the Internal Revenue Service. At the state level, however, many states have not yet issued administrative guidance with respect to these provisions of the TCJA, and uncertainty remains as to how these new provisions will be interpreted and applied by the various state taxing authorities.

Servicing customers via the Internet may require us to comply with the laws and regulations of each country in which we are deemed to conduct business. Failure to comply with such laws may negatively impact our financial results.

Since our services are available over the Internet in foreign countries and we have customers residing in foreign countries, foreign jurisdictions may require us to qualify to do business in their country. We believe that the number of our customers residing outside of the U.S. will continue to increase over time. We are required to comply with the laws and regulations of each country in which we conduct business, including laws and regulations currently in place or which may be enacted related to Internet services available to the residents of each country from service providers located elsewhere. For example, the Cyprus Securities and Exchange Commission recently announced that it will require any registered investment firm in Cyprus that wishes to offer products to customers offered in another country to provide evidence of its authorization to offer products in that other country. If one of our regulators were to adopt a similar requirement, we could be subject to increased regulatory compliance costs or may be required to modify our business and operations. Any failure to develop effective compliance and reporting systems could result in regulatory penalties in the applicable jurisdiction, which could have a material adverse effect on our business, financial condition and results of operations and cash flows.

Procedures and requirements of the Patriot Act and other anti-money laundering and know your customer regulations may expose us to significant costs or penalties.

As participants in the financial services industry, we are, and our subsidiaries are, subject to numerous laws and regulations, including the U.S. Patriot Act, that require that we know our customers and monitor transactions for suspicious financial activities. The cost of complying with the Patriot Act and similar laws and regulations is significant. We face the risk that our policies, procedures, technology and personnel directed toward complying with these laws and regulations are insufficient and that we could be subject to significant criminal and civil penalties due to noncompliance. Such penalties could have a material adverse effect on our business, financial condition and results of operations and cash flows.

Risks Related to Third Parties

If we lose access to our prime brokers and other liquidity providers, we may be unable to provide competitive trading services, which will materially adversely affect our business, financial condition and results of operations and cash flows.

We rely on third-party financial institutions to provide us with market liquidity. We maintain relationships with a large network of liquidity providers, including established global prime brokers such as J.P. Morgan, Citibank, Morgan Stanley and UBS. We depend on these relationships, particularly those with our prime brokers, for our access to a pool of liquidity to ensure that we are able to execute our customers’ trades in the products we offer at the notional amounts our customers request. These liquidity providers, although under contract with us, may terminate our arrangements at any time. If we were to experience a disruption in the services provided by a liquidity provider, particularly one of our prime brokers, due to a financial, technical or other adverse development, our business could be materially adversely affected to the extent that we are unable to transfer positions and margin balances to another liquidity provider that allows us to offer competitive trading services in a timely fashion. In the event of the insolvency of one of our prime broker or other liquidity providers, we might not be able to recover any or all of the funds we have on deposit with such entity since we will be among the entity’s unsecured creditors. In the event that we no longer have access to the levels of liquidity that we currently have, we may be unable to provide competitive trading services, which would materially adversely affect our business, financial condition and results of operations and cash flows.

A systemic market event that impacts the various market participants with whom we interact could have a material adverse effect on our business, financial condition and results of operations and cash flows.

We interact with various third parties through our relationships with our liquidity providers, white label partners and introducing brokers. Some of these market participants could be overleveraged. In the event of sudden, large market price movements, such as recent market turmoil associated with the outbreak of the novel coronavirus (COVID-19), such market participants may not be able to meet their obligations to brokers who, in turn, may not be able to meet their obligations to their counterparties. As a result, a systemic collapse in the financial system could occur, which would have a material adverse effect on our business, financial condition and results of operations and cash flows.

We are subject to risk of default by financial institutions that hold our funds and our customers' funds.

We have significant deposits of our own funds and our customers' funds with banks and other financial institutions, including liquidity providers. In the event of the insolvency of one of these financial institutions, we might not be able to fully recover the assets we have deposited since, in certain cases, we will be among the institution's unsecured creditors. As a result, our business could be materially adversely affected by the loss of these funds.

Retail Forex customer funds deposited with us in the U.S. are not permitted to be segregated from our own funds for purposes of applicable CFTC, NFA, bankruptcy or insolvency laws and regulations, meaning such funds may be at risk of default if we were to become insolvent.

Pursuant to CFTC and NFA regulations for our U.S.-regulated subsidiaries, retail forex customer funds deposited with us are not permitted to be segregated from our own funds for purposes of applicable CFTC, NFA, bankruptcy and insolvency laws and regulations. Although we are required to designate and report specific depository accounts as accounts holding assets to cover our obligations to retail forex customers; our customers' funds may be aggregated with our own for these purposes. In the event we were to become insolvent, our customers may be unable to fully recover the funds they have deposited with us, as they will be among our unsecured creditors, and the extent to which these funds will be entitled to insurance by the Federal Deposit Insurance Corporation is uncertain.

We are subject to credit risk in that a customer's losses may exceed the amount of cash in their account.

Our trading operations require a commitment of our capital and involve risk of loss because of the potential that a customer's losses may exceed the amount of cash in their account. Our margin policy allows customers to leverage their account balances by trading notional amounts that may be significantly larger than their cash balances. We mark our customers' accounts to market each time a price in their portfolio changes. While this allows us to closely monitor each customer's exposure, it does not guarantee our ability to eliminate negative customer account balances prior to an adverse price change or other market events. Although we have the ability to alter our margin requirements without prior notice to our customers, this may not eliminate the risk that our access to liquidity becomes limited or market conditions, including price volatility and liquidity constraints, change faster than our ability to modify our margin requirements. Changes in market conditions or unforeseen extreme market events, such as recent market turmoil associated with the outbreak of the novel coronavirus (COVID-19), could result in our customers experiencing losses in excess of the funds they have deposited with us. In such an event, we may not be able to recover the negative client equity from our customers, which may result in our incurring a bad debt expense. In addition, if we cannot recover funds from our customers, we may nonetheless be required to fund positions we hold with our liquidity providers or other third parties. Any of the foregoing events could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Failure of third-party systems or third-party service and software providers upon which we rely could adversely affect our business.

We rely on certain third-party computer systems or third-party service and software providers, including trading platforms, back-office systems, Internet service providers, software development partners and communications facilities. For example, for the year ended December 31, 2019, 38.2% of our retail trading volume was derived from trades utilizing the MetaTrader platform, a third-party trading platform we license that is particularly popular in the international retail trading community. Any interruption in these third-party services, or deterioration in their performance or quality, could adversely affect our business. If our arrangement with any third party is terminated, we may not be able to find alternative systems or service providers on a timely basis or on commercially reasonable terms. This could have a material adverse effect on our business, financial condition and results of operations and cash flows.

Failure to maintain relationships with introducing brokers who direct new customers to us could have a material adverse effect on our business, financial condition and results of operations and cash flows.

We have relationships with introducing brokers who direct new customers to us and provide marketing and other services for these customers. In certain jurisdictions, we are only able to provide our services through introducing brokers. For the year ended December 31, 2019, approximately 9.6% of our retail trading volume was derived from introducing brokers. Many of our relationships with introducing brokers are nonexclusive or may be terminated by the brokers on short notice. In addition, under our agreements with introducing brokers, they have no obligation to provide us with new customers or minimum levels of transaction volume. Our failure to maintain our relationships with these introducing brokers, the failure of the introducing brokers to provide us with customers or our failure to create new relationships with introducing brokers would result in a loss of revenue, which could have a material adverse effect on our business, financial condition and results of operations and cash flows. To the extent any of our competitors offers more attractive compensation terms to one or more of our introducing brokers, we could lose the brokers' services or be required to increase the compensation we pay to retain the brokers. In addition, we may agree to set the compensation for one or more introducing brokers at a level where, based on the transaction volume generated by customers directed to us by such brokers, it would have been more economically attractive to seek to acquire the customers directly rather than through the introducing broker.

Our business or reputation could be harmed by introducing broker misconduct or errors that are difficult to detect and deter.

It may be perceived that we are responsible for any improper conduct by our introducing brokers, even though we do not control their activities. Many of our introducing brokers operate websites, which they use to advertise our services or direct customers to us. It is difficult for us to closely monitor the contents of their websites to ensure that the statements they make in relation to our services are accurate and comply with applicable rules and regulations. Any disciplinary action taken against any of our introducing brokers in the U.S. and abroad could have a material adverse effect on our reputation, damage our brand name and materially adversely affect our business, financial condition and results of operations and cash flows.

Risks Related to our Common Stock

The market price of our common stock may be volatile.

Our results of operations and cash flows have fluctuated significantly from period to period in the past based on a variety of factors, including some that are beyond our control, such as market volatility and fluctuations in trading volume. These variations, along with any failure to achieve operating results that meet or exceed the expectations of our investors and the market as a whole, could result in significant price and volume fluctuations in our common stock. Other factors that could affect the market price of our common stock include:

- the perceived likelihood of the completion of our pending acquisition by INTL;
- future announcements concerning us or our competitors, including the announcement of acquisitions;
- changes in government regulations or in the status of our regulatory approvals or licensure;
- public perceptions of risks associated with our services or operations;
- developments in our industry; and
- general economic, market and political conditions and other factors that may be unrelated to our operating performance or the operating performance of our competitors, such as outbreaks of pandemic or other contagious diseases like the novel coronavirus (COVID-19).

If securities analysts stop publishing research or reports about us or our business or if they downgrade our common stock, the market price of our common stock could decline.

The market for our common stock relies in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. If any analyst who covers us downgrades our stock or lowers its future stock price targets or estimates of our operating results, our stock price could decline rapidly. Furthermore, if any analyst ceases to cover us, we could lose visibility in the market, which in turn could cause the market price of our common stock to decline.

Our stockholder rights plan may prevent efforts by our stockholders to effect a change of control of our company or a change in our management.

We have adopted a stockholder rights plan, commonly referred to as a poison pill. The rights plan is intended to deter an attempt to acquire us in a manner or on terms not approved by our Board of Directors. The rights plan will not prevent an acquisition that is approved by our Board of Directors. In connection with our pending acquisition by INTL, we amended our stockholder rights plan to exempt the Merger Agreement and the transactions contemplated thereby from its protective provisions and to provide for its automatic expiration immediately prior to completion of the Merger. Our rights plan could substantially impede the ability of public stockholders to benefit from a change in control and, as a result, may reduce the market price of our common stock and the ability of holders of our common stock to realize any potential change of control premium.

We may be unable to obtain capital when we need it, on acceptable terms, or at all.

Our business depends on the availability of adequate funding and regulatory capital under applicable regulatory requirements. Historically, we have satisfied these needs from internally generated funds and from our offering of convertible debt securities and revolving credit facilities. While we currently anticipate that our available cash resources will be sufficient to meet our presently anticipated working capital and capital expenditure requirements for at least the next 12 months, we may need to raise additional funds which could impact the number of shares to issue to:

- support more rapid expansion;
- develop new or enhanced services and products;
- respond to competitive pressures;
- acquire new businesses, products or technologies; or
- respond to unanticipated requirements.

Additional financing may not be available when needed on terms favorable to us or at all. In addition, the terms of our Merger Agreement with INTL impose certain restrictions on our ability to obtain capital (for example, by issuing securities or incurring certain indebtedness) while the Merger Agreement is in effect. Any inability to obtain capital when we need it could have a material adverse effect on our business, results of operations and financial condition.

The limited liquidity for our common stock could affect your ability to sell your shares at a satisfactory price.

Our common stock is relatively illiquid. As of March 9, 2020, we had 37,505,756 shares of common stock outstanding (excluding shares held by us as treasury stock). The average daily trading volume in our common stock during the 60 calendar days ended March 9, 2020 was approximately 848,517 shares. A more active public market for our common stock may not develop, which could continue to adversely affect the liquidity of our common stock and adversely affect the trading price of our common stock. Moreover, without a large public float, our common stock is less liquid than the stock of companies with broader public ownership and, as a result, the trading prices of our common stock may be more volatile than that of other companies or the market as a whole. In addition, in the absence of an active public trading market, you may be unable to liquidate your investment in us at a satisfactory price.

Stockholders may be diluted by the future issuance of additional common stock in connection with our incentive plans, acquisitions, conversion of our 4.125% Convertible Senior Notes due 2020 or our 5.00% Convertible Senior Notes due 2022, or otherwise.

As of December 31, 2019, we had approximately 64.7 million shares of common stock authorized but unissued. As of December 31, 2019, we have reserved an aggregate of 2.9 million shares for issuance under our equity incentive compensation plans.

In addition, our 4.125% Convertible Senior Notes due 2020, which were issued in April 2015 in connection with our acquisition of City Index, are convertible into shares of our common stock, although we may, at our election and subject to certain limitations, choose to settle any conversion by the payment or delivery of cash, shares of our common stock, or a combination thereof. Prior to October 1, 2019, these notes may be converted only upon the occurrence of specified events set forth in the indenture pursuant to which they were issued, while on or after October 1, 2019, holders may convert their notes at any time.

Our 5.00% Convertible Senior Notes due 2022 are convertible into shares of our common stock, although we may, at our election and subject to certain limitations, choose to settle any conversion by the payment or delivery of cash, shares of our common stock, or a combination thereof. Prior to April 15, 2022, these notes may be converted only upon the occurrence of specified events set forth in indenture pursuant to which they were issued, while on or after April 15, 2022, holders may convert their notes at any time.

Any common stock that we issue, including under our 2015 Plan, 2011 Employee Stock Purchase Plan or other equity incentive plans that we may adopt in the future, or upon conversion of any of our convertible senior notes, will dilute the percentage ownership held by investors who own our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved staff comments.

ITEM 2. PROPERTIES

We are a global provider of trading services and solutions, specializing in over-the-counter ("OTC"), and exchange-traded markets. Our retail and futures segments service customers in more than 180 countries worldwide, and we conduct business from our offices in Bedminster, New Jersey; New York, New York; Chicago, Illinois; Powell, Ohio; London, England; Tokyo, Japan; Sydney, Australia; Shanghai, China; Hong Kong; Dubai, U.A.E.; Krakow, Poland and Singapore. Our retail segment conducts business in each of these locations, except our locations in Illinois and Ohio, which are focused primarily on our futures segment. Our corporate segment is primarily located in our corporate headquarters in Bedminster, New Jersey. All of our office space was leased as of December 31, 2019.

While we believe that these facilities are adequate to meet our current needs, it may become necessary to secure additional space in the future to accommodate any future growth. We believe that such additional space will be available as needed in the future on commercially reasonable terms.

ITEM 3. LEGAL PROCEEDINGS

We are involved in various claims and legal actions arising in the ordinary course of business. In the opinion of our management, the outcome of such other claims and legal actions, if decided adversely, is not expected to have a material adverse effect on our quarterly or annual operating results, cash flows or consolidated financial position.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock began trading on the New York Stock Exchange under the symbol "GCAP" on December 15, 2010. Prior to that date, there was no established trading market for our common stock. As of March 9, 2020, we estimate that we had approximately 58 stockholders of record. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of underlying beneficial stockholders represented by these record holders.

DIVIDEND POLICY

In October 2011, our Board of Directors approved a policy of paying quarterly dividends, subject to available cash flow from operations, other considerations and the determination by our Board of Directors of the amount. Until November 2016, we paid a quarterly $0.05 per share dividend to holders of our common stock. In November 2016, our Board of Directors approved a change in the dividend policy which increased the dividend to $0.06 per share to holders of our common stock. The latest dividend of $0.06 per share was announced on February 27, 2020 and is payable on March 27, 2020 to stockholders of record on March 24, 2020.

Although we intend to continue our policy of paying quarterly dividends through the quarter ending June 30, 2020, any declaration and payment of dividends will be at the discretion of our Board of Directors and will depend upon, among other things, our earnings, financial condition, capital requirements, level of indebtedness, contractual restrictions with respect to the payment of dividends, and other considerations that our Board of Directors deems relevant. In addition, the terms of our Merger Agreement with INTL restrict our ability to pay dividends or other distributions, including regular quarterly dividends after the quarter ending June 30, 2020. The Board's ability to declare a dividend is also subject to limits imposed by Delaware corporate law. In addition, our subsidiaries are permitted to pay dividends to us subject to (i) certain regulatory restrictions related to the maintenance of minimum net capital in those of our subsidiaries that are subject to net capital requirements imposed by applicable law or regulation and (ii) general restrictions imposed on dividend payments under the laws of the jurisdiction of incorporation or organization of each subsidiary.

RECENT SALES OF UNREGISTERED SECURITIES; USE OF PROCEEDS FROM REGISTERED SECURITIES

None.

REPURCHASES OF COMMON STOCK

During the year ended December 31, 2019, we repurchased approximately 1.1 million shares of our common stock pursuant to the terms of our approved stock repurchase plan.

Period	Total Number of Shares Purchased[1]		Average Price Paid per Share[1]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1]		Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs[1][2]
January 2019	248,977	$	6.38	248,977	$	46,824,007
February 2019	176,507	$	6.84	176,507	$	45,613,459
March 2019	207,312	$	6.72	207,312	$	44,216,598
April 2019	390,187	$	5.74	390,187	$	41,968,543
May 2019	106,919	$	5.14	106,919	$	41,416,338
June 2019	—	$	—	—	$	—
July 2019	—	$	—	—	$	—
August 2019	—	$	—	—	$	—
September 2019	—	$	—	—	$	—
October 2019	—	$	—	—	$	—
November 2019	—	$	—	—	$	—
December 2019	—	$	—	—	$	—

(1) On May 16, 2011, the Company announced that its Board of Directors approved a share repurchase plan, which authorized the expenditure of up to $10.0 million for the purchase of the Company’s common stock. On May 6, 2013, the Company announced that the Board of Directors approved to increase the total amount available for the purchase of the Company’s common stock by $15.0 million. On May 3, 2016, the Company’s Board of Directors approved to increase the total amount available for the purchase of the Company’s common stock by an additional $15.0 million, including amounts allocable to certain prior purchases made in March, April and May 2016. On November 3, 2016, the Company announced that its Board of Directors had increased the total amount available for the repurchase of the Company’s common stock under the Company’s share repurchase plan to $30.0 million. On November 7, 2018, the Company's Board of Directors passed a resolution setting the total amount of cash available for purchases of the Company's common stock under its previously announced share repurchase plan to $50.0 million as of that date.

(2) Transaction fees related to the share purchases are deducted from the total remaining allowable expenditure amount.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information with respect to our compensation plans under which equity compensation was authorized as of December 31, 2019.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)		Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	688,805	$	6.19	2,874,363

ITEM 6. SELECTED FINANCIAL DATA

Not applicable to smaller reporting companies.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our audited consolidated financial statements and the accompanying notes thereto provided under “Item 8. Financial Statements and Supplementary Data” contained elsewhere within this Annual Report on Form 10-K.

Overview

We are a global provider of trading services and solutions, specializing in over-the-counter ("OTC") and exchange-traded markets. We operate our business in two segments: retail and futures. Through our retail segment, we provide customers around the world with access to a diverse range of over 15,000 global financial markets, including spot foreign exchange ("forex"), precious metals trading, as well as CFDs, which are investment products with returns linked to the performance of underlying assets. We offer CFDs on currencies, commodities, indices, individual equities, cryptocurrencies, bonds, options and interest rate products. In the U.K., we offer spread bets, which are investment products similar to CFDs, but with more favorable tax treatment for residents of the U.K.

Our futures segment offers execution and risk management services for exchange-traded futures and futures options on major U.S. and European futures and options exchanges. Each of our operating segments is discussed in more detail below.

As a global provider of online trading services, our results of operations are impacted by a number of external market factors, including market volatility and transaction volumes, competition, the regulatory environment in the various jurisdictions and markets in which we operate and the financial condition of the retail customers to whom we provide our services. These are not the only factors, and additional factors may impact our results of operations for the most recent fiscal period, as well as future periods. Please refer to “Item 1A. Risk Factors” for a discussion of other factors that may impact our business.

Market Environment and Trading Volatility

Our revenue and operating results may vary significantly from period to period primarily because of movements and trends in global financial markets and fluctuations in market volatility, which are driven by external factors, some of which are market specific and some of which are correlated to general macroeconomic conditions. As a general rule, our businesses typically benefit from volatility in the prices of the products that we offer, as periods of increased volatility often coincide with higher levels of trading by our clients and higher volume of transactions. Periods of extreme volatility, however, may result in significant market dislocations that can instead lead clients to reduce their trading activity. In addition, volatility that results in market prices moving within a relatively narrow band of prices may lead to less profitable trading activity. Low or extremely high market volatility can adversely affect our ability to profitably manage our net exposure, which is the unhedged portion of the trading positions we enter into with customers in our retail segment.

Competition

The products we offer have generally been accessible to retail investors for a significantly shorter period than many other securities products, such as cash equities, and our industry is rapidly evolving and characterized by intense competition. Entering new markets often requires us to lower our pricing in order to attract customers and compete with other companies that have already established customer bases in such markets. In addition, in existing markets, we occasionally make short-term decisions to be more aggressive regarding the pricing we offer our customers, or we may decide to offer additional services at reduced rates, or free of charge, in order to attract customers and take market share from our competitors.

Regulatory Environment

In March 2018, ESMA announced product intervention measures to further regulate the marketing, distribution or sale of CFDs to retail investors in the E.U. These measures include leverage limits which vary based on the underlying asset, a margin close out rule on a per account basis, negative balance protection on a per account basis, a restriction on incentives offered to trade CFDs and a required standardized risk warning. These measures have now been published in the Official Journal of the E.U. and became effective on August 1, 2018 and have since been extended several times. The expectation was that in time the various E.U. regulators would introduce similar, permanent measures in their own jurisdictions. In July 2019, ESMA announced that it would cease renewal of the measures. In August 2019, the FCA implemented regulations similar to ESMA’s existing temporary restrictions, but extended the restrictions to closely substitutable products, including knock-out products and turbo certificates. Since then almost all EU countries have introduced permanent national measures that are similar to the ESMA measures. These measures are not expected to have a material adverse impact on the Company’s results of operations or financial condition. Furthermore, the FCA released a consultation paper (CP 19/22) in early 2019 regarding a potential ban on the sale of CFDs referencing cryptocurrencies to retail consumers. The consultation period is now closed and final rules are expected to be released in the first or second quarter of 2020.

ASIC recently announced proposed regulations for comment (CP322 Product Intervention measures) that may result in new regulations that restrict the available leverage that may be offered to customers and provide for margin close-out protection, additional risk warnings, prohibition on certain types of inducements, real-time disclosures and further transparency regarding the cost of trading.

As a result of historical and/or future regulatory changes, we may be required to change our business strategy, including the nature of the products that we offer, the target market for our products, or our overall strategy toward one or more geographic markets.

Part of our growth strategy is to enter new markets, and as we do so we will become subject to regulation in those markets. Complying with different regulatory regimes in multiple markets is expensive, and in many markets the regulatory environment is unclear and evolving.

Sale of GTX ECN Business

On June 29, 2018, we completed the sale of the assets of our GTX ECN business, an institutional platform for trading foreign exchange, to 360T, a subsidiary of Deutsche Börse AG, pursuant to an Asset Purchase Agreement dated as of May 29, 2018 (the “Purchase Agreement”). The Purchase Agreement provided for a cash purchase price for the GTX business of $100 million, less a working capital adjustment, which amounted to a $0.2 million reduction in the purchase price. We agreed to certain non-competition and non-solicitation obligations relating to the GTX business and its employees that expire on the third anniversary of the closing date. We have continued to provide certain transition services to the buyer following the closing date. The parties have entered into commercial agreements relating to a continued business relationship between GAIN and 360T.

Prior to its sale, we reported the results of our GTX ECN business as part of our institutional segment. We have determined that the institutional reportable segment met the discontinued operations criteria set forth in ASC Subtopic 205-20-45, *Presentation of Financial Statements*, in the quarter ended June 30, 2018. Therefore institutional segment results have been classified as discontinued operations in the accompanying Consolidated Statements of Operations and Comprehensive Income. For more information relating to the discontinued operations of our GTX ECN business, please see Note 3 to our Consolidated Financial Statements elsewhere in this report.

Credit Facility

On August 3, 2017, we entered into a Credit Agreement (the “Credit Agreement”), with Barclays Bank PLC (“Barclays”), as Administrative Agent, Collateral Agent, Arranger and Documentation Agent, Sterling National Bank as Joint Bookrunner (“Sterling”), and the other lenders from time to time party thereto (together with Barclays and Sterling, the “Lenders”). The Credit Agreement provided for a U.S. $50.0 million senior secured first lien revolving credit facility (the “Facility”), to be made available upon certain terms and conditions.

On May 29, 2018, the Lenders entered into Consent and Waiver, pursuant to which the Lenders consented to the consummation of the sale of the GTX ECN business, and further agreed that, notwithstanding any other terms of the Credit Agreement, the Company could utilize a portion of the proceeds of the GTX ECN sale to repurchase the Company's outstanding 4.125% Convertible Senior Notes due 2020 and the Company's outstanding common stock, with such repurchases of common stock being excluded for purposes of the equity repurchase limits in the Credit Agreement until the first anniversary of the Consent and Waiver. In a Second Consent and Waiver dated as of October 9, 2018, the Lenders agreed to extend the repurchase period for the common stock to December 31, 2019, and also consented to the Company's $50.0 million modified Dutch auction tender offer, which is discussed in more detail in “Part I. Overview.”

On January 2, 2020, the Company delivered written notice to terminate the Credit Agreement effective as of January 13, 2020 ("Termination Date"). There were no amounts outstanding under the revolving line of credit as of the Termination Date, and the Company did not incur any material early termination penalties as a result of the termination.

Sale to INTL FCStone Inc.

On February 26, 2020, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with INTL FCStone Inc., a Delaware corporation (“INTL”) and Golf Merger Sub I, Inc., a Delaware corporation and a wholly owned subsidiary of INTL (“Merger Sub”), pursuant to which, among other things and subject to the satisfaction or waiver of specified conditions, Merger

Sub will merge with and into the Company (the "Merger"). As a result of the Merger, Merger Sub will cease to exist, and we will survive as a wholly owned subsidiary of INTL. Subject to the terms and conditions of the Merger Agreement at the effective time of the Merger (the "Effective Time"), each share of the Company's common stock issued and outstanding immediately prior to the Effective Time (other than dissenting shares) will be converted into the right to receive $6.00 per share in cash, without interest.

Key Income Statement Line Items and Key Operating Metrics

The following section briefly describes the key components of our revenues and expenses, our use of non-GAAP financial measures, and the key operating metrics that we use to evaluate the performance of our business.

Revenue

We categorize our revenue as retail revenue, futures revenue, other revenue, or net interest revenue.

Retail Revenue

Retail revenue is our largest revenue type. It consists primarily of retail segment trading revenue, which comes from a variety of our products, including spot forex, precious metals, spread bets and CFDs on currencies, commodities, indices, individual equities, cryptocurrencies, bonds, options and interest rate products, as well as OTC options on forex.

We generate retail revenue in two ways: transaction based revenue and market value based revenue. Transaction based revenue comes from customers trading OTC products for which we earn revenue principally from the bid/offer spread we provide our customers and fees, including financing charges for positions held overnight, commissions on equity CFD trades, and other account related fees. Market value based revenue comes from net gains and losses generated through changes in the market value of the currencies and other products held in our net exposure.

Retail revenue represented 76.0% and 83.9% of our total net revenue for the year ended December 31, 2019 and 2018, respectively.

For the year ended December 31, 2019, approximately 95% of our average daily retail trading volume was either naturally hedged or hedged by us with one of our liquidity providers, which is slightly less than our average daily retail trading volume hedged of approximately 97% in 2018. The remaining 5% and 3% of our average daily retail trading volume in 2019 and 2018, respectively, was of our net exposure.

We manage our net exposure by applying position and exposure limits established under our risk-management policies and by continuous, active monitoring by our trading and risk teams. Based on our risk management policies and procedures, over time a portion of our net exposure will be hedged with our liquidity providers. Although we do not actively initiate proprietary market positions in anticipation of future movements in the relative prices of the products we offer, through our net exposure we are likely to have open positions in various products at any given time. In the event of unfavorable market movements, we may experience losses on such positions. Please refer to “Item 1. Business” under heading *Sophisticated risk management* for further details regarding our risk management policies for the retail segment.

Futures Revenue

Futures revenue consists primarily of commissions and fees earned on futures and futures options trades that we execute for our customers, who use our connections to clearers, data feeds, and trading tools. We are not exposed to any market risk in connection with this activity, though we do maintain credit risk with our counterparties.

Other Revenue

Other revenue primarily comprises foreign currency translation gains and losses, as well as inactivity fees.

Net Interest Revenue

Net interest revenue consists primarily of the revenue generated by our cash and customer cash held at banks and on deposit as collateral with our liquidity providers as well as U.S. Treasury bills, less interest paid to our customers.

Our cash and customer cash is generally invested in highly liquid securities, like U.S Treasury bills, or money market instruments. Interest paid to customers is determined by a variety of factors, including net account value, which equals cash on deposit plus the mark-to-market of open positions as of the measurement date. Interest income and interest expense are recorded when earned and incurred, respectively.

Expenses

Our expenses principally comprise the following:

Employee Compensation and Benefits

Employee compensation and benefits includes salaries, bonuses, commissions, stock-based compensation, contributions to benefit programs and other related employee costs.

Selling and Marketing

Our marketing strategy employs a combination of direct online marketing and focused branding programs, with the goal of raising awareness, cost-effectively acquiring customers for our products and services, as well as client engagement and retention.

Referral Fees

Introducing brokers direct customers to us in return for a referral on each referred customer's trading volume or a share of net revenue generated by each referred customer's trading activity. White label partners offer our trading services to their customers under their own brand. Like introducing brokers, White label partners charge referral fees for the trade flow they bring to us. Referral fees expense also includes payments made to affiliates for referring customer to us.

Referral fees are largely variable and change principally based on the level of customer trading volume directed to us from our white label partners and introducing brokers, the terms of our specific agreements with white label partners and introducing brokers and the relative percentage of trading volume generated from particular relationships in any given period. The majority of our white label and introducing broker partners are paid for the trading volume generated by the customers they introduce, directly or indirectly, to us, rather than on a revenue sharing basis. During periods in which referred customer trading activity is not profitable for us, if the associated trading volume remains high, we may be required to make larger payments to these partners despite generating lower revenue from the customers introduced. Our retail indirect business accounted for 21.7% and 24.3% of retail trading volume in the years ended December 31, 2019 and 2018, respectively. The decline in indirect volume resulted from our focus on expanding our direct business as part of our organic growth strategy, and ongoing efforts to optimize our indirect channel.

Trading Expenses

Trading expenses consist of clearing costs, fees paid for market data that we provide to our customers or use to create our own derived data products, as well as fees for news services.

General and Administrative

General and administrative expenses consist of bank fees, professional fees, occupancy and equipment and other miscellaneous expenses.

Depreciation and Amortization

Depreciation and amortization is expense for physical assets and software purchased for use over a period of several years, as well as amortization of internally developed software, which forms the majority of the expense.

Purchased Intangible Amortization

Purchased intangible amortization consists of amortization related to intangible assets connected with our acquisitions. The principal intangible assets acquired are technology, customer relationships, and trademarks. These intangible assets have initial useful lives ranging from one year to ten years.

Communications and Technology

Communications and technology consists of communication fees, data fees, non-capitalized product development, software and maintenance expenses. These costs serve a number of purposes, including general maintenance for our trading platforms and global communications.

Bad Debt Provision

Bad debt provision represents the amounts estimated for the uncollectibility of certain outstanding balances during the period.

Restructuring Expenses

In 2019 and 2018 we incurred restructuring expenses, which reflected costs arising from headcount reductions and other exit costs, measured and disclosed in accordance with FASB ASC 420 *Exit or Disposal Cost Obligations* and ASC 712 *Compensation - Nonretirement Postemployment Benefits*.

Legal Settlement

In November 2018, we settled on an ongoing contractual dispute with a service provider relating to the historical deployment of software supporting one of our legacy trading platforms. Pursuant to the terms of the settlement, we agreed to make a one-time settlement payment of approximately $5.3 million in exchange for a full and final settlement of all claims.

Goodwill Impairment

In 2019 we recorded a goodwill impairment of $28.1 million as a result of our annual assessment. The impairment related to the announcement of our sale to INTL FCStone Inc.

Impairment of Investment

In 2018 we recovered a portion of a previously impaired investment when we received reimbursement for losses that we had experienced.

Interest Expense on Long Term Borrowings

Interest expense on long term borrowings consists of interest expense, both cash and non-cash on our 4.125% Convertible Senior Notes due 2020, issued in April 2015 as part of the consideration for the City Index acquisition, and interest expense on our 5.00% Convertible Senior Notes due 2022.

Non-GAAP Financial Measures

We use liquidity available, adjusted net income and adjusted earnings per common share, each of which is a non-GAAP financial measure, to evaluate our business. We believe these measures assist investors in evaluating our operating performance. Liquidity available, adjusted net income and adjusted earnings per common share are not measures of financial performance calculated in accordance with GAAP. They should be considered in addition to, but not as substitutes for, other measures of our financial performance reported in accordance with GAAP, such as net income and earnings per common share. Below is a discussion and reconciliation of these non-GAAP financial measures.

Liquidity Available

Liquidity available is a non-GAAP financial measure consisting of our Cash and cash equivalents, plus our Receivables from banks and brokers, plus revolving credit facility, less the minimum regulatory capital requirements applicable to our business. We use this non-GAAP measure to evaluate our ability to fund growth in our business and meet its obligations.

Adjusted Net Income and *Adjusted Earnings Per Share*

Adjusted net income is a non-GAAP financial measure representing our net income excluding certain one-time costs and benefits (see below). We exclude these items from our adjusted net income and adjusted earnings per share, because we view these as transactions that are not part of our core operations, which we believe to be the most meaningful indicators of the Company’s performance.

Adjusted earnings per share is a non-GAAP financial measure representing our adjusted net income per share. We believe these financial measures assist investors in evaluating our operating performance. Non-GAAP financial measures have certain limitations, including lack of standardized meaning. Therefore, our definitions may be different from similar non-GAAP financial measures used by other companies or analysts, and it may be generally difficult to compare our financial performance to other companies.

Reconciliation of Non-GAAP Financial Measures

For a reconciliation of free cash available to Cash and cash equivalents, please refer to the “Liquidity and Capital Resources” section below. The following table provides a reconciliation of GAAP net income to adjusted net income and adjusted earnings per common share (amounts in thousands except per share amounts):

	Year Ended December 31,	
	2019	2018
Net (loss)/income from continuing operations	$ (60,761)	$ 27,977
Income tax (benefit)/expense	(12,869)	8,514
Pre-tax (loss)/income	(73,630)	36,491
Adjustments:		
Impairment of investment	—	(130)
Contingent provision	200	—
Class action settlement	—	(5,398)
PP&E write-off	—	1,332
Dutch auction fees	—	768
Restructuring expenses	1,274	762
Goodwill impairment	28,098	—
Legal settlement	—	5,306
Total adjustments	29,572	2,640
Adjusted pre-tax (loss)/income	(44,058)	39,131
Adjusted income tax (benefit)/expense	(8,709)	9,261
Non-controlling interest	—	(737)
Adjusted net (loss)/income (non-GAAP)	$ (35,349)	$ 29,133
Adjusted (loss)/earnings per common share (non-GAAP):		
Basic	$ (0.95)	$ 0.67
Diluted	$ (0.95)	$ 0.66

The following table provides a reconciliation of income tax (benefit)/expense to adjusted income tax (benefit)/expense (amounts in thousands):

	Year Ended December 31,	
	2019	2018
Income tax (benefit)/expense	$ (12,869)	$ 8,514
Uncertain tax position (1)	(150)	233
Basis adjustments (2)	(562)	—
One off adjustments (3)	4,872	514
Adjusted income tax (benefit)/expense	$ (8,709)	$ 9,261
Adjusted tax rate (4)	19.8%	23.6%

(1) Represents adjustment of $(0.2) million in 2019 caused by a prior year's tax audit and adjustment caused by a favorable tax ruling of $(0.2) million in 2018, respectively
(2) Represents a basis adjustment to deferred taxes of $(0.6) million relating to prior year
(3) Represents adjustments to tax relating to a U.S. goodwill adjustment of $18.2 million taxed at 25% and restructuring of $1.3 million taxed at 18%; legal settlement of $5.3 million taxed at 21%, restructuring of $0.7 million taxed at 19%, a PP&E write off of $1.3 million taxed at 19%, fees associated with the share tender of $0.8 million taxed at 21%, a class action settlement of $(5.4) million taxed at 21% and an impairment adjustment of $(0.1) million taxed at 19% during 2018
(4) Adjusted tax rate calculated as adjusted tax (benefit)/expense divided by adjusted pre tax (loss)/income

Operating Metrics

In addition to the financial measures discussed above, we review various key operating metrics, which are described below, to evaluate our businesses' performance.

	Key Operating Metrics (Unaudited) Year Ended December 31,				
	2019	**2018**	**2017**	**2016**	**2015**
Retail					
OTC Trading Volume (in billions)	$ 1,843.0	$ 2,612.4	$ 2,473.6	$ 2,822.0	$ 3,985.8
OTC Average Daily Volume (in billions)	$ 7.1	$ 10.1	$ 9.6	$ 10.9	$ 15.4
Active OTC Accounts (1) (2)	122,532	123,171	132,262	126,528	142,836
Client Assets (in millions)	$ 703.0	$ 626.7	$ 749.6	$ 599.5	$ 675.6
Futures					
Number of Futures Contracts (3)	7,324,700	7,965,545	6,857,870	8,304,376	8,623,392
Futures Average Daily Contracts	29,066	31,609	27,322	32,954	34,356
Active Futures Accounts (1)	7,019	7,717	7,838	8,368	8,668
Client Assets (in millions)	$ 226.3	$ 215.8	$ 229.2	$ 346.0	$ 245.0

(1) Represents accounts which executed a transaction over the last 12 months.
(2) We have updated our historical active account disclosures for 2016 and 2015 to reflect a change in definition for certain accounts.
(3) Futures contracts represent the total number of contracts transacted by customers of our futures business.

OTC Trading Volume

OTC trading volume is the U.S. dollar equivalent of the aggregate notional value of OTC trades executed by customers in our retail segment.

OTC Average Daily Volume

Average daily volume is the U.S. dollar equivalent of the aggregate notional value of trades executed by our customers in a given period divided by the number of trading days in the given period.

Active OTC Accounts

Active OTC accounts represents retail segment customers who executed at least one trade during the relevant period. We believe active OTC accounts is an important operating metric because it correlates to trading volume and revenue in our retail segment.

Client Assets

Client assets represent amounts due to clients in our retail and futures segments, including customer deposits and unrealized gains or losses arising from open positions.

Number of Futures Contracts

Number of futures contracts represents the total number of contracts transacted by customers in our futures segment.

Futures Average Daily Contracts

Average daily futures contracts is the number of futures contracts transacted by our futures customers in a given period divided by the number of trading days in the given period.

Active Futures Accounts

Active futures accounts represent customers who executed at least one futures trade during the relevant period.

We believe that our customer trading volumes are driven by eight main factors. Four of these factors are broad external factors outside of our control that generally impact customer trading volumes, and include:

- overall economic conditions and outlook;
- volatility of financial markets;
- legislative changes; and
- regulatory changes.

The volatility of financial markets has generally been positively correlated with customer trading volume. Our customer trading volume is also affected by the following four additional factors:

- the effectiveness of our sales activities;
- the competitiveness of our products and services;
- the effectiveness of our customer service team; and
- the effectiveness of our marketing activities.

In order to increase customer trading volume, we focus our marketing and our customer service and education activities on attracting new customers and extending the duration and scope of the relationship our customers have with us.

Results of Operations

In light of the sale of our GTX ECN business in June 2018, which comprised our institutional segment, the results of the institutional segment are presented as discontinued operations in our Consolidated Statement of Operations and Comprehensive Income for the year ended December 31, 2018.

Our segment reporting structure includes two operating segments: retail and futures. These operating segments are discussed in more detail below. We also report information relating to general corporate services in a third segment, corporate and other. Please refer to Notes 1 and 23 to our audited consolidated financial statements for additional information.

Unless otherwise stated, financial results discussed herein refer to our continuing operations in our retail, futures, and corporate and other segments.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue (amounts in thousands)

	Year Ended December 31,			
	2019	2018	$ Change	% Change
Retail revenue	$ 177,727	$ 300,206	$ (122,479)	(40.8)%
Futures revenue	34,791	39,705	(4,914)	(12.4)%
Other revenue	7,141	7,406	(265)	(3.6)%
Total non-interest revenue	219,659	347,317	(127,658)	(36.8)%
Interest revenue	16,598	12,503	4,095	32.8 %
Interest expense	2,325	1,863	462	24.8 %
Total net interest revenue	14,273	10,640	3,633	34.1 %
Net revenue	$ 233,932	$ 357,957	$ (124,025)	(34.6)%

The decrease in retail revenue for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to a decrease in volume and a decrease in revenue capture, both of which resulted from unusually low volatility throughout 2019.

The decrease in futures revenue for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to a decrease in contracts traded, reflecting softer market conditions.

The decrease in other revenue for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to the receipt of a payment as part of a class action settlement in 2018, offset by reduced loss in foreign currency revaluation during 2019. Additionally, the swap dealer's contribution was higher in 2019 because it was part of the institutional segment for the first half of the prior year.

The increase in interest revenue for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to the Company's focus on increasing yields from its cash deposits via an increased variety of investment products, supported by base rate increases in certain jurisdictions, including the U.S., during the course of the year.

Expenses (amounts in thousands)

	Year Ended December 31,			
	2019	2018	$ Change	% Change
Employee compensation and benefits	$ 78,126	$ 89,070	$ (10,944)	(12.3)%
Selling and marketing	38,395	36,460	1,935	5.3 %
Referral fees	29,305	40,026	(10,721)	(26.8)%
Trading expenses	20,790	22,899	(2,109)	(9.2)%
General and administrative	50,605	55,239	(4,634)	(8.4)%
Depreciation and amortization	17,086	19,654	(2,568)	(13.1)%
Purchased intangible amortization	8,811	14,171	(5,360)	(37.8)%
Communications and technology	19,504	21,961	(2,457)	(11.2)%
Bad debt provision	2,024	2,508	(484)	(19.3)%
Restructuring expenses	1,274	762	512	67.2 %
Legal settlement	—	5,306	(5,306)	(100.0)%
Goodwill impairment	28,098	—	28,098	100.0 %
Impairment of investment	—	(130)	130	100.0 %
Total operating expense	294,018	307,926	(13,908)	(4.5)%
OPERATING (LOSS)/PROFIT	(60,086)	50,031	(110,117)	(220.1)%
Interest expense on long term borrowings	13,544	13,540	4	— %
(LOSS)/INCOME BEFORE INCOME TAX (BENEFIT)/EXPENSE	(73,630)	36,491	(110,121)	(301.8)%
Income tax (benefit)/expense	$ (12,869)	$ 8,514	$ (21,383)	(251.2)%

The decrease in employee compensation and benefits for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to a decrease in expense from accrued compensation and stock compensation, driven by lower results, for the year ended December 31, 2019.

The increase in selling and marketing expense for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to increases in marketing expenditures for our retail segment to support our key strategy of organic growth, with the aim of growing new and active direct customers going forward.

The decrease in referral fees for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to the decrease in indirect volume, related to the lack of volatility, during the year ended December 31, 2019.

The decrease in trading expenses for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to our cost optimization efforts, mainly in our retail segment along with certain volume based costs in our futures business.

The decrease in general and administrative expenses for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to lower professional fees as part of our cost optimization efforts and a decrease in betting duty, related to the softer trading year for the year ended December 31, 2019.

The decrease in communications and technology expense for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily related to a decrease in software maintenance costs realized through our cost optimization efforts.

The decrease in depreciation and amortization for the year ended December 31, 2019 compared to the year ended December 31, 2018 resulted from certain assets being fully amortized between the periods.

The decrease in purchased intangible amortization for the year ended December 31, 2019 compared to the year ended December 31, 2018 resulted from certain assets being fully amortized between the periods.

The decrease in bad debt provision for the year ended December 31, 2019 compared to the year ended December 31, 2018 resulted from a slightly lower occurrence of negative customer positions as compared to the prior year.

The goodwill impairment for the year ended December 31, 2019 resulted from the expected transaction with INTL, based on the agreed-upon sales price of $6.00 per share.

Income tax expense for the year ended December 31, 2019 decreased $21.4 million, with a tax benefit of $12.9 million compared to a tax expense of $8.5 million in the year ended December 31, 2018. Our effective tax rate for the year ended December 31, 2019 was 17.5%, compared to an effective tax rate of 23.3% for the year ended December 31, 2018. The decrease in effective tax rate was primarily due to losses in the current year impacting GILTI and foreign tax credits, and a change in the mix of earnings from different foreign jurisdictions. Please refer to Note 20 to our audited consolidated financial statements for more detail.

Segment Results** - **Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Retail Segment (amounts in thousands)

	Year Ended December 31,			
	2019	**2018**	**$ Change**	**% Change**
Net revenue	$ 194,256	$ 310,984	$ (116,728)	(37.5)%
Employee compensation and benefits	49,565	55,447	(5,882)	(10.6)%
Selling and marketing	37,527	35,378	2,149	6.1 %
Referral fees	18,232	26,899	(8,667)	(32.2)%
Other operating expenses	68,750	72,747	(3,997)	(5.5)%
Segment profit	$ 20,182	$ 120,513	$ (100,331)	(83.3)%

The decrease in employee compensation and benefits expenses for the retail segment for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to a decrease in expense from accrued incentive compensation and stock compensation, driven by lower results, for the year ended December 31, 2019.

The increase in selling and marketing expense for the retail segment for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily related to supporting our key strategy of organic growth, with the aim of growing new and active direct customers going forward.

The decrease in referral fees for the retail segment for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to the decreased indirect volume during the year ended December 31, 2019, resulting from the lack of volatility in the markets.

The decrease in other operating expenses for the retail segment for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to lower professional fees as part of our cost optimization efforts and a decrease in betting duty, related to the generally poor trading conditions in the year ended December 31, 2019.

Other operating expenses for the retail segment include general and administrative expenses, communication and technology expenses, trading expenses, and bad debt.

Futures Segment (amounts in thousands)

	Year Ended December 31,			
	2019	2018	$ Change	% Change
Net revenue	$ 39,771	$ 43,967	$ (4,196)	(9.5)%
Employee compensation and benefits	9,531	9,868	(337)	(3.4)%
Selling and marketing	865	811	54	6.7 %
Referral fees	11,073	13,127	(2,054)	(15.6)%
Other operating expenses	12,567	13,989	(1,422)	(10.2)%
Segment profit	$ 5,735	$ 6,172	$ (437)	(7.1)%

The slight decrease in employee compensation and benefits expenses for the futures segment for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to a decrease in expense from accrued incentive compensation and commissions, both driven by lower results, for the year ended December 31, 2019.

Selling and marketing expenses for the futures segment remained relatively flat for the year ended December 31, 2019 compared to the year ended December 31, 2018.

The decrease in referral fees for the futures segment for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to a decrease in trading volumes, related to softer market conditions, for the year ended December 31, 2019.

The decrease in other operating expenses for the futures segment for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to a decrease in trading costs related to lower volumes and a change in product mix for the year ended December 31, 2019.

Other operating expenses from the futures segment include general and administrative expenses, communication and technology expenses, and trading expenses, and bad debt.

Corporate and Other (amounts in thousands)

	Year Ended December 31,			
	2019	2018	$ Change	% Change
Other loss	$ (95)	$ (2,392)	$ 2,297	(96.0)%
Employee compensation and benefits	19,030	23,756	(4,726)	(19.9)%
Selling and marketing	3	271	(268)	(98.9)%
Other operating expenses	11,606	13,770	(2,164)	(15.7)%
Loss	$ (30,734)	$ (40,189)	$ 9,455	23.5 %

The decrease in employee compensation and benefits expenses for employees not attributed to any of our operating segments, such as our executive officers, for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to a decrease in expense for the Company's incentive compensation plan due to softer financial results during the year ended December 31, 2019.

The slight decrease in selling and marketing expenses not attributed to any of our operating segments for the year ended December 31, 2019 compared to the year ended December 31, 2018 resulted from less expenditure on corporate marketing.

The decrease in other operating expenses not attributed to any of our operating segments for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to a reduction in professional fees related to non-recurring legal services.

Liquidity and Capital Resources

We have historically financed our liquidity and capital needs primarily with funds generated from our subsidiaries' operations, the issuing debt and equity securities, including the 4.125% Convertible Senior Notes due 2020 that were issued in 2015 in connection with our acquisition of City Index, the 5.00% Convertible Senior Notes due 2022 that were issued in the third quarter of 2017, and access to secured lines of credit. In June 2018, we completed the sale of our GTX ECN business for a purchase price of $100 million, less a working capital adjustment which amounted to a $0.2 million reduction in the purchase price, resulting in cash sale proceeds of approximately $85.0 million, net of taxes and transaction-related expenses and fees. Those proceeds helped fund our share tender Dutch auction in November 2018, under which almost 6.4 million shares of common stock were repurchased at $7.84 per share, for a total purchase price of $50.0 million. We plan to finance our future operating liquidity and regulatory capital needs in a manner consistent with our past practice. We expect that our capital expenditures for the next 12 months will be slightly less than that in 2019.

Our cash and cash equivalents and customer cash and securities held for customers are held at banks, deposits at liquidity providers, investments in money market funds that invest in highly liquid investment grade securities including U.S. treasury bills, as well as investments in U.S treasury bills. In general, we believe all of our investments and deposits are of high credit quality and we have more than adequate liquidity to conduct our businesses.

Several of our operating subsidiaries are subject to requirements of regulatory bodies, including the CFTC and NFA in the U.S., the FCA in the U.K., the FSA in Japan, IIROC and the OSC in Canada, MAS in Singapore, ASIC in Australia, and CIMA in the Cayman Islands. Certain regulations limit funds available for dividends to GAIN Capital Holdings, Inc. As a result, we may be unable to access funds which are generated by our operating subsidiaries when we need them.

On April 1, 2015, as part of the consideration for our acquisition of City Index, we issued $60.0 million aggregate principal amount of our 4.125% Convertible Senior Notes due 2020 to City Index Group Limited. These notes bear interest at a fixed rate of 4.125% per year, payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2015. The notes are convertible into cash, shares of our common stock, or a combination thereof, at our election, subject to certain limitations. During the fourth quarter of 2019, we repurchased approximately $1.5 million of the 2020 Notes, for an aggregate purchase price of $1.3 million. The remaining notes will mature on April 1, 2020 and be converted into cash, unless earlier converted, redeemed or repurchased.

Regulatory Capital Requirements

The following table illustrates the minimum regulatory capital our subsidiaries were required to maintain as of December 31, 2019 and the actual amounts of capital that were maintained on that date (amounts in millions):

Entity Name	Minimum Regulatory Capital Requirements	Capital Levels Maintained	Excess Net Capital
GAIN Capital Group, LLC	$ 34.2	$ 61.3	$ 27.1
GAIN Capital Securities, Inc.	0.1	0.3	0.2
GAIN Capital U.K., Ltd.	58.9	177.8	118.9
GAIN Capital Japan Co., Ltd.	1.0	11.7	10.7
GAIN Capital Australia, Pty. Ltd.	0.9	5.5	4.6
GAIN Global Markets, Inc.	0.4	3.4	3.0
GAIN Capital-Forex.com Canada, Ltd.	0.2	2.3	2.1
GAIN Capital Singapore Pte., Ltd.	3.7	11.8	8.1
Trade Facts, Ltd.	0.5	3.8	3.3
Global Assets Advisors, LLC (1)	0.0	1.2	1.2
Total	$ 99.9	$ 279.1	$ 179.2

(1) The Global Asset Advisors, LLC minimum regulatory capital requirement is $45 thousand.

Our futures commission merchant and forex dealer subsidiary, GCGL, is subject to the Commodity Futures Trading Commission Net Capital Rule (Rule 1.17) and NFA Financial Requirements, Sections 1 and 11. Under applicable provisions of these regulations, GCGL is required to maintain adjusted net capital of the greater of $1.0 million or 8% of Customer and Non-Customer Risk Maintenance Margin, or $20.0 million plus 5% of all liabilities owed to retail customers exceeding $10.0

million, plus 10% of all liabilities owed to eligible contract participant counterparties acting as a dealer that are not an affiliate. Net capital represents current assets less total liabilities as defined by CFTC Rule 1.17. GCGL's current assets primarily consist of cash and cash equivalents reported on its balance sheet as cash, receivables from brokers and trading securities, which are generally short-term U.S. government securities. GCGL's total liabilities include payables to customers, accrued expenses, accounts payable, sales and marketing expense payable, introducing broker fees payable and other liabilities. From net capital we take certain percentage deductions or haircuts against assets held based on factors required by the Commodity Exchange Act to calculate adjusted net capital. GCGL's net capital and adjusted net capital changes from day to day. As of December 31, 2019, GCGL had net capital of approximately $61.3 million and net capital requirements and haircut charges of $34.2 million. As of December 31, 2019, excess net capital was $27.1 million. We believe that we currently have sufficient capital to satisfy these on-going minimum net capital requirements. In accordance with CFTC regulation 1.12 and NFA Financial Requirements Section 1, a 20.0% decrease in GCGL's net capital and a 30.0% decrease in excess net capital due to a planned equity withdrawal requires regulatory notification and/or approval.

GAIN Capital Securities, Inc. ("GCSI") is a broker-dealer registered with the SEC under the Securities Exchange Act of 1934, as amended. GCSI is a member of the Financial Industry Regulatory Authority ("FINRA"), Municipal Securities Rulemaking Board ("MSRB"), and Securities Investor Protection Corporation ("SIPC"). Pursuant to the SEC's Uniform Net Capital Rule 15c3-1, GCSI is required to maintain a minimum net capital balance (as defined) of $0.1 million. GCSI must also maintain a ratio of aggregate indebtedness (as defined) to net capital of not more than 15 to 1. At December 31, 2019, GCSI maintained $0.2 million more than the minimum required regulatory capital for a total of 3.0 times the required capital.

GAIN Capital U.K. Ltd. ("GCUK") is regulated by the FCA as a full scope €730k IFPRU Investment Firm. GCUK is required to maintain the greater of approximately $0.8 million (€730,000) and the Pillar 1 requirement, which is calculated as the sum of the firm's operational, credit, counterparty credit, concentration and market risks. At December 31, 2019, GCUK maintained $118.9 million more than the Pillar 1 requirement for a total of 3.0 times the required capital. Effective from 2016, the FCA began transitioning in additional capital requirements in the form of a capital conservation buffer and a countercyclical capital buffer as set out in Capital Requirements Directive, or CRD IV, Article 160 Transitional Provisions for Capital Buffers. The transitional period began on January 1, 2016 and ended on December 31, 2018. The minimum common equity tier 1 capital ratio requirement, from January 1, 2019 is 7%. The firm maintained a common equity tier 1 capital ratio of 24.2% as of December 31, 2019. The effect of the countercyclical buffer on the firm's existing capital requirements is negligible.

GAIN Capital Japan Co., Ltd. ("GCJP") is a registered Type I financial instruments business firm regulated by the Japan Financial Services Agency ("FSA") in accordance with Financial Instruments and Exchange Law (Law No. 25 of 1948, as amended). GCJP is a member of the Financial Futures Association of Japan. GCJP is subject to a minimum capital adequacy ratio of 140%, which is derived by dividing Net Capital (as defined in Law No. 25) by the sum of GC Japan's market, counterparty credit risk and operational risk. At December 31, 2019, GCJP maintained $10.7 million more than the minimum required regulatory capital for a total of 11.7 times the required capital.

GAIN Capital Australia, Pty. Ltd. ("GCAU") is regulated under the laws of Australia, including the *Corporations Act 2001* (Commonwealth of Australia). GCAU holds an Australian Financial Services License that has been issued by ASIC. GCAU is required to maintain a minimum capital requirement of the greater of $0.7 million (1.0 million AUD) or 10% of average revenues. The regulatory capital held is required to be in excess of 110% of its requirements at all times. ASIC recently announced proposed regulations for comment (CP322 Product Intervention measures) that may result in new regulations that restrict the available leverage that may be offered to customers, provide for margin close-out protection, additional risk warnings, prohibition on certain types of inducements, real-time disclosures and further transparency regarding the cost of trading. At December 31, 2019, GCAU maintained $4.6 million more than the minimum required regulatory capital for a total of 6.1 times the required capital.

GAIN Global Markets, Inc. ("GGMI") the Company's Cayman Island subsidiary, is a registered securities arranger and market maker with the Cayman Islands Monetary Authority ("CIMA"). GGMI is required to maintain a capital level that is the greater of one quarter of relevant annual expenditure, or the financial resources requirement which is the sum of the Base Requirement, counterparty and position risk requirement, or $0.4 million. At December 31, 2019, GGMI maintained $3.0 million more than the minimum required regulatory capital for a total of 8.5 times the required capital.

GAIN Capital-Forex.com Canada, Ltd. ("GCCA") is a Dealer Member of the Investment Industry Regulatory Organization of Canada ("IIROC") and regulated under the laws of Canada, including the Canadian Investor Protection Fund. In Canada, the securities industry is governed by provincial or territorial legislation, and there is no national regulator. Local legislation differs from province to province and territory to territory, but generally requires that forex dealing representatives register with applicable regulators and self-regulatory organizations in order to offer forex and/or CFD products to retail clients. GCCA's principal provincial regulator is the Ontario Securities Commission ("OSC"). GCCA is required to maintain risk-adjusted capital in excess of the minimum capital requirement. At December 31, 2019, GCCA maintained $2.1 million more than the minimum required regulatory capital for a total of 11.5 times the required capital.

GAIN Capital Singapore Pte., Ltd. ("GCS") is registered by the Monetary Authority of Singapore (“MAS”) and operates as an approved holder of Capital Market Services License. GCS is subject to the requirements of MAS and pursuant to the Securities and Futures Act (Cap 289). Under these rules GCS is required to maintain a minimum base capital of approximately $3.7 million (5.0 million SGD) and Financial Resources in excess of 120% of the total risk requirements at all times, which is calculated as the sum of operational, counterparty, large exposure and market risk at all times. At December 31, 2019, GCS maintained $8.1 million more than the required minimum regulatory capital for a total of 3.2 times the required capital.

Trade Facts, Ltd. ("Trade Facts") is regulated by the FCA as a BIPRU Limited License Firm. Trade Facts is required to maintain the greater of a base financial resource requirement of approximately $0.1 million (€0.05 million) and a capital requirement of the higher of either credit risk plus market risk or a fixed overhead requirement. At December 31, 2019, Trade Facts maintained $3.3 million more than the minimum required regulatory capital for a total of 7.6 times the required capital.

GAA is a registered Introducing Broker and is subject to the CFTC Net Capital Rule (Rule 1.17). Under applicable provisions of these rules, GAA is required to maintain adjusted net capital of less than $0.1 million. At December 31, 2019, GAA maintained $1.2 million more than the minimum required regulatory capital.

Effective February 27, 2013, GAIN GTX, LLC became provisionally registered with the CFTC and NFA as a swap dealer. During 2016, GTX SEF, LLC became permanently registered with the CFTC as a swap execution facility, although it withdrew its registration with the CFTC as a swap execution facility on December 30, 2018. Certain of our other subsidiaries may be required to register, or may register voluntarily, as swap dealers and/or swap execution facilities.

Swap dealers are subject to a comprehensive regulatory regime with new obligations for the swaps activities for which they are registered, including adherence to risk management policies, supervisory procedures, trade record and real time reporting requirements, as well as proposed rules for new minimum capital requirements. GAIN GTX, LLC has faced, and may continue to face, increased costs due to the registration and regulatory requirements listed above, as may any other of our subsidiaries that register as a swap dealer and/or swap execution facility. In particular, the CFTC has proposed rules that would require a swap-dealer to maintain regulatory capital of at least $20.0 million. Compliance with this or other swap-related regulatory capital requirements may require us to devote more capital to our GTX business or otherwise restructure our operations, such as by combining our GTX business with other regulated subsidiaries that must also satisfy regulatory capital requirements.

Operating Cash

We are required to maintain cash on deposit with our liquidity providers in order to conduct our hedging activities. As of December 31, 2019, we held $112.3 million in cash with liquidity providers. As of December 31, 2019, our total client assets were $929.3 million compared to $842.5 million as of December 31, 2018, an increase of $86.8 million. Total client assets represent amounts due to clients, including deposits and unrealized gains or losses arising from open positions.

The table set forth below provides a measure of our liquidity available as of December 31, 2019 and 2018, respectively. We believe our reporting available liquidity assists investors in evaluating our performance. We use this non-GAAP measure to evaluate our ability to continue to fund growth in our business (amounts in millions):

	December 31, 2019	December 31, 2018
Cash and cash equivalents	$ 190.1	$ 278.9
Receivables from brokers	112.3	84.3
Revolving credit facility (undrawn)[2]	—	50.0
Net operating cash	302.4	413.2
Less: Minimum regulatory requirements	(99.9)	(99.0)
Less: Payables to brokers	—	(1.6)
Less: Convertible senior notes due 2020	(58.5)	—
Liquidity [1]	$ 144.0	$ 312.6

(1) Our Convertible Senior Notes due 2022 are excluded given their long-dated maturity
(2) We provided written notice of cancellation of the Revolving credit facility on January 2, 2020
(3) See our Statements of Cash Flows for details underlying the cash movements

Convertible Senior Notes

On April 1, 2015, as part of the consideration for our acquisition of City Index, we issued $60.0 million aggregate principal amount of our 4.125% Convertible Senior Notes due 2020 to City Index Group Limited. These notes bear interest at a fixed rate of 4.125% per year, payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2015. The notes are convertible into cash, shares of our common stock, or a combination thereof, at our election, subject to certain limitations. During the fourth quarter of 2019, we repurchased approximately $1.5 million of the 2020 Notes, for an aggregate purchase price of $1.3 million. The notes will mature on April 1, 2020, unless earlier converted, redeemed or repurchased.

On August 22, 2017, we issued $92.0 million aggregate principal amount of our 5.00% Convertible Senior Notes due 2022, which includes the exercise in full of the over-allotment option granted to the initial purchasers of the notes, in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The notes bear interest at a fixed rate of 5.00% per year, payable semi-annually in arrears on February 15 and August 15 of each year, beginning on February 15, 2018. The notes are convertible into cash, shares of our common stock, or a combination thereof, at our election. The notes will mature on August 15, 2022, unless earlier converted, redeemed or repurchased.

An entity must separately account for the liability and equity components of convertible debt instruments whose conversion may be settled entirely or partially in cash in a manner that reflects the issuer’s economic interest cost for non-convertible debt. The liability component of the notes is initially valued at the fair value of a similar debt instrument that does not have an associated equity component and is reflected as a liability in our consolidated balance sheet in an amount equal to the fair value, which, as of December 31, 2019 and 2018, was $137.2 million and $132.1 million, respectively. The equity component of the notes is included in the additional paid-in capital section of our shareholders’ equity on our Consolidated Balance Sheets, and the value of the equity component is treated as original issue discount for purposes of accounting for the debt component. The equity component, as of December 31, 2019 and 2018, for our convertible senior notes was $38.7 million and $38.6 million, respectively. This original issue discount is amortized to non-cash interest expense over the term of the notes, and, as a result, we record a greater amount of interest expense in current periods. Accordingly, we reported lower net income in our financial results than would have been recorded had we reflected only cash interest expense in our Consolidated Income Statement and Comprehensive (Loss)/Income because GAAP requires the interest expense associated with the notes to include both the current period’s amortization of the original issue discount and the notes’ cash coupon interest, which could adversely affect our reported or future financial results, the trading price of our common stock and the trading price of the notes.

In addition, under certain circumstances, convertible debt instruments whose conversion may be settled entirely or partly in cash (such as 4.125% Convertible Senior Notes due 2020 and 5.00% Convertible Senior Notes due 2022) are currently accounted for using the treasury stock method. Under this method, the shares issuable upon conversion of the notes are not included in the calculation of diluted earnings per share unless the conversion value of the notes exceeds their principal amount at the end of the relevant reporting period. If the conversion value exceeds their principal amount, then, for diluted earnings per share purposes, the notes are accounted for as if the number of shares of common stock that would be necessary to settle the excess, if we elected to settle the excess in shares, were issued. The accounting standards in the future may not continue to permit the use of the treasury stock method. If we are unable to use the treasury stock method in accounting for the shares, if any, issuable upon conversion of the notes, then our diluted (loss)/earnings per share could be adversely affected.

Credit Facility

On August 3, 2017, the Company entered into a Credit Agreement, dated as of August 2, 2017, for a three year U.S. $50.0 million senior secured first lien revolving credit facility that was scheduled to mature in August 2020. On January 2, 2020, the Company delivered written notice to terminate the Credit Agreement effective as of January 13, 2020 ("Termination Tate"). There were no amounts outstanding under the revolving line of credit as of the Termination Date and the Company did not incur any material early termination penalties as a result of the termination.

Cash Flow

The following table sets forth a summary of our cash flow for each of the years ended December 31, 2019 and December 31, 2019 (amounts in thousands):

	Year ended December 31,	
	2019	**2018**
Net cash provided by/(used in) operating activities	$ 124,766	$ (129,274)
Net cash (used in)/provided by investing activities	(18,657)	78,868
Net cash used in financing activities	(16,575)	(79,330)
Effect of exchange rate changes on cash and cash equivalents	6,643	(42,164)
NET INCREASE/(DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	$ 96,177	$ (171,900)

The primary drivers of our cash flow provided by/(used in) operating activities are net income, adjusted for non-cash charges, such as depreciation and amortization, and amounts posted as collateral with liquidity providers.

Our largest operating expenses are employee compensation and benefits, marketing and referral fees. Employee compensation and benefits include salaries, bonuses and other employee related costs, as well as commissions paid to certain sales personnel. Marketing expenses consist primarily of selling and promotional costs to support our retail and futures brands. Referral fees consist primarily of payments made to our white label partners and introducing brokers.

Unrealized gains and losses on open positions revalued at prevailing foreign currency exchange rates are included in trading revenue but have no direct impact on cash flow from operations. Similarly, gains and losses become realized when customer transactions are liquidated, though they do not affect cash flow. To some extent, the amount of net deposits made by our customers in any given period is influenced by the impact of gains and losses on our customer balances, such that customers may be required to post additional funds to maintain open positions or may choose to withdraw excess funds on open positions.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Operating Activities

Cash provided by operating activities was $124.8 million for the year ended December 31, 2019, an increase of $254.0 million, compared to $129.3 million used in operating activities for the year ended December 31, 2018. For the year ended December 31, 2019, goodwill impairment of $28.1 million was a significant increase adjusting net loss to operating cash. During the year ended December 31, 2018 the gain on the sale of GTX of $69.3 million was a significant reduction adjusting to net income to operating cash. Beyond these two distinct events, there were no other specific items outside the normal course of business that impacted our cash provided by/(used in) operating activities for the year ended December 31, 2019 or 2018.

Investing Activities

Cash used in investing activities was $18.7 million for the year ended December 31, 2019, a decrease of $97.5 million, compared to $78.9 million provided by investing activities in the year ended December 31, 2018. For the year ended December 31, 2019, cash used in investing activities consisted of purchases of property and equipment of $16.2 million and purchase of partial interest of GAA/TT of $2.4 million. For the year ended December 31, 2018, cash provided by investing activities consisted of proceeds from the sale of GTX of $96.5 million, offset by purchases of property and equipment of $14.7 million and purchase of partial interest of GAA/TT of $2.9 million.

Financing Activities

Cash used in financing activities was $16.6 million for the year ended December 31, 2019, an increase of $62.8 million, compared to $79.3 million used in financing activities for the year ended December 31, 2018. For the year ended December 31, 2019, cash used in financing activities consisted of dividend payments of $9.0 million, purchase of treasury stock of $7.0 million, and maturity and repurchase of convertible notes of $1.3 million, offset by proceeds from employee stock purchase plan of $0.4 million and proceeds from exercise of stock options of $0.3 million. For the year ended December 31, 2018, cash used in financing activities consisted of purchase of treasury stock of $63.6 million, dividend payments of $10.3 million, maturity and repurchase of convertible notes of $6.4 million, and distributions to non-controlling interest holders of $0.6 million, offset by proceeds from exercise of stock options of $1.0 million and proceeds from employee stock purchase plan of $0.5 million.

Capital Expenditures

Capital expenditures were $16.2 million for the year ended December 31, 2019, compared to $14.7 million for the year ended December 31, 2018. Capital expenditures for the years ended December 31, 2019 and 2018 were primarily related to developing and creating additional features to various trading platforms and websites.

Off-Balance-Sheet Arrangements

At December 31, 2019 and 2018 we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

Our consolidated financial statements and accompanying notes have been prepared in accordance with GAAP applied on a consistent basis. Preparing consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, as well as the reported amounts of revenue and expenses during the reporting period. Estimates, by their nature, are based on judgment and available information about current events and expectations about actions undertaken in the future. Actual results could differ materially from estimates.

An accounting policy is deemed to be critical if it requires management’s most difficult, subjective, or complex judgments, often requiring estimates about the effects of matters that are inherently uncertain. While our significant accounting policies are described in more detail in the notes to our consolidated financial statements, we believe the following accounting policies are critical to the estimates and assumptions used in preparing our consolidated financial statements.

Goodwill and Intangible Assets

We obtained goodwill and intangible assets by acquiring certain of our subsidiaries. Goodwill represents the excess of the cost over the fair market value of net assets acquired. We are required to periodically assess whether any of our goodwill is impaired. In order to do this, we apply judgment in determining our reporting units, which represent our business segments. In accordance with relevant GAAP, we test goodwill for impairment on an annual basis during the fourth quarter and on an interim basis when conditions indicate impairment may have occurred. When testing for goodwill impairment, the Company first assesses qualitative factors to determine whether events or circumstances lead to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company concludes it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a quantitative fair value test is performed to determine any potential impairment loss. We performed our annual test for goodwill impairment in the fourth quarter of 2019 and noted there was an impairment in the amount of $28.1 million. For further information, see Note 9 - Intangible Assets and Goodwill in the accompanying notes to consolidated financial statements included in Part IV, Item 15, "Exhibits and Financial Schedules" of this Annual Report on Form 10-K.

Intangible assets with definite useful lives are subject to amortization and are evaluated for recoverability when events or changes in circumstances indicate that an intangible asset’s carrying amount may not be recoverable in accordance with ASC 360, *Property, Plant, and Equipment*. If such an event or change occurs, we estimate cash flows directly associated with the use of the intangible asset to test its recoverability and assess its remaining useful life. Projected cash flows require assumptions related to revenue growth, operating margins and other relevant market, economic and regulatory factors. If the expected undiscounted future cash flows from the use and eventual disposition of a finite-lived intangible asset or asset group are not sufficient to recover the carrying value of the asset, we then compare the carrying amount to its current fair value. We estimate fair value using market prices for similar assets, if available, or by using a discounted cash flow model. We then recognize an impairment loss for the amount by which the carrying amount exceeds its fair value. While we believe our assumptions are reasonable, changes in these assumptions may have a material impact on our financial results.

Income Taxes

ASC 740, *Income Taxes*, establishes financial accounting and reporting standards for the effect of income taxes. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity’s financial statements or tax returns. A valuation allowance may be recorded against deferred tax assets if it is more likely than not that those assets will not be realized. Judgment is required in assessing the future tax consequences of events that have been recognized in our financial statements or tax returns. Fluctuations in the actual outcome of these future tax consequences could materially impact our financial position or results of operations.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Tax benefits recognized in the financial statements from such a position are measured based on the largest benefit for each such position that has a greater than fifty percent likelihood of being realized upon ultimate resolution. We consider many factors when evaluating and estimating our tax positions and tax benefits. Such estimates involve interpretations of regulations, rulings, case law, etc. and are inherently complex. Our estimates may require periodic adjustments and may not accurately anticipate actual outcomes as resolution of income tax treatments in individual jurisdictions typically would not be known for several years after completion of any fiscal year. The impact of our reassessment of uncertain tax positions in accordance with ASC 740 did not have a material impact on the results of operations, financial condition or liquidity.

Recent Accounting Pronouncements

For further information on recently issued accounting pronouncements, see Note 2 - Summary of Significant Accounting Policies in the accompanying notes to consolidated financial statements included in Part IV, Item 15, "Exhibits and Financial Schedules" of this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk refers to the potential for adverse changes in the value of a Company’s financial instruments as a result of changes in market conditions. We do not hold financial instruments for trading purposes on a long-term basis. We continually evaluate our exposure to market risk and oversee the establishment of policies, procedures and controls to ensure that market risks are identified and analyzed on an ongoing basis.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will impact our consolidated financial statements. Our net interest revenue is directly affected by the short-term interest rates we earn from investing our cash and our customer cash. As a result, a portion of our interest income will decline if interest rates fall. Short-term interest rates are highly sensitive to factors that are beyond our control, including general economic conditions and the policies of various governmental and regulatory authorities. Our cash and cash equivalents and customer cash and cash equivalents are held in cash and cash equivalents including cash at banks, deposits at liquidity providers, in money market funds that invest in highly liquid investment grade securities including short-term U.S. treasury bills, as well as directly in U.S. treasury bills. The interest rates earned on these deposits and investments affects our interest revenue. We estimate that as of December 31, 2019, an immediate 100 basis point decrease in short-term interest rates would result in approximately $8.0 million less in annual pretax income.

Foreign Currency Risk

Currency risk arises from the possibility that fluctuations in foreign exchange rates will impact the value of our earnings and assets. Entities that have assets and liabilities denominated in currencies other than the primary economic environment in which the entity operates are subject to remeasurement. Virtually all sales and related operating costs are denominated in the currency of the local country and translated into USD for consolidated reporting purposes. Although the majority of the assets and liabilities of these subsidiaries are denominated in the functional currency of the subsidiary, they may also hold assets or liabilities denominated in other currencies. As a result, our results of operations and financial position are exposed to changing currency rates. We may consider entering into hedging transactions to mitigate our exposure to foreign currency exchange rates. These hedging transactions may not be successful.

Credit Risk

Our trading operations require a commitment of our capital and involve risk of loss because of the potential that a customer’s losses may exceed the amount of cash in their account. While we are able to closely monitor each customer’s exposure, it does not guarantee our ability to eliminate negative customer account balances prior to an adverse currency price change or other market events, such as the extreme volatility in the Swiss franc following the SNB market event in January 2015. Changes in market conditions or unforeseen extreme market events mean that we may not be able to recover negative client equity from our customers. This could materially adversely affect our results of operations. In addition, if we cannot recover funds from our customers, we may nonetheless be required to fund positions we hold with our liquidity providers or other third parties and, in such an event, our available funds may not be sufficient to meet our obligations to these third parties, which could materially adversely affect our business, financial condition, results of operations and cash flows.

In order to help mitigate this risk, we require that each trade must be collateralized in accordance with our margin policies described below. Each customer is required to have minimum funds in their account for opening positions, which we refer to as the initial margin, and for maintaining positions, which we refer to as maintenance margin, depending on the product being traded. Margin requirements are expressed as a percentage of the customer's total position in that product, and the customer's total margin requirement is based on the aggregate margin requirement across all of the positions that a customer holds at any one moment in time. Each net position in a particular product is margined separately, which is generally a conservative margin policy. Our systems automatically monitor each customer's margin requirements in real time, and we confirm that each of our customers has sufficient cash collateral in his or her account before we execute their trades. We may also adjust required customer margins (both initial and maintenance) from time to time based on our monitoring of various factors, including volatility and liquidity. If at any point in time a customer's trading position does not comply with the applicable margin requirement, the position may be automatically liquidated, partially or entirely, in accordance with our margin policies and procedures, which protect both us and the customer. Our margin and liquidation policies are set forth in our customer agreements.

We are also exposed to potential credit risk relating to the counterparties with which we hedge our trades and the financial institutions with which we deposit cash. We mitigate these risks by transacting with several of the largest financial institutions in the world, with limits on our exposure to any single financial institution. In the event that our access to one or more financial institutions becomes limited, our ability to hedge may be impaired.

Market Risk

We are exposed to market risk in connection with our retail trading activities. Because we act as counterparty to our retail customers' transactions, we are exposed to risk on each trade that the value of our position will decline. Accordingly, accurate and efficient management of our net exposure is a high priority, and we have developed policies addressing both our automated and manual procedures to manage our exposure. These risk-management policies and procedures are established and reviewed regularly by the Risk Committee of our Board of Directors. Our risk-management policies require quantitative analyses by instrument, as well as assessment of a range of market inputs, including trade size, dealing rate, customer margin and market liquidity. Our risk-management procedures require our team of senior traders to monitor risk exposure on a continuous basis and update senior management both informally over the course of the trading day and formally through intraday and end of day reporting. A key component of our approach to managing market risk is that we do not initiate market positions for our own account in anticipation of future movements in the relative prices of products we offer. To facilitate our risk-management activities, we maintain levels of capital in excess of those currently required under applicable regulations. As of December 31, 2019, we maintained capital levels of $279.1 million, which represented approximately 2.8 times the capital we were required to hold under applicable regulations.

Cash Liquidity Risk

In normal conditions, our market making business and related services are self-financing as we generate sufficient cash flows to pay our expenses as they become due. As a result, we generally do not face the risk that we will have insufficient cash to meet our payment obligations as they arise. Our cash flows, however, are influenced by customer trading volume, currency volatility and liquidity in markets in which we have positions. These factors are directly impacted by domestic and international market and economic conditions that are beyond our control. In an effort to manage this risk, we have secured a substantial liquidity pool by establishing trading relationships with several financial institutions. These relationships provide us with sufficient access to liquidity to allow us to consistently execute significant trades in varying market conditions at the notional amounts our customers desire by providing us with as much as 50:1 leverage on the notional amounts of our available collateral we have on deposit with such financial institutions. We generally maintain collateral on deposit, which includes our funds and our customers' funds, with our liquidity providers. As of December 31, 2019, collateral on deposit was $118.2 million.

Our trading operations further involve the risk of losses due to the potential failure of our customers to perform their obligations under the transactions we enter into with them, which increases our exposure to cash liquidity risk. To reduce this risk, our margin policy requires that we mark our customers' accounts to market each time the market price of a position in their portfolio changes and provides for automatic liquidation of positions, as described above.

Operational Risk

Our operations are subject to broad and various risks resulting from technological interruptions, failures or capacity constraints in addition to risks involving human error or misconduct. We are heavily dependent on the capacity and reliability of the computer and communications systems supporting our operations. Our computer infrastructure is potentially vulnerable to physical or electronic computer break-ins, viruses and similar disruptive problems and security breaches. We have established robust programs to monitor our computer systems, platforms, and related technologies to promptly address issues that arise.

We have established disaster recovery facilities in strategic locations to ensure that we can continue to operate with limited interruptions in the event that our primary systems are damaged. As with our technological systems, we have established policies and procedures designed to monitor and prevent both human errors, such as clerical mistakes or incorrectly placed trades, as well as human misconduct, such as unauthorized trading, fraud, or negligence. In addition, we seek to mitigate the impact of any operational issues by maintaining insurance coverage for various contingencies.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this Item 8 is submitted as a separate section beginning on page F-1 of this Annual Report on Form 10-K (the "Financial Statements").

ITEM 9. CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company’s reports under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) as appropriate, to allow timely decisions regarding required disclosure.

Management of the Company, with the participation of its CEO and CFO, evaluated the effectiveness of the Company’s disclosure controls and procedures. Based on collaborative evaluation, as of the end of the period covered by this Form 10-K, the Company’s CEO and CFO have concluded that the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective.

(b) Management’s Report On Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officers and is affected by the Company’s Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles (“GAAP”) and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of our financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time. Our system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

Management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*. Based on this assessment, management, including the Company’s CEO and CFO, concluded that our internal control over financial reporting was effective as of December 31, 2019.

Our independent registered public accounting firm has audited and issued a report on the effectiveness of our internal control over financial reporting as of December 31, 2019 as stated in their report on the following page.

(c) Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) for the three months ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
GAIN Capital Holdings, Inc.
Bedminster, NJ

Opinion on Internal Control over Financial Reporting

We have audited GAIN Capital Holdings, Inc.'s (the "Company's") internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheet of the Company as of December 31, 2019, the related consolidated statements of income and comprehensive (loss)/income, shareholders' equity, and cash flows for year ended December 31, 2019, and the related notes and the financial statement schedule listed in the accompanying index and our report dated March 16, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Item 9A, Management's Report on Internal Control over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2019.

New York, NY

March 16, 2020

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required to be included in this item is incorporated by reference to our definitive proxy statement to be filed pursuant to Regulation 14A, which we intend to file within 120 days of the end of our fiscal year.

Our Code of Business Conduct and Ethics (the "Code") applies to all of our employees, directors and officers, including our principal executive officer, principal financial officer and principal accounting officer, or persons performing similar functions. We make the Code available free of charge through our investor relations website, which is located at ir.gaincapital.com. We intend to disclose any amendments to, or waivers from, the Code that are required to be publicly disclosed pursuant to rules of the SEC and the New York Stock Exchange in filings with the SEC and by posting such information on our website.

ITEM 11. EXECUTIVE COMPENSATION

Information required to be included in this item is incorporated by reference to our definitive proxy statement to be filed pursuant to Regulation 14A, which we intend to file within 120 days of the end of our fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required to be included in this item is incorporated by reference to our proxy statement to be filed pursuant to Regulation 14A, which we intend to file within 120 days of the end of our fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required to be included in this item is incorporated by reference to our proxy statement to be filed pursuant to Regulation 14A, which we intend to file within 120 days of the end of our fiscal year.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information to be included in this item is incorporated by reference to our proxy statement to be filed pursuant to Regulation 14A, which we intend to file within 120 days of the end of our fiscal year.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Financial Statements and Schedules:

1. Financial Statements

The following financial statements and report of independent registered public accounting firm are included herein:

Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2019 and 2018	F-4
Consolidated Statements of Operations and Comprehensive (Loss)/Income for the Years Ended December 31, 2019 and 2018	F-5
Consolidated Statements of Changes in Shareholders’ Equity for the Years Ended December 31, 2019 and 2018	F-6
Consolidated Statements of Cash Flows for the Years Ended December 31, 2019 and 2018	F-7
Notes to Consolidated Financial Statements	F-9

2. Financial Statement Schedules

The following supplemental schedule is filed herewith:

Schedule I - Condensed Financial Information of GAIN Capital Holdings, Inc., (Parent Company Only) as of December 31, 2019 and 2018 and for the Years ended December 31, 2019 and 2018	F-36

Schedules other than those listed above have been omitted because they are not applicable or the required information is included in the financial statements or notes thereto.

INDEX TO
CONSOLIDATED FINANCIAL STATEMENTS AND
FINANCIAL STATEMENT SCHEDULE

Consolidated Financial Statements:

Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2019 and 2018	F-4
Consolidated Statements of Operations and Comprehensive (Loss)/Income for the Years Ended December 31, 2019 and 2018	F-5
Consolidated Statements of Changes in Shareholders' Equity for the Years Ended December 31, 2019 and 2018	F-6
Consolidated Statements of Cash Flows for the Years Ended December 31, 2019 and 2018	F-7
Notes to Consolidated Financial Statements	F-9

Financial Statement Schedule:

Schedule I - Condensed Financial Information of GAIN Capital Holdings, Inc. (Parent Company Only) as of December 31, 2019 and 2018 and for the Years ended December 31, 2019 and 2018	F-36

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
GAIN Capital Holdings, Inc.
Bedminster, NJ

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of GAIN Capital Holdings, Inc. (the “Company”) as of December 31, 2019, the related consolidated statements of income and comprehensive (loss)/income, shareholders’ equity, and cash flows for the year then ended, and the related notes and the financial statement schedule listed in the accompanying index (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019, and the results of its operations and its cash flows for the year ended December 31, 2019**,** in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)*] issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) and our report dated March 16, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2019.

New York, NY

March 16, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
GAIN Capital Holdings, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of GAIN Capital Holdings, Inc. and subsidiaries (the Company) as of December 31, 2018, the related consolidated statements of operations and comprehensive (loss)/income, changes in shareholders' equity, and cash flows for the year then ended, and the related notes and financial statement schedule I (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ KPMG LLP

We served as the Company's auditor from 2016 to 2019.

New York, New York

March 11, 2019

GAIN CAPITAL HOLDINGS, INC.
Consolidated Balance Sheets
(in thousands, except share data)

	December 31, 2019	December 31, 2018
ASSETS:		
Cash and cash equivalents	$ 190,072	$ 278,850
Cash and securities held for customers	929,263	842,478
Receivables from brokers	112,296	84,271
Property and equipment, net	30,563	30,579
Intangible assets, net	24,163	32,195
Goodwill	—	27,820
Other assets	64,012	36,355
Total assets	$ 1,350,369	$ 1,332,548
LIABILITIES AND SHAREHOLDERS’ EQUITY:		
Liabilities		
Payables to customers	$ 929,263	$ 842,478
Payables to brokers	—	1,635
Accrued compensation and benefits	5,462	11,227
Accrued expenses and other liabilities	43,129	41,562
Income tax payable	638	5,764
Convertible senior notes	137,178	132,109
Total liabilities	1,115,670	1,034,775
Commitments and contingent liabilities		
Shareholders’ equity		
Common stock ($0.00001 par value; 120 million shares authorized; 55.3 million shares issued and 37.5 million shares outstanding as of December 31, 2019; 54.5 million shares issued and 37.8 million shares outstanding as of December 31, 2018)	—	—
Additional paid-in capital	249,111	243,216
Retained earnings	134,752	204,483
Accumulated other comprehensive loss	(21,647)	(29,410)
Treasury stock, at cost (17.8 million shares at December 31, 2019 and 16.7 million at December 31, 2018, respectively)	(127,517)	(120,516)
Total shareholders’ equity	234,699	297,773
Total liabilities and shareholders’ equity	$ 1,350,369	$ 1,332,548

The accompanying notes are an integral part of these consolidated financial statements.

GAIN CAPITAL HOLDINGS, INC.
Consolidated Statements of Operations and Comprehensive (Loss)/Income
(in thousands, except share and per share data)

	Year Ended December 31, 2019	2018
REVENUE:		
Retail revenue	$ 177,727	$ 300,206
Futures revenue	34,791	39,705
Other revenue	7,141	7,406
Total non-interest revenue	219,659	347,317
Interest revenue	16,598	12,503
Interest expense	2,325	1,863
Total net interest revenue	14,273	10,640
Net revenue	$ 233,932	$ 357,957
EXPENSES:		
Employee compensation and benefits	$ 78,126	$ 89,070
Selling and marketing	38,395	36,460
Referral fees	29,305	40,026
Trading expenses	20,790	22,899
General and administrative	50,605	55,239
Depreciation and amortization	17,086	19,654
Purchased intangible amortization	8,811	14,171
Communications and technology	19,504	21,961
Bad debt provision	2,024	2,508
Restructuring expenses	1,274	762
Legal settlement	—	5,306
Goodwill impairment	28,098	—
Impairment of investment	—	(130)
Total operating expense	$ 294,018	$ 307,926
OPERATING (LOSS)/PROFIT	(60,086)	50,031
Interest expense on long term borrowings	13,544	13,540
(LOSS)/INCOME BEFORE INCOME TAX (BENEFIT)/EXPENSE	$ (73,630)	$ 36,491
Income tax (benefit)/expense	(12,869)	8,514
NET (LOSS)/INCOME FROM CONTINUING OPERATIONS	$ (60,761)	$ 27,977
Income from discontinued operations	—	65,649
NET (LOSS)/INCOME	$ (60,761)	$ 93,626
Net income attributable to non-controlling interest	—	737
NET (LOSS)/INCOME APPLICABLE TO GAIN CAPITAL HOLDINGS, INC.	$ (60,761)	$ 92,889
Other comprehensive income/(loss):		
Foreign currency translation adjustment	7,763	(13,740)
COMPREHENSIVE (LOSS)/INCOME APPLICABLE TO GAIN CAPITAL HOLDINGS, INC.	$ (52,998)	$ 79,149
Basic (loss)/earnings from continuing operations per share	$ (1.63)	$ 0.60
Basic (loss)/earnings per share	$ (1.63)	$ 2.11
Diluted (loss)/earnings from continuing operations per share	$ (1.63)	$ 0.60
Diluted (loss)/earnings per share	$ (1.63)	$ 2.08
Basic weighted average common shares outstanding	37,388,984	43,731,881
Diluted weighted average common shares outstanding	37,388,984	44,189,324

The accompanying notes are an integral part of these consolidated financial statements.

GAIN CAPITAL HOLDINGS, INC.
Consolidated Statement of Changes in Shareholders' Equity
(in thousands, except share data)

	Common Stock Shares	Common Stock Amount	Treasury Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
BALANCE—January 1, 2018	45,152,299	$ —	$ (56,927)	$ 235,659	$ 122,686	$ (15,670)	$ 285,748
Net income applicable to GAIN Capital Holdings, Inc.	—	—	—	—	92,889	—	92,889
Exercise of options	169,695	—	—	1,004	—	—	1,004
Conversion of restricted stock into common stock	651,503	—	—	—	—	—	—
Issuance of common stock for the employee stock purchase plan	74,204	—	—	515	—	—	515
Purchase of treasury stock	(8,216,611)	—	(63,514)	—	—	—	(63,514)
Shares withheld for net settlements of share-based awards	(9,404)	—	(75)	—	—	—	(75)
Share-based compensation	—	—	—	6,038	—	—	6,038
Adjustment to the redemption value of put options related to non-controlling interests	—	—	—	—	(816)	—	(816)
Dividends declared	—	—	—	—	(10,276)	—	(10,276)
Foreign currency translation adjustment	—	—	—	—	—	(13,740)	(13,740)
BALANCE—December 31, 2018	37,821,686	$ —	$ (120,516)	$ 243,216	$ 204,483	$ (29,410)	$ 297,773
Net loss applicable to GAIN Capital Holdings, Inc.	—	—	—	—	(60,761)	—	(60,761)
Exercise of options	73,442	—	—	281	—	—	281
Conversion of restricted stock into common stock	617,790	—	—	—	—	—	—
Issuance of common stock for the employee stock purchase plan	101,260	—	—	414	—	—	414
Purchase of treasury stock	(1,129,902)	—	(7,001)	—	—	—	(7,001)
Repurchase of convertible notes	—	—	—	148	—	—	148
Share-based compensation	—	—	—	5,052	—	—	5,052
Dividends declared	—	—	—	—	(8,970)	—	(8,970)
Foreign currency translation adjustment	—	—	—	—	—	7,763	7,763
BALANCE—December 31, 2019	37,484,276	$ —	$ (127,517)	$ 249,111	$ 134,752	$ (21,647)	$ 234,699

The accompanying notes are an integral part of these consolidated financial statements.

GAIN CAPITAL HOLDINGS, INC.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)/income	$ (60,761)	$ 93,626
Adjustments to reconcile net (loss)/income to cash provided by/(used in) by operating activities		
Loss on foreign currency exchange rates	272	2,362
Depreciation and amortization	25,897	35,107
Deferred tax benefit	(12,060)	(2,815)
Amortization of deferred financing costs	597	648
Bad debt provision	2,024	2,508
Convertible senior notes discount amortization	5,902	5,590
Share-based compensation	5,052	6,038
Goodwill impairment	28,098	—
Loss on disposal of fixed assets	—	1,332
Gain on sale of GTX	—	(69,292)
Interest earned on investments	—	(930)
Amortization of right of use asset	2,914	—
Changes in operating assets and liabilities:		
Securities held for customers	98,170	(103,781)
Receivables from brokers	(23,024)	(8,411)
Payables to brokers	(1,635)	(972)
Other assets	(497)	6,267
Payables to customers	77,879	(109,957)
Accrued compensation and benefits	(5,849)	(1,117)
Accrued expenses and other liabilities	(11,580)	7,548
Income tax payable	(3,886)	6,975
Lease liability	(2,747)	—
Net cash provided by/(used in) operating activities	**124,766**	**(129,274)**
Cash provided by/(used) in operating activities - continuing operations	**124,766**	**(147,884)**
Cash provided by operating activities - discontinued operations	**—**	**18,610**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(16,235)	(14,745)
Purchase of partial interest of GAA/TT	(2,422)	(2,906)
Proceeds from sale of GTX	—	96,519
Net cash (used in)/provided by investing activities	**(18,657)**	**78,868**
Cash used in investing activities - continuing operations	**(18,657)**	**(16,806)**
Cash provided by investing activities - discontinued operations	**—**	**95,674**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	281	1,004
Proceeds from employee stock purchase plan	414	515
Purchase of treasury stock	(7,001)	(63,589)
Dividend payments	(8,970)	(10,276)
Distributions to non-controlling interest holders	—	(634)
Maturity and repurchase of convertible notes	(1,299)	(6,350)
Net cash used in financing activities	**(16,575)**	**(79,330)**
Effect of exchange rate changes on cash and cash equivalents	**6,643**	**(42,164)**

NET INCREASE/(DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	**96,177**	**(171,900)**
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—Beginning of year	1,016,616	1,188,516
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—End of year	$ 1,112,793	$ 1,016,616
Cash and cash equivalents	190,072	278,850
Cash and cash equivalents held for customers (see note 2)	922,721	737,766
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—End of year	$ 1,112,793	$ 1,016,616
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ 9,182	$ 9,111
Income taxes	$ 9,384	$ 8,648
Non-cash financing activities:		
Adjustment to the redemption value of put options related to non-controlling interests	$ —	$ (816)

The accompanying notes are an integral part of these consolidated financial statements.

GAIN CAPITAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

GAIN Capital Holdings, Inc. (together with its subsidiaries, the “Company”), is a Delaware corporation formed and incorporated on March 24, 2006. The Company is a global provider of trading services and solutions, specializing in over-the-counter ("OTC"), and exchange-traded markets. The Company operates its business in two segments: retail and futures. Through its retail segment, the Company provides its customers around the world with access to a diverse range of global financial markets, including spot forex, precious metals, spread bets, and contracts for difference ("CFDs"), on currencies, commodities, indices, individual equities, cryptocurrencies, bonds and interest rate products, as well as OTC options. The Company’s futures segment offers execution and risk management services for exchange-traded products on major U.S. and European exchanges, including Bitcoin. For more information about the Company’s segments, please refer to Note 23.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The Company's consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries and other subsidiaries in which the Company holds a controlling financial interest. All intercompany transactions and balances are eliminated in consolidation.

Sale of GTX ECN Business

On June 29, 2018, the Company completed the sale of its GTX ECN business, which previously comprised the Company's institutional segment, to Deutsche Börse Group via its FX unit, 360T, for a total purchase price of $100 million less a working capital adjustment which amounted to a $0.2 million reduction in the purchase price. The Company determined that the institutional segment met the discontinued operations criteria set forth in Accounting Standards Codification (“ASC”) Subtopic 205-20-45, *Presentation of Financial Statements*, in the quarter ended June 30, 2018. As such, the institutional segment results have been classified as discontinued operations in the accompanying Consolidated Statement of Operations and Comprehensive Income for the year ended December 31, 2018. For more information relating to the discontinued operations of the Company's GTX ECN business, please see Note 3.

Use of Estimates

Preparing consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, as well as the reported amounts of revenue and expenses during the reporting period. For the year ended December 31, 2019, the Company revised its estimated fair value for *Goodwill*, resulting in the Company impairing the entire amount of *Goodwill*. Estimates, by their nature, are based on judgment and available information about current events and expectations about actions undertaken in the future. Actual results could differ materially from estimates.

Revenue Recognition

Revenue is recognized in accordance with guidance set forth in ASC 606, *Revenues from Contracts with Customers*. The Company primarily generates revenue through market making and by providing trading execution services for its clients. The Company categorizes revenue as *Retail revenue*, *Futures revenue, Other revenue* or *Net interest revenue*.

Retail revenue is the Company’s largest source of revenue. *Retail revenue* comprises trading revenue from the retail OTC business and advisory business. OTC trading includes forex trading (“forex”), precious metals trading, CFDs and spread-betting (in markets which do not prohibit such transactions), as well as other financial products.

Gains or losses are realized when customer transactions are liquidated. Unrealized gains or losses on trading positions are revalued at prevailing market rates at the date of the balance sheet and are included in *Receivables from brokers, Payables to customers*, and *Payables to brokers* on the Consolidated Balance Sheets. Changes in net unrealized gains or losses are recorded in *Retail revenue* on the Consolidated Statements of Operations and Comprehensive (Loss)/Income. *Retail revenue* is recorded on a trade date basis.

Futures revenue consists of revenue from the Company's futures business, which offers exchange-based trading execution services, focusing on the indices, agricultural hedging, and commodities sectors. Revenues in this business are generated through commissions, which are earned for executing customer trades. These revenues are booked on a trade date basis. The Company acts as an agent with respect to clearing trades, but is a principal with respect to fees paid to introducing brokers in its futures business. The Company does not assume any market risk with respect to customer trades in this business.

Other revenue primarily comprises account management and transaction fees, inactivity, training fees charged to customer accounts, and receipt of class action settlements, as well as foreign currency transaction gains and losses.

Net interest revenue consists primarily of the revenue generated by the Company's cash and customer cash held at banks, as well as funds on deposit as collateral with the Company's liquidity providers, less interest paid to the Company's customers.

Interest revenue and *interest expense* are recorded when earned and incurred, respectively.

Cash and cash equivalents

The Company considers all highly liquid investments with maturity of 90 days or less at the time of acquisition to be cash equivalents. The Company's cash equivalents consist of U.S. treasury bills and money market accounts, all of which are recorded at fair value.

Cash and securities held for customers

Cash and securities held for customers represents cash, and highly liquid assets held to fund customer liabilities in connection with trading positions and customer cash balances. 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* on the Consolidated Balance Sheet. As of December 31, 2019 and December 31, 2018, $6.5 million and $104.7 million, respectively, of total cash and securities held for customers are invested in U.S. government and agency securities. Such securities are carried at fair value, with unrealized and realized gains and losses included in interest revenue in the Consolidated Statement of Operations and Comprehensive (Loss)/Income, as appropriate. In addition, the Company holds certain customer funds in segregated or secured broker accounts. Legally segregated balances are not available for general use, in accordance with certain jurisdictional regulatory requirements.

The table below further breaks out the *Cash and securities held for customers* on the Consolidated Balance Sheets:

	Year Ended December 31,	
	2019	**2018**
Cash and cash equivalents held for customers	$ 922,721	$ 737,766
Marketable securities held for customers	6,542	104,712
Cash and securities held for customers	$ 929,263	$ 842,478

Receivables from Brokers

Receivables from brokers, recorded on the Consolidated Balance Sheets, include funds that the Company has posted with brokers as collateral required by agreements for holding retail hedging positions and funds required to collateralize customer futures trading. *Receivables from brokers* also include gains or losses realized on settled contracts, as well as unrealized gains or losses on open positions.

Fair Value Measurements

Certain financial assets and liabilities are measured at fair value in accordance with applicable accounting guidance, as discussed in Note 5 Fair Value Information.

Other financial assets and liabilities are not measured at fair value on a recurring basis but nevertheless approximate fair value due to their short term maturities. Such financial assets and liabilities include: *Receivables from brokers, Convertible senior notes*, certain *Other assets, Payables to customers, Payables to brokers,* and *Accrued expenses and other liabilities*.

The above referenced receivables and payables include open trading positions which are held at fair value which change in value as the price of the underlying product changes. Prices approximate the amounts at which the Company can settle the positions at the balance sheet date.

Concentrations of Credit Risk

The Company owns financial instruments that subject the Company to credit risk. These financial instruments are held primarily in *Cash and cash equivalents* as well as *Cash and securities held for customers*. The Company's credit risk is managed by investing primarily in high-quality money market and U.S. Government instruments. The majority of the Company's cash and cash equivalents are held at ten financial institutions.

The Company also has credit risk related to receivables from brokers included in *Receivables from brokers* and *Cash and cash equivalents*. December 31, 2019 and 2018, 12% and 34%, respectively, of the Company's brokers receivables included in the Consolidated Balance Sheets were from one large, global financial institution.

Property and Equipment and Other Long-Lived Assets

Property and equipment is recorded at cost, net of accumulated depreciation. Identifiable 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 a three year useful life, except for leasehold improvements, which are depreciated on a straight-line basis over the shorter of the lease term or estimated useful life.

The Company accounts for costs incurred to develop its trading platforms and related software in accordance with ASC 350-40, *Internal-Use Software*. ASC 350-40 requires that such technology be capitalized in the application development stages. Costs related to training, administration and non-value-added maintenance are charged to expense as incurred. Capitalized software development costs are amortized over the useful life of the software, which the Company estimates at three years.

In accordance with ASC 360-10, *Property, Plant and Equipment*, the Company periodically evaluates the carrying value of long-lived assets when events and circumstances warrant such review. The carrying value of a long-lived asset is considered impaired when the anticipated identifiable undiscounted cash flows from such an asset (or asset group) are less than carrying value. In that event, a loss is recognized in the amount by which the carrying value exceeds fair market value of the long-lived asset. This standard applies to assets held for use and not to assets held for sale. The Company has no assets held for sale. The Company has identified no such impairment indicators as of December 31, 2019 or 2018.

Foreign Currencies

Each of the Company's subsidiaries books and records are held using the currency of the primary economic environment in which the subsidiaries operate (the functional currency). The Company has determined that it's reporting currency is U.S. dollars (USD), to which non-USD subsidiary books are translated. The Company's *Accumulated other comprehensive loss* consists of foreign currency translation adjustments from subsidiaries not using USD as their functional currency.

Foreign currency transactions are booked in functional currency using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary assets and liabilities denominated in non-functional currencies at period end exchange rates are recognized in *Other revenue* on the Consolidated Statements of Operations and Comprehensive (Loss)/Income. The Company recorded a foreign exchange loss of $0.3 million and $2.4 million, for the years ended December 31, 2019 and 2018, respectively.

Intangible Assets

GAAP addressing intangible assets requires purchased intangible assets other than goodwill to be amortized over their estimated useful lives unless their lives are determined to be indefinite. The Company has both definite and indefinite lived intangibles. If 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 analyzes its business, legal and regulatory environment at least annually and on an interim basis when conditions indicate impairment may have occurred to determine whether its indefinite-lived intangible assets are likely to be impaired. This qualitative assessment indicated that it is more likely than not that the Company's indefinite lived intangible assets are not impaired. Please refer to Note 9 for additional information.

Goodwill

The Company recognized goodwill as a result of the acquisitions of certain subsidiaries. Goodwill represents the excess of cost over fair market value of net assets acquired. In accordance with relevant GAAP, the Company tests goodwill for impairment on an annual basis, during the fourth quarter and on an interim basis when conditions indicate impairment may have occurred (please refer to Note 9). In performing these assessments, management relies on and considers a number of factors, including operating results, business plans, economic projections, anticipated future cash flows, comparable market transactions (to the extent available), other market data and the Company's overall market capitalization. There are inherent uncertainties related to these factors which require judgment in applying them to the analysis of goodwill for impairment.

When testing for goodwill impairment, the Company first assesses qualitative factors to determine whether the existence of events or circumstances lead to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company concludes it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a quantitative fair value test is performed.

Under the quantitative test, the fair value of each reporting unit is compared to its carrying value in order to identify potential impairment. If the fair value of a reporting unit exceeds the carrying value of its net assets, goodwill is not considered impaired and no further testing is required. If the carrying value of the net assets exceeds the fair value of a reporting unit, impairment is indicated at the reporting unit level and an impairment charge will be recorded. An impairment charge will equal the amount by which a reporting unit's carrying amount exceeds its fair value, not to exceed the amount of goodwill allocated to the reporting unit.

Derivatives

Forex, metals, and CFDs allow for exchanging the difference in value of a particular asset such as a stock index, energy product, or gold contract, between the time at which a contract is opened and the time at which it is closed. The Company's retail customer open positions and positions held with liquidity providers are considered derivatives under the accounting guidance in ASC 815, *Derivatives and Hedging*. Therefore, they are accounted for at fair value, and included in *Receivables from brokers*, *Payables to customers*, and *Payables to brokers* in the Consolidated Balance Sheets. The Company did not designate any of its derivatives as hedging instruments. Net gains and losses with respect to derivative instruments are reflected in *Retail revenue* in the accompanying Consolidated Statements of Operations and Comprehensive (Loss)/Income.

Allowance for Doubtful Accounts

The Company records an increase in the allowance for doubtful accounts when the prospect of collecting a specific customer account balance becomes doubtful. Management specifically analyzes accounts receivable and historical bad debt experience when evaluating the adequacy of the allowance for doubtful accounts. Changes in estimates are recognized in current year earnings. The customer receivables, net of allowance for doubtful accounts, are included in *Other assets* on the Consolidated Balance Sheets. The related expense is recorded in *Bad debt provision* on the Consolidated Statements of Operations and Comprehensive (Loss)/Income.

Payables to Customers

Payables to customers, included on the Consolidated Balance Sheets, include amounts due on cash and margin transactions. These transactions include deposits, commissions and realized gains or losses arising from settled trades. The payables balance also reflects unrealized gains or losses arising from open positions in customer accounts. The payables balance includes amounts deposited by white label partners for which the Company acts as a clearing broker.

Payables to Brokers

Payables to brokers comprise open trades, which are measured at fair value and the cash due to or from brokers, which is not measured at fair value but approximates fair value. These balances occur when the Company's hedging trades produce losses and necessitate a margin call to re-capitalize positions or settle losses.

Lease Obligations

Effective January 1, 2019, the Company accounts for its leases under ASC 842, *Leases*. The Company determines if an arrangement is, or contains, a lease at inception. Right-of-use assets and the related liabilities result from operating leases which were included in *Other assets* and *Accrued expenses and other liabilities*, respectively, in the Consolidated Balance Sheet as of December 31, 2019.

Operating lease assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. The Company uses the estimated incremental borrowing rate in determining the present value of lease payments. Variable components of the lease payments such as fair market value adjustments, utilities, and maintenance costs are expensed as incurred and not included in determining the present value of lease liabilities, which will include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company has lease agreements with lease and non-lease components which are accounted for as a single lease component. As an accounting policy election, the Company excludes short-term leases having initial terms of 12 months or fewer. Lease expense is recognized on a straight-line basis over the lease term. Please see Note 11 for additional information on leases.

The Company continues to account for leases in the prior period financial statements under ASC Topic 840.

Referral fees

Introducing brokers direct customers to the Company in return for a referral fee on each referred customer’s trading volume or a share of net revenue generated by each referred customer’s trading activity. White label partners offer the Company's trading services to their customers under their own brand. Like introducing brokers, White label partners charge referral fees for the trade flow brought to the Company. These fees are recorded in *Referral Fees* in the Consolidated Statements of Operations and Comprehensive (Loss)/Income.

Trading Expenses

Trading expenses consist of exchange fees paid to stock exchanges and other third-parties for exchange market data that the Company provides to its customers or uses to create its own derived data products, as well as fees for news services and clearing fees paid to prime brokers in connection with its futures segment. These costs are expensed as incurred.

Advertising Expenses

Advertising costs are expensed when incurred and are included in *Selling and marketing expense* in the accompanying Consolidated Statements of Operations and Comprehensive (Loss)/Income.

Income Taxes

Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded against deferred tax assets if it is more likely than not that such assets will not be realized. Contingent income tax liabilities are recorded when the criteria for loss recognition have been met. An uncertain tax position is recognized based on the determination of whether or not a tax position is more likely than not to be sustained upon examination based upon the technical merits of the position. If this recognition threshold is met, the tax benefit is then measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution. As of December 31, 2019, the Company asserts that the earnings of its foreign subsidiaries will be permanently reinvested in the working capital and other business needs of the subsidiaries to the extent that repatriation of these earnings would trigger additional capital gains tax, foreign withholding taxes, or material state income taxes. As such, amounts that can be brought back without triggering capital gains, foreign withholding taxes, or material state income taxes will not be considered permanently reinvested. Based on the Company's analysis, the Company does not believe that the potential impact of the unrecognized deferred tax liability associated with the repatriation of such earnings would be material to the financial statements.

Share-Based Compensation

Share-based compensation expense requires measurement of compensation cost for share-based awards at fair value and recognition of compensation cost over the vesting period, net of estimated forfeitures. For awards with service and performance conditions, the Company recognizes compensation cost on a straight-line basis over the requisite service period.

The fair value of stock options granted is estimated using the Black-Scholes option-pricing model, which considers, among other factors, the expected term of the award and the expected volatility of the Company’s stock price. Although the Black-Scholes model meets the requirements of ASC 718, *Compensation-Stock Compensation*, the fair values generated by the model may not be indicative of the actual fair values of the underlying awards, as it does not consider other factors important to those share-based compensation awards, such as continued employment, periodic vesting requirements and limited transferability.

The risk-free interest rate used in the Black-Scholes option-pricing model is based on the U.S. Treasury yield curve in effect at the time of grant. The expected option life is based on historical experience of employee exercise behavior. Expected volatility is based on historical volatility, implied volatility, price observations taken at regular intervals and other factors deemed appropriate. Expected dividend is based upon the current dividend rate.

The fair value of restricted stock unit awards is based on the fair value of the Company’s common stock on the grant date.

Treasury Shares

In accordance with ASC 505-30, *Equity - Treasury Stock*, the Company treats the cost of acquired shares purchased as a deduction from shareholders’ equity and as a reduction of the total shares outstanding when calculating earnings per share.

Earnings Per Common Share

Basic earnings per common share is calculated using the weighted average common shares outstanding during the year. Common equivalent shares from stock options and restricted stock awards, using the treasury stock method, are also included in the diluted per share calculations unless their effect of inclusion would be anti-dilutive. Please refer to Note 18 for discussion of the impact of the Company’s convertible notes and non-controlling interests on EPS.

Recent Accounting Pronouncements Recently Adopted

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*, which amended the guidance on accounting for leases. The FASB issued this update to increase transparency and comparability among organizations. This update requires the recognition of lease assets and lease liabilities on the balance sheet and the disclosure of key information about leasing arrangements. The Company adopted the ASU effective January 1, 2019 using the additional (optional) approach, in accordance with ASU 2018-11 *Leases (Topic 842): Targeted Improvements*. The Company initially recorded a right of use asset and lease liability of $12.6 million and $14.9 million, in *Other assets* and *Accrued expenses and other liabilities*, respectively. There was no effect on opening retained earnings, and the Company continues to account for leases in the prior period financial statements under ASC Topic 840.

In adopting the new lease standard, the Company elected the package of practical expedients permitted under the adoption of the new standard, which allowed the Company to account for existing leases under their current classification, as well as omit any new costs classified as initial direct costs, under the new standard. The Company also elected the practical expedient allowing an accounting policy election by class of underlying asset, to account for separate lease and nonlease components as a single lease component. Please see Note 11 for additional information on leases.

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement - Reporting Comprehensive Income (Topic 220)*, to address certain income tax effects in Accumulated Other Comprehensive Income ("AOCI") resulting from the tax reform enacted in 2017. The amended guidance provides an option to reclassify tax effects within AOCI to retained earnings in the period in which the effect of the tax reform is recorded. The amendments were effective for fiscal years beginning after December 15, 2018, including interim periods. The Company has adopted this ASU as of January 1, 2019, which did not have any impact on the Company's results of operations or financial condition as there were no balances in AOCI that are tax effected.

Recent Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. The ASU sets forth a “current expected credit loss” (CECL) model which requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost and applies to some off-balance sheet credit exposures. In February 2020, the FASB issued ASU 2020-02, *Financial Instruments - Credit Losses (Topic 326)*, which amends the effective date of the original pronouncement for smaller reporting companies. ASU 2016-13 and its amendments will be effective for the Company for interim and annual periods in fiscal years beginning after December 15, 2022. The Company is currently assessing the impact of the adoption of this ASU on its financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Changes to Disclosure Requirements for Fair Value Measurements (Topic 820)*, which improved the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The standard removes, modifies, and adds certain disclosure requirements. The Company will adopt the new standard effective

January 1, 2020 and does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

3. DISCONTINUED OPERATIONS

On June 29, 2018, the Company completed the sale of its GTX ECN business, which previously comprised the Company's institutional segment, to Deutsche Börse via its FX unit, 360T, for a total purchase price of $100 million less a working capital adjustment which amounted to a $0.2 million reduction in purchase price.

The Company recorded a gain of $69.3 million on the sale of the GTX business for the year ended December 31, 2018.

The Company determined that the sale of the GTX business qualifies as a discontinued operation under the criteria set forth in ASC 205-20-45, *Presentation of Financial Statements* and the Company does not have any significant continuing involvement in these operations.

The results of operations from the discontinued segment for the years ended December 31, 2019 and 2018 are as follows (in thousands):

	Year Ended December 31,	
	2019	**2018**
REVENUE:		
Institutional revenue	$ —	$ 16,379
Other loss	—	(2)
Total non-interest revenue	—	16,377
Interest revenue	—	103
Total net interest revenue	—	103
Net revenue	$ —	$ 16,480
EXPENSES:		
Employee compensation and benefits	$ —	$ 5,973
Trading expenses	—	5,439
Other expenses	—	3,955
Total operating expense	—	15,367
OPERATING PROFIT	—	1,113
Gain on sale of discontinued operations	—	69,292
INCOME BEFORE INCOME TAX EXPENSE	—	70,405
Income tax expense	—	4,756
NET INCOME FROM DISCONTINUED OPERATIONS	$ —	$ 65,649

4 . REVENUE RECOGNITION

Under ASC Topic 606, revenues are recognized when control of the promised goods or services is transferred to customers in exchange for an amount that reflects the consideration the Company expects to be entitled to in return for transferring those goods or services. The following is a description of the Company's revenue recognition policies for contracts with customers.

Futures Revenue

Futures revenue consists primarily of commissions and fees earned on futures and futures options trades that the Company executes on behalf of its customers. The Company is not exposed to any market risk from this activity. The Company's performance obligation related to futures revenue is trade execution, which is satisfied on trade date. Accordingly, commission revenues are recorded on trade date.

Disaggregation of Revenues

The following table presents the Company's futures revenue from contracts with customers disaggregated by customer and service type for the services described above, as it relates to the futures segment for the years ended December 31, 2019 and 2018 (amounts in thousands):

	Year Ended December 31,	
	2019	**2018**
Futures		
Direct Customers [1]	$ 12,951	$ 14,549
Indirect Customers [2]	21,840	25,156
Other [3]	4,980	4,262
Net Futures Revenue	$ 39,771	$ 43,967

(1) Direct customers are all customers not classified as indirect
(2) Indirect customers are referred to the Company by introducing brokers
(3) Other revenue comprises interest and fees

Futures Contract Assets and Futures Contract Liabilities

The timing of revenue recognition may differ from the timing of payment. The Company records an accrual when revenue is recognized prior to payment and when the Company has an unconditional right to payment. The Company records a contract liability when payment is received prior to the time at which the service obligation is satisfied.

5. FAIR VALUE INFORMATION

GAAP defines fair value as the price that would be received in exchange for an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance establishes a three level hierarchy that ranks the quality and reliability of information used in developing fair value estimates for financial instruments. The hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. In cases where two or more levels of inputs are used to determine fair value, a financial instrument's level is determined based on the lowest level input that is considered significant to the fair value measurement in its entirety. The three levels of fair value hierarchy are summarized below:

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 to a market participant 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 period.

The following table presents the Company's assets and liabilities that were 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, 2019			
	Level 1	Level 2	Level 3	Total
Financial Assets/(Liabilities):				
Cash and securities held for customers:				
U.S. treasury bills	$ 6,542	$ —	$ —	$ 6,542
Receivable from brokers:				
Broker derivative contracts	—	(5,949)	—	(5,949)
Other assets:				
Certificates of deposit	178	—	—	178
Other	152	—	—	152
Payables to customers:				
Customer derivative contracts	—	116,007	—	116,007
Total	$ 6,872	$ 110,058	$ —	$ 116,930

	Fair Value Measurements on a Recurring Basis as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial Assets/(Liabilities):				
Cash and securities held for customers:				
U.S. treasury bills	$ 104,712	$ —	$ —	$ 104,712
Receivable from brokers:				
Broker derivative contracts	—	(7,637)	—	(7,637)
Other assets:				
Certificates of deposit	176	—	—	176
Other	128	—	—	128
Payables to customers:				
Customer derivative contracts	—	144,440	—	144,440
Payables to brokers:				
Broker derivative contracts	—	1,457	—	1,457
Total	$ 105,016	$ 138,260	$ —	$ 243,276

The Company has not changed its valuation techniques in measuring the fair value of any financial assets and liabilities during the years ended December 31, 2019 and 2018, nor has there been any movement between levels during these respective periods.

Level 1 Financial Assets

The Company has U.S. Treasury bills and certificates of deposit that are Level 1 financial instruments that are recorded based upon listed or quoted market rates. The U.S. Treasury bills and money market accounts are recorded in *Cash and cash equivalents* and *Cash and securities held for customers* and the certificates of deposit 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* and *Payables to brokers*.

The fair values of these Level 2 financial instruments are based upon directly observable values for underlying instruments.

Level 3 Financial Liabilities

The Company did not have any Level 3 Financial Assets or Liabilities on December 31, 2019 or 2018.

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 in the consolidated balance sheets.

Receivables from brokers comprise open trades, which are measured at fair value (disclosed above), and the Company's posted funds with brokers that are required as collateral for holding trading positions. Collateral is not measured at fair value but approximates fair value, because the Company may withdraw it at its discretion. Settlement would be expected to occur within a relatively short period of time once a withdrawal is initiated.

Payables to customers comprise open trades, which are measured at fair value (disclosed above), and customer deposits that the Company holds for its role as clearing broker. These deposits are not measured at fair value, but approximate fair value, because they are cash balances that the Company or its customers can settle at either party's discretion. Such settlement would occur within a relatively short period of time once a withdrawal is initiated.

Payables to brokers comprise open trades, which are measured at fair value (disclosed above) and the cash due to or from brokers. The cash within this balance is not measured at fair value but does approximate fair value, because it is immediately payable to the brokers. Settlement occurs as soon as a broker initiates a margin call.

The carrying value of *Convertible senior notes* represents the notes' principal amounts net of unamortized discount (please refer to Note 16). The Company assessed the notes' fair value as determined by current Company-specific and risk free interest rates as of the balance sheet date.

The table below represents the financial assets and liabilities at their carrying value and fair value (amounts in thousands):

	As of December 31, 2019		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	$ 118,245	$ 118,245	$ —	$ 118,245	$ —
Financial Liabilities:					
Payables to customers	$ 1,045,270	$ 1,045,270	$ —	$ 1,045,270	$ —
Convertible senior notes	$ 137,178	$ 141,501	$ —	$ 141,501	$ —

	As of December 31, 2018		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	$ 91,908	$ 91,908	$ —	$ 91,908	$ —
Financial Liabilities:					
Payables to customers	$ 986,918	$ 986,918	$ —	$ 986,918	$ —
Payables to brokers	$ 3,092	$ 3,092	$ —	$ 3,092	$ —
Convertible senior notes	$ 132,109	$ 158,752	$ —	$ 158,752	$ —

Nonrecurring Fair Value Measurements

As a result of the 2019 annual goodwill impairment analysis, the Company recorded an impairment charge of $28.1 million to reduce the carrying value of its reporting units to their fair value. This measurement was performed on a non-recurring basis using significant unobservable inputs (Level 3). See Note 9 for further information.

6. DERIVATIVES

The Company’s contracts with its customers and its liquidity providers are deemed to be derivative instruments. The table below represents the fair values of the Company’s derivative instruments reported within *Receivables from brokers, Payables to customers* and *Payables to brokers* on the accompanying Consolidated Balance Sheets (amounts in thousands):

	December 31, 2019		
	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	$ 97,075	$ (40,704)	$ 56,371
CFD contracts	90,666	(43,642)	47,024
Metals contracts	11,058	(4,395)	6,663
Total	$ 198,799	$ (88,741)	$ 110,058

	December 31, 2019		
	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 brokers	$ 118,245	$ (5,949)	$ 112,296
Payables to customers	$ (1,045,270)	$ 116,007	$ (929,263)

	December 31, 2018		
	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	$ 100,158	$ (20,382)	$ 79,776
CFD contracts	77,014	(21,220)	55,794
Metals contracts	6,438	(3,748)	2,690
Total	$ 183,610	$ (45,350)	$ 138,260

	December 31, 2018		
	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 brokers	$ 91,908	$ (7,637)	$ 84,271
Payables to customers	$ (986,918)	$ 144,440	$ (842,478)
Payables to brokers	$ (3,092)	$ 1,457	$ (1,635)

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 and CFDs can have considerably higher prices. The amounts reported within *Receivables from brokers, Payables to customers, and Payables to brokers* on the Consolidated Balance Sheets are derived from the notional contract numbers below (amounts in thousands):

	December 31, 2019	
	Total contracts in long positions	**Total contracts in short positions**
Derivative Instruments:		
Foreign currency exchange contracts	3,418,117	3,342,201
CFD contracts	115,527	23,320
Metals contracts	471	233
Total	3,534,115	3,365,754

	December 31, 2018	
	Total contracts in long positions	**Total contracts in short positions**
Derivative Instruments:		
Foreign currency exchange contracts	3,780,488	3,238,781
CFD contracts	98,840	134,546
Metals contracts	489	188
Total	3,879,817	3,373,515

The Company did not designate any of its derivatives as hedging instruments. Net gains with respect to derivative instruments reflected in *Retail revenue* in the accompanying Consolidated Statements of Operations and Comprehensive (Loss)/Income for the years ended December 31, 2019 and 2018 were as follows (amounts in thousands):

	For the Years Ended December 31,	
	2019	**2018**
Derivative Instruments:		
Foreign currency exchange contracts	$ 102,974	$ 165,477
CFD contracts	61,644	112,640
Metals contracts	13,109	22,019
Total	$ 177,727	$ 300,136

7. RECEIVABLES FROM BROKERS

The Company has posted funds with brokers as collateral required by agreements for holding trading positions. These amounts are reflected as *Receivables from brokers* on the Consolidated Balance Sheets.

Amounts receivable from brokers consisted of the following as of (amounts in thousands):

	December 31,	
	2019	**2018**
Required collateral	$ 118,245	$ 91,908
Open foreign exchange positions	(5,949)	(7,637)
Total	$ 112,296	$ 84,271

8. PROPERTY AND EQUIPMENT

Property and equipment, including leasehold improvements and capitalized software development costs, consisted of the following as of (amounts in thousands):

	December 31,	
	2019	2018
Software	$ 73,859	$ 60,218
Computer equipment	14,675	13,790
Leasehold improvements	10,663	10,814
Telephone equipment	547	646
Office equipment	1,877	1,948
Furniture and fixtures	3,122	3,294
Web site development costs	635	635
Gross property and equipment	105,378	91,345
Less: Accumulated depreciation and amortization	(74,815)	(60,766)
Property and equipment, net	$ 30,563	$ 30,579

Depreciation and amortization expense for property and equipment was $17.1 million and $19.7 million for the years ended December 31, 2019 and 2018, respectively.

The Company wrote off certain property and equipment that became obsolete for the years ended December 31, 2019 and 2018, resulting in an additional charge of $0.3 million and $1.3 million, respectively. The additional charge was recorded in *General and administrative expenses*.

The Company retired fully depreciated property and equipment of $3.3 million and $8.8 million for the years ended December 31, 2019 and 2018, respectively.

9. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

The Company's various intangible assets consisted of the following as of (amounts in thousands):

	December 31, 2019				December 31, 2018		
Intangibles	Weighted average remaining useful lives	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Customer list	5.0 years	$ 46,576	$ (32,510)	$ 14,066	$ 58,494	$ (40,208)	$ 18,286
Technology	2.3 years	24,626	(16,800)	7,826	49,430	(38,555)	10,875
Trademark	2.2 years	6,298	(4,390)	1,908	7,308	(4,637)	2,671
Total finite lived intangibles		$ 77,500	$ (53,700)	$ 23,800	$ 115,232	$ (83,400)	$ 31,832
Trademarks not subject to amortization[(1)]		363	—	363	363	—	363
Total intangibles assets		$ 77,863	$ (53,700)	$ 24,163	$ 115,595	$ (83,400)	$ 32,195

(1) These indefinite-life trademarks relate to the Forex.com and foreignexchange.com domain names where management determined there was no legal, regulatory or technological limitation on their useful lives. The Company compares the recorded value of the indefinite-life intangible assets to fair value on an annual basis and whenever circumstances arise that indicate impairment may have occurred.

During the year ended December 31, 2019, the Company retired $34.4 million of fully amortized intangible assets, which was an equal amount for both gross and accumulated amortization and did not have any impact on the results of operations or cash flows.

Amortization expense for the purchased intangibles was $8.8 million and $14.2 million for the years ended December 31, 2019 and 2018, respectively.

Future annual estimated amortization expense is as follows (amounts in thousands):

Years Ended December 31,:		
2020	$	7,219
2021		7,141
2022		3,925
2023		2,782
2024		2,200
Thereafter		533
Total	$	23,800

Goodwill

Goodwill is evaluated for impairment on an annual basis during the fourth quarter and in interim periods when events or changes indicate the carrying value may not be recoverable.

The Company operates under two reporting units: retail and futures. There were no additions to the carrying value of the Company's goodwill during the year ended December 31, 2019.

On February 26, 2020, the Company entered into an Agreement and Plan of Merger with INTL FCStone Inc. The sale is expected to be completed subsequent to the end of the second quarter of 2020. As a result of the expected transaction, the Company recorded an impairment charge of $28.1 million based on the agreed-upon sales price of $6.00 per share. The loss is recorded in *Goodwill impairment* on the Consolidated Statement of Operations and Comprehensive (Loss)/Income. See Note 24 for more information. No impairment charges for goodwill were recognized during the year ended December 31, 2018 or any previous year.

The following represents the changes in the carrying amount of goodwill by segment for the year ended December 31, 2019 (amounts in thousands):

		Retail		**Futures**		**Total**
Carrying amount of goodwill as of December 31, 2018	$	25,435	$	2,385	$	27,820
Foreign currency translation adjustments		254		24		278
Impairment		(25,689)		(2,409)		(28,098)
Carrying amount of goodwill as of December 31, 2019	$	—	$	—	$	—

10. OTHER ASSETS

Other assets consisted of the following (amounts in thousands):

	December 31,			
		2019		**2018**
Vendor and security deposits	$	3,795	$	6,964
Income tax receivable		5,394		383
Deferred tax assets, net		25,306		13,217
Right of use asset		15,011		—
Customer debit positions		5,423		4,146
Allowance on customer debit positions		(4,125)		(4,126)
Prepaid assets		9,115		8,323
Miscellaneous receivables		3,969		7,111
Deferred commitment fees		124		337
Total other assets	$	64,012	$	36,355

The allowance for doubtful accounts consisted of the following (amounts in thousands):

Balance as of January 1, 2018	$	(1,959)
Addition to provision		(2,508)
Amounts collected/written off		341
Balance as of December 31, 2018	$	(4,126)
Addition to provision		(2,024)
Amounts collected/written off		2,025
Balance as of December 31, 2019	$	(4,125)

11. LEASES

The Company leases office space under agreements classified as operating leases that have lease periods expiring between 2020 and 2029. The Company's leases do not require any contingent rental payments, impose any financial restrictions, or contain any residual value guarantees. Certain of the Company’s leases include renewal options and escalation clauses. Renewal options have not been included in the calculation of the lease liabilities and right of use assets as the Company is not reasonably certain to exercise the options. The Company does not act as a lessor or have any leases classified as financing leases.

In June 2019, the Company exercised its right to terminate its office space lease in London. The Company accounted for this change in termination date as a modification and remeasured the value of the right of use asset and related lease liability on such date. This remeasurement resulted in a reduction of $3.7 million and $3.7 million to the right of use asset and related lease liability, respectively, during June 2019.

In November 2019, the Company entered into a new office space lease in London (the "new London lease") commencing in November 2019 (the "commencement date"), with a ten year term expiring in November 2029. On the commencement date of the new London lease, the Company recorded an operating lease liability and a right of use asset, respectively, of $8.7 million.

At December 31, 2019, the Company had operating lease liabilities of $17.7 million and right of use assets of $15.0 million, which were included in *Accrued expenses and other liabilities* and *Other assets*, respectively, in the Consolidated Balance Sheet.

The following summarizes quantitative information about the Company’s operating leases (amounts in thousands, except lease term and discount rate):

	Year Ended December 31, 2019	
Lease cost		
Operating lease cost	$	3,749
Total lease cost	$	3,749
Other information		
Operating cash flows from operating leases	$	3,967
Weighted-average remaining lease term - operating leases		4.4
Weighted-average discount rate - operating leases		7.5%

Maturities of the Company's operating leases, excluding short-term leases, are as follows (amounts in thousands):

For the year ended December 31, 2020	$	4,308
For the year ended December 31, 2021		3,075
For the year ended December 31, 2022		2,660
For the year ended December 31, 2023		2,765
For the year ended December 31, 2024		2,119
Thereafter		7,833
Total		22,760
Less: imputed interest		(5,046)
Operating lease liabilities at December 31, 2019	$	17,714

12. RELATED PARTY TRANSACTIONS

Certain officers and directors of the Company have personal funds on deposit in separate customer accounts with the Company. These accounts are recorded in *Payables to customers* on the Consolidated Balance Sheets. The aggregate amount of these funds was $0.4 million and $0.4 million at December 31, 2019 and 2018, respectively.

IPGL Limited, the majority selling shareholder in the acquisition of City Index, has a trading account with the Company which is recorded in *Payables to customers* on the Consolidated Balance Sheet. The aggregate amount of these funds was $19.9 million and $11.7 million at December 31, 2019 and 2018, respectively.

The net revenue generated by any individual related party was not deemed to be material in the twelve months ended 2019 or 2018, respectively.

13. RESTRUCTURING

The Company incurred $1.3 million and $0.8 million of restructuring expenses for the years ended December 31, 2019 and 2018, respectively. These expenses reflected the cost of reducing global headcount following strategic decisions in 2019 and 2018. They are recorded in *Restructuring expenses* in the Consolidated Statements of Operations and Comprehensive (Loss)/Income. All restructuring liabilities have been paid as of December 31, 2019.

14. NON-CONTROLLING INTERESTS

In March 2014, the Company acquired controlling interests in GAA and Top Third ("TT"). The Company purchased 55% of each entity, and the respective sellers maintained a 45% interest, subject to immediately exercisable call options for the Company to purchase the remaining interests, as well as put options for the sellers to sell their remaining interests in each entity to the Company that were to become exercisable in 2017. In December 2016, the Company acquired an additional 24% of each entity. In connection with the purchase of these additional interests, the Company and the respective sellers agreed that neither would exercise the call options or put options, respectively, with respect to the remaining interests prior to December 31, 2017. In December 2017, the Company and the sellers of TT extended their agreement that neither would exercise the relevant call options or put options through December 31, 2018.

In February 2018, the minority owners of GAA notified the Company that they were exercising their put option with respect to their combined 21% ownership of GAA. In September 2018, the Company settled its purchase of the minority ownership interests in GAA for approximately $2.9 million. In December 2018, the minority owners of TT notified the Company that they were exercising their put option with respect to their combined 21% ownership of TT. The purchase of the minority ownership interest closed on February 1, 2019 for approximately $2.4 million.

In accordance with ASC 480-10-S99-3A, *Classification and Measurement of Redeemable Securities*, non-controlling interests are classified outside of permanent equity as their redemption is not (i) mandatory, (ii) at fixed prices, and (iii) exclusively within the Company’s control.

Prior to December 31, 2018, the non-controlling interests were not classified as liabilities, because redemption was not mandatory or at fixed prices. The non-controlling interests also were not classified as equity because redemption was not exclusively in the Company’s control. Therefore, the non-controlling interests were held in temporary equity in the Consolidated Balance Sheets.

The table below reflects the non-controlling interests effects on the Company’s financial statements:

	Redeemable non-controlling interests
January 1, 2018	$ 4,411
Adjustment to the redemption value of non-controlling interests	816
Net income attributable to non-controlling interests	737
Distributions to non-controlling interest holders	(634)
Purchase of additional shares of non-controlling interest	(2,906)
Reclassification to liabilities	(2,424)
December 31, 2018	$ —

15. REVOLVING CREDIT ARRANGEMENT

On August 3, 2017, the Company entered into a Credit Agreement, dated as of August 2, 2017, for a three year $50.0 million senior secured first lien revolving credit facility that was maturing in August 2020.

On January 2, 2020, the Company delivered written notice to terminate the Credit Agreement effective as of January 13, 2020 ("termination date"). There were no amounts outstanding under the revolving line of credit as of the termination date nor as of December 31, 2019. The Company did not incur any material early termination penalties as a result of the termination.

16. CONVERTIBLE SENIOR NOTES

Convertible Senior Notes due 2022

On August 22, 2017, the Company issued $92.0 million aggregate principal amount of its 5.00% Convertible Senior Notes due 2022 (the "2022 Notes"), which amount includes the exercise in full of the over-allotment option granted to the initial purchasers of the 2022 Notes, in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The Notes bear interest at a fixed rate of 5.00% per year, payable semi-annually in arrears on February 15 and August 15 of each year, beginning on February 15, 2018. The 2022 Notes are convertible into cash, shares of the Company’s common stock, or a combination thereof, at the Company’s election. The Company currently intends to settle the debt in cash. The 2022 Notes will mature on August 15, 2022, unless earlier converted, redeemed or repurchased. The Company may not redeem the 2022 Notes prior to August 15, 2020. The net proceeds from the Note Offering were approximately $89.0 million, after deducting discounts to the initial purchasers but prior to taking into account any estimated offering expenses payable by the Company.

Prior to the close of business on the business day immediately preceding April 15, 2022, the 2022 Notes may be converted only upon the occurrence of specified events set forth in the Indenture. On or after April 15, 2022, until the close of business on the business day immediately preceding the maturity date, holders may convert their 2022 Notes at any time. Subject to the foregoing, the 2022 Notes are convertible at the option of the holders and will be settled, at the Company’s election, by the payment or delivery of cash, shares of the Company’s common stock, or a combination thereof. The conversion rate is initially 122.0107 shares of the Company’s common stock per $1,000 principal amount of 2022 Notes (equivalent to an initial conversion price of approximately $8.20 per share of common stock). The conversion rate and the corresponding conversion price have not changed since inception but will be subject to adjustment in some circumstances described in the Indenture.

If the Company undergoes a fundamental change (as defined in the Indenture), holders may require the Company to repurchase for cash all or part of their 2022 Notes at a purchase price equal to 100% of the principal amount of the 2022 Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. In addition, in certain circumstances, the Company may be required to increase the conversion rate for any 2022 Notes converted in connection with a make-whole fundamental change (as defined in the Indenture).

The Company may not redeem the 2022 Notes prior to August 15, 2020. On and after August 15, 2020, and prior to the maturity date, the Company may redeem for cash all, but not less than all, of the 2022 Notes if the last reported sale price of its common stock equals or exceeds 130% of the applicable conversion price for at least 20 trading days, whether or not consecutive, during the 30 consecutive trading day period ending on the trading day immediately preceding the date the Company delivers notice of the redemption. The redemption price will equal 100% of the principal amount of the 2022 Notes to be redeemed, plus any accrued and unpaid interest to, but excluding, the redemption date. In addition, if the Company calls the 2022 Notes for redemption, a make-whole fundamental change will be deemed to occur. As a result, the Company will, in certain circumstances, increase the conversion rate for holders who convert their 2022 Notes after the Company delivers a notice of redemption and before the close of business on the business day immediately preceding the relevant redemption date.

Convertible Senior Notes due 2020

On April 1, 2015, as part of the City Index acquisition consideration, the Company issued to the sellers $60.0 million aggregate principal amount of 4.125% Convertible Senior Notes maturing on April 1, 2020 (the "2020 Notes"). These 2020 Notes pay interest semi-annually on April 1 and October 1 at a rate of 4.125% per year, which commenced on October 1, 2015. During the fourth quarter of 2019, the Company repurchased approximately $1.5 million of the 2020 Notes, for an aggregate purchase price of $1.3 million. The Company currently intends to settle the remaining debt in cash.

Prior to the date that is six months immediately preceding the maturity date, the 2020 Notes will be convertible only upon the occurrence of specified events set forth in the Note Indenture. Thereafter, until the close of business on the business day immediately preceding the maturity date, holders may convert their 2020 Notes at any time. The Company will settle conversions of the 2020 Notes by paying or delivering, as the case may be, cash, shares of Common Stock or a combination thereof, at its election. The conversion rate for the 2020 Notes will be equal to $1,000, divided by the initial conversion price, rounded to the nearest 1/10,000th share of Common Stock. The initial conversion price will be equal to 125% of the arithmetic average of the daily volume-weighted average price for the Common Stock over the 20 consecutive trading day period ending on, and including, the trading day immediately preceding the closing date; provided that the initial conversion price shall not exceed the greater of (i) $9.25 and (ii) the last reported sale price of the Common Stock on the Closing Date; and shall not be less than $7.20. As of December 31, 2019, the conversion ratio is 104.7344 shares of the Company’s common stock per $1,000 principal amount of 2020 Notes (equivalent to a conversion price of approximately $9.55 per share of common stock). The conversion rate and the corresponding conversion price will be subject to customary anti-dilution adjustments, as described in the Note Indenture, including, but not limited to, Common Stock splits, Common Stock combinations, issuances of Common Stock as a dividend on the Common Stock, issuances of options rights, warrants or other securities of the Company as a dividend on the Common Stock, payment by the Company of any cash dividend in excess of $0.05 per quarter per share of Common Stock, and above-market tender offers or exchange offers by the Company or its subsidiaries for the Common Stock. In addition, in certain circumstances, the Company may be required to increase the conversion rate for any 2020 Notes converted in connection with a make-whole fundamental change as defined in the Note Indenture.

If the Company undergoes a fundamental change, holders may require the Company to repurchase for cash all or part of their 2020 Notes at a purchase price equal to 100% of the principal amount of the 2020 Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the date of repurchase.

Prior to the date that is two years immediately preceding the maturity date, the Company will not have the right to redeem the 2020 Notes. During the two year period immediately preceding the maturity date, the Company may redeem for cash all, but not less than all, of the 2020 Notes if the last reported sale price of the Common Stock equals or exceeds 130% of the conversion price for the 2020 Notes for at least 20 trading days, whether or not consecutive, during the 30 consecutive trading day period ending on the trading day immediately preceding the date the Company delivers notice of redemption. If the Company elects to redeem the 2020 Notes, holders may convert their 2020 Notes at any time prior to the close of business on the business day immediately preceding the redemption date.

The Indenture contains events of default customary for convertible debt securities (with customary grace periods, as applicable) and provides that, upon the occurrence of an event of default arising from certain events of bankruptcy or insolvency with respect to the Company, all outstanding 2020 Notes will become due and payable immediately without further action or notice. If any other type of event of default occurs and is continuing, then the holders of at least 25% in aggregate principal amount of the then outstanding 2020 Notes or the trustee may declare all of the outstanding 2020 Notes to be due and payable immediately.

The indentures for the 2022 Notes and the 2020 Notes generally describe a ‘fundamental change’ as (a) the consummation of a sale of all or substantially all of the assets of the Company, (b) an exchange of the Company’s common shares for the rights to receive securities, property, other assets or cash from a third party (excluding an exchange whereby the beneficial owners of the Company retain 50% of the outstanding voting power of the surviving corporation), (c) a shareholder-approved plan for liquidation or dissolution or (d) a delisting of the Company’s common shares. A ‘fundamental change’ is not considered to have occurred if at least 90% of the consideration received is common shares traded on the NYSE, The NASDAQ Global Market or the NASDAQ Global Select Market.

An entity must separately account for the liability and equity components of a convertible debt instrument that may be settled entirely or partially in cash upon conversion. The separate accounting must reflect the issuer’s economic interest cost. The fair value of the equity component, net of pro-rata initial purchasers’ discounts, is included in the additional paid-in capital section of shareholders' equity in the Company’s Consolidated Balance Sheets. The principal amount of the 2022 Notes and the 2020 Notes is reduced by unamortized original issue discount, which reflects the fair value at inception date. The original issue discount will be amortized over the life of the 2022 Notes and 2020 Notes using the effective interest rate of 10.4% and 8.6%, respectively.

As of December 31, 2019 and 2018, the Company’s common stock had not met the convertibility criteria noted in the offering memorandum for either the 2022 Notes or the 2020 Notes and, therefore, the 2022 Notes and 2020 Notes were not dilutive as of December 31, 2019 or 2018.

The balances of the liability and equity components as of December 31, 2019 and 2018 were as follows (amounts in thousands):

	December 31,	
	2019	2018
Liability component - principal	$ 150,540	$ 152,000
Deferred bond discount	(13,081)	(19,503)
Deferred financing cost	(281)	(388)
Liability component - net carrying value	$ 137,178	$ 132,109
Additional paid in capital	$ 39,554	$ 39,405
Discount attributable to equity	(826)	(826)
Equity component	$ 38,728	$ 38,579

Interest expense related to the Convertible Senior Notes, included in *Interest expense on long term borrowings* in the Consolidated Statements of Operations and Comprehensive (Loss)/Income, was as follows (amounts in thousands):

	Year Ended December 31,	
	2019	2018
Interest expense - stated coupon rate	$ 7,045	$ 7,315
Interest expense - amortization of deferred bond discount and costs	6,499	6,225
Total interest expense - convertible notes	$ 13,544	$ 13,540

17. SHARE BASED PAYMENTS

Total share-based compensation expense recognized during the years ended December 31, 2019 and 2018 consisted of the following (amounts in thousands):

	For the Year Ended December 31,	
	2019	2018
Employee compensation and benefits	$ 5,052	$ 6,038

On September 30, 2015, the Company’s board of directors adopted the GAIN Capital Holdings, Inc. 2015 Omnibus Incentive Compensation Plan, (the "2015 Plan"), which became effective November 30, 2015.

The 2015 Plan replaced the GAIN Capital Holdings, Inc. 2010 Omnibus Incentive Compensation Plan, (the “2010 Plan”). The 2015 Plan has available 2.9 million shares for awards to employees, nonemployee directors, consultants, and advisors in the form of incentive stock options (“ISO”), nonqualified stock options (“NQSO"), restricted stock awards (“RSA”), time-based restricted stock units (“RSU”), performance-based restricted stock units (“PSU”), stock appreciation rights and other stock-based awards. The "evergreen" provision that allowed the Company to authorize additional shares to be issued under the 2010 plan was removed from the 2015 Plan. Accordingly, the maximum number of shares that can be issued will be fixed and cannot be increased in the future without shareholder approval.

Under the 2015 Plan, the Compensation Committee of the Board of Directors (the “Compensation Committee”) will determine the exercise price of the options granted and may grant options to purchase shares of the Company’s common stock in amounts as determined by the Compensation Committee. The Compensation Committee may grant options that are intended to qualify as ISOs under Section 422 of the Internal Revenue Code, or NQSOs which are not intended to so qualify. ISOs may only be granted to employees. Anyone eligible to participate in the 2015 Plan may receive a grant of NQSOs. The exercise price of a stock option granted under the 2015 Plan cannot be less than the fair market value of a share of the Company’s common stock on the date the option is granted. All options granted under the 2015 Plan expire seven years from the date of grant.

Stock Options

The following table summarizes the stock option activity under all plans for the year ended December 31, 2019 (in thousands, except per share amounts):

	Options Outstanding			
	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Aggregate Intrinsic Value
Outstanding January 1, 2019	955	$ 6.05	2.32	$ 932
Granted	—	—	0.00	
Exercised	(73)	3.83	1.16	
Forfeited/Expired	(193)	6.42	0.95	
Outstanding December 31, 2019	689	$ 6.19	1.66	$ 19
Vested and expected to vest options	362	$ 8.01	2.74	$ 19
Exercisable, December 31, 2019	635	$ 6.14	1.52	$ 19

Fair market value of common stock at exercise date	$ 295
Cost to exercise	281
Net value of stock options exercised	$ 14

The total intrinsic value of stock options exercised during the years ended December 31, 2019 and 2018, respectively, was $0.0 million and $0.3 million. During 2019, the Company had 0.1 million stock options vest. The Company received $0.3 million and $1.0 million from stock option exercises during the years ended December 31, 2019 and 2018, respectively.

The Company made no stock option grants during the years ended December 31, 2019 and 2018.

Restricted Stock Units and Restricted Stock Awards

The 2015 Plan provides for the issuance of RSUs that are convertible on a 1:1 basis into shares of the Company’s common stock. The Company maintains a restricted stock unit account for each grantee. RSU grants typically vest evenly over three or four years, with the relevant percentage vesting on each anniversary date of the grant. After the RSUs vest, the grantee shall receive payment in the form of cash, shares of the Company’s common stock, or a combination of the two, as determined by the Company. Payment of cash and issuance of shares shall be made upon the vesting date, upon a predetermined delivery date, upon a change in control of the Company, or upon the employee leaving the Company. The Company has historically settled these awards through the issuance of common stock to recipients and intends to continue to do so. RSUs are assigned the value of the Company’s common stock at date of grant issuance, and the grant date fair value is amortized over a three or four year period.

In both 2019 and 2018, the Company issued RSUs with performance-based vesting in addition to the time-based grants. The number of shares issuable upon vesting is determined by the Company's achievement relative to certain operating performance targets established by the Company. Vesting is contingent upon the recipient's continued service to the Company through the vesting period. A portion of these performance-based grants vest on the two year anniversary of the grant date, with the remainder vesting three years after the grant date. The Company recognized expense for these performance-based RSUs on the basis of the Company's best estimate of fair value as of December 31, 2019.

The Company granted 0.6 million time-based RSUs and 0.5 million performance-based RSUs in 2019. In 2018, the Company granted 0.5 million time-based RSUs and 0.4 million performance-based RSUs.

A summary of the status of the Company's non-vested shares of RSUs as of December 31, 2019 and changes during the year ended December 31, 2019 are presented below (in thousands, except per share amounts):

Non-Vested Shares	**Number of Time Based RSUs**	**Weighted Average Grant Date Fair Value**	**Number of Performance Based RSUs**	**Weighted Average Grant Date Fair Value**
Non-vested at January 1, 2019	1,343	$ 7.88	420	$ 7.91
Granted	599	5.97	529	6.54
Vested	(628)	7.55	—	—
Forfeited	(225)	7.55	(124)	7.33
Non-vested at December 31, 2019	1,089	$ 7.08	825	$ 7.12

The total grant-date fair value of time-based RSUs granted during the years ended December 31, 2019 and 2018 was $3.6 million and $3.9 million, respectively. The total grant-date fair value of performance-based RSUs granted during the year ended December 31, 2019 and 2018 was $3.5 million and $3.3 million respectively.

As of December 31, 2019, there was $7.5 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the 2015 Plan. The cost is expected to be recognized over a weighted-average period of approximately two years.

Employee Stock Purchase Plan

The 2011 Employee Stock Purchase Plan ("ESPP") was adopted by the Company's Board of Directors on November 22, 2010. The ESPP became effective on January 1, 2011. The ESPP permits eligible employees to purchase shares of the Company's common stock at a 15% discount from the lesser of the fair market value per share of the Company's common stock on the first day of the offering period or the fair market value of the Company's common stock on the purchase date. Funds are collected from employees through after-tax payroll deductions. The total number of shares reserved for issuance under the ESPP was initially 500,000. It is intended that the ESPP meet the requirements for an "employee stock purchase plan" under Section 423 of the Internal Revenue Code. For the year ended December 31, 2019 and 2018, 101,260 shares and 74,204 shares were issued under the ESPP, respectively. The discount on the ESPP of $0.1 million is recorded in *Employee compensation and benefits i*n the Consolidated Statement of Operations and Comprehensive (Loss)/Income.

18. EARNINGS PER COMMON SHARE

Basic and diluted (loss)/earnings per common share is computed by dividing net (loss)/income by the weighted average number of common shares outstanding during the period. Diluted (loss)/earnings per share includes the determinants of basic net income per share and, in addition, gives effect to the potential dilution that would occur if securities or other contracts to issue common stock were exercised, vested or converted into common stock, unless they are anti-dilutive. Diluted weighted average common shares include vested, unvested stock options, and unvested restricted stock units.

Diluted (loss)/earnings per share excludes any shares of Company common stock potentially issuable under the Company's convertible senior notes, which are discussed in Note 16. Based upon an assumed trading price of $10 for each share of the Company's common stock, and if the relevant conditions under the indenture governing the 2020, and 2022 convertible senior notes were satisfied, there would be an additional 0.3 million, and 2.0 million dilutive shares as of December 31, 2019 for the 2020 and 2022 notes, respectively.

The following table sets forth the computation of (loss)/earnings per share (amounts in thousands except share and per share data):

	For the year ended December 31,	
	2019	2018
Net (loss)/income from continuing operations	$ (60,761)	$ 27,977
Less income attributable to non-controlling interests	—	737
Net (loss)/income from continuing operations	$ (60,761)	$ 27,240
Adjustment [1]	—	(816)
Net (loss)/income available to GAIN common shareholders from continuing operations	$ (60,761)	$ 26,424
Net income from discontinued operations	—	65,649
Weighted average common shares outstanding:		
Basic weighted average common shares outstanding	37,388,984	43,731,881
Effect of dilutive securities:		
Stock options	—	250,726
RSUs/RSAs	—	206,717
Diluted weighted average common shares outstanding	37,388,984	44,189,324
Basic (loss)/earnings from continuing operations	$ (1.63)	$ 0.60
Basic earnings from discontinued operations	$ —	$ 1.50
Diluted (loss)/earnings from continuing operations	$ (1.63)	$ 0.60
Diluted earnings from discontinued operations	$ —	$ 1.49

(1) During the year ended December 31, 2018, the Company concluded that the carrying value of the Company's redeemable non-controlling interests was less than their redemption value, requiring that an adjustment to the carrying value be recorded for purposes of calculating earnings per common share. The adjustment to increase or reduce the carrying value will, respectively, reduce or increase earnings per common share by reducing or increasing net income available to common shareholders.

For the year ended December 31, 2019, all common stock equivalents were excluded from the computation of diluted loss per share, because the impact would have been anti-dilutive due to the Company's net loss during that period. The table below shows securities excluded from the dilution calculation under the treasury stock method.

	Year Ended December 31, 2019
Stock options [1]	70,639
RSUs	40,396
Total securities excluded from diluted loss per share calculation	111,035

(1) During the year ended December 31, 2019, 0.5 million stock options were out of the money and excluded from the computation of diluted loss or earnings per share from continuing operations.

19. COMMITMENTS AND CONTINGENCIES

Legal Matters

From time to time the Company becomes involved in legal proceedings and in each case the Company assesses the likely liability and/or the amount of damages as appropriate. Where available information indicates that it is probable a liability had been incurred at the date of the consolidated financial statements and the Company can reasonably estimate the amount of that loss, the Company accrues the estimated loss by a charge to income. In many proceedings, however, it is inherently difficult to determine whether any loss is probable, reasonably possible, or to estimate the amount of any loss. Even where loss is possible or an exposure to loss exists in excess of the liability already accrued with respect to a previously recognized loss contingency, it is often not possible to reasonably estimate the size of the possible loss or range of loss.

For certain legal proceedings, the Company can estimate possible losses, additional losses, ranges of loss or ranges of additional loss in excess of amounts accrued. For certain other legal proceedings, the Company cannot reasonably estimate such losses, if any, since the Company cannot predict if, how, or when such proceedings will be resolved or what the eventual settlement, fine, penalty or other relief, if any, may be, particularly for proceedings that are in their early stages of development or where plaintiffs seek substantial or indeterminate damages. Numerous issues must be developed, including the need to discover and determine important factual matters and the need to address novel or unsettled legal questions relevant to the proceedings in question, before a loss or additional loss or range of loss can be reasonably estimated for any proceeding.

In November 2018, the Company settled on an ongoing contractual dispute with a service provider relating to the historical deployment of software supporting one of the Company's legacy trading platforms. Pursuant to the terms of the settlement, the Company agreed to make a one-time settlement payment of approximately $5.3 million in exchange for a full and final settlement of all claims.

20. INCOME TAXES

The following table presents the U.S. and non-U.S. components of (loss)/income before income tax (benefit)/expense for the years ended December 31, 2019 and 2018 (amounts in thousands):

	Year Ended December 31,	
	2019	2018
U.S.	$ (45,813)	$ 3,158
Non-U.S.	(27,817)	33,333
Total (loss)/income before tax (benefit)/expense	$ (73,630)	$ 36,491

Income tax (benefit)/expense consisted of (amounts in thousands):

	Year Ended December 31,	
	2019	2018
Current		
Federal	$ 1,022	$ 2,102
State	(389)	1,253
U.K.	(3,134)	6,672
Japan	351	328
Australia	1,087	1,264
Other non-U.S.	254	90
Total current income tax (benefit)/expense	(809)	11,709
Deferred		
Federal	(9,041)	(2,330)
State	(1,548)	(711)
U.K.	(1,858)	(599)
Singapore	436	548
Japan	167	70
Other non-U.S.	(216)	(173)
Total deferred tax benefit	(12,060)	(3,195)
Total income tax (benefit)/expense	$ (12,869)	$ 8,514

Deferred tax assets and liabilities reflect the net tax effects of temporary differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when such differences are expected to reverse. The Company's net deferred tax assets are included in *Other assets* on the Consolidated Balance Sheets.

Significant components of the Company's deferred tax assets and liabilities were as follows (amounts in thousands):

	December 31,	
	2019	**2018**
Deferred tax assets		
Net operating losses	$ 12,359	$ 6,832
Share-based compensation	916	994
Intangible assets	9,683	4,291
Basis difference in property and equipment	4,462	4,262
Other	1,502	1,999
Total deferred tax assets	28,922	18,378
Valuation allowance	(762)	(904)
Total deferred tax assets after valuation allowance	28,160	17,474
Deferred tax liabilities		
Discount on convertible note	(2,854)	(4,257)
Total deferred liabilities	(2,854)	(4,257)
Net deferred tax assets	$ 25,306	$ 13,217

The Company has $61.7 million in net operating loss ("NOL") carry forwards as of December 31, 2019. As of December 31, 2019, the Company has NOL's in the following jurisdictions: $27.8 million in the U.K., $25.0 million in the U.S., $4.2 million in Singapore, $3.5 million in the Netherlands, tax affected $1.1 million in various U.S. states, and $0.1 million in various minor jurisdictions. These NOLs begin to expire in 2025. The Company has a deferred tax asset of $12.4 million relating to these NOLs for which it has established a valuation allowance of $0.8 million. The net change in the valuation allowance is $0.1 million.

The following table reconciles the effective tax rate to the U.S. federal statutory income tax rate:

	Year Ended December 31,	
	2019	**2018**
Federal income tax at statutory rate	21.00 %	21.00 %
Increase/(decrease) in effective tax rate resulting from:		
State income tax	2.52 %	1.17 %
Foreign rate differential	(1.16)%	0.07 %
Goodwill impairment	(5.14)%	— %
GILTI	— %	10.75 %
Impact of non-controlling interests	— %	(0.42)%
162 (m)	(0.42)%	1.32 %
Uncertain tax positions	— %	(0.64)%
U.K. bank tax	— %	1.28 %
Rate changes	0.20 %	— %
Foreign tax credit	— %	(9.22)%
True-ups and deferred tax adjustments	(0.77)%	(2.00)%
Other permanent differences	1.24 %	0.02 %
Effective Tax Rate	17.47 %	23.33 %

In December 2017, the Securities and Exchange Commission staff issued Staff Accounting Bulletin No.118 (“SAB 118”). SAB 118 allowed for the recording of a provisional estimate to reflect the income tax impact of the Tax Act and provides a measurement period of up to one year from the enactment date.

Due to the timing of the enactment and the complexity involved in applying the provisions of the Tax Act, the Company made reasonable estimates of the effects and recorded provisional amounts in the financial statements as of December 31, 2017. Specifically provisional amounts were recorded in respect of the provisions of the Tax Act that relate to mandatory deemed repatriation of untaxed foreign earnings, offset by current year losses and a foreign tax credit. In 2018, the Company completed its review of the Tax Act, taking into account guidance issued by the Internal Revenue Service (“IRS”) and made adjustments required to the provisional amount recorded as explained further below.

In 2018 and 2019, the Company had a number of discrete tax items that impacted its effective tax rate:

- In the fourth quarter of 2018, the Company completed its income tax accounting for its U.S. tax liability with respect to its untaxed foreign earnings, including the impact of foreign tax credits and state taxes, as a result of the Tax Cuts and Jobs Act, enacted on December 22, 2017, within the measurement period. As a result, the Company recorded a tax benefit of $1.3 million during the year ended December 31, 2018.

- In the fourth quarter of 2018, the Company elected to treat the new Global Intangible Low Tax Income (“GILTI”) inclusion, resulting from the enactment of the Tax Cuts and Jobs Act, as a period cost. In 2018, The Company recorded tax expense of $0.6 million as the impact of GILTI, net of applicable foreign tax credits.

- In the fourth quarter of 2018, the Company received a favorable ruling from the U.S. competent authority in response to filings made by the Company challenging an IRS transfer pricing adjustment for 2012. As a result of the ruling, the Company increased its previously accrued benefit by an additional $0.2 million during the year ended December 31, 2018.

- In fourth quarter of 2019, the Company impaired its goodwill, resulting in additional tax expense of $3.8 million.

In 2019, the IRS concluded an audit of the Company's 2015-2016 tax years with no audit adjustments.

At December 31, 2019, the Company asserts that the earnings of its foreign subsidiaries will be permanently reinvested in the working capital and other business needs of the subsidiaries to the extent that repatriation of these earnings would trigger additional capital gains tax, foreign withholding taxes, or material state income taxes. As such, amounts that can be brought back without triggering capital gains, foreign withholding taxes, or material state income taxes will not be considered permanently reinvested. Based on the Company's analysis, the Company does not believe that the potential impact of the unrecognized deferred tax liability associated with the repatriation of such earnings would be material to the financial statements.

As of December 31, 2019 and 2018, there were no gross unrecognized tax benefits from uncertain tax positions.

There were no unrecognized tax benefits for the years ended December 31, 2019 and 2018 that would affect the effective tax rate. The Company’s open tax years range from 2017 through 2019 for its U.S. federal returns, from 2017 through 2019 for the U.K., from 2014 through 2019 for Japan, and from 2016 through 2019 for its major state jurisdictions. It is reasonably possible that the amount of liability for unrecognized tax benefits could change during the next 12 months. An estimate of the range of the possible change cannot be made until issues are further developed or examinations closed.

There were no penalties and interest recorded for the years ended December 31, 2019 and 2018, and as such, there are no amounts recorded in the Consolidated Statements of Operations and Comprehensive (Loss)/Income. As a result, there is no impact to uncertain tax positions when reconciling the federal income tax rate to the Company’s effective tax rate.

21. RETIREMENT PLANS

The Company sponsors a “Safe Harbor” 401(k) retirement plan which was put into effect as of January 1, 2011. The plan provides for a 100% match by the Company on the first 3% of the employee’s salary contributed to the plan and 50% on the next 2% with immediate vesting on all employer contributions, subject to IRS limitations. Substantially all of the Company’s US employees are eligible to participate in the plan.

The expense recorded to employee compensation and benefits on the Consolidated Statements of Operations and Comprehensive (Loss)/Income by the Company for its employees' participation in 401k plans during the years ended December 31, 2019 and 2018 was $0.6 million and $0.9 million, respectively.

22. REGULATORY REQUIREMENTS

The following table illustrates the minimum regulatory capital the Company's subsidiaries were required to maintain as of December 31, 2019 and the actual amounts of capital that were maintained (amounts in millions):

Entity Name	Minimum Regulatory Capital Requirements	Capital Levels Maintained	Excess Net Capital	Percent of Requirement Maintained
GAIN Capital Group, LLC	$ 34.2	$ 61.3	$ 27.1	179%
GAIN Capital Securities, Inc.	0.1	0.3	0.2	300%
GAIN Capital U.K., Ltd.	58.9	177.8	118.9	302%
GAIN Capital Japan Co., Ltd.	1.0	11.7	10.7	1,170%
GAIN Capital Australia, Pty. Ltd.	0.9	5.5	4.6	611%
GAIN Global Markets, Inc.	0.4	3.4	3.0	850%
GAIN Capital-Forex.com Canada, Ltd.	0.2	2.3	2.1	1,150%
GAIN Capital Singapore Pte., Ltd.	3.7	11.8	8.1	319%
Trade Facts, Ltd.	0.5	3.8	3.3	760%
Global Assets Advisors, LLC (1)	0.0	1.2	1.2	2,667%
Total	$ 99.9	$ 279.1	$ 179.2	279%

(1) The Global Asset Advisors, LLC minimum regulatory capital requirement is $45 thousand.

23. SEGMENT INFORMATION

ASC 280, *Disclosures about Segments of an Enterprise and Related Information*, establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise which engage in business activities from which they may earn revenues and incur expenses and about which separate financial information is available that is evaluated regularly by the chief operating decision-maker, or decision making group, in deciding how to allocate resources and in assessing performance. Reportable segments are defined as operating segments that either (a) exceed 10% of revenue, or (b) report profit or loss in an absolute amount exceeding 10% of profit of all operating segments that did not report a loss or (c) exceed 10% of the combined assets of all operating segments.

During the year ended December 31, 2018, the Company completed its implementation of global support groups in the areas of finance, legal, human resources, and treasury. These groups are now centrally managed and support all business functions. Therefore, all costs related to these groups previously recorded within the retail segment are now classified in the corporate and other segment to better align the cost reporting. The change in segment reporting had no impact on the net profit or loss of the Company.

Retail Segment

Business in the retail segment is conducted primarily through the Company's FOREX.com and City Index brands. The Company provides its retail customers around the world with access to over 15,000 global financial markets, including spot forex, precious metals and CFDs on commodities, indices, individual equities, cryptocurrencies, bonds and interest rate products, as well as OTC options on forex. In the U.K., the Company also offer spread bets, which are investment products similar to CFDs, but that offer more favorable tax treatment to residents of that country.

Futures Segment

The futures segment offers execution and related services for exchange-traded futures and futures options on major U.S. and European exchanges. The Company offers futures services through its subsidiaries, GAIN Capital Group, LLC, Global Asset Advisors, LLC, and Top Third Ag Marketing, LLC, under the GAIN Capital Futures brand.

Corporate and other

Corporate and other provides general corporate services to the Company's segments. Corporate and other revenue primarily comprises foreign currency transaction gains and losses.

Selected financial information by segment is presented in the following tables (amounts in thousands):

	Year Ended December 31, 2019	Year Ended December 31, 2018
Retail reportable segment:		
Net revenue	$ 194,256	$ 310,984
Employee compensation and benefits	49,565	55,447
Selling and marketing	37,527	35,378
Referral fees	18,232	26,899
Other operating expenses	68,750	72,747
Segment profit	$ 20,182	$ 120,513
Futures reportable segment:		
Net revenue	$ 39,771	43,967
Employee compensation and benefits	9,531	9,868
Selling and marketing	865	811
Referral fees	11,073	13,127
Other operating expenses	12,567	13,989
Segment profit	$ 5,735	$ 6,172
Corporate and other:		
Other loss	$ (95)	$ (2,392)
Employee compensation and benefits	19,030	23,756
Selling and marketing	3	271
Other operating expenses	11,606	13,770
Loss	$ (30,734)	$ (40,189)
TOTAL SEGMENT (LOSS)/PROFIT	**$ (4,817)**	**$ 86,496**
Depreciation and amortization	17,086	19,654
Purchased intangible amortization	8,811	14,171
Restructuring expenses	1,274	762
Goodwill impairment	28,098	—
Impairment of investment	—	(130)
Legal settlement	—	5,306
Class action settlement	—	(5,398)
Dutch auction fees	—	768
PP&E write-off	—	1,332
OPERATING (LOSS)/PROFIT	**$ (60,086)**	**$ 50,031**
Interest expense on long term borrowings	13,544	13,540
(LOSS)/INCOME BEFORE INCOME TAX (BENEFIT)/EXPENSE	**$ (73,630)**	**$ 36,491**

The following table presents net revenue by geographic area (amounts in thousands):

	Year Ended December 31,	
	2019	2018
Net Revenue[1]:		
North America[2]	$ 178,549	$ 164,040
Europe[3]	47,843	129,807
Other	7,540	64,110
Total Net Revenue	$ 233,932	$ 357,957

(1) - Net revenue is attributed to individual countries based on the jurisdiction of the formation of the reporting entity that records the transaction.

(2) - Includes U.S. net revenue of $116.3 million and $143.6 million for the years ended December 31, 2019 and 2018, respectively.

(3) - Includes U.K. net revenue of $47.7 million and $129.7 million for the years ended December 31, 2019 and 2018, respectively.

The following table presents long-lived assets by geographic area (amounts in thousands):

	December 31,	
	2019	2018
Long-lived assets[1]:		
North America[2]	$ 7,581	$ 8,875
Europe[3]	22,825	21,427
Other	157	277
Total long-lived assets	$ 30,563	$ 30,579

(1) - Long-lived assets are comprised of property and equipment, net. They exclude goodwill, other intangible assets and other assets, which are not attributable to any one geographic location.

(2) - Includes U.S. long-lived assets of $7.6 million and $8.9 million as of December 31, 2019 and 2018, respectively.

(3) - Includes U.K. long-lived assets of $22.3 million and $21.4 million as of December 31, 2019 and 2018, respectively.

24. SUBSEQUENT EVENTS

In February 2020, the Company announced the payment of a $0.06 dividend per share of Common Stock payable on March 27, 2020 to stockholders of record on March 24, 2020.

On February 26, 2020, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with INTL FCStone Inc., a Delaware corporation (“INTL”) and Golf Merger Sub I, Inc., a Delaware corporation and a wholly owned subsidiary of INTL (“Merger Sub”), pursuant to which, among other things and subject to the satisfaction or waiver of specified conditions, Merger Sub will merge with and into the Company (the "Merger"). As a result of the Merger, Merger Sub will cease to exist, and the Company will survive as a wholly owned subsidiary of INTL. Subject to the terms and conditions of the Merger Agreement at the effective time of the Merger (the Effective Time"), each share of the Company's common stock issued and outstanding immediately prior to the Effective Time (other than dissenting shares) will be converted into the right to receive $6.00 per share in cash, without interest.

Table of Contents

Schedule I

GAIN CAPITAL HOLDINGS, INC.
(Parent Company Only)
Condensed Balance Sheets
(in thousands, except share data)

	December 31, 2019	December 31, 2018
ASSETS:		
Cash and cash equivalents	$ 11,879	$ 6,507
Equity investments in subsidiaries	396,831	470,767
Receivables from affiliates	8,615	12,615
Income tax receivable	1,603	279
Deferred tax assets, net	18,222	7,632
Other assets	295	491
Total assets	$ 437,445	$ 498,291
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities		
Accrued expenses and other liabilities	$ 6,502	$ 7,182
Payable to affiliates	59,066	61,227
Convertible senior notes	137,178	132,109
Total liabilities	202,746	200,518
Commitments and contingent liabilities (refer to Note 3)		
Shareholders' Equity		
Common stock ($0.00001 par value; 120 million shares authorized; 55.3 million shares issued and 37.5 million shares outstanding as of December 31, 2019; 54.5 million shares issued and 37.8 million shares outstanding as of December 31, 2018)	—	—
Additional paid-in capital	249,111	243,216
Retained earnings	134,752	204,483
Accumulated other comprehensive loss	(21,647)	(29,410)
Treasury stock, at cost (17.8 million shares at December 31, 2019 and 16.7 million at December 31, 2018, respectively)	(127,517)	(120,516)
Total shareholders' equity	234,699	297,773
Total liabilities and shareholders' equity	$ 437,445	$ 498,291

The accompanying notes are an integral part of these condensed financial statements.

Schedule I

GAIN CAPITAL HOLDINGS, INC.
(Parent Company Only)
Condensed Statements of Operations and Comprehensive (Loss)/Income
(in thousands)

	Year Ended December 31,	
	2019	2018
REVENUE:		
Dividends from subsidiaries	$ 29,227	$ 146,416
Gain on legal settlements	471	5,398
Interest and other	215	556
Total revenue	$ 29,913	$ 152,370
EXPENSES:		
Interest expense	$ 496	$ 491
Employee compensation and benefits	697	957
Legal settlement	—	5,260
General and administrative	3,819	6,156
Total operating expense	$ 5,012	$ 12,864
Interest expense on long term borrowings	13,544	13,540
Income from discontinued operations	—	2,589
INCOME BEFORE INCOME TAX EXPENSE	$ 11,357	$ 123,377
Income tax (benefit)/expense	(9,956)	5,067
NET INCOME BEFORE UNDISTRIBUTED EARNINGS OF SUBSIDIARIES	$ 21,313	$ 118,310
Equity in loss of subsidiaries	(82,074)	(25,421)

NET (LOSS)/INCOME	(60,761)	92,889
Other comprehensive income/(loss):		
Foreign currency translation adjustment	7,763	(13,740)
TOTAL COMPREHENSIVE (LOSS)/INCOME	$ (52,998)	$ 79,149

The accompanying notes are an integral part of these condensed financial statements.

Schedule I

GAIN CAPITAL HOLDINGS, INC.
(Parent Company Only)
Condensed Statements of Cash Flows
(in thousands)

	Year Ended December 31,	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)/income	$ (60,761)	$ 92,889
Adjustments to reconcile net (loss)/income to cash provided by operating activities		
Equity in loss of subsidiaries	82,074	25,421
Gain on foreign currency exchange rates	—	(6)
Deferred tax benefit	(10,590)	(2,661)
Amortization of deferred financing costs	597	648
Non-Cash dividends received	—	(52,166)
Share-based compensation	563	955
Convertible senior notes discount amortization	5,902	5,590
Changes in operating assets and liabilities:		
Receivables from affiliates	4,000	(12,615)
Other assets	196	2,662
Income tax receivable	(1,326)	1,583
Accrued expenses and other liabilities	(680)	12
Payable to affiliates	2,346	10,145
Cash provided by operating activities	22,321	72,457
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in and funding of subsidiaries	(374)	12,608
Cash (used in)/provided by investing activities	(374)	12,608
CASH FLOWS FROM FINANCING ACTIVITIES:		
Maturity and repurchase of convertible notes	(1,299)	(6,350)
Proceeds from exercise of stock options	281	1,004
Proceeds from employee stock purchase plan	414	515
Purchase of treasury stock	(7,001)	(63,589)
Dividend payments	(8,970)	(10,276)
Cash used in financing activities	(16,575)	(78,696)
INCREASE IN CASH AND CASH EQUIVALENTS	5,372	6,369
CASH AND CASH EQUIVALENTS — Beginning of year	6,507	138
CASH AND CASH EQUIVALENTS — End of year	$ 11,879	$ 6,507
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest paid	$ 7,354	$ 7,525
Tax (payments)/refunds	$ (1,957)	$ 6,150

The accompanying notes are an integral part of these condensed financial statements.

SCHEDULE I —
GAIN CAPITAL HOLDINGS, INC.
(PARENT COMPANY ONLY)
NOTES TO CONDENSED FINANCIAL STATEMENTS

1. Basis of Presentation

Basis of Financial Information — The accompanying condensed financial statements of GAIN Capital Holdings, Inc. ("Parent Company"), including the notes thereto, should be read in conjunction with the consolidated financial statements of GAIN Capital Holdings, Inc. and Subsidiaries (the "Company") and the related notes.

The condensed financial statements are prepared in accordance with accounting principles generally accepted in the U.S. which require the Company or Parent Company to make estimates and assumptions regarding valuations of certain financial instruments and other matters that affect the Parent Company Financial Statements and related disclosures. Actual results could differ from these estimates.

The Company has several subsidiaries that are subjected to minimum net capital requirements as noted in Note 22 - Regulatory Requirements, in the accompanying consolidated financial statements. In accordance with SEC Rule § 210.12-04 Condensed financial information of registrant, the condensed financial information of the Parent Company is required to be presented when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. For purposes of the above test, restricted net assets of consolidated subsidiaries shall mean that amount of the registrant's proportionate share of net assets of consolidated subsidiaries (after intercompany eliminations) which as of the end of the most recent fiscal year may not be transferred to the Parent Company by subsidiaries in the form of loans, advances or cash dividends without the consent of a third party such as the primary regulators of the Company's operating subsidiaries.

The Parent Company on a stand-alone basis, has accounted for majority-owned subsidiaries using the equity method of accounting.

2. Transactions with Subsidiaries

The Parent Company has transactions with its subsidiaries determined on an agreed upon basis. Cash dividends from subsidiaries were $29.2 million and $94.3 million for the years ended December 31, 2019 and 2018, respectively.

3. Commitments and Contingencies

For a discussion of commitments and contingencies, please refer to Note 19 to the Company's consolidated financial statements.

ITEM 16. FORM 10-K SUMMARY

None.

Table of Contents

3. Exhibit Index

Exhibit No.	Description
2.1†	Asset Purchase Agreement dated as of April 20, 2011 by and among GAIN Capital Group, LLC and Deutsche Bank AG, acting through is London Branch (incorporated by reference to Exhibit 2.1 of the Registrant’s Form 10-Q for the quarter ended March 31, 2011, filed on May 16, 2011, No. 001-35008).
2.2	Stock Purchase Agreement, dated as of April 24, 2013, by and among GAIN Capital Holdings, Inc., Gary J. Tilkin and Global Futures & Forex, Ltd. (incorporated by reference to Exhibit 2.1 of the Registrant’s Form 10-Q for the quarter ended March 31, 2013, filed on May 10, 2013, No. 001-35008).
2.3	Amended and Restated Stock Purchase Agreement, dated as of September 24, 2013, by and among GAIN Capital Holdings, Inc., Gary J. Tilkin and Global Futures & Forex, Ltd. (incorporated by reference to Exhibit 2.1 to the Registrant’s Current Report on Form 8-K, filed on September 25, 2013, No. 001-35008).
2.4	Share Purchase Agreement, dated as of October 31, 2014, by and among GAIN Capital Holdings, Inc., City Index Group Limited, INCAP Gaming B.V. and IPGL Limited (incorporated by reference to Exhibit 2.1 of the Registrant’s Current Report on Form 8-K/A, filed on January 12, 2015, No. 001-35008).
2.5	Agreement and Plan of Merger by and among GAIN Capital Holdings, Inc., INTL FCStone Inc. and Golf Merger Sub I Inc., dated as of February 26, 2020 (incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K, filed on February 27, 2020, No. 001-35008).
3.1	Third Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.3 of the Registrant’s Registration Statement on Form S-1, as amended, No. 333-161632).
3.2	Certificate of Designation of Series A Participating Cumulative Preferred Stock of GAIN Capital Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant’s Current Report on Form 8-K, filed on April 10, 2013, No. 001-35008).
3.3	Amended and Restated By-laws (incorporated by reference to Exhibit 3.2 of the Registrant’s Registration Statement on Form S-1, as amended, No. 333-161632).
4.1	Specimen Certificate evidencing shares of common stock (incorporated by reference to Exhibit 4.1 of the Registrant’s Registration Statement on Form S-1, as amended, No. 333-161632).
4.2	Investor Rights Agreement, dated January 11, 2008, by and among the Company, the Investors and the Founding Stockholders, as defined therein (incorporated by reference to Exhibit 4.2 of the Registrant’s Registration Statement on Form S-1, as amended, No. 333-161632).
4.3	Amendment to Investor Rights Agreement, dated as of November 18, 2013, by and among the Company, the Investors named therein and the Founding Stockholder, as defined therein (incorporated by reference to Exhibit 4.3 of the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2013, as filed on March 17, 2014, No. 001-35008).
4.4	Rights Agreement, dated as of April 9, 2013, between GAIN Capital Holdings, Inc. and Broadridge Corporate Issuer Solutions, Inc., as Rights Agent (incorporated by reference to Exhibit 4.1 to the Registrant’s Current Report on Form 8-K, filed on April 10, 2013, No. 001-35008).

4.5	Amendment No. 1 to the Rights Agreement, dated as of April 8, 2016, between GAIN Capital Holdings, Inc. and Broadridge Corporate Issuer Solutions, Inc., as Rights Agent (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on April 11, 2016, No. 001-35008).
4.6	Indenture, dated as of November 27, 2013, between GAIN Capital Holdings, Inc. and The Bank of New York Mellon (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on November 27, 2013, No. 001-35008).
4.7	Indenture, dated as of April 1, 2015, between GAIN Capital Holdings, Inc. and The Bank of New York Mellon (incorporated by reference to Exhibit 4.11 of the Registrant's Registration Statement on Form S-3, as amended, No. 333-208175).
4.8	Indenture, dated as of August 22, 2017, between GAIN Capital Holdings, Inc. and The Bank of New York Mellon (incorporated by reference to exhibit 4.1 of the Registrant's Current Report on Form 8-K, filed on August 23, 2017, No. 001-35008).
4.9	Form of 5.00% Convertible Senior Notes due 2022 (included in Exhibit 4.7).
4.10	Amendment No. 2 to Rights Agreement by and between GAIN Capital Holdings, Inc. and Broadridge Corporate Issuer Solutions, Inc., dated as of April 8, 2019 (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K, filed on April 9, 2019, No. 001-35008).
4.11	Amendment No. 3 to Rights Agreement by and between GAIN Capital Holdings, Inc. and Broadridge Corporate Issuer Solutions, Inc., dated as of February 26, 2020 (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K, filed on February 27, 2020, No. 001-35008).
4.12*	Description of Securities.
10.1	2015 Omnibus Incentive Compensation Plan (incorporated by reference to Annex A of the Registrant's Definitive Proxy Statement on Schedule 14A, filed on October 15, 2015, No. 001-35008).**
10.2	2011 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.3 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632).**
10.3	Nonqualified Deferred Compensation Plan (incorporated by reference to Exhibit 10.3 of the Registrant's Form 10-K for the year ended December 31, 2010, filed on March 30, 2011, No. 001-35008).**
10.4	Form of Incentive Stock Option Agreement (incorporated by reference to Exhibit 10.4 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632). **
10.5	Form of Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10.5 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632). **
10.6	Form of Restricted Stock Agreement (incorporated by reference to Exhibit 10.6 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632). **
10.7	Form of Restricted Stock Unit Agreement (CEO - Performance Vesting) (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, filed November 6, 2018, No. 001-35008).**
10.8	Form of Restricted Stock Unit Agreement (CEO - Time Vesting) (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, filed November 6, 2018, No. 001-35008).**

10.9	Form of Restricted Stock Unit Agreement (Executive - Performance Vesting) (incorporated by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, filed November 6, 2018, No. 001-35008).**
10.10	Form of Restricted Stock Unit Agreement (Executive - Time Vesting) (incorporated by reference to Exhibit 10.4 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, filed November 6, 2018, No. 001-35008).**
10.11	Form of Restricted Stock Unit Agreement (Employee - Performance Vesting) (incorporated by reference to Exhibit 10.5 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, filed November 6, 2018, No. 001-35008).**
10.12	Form of Restricted Stock Unit Agreement (Employee - Time Vesting) (incorporated by reference to Exhibit 10.6 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, filed November 6, 2018, No. 001-35008).**
10.13	Form of Indemnification Agreement with the Company's Non-Employee Directors (incorporated by reference to Exhibit 10.10 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632).**
10.14†	FX Prime Brokerage Master Agreement, dated as of December 6, 2006, by and between GAIN Capital Group, LLC and The Royal Bank of Scotland, plc. (incorporated by reference to Exhibit 10.24 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632).
10.15†	FX Prime Brokerage Agreement, dated as of July 8, 2005, by and between UBS AG and GAIN Capital, Inc. (incorporated by reference to Exhibit 10.25 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632).
10.16†	Foreign Exchange Prime Brokerage Agency Agreement, dated as of July 12, 2006, by and between GAIN Capital Group, LLC and The Royal Bank of Scotland, plc. (incorporated by reference to Exhibit 10.26 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632).
10.17†	Foreign Exchange Prime Brokerage Agreement, dated October 18, 2005, by and between Deutsche Bank AG, London Branch and GCAM, LLC (incorporated by reference to Exhibit 10.27 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632).
10.18	Amendment to Foreign Exchange Prime Brokerage Agreement, dated January 26, 2006, by and between Deutsche Bank AG, London Branch and GCAM, LLC (incorporated by reference to Exhibit 10.28 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632).
10.19	Form of ISDA Master Agreement, 1992 edition (incorporated by reference to Exhibit 10.29 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632).
10.20	Form of Introducing Broker Agreement (incorporated by reference to Exhibit 10.30 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632).
10.21	Form of Agreement for White Label Services (incorporated by reference to Exhibit 10.31 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632).
10.22	Lease and Lease Agreement, dated August 18, 2009, by and between S/K Bed One Associates LLC and GAIN Capital Holdings, Inc. (incorporated by reference to Exhibit 10.37 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632).

10.23†	License Agreement, dated August 9, 2007, by and between GAIN Capital Group, LLC and MetaQuotes Software Corp. (incorporated by reference to Exhibit 10.43 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632).
10.24†	Agreement, dated November 22, 2004, by and between esignal, a division of Interactive Data Corporation, and GAIN Capital, Inc. (incorporated by reference to Exhibit 10.44 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632).
10.25	Form of ISDA Master Agreement, 2002 edition (incorporated by reference to Exhibit 10.49 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632).
10.26*	Executive Employment Agreement, dated October 22, 2018, by and between GAIN Capital Holdings, Inc. and Glenn Stevens.**
10.27*	Executive Employment Agreement, dated February 5, 2019, by and between GAIN Capital Holdings, Inc. and Samantha Roady.**
10.28*	Executive Employment Agreement, dated February 4, 2019, by and between GAIN Capital Holdings, Inc. and Diego Rotsztain .**
10.29	Service Agreement, dated as of March 9, 2011, by and between City Index Limited and Nigel Rose (incorporated by reference to Exhibit 10.31 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015, filed on March 17, 2016, No. 001-35008).**
10.30	Executive Employment Agreement, dated November 7, 2017, by and between GAIN Capital UK Ltd. and Alastair Hine (incorporated by reference to Exhibit 10.45 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2017, filed on March 14, 2018, No. 001-35008). **
10.31	Asset Purchase Agreement, dated as of October 5, 2010, by and among GAIN Capital Group, LLC, GAIN Capital-Forex.com U.K., and GAIN Capital Forex.com Japan, Co. Ltd., and Capital Market Services, LLC, Capital Market Services UK Ltd., Capital Market Services International - BM, Ltd., and CMS Japan K.K. (incorporated by reference to Exhibit 10.64 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632).
10.32	Amendment No. 1 to Asset Purchase Agreement, dated as of November 23, 2010, by and among GAIN Capital Group, LLC, GAIN Capital-Forex.com U.K., and GAIN Capital Forex.com Japan, Co. Ltd., and Capital Market Services, LLC, Capital Market Services UK Ltd., Capital Market Services International - BM, Ltd., and CMS Japan K.K. (incorporated by reference to Exhibit 10.65 of the Registrant's Registration Statement on Form S-1, as amended, No. 333-161632).
10.33	Stock Purchase Agreement between optionsXpress Holdings, Inc. and GAIN Capital Group, LLC dated as of June 27, 2012 (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, filed August 9, 2012, No. 001-35008).
10.34	Stockholders' Agreement, dated as of April 24, 2013, by and among GAIN Capital Holdings, Inc. and Gary J. Tilkin (incorporated by reference to Exhibit 10.1 of the Registrant's Form 10-Q for the quarter ended March 31, 2013, filed on May 10, 2013, No. 001-35008).
10.35	Amended and Restated Stockholders' Agreement, dated as of September 24, 2013, by and between GAIN Capital Holdings, Inc. and Gary J. Tilkin (incorporated by reference to Exhibit 10.1 of the Registrant's Form 10-Q for the quarter ended September 30, 2013, filed on November 12, 2013, No. 001-35008).

10.36	Membership Interest Purchase Agreement, dated as of March 7, 2014, by and among GAIN Capital Holdings, Inc., Global Asset Advisors, LLC, Lucky Good Dog, L.L.C., Glenn A. Swanson and Andrew W. Daniels (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, filed on May 12, 2014, No. 001-35008).
10.37	Membership Interest Purchase Agreement, dated as of March 7, 2014, by and among GAIN Capital Holdings, Inc., Top Third Ag Marketing LLC, Global Asset Advisors, LLC, Lucky Good Dog, L.L.C., Glenn A. Swanson and Mark Gold (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, filed on May 12, 2014, No. 001-35008).
10.38	Asset Purchase Agreement, dated as of July 10, 2014, between GAIN GTX Bermuda, Ltd., GAIN Capital Holdings, Inc. and Valaquenta Intellectual Properties Limited (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed on November 11, 2014, No. 001-35008).
10.39	Asset Purchase Agreement, dated as of July 10, 2014, between GAIN GTX Bermuda, Ltd., GAIN Capital Holdings, Inc. and Forexster Limited (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed on November 11, 2014, No. 001-35008).
10.40	Stockholders' Agreement, effective as of October 31, 2014, among GAIN Capital Holdings, Inc., City Index Group Limited and the other parties identified as "Stockholders" therein (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K/A, filed on January 12, 2015, No. 001-35008).
10.41	Form of Registration Rights Agreement among GAIN Capital Holdings, Inc., City Index Group Limited, INCAP Gaming B.V. and the other parties identified as "Investors" therein (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K/A, filed on January 12, 2015, No. 001-35008).
10.42	Letter Agreement, dated as of December 10, 2014, by and among GAIN Capital Holdings, Inc., VantagePoint Venture Partners IV (Q), L.P., VantagePoint Venture Partners IV, L.P., VantagePoint Venture Partners IV Principals Fund, L.P. and VP New York Venture Partners, L.P.
10.43	Asset Purchase Agreement, dated as of February 7, 2017, by and between GAIN Capital Group, LLC and Forex Capital Markets L.L.C. (incorporated by reference to Exhibit 10.1 of the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed on May 10, 2017, No. 001-35008)
10.44	Asset Purchase Agreement, dated as of May 29, 2018, between 360tGTX, Inc. and GAIN Capital Holdings, Inc. (incorporated by reference to Exhibit 10.1 of the Registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, filed on August 9, 2018, No. 001-35008)
10.45	Credit Facility, dated as of August 2, 2017, by and among GAIN Capital Holdings, Inc., Barclays Bank PLC, Sterling National Bank and the lenders set forth therein (incorporated by reference to Exhibit 10.1 of the Registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed on August 8, 2017, No. 001-35008).
21.1*	Subsidiaries of the Registrant.
23.1*	Consent of BDO LLP
23.2*	Consent of KPMG LLP

31.1*	Certification of Chief Executive Officer pursuant to rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Chief Financial Officer pursuant to rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
32.1*	Certification of Chief Executive Officer as required by section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer as required by section 906 of the Sarbanes-Oxley Act of 2002.
101.INS+	XBRL Instance
101.SCH+	XBRL Taxonomy Extension Schema
101.CAL+	XBRL Taxonomy Extension Calculation
101.DEF+	XBRL Taxonomy Extension Definition
101.LAB+	XBRL Taxonomy Extension Labels
101.PRE+	XBRL Taxonomy Extension Presentation

* Filed herewith.

** Compensation related contract.

† Confidential treatment requested. Confidential materials omitted and filed separately with the Securities and Exchange Commission.

\+ XBRL (Extensible Business Reporting Language) information is furnished and not filed, and is not a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 16th day of March, 2020.

GAIN CAPITAL HOLDINGS, INC.

By: /s/ Glenn H. Stevens

Glenn H. Stevens

President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Signature	Title	Date
/s/ Glenn H. Stevens Glenn H. Stevens	President, Chief Executive Officer and Director (Principal Executive Officer)	March 16, 2020
/s/ Nigel Rose Nigel Rose	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 16, 2020
/s/ Joseph A. Schenk Joseph A. Schenk	Chairman of the Board of Directors	March 16, 2020
/s/ Peter Quick Peter Quick	Director	March 16, 2020
/s/ Christopher W. Calhoun Christopher W. Calhoun	Director	March 16, 2020
/s/ Thomas Bevilacqua Thomas Bevilacqua	Director	March 16, 2020
/s/ Christopher S. Sugden Christopher S. Sugden	Director	March 16, 2020
/s/ John Douglas Rhoten John Douglas Rhoten	Director	March 16, 2020
/s/ Alex Goor Alex Goor	Director	March 16, 2020

Exhibit 4.12

DESCRIPTION OF SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF
THE SECURITIES EXCHANGE ACT OF 1934

The following summary describes the common stock, par value $0.00001 per share, of GAIN Capital Holdings, Inc. (the "Company," "we," "us" and "our"), which is the only class of securities of the Company registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.

The following description of our common stock is based upon our amended and restated certificate of incorporation ("certificate of incorporation"), our amended and restated by-laws ("by-laws") and applicable provisions of law. We have summarized certain portions of our certificate of incorporation and by-laws below. The summary is not complete. Our certificate of incorporation and by-laws have been incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit 4.12 is a part. You should read our certificate of incorporation and by-laws for the provisions that are important to you.

Certain provisions of the Delaware General Corporation Law, our certificate of incorporation and our by-laws may have an anti-takeover effect. This may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in its best interests, including those attempts that might result in a premium over the market price for shares of our common stock.

General

Our authorized capital stock consists of 120,000,000 shares of common stock, par value $0.00001 per share, and 15,000,000 shares of preferred stock, par value $0.00001 per share. The following description of our common stock and the provisions of our certificate of incorporation and by-laws are summaries and are qualified by reference to our certificate of incorporation and by-laws.

Common Stock

The holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders. The holders of common stock are entitled to receive ratably those dividends, if any, that may be declared from time to time by our Board out of funds legally available, subject to preferences that may be applicable to preferred stock, if any, then outstanding. In the event of a liquidation, dissolution or winding up of our company, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding. The common stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are fully paid and non-assessable.

Preferred Stock

The Board is authorized to issue preferred stock in one or more series, to establish the number of shares to be included in each such series and to fix the designation, powers, preferences and rights of these shares and any qualifications, limitations or restrictions thereof. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of the Company without further action by the stockholders and may adversely affect the voting and other rights of the holders of common stock. The issuance of preferred stock with voting and conversion rights may adversely affect the voting power of the holders of common stock, including the loss of voting control to others.

Anti-Takeover Provisions

Some provisions of Delaware law and our certificate of incorporation and by-laws could make the following transactions more difficult:

- Acquisition of the Company by means of a tender offer, a proxy contest or otherwise; and
- Removal of our incumbent officers and directors.

These provisions, summarized below, are expected to discourage and prevent coercive takeover practices and inadequate takeover bids. These provisions are designed to encourage persons seeking to acquire control of the Company to negotiate first with the Board. They are also intended to provide our management with the flexibility to enhance the likelihood of continuity and stability if the Board determines that a takeover is not in the best interests of our stockholders. These provisions, however, could have the effect of discouraging attempts to acquire us, which could deprive our stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices. We believe that the benefits of these provisions, including increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure the Company, outweigh the disadvantages of discouraging takeover proposals, because negotiation of takeover proposals could result in an improvement of their terms.

Election and Removal of Directors. Our certificate of incorporation and by-laws contain provisions that establish specific procedures for appointing and removing members of the Board. Under our certificate of incorporation and by-laws, the Board consists of three classes of directors: Class I, Class II and Class III. A nominee for director shall be elected to the Board if the votes cast for such nominee's election exceed the votes cast against such nominee's election; provided, however, under certain circumstances, directors shall be elected by a plurality of the votes cast at any meeting of stockholders. Each director will serve a three-year term and will stand for election upon the third anniversary of the annual meeting at which such director was elected. In addition, our certificate of incorporation and by-laws provide that vacancies and newly created directorships on the Board may be filled only by a majority of the directors then serving on the Board, except as otherwise required by law or by resolution of the Board. Directors may be removed by the stockholders only for cause and only by the affirmative vote of the holders of at least two-thirds of the voting power of all of the then-outstanding shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class.

Special Stockholder Meetings. Under our certificate of incorporation and by-laws, only the Board, the Chairman of the Board, the President and the Chief Executive Officer may call special meetings of stockholders.

Requirements for Advance Notification of Stockholder Nominations and Proposals. Our by-laws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the Board or a committee of the Board.

Delaware Anti-Takeover Law. We are subject to Section 203 of the Delaware General Corporation Law, which is an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date that the person became an interested stockholder, unless the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a business combination includes a merger, asset or stock sale, or another transaction resulting in a financial benefit to the interested stockholder. Generally, an interested stockholder is a person who, together with affiliates and associates, owns 15% or more of the corporation's voting stock. The existence of this provision may have an anti-takeover effect with respect to transactions that are not approved in advance by the Board, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

Elimination of Stockholder Action by Written Consent. Our certificate of incorporation and by-laws eliminate the right of stockholders to act by written consent without a meeting.

No Cumulative Voting. Under Delaware law, cumulative voting for the election of directors is not permitted unless a corporation's certificate of incorporation authorizes cumulative voting. Our certificate of incorporation does not provide for cumulative voting in the election of directors. Cumulative voting allows a minority stockholder to vote a portion or all of its shares for one or more candidates for seats on the Board. Without cumulative voting, a minority stockholder will not be able to gain as many seats on the Board based on the number of shares of our stock the stockholder holds as the stockholder would be able to gain if cumulative voting were permitted. The absence of cumulative voting makes it more difficult for a minority stockholder to gain a seat on the Board to influence its decision regarding a takeover.

Undesignated Preferred Stock. The authorization of undesignated preferred stock makes it possible for the Board to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of our company.

Stockholder Rights Plan. We have adopted a stockholder rights plan, commonly referred to as a poison pill. The stockholder rights plan is designed to reduce the likelihood that a potential acquirer would gain control of the Company by open market accumulation or other tactics without paying an appropriate premium for all of the Company's shares. Under the plan, each share of our common stock issued before the occurrence of the events referred to in the next sentence is accompanied by the right described in the next sentence. Each right entitles stockholders to buy, upon occurrence of certain events, one one-hundredth of a share of a new series of participating preferred stock at an exercise price of $28.00. The rights generally will be exercisable only if a person or group acquires beneficial ownership of 15% or more of our common stock, or commences a tender or exchange offer that, upon consummation, would result in a person or group owning 15% or more of our common stock, subject to certain exceptions. Under certain circumstances the rights are redeemable at a price of $0.01 per right. Unless earlier exchanged, redeemed, amended or exercised, the rights will expire on the earlier of (i) April 9, 2022 or (ii) immediately prior to the consummation of the Merger contemplated by the Agreement and Plan of Merger, dated February 26, 2020, by and among the Company, INTL FCStone Inc. ("INTL") and Golf Merger Sub I Inc., a wholly owned subsidiary of INTL.

Amendment of Certificate of Incorporation Provisions. The amendment of certain of the above provisions in our certificate of incorporation and by-laws requires approval by holders of at least two-thirds of our outstanding capital stock entitled to vote generally in the election of directors.

These and other provisions could have the effect of discouraging others from attempting hostile takeovers, and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders might otherwise deem to be in their best interests.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Broadridge Corporate Issuer Solutions, Inc.

New York Stock Exchange Listing

Our common stock is traded on the New York Stock Exchange under the symbol "GCAP."

Exhibit 10.26

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "**Agreement**") is entered into as of October 22, 2018 (the "**Effective Date**") and is by and between GAIN Capital Holdings, Inc., a corporation organized under the laws of Delaware (the "**Company**") and Glenn H. Stevens (the "**Executive**").

WHEREAS, the Executive and the Company previously entered into an employment agreement, as amended from time to time, dated May 5, 2015 (the "**Original Effective Date**"); and

WHEREAS, the parties desire to amend and restate the employment agreement on the terms and conditions set forth herein.

The parties hereto, intending to be legally bound, hereby agree as follows:

1. *Employment Term*. The Company hereby agrees to continue to employ the Executive and the Executive hereby agrees to continue such employment, as the Chief Executive Officer for the Company from the Effective Date and continuing through the third anniversary of the Effective Date, unless terminated sooner pursuant to Section 8 hereof; *provided* that, on the third anniversary of the Effective Date and each annual anniversary thereafter (such date and each annual anniversary thereof, a "**Renewal Date**"), this Agreement shall automatically extend, upon the same terms and conditions, for successive periods of one year, unless either party provides written notice of his or its intention not to extend the term of the Agreement at least 90 days prior to the applicable Renewal Date. The period during which the Executive is employed by the Company pursuant to the terms of this Agreement is referred to as the "**Term**".

2. *Representations and Warranties*. The Executive represents that the Executive is entering into this Agreement voluntarily and that Executive's employment hereunder and his compliance with the terms and conditions of this Agreement will not conflict with or result in the breach of any agreement to which the Executive is a party or by which the Executive may be bound, or any legal duty that the Executive owes or may owe to another.

3. *Duties and Extent of Services*.

(a) During the Term, the Executive shall serve as the Chief Executive Officer of the Company and, as such, the Executive shall serve as the chief executive officer of the Company and all of its subsidiaries, with such duties, responsibilities and authority as are consistent with such position, subject to the oversight of the Board of Directors of the Company (the "**Board**"), and shall so serve faithfully and to the best of the Executive's ability under the direction and supervision of the Board. As an executive officer of the Company, the Executive shall be entitled to all of the benefits and protections to which all officers of the Company are entitled pursuant to the Company's Amended and Restated Certificate of Incorporation, which shall include, but not be limited to, the rights of indemnification set forth in such Amended and Restated Certificate of Incorporation, and coverage under the Company's directors' and officers' liability insurance, as are in effect from time to time.

(b) During the Term, the Executive agrees to devote substantially his full business time, attention, and energies to the Company's business and shall not be engaged in any other business activity, whether or not such business activity is pursued for gain, profit or other pecuniary advantage; *provided*, that subject to the Executive's compliance with Sections 14, 15 and 16 herein, the Executive may serve in charitable and civic positions and serve on corporate boards and committees of for-profit companies, in each case with the prior consent of the Board, which consent shall not be unreasonably withheld. The Executive covenants, warrants and represents that he shall devote his full and best efforts to the fulfillment of his employment obligations, and he shall exercise the highest degree of loyalty and the highest standards of conduct in the performance of his duties.

4. *Compensation*.

(a) *Base Salary*. The Company shall pay the Executive an annualized base salary (the "**Base Salary**") to be determined by the Board's Compensation Committee (the "**Compensation Committee**"), subject to the terms of this Section 4(a) and this Agreement. The Executive's Base Salary as of the Effective Date is $650,000. The Executive's Base Salary shall be reviewed periodically by the Compensation Committee and, in the sole discretion of the Compensation Committee, the Base Salary may be increased (but not decreased) effective as of any date determined by the Compensation Committee. The Executive's Base Salary shall be paid in equal installments in accordance with the Company's standard policy regarding payment of compensation to employees, which policy is as of the Effective Date to make payments two times a month. The Executive shall not receive any additional compensation from any subsidiary of the Company.

(b) *Bonus*. During the Executive's employment under this Agreement, the Company shall cause the Executive to be eligible to participate in each bonus or incentive compensation plan, program or policy maintained by the Company from time to time, in whole or in part, for the executive officers of the Company (each, an "**Incentive Compensation Plan**" and payments thereunder, "**Incentive Compensation**"). The Executive's target and maximum compensation under, and his performance goals and other terms of participation in, each Incentive Compensation Plan shall be determined by the Compensation Committee in its sole discretion. Subject to the provisions of Section 9 and Section 10 herein, any such Incentive Compensation is not guaranteed and is contingent upon the Executive and the Company achieving established deliverables or other goals. Subject to the provisions of Section 9 and Section 10 herein, any such Incentive Compensation shall not be considered "earned" by the Executive until the Company has allocated payment to be made to the Executive for any performance period. Payment under any such Incentive Compensation Plan shall be made, if at all, after the close of the relevant performance period and by no later than March 15th of the year after the year in which the performance period ends. Notwithstanding anything herein to the contrary, to the extent permitted or required by governing law, the Compensation Committee shall have discretion to adjust Executive's compensation for the following year to account for, or to require the Executive to repay to the Company, the amount of any Incentive Compensation to the extent the Compensation Committee or the Board determines that such Incentive Compensation was not actually earned by the Executive due to (i) the amount of such payment being based on the achievement of financial results that were subsequently the subject of a material accounting restatement that occurs within three years of such payment (except in the case of a restatement due to a change in accounting policy or simple error); (ii) the Executive having engaged in fraud, gross negligence or intentional misconduct; or (iii) the Executive having deliberately misled the market or the Company's stockholders regarding the Company's financial performance.

(c) *Equity*. During the Term, the Executive will be eligible to participate in all long-term equity incentive programs made available to other executive officers and that are established by the Company for its employees, including the 2015 Omnibus Incentive Compensation Plan (or a successor thereto), at levels determined by the Compensation Committee in its sole discretion commensurate with the Executive's position. All equity grants made to the Executive will vest in accordance with a vesting schedule that is consistent with other grants under the 2015 Omnibus Incentive Compensation Plan (or successor plan) and will be subject in all respects to the terms of the 2015 Omnibus Incentive Compensation Plan (or successor plan) and the agreement evidencing such grant. Notwithstanding any provision to the contrary in any applicable grant agreement or the Company's 2015 Omnibus Incentive Compensation Plan (or a successor plan), on a termination of the Executive's employment by the Company without Cause, by the Executive for Good Reason or due to death or Disability whether or not in connection with a Change in Control, all shares subject to Company equity grants (including without limitation stock options, stock units and stock awards), whether granted before or after the Effective Date, shall immediately vest in full and/or become immediately exercisable or payable on the date of termination of Executive's employment and, with respect to any such equity grants that vest in whole or in part based on the satisfaction of performance-based or market-based conditions, such equity grants will vest with such conditions deemed to have been satisfied based on achievement of such conditions as follows:

(i) If such termination of the Executive's employment is the result of termination by the Company without Cause or by the Executive for Good Reason other than in connection with or after a Change in Control, or due to the Executive's death or Disability, then:

(A) if such termination occurs prior to the end of the applicable measurement period for such performance-based or market-based conditions, such conditions will be deemed to have been satisfied based on achievement of 100% of target performance; and

(B) if such termination occurs after the end of the applicable measurement period for such performance-based or market-based conditions, such conditions will be deemed to have been satisfied based on the Company's actual performance relative to such conditions.

(ii) If such termination of the Executive's employment is the result of termination by the Company without Cause or by the Executive for Good Reason in connection with or after a Change in Control, then:

(A) if the Change in Control and such termination each occur prior to the end of the applicable measurement period for such performance-based or market-based conditions, such conditions will be deemed to have been satisfied based on achievement of 100% of target performance; and

(B) if the Change of Control occurs prior to the end of the applicable performance measurement period for such performance-based or market-based conditions and the termination occurs after the end of such measurement period, such conditions will be deemed to have been satisfied based on the greater of (1) the achievement of 100% of target performance or

(2) the Company’s actual performance relative to such conditions; and

(C) if the Change in Control and such termination each occur

after the end of the applicable measurement period for such performance-based or market-based conditions, such conditions will be deemed to have been satisfied based on the Company’s actual performance relative to such conditions.

5. *Benefits*. During the Term, the Executive shall be entitled to participate in any and all benefit programs and arrangements generally made available by the Company to executive officers, including, but not limited to, pension plans, contributory and noncontributory welfare and benefit plans, disability plans and medical, death benefit and life insurance plans for which the Executive may be eligible during the Term. Furthermore, the Executive shall be permitted that number of days of paid time off (“**PTO**”) during each calendar year as, consistent with Company policy, are provided to similarly situated employees; however, in no event shall the Executive receive fewer than six weeks of PTO (30 business days). PTO may be used for vacation, professional enrichment and education. Unused PTO shall accrue from one calendar year to another consistent with Company policy.

6. *Expenses*. During the Executive’s employment, the Executive will be reimbursed for travel, entertainment and other out-of-pocket expenses reasonably incurred by the Executive on behalf of the Company in the performance of the Executive’s duties hereunder, so long as (i) such expenses are consistent with the type and amount of expenses that customarily would be incurred by similarly situated corporate executives in the United States; and (ii) the Executive timely provides copies of receipts for expenses in accordance with Company policy.

7. *Company Policy*.

(a) The Executive acknowledges that the Executive is subject

to insider information policies designed to preclude the Company’s employees from violating the federal securities laws by trading on material, nonpublic information or passing such information on to others in breach of any duty owed to the Company or any third party. The Executive shall promptly execute any agreements generally distributed by the Company or to its employees requiring employees to abide by the Company’s insider information policies.

(b) The Executive has the right under federal law to certain protections for cooperating with or reporting legal violations to the Securities and Exchange Commission (the "**SEC**") and/or its Office of the Whistleblower, as well as certain other governmental entities and self-regulatory organizations. As such, nothing in this Agreement or otherwise is intended to prohibit the Executive from disclosing this Agreement to, or from cooperating with or reporting violations to, the SEC or any other such governmental entity or selfregulatory organization, and the Executive may do so without notifying the Company. The Company may not retaliate against the Executive for any of these activities, and nothing in this Agreement or otherwise would require the Executive to waive any monetary award or other payment that the Executive might become entitled to from the SEC or any other governmental entity. Further, nothing in this Agreement or otherwise precludes the Executive from filing a charge of discrimination with the Equal Employment Opportunity Commission or a like charge or complaint with a state or local fair employment practice agency. However, once this Agreement becomes effective, the Executive may not receive a monetary award or any other form of personal relief in connection with any such charge or complaint that the Executive filed or is filed on the Executive's behalf.

(c) Notwithstanding any other provision of this Agreement, as provided for in the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)):

(i) The Executive will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that:

(A) is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or

(B) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

(ii) Without limiting the forgoing, if the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose the Company's trade secrets to the Executive’s attorney and use the trade secret information in the court proceeding if the Executive:

(A) files any document containing the trade secret under seal; and

(B) does not disclose the trade secret, except pursuant to court order.

8. *Termination*.

(a) *Disability*. In accordance with applicable law, the Company may terminate the Executive’s employment at any time after the Executive becomes Disabled. As used herein, “**Disabled**” means the incapacity of the Executive, on more than 75% of the standard business days (Monday through Friday) over any six-month period, due to injury, illness, disease or bodily or mental infirmity, to engage in the performance of all of the essential functions of his position, in spite of any reasonable accommodation.

(b) *Death*. The Executive’s employment with the Company will terminate upon the death of the Executive.

(c) *Termination with Cause*. The Company may terminate the Executive’s employment at any time for Cause by providing written notice of such termination to the Executive. As used herein, “**Cause**” means any of the following, as determined by the Board:

(i) the Executive’s material breach of this Agreement;

(ii) the Executive’s gross negligence (other than as a result of disability or occurring after the Executive’s provision of notice in connection with a resignation for Good Reason) or willful misconduct in carrying out his duties hereunder, resulting in harm to the Company;

(iii) the Executive’s material breach of any of his fiduciary obligations as an officer of the Company;

(iv) any conviction by a court of law of, or entry of a pleading of guilty or nolo contendere by the Executive with respect to, a felony or any other crime for which fraud or dishonesty is a material element, excluding traffic violations; or

(v) the Executive willfully or recklessly engages in conduct which is materially injurious to the Company, monetarily or otherwise.

For purposes of determining Cause, no act or omission by the Executive shall be considered “willful” unless it is done or omitted in bad faith or without reasonable belief that the Executive’s action or omission was in the best interests of the Company. Any act or failure to act based upon: (a) authority given pursuant to a resolution duly adopted by the Board or (b) advice of counsel for the Company, shall be conclusively presumed to be done or omitted to be done by the Executive in good faith and in the best interests of the Company. In addition, as to subsections (i)-(iii) above, if the action or inaction in question is susceptible of a cure, then no finding of Cause shall occur prior to written notice to the Executive setting forth in reasonable detail the action or inaction at issue, and the Executive’s failure to cure such condition following a cure period of no less than fifteen days.

(d) *Termination Without Cause*. The Company, at the direction of the Board, may terminate the Executive’s employment without Cause at any time upon no less than ninety days’ prior written notice or ninety days’ compensation and benefits pursuant to Section 4 and Section 5, respectively, in lieu of notice.

(e) *Resignation for Good Reason*. The Executive may resign from his employment with the Company for Good Reason by providing written notice to the Board that an event constituting Good Reason has occurred and the Executive desires to resign from his employment with the Company as a result. Other than following a Change in Control, such notice must be provided to the Board by the Executive within 60 days following the initial occurrence of the event constituting Good Reason. For the avoidance of doubt, following a Change in Control, notice from the Executive to the Board that an event constituting Good Reason has occurred may be provided by the Executive at any time during the 18-month period following the Change in Control that is referred to in Section 10(a) below. After receipt of such written notice, the Board shall have a period of 30 days to cure such event; *provided*, *however*, the Board, may, at its sole option, determine not to cure such event and accept the Executive’s resignation, effective 30 days following the Board’s receipt of the Executive’s notice that an event constituting Good Reason has occurred. If, in the reasonable judgment of the Executive, the Board does not cure the event constituting

Good Reason within the requisite 30-day period, the Executive's employment with the Company shall terminate on account of Good Reason 30 days following the expiration of the Board's cure period, unless the Board determines to terminate the Executive's employment prior to such date. As used herein, "**Good Reason**" means that, without the Executive's consent, any of the following has occurred:

(i) a material diminution in the Executive's authority, duties, responsibilities or job title;

(ii) a diminution in the Executive's Base Salary; *provided*, *however*, that following the occurrence of a Change in Control, a diminution in total target compensation opportunity (including a diminution in target Incentive Compensation or a diminution in annual equity grants, in each case as compared to the corresponding amounts for the fiscal year that immediately precedes the fiscal year in which an event of Good Reason has occurred, as set forth in a notice to the Board pursuant to Section 8(e)), shall also constitute "Good Reason";

(iii) a relocation of the Company's principal offices in Bedminster, New Jersey, or of the Executive's principal office (if different), to a location that is not within the New York metropolitan area; or

(iv) any action or inaction by the Company that constitutes a material breach by the Company of its obligations under this Agreement.

(f) *Resignation without Good Reason*. The Executive may resign from his employment with the Company without Good Reason (as that term is defined in Section 8(e)) at any time upon no less than 90 days' prior written notice to the Board. Upon such notice of resignation, the Company may, at its sole option, accept the Executive's resignation effective as of a date prior to the resignation date specified in the notice, and in such event, the earlier date will be the effective date of termination of the Executive's employment for all purposes hereunder.

9. *Compensation Upon Termination Other than in Connection with a Change in Control*.

(a) *Disability*. Upon termination of employment pursuant to Section 8(a), the Executive will receive any Base Salary accrued and unpaid as of such date as well as any accrued but unused PTO and appropriate expense reimbursements. Such amounts will be paid as soon as practicable after the termination of employment. With respect to Incentive Compensation, notwithstanding any eligibility requirement that the Executive must be employed by the Company as of the date on which the Incentive Compensation is paid (A) for any unpaid Incentive Compensation relating to the fiscal year prior to the fiscal year in which the Executive's employment is terminated (the "**Termination Year**"), in accordance with Section 4(b), the Executive will receive any accrued and unpaid Incentive Compensation for which he is eligible for such prior fiscal year (which amount shall be equal to the actual Incentive Compensation achieved for such fiscal year), with such amount to be paid in a lump sum as soon as practicable after the termination of employment, but not later than 30 days following the date of the Executive's termination of employment and (B) with respect to Incentive Compensation for the Termination Year, the Executive will be eligible to receive Incentive Compensation calculated as follows: (X) the Pro Rata Ratio (as defined below) times (Y) the sum of (i) for the portion of the Incentive Compensation that would be calculated based on the Company's achievement of operating metrics (such as, without limitation, revenue and EBITDA targets), an amount for such portion of the Executive's Incentive Compensation derived from the Company's achievement of operating metrics calculated based on the actual operating performance of the Company during the full calendar months in which the Executive remained employed extrapolated on a linear basis for the full fiscal year (assuming, however, for these purposes, 100% achievement of any applicable operating metrics relating to the performance of the Company's common stock price), *plus* (ii) for the portion of the Incentive Compensation that would be calculated based on the Executive's achievement of personal objectives, an amount for such portion of the Executive's Incentive Compensation calculated based on the assumed achievement by the Executive of 100% of the Executive's personal objectives, with such Incentive Compensation being paid in a lump sum at the time that the Incentive Compensation is payable to other executives (it being understood that if the Executive's target Incentive Compensation has not been determined for the Termination Year, the target Incentive Compensation used to calculate the amount payable to the Executive pursuant to this Section 9(a) will be equal to the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year). In addition, the Company will also pay to the Executive an amount equal to 24 months of the Executive's monthly Base

Salary, which shall be paid to the Executive in accordance with the Company's normal payroll practices in equal installments over the 12-month period following the Executive's last day of employment but not later than 60 days following the date of Executive's last day of employment with the Company. The Executive's Company equity grants (including without limitation stock options, stock units and stock awards) that are outstanding immediately prior to the Executive's termination of employment shall be treated in accordance with Section 4(c). The Company shall have no further obligations under this Agreement to the Executive. As used herein, the "**Pro Rata Ratio**" shall mean the number of full calendar months in which the Executive was employed during the Termination Year divided by 12.

(b) *Death*. In the event of the Executive's death, the Executive's estate will receive any Base Salary accrued and unpaid as of such date as well as any accrued but unused PTO and appropriate expense reimbursements. Such amounts will be paid as soon as practicable after the termination of employment. With respect to Incentive Compensation, notwithstanding any eligibility requirement that the Executive must be employed by the Company as of the date on which the Incentive Compensation is paid (A) for any unpaid Incentive Compensation relating to the fiscal year prior to the Termination Year, in accordance with Section 4(b), the Executive's estate will receive any accrued and unpaid Incentive Compensation for which he is eligible for such prior fiscal year (which amount shall be equal to the actual Incentive Compensation achieved for such fiscal year), with such amount to be paid in a lump sum as soon as practicable after the termination of employment, but not later than 30 days following the date of the Executive's termination of employment and (B) with respect to Incentive Compensation for the Termination Year, the Executive's estate will be eligible to receive Incentive Compensation calculated as follows: (X) the Pro Rata Ratio times (Y) the sum of (i) for the portion of the Incentive Compensation that would be calculated based on the Company's achievement of operating metrics (such as, without limitation, revenue and EBITDA targets), an amount for such portion of the Executive's Incentive Compensation derived from the Company's achievement of operating metrics calculated based on the actual operating performance of the Company during the full calendar months in which the Executive remained employed extrapolated on a linear basis for the full fiscal year (assuming, however, for these purposes, 100% achievement of any applicable operating metrics relating to the performance of the Company's common stock price), *plus* (ii) for the portion of the Incentive Compensation that would be calculated based on the Executive's achievement of personal objectives, an amount for such portion of the Executive's Incentive Compensation calculated based on the assumed achievement by the Executive of 100% of the Executive's personal objectives, with such Incentive Compensation being paid in a lump sum at the time that the Incentive Compensation is payable to other executives (it being understood that if the Executive's target Incentive Compensation has not been determined for the Termination Year, the target Incentive Compensation used to calculate the amount payable to the Executive pursuant to this Section 9(b) will be equal to the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year). In addition, the Company will also pay to the Executive's estate in a lump sum not later than 30 days following the Executive's last day of employment an amount equal to 24 months of the Executive's monthly Base Salary. The Executive's Company equity grants (including without limitation stock options, stock units and stock awards) that are outstanding immediately prior to the Executive's death shall be treated in accordance with Section 4(c). The Company shall have no further obligations under this Agreement to the Executive's estate.

(c) *Termination without Cause or Resignation with Good Reason Other than in Connection with a Change in Control*. If, other than in connection with a Change in Control as defined in Section 10, the Company terminates the Executive's employment without Cause pursuant to Section 8(d) or if the Executive resigns for Good Reason pursuant to Section 8(e), the Company will pay the Executive his Base Salary accrued and unpaid as of the date of termination of employment, as well as any accrued but unused PTO and appropriate expense reimbursements. Such amounts will be paid as soon as practicable after the termination of employment. In addition, subject to the Executive's execution and nonrevocation of the general release of claims described in Section 11 below, as well as the Executive's compliance with the restrictive covenants set forth in Sections 13 through 16 below, the Company will also pay and/or provide to the Executive the following:

(i) severance in an amount equal to 24 months of the Executive's monthly Base Salary (the "**Severance Amount**"), which shall be paid to the Executive in accordance with the Company's normal payroll practices in equal installments over the 24-month period following Executive's last day of employment and which shall commence as soon as administratively practicable following the expiration of the revocation period for the general release, but not later than 60 days following the date of Executive's last day of employment with the Company;

(ii) in accordance with Section 4(b), the Executive will receive any accrued and unpaid Incentive Compensation, for which he is eligible for the fiscal year prior to such termination (which amount shall be equal to the actual Incentive Compensation achieved for such fiscal year), with such amount to be paid in a lump sum as soon as practicable after the termination of employment, but not later than 30 days following the date of the Executive's termination of employment;

(iii) notwithstanding any eligibility requirement that the Executive must be employed by the Company as of the date on which the Incentive Compensation is paid, if the Executive's employment is terminated before such date in accordance with Section 8(d) or 8(e), the Executive will be eligible to receive Incentive Compensation calculated as follows: (X) the Pro Rata Ratio times (Y) the sum of (i) for the portion of the Incentive Compensation that would be calculated based on the Company's achievement of operating metrics (such as, without limitation, revenue and EBITDA targets), an amount for such portion of the Executive's Incentive Compensation derived from the Company's achievement of operating metrics calculated based on the actual operating performance of the Company during the full calendar months in which the Executive remained employed extrapolated on a linear basis for the full fiscal year (assuming, however, for these purposes, 100% achievement of any applicable operating metrics relating to the performance of the Company's common stock price), *plus* (ii) for the portion of the Incentive Compensation that would be calculated based on the Executive's achievement of personal objectives, an amount for such portion of the Executive's Incentive Compensation calculated based on the assumed achievement by the Executive of 100% of the Executive's personal objectives, with such Incentive Compensation being paid in a lump sum at the time that the Incentive Compensation is payable to other executives (it being understood that if the Executive's target Incentive Compensation has not been determined for the Termination Year, the target Incentive Compensation used to calculate the amount payable to the Executive pursuant to this Section 9(c)(iii) will be equal to the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year);

(iv) an amount equal to two times the Executive's aggregate Incentive Compensation for the Termination Year assuming (A) achievement by the Company of 100% of any applicable operating metrics (such as, without limitation, revenue, EBITDA and stock performance targets) and (B) achievement by the Executive of 100% of the Executive's personal objectives (it being understood that if the Executive's target Incentive Compensation has not been determined for the Termination Year, the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year shall be used), which shall be paid to the Executive in accordance with the Company's normal payroll practices in equal installments over the 12month period following Executive's last day of employment and which shall commence as soon as administratively practicable following the expiration of the revocation period for the general release, but not later than 60 days following the date of Executive's last day of employment with the Company;

(v) the Executive's Company equity grants (including without limitation stock options, stock units and stock awards) that are outstanding immediately prior to the Executive's termination of employment shall be treated in accordance with Section 4(c); and

(vi) to the extent permitted under applicable law, the Company will provide continued health benefits to the Executive at the same premium rates charged to other then current employees of the Company, or, at its option, waive that portion of the cost for COBRA continuation coverage that is in excess of what then current employees of the Company pay for health benefits under the Company's plan, for the 24-month period following his termination of employment, unless the Executive is eligible to be covered by health insurance provided by a future employer.

(d) *Termination with Cause and Resignation without Good Reason*. If the Company terminates the Executive's employment with Cause pursuant to Section 8(c), if the Executive resigns without Good Reason pursuant to Section 8(f), or if the Executive is entitled to the severance benefits pursuant to Section 9(c) or Section 10(a) and either does not execute or revokes the general release of claims required pursuant to Section 11, or is in material breach of any of the covenants set forth in Section 13, 14, 15, 16 or 17 below, the Company will pay the Executive his Base Salary accrued and unpaid as of the date of termination of employment as well as any accrued but unused PTO and appropriate expense reimbursements. Such amounts will be paid as soon as practicable after the termination of employment and, following such payments, the Company shall have no further obligations under this Agreement to the Executive.

(e) *Nonrenewal of This Agreement*. If the Company provides written notice of nonrenewal of this Agreement in accordance with Section 1 herein, the Executive's termination of employment in connection with the Company's nonrenewal of this Agreement shall be deemed to be a termination of the Executive's employment by the Company without Cause and the Executive shall be eligible for the payments and severance benefits set forth in Section 9(c) herein, subject to the provisions of Section 9(c).

10. *Change in Control*.

(a) *Termination without Cause or Resignation with Good Reason in Connection with a Change in Control*. If, on or within 18 months after a Change in Control, and whether or not this Agreement was not renewed in accordance with Section 1 herein, the Company or its successor terminates the Executive's employment without Cause pursuant to Section 8(d) or if the Executive resigns for Good Reason pursuant to Section 8(e), the Executive is entitled to his Base Salary accrued and unpaid as of the date of termination of employment as well as any accrued but unused PTO and appropriate expense reimbursements. Such amounts will be paid as soon as practicable after the termination of employment. In addition, subject to the Executive's execution and nonrevocation of the general release of claims described in Section 11 below, as well as the Executive's compliance with the restrictive covenants set forth in Sections 13 through 16 below, the Executive shall be entitled to the following:

(i) severance in an amount equal to 24 months of the Executive's monthly Base Salary (the "**Change in Control Severance Amount**"), which shall be paid to the Executive in a lump sum as soon as administratively practicable following the expiration of the revocation period for the general release, but not later than 60 days following the date of the Executive's last day of employment with the Company;

(ii) in accordance with Section 4(b), the Executive will receive any accrued and unpaid Incentive Compensation, for which he is eligible, for the fiscal year prior to such termination (which amount shall be equal to the actual Incentive Compensation achieved for such fiscal year; *provided*, *however*, that if a Change in Control occurs during the fiscal year prior to such Termination Year, the Incentive Compensation to which the Executive shall be entitled with respect to the fiscal year prior to the Termination Year shall equal the target

Incentive Compensation for such fiscal year), with such amount to be paid in a lump sum as soon as practicable after the termination of employment with the Company, but not later than 30 days following the date of the Executive's termination of employment;

(iii) notwithstanding any eligibility requirement that the Executive must be employed by the Company as of the date on which the Incentive Compensation is paid, the Executive will be eligible to receive Incentive Compensation calculated as follows: (A) if the Executive's employment is terminated on or prior to July 31 of the Termination Year, (X) the Pro Rata Ratio times (Y) the Executive's target Incentive Compensation for the applicable period, or (B) if the Executive's employment is terminated after July 31 of the Termination Year, the Pro Rata Ratio times the greater of (1) the Executive's target Incentive Compensation for such fiscal year or (2) the sum of (i) for the portion of the Incentive Compensation that would be calculated based on the Company's achievement of operating metrics (such as, without limitation, revenue and EBITDA targets), an amount for such portion of the Executive's Incentive Compensation derived from the Company's achievement of operating metrics calculated based on the actual operating performance of the Company during the full calendar months in which the Executive remained employed extrapolated on a linear basis for the full fiscal year (assuming, however, for these purposes, 100% achievement of any applicable operating metrics relating to the performance of the Company's common stock price), *plus* (ii) for the portion of the Incentive Compensation that would be calculated based on the Executive's achievement of personal objectives, an amount for such portion of the Executive's Incentive Compensation calculated based on the assumed achievement by the Executive of 100% of the Executive's personal objectives (it being understood, in each case, that if Executive's target Incentive Compensation has not been determined for the Termination Year, the target Incentive Compensation used to calculate the amount payable to the Executive pursuant to this Section 10(a)(iii) will be equal to the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year), with such pro rata Incentive Compensation being paid in a lump sum as soon as administratively practicable following the expiration of the revocation period for the general release, but not later than 60 days following the date of the Executive's last day of employment with the Company;

(iv) an amount equal to two times the Executive's aggregate target Incentive Compensation for the Termination Year (it being understood that if such target Incentive Compensation has not been determined for the Termination Year, the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year shall be used), with such amount to be paid in a lump sum as soon as administratively practicable following the expiration of the revocation period for the general release, but not later than 60 days following the date of the Executive's last day of employment with the Company;

(v) the Executive's Company equity grants (including without limitation stock options, stock units and stock awards) that are outstanding immediately prior to the Executive's termination of employment shall be treated in accordance with Section 4(c); and

(vi) to the extent permitted under applicable law, the Company will provide continued health benefits to the Executive at the same premium rates charged to other then current employees of the Company, or at its option, waive that portion of the cost for COBRA continuation coverage that is in excess of what then current employees of the Company pay for health benefits under the Company's plan, for the 24-month period following his termination of employment, unless the Executive is eligible to be covered by health insurance provided by a future employer.

(b) For the avoidance of doubt, Section 4(c) and the provisions in the Company's 2015 Omnibus Incentive Compensation Plan (or successor or predecessor equity compensation plans, as applicable) relating to the acceleration of vesting of equity awards in the event of a Change in Control shall apply to any equity awards held by the Executive; it being understood that, in the event of a Change in Control, any equity award held by the Executive other than a stock option or a stock appreciation right (which shall be subject to the terms of the applicable equity compensation plan and award agreement thereunder) may not be cancelled without a cash payment to the Executive in an amount equal to the Fair Market Value (as defined in the 2015 Omnibus Incentive Compensation Plan) of the shares of Company Stock underlying such cancelled equity award or a grant to the Executive of an equity award of the surviving corporation (or a parent or subsidiary of the surviving corporation) of equal value.

(c) If there is a dispute as to whether grounds triggering termination with or without Cause or resignation with or without Good Reason have occurred, in each case in connection with a Change in Control, and Executive prevails in his claim that his termination constituted a termination without Cause or a resignation with Good Reason, then any fees and expenses arising from the resolution of such dispute (including any reasonably incurred attorneys' fees and expenses of Executive) shall be paid by the Company or its successor, as the case may be.

(d) For purposes of this Agreement, "**Change in Control**" means a (i) Change in Ownership of the Company, (ii) Change in Effective Control of the Company,(iii) Change in the Ownership of Assets of the Company, in the case of each of clauses (i), (ii) and (iii), as described herein and construed in accordance with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and Treasury guidance issued thereunder (the "**Code**"), or (iv) a liquidation or dissolution of the Company; except that no Change in Control shall be deemed to occur as a result of a change of ownership resulting from the death of a stockholder or a transaction in which the Company becomes a subsidiary of another corporation and in which the stockholders of the Company, immediately prior to the transaction, will beneficially own, immediately after the transaction, shares entitling such stockholders to more than 50% of all votes to which all stockholders of the parent corporation would be entitled in the election of directors (without consideration of the rights of any class of stock to elect directors by a separate class vote).

(i) A "Change in Ownership of the Company" shall occur on the date that any one Person acquires, or Persons Acting as a Group acquire, ownership of the capital stock of the Company that, together with the stock previously held by such Person or Group, constitutes more than 50% of the total fair market value or total voting power of the capital stock of the Company. However, if any one Person is, or Persons Acting as a Group are, considered to own more than 50% of the total fair market value or total voting power of the capital stock of the Company, the acquisition of additional stock by the same Person or Persons Acting as a Group is not considered to cause a Change in Ownership of the Company or to cause a Change in Effective Control of the Company (as described below). An increase in the percentage of capital stock owned by any one Person, or Persons

Acting as a Group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock.

(ii) A “Change in Effective Control of the Company”

shall occur if in any 12-month period, (A) a Person, or Persons Acting as a Group, acquires ownership of capital stock of the Company possessing 30% or more of the total voting power of the capital stock of the Company, or (B) a majority of the members of the Board are not Continuing Directors. “Continuing Directors” means, as of any date of determination, any member of the Board who (1) was a member of the Board on the Original Effective Date or (2) was nominated for election, elected or appointed to the Board with the approval of a majority of the Continuing Directors who were members of the Board at the time of such nomination, election or appointment (either by a specific vote or by approval of the Company’s proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

(iii) A “Change in the Ownership of Assets of the Company” shall occur on the date that any one Person acquires, or Persons Acting as a Group acquire (or has or have acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons), assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions. For this purpose, “gross fair market value” means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

(iv) The following rules of construction apply in interpreting the definition of Change in Control:

(a) A “Person” means any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and the rules and regulations thereunder, other than employee benefit plans sponsored or maintained by the Company and by entities controlled by the Company or an underwriter of the capital stock of the Company in a registered public offering.

(b) Persons will be considered to be "Persons Acting as a Group" (or "Group") if (i) they are considered to be acting as a group within the meaning of Sections 13(d)(3) and 14(d)(2) of the Exchange Act and the rules and regulations thereunder or (ii) they are owners of a corporation or other entity that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company. If a Person owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a Group with other shareholders only with respect to the ownership in that corporation before the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Persons will not be considered to be acting as a Group solely because they purchase assets of the same corporation at the same time or purchase or own stock of the same corporation at the same time, or as a result of the same public offering.

(c) For purposes of the definition of Change in Control, "fair market value" shall be determined by the Board.

(d) A Change in Control shall not include a transfer to a related person as described in Code Section 409A or a public offering of capital stock of the Company.

(e) For purposes of the definition of Change in Control, Code Section 318(a) applies to determine stock ownership. Stock underlying a vested option is considered owned by the individual who holds the vested option (and the stock underlying an unvested option is not considered owned by the individual who holds the unvested option). For purposes of the preceding sentence, however, if a vested option is exercisable for stock that is not substantially vested (as defined by Treas. Reg. § 1.83-3(b) and (j)), the stock underlying the option is not treated as owned by the individual who holds the option.

11. *Release of Claims*. As a condition for the payments of the Severance Amount or the Change in Control Severance Amount and Incentive Compensation provided in Section 9(c) or Section 10(a), as well as the acceleration of equity vesting and continuation of health benefits provided pursuant to such sections of this Agreement, the Executive must execute a general release of all claims (including claims under local, state and federal laws, but excluding claims for payment due under Section 9(c) or Section 10(a) and subject to Section 7(b)) that the Executive has or may have against the Company and current and former related individuals or entities (the "**Release**"). The Release shall be in a form reasonably acceptable to the Company, and shall include confidentiality, cooperation, and non-disparagement provisions, as well as other terms requested by the Company that are typical of an executive severance agreement. The consideration provided for in Section 9(c) or Section 10(a) is conditioned upon and will not be paid (or be provided) until the execution of the Release and the expiration of any revocation period; *provided* that notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of the Executive's execution of the Release, directly or indirectly, result in the Executive designating the calendar year of payment, and if a payment that is subject to execution of the Release could be made in more than one taxable year, payment shall be made in the later taxable year. The Company shall provide the Release to the Executive by no later than 10 days after the Executive terminates employment with the Company, and the Executive shall execute the Release during the statutory time period specified by applicable law. If the Release is not executed during the statutory time period specified by applicable law, the Company's obligation to pay any Severance Amount, Change in Control Severance Amount or Incentive Compensation and to provide any acceleration of vesting and continued health benefits provided for in Section 9(c) or Section 10(a) pursuant to this Agreement shall terminate.

12. *Section 280G Contingent Cutback*. The Executive shall bear all expense of, and be solely responsible for, all federal, state, local or foreign taxes due with respect to any payment received under this Agreement, including, without limitation, any excise tax imposed by Code Section 4999. Notwithstanding anything to the contrary in this Agreement, in the event that any payment or benefit received or to be received by the Executive pursuant to the terms of this Agreement or in connection

with the Executive's termination of employment or contingent upon a Change in Control pursuant to any plan or arrangement or other agreement with the Company or any affiliate (collectively, the "**Payments**") would be subject to the excise tax imposed by Code Section 4999, as determined by the Company, then the Payments shall be reduced to the extent necessary to prevent any portion of the Payments from becoming nondeductible by the Company under Code Section 280G or subject to the excise tax imposed under Code Section 4999, but only if, by reason of that reduction, the net after-tax benefit received by the Executive exceeds the net after-tax benefit the Executive would receive if no reduction was made. For this purpose, "net after-tax benefit" means (i) the total of all Payments that would constitute "excess parachute payments" within the meaning of Code Section 280G, *less* (ii) the amount of all federal, state, and local income taxes payable with respect to the Payments calculated at the maximum marginal income tax rate for each year in which the Payments shall be paid to the Executive (based on the rate in effect for that year as set forth in the Code as in effect at the time of the first payment of the Payments), less (iii) the amount of excise taxes imposed on the Payments described in clause (i) above by Code Section 4999. If, pursuant to this Section 12, Payments are to be reduced, the parties shall determine which Payments shall be reduced in a manner so as to avoid the imposition of additional taxes under Code Section 409A.

13.*Confidentiality; Return of Company Property*.

(a) The Executive acknowledges that, by reason of Executive's employment by the Company, Executive will have access to confidential information of the Company, including without limitation information and knowledge pertaining to products, inventions, discoveries, improvements, innovations, designs, ideas, trade secrets, proprietary information, business strategies, packaging, advertising, marketing, distribution and sales methods, sales and profit figures, employees, customers and clients, and relationships between the Company and its business partners, including dealers, traders, distributors, sales representatives, wholesalers, customers, clients, suppliers and others who have business dealings with them ("**Confidential Information**"). The Executive acknowledges that such Confidential Information is a valuable and unique asset of the Company and covenants that, both during and after the Term, subject to Section 7(b), Executive will not disclose any Confidential Information to any person or entity, except as the Executive's duties as an employee of the Company may require, without the prior written authorization of the Board. The obligation of confidentiality imposed by this Section 13 shall not apply to Confidential Information that otherwise becomes generally known to the public through no act of the Executive in breach of this Agreement or any other party in violation of an existing confidentiality agreement with the Company, or which is required to be disclosed by court order or applicable law.

(b) All records, designs, patents, business plans, financial statements, manuals, memoranda, lists, research and development plans and products, and other property delivered to or compiled by the Executive by or on behalf of the Company or its vendors or customers that pertain to the business of the Company shall be and remain the property of the Company, and be subject at all times to its discretion and control. Likewise, all property, including without limitation all documents, whether in computer or hard copy form, that Executive creates or receives during and as a result of his employment by the Company, shall be returned to the Company upon request and at the end of the Executive's employment.

14. *Non-Competition*. While the Executive is employed at the Company and for a period of 18 months after the termination of his employment with the Company for any reason, other than following termination without Cause or Resignation for Good Reason after a Change in Control, pursuant to Section 10, in which case such period shall be six months (as applicable, the "**Restricted Period**"), the Executive will not, directly or indirectly, own, maintain, finance, operate, engage in, assist, be employed by, contract with, license, or have any interest in, or association with, a business or enterprise primarily engaged in or planning to be primarily engaged in, the Internet-based trading of foreign exchange or CFDs.

15. *Solicitation of Clients*. During the Restricted Period, the Executive shall not, directly or indirectly, including through any other person or entity, seek business from any Client on behalf of any enterprise or business other than the Company, refer business generated from any Client to any enterprise or business other than the Company, or receive commissions based on sales or otherwise relating to the business from any Client, enterprise or business other than the Company, provided that such solicitation, if successful, would have an adverse effect on the Company. For purposes of this Agreement, "**Client**" means any person, firm, corporation, limited liability company, partnership, association or other entity(i) to which the Company sold or provided services during the 12-month period prior to the time at which any determination is required to be made as to whether any such person, firm, corporation, partnership, association or other entity is a Client or (ii) who or which has been approached by an employee of the Company for the purpose of soliciting business for the Company and which business was reasonably expected to generate revenue in excess of $100,000 per annum.

16. *Solicitation of Employees*. During the Restricted Period, the Executive, directly or indirectly, shall not contact or solicit any employee of the

Company for the purpose of hiring them or causing them to terminate their employment relationship with the Company.

17. *Inventions, Ideas, Processes and Designs*. All inventions, ideas, processes, programs, software and designs (including all improvements) conceived or made by the Executive during his employment with the Company (whether or not actually conceived during regular business hours) and related to the business of the Company, or the business approved by the Board to be engaged in by the Company, shall be disclosed in writing promptly to the Company and shall be the sole and exclusive property of the Company. An invention, idea, process, program, software or design (including an improvement) shall be deemed related to the actual or approved business of the Company if it (x) was made with the Company's equipment, supplies, facilities, or Confidential Information, (y) results from work performed by the Executive for the Company, or (z) pertains to the current business or demonstrably anticipated research or development work of the Company. The Executive shall cooperate with the Company and its attorneys in the preparation of patent and copyright applications for such developments and, upon request, shall promptly assign all such inventions, ideas, processes, and designs to the Company. The decision to file for patent or copyright protection or to maintain such development as a trade secret shall be in the sole discretion of the Company, and the Executive shall be bound by such decision.

18. *Specific Performance/Remedies*. The Executive acknowledges that the services to be rendered by the Executive are of a special, unique and extraordinary character and, in connection with such services, the Executive will have access to Confidential Information vital to the Company's business. The Executive further agrees that the covenants contained in Sections 13, 14, 15, 16 and 17 are reasonable and necessary to protect the legitimate business interests of the Company. By reason of this, the Executive consents and agrees that if the Executive violates any of the provisions of Sections 13, 14, 15, 16 and 17 hereof, the Company would sustain irreparable injury and that monetary damages would not provide adequate remedy to the Company. The Executive hereby agrees that the Company shall be entitled to have Sections 13, 14, 15, 16 and 17 hereof specifically enforced (including, without limitation, by injunctions and restraining orders) by any court in the State of New Jersey having equity jurisdiction and agrees to be subject to the jurisdiction of said court. As a further and nonexclusive remedy, the Executive understands that a breach of the covenants contained in Sections 13, 14, 15, 16 and 17 above that causes material harm to the Company as reasonably determined by the Board (which determination shall be binding and final) shall eliminate the Executive's entitlement to any further payment of the Severance Amount, Change in Control Severance Amount, Incentive Compensation, acceleration of equity vesting of equity grants and continued health

benefits provided for in Section 9(c) or Section 10(a), and the Executive shall be required to return any such amounts that relate to the period of noncompliance during the Restricted Period in the event of such a breach (including, without limitation, the amount of any gain realized by the Executive upon the acceleration of equity vesting of equity grants). Nothing contained herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of damages from the Executive.

19. *Complete Agreement*. This Agreement embodies the entire agreement of the parties with respect to the Executive’s employment, compensation, benefits and related items and supersedes any other prior oral or written agreements, arrangements or understandings between the Executive and the Company including without limitation that certain Employment Agreement entered into as of April 13, 2012, by and between the Executive and the Company, and that certain Employment Agreement entered into as of May 5, 2015, by and between the Executive and the Company, other than the Company’s 2015 Omnibus Incentive Compensation Plan and the award agreements reflecting outstanding equity awards held by the Executive as of the date of this Agreement, each of which shall continue to control such equity awards except as expressly modified by this Agreement. This Agreement may not be changed or terminated orally but only by an agreement in writing signed by the parties hereto.

20. *Waiver*. The waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by such party.

21. *Governing Law; Assignability*.

(a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey without reference to the choice of law provisions thereof.

(b) The Executive may not, without the Company’s prior written consent, delegate, assign, transfer, convey, pledge, encumber or otherwise dispose of this Agreement or any interest herein. Any such attempt shall be null and void and without effect. The Company and the Executive agree that this Agreement and all of the Company’s rights and obligations hereunder may be assigned or transferred by the Company and shall be assumed by and be binding upon any successor to the Company.

22. *Severability*. If any provision of this Agreement or any part thereof, including, without limitation, Section 13, 14, 15, 16 or 17, as applied to either

party or to any circumstances shall be adjudged by a court of competent jurisdiction to be void or unenforceable, the same shall in no way affect any other provision of this Agreement or remaining parts thereof, which shall be given full effect without regard to the invalid or unenforceable part thereof, or the validity or enforceability of this Agreement. In the event an arbitrator or court of competent jurisdiction deems the restrictive covenants unreasonably lengthy in time or overly broad in scope, it is the intention and agreement of the parties that those provisions which are not fully enforceable be deemed as having been modified to the extent necessary to render them reasonable and enforceable and that they be enforced to such extent.

23. *Notices*. All notices to the Company or the Executive, permitted or required hereunder, shall be in writing and shall be delivered personally, by telecopier or by courier service providing for next-day delivery or sent by registered or certified mail, return receipt requested, to the following addresses:

If to the Company:

GAIN Capital Holdings, Inc.
Bedminster One
135 Route 202/206
Bedminster, New Jersey 07921 Attention: Chairman of the Board

If to the Executive, to:

Glenn Stevens c/o GAIN Capital Holdings, Inc.

Bedminster One
135 Route 202/206
Bedminster, New Jersey 07921

Either party may change the address to which notices shall be sent by sending written notice of such change of address to the other party. Any such notice shall be deemed given, if delivered personally, upon receipt; if telecopied, when telecopied; if sent by courier service providing for next-day delivery, the next business day following deposit with such courier service; and if sent by certified or registered mail, three days after deposit (postage prepaid) with the U.S. mail service.

24. *Section 409A.*

(a) This Agreement shall be interpreted to avoid the imposition of any additional taxes under Code Section 409A. If any payment or benefit cannot be provided or made at the time specified herein without incurring additional taxes under Code Section 409A, then such benefit or payment shall be provided in full at the earliest time thereafter when such sanctions will not be imposed. The preceding provisions, however, shall not be construed as a guarantee by the Company of any particular tax effect to the Executive under this Agreement. For purposes of Code Section 409A, each payment under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments. In no event may the Executive, directly or indirectly, designate the calendar year of payment.

(b) To the maximum extent permitted under Code Section 409A, the cash severance payments payable under this Agreement are intended to comply with the "short-term deferral exception" under Treas. Reg. §1.409Al(b)(4), and any remaining amount is intended to comply with the "separation pay exception" under Treas. Reg. §1.409A-l(b)(9)(iii) or any successor provision; *provided*, *however*, any amount payable to the Executive during the six-month period following the Executive's termination date that does not qualify within either of the foregoing exceptions and is deemed as deferred compensation subject to the requirements of Code Section 409A, then such amount shall hereinafter be referred to as the "**Excess Amount**." If the Executive is a "key employee" of a publicly traded corporation under Section 409A at the time of his separation from service and if payment of the Excess Amount under this Agreement is required to be delayed for a period of six months after separation from service pursuant to Code Section 409A, then notwithstanding anything in this Agreement to the contrary, payment of such amount shall be delayed as required by Code Section 409A, and the accumulated postponed amount shall be paid in a lump sum payment within 10 days after the end of the six-month period. If the Executive dies during the postponement period prior to the payment of the postponed amount, the amounts withheld on account of Section 409A shall be paid to the personal representative of the Executive's estate within 60 days after the date of the Executive's death. A "**key employee**" shall mean an employee who, at any time during the 12-month period ending on the identification date, is a "specified employee" under Code Section 409A, as determined by the Board, in its sole discretion. The determination of key employees, including the number and identity of persons considered key employees and the identification date, shall be made by the Board in accordance with the provisions of Code Sections 416(i) and 409A.

(c) To the extent the Executive is, at the time of his termination of employment under this Agreement, participating in one or more deferred compensation arrangements subject to Code Section 409A, the payments and benefits provided under those arrangements shall continue to be governed by, and to become due and payable in accordance with, the specific terms and conditions of those arrangements, and nothing in this Agreement shall be deemed to modify or alter those terms and conditions.

(d) "**Termination of employment**," "**resignation**," or words of similar import, as used in this Agreement means, for purposes of any payments under this Agreement that are payments of deferred compensation subject to Code Section 409A, the Executive's "separation from service" as defined in Code Section 409A.

(e) Nothing herein shall be construed as having modified the time and form of payment of any amounts or payments of "deferred compensation" (as defined under Treas. Reg. § 1.409A-l(b)(l), after giving effect to the exemptions in Treas. Reg. §§ 1.409A-l(b)(3) through (b)(12)) that were otherwise payable pursuant to the terms of any agreement between Company and the Executive in effect on or after January 1, 2005 and prior to the date of this Agreement.

(f) All reimbursements provided under this Agreement shall be made or provided in accordance with the requirements of Code Section 409A, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the Executive's lifetime (or during a shorter period of time specified in this Agreement), (ii) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred and (iv) the right to reimbursement is not subject to liquidation or exchange for another benefit.

25. *Withholding of Taxes and Other Employee Deductions*. The Company may withhold from any benefits and payments made pursuant to this Agreement (whether actually or constructively made to the Executive or treated as included in the Executive's income under Section 409A of the Code) all federal, state, city, foreign and other applicable taxes and withholdings as may be required pursuant to any law or

governmental regulation or ruling and all other customary deductions made with respect to the Company's employees generally.

26. *Counterparts*. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

27. *Separation*. All covenants that, by their terms, naturally would survive the termination or expiration of this Agreement, including but not limited to Sections 11, 12, 13, 14 and 15 hereof, shall survive the termination or expiration of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Employment Agreement as of the date first above written.

GAIN CAPITAL HOLDINGS, INC.

By: /s/ Joseph Schenk
Name: Joseph Schenk
Title: Chairman of the Board

/s/ Glenn H. Stevens
Glenn H. Stevens

Exhibit 10.27

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "**Agreement**") is entered into as of February 5, 2019 (the "**Effective Date**") and is by and between GAIN Capital Holdings, Inc., a corporation organized under the laws of Delaware (the "**Company**") and Samantha Roady (the "**Executive**").

WHEREAS, the Executive and the Company previously entered into an employment agreement dated May 5, 2015 (the "**Original Effective Date**"); and

WHEREAS, the parties desire to amend and restate the employment agreement on the terms and conditions set forth herein.

The parties hereto, intending to be legally bound, hereby agree as follows:

1. *Employment Term*. The Company hereby agrees to continue to employ the Executive and the Executive hereby agrees to continue such employment, as the Chief Commercial Officer for the Company from the Effective Date and continuing through the third anniversary of the Effective Date, unless terminated sooner pursuant to Section 8 hereof; *provided* that, on the third anniversary of the Effective Date and each annual anniversary thereafter (such date and each annual anniversary thereof, a "**Renewal Date**"), this Agreement shall automatically extend, upon the same terms and conditions, for successive periods of one year, unless either party provides written notice of her or its intention not to extend the term of the Agreement at least 90 days prior to the applicable Renewal Date. The period during which the Executive is employed by the Company pursuant to the terms of this Agreement is referred to as the "**Term**".

2. *Representations and Warranties*. The Executive represents that the Executive is entering into this Agreement voluntarily and that Executive's employment hereunder and her compliance with the terms and conditions of this Agreement will not conflict with or result in the breach of any agreement to which the Executive is a party or by which the Executive may be bound, or any legal duty that the Executive owes or may owe to another.

3. *Duties and Extent of Services*.

(a) During the Term, the Executive shall serve as the Chief Commercial Officer of the Company and, as such, the Executive shall serve as the chief commercial officer of the Company and all of its subsidiaries, with such duties, responsibilities and authority as are consistent with such position, subject to the oversight of the Board of Directors of the Company (the "**Board**"), and shall so serve faithfully and to the best of the Executive's ability under the direction and supervision of the Chief Executive Officer. As an executive officer of the Company, the Executive shall be entitled to all of the benefits and protections to which all officers of the Company are entitled pursuant to the Company's Amended and Restated Certificate of Incorporation, which shall include, but not be limited to, the rights of indemnification set forth in such Amended and Restated Certificate of Incorporation, and coverage under the Company's directors' and officers' liability insurance, as are in effect from time to time.

(b) During the Term, the Executive agrees to devote substantially her full business time, attention, and energies to the Company's business and shall not be engaged in any other business activity, whether or not such business activity is pursued for gain, profit or other pecuniary advantage; *provided*, that subject to the Executive's compliance with Sections 14, 15 and 16 herein, the Executive may serve in charitable and civic positions and serve on corporate boards and committees of for-profit companies, in each case with the prior written consent of the Chief Executive Officer, which consent shall not be unreasonably withheld. The Executive covenants, warrants and represents that she shall devote her full and best efforts to the fulfillment of her employment obligations, and she shall exercise the highest degree of loyalty and the highest standards of conduct in the performance of her duties.

4. *Compensation*.

(a) *Base Salary*. The Company shall pay the Executive an annualized base salary (the "**Base Salary**") to be determined by the Board's Compensation Committee (the "**Compensation Committee**"), subject to the terms of this Section 4(a) and this Agreement. The Executive's Base Salary as of the Effective Date is $375,000. The Executive's Base Salary shall be reviewed periodically by the Compensation Committee and, in the sole discretion of the Compensation Committee, the Base Salary may be increased (but not decreased) effective as of any date determined by the Compensation Committee. The Executive's Base Salary shall be paid in equal installments in accordance with the Company's standard policy regarding payment of compensation to employees, which policy is as of the Effective Date to make payments two times a month. The Executive shall not receive any additional compensation from any subsidiary of the Company.

(b) *Bonus*. During the Executive's employment under this Agreement, the Company shall cause the Executive to be eligible to participate in each bonus or incentive compensation plan, program or policy maintained by the Company from time to time, in whole or in part, for the executive officers of the Company (each, an "**Incentive Compensation Plan**" and payments thereunder, "**Incentive Compensation**"). The Executive's target and maximum compensation under, and her performance goals and other terms of participation in, each Incentive Compensation Plan shall be determined by the Compensation Committee in its sole discretion. Subject to the provisions of Section 9 and Section 10 herein, any such Incentive Compensation is not guaranteed and is contingent upon the Executive and the Company achieving established deliverables or other goals. Subject to the provisions of Section 9 and Section 10 herein, any such Incentive Compensation shall not be considered "earned" by the Executive until the Company has allocated payment to be made to the Executive for any performance period. Payment under any such Incentive Compensation Plan shall be made, if at all, after the close of the relevant performance period and by no later than March 15th of the year after the year in which the performance period ends. Notwithstanding anything herein to the contrary, to the extent permitted or required by governing law, the Compensation Committee shall have discretion to adjust Executive's compensation for the following year to account for, or to require the Executive to repay to the Company, the amount of any Incentive Compensation to the extent the Compensation Committee or the Board determines that such Incentive Compensation was not actually earned by the Executive due to %3. the amount of such payment being based on the achievement of financial results that were subsequently the subject of a material accounting restatement that occurs within three years of such payment (except in the case of a restatement due to a change in accounting policy or simple error); %3. the Executive having engaged in fraud, gross negligence or intentional misconduct; or %3. the Executive having deliberately misled the market or the Company's stockholders regarding the Company's financial performance.

(c) *Equity*. During the Term, the Executive will be eligible to participate in all long-term equity incentive programs made available to other executive officers and that are established by the Company for its employees, including the 2015 Omnibus Incentive Compensation Plan (or a successor thereto), at levels determined by the Compensation Committee in its sole discretion commensurate with the Executive's position. All equity grants made to the Executive will vest in accordance with a vesting schedule that is consistent with other grants under the 2015 Omnibus Incentive Compensation Plan (or successor plan) and will be subject in all respects to the terms of the 2015 Omnibus Incentive Compensation Plan (or successor plan), the agreement evidencing such grant and, to the extent applicable, Section 9(c)(v), Section 9(c)(vi), Section 10(a)(v) and Section 10(a)(vi).

5. *Benefits*. During the Term, the Executive shall be entitled to participate in any and all benefit programs and arrangements generally made available by the Company to executive officers, including, but not limited to, pension plans, contributory and noncontributory welfare and benefit plans, disability plans and medical, death benefit and life insurance plans for which the Executive may be eligible during the Term. Furthermore, the Executive shall be permitted that number of days of paid time off ("**PTO**") during each calendar year as, consistent with Company policy, are provided to similarly situated employees; however, in no event shall the Executive receive fewer than six weeks of PTO (30 business days). PTO may be used for vacation, professional enrichment and education. Unused PTO shall accrue from one calendar year to another consistent with Company policy.

6. *Expenses*. During the Executive's employment, the Executive will be reimbursed for travel, entertainment and other out-of-pocket expenses reasonably incurred by the Executive on behalf of the Company in the performance of the Executive's duties hereunder, so long as %2. such expenses are consistent with the type and amount of expenses that customarily would be incurred by similarly situated corporate executives in the United States; and %2. the Executive timely provides copies of receipts for expenses in accordance with Company policy.

7. *Company Policy*.

(a) The Executive acknowledges that the Executive is subject to insider information policies designed to preclude the Company's employees from violating the federal securities laws by trading on material, nonpublic information or passing such information on to others in breach of any duty owed to the Company or any third party. The Executive shall promptly execute any agreements generally distributed by the Company or to its employees requiring employees to abide by the Company's insider information policies.

(b) The Executive has the right under federal law to certain protections for cooperating with or reporting legal violations to the Securities and Exchange Commission (the "**SEC**") and/or its Office of the Whistleblower, as well as certain other governmental entities and self-regulatory organizations. As such, nothing in this Agreement or otherwise is intended to prohibit the Executive from disclosing this Agreement to, or from cooperating with or reporting violations to, the SEC or any other such governmental entity or self-regulatory organization, and the Executive may do so without notifying the Company. The Company may not retaliate against the Executive for any of these activities, and nothing in this Agreement or otherwise would require the Executive to waive any monetary award or other payment that the Executive might become entitled to from the SEC or any other governmental entity. Further, nothing in this Agreement or otherwise precludes the Executive from filing a charge of discrimination with the Equal Employment Opportunity Commission or a like charge or complaint with a state or local fair employment practice agency. However, once this Agreement becomes effective, the Executive may not receive a monetary award or any other form of personal relief in connection with any such charge or complaint that the Executive filed or is filed on the Executive's behalf.

(c) Notwithstanding any other provision of this Agreement, as provided for in the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)):

(i) The Executive will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that:

(A) is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or

(B) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

(ii) Without limiting the forgoing, if the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose the Company's trade secrets to the Executive's attorney and use the trade secret information in the court proceeding if the Executive:

(A) files any document containing the trade secret under seal; and

(B) does not disclose the trade secret, except pursuant to court order.

8. *Termination*.

(a) *Disability*. In accordance with applicable law, the Company may terminate the Executive's employment at any time after the Executive becomes Disabled. As used herein, "**Disabled**" means the incapacity of the Executive, on more than 75% of the standard business days (Monday through Friday) over any six-month period, due to injury, illness, disease or bodily or mental infirmity, to engage in the performance of all of the essential functions of her position, in spite of any reasonable accommodation.

(b) *Death*. The Executive's employment with the Company will terminate upon the death of the Executive.

(c) *Termination with Cause*. The Company may terminate the Executive's employment at any time for Cause by providing written notice of such termination to the Executive. As used herein, "**Cause**" means any of the following, as determined by the Board:

(i) the Executive's material breach of this Agreement;

(ii) the Executive's gross negligence (other than as a result of disability or occurring after the Executive's provision of notice in connection with a resignation for Good Reason) or willful misconduct in carrying out her duties hereunder, resulting in harm to the Company;

(iii) the Executive's material breach of any of her fiduciary obligations as an officer of the Company;

(iv) any conviction by a court of law of, or entry of a pleading of guilty or nolo contendere by the Executive with respect to, a felony or any other crime for which fraud or dishonesty is a material element, excluding traffic violations; or

(v) the Executive willfully or recklessly engages in conduct which is materially injurious to the Company, monetarily or otherwise.

For purposes of determining Cause, no act or omission by the Executive shall be considered "willful" unless it is done or omitted in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act or failure to act based upon: (a) authority given pursuant to a resolution duly adopted by the Board or (b) advice of counsel for the Company, shall be conclusively presumed to be done or omitted to be done by the Executive in good faith and in the best interests of the Company. In addition, as to subsections (i)-(iii) above, if the action or inaction in question is susceptible of a cure, then no finding of Cause shall occur prior to written notice to the Executive setting forth in reasonable detail the action or inaction at issue, and the Executive's failure to cure such condition following a cure period of no less than fifteen days.

(d) *Termination Without Cause*. The Company, at the direction of the Board, may terminate the Executive's employment without Cause at any time upon no less than ninety days' prior written notice or ninety days' compensation and benefits pursuant to Section 4 and Section 5, respectively, in lieu of notice.

(e) *Resignation for Good Reason*. The Executive may resign from her employment with the Company for Good Reason by providing written notice to the Chief Executive Officer that an event constituting Good Reason has occurred and the Executive desires to resign from her employment with the Company as a result. Other than following a Change in Control, such notice must be provided to the Chief Executive Officer by the Executive within 60 days following the initial occurrence of the event constituting Good Reason. For the avoidance of doubt, following a Change in Control, notice from the Executive to the Chief Executive Officer that an event constituting Good Reason has occurred may be provided by the Executive at any time during the 12-month period following the Change in Control that is referred to in Section 10(a) below. After receipt of such written notice, the Chief Executive Officer shall have a period of 30 days to cure such event; *provided*, *however*, the Chief Executive Officer, may, at his or her sole option, determine not to cure such event and accept the Executive's resignation, effective 30 days following the Chief Executive Officer's receipt of the Executive's notice that an event constituting Good Reason has occurred. If, in the reasonable judgment of the Executive, the Chief Executive Officer does not cure the event constituting Good Reason within the requisite 30-day period, the Executive's employment with the Company shall terminate on account of Good Reason 30 days following the expiration of the Chief Executive Officer's cure period, unless the Chief Executive Officer determines to terminate the Executive's employment prior to such date. As used herein, "**Good Reason**" means that, without the Executive's consent, any of the following has occurred:

(i) a material diminution in the Executive's authority, duties, responsibilities or job title;

(ii) a diminution in the Executive's Base Salary; *provided*, *however*, that following the occurrence of a Change in Control, a diminution in total target compensation opportunity (including a diminution in target Incentive Compensation or a diminution in annual equity grants, in each case as compared to the corresponding amounts for the fiscal year that immediately precedes the fiscal year in which an event of Good Reason has occurred, as set forth in a notice to the Board pursuant to Section 8(e)), shall also constitute "Good Reason";

(iii) a relocation of the Company's principal offices in Bedminster, New Jersey, or of the Executive's principal office (if different), to a location that is not within the New York metropolitan area; or

(iv) any action or inaction by the Company that constitutes a material breach by the Company of its obligations under this Agreement.

(f) *Resignation without Good Reason*. The Executive may resign from her employment with the Company without Good Reason (as that term is defined in Section 8(e)) at any time upon no less than 90 days' prior written notice to the Chief Executive Officer. Upon such notice of resignation, the Company may, at its sole option, accept the Executive's resignation effective as of a date prior to the resignation date specified in the notice, and in such event, the earlier date will be the effective date of termination of the Executive's employment for all purposes hereunder.

9. *Compensation Upon Termination Other than in Connection with a Change in Control*.

(a) *Disability*. Upon termination of employment pursuant to Section 8(a), the Executive will receive any Base Salary accrued and unpaid as of such date as well as any accrued but unused PTO and appropriate expense reimbursements. Such amounts will be paid as soon as practicable after the termination of employment. With respect to Incentive Compensation, notwithstanding any eligibility requirement that the Executive must be employed by the Company as of the date on which the Incentive Compensation is paid (A) for any unpaid Incentive Compensation relating to the fiscal year prior to the fiscal year in which the Executive's employment is terminated (the "**Termination Year**"), in accordance with Section 4(b), the Executive will receive any accrued and unpaid Incentive Compensation for which she is eligible for such prior fiscal year (which amount shall be equal to the actual Incentive Compensation achieved for such fiscal year), with such amount to be paid in a lump sum as soon as practicable after the termination of employment, but not later than 30 days following the date of the Executive's termination of employment and (B) with respect to Incentive Compensation for the Termination Year, the Executive will be eligible to receive Incentive Compensation calculated as follows: (X) the Pro Rata Ratio (as defined below) times (Y) the sum of (i) for the portion of the Incentive Compensation that would be calculated based on the Company's achievement of operating metrics (such as, without limitation, revenue and EBITDA targets), an amount for such portion of the Executive's Incentive Compensation derived from the Company's achievement of operating metrics calculated based on the actual operating performance of the Company during the full calendar months in which the Executive remained employed extrapolated on a linear basis for the full fiscal year (assuming, however, for these purposes, 100% achievement of any applicable operating metrics relating to the performance of the Company's common stock price), *plus* (ii) for the portion of the Incentive Compensation that would be calculated based on the Executive's achievement of personal objectives, an amount for such portion of the Executive's Incentive Compensation calculated based on the assumed achievement by the Executive of 100% of the Executive's personal objectives, with such Incentive Compensation being paid in a lump sum at the time that the Incentive Compensation is payable to other executives (it being understood that if the Executive's target Incentive Compensation has not been determined for the Termination Year, the target Incentive Compensation used to calculate the amount payable to the Executive pursuant to this Section 9(a) will be equal to the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year). In addition, the Company will also pay to the Executive an amount equal to 18 months of the Executive's monthly Base Salary, which shall be paid to the Executive in accordance with the Company's normal payroll practices in equal installments over the 12-month period following the Executive's last day of employment but not later than 60 days following the date of Executive's last day of employment with the Company. The Executive's Company equity grants (including without limitation stock options, stock units and stock awards) that are outstanding immediately prior to the Executive's termination of employment shall be treated in accordance with the applicable grant agreement and the Company's 2015 Omnibus Incentive Compensation Plan (or a successor plan), subject to the terms of this Agreement. The Company shall have no further obligations under this Agreement to the Executive. As used herein, the "**Pro Rata Ratio**" shall mean the number of full calendar months in which the Executive was employed during the Termination Year divided by 12.

(b) *Death*. In the event of the Executive's death, the Executive's estate will receive any Base Salary accrued and unpaid as of such date as well as any accrued but unused PTO and appropriate expense reimbursements. Such amounts will be paid as soon as practicable after the termination of employment. With respect to Incentive Compensation, notwithstanding any eligibility requirement that the Executive must be employed by the Company as of the date on which the Incentive Compensation is paid (A) for any unpaid Incentive Compensation relating to the fiscal year prior to the Termination Year, in accordance with Section 4(b), the Executive's estate will receive any accrued and unpaid Incentive Compensation for which she is eligible for such prior fiscal year (which amount shall be equal to the actual Incentive Compensation achieved for such fiscal year), with such amount to be paid in a lump sum as soon as practicable after the termination of employment, but not later than 30 days following the date of the Executive's termination of employment and (B) with respect to Incentive Compensation for the Termination Year, the Executive's estate will be eligible to receive Incentive Compensation calculated as follows: (X) the Pro Rata Ratio times (Y) the sum of (i) for the portion of the Incentive Compensation that would be calculated based on the Company's achievement of operating metrics (such as, without limitation, revenue and EBITDA targets), an amount for such portion of the Executive's Incentive Compensation derived from the Company's achievement of operating metrics calculated based on the actual operating performance of the Company during the full calendar months in which the Executive remained employed extrapolated on a linear basis for the full fiscal year (assuming, however, for these purposes, 100% achievement of any applicable operating metrics relating to the performance of the Company's common stock price), *plus* (ii) for the portion of the Incentive Compensation that would be calculated based on the Executive's achievement of personal objectives, an amount for such portion of the Executive's Incentive Compensation calculated based on the assumed achievement by the Executive of 100% of the Executive's personal objectives, with such Incentive Compensation being paid in a lump sum at the time that the Incentive Compensation is payable to other executives (it being understood that if the Executive's target Incentive Compensation has not been determined for the Termination Year, the target Incentive Compensation used to calculate the amount payable to the Executive pursuant to this Section 9(b) will be equal to the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year). In addition, the Company will also pay to the Executive's estate in a lump sum not later than 30 days following the Executive's last day of employment an amount equal to 18 months of the Executive's monthly Base Salary. The Executive's Company equity grants (including without limitation stock options, stock units and stock awards) that are outstanding immediately prior to the Executive's death shall be treated in accordance with the applicable grant agreement and the Company's 2015 Omnibus Incentive Compensation Plan (or a successor plan), subject to the terms of this Agreement. The Company shall have no further obligations under this Agreement to the Executive's estate.

(c) *Termination without Cause or Resignation with Good Reason Other than in Connection with a Change in Control*. If, other than in connection with a Change in Control as defined in Section 10, the Company terminates the Executive's employment without Cause pursuant to Section 8(d) or if the Executive resigns for Good Reason pursuant to Section 8(e), the Company will pay the Executive her Base Salary accrued and unpaid as of the date of termination of employment, as well as any accrued but unused PTO and appropriate expense reimbursements. Such amounts will be paid as soon as practicable after the termination of employment. In addition, subject to the Executive's execution and nonrevocation of the general release of claims described in Section 11 below, as well as the Executive's compliance with the restrictive covenants set forth in Sections 13 through 16 below, the Company will also pay and/or provide to the Executive the following:

(i) severance in an amount equal to 18 months of the Executive's monthly Base Salary (the "**Severance Amount**"), which shall be paid to the Executive in accordance with the Company's normal payroll practices in equal installments over the 18-month period following Executive's last day of employment and which shall commence as soon as administratively practicable following the expiration of the revocation period for the general release, but not later than 60 days following the date of Executive's last day of employment with the Company;

(ii) in accordance with Section 4(b), the Executive will receive any accrued and unpaid Incentive Compensation, for which she is eligible for the fiscal year prior to such termination (which amount shall be equal to the actual Incentive Compensation achieved for such fiscal year), with such amount to be paid in a lump sum as soon as practicable after the termination of employment, but not later than 30 days following the date of the Executive's termination of employment;

(iii) notwithstanding any eligibility requirement that the Executive must be employed by the Company as of the date on which the Incentive Compensation is paid, if the Executive's employment is terminated before such date in accordance with Section 8(d) or 8(e), the Executive will be eligible to receive Incentive Compensation calculated as follows: (X) the Pro Rata Ratio times (Y) the sum of (i) for the portion of the Incentive Compensation that would be calculated based on the Company's achievement of operating metrics (such as, without limitation, revenue and EBITDA targets), an amount for such portion of the Executive's Incentive Compensation derived from the Company's achievement of operating metrics calculated based on the actual operating performance of the Company during the full calendar months in which the Executive remained employed extrapolated on a linear basis for the full fiscal year (assuming, however, for these purposes, 100% achievement of any applicable operating metrics relating to the performance of the Company's common stock price), *plus* (ii) for the portion of the Incentive Compensation that would be calculated based on the Executive's achievement of personal objectives, an amount for such portion of the Executive's Incentive Compensation calculated based on the assumed achievement by the Executive of 100% of the Executive's personal objectives, with such Incentive Compensation being paid in a lump sum at the time that the Incentive Compensation is payable to other executives (it being understood that if the Executive's target Incentive Compensation has not been determined for the Termination Year, the target Incentive Compensation used to calculate the amount payable to the Executive pursuant to this Section 9(c)(iii) will be equal to the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year);

(iv) an amount equal to one and a half (1.5) times the Executive's aggregate Incentive Compensation for the Termination Year assuming (A) achievement by the Company of 100% of any applicable operating metrics (such as, without limitation, revenue, EBITDA and stock performance targets) and (B) achievement by the Executive of 100% of the Executive's personal objectives (it being understood that if the Executive's target Incentive Compensation has not been determined for the Termination Year, the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year shall be used), which shall be paid to the Executive in accordance with the Company's normal payroll practices in equal installments over the 12-month period following Executive's last day of employment and which shall commence as soon as administratively practicable following the expiration of the revocation period for the general release, but not later than 60 days following the date of Executive's last day of employment with the Company;

(v) notwithstanding any provision to the contrary in any applicable grant agreement or the Company's 2015 Omnibus Incentive Compensation Plan (or a successor plan), all shares subject to Company equity grants (including without limitation stock options, stock units and stock awards) that vest solely on the Executive's continued employment with the Company for a specified period of time held by the Executive at the time of her termination date that would have vested from the date of grant through the end of the 18-month period following the Executive's termination date if the vesting schedule for such grants were based on a monthly vesting schedule, as opposed to the vesting schedule set forth in her grant agreement, shall immediately vest in full and/or become immediately exercisable or payable on the Executive's termination date (examples of the vesting described in this clause (v) are included on Schedule solely 1 for illustrative purposes);

(vi) notwithstanding any provision to the contrary in any applicable grant agreement or the Company's 2015 Omnibus Incentive Compensation Plan (or a successor plan), all shares subject to Company equity grants (including without limitation stock options, stock units and stock awards) that vest in whole or in part based on the satisfaction of performance-based or market-based conditions held by the Executive at the time of his termination date shall be treated as follows:

(A) the number of shares subject to each such outstanding grant (the "**Grant Amount**") shall be determined in accordance with the terms of the applicable grant agreement, and by applying the following performance assumptions to the target grant amount specified therein:

(1) if such termination occurs prior to the end of the applicable measurement period for such performance-based or market-based conditions, such conditions will be deemed to have been satisfied based on achievement of 100% of target performance; and

(2) if such termination occurs after the end of the applicable measurement period for such performance-based or market-based conditions, such conditions will be deemed to have been satisfied based on the Company's actual performance relative to such conditions;

(B) each such outstanding grant that would have vested from the date of grant through the end of the 18-month period following the Executive's termination date if the vesting schedule for the applicable Grant Amount were based on a monthly vesting schedule, as opposed to the vesting schedule set forth in his grant agreement, shall immediately vest in full and/or become immediately exercisable or payable on the Executive's termination date (examples of the vesting described in this clause (vi) are included on Schedule 1 solely for illustrative purposes); and

(vii) to the extent permitted under applicable law, the Company will provide continued health benefits to the Executive at the same premium rates charged to other then current employees of the Company, or, at its option, waive that portion of the cost for COBRA continuation coverage that is in excess of what then current employees of the Company pay for health benefits under the Company's plan, for the 18-month period following her termination of employment, unless the Executive is eligible to be covered by health insurance provided by a future employer.

(d) *Termination with Cause and Resignation without Good Reason*. If the Company terminates the Executive's employment with Cause pursuant to Section 8(c), if the Executive resigns without Good Reason pursuant to Section 8(f), or if the Executive is entitled to the severance benefits pursuant to Section 9(c) or Section 10(a) and either does not execute or revokes the general release of claims required pursuant to Section 11, or is in material breach of any of the covenants set forth in Section 13, 14, 15, 16 or 17 below, the Company will pay the Executive her Base Salary accrued and unpaid as of the date of termination of employment as well as any accrued but unused PTO and appropriate expense reimbursements. Such amounts will be paid as soon as practicable after the termination of employment and, following such payments, the Company shall have no further obligations under this Agreement to the Executive.

(e) *Nonrenewal of This Agreement*. If the Company provides written notice of nonrenewal of this Agreement in accordance with Section 1 herein, the Executive's termination of employment in connection with the Company's nonenewal of this Agreement shall be deemed to be a termination of the Executive's employment by the Company without Cause and the Executive shall be eligible for the payments and severance benefits set forth in Section 9(c) herein, subject to the provisions of Section 9(c).

10. *Change in Control*.

(a) *Termination without Cause or Resignation with Good Reason in Connection with a Change in Control*. If, on or within 12 months after a Change in Control, and whether or not this Agreement was not renewed in accordance with Section 1 herein, the Company or its successor terminates the Executive's employment without Cause pursuant to Section 8(d) or if the Executive resigns for Good Reason pursuant to Section 8(e), the Executive is entitled to her Base Salary accrued and unpaid as of the date of termination of employment as well as any accrued but unused PTO and appropriate expense reimbursements. Such amounts will be paid as soon as practicable after the termination of employment. In addition, subject to the Executive's execution and nonrevocation of the general release of claims described in Section 11 below, as well as the Executive's compliance with the restrictive covenants set forth in Sections 13 through 16 below, the Executive shall be entitled to the following:

(i) severance in an amount equal to 24 months of the Executive's monthly Base Salary (the "**Change in Control Severance Amount**"), which shall be paid to the Executive in a lump sum as soon as administratively practicable following the expiration of the revocation period for the general release, but not later than 60 days following the date of the Executive's last day of employment with the Company;

(ii) in accordance with Section 4(b), the Executive will receive any accrued and unpaid Incentive Compensation, for which she is eligible, for the fiscal year prior to such termination (which amount shall be equal to the actual Incentive Compensation achieved for such fiscal year; *provided*, *however*, that if a Change in Control occurs during the fiscal year prior to such Termination Year, the Incentive Compensation to which the Executive shall be entitled with respect to the fiscal year prior to the Termination Year shall equal the target Incentive Compensation for such fiscal year), with such amount to be paid in a lump sum as soon as practicable after the termination of employment with the Company, but not later than 30 days following the date of the Executive's termination of employment;

(iii) notwithstanding any eligibility requirement that the Executive must be employed by the Company as of the date on which the Incentive Compensation is paid, the Executive will be eligible to receive Incentive Compensation calculated as follows: (A) if the Executive's employment is terminated on or prior to July 31 of the Termination Year, (X) the Pro Rata Ratio times (Y) the Executive's target Incentive Compensation for the applicable period, or (B) if the Executive's employment is terminated after July 31 of the Termination Year, the Pro Rata Ratio times the greater of (1) the Executive's target Incentive Compensation for such fiscal year or (2) the sum of (i) for the portion of the Incentive Compensation that would be calculated based on the Company's achievement of operating metrics (such as, without limitation, revenue and EBITDA targets), an amount for such portion of the Executive's Incentive Compensation derived from the Company's achievement of operating metrics calculated based on the actual operating performance of the Company during the full calendar months in which the Executive remained employed extrapolated on a linear basis for the full fiscal year (assuming, however, for these purposes, 100% achievement of any applicable operating metrics relating to the performance of the Company's common stock price), *plus* (ii) for the portion of the Incentive Compensation that would be calculated based on the Executive's achievement of personal objectives, an amount for such portion of the Executive's Incentive Compensation calculated based on the assumed achievement by the Executive of 100% of the Executive's personal objectives (it being understood, in each case, that if Executive's target Incentive Compensation has not been determined for the Termination Year, the target Incentive Compensation used to calculate the amount payable to the Executive pursuant to this Section 10(a)(iii) will be equal to the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year), with such pro rata Incentive Compensation being paid in a lump sum as soon as administratively practicable following the expiration of the revocation period for the general release, but not later than 60 days following the date of the Executive's last day of employment with the Company;

(iv) an amount equal to two times the Executive's aggregate target Incentive Compensation for the Termination Year (it being understood that if such target Incentive Compensation has not been determined for the Termination Year, the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year shall be used), with such amount to be paid in a lump sum as soon as administratively practicable following the expiration of the revocation period for the general release, but not later than 60 days following the date of the Executive's last day of employment with the Company;

(v) notwithstanding any provision to the contrary in any applicable grant agreement or the Company's 2015 Omnibus Incentive Compensation Plan (or a successor plan), any and all shares subject to Company equity grants (including without limitation stock options, stock units and stock awards) that did not vest effective as of the Change in Control and continue to vest solely on the Executive's continued employment with the Company for a specified period of time held by the Executive at the time of her termination shall immediately vest in full and/or become immediately exercisable or payable on the Executive's termination date;

(vi) notwithstanding any provision to the contrary in any applicable grant agreement or the Company's 2015 Omnibus Incentive Compensation Plan (or a successor plan), any and all shares subject to Company equity grants (including without limitation stock options, stock units and stock awards) that did not vest effective as of the Change in Control and continue to vest in whole or in part based on the satisfaction of performance-based or market-based conditions held by the Executive at the time of his termination shall be treated as follows:

(A) the Grant Amount shall be determined in accordance with the terms of the applicable grant agreement, and by applying the following performance assumptions to the target grant amount specified therein:

(1) if the Change in Control and such termination each occur prior to the end of the applicable measurement period for such performance-based or market-based conditions, such conditions will be deemed to have been satisfied based on achievement of 100% of target performance;

(2) if the Change in Control occurs prior to the end of the applicable performance measurement period for such performance-based or market-based conditions and the

termination occurs after the end of such measurement period, such conditions will be deemed to have been satisfied based on the greater of (1) the achievement of 100% of target performance or (2) the Company’s actual performance relative to such conditions; and

(3) if the Change in Control and such termination each occur after the end of the applicable measurement period for such performance-based or market-based conditions, such conditions will be deemed to have been satisfied based on the Company’s actual performance relative to such conditions;

(B) notwithstanding the vesting schedule set forth in his grant agreement, the applicable Grant Amount shall immediately vest in full and/or become immediately exercisable or payable on the Executive’s termination date; and

(vii) to the extent permitted under applicable law, the Company will provide continued health benefits to the Executive at the same premium rates charged to other then current employees of the Company, or at its option, waive that portion of the cost for COBRA continuation coverage that is in excess of what then current employees of the Company pay for health benefits under the Company’s plan, for the 24-month period following her termination of employment, unless the Executive is eligible to be covered by health insurance provided by a future employer.

(b) For the avoidance of doubt, Section 9(c)(v), Section 9(c)(vi), Section 10(a)(v), Section 10(a)(vi) and the provisions in the Company's 2015 Omnibus Incentive Compensation Plan (or successor or predecessor equity compensation plans, as applicable) relating to the acceleration of vesting of equity awards in the event of a Change in Control shall apply to any equity awards held by the Executive; it being understood that, in the event of a Change in Control, any equity award held by the Executive other than a stock option or a stock appreciation right (which shall be subject to the terms of the applicable equity compensation plan and award agreement thereunder) may not be cancelled without a cash payment to the Executive in an amount equal to the Fair Market Value (as defined in the 2015 Omnibus Incentive Compensation Plan) of the shares of Company Stock underlying such cancelled equity award or a grant to the Executive of an equity award of the surviving corporation (or a parent or subsidiary of the surviving corporation) of equal value.

(c) If there is a dispute as to whether grounds triggering termination with or without Cause or resignation with or without Good Reason have occurred, in each case in connection with a Change in Control, and Executive prevails in her claim that her termination constituted a termination without Cause or a resignation with Good Reason, then any fees and expenses arising from the resolution of such dispute (including any reasonably incurred attorneys’ fees and expenses of Executive) shall be paid by the Company or its successor, as the case may be.

(d) For purposes of this Agreement, “**Change in Control**” means a (i) Change in Ownership of the Company, (ii) Change in Effective Control of the Company, (iii) Change in the Ownership of Assets of the Company, in the case of each of clauses (i), (ii) and (iii), as described herein and construed in accordance with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and Treasury guidance issued thereunder (the “**Code**”), or (iv) a liquidation or dissolution of the Company; except that no Change in Control shall be deemed to occur as a result of a change of ownership resulting from the death of a stockholder or a transaction in which the Company becomes a subsidiary of another corporation and in which the stockholders of the Company, immediately prior to the transaction, will beneficially own, immediately after the transaction, shares entitling such stockholders to more than 50% of all votes to which all stockholders of the parent corporation would be entitled in the election of directors (without consideration of the rights of any class of stock to elect directors by a separate class vote).

(i) A “Change in Ownership of the Company” shall occur on the date that any one Person acquires, or Persons Acting as a Group acquire, ownership of the capital stock of the Company that, together with the stock previously held by such Person or Group, constitutes more than 50% of the total fair market value or total voting power of the capital stock of the Company. However, if any one Person is, or Persons Acting as a Group are, considered to own more than 50% of the total fair market value or total voting power of the capital stock of the Company, the acquisition of additional stock by the same Person or Persons Acting as a Group is not considered to cause a Change in Ownership of the Company or to cause a Change in Effective Control of the Company (as described below). An increase in the percentage of capital stock owned by any one Person, or Persons Acting as a Group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock.

(ii) A “Change in Effective Control of the Company” shall occur if in any 12-month period, (A) a Person, or Persons Acting as a Group, acquires ownership of capital stock of the Company possessing 30% or more of the total voting power of the capital stock of the Company, or (B) a majority of the members of the Board are not Continuing Directors. “Continuing Directors” means, as of any date of determination, any member of the Board who (1) was a member of the Board on the Original Effective Date or (2) was nominated for election, elected or appointed to the Board with the approval of a majority of the Continuing Directors who were members of the Board at the time of such nomination, election or appointment (either by a specific vote or by approval of the Company’s proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

(iii) A “Change in the Ownership of Assets of the Company” shall occur on the date that any one Person acquires, or Persons Acting as a Group acquire (or has or have acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons), assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions. For this purpose, “gross fair market value” means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

(iv) The following rules of construction apply in interpreting the definition of Change in Control:

(a) A “Person” means any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and the rules and regulations thereunder, other than employee benefit plans sponsored or maintained by the Company and by entities controlled by the Company or an underwriter of the capital stock of the Company in a registered public offering.

(b) Persons will be considered to be “Persons Acting as a Group” (or “Group”) if (i) they are considered to be acting as a group within the meaning of Sections 13(d)(3) and 14(d)(2) of the Exchange Act and the rules and regulations thereunder or (ii) they are owners of a corporation or other entity that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company. If a Person owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a Group with other shareholders only with respect to the ownership in that corporation before the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Persons will not be considered to be acting as a Group solely because they purchase assets of the same corporation at the same time or purchase or own stock of the same corporation at the same time, or as a result of the same public offering.

(c) For purposes of the definition of Change in Control, “fair market value” shall be determined by the Board.

(d) A Change in Control shall not include a transfer to a related person as described in Code Section 409A or a public offering of capital stock of the Company.

(e) For purposes of the definition of Change in Control, Code Section 318(a) applies to determine stock ownership. Stock underlying a vested option is considered owned by the individual who holds the vested option (and the stock underlying an unvested option is not considered owned by the individual who holds the unvested option). For purposes of the preceding sentence, however, if a vested option is exercisable for stock that is not substantially vested (as defined by Treas. Reg. § 1.83-3(b) and (j)), the stock underlying the option is not treated as owned by the individual who holds the option.

11. *Release of Claims*. As a condition for the payments of the Severance Amount or the Change in Control Severance Amount and Incentive Compensation provided in Section 9(c) or Section 10(a), as well as the acceleration of equity vesting and continuation of health benefits provided pursuant to such sections of this Agreement, the Executive must execute a general release of all claims (including claims under local, state and federal laws, but excluding claims for payment due under Section 9(c) or Section 10(a) and subject to Section 7(b) and (c)) that the Executive has or may have against the Company and current and former related individuals or entities (the “**Release**”). The Release shall be in a form reasonably acceptable to the Company, and shall include confidentiality, cooperation, and non-disparagement provisions, as well as other terms requested by the Company that are typical of an executive severance agreement. The consideration provided for in Section 9(c) or Section 10(a) is conditioned upon and will not be paid (or be provided) until the execution of the Release and the expiration of any revocation period; *provided* that notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of the Executive’s execution of the Release, directly or indirectly, result in the Executive designating the calendar year of payment, and if a payment that is subject to execution of the Release could be made in more than one taxable year, payment shall be made in the later taxable year. The Company shall provide the Release to the Executive by no later than 10 days after the Executive terminates employment with the Company, and the Executive shall execute the Release during the statutory time period specified by applicable law. If the Release is not executed during the statutory time period specified by applicable law, the Company’s obligation to pay any Severance Amount, Change in Control Severance Amount or Incentive Compensation

and to provide any acceleration of vesting and continued health benefits provided for in Section 9(c) or Section 10(a) pursuant to this Agreement shall terminate.

12. *Section 280G Contingent Cutback*. The Executive shall bear all expense of, and be solely responsible for, all federal, state, local or foreign taxes due with respect to any payment received under this Agreement, including, without limitation, any excise tax imposed by Code Section 4999. Notwithstanding anything to the contrary in this Agreement, in the event that any payment or benefit received or to be received by the Executive pursuant to the terms of this Agreement or in connection with the Executive's termination of employment or contingent upon a Change in Control pursuant to any plan or arrangement or other agreement with the Company or any affiliate (collectively, the "**Payments**") would be subject to the excise tax imposed by Code Section 4999, as determined by the Company, then the Payments shall be reduced to the extent necessary to prevent any portion of the Payments from becoming nondeductible by the Company under Code Section 280G or subject to the excise tax imposed under Code Section 4999, but only if, by reason of that reduction, the net after-tax benefit received by the Executive exceeds the net after-tax benefit the Executive would receive if no reduction was made. For this purpose, "net after-tax benefit" means %3. the total of all Payments that would constitute "excess parachute payments" within the meaning of Code Section 280G, *less* %3. the amount of all federal, state, and local income taxes payable with respect to the Payments calculated at the maximum marginal income tax rate for each year in which the Payments shall be paid to the Executive (based on the rate in effect for that year as set forth in the Code as in effect at the time of the first payment of the Payments), less %3. the amount of excise taxes imposed on the Payments described in clause (i) above by Code Section 4999. If, pursuant to this Section 12, Payments are to be reduced, the parties shall determine which Payments shall be reduced in a manner so as to avoid the imposition of additional taxes under Code Section 409A.

13. *Confidentiality; Return of Company Property*.

(a) The Executive acknowledges that, by reason of Executive's employment by the Company, Executive will have access to confidential information of the Company, including without limitation information and knowledge pertaining to products, inventions, discoveries, improvements, innovations, designs, ideas, trade secrets, proprietary information, business strategies, packaging, advertising, marketing, distribution and sales methods, sales and profit figures, employees, customers and clients, and relationships between the Company and its business partners, including dealers, traders, distributors, sales representatives, wholesalers, customers, clients, suppliers and others who have business dealings with them ("**Confidential Information**"). The Executive acknowledges that such Confidential Information is a valuable and unique asset of the Company and covenants that, both during and after the Term, subject to Section 7, Executive will not disclose any Confidential Information to any person or entity, except as the Executive's duties as an employee of the Company may require, without the prior written authorization of the Board. The obligation of confidentiality imposed by this Section 13 shall not apply to Confidential Information that otherwise becomes generally known to the public through no act of the Executive in breach of this Agreement or any other party in violation of an existing confidentiality agreement with the Company, or which is required to be disclosed by court order or applicable law.

(b) All records, designs, patents, business plans, financial statements, manuals, memoranda, lists, research and development plans and products, and other property delivered to or compiled by the Executive by or on behalf of the Company or its vendors or customers that pertain to the business of the Company shall be and remain the property of the Company, and be subject at all times to its discretion and control. Likewise, all property, including without limitation all documents, whether in computer or hard copy form, that Executive creates or receives during and as a result of her employment by the Company, shall be returned to the Company upon request and at the end of the Executive's employment.

14. *Non-Competition*. While the Executive is employed at the Company and for a period of 12 months after the termination of her employment with the Company for any reason, other than following termination without Cause or resignation for Good Reason after a Change in Control, pursuant to Section 10, in which case such period shall be six months (as applicable, the "**Restricted Period**"), the Executive will not, directly or indirectly, own, maintain, finance, operate, engage in, assist, be employed by, contract with, license, or have any interest in, or association with, a business or enterprise primarily engaged in or planning to be primarily engaged in, the Internet-based trading of foreign exchange or CFDs.

15. *Solicitation of Clients*. During the Restricted Period, the Executive shall not, directly or indirectly, including through any other person or entity, seek business from any Client on behalf of any enterprise or business other than the Company, refer business generated from any Client to any enterprise or business other than the Company, or receive commissions based on sales or otherwise relating to the business from any Client, enterprise or business other than the Company, provided that such solicitation, if successful, would have an adverse effect on the Company. For purposes of this Agreement, "**Client**" means any person, firm, corporation, limited liability company, partnership, association or other entity %3. to which the Company sold or provided services during the 12-month period prior to the time at which any determination is required to be made as to whether any such person, firm, corporation, partnership, association or other entity is a Client or %3. who or which has been approached by an employee of the Company for the

purpose of soliciting business for the Company and which business was reasonably expected to generate revenue in excess of $100,000 per annum.

16. *Solicitation of Employees*. During the Restricted Period, the Executive, directly or indirectly, shall not contact or solicit any employee of the Company for the purpose of hiring them or causing them to terminate their employment relationship with the Company.

17. *Inventions, Ideas, Processes and Designs*. All inventions, ideas, processes, programs, software and designs (including all improvements) conceived or made by the Executive during her employment with the Company (whether or not actually conceived during regular business hours) and related to the business of the Company, or the business approved by the Board to be engaged in by the Company, shall be disclosed in writing promptly to the Company and shall be the sole and exclusive property of the Company. An invention, idea, process, program, software or design (including an improvement) shall be deemed related to the actual or approved business of the Company if it (x) was made with the Company's equipment, supplies, facilities, or Confidential Information, (y) results from work performed by the Executive for the Company, or (z) pertains to the current business or demonstrably anticipated research or development work of the Company. The Executive shall cooperate with the Company and its attorneys in the preparation of patent and copyright applications for such developments and, upon request, shall promptly assign all such inventions, ideas, processes, and designs to the Company. The decision to file for patent or copyright protection or to maintain such development as a trade secret shall be in the sole discretion of the Company, and the Executive shall be bound by such decision.

18. *Specific Performance/Remedies*. The Executive acknowledges that the services to be rendered by the Executive are of a special, unique and extraordinary character and, in connection with such services, the Executive will have access to Confidential Information vital to the Company's business. The Executive further agrees that the covenants contained in Sections 13, 14, 15, 16 and 17 are reasonable and necessary to protect the legitimate business interests of the Company. By reason of this, the Executive consents and agrees that if the Executive violates any of the provisions of Sections 13, 14, 15, 16 and 17 hereof, the Company would sustain irreparable injury and that monetary damages would not provide adequate remedy to the Company. The Executive hereby agrees that the Company shall be entitled to have Sections 13, 14, 15, 16 and 17 hereof specifically enforced (including, without limitation, by injunctions and restraining orders) by any court in the State of New Jersey having equity jurisdiction and agrees to be subject to the jurisdiction of said court. As a further and nonexclusive remedy, the Executive understands that a breach of the covenants contained in Sections 13, 14, 15, 16 and 17 above that causes material harm to the Company as reasonably determined by the Board (which determination shall be binding and final) shall eliminate the Executive's entitlement to any further payment of the Severance Amount, Change in Control Severance Amount, Incentive Compensation, acceleration of equity vesting of equity grants and continued health benefits provided for in Section 9(c) or Section 10(a), and the Executive shall be required to return any such amounts that relate to the period of noncompliance during the Restricted Period in the event of such a breach (including, without limitation, the amount of any gain realized by the Executive upon the acceleration of equity vesting of equity grants). Nothing contained herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of damages from the Executive.

19. *Complete Agreement*. This Agreement embodies the entire agreement of the parties with respect to the Executive's employment, compensation, benefits and related items and supersedes any other prior oral or written agreements, arrangements or understandings between the Executive and the Company including without limitation that certain Employment Agreement entered into as of April 13, 2012, by and between the Executive and the Company, and that certain Employment Agreement entered into as of May 5, 2015, by and between the Executive and the Company, other than the Company's 2015 Omnibus Incentive Compensation Plan and the award agreements reflecting outstanding equity awards held by the Executive as of the date of this Agreement, each of which shall continue to control such equity awards except as expressly modified by this Agreement. This Agreement may not be changed or terminated orally but only by an agreement in writing signed by the parties hereto.

20. *Waiver*. The waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by such party.

21. *Governing Law; Assignability*.

(a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey without reference to the choice of law provisions thereof.

(b) The Executive may not, without the Company's prior written consent, delegate, assign, transfer, convey, pledge, encumber or otherwise dispose of this Agreement or any interest herein. Any such attempt shall be null and void and without effect. The Company and the Executive agree that this Agreement and all of the Company's rights and obligations hereunder may be assigned or transferred by the Company and shall be assumed by and be binding upon any successor to the Company.

22. *Severability*. If any provision of this Agreement or any part thereof, including, without limitation, Section 13, 14, 15, 16 or 17, as applied to either party or to any circumstances shall be adjudged by a court of competent jurisdiction to be void or unenforceable, the same shall in no way affect any other provision of this Agreement or remaining parts thereof, which shall be given full effect without regard to the invalid or unenforceable part thereof, or the validity or enforceability of this Agreement. In the event an arbitrator or court of competent jurisdiction deems the restrictive covenants unreasonably lengthy in time or overly broad in scope, it is the intention and agreement of the parties that those provisions which are not fully enforceable be deemed as having been modified to the extent necessary to render them reasonable and enforceable and that they be enforced to such extent.

23. *Notices*. All notices to the Company or the Executive, permitted or required hereunder, shall be in writing and shall be delivered personally, by telecopier or by courier service providing for next-day delivery or sent by registered or certified mail, return receipt requested, to the following addresses:

If to the Company:

GAIN Capital Holdings, Inc.
Bedminster One
135 Route 202/206
Bedminster, New Jersey 07921
Attention: Chief Executive Officer

If to the Executive, to:

Samantha Roady
c/o GAIN Capital Holdings, Inc.
Bedminster One
135 Route 202/206
Bedminster, New Jersey 07921

Either party may change the address to which notices shall be sent by sending written notice of such change of address to the other party. Any such notice shall be deemed given, if delivered personally, upon receipt; if telecopied, when telecopied; if sent by courier service providing for next-day delivery, the next business day following deposit with such courier service; and if sent by certified or registered mail, three days after deposit (postage prepaid) with the U.S. mail service.

24. *Section 409A.*

(a) This Agreement shall be interpreted to avoid the imposition of any additional taxes under Code Section 409A. If any payment or benefit cannot be provided or made at the time specified herein without incurring additional taxes under Code Section 409A, then such benefit or payment shall be provided in full at the earliest time thereafter when such sanctions will not be imposed. The preceding provisions, however, shall not be construed as a guarantee by the Company of any particular tax effect to the Executive under this Agreement. For purposes of Code Section 409A, each payment under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments. In no event may the Executive, directly or indirectly, designate the calendar year of payment.

(b) To the maximum extent permitted under Code Section 409A, the cash severance payments payable under this Agreement are intended to comply with the “short-term deferral exception” under Treas. Reg. §1.409A-l(b)(4), and any remaining amount is intended to comply with the “separation pay exception” under Treas. Reg. §1.409A-l(b)(9)(iii) or any successor provision; *provided*, *however*, any amount payable to the Executive during the six-month period following the Executive’s termination date that does not qualify within either of the foregoing exceptions and is deemed as deferred compensation subject to the requirements of Code Section 409A, then such amount shall hereinafter be referred to as the “**Excess Amount**.” If the Executive is a “key employee” of a publicly traded corporation under Section 409A at the time of her separation from service and if payment of the Excess Amount under this Agreement is required to be delayed for a period of six months after separation from service pursuant to Code Section 409A, then notwithstanding anything in this Agreement to the contrary, payment of such amount shall be delayed as required by Code Section 409A, and the accumulated postponed amount shall be paid in a lump sum payment within 10 days after the end of the six-month period. If the Executive dies during the postponement period prior to the payment of the postponed amount, the amounts withheld on account of Section 409A shall be paid to the personal representative of the Executive’s estate within 60 days after the date of the Executive’s death. A “**key employee**” shall mean an employee who, at any time during the 12-month period ending on the identification date, is a “specified employee” under Code Section 409A, as determined by the Board, in its sole discretion. The determination of key employees, including the number and identity of persons considered key employees and the identification date, shall be made by the Board in accordance with the provisions of Code Sections 416(i) and 409A.

(c) To the extent the Executive is, at the time of her termination of employment under this Agreement, participating in one or more deferred compensation arrangements subject to Code Section 409A, the payments and benefits provided under those arrangements shall continue to be governed by, and to become due and payable in accordance with, the specific terms and conditions of those arrangements, and nothing in this Agreement shall be deemed to modify or alter those terms and conditions.

(d) "**Termination of employment**," "**resignation**," or words of similar import, as used in this Agreement means, for purposes of any payments under this Agreement that are payments of deferred compensation subject to Code Section 409A, the Executive's "separation from service" as defined in Code Section 409A.

(e) Nothing herein shall be construed as having modified the time and form of payment of any amounts or payments of "deferred compensation" (as defined under Treas. Reg. § 1.409A-l(b)(l), after giving effect to the exemptions in Treas. Reg. §§ 1.409A-l(b)(3) through (b)(12)) that were otherwise payable pursuant to the terms of any agreement between Company and the Executive in effect on or after January 1, 2005 and prior to the date of this Agreement.

(f) All reimbursements provided under this Agreement shall be made or provided in accordance with the requirements of Code Section 409A, including, where applicable, the requirement that %3. any reimbursement is for expenses incurred during the Executive's lifetime (or during a shorter period of time specified in this Agreement), %3. the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, %3. the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred and %3. the right to reimbursement is not subject to liquidation or exchange for another benefit.

25. *Withholding of Taxes and Other Employee Deductions*. The Company may withhold from any benefits and payments made pursuant to this Agreement (whether actually or constructively made to the Executive or treated as included in the Executive's income under Section 409A of the Code) all federal, state, city, foreign and other applicable taxes and withholdings as may be required pursuant to any law or governmental regulation or ruling and all other customary deductions made with respect to the Company's employees generally.

26. *Counterparts*. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

27. *Separation*. All covenants that, by their terms, naturally would survive the termination or expiration of this Agreement, including but not limited to Sections 11, 12, 13, 14 and 15 hereof, shall survive the termination or expiration of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Employment Agreement as of the date first above written.

GAIN CAPITAL HOLDINGS, INC.

By: /s/ Glenn H. Stevens
Name: Glenn H. Stevens
Title: President and Chief Executive Officer

/s/ Samantha Roady
Samantha Roady

Schedule I

Illustration of Vesting Pursuant to Section 9(c)(v):

Example 1

Grant Date: March 15, 2018
Grant Amount: 36,000 time based restricted stock units
Vesting Schedule: Three years (1/3 on each anniversary of grant date)
Termination Date: June 15, 2018

Total Vested: **21,000**

Step 1: Convert vesting to a monthly schedule

36,000 units ÷ 36 months = 1,000 units per month

Step 2: Calculate vesting from grant date through 18-months following termination

3 months + 18 months = 21 months; 21 months x 1,000 units per month = 21,000

Example 2

Grant Date: March 15, 2018
Grant Amount: 36,000 time based restricted stock units
Vesting Schedule: Three years (1/3 on each anniversary of grant date)
Termination Date: May 15, 2019

Total Vested: **32,000** (12,000 of which would have vested in the ordinary course on March 15, 2019 and 20,000 of which accelerate in connection with the termination on May 15, 2019)

Step 1: Convert vesting to a monthly schedule

36,000 units ÷ 36 months = 1,000 units per month

Step 2: Calculate vesting from grant date through 18-months following termination

14 months + 18 months = 32 months; 32 months x 1,000 units per month = 32,000

Illustration of Vesting Pursuant to Section 9(c)(vi):

Example 1

Grant Date: March 15, 2018
Target Grant Amount: 36,000 performance based restricted stock units
Measurement Period: Fiscal years 2018 and 2109
Performance Adjustment: Target grant amount multiplied by % of performance target achieved
Vesting Schedule: Three years (2/3 on 2nd anniversary of grant date, 1/3 on 3rd anniversary)
Termination Date: June 15, 2018

Total Vested: **21,000**

Step 1: Identify Grant Amount

Termination before end of applicable measurement period results in deemed achievement of 100% of target performance

36,000 units x 100% achievement = 36,000 units

Step 2: Convert vesting to a monthly schedule

36,000 units ÷ 36 months = 1,000 units per month

Step 3: Calculate vesting from grant date through 18-months following termination

3 months + 18 months = 21 months; 21 months x 1,000 units per month = 21,000

Example 2

Grant Date: March 15, 2018
Target Grant Amount: 36,000 performance based restricted stock units
Measurement Period: Fiscal years 2018 and 2109
Performance Adjustment: Target grant amount multiplied by % of performance target achieved
Vesting Schedule: Three year (2/3 on 2nd anniversary of grant date, 1/3 on 3rd anniversary)
Termination Date: May 15, 2020

Total Vested:	**28,800** (19,296 of which would have vested in the ordinary course on March 15, 2020 and 9,504 of which accelerate in connection with the termination on May 15, 2020)

Step 1: Identify Grant Amount

Termination after end of applicable measurement period results in calculation based on actual performance (assume 80% achievement for purposes of this example)

36,000 units x 80% achievement = 28,800 units

Step 2: Convert vesting to a monthly schedule

28,800 units ÷ 36 months = 800 units per month

Step 3: Calculate vesting from grant date through 18-months following termination

26 months + remaining 10 months = 36 months; 36 months x 800 units per month = 28,800

Exhibit 10.28

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "**Agreement**") is entered into as of February 4, 2019 (the "**Effective Date**") and is by and between GAIN Capital Holdings, Inc., a corporation organized under the laws of Delaware (the "**Company**") and Diego Rotsztain (the "**Executive**").

WHEREAS, the Executive and the Company previously entered into an employment agreement dated May 5, 2015 (the "**Original Effective Date**"); and

WHEREAS, the parties desire to amend and restate the employment agreement on the terms and conditions set forth herein.

The parties hereto, intending to be legally bound, hereby agree as follows:

1. *Employment Term*. The Company hereby agrees to continue to employ the Executive and the Executive hereby agrees to continue such employment, as the Executive Vice President, Head of Corporate Development and General Counsel for the Company from the Effective Date and continuing through the third anniversary of the Effective Date, unless terminated sooner pursuant to Section 8 hereof; *provided* that, on the third anniversary of the Effective Date and each annual anniversary thereafter (such date and each annual anniversary thereof, a "**Renewal Date**"), this Agreement shall automatically extend, upon the same terms and conditions, for successive periods of one year, unless either party provides written notice of his or its intention not to extend the term of the Agreement at least 90 days prior to the applicable Renewal Date. The period during which the Executive is employed by the Company pursuant to the terms of this Agreement is referred to as the "**Term**".

2. *Representations and Warranties*. The Executive represents that the Executive is entering into this Agreement voluntarily and that Executive's employment hereunder and his compliance with the terms and conditions of this Agreement will not conflict with or result in the breach of any agreement to which the Executive is a party or by which the Executive may be bound, or any legal duty that the Executive owes or may owe to another.

3. *Duties and Extent of Services*.

(a) During the Term, the Executive shall serve as the Executive Vice President, Head of Corporate Development and General Counsel of the Company and, as such, the Executive shall serve as the chief legal officer of the Company and all of its subsidiaries, with such duties, responsibilities and authority as are consistent with such position, subject to the oversight of the Board of Directors of the Company (the "**Board**"), and shall so serve faithfully and to the best of the Executive's ability under the direction and supervision of the Chief Executive Officer. As an executive officer of the Company, the Executive shall be entitled to all of the benefits and protections to which all officers of the Company are entitled pursuant to the Company's Amended and Restated Certificate of Incorporation, which shall include, but not be limited to, the rights of indemnification set forth in such Amended and Restated Certificate of Incorporation, and coverage under the Company's directors' and officers' liability insurance, as are in effect from time to time.

(b) During the Term, the Executive agrees to devote substantially his full business time, attention, and energies to the Company's business and shall not be engaged in any other business activity, whether or not such business activity is pursued for gain, profit or other pecuniary advantage; *provided*, that subject to the Executive's compliance with Sections 14, 15 and 16 herein, the Executive may serve in charitable and civic positions and serve on corporate boards and committees of for-profit companies, in each case with the prior written consent of the Chief Executive Officer, which consent shall not be unreasonably withheld. The Executive covenants, warrants and represents that he shall devote his full and best efforts to the fulfillment of his employment obligations, and he shall exercise the highest degree of loyalty and the highest standards of conduct in the performance of his duties.

4. *Compensation*.

(a) *Base Salary*. The Company shall pay the Executive an annualized base salary (the "**Base Salary**") to be determined by the Board's Compensation Committee (the "**Compensation Committee**"), subject to the terms of this Section 4(a) and this Agreement. The Executive's Base Salary as of the Effective Date is $425,000. The Executive's Base Salary shall be reviewed periodically by the Compensation Committee and, in the sole discretion of the Compensation Committee, the Base Salary may be increased (but not decreased) effective as of any date determined by the Compensation Committee. The Executive's Base Salary shall be paid in equal installments in accordance with the Company's standard policy regarding payment of compensation to employees, which policy is as of the Effective Date to make payments two times a month. The Executive shall not receive any additional compensation from any subsidiary of the Company.

(b) *Bonus*. During the Executive's employment under this Agreement, the Company shall cause the Executive to be eligible to participate in each bonus or incentive compensation plan, program or policy maintained by the Company from time to time, in whole or in part, for the executive officers of the Company (each, an "**Incentive Compensation Plan**" and payments thereunder, "**Incentive Compensation**"). The Executive's target and maximum compensation under, and his performance goals and other terms of participation in, each Incentive Compensation Plan shall be determined by the Compensation Committee in its sole discretion. Subject to the provisions of Section 9 and Section 10 herein, any such Incentive Compensation is not guaranteed and is contingent upon the Executive and the Company achieving established deliverables or other goals. Subject to the provisions of Section 9 and Section 10 herein, any such Incentive Compensation shall not be considered "earned" by the Executive until the Company has allocated payment to be made to the Executive for any performance period. Payment under any such Incentive Compensation Plan shall be made, if at all, after the close of the relevant performance period and by no later than March 15th of the year after the year in which the performance period ends. Notwithstanding anything herein to the contrary, to the extent permitted or required by governing law, the Compensation Committee shall have discretion to adjust Executive's compensation for the following year to account for, or to require the Executive to repay to the Company, the amount of any Incentive Compensation to the extent the Compensation Committee or the Board determines that such Incentive Compensation was not actually earned by the Executive due to %3. the amount of such payment being based on the achievement of financial results that were subsequently the subject of a material accounting restatement that occurs within three years of such payment (except in the case of a restatement due to a change in accounting policy or simple error); %3. the Executive having engaged in fraud, gross negligence or intentional misconduct; or %3. the Executive having deliberately misled the market or the Company's stockholders regarding the Company's financial performance.

(c) *Equity*. During the Term, the Executive will be eligible to participate in all long-term equity incentive programs made available to other executive officers and that are established by the Company for its employees, including the 2015 Omnibus Incentive Compensation Plan (or a successor thereto), at levels determined by the Compensation Committee in its sole discretion commensurate with the Executive's position. All equity grants made to the Executive will vest in accordance with a vesting schedule that is consistent with other grants under the 2015 Omnibus Incentive Compensation Plan (or successor plan) and will be subject in all respects to the terms of the 2015 Omnibus Incentive Compensation Plan (or successor plan), the agreement evidencing such grant and, to the extent applicable, Section 9(c)(v), Section 9(c)(vi), Section 10(a)(v) and Section 10(a)(vi).

(d) *Miscellaneous*. The Company shall pay on the Executive's behalf, or reimburse the Executive for, all fees and expenses relating to %3. New Jersey State Bar licensing and other fees required to be paid in order to be permitted to practice law in the State of New Jersey; %3. national, state and other bar association and/or committee fees that relate to activities the Executive reasonably believes are necessary and appropriate to undertake relating to the practice of law; and %3. any fees and expenses required to be paid or incurred in connection with the Executive's satisfaction of continuing legal education requirements in the State of New York and the State of New Jersey. In addition, to the extent the Executive reasonably believes it becomes necessary for the Executive to become a member of the Bar of the State of New Jersey, the Company will pay for any course or program the Executive reasonably believes is necessary for him to prepare for the New Jersey State bar exam, as well as any bar exam registration or other related fees and expenses.

5. *Benefits*. During the Term, the Executive shall be entitled to participate in any and all benefit programs and arrangements generally made available by the Company to executive officers, including, but not limited to, pension plans, contributory and noncontributory welfare and benefit plans, disability plans and medical, death benefit and life insurance plans for which the Executive may be eligible during the Term. Furthermore, the Executive shall be permitted that number of days of paid time off ("**PTO**") during each calendar year as, consistent with Company policy, are provided to similarly situated employees; however, in no event shall the Executive receive fewer than six weeks of PTO (30 business days). PTO may be used for vacation, professional enrichment and education. Unused PTO shall accrue from one calendar year to another consistent with Company policy. In addition, if pursuant to Section 4(d), the Executive believes it is reasonably necessary for him to prepare for and take the bar exam for the State of New Jersey, the Executive shall have up to four weeks of additional PTO, taken in advance of any such bar exam, during which he shall prepare for any such examination.

6. *Expenses*. During the Executive's employment, the Executive will be reimbursed for travel, entertainment and other out-of-pocket expenses reasonably incurred by the Executive on behalf of the Company in the performance of the Executive's duties hereunder, so long as %2. such expenses are consistent with the type and amount of expenses that customarily would be incurred by similarly situated corporate executives in the United States; and %2. the Executive timely provides copies of receipts for expenses in accordance with Company policy.

7. *Company Policy*.

(a) The Executive acknowledges that the Executive is subject to insider information policies designed to preclude the Company's employees from violating the federal securities laws by trading on material, nonpublic information or passing such information on to others in breach of any duty owed to the Company or any third party. The Executive shall promptly execute any agreements generally distributed by the Company or to its employees requiring employees to abide by the Company's insider information policies.

(b) The Executive has the right under federal law to certain protections for cooperating with or reporting legal violations to the Securities and Exchange Commission (the "**SEC**") and/or its Office of the Whistleblower, as well as certain other governmental entities and self-regulatory organizations. As such, nothing in this Agreement or otherwise is intended to prohibit the Executive from disclosing this Agreement to, or from cooperating with or reporting violations to, the SEC or any other such governmental entity or self-regulatory organization, and the Executive may do so without notifying the Company. The Company may not retaliate against the Executive for any of these activities, and nothing in this Agreement or otherwise would require the Executive to waive any monetary award or other payment that the Executive might become entitled to from the SEC or any other governmental entity. Further, nothing in this Agreement or otherwise precludes the Executive from filing a charge of discrimination with the Equal Employment Opportunity Commission or a like charge or complaint with a state or local fair employment practice agency. However, once this Agreement becomes effective, the Executive may not receive a monetary award or any other form of personal relief in connection with any such charge or complaint that the Executive filed or is filed on the Executive's behalf.

(c) Notwithstanding any other provision of this Agreement, as provided for in the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)):

(i) The Executive will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that:

(A) is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or

(B) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

(ii) Without limiting the forgoing, if the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose the Company's trade secrets to the Executive's attorney and use the trade secret information in the court proceeding if the Executive:

(A) files any document containing the trade secret under seal; and

(B) does not disclose the trade secret, except pursuant to court order.

8. *Termination*.

(a) *Disability*. In accordance with applicable law, the Company may terminate the Executive's employment at any time after the Executive becomes Disabled. As used herein, "**Disabled**" means the incapacity of the Executive, on more than 75% of the standard business days (Monday through Friday) over any six-month period, due to injury, illness, disease or bodily or mental infirmity, to engage in the performance of all of the essential functions of his position, in spite of any reasonable accommodation.

(b) *Death*. The Executive's employment with the Company will terminate upon the death of the Executive.

(c) *Termination with Cause*. The Company may terminate the Executive's employment at any time for Cause by providing written notice of such termination to the Executive. As used herein, "**Cause**" means any of the following, as determined by the Board:

(i) the Executive's material breach of this Agreement;

(ii) the Executive's gross negligence (other than as a result of disability or occurring after the Executive's provision of notice in connection with a resignation for Good Reason) or willful misconduct in carrying out his duties hereunder, resulting in harm to the Company;

(iii) the Executive's material breach of any of his fiduciary obligations as an officer of the Company;

(iv) any conviction by a court of law of, or entry of a pleading of guilty or nolo contendere by the Executive with respect to, a felony or any other crime for which fraud or dishonesty is a material element, excluding traffic violations; or

(v) the Executive willfully or recklessly engages in conduct which is materially injurious to the Company, monetarily or otherwise.

For purposes of determining Cause, no act or omission by the Executive shall be considered “willful” unless it is done or omitted in bad faith or without reasonable belief that the Executive’s action or omission was in the best interests of the Company. Any act or failure to act based upon: (a) authority given pursuant to a resolution duly adopted by the Board or (b) advice of counsel for the Company, shall be conclusively presumed to be done or omitted to be done by the Executive in good faith and in the best interests of the Company. In addition, as to subsections (i)-(iii) above, if the action or inaction in question is susceptible of a cure, then no finding of Cause shall occur prior to written notice to the Executive setting forth in reasonable detail the action or inaction at issue, and the Executive’s failure to cure such condition following a cure period of no less than fifteen days.

(d) *Termination Without Cause*. The Company, at the direction of the Board, may terminate the Executive’s employment without Cause at any time upon no less than ninety days’ prior written notice or ninety days’ compensation and benefits pursuant to Section 4 and Section 5, respectively, in lieu of notice.

(e) *Resignation for Good Reason*. The Executive may resign from his employment with the Company for Good Reason by providing written notice to the Chief Executive Officer that an event constituting Good Reason has occurred and the Executive desires to resign from his employment with the Company as a result. Other than following a Change in Control, such notice must be provided to the Chief Executive Officer by the Executive within 60 days following the initial occurrence of the event constituting Good Reason. For the avoidance of doubt, following a Change in Control, notice from the Executive to the Chief Executive Officer that an event constituting Good Reason has occurred may be provided by the Executive at any time during the 12-month period following the Change in Control that is referred to in Section 10(a) below. After receipt of such written notice, the Chief Executive Officer shall have a period of 30 days to cure such event; *provided*, *however*, the Chief Executive Officer, may, at his or her sole option, determine not to cure such event and accept the Executive’s resignation, effective 30 days following the Chief Executive Officer’s receipt of the Executive’s notice that an event constituting Good Reason has occurred. If, in the reasonable judgment of the Executive, the Chief Executive Officer does not cure the event constituting Good Reason within the requisite 30-day period, the Executive’s employment with the Company shall terminate on account of Good Reason 30 days following the expiration of the Chief Executive Officer’s cure period, unless the Chief Executive Officer determines to terminate the Executive’s employment prior to such date. As used herein, “**Good Reason**” means that, without the Executive’s consent, any of the following has occurred:

(i) a material diminution in the Executive’s authority, duties, responsibilities or job title;

(ii) a diminution in the Executive’s Base Salary; *provided*, *however*, that following the occurrence of a Change in Control, a diminution in total target compensation opportunity (including a diminution in target Incentive Compensation or a diminution in annual equity grants, in each case as compared to the corresponding amounts for the fiscal year that immediately precedes the fiscal year in which an event of Good Reason has occurred, as set forth in a notice to the Board pursuant to Section 8(e)), shall also constitute “Good Reason”;

(iii) a relocation of the Company’s principal offices in Bedminster, New Jersey, or of the Executive’s principal office (if different), to a location that is not within the New York metropolitan area; or

(iv) any action or inaction by the Company that constitutes a material breach by the Company of its obligations under this Agreement.

(f) *Resignation without Good Reason*. The Executive may resign from his employment with the Company without Good Reason (as that term is defined in Section 8(e)) at any time upon no less than 90 days’ prior written notice to the Chief Executive Officer. Upon such notice of resignation, the Company may, at its sole option, accept the Executive’s resignation effective as of a date prior to the resignation date specified in the notice, and in such event, the earlier date will be the effective date of termination of the Executive’s employment for all purposes hereunder.

9. *Compensation Upon Termination Other than in Connection with a Change in Control*.

(a) *Disability*. Upon termination of employment pursuant to Section 8(a), the Executive will receive any Base Salary accrued and unpaid as of such date as well as any accrued but unused PTO and appropriate expense reimbursements. Such amounts will be paid as soon as practicable after the termination of employment.

With respect to Incentive Compensation, notwithstanding any eligibility requirement that the Executive must be employed by the Company as of the date on which the Incentive Compensation is paid (A) for any unpaid Incentive Compensation relating to the fiscal year prior to the fiscal year in which the Executive's employment is terminated (the "**Termination Year**"), in accordance with Section 4(b), the Executive will receive any accrued and unpaid Incentive Compensation for which he is eligible for such prior fiscal year (which amount shall be equal to the actual Incentive Compensation achieved for such fiscal year), with such amount to be paid in a lump sum as soon as practicable after the termination of employment, but not later than 30 days following the date of the Executive's termination of employment and (B) with respect to Incentive Compensation for the Termination Year, the Executive will be eligible to receive Incentive Compensation calculated as follows: (X) the Pro Rata Ratio (as defined below) times (Y) the sum of (i) for the portion of the Incentive Compensation that would be calculated based on the Company's achievement of operating metrics (such as, without limitation, revenue and EBITDA targets), an amount for such portion of the Executive's Incentive Compensation derived from the Company's achievement of operating metrics calculated based on the actual operating performance of the Company during the full calendar months in which the Executive remained employed extrapolated on a linear basis for the full fiscal year (assuming, however, for these purposes, 100% achievement of any applicable operating metrics relating to the performance of the Company's common stock price), *plus* (ii) for the portion of the Incentive Compensation that would be calculated based on the Executive's achievement of personal objectives, an amount for such portion of the Executive's Incentive Compensation calculated based on the assumed achievement by the Executive of 100% of the Executive's personal objectives, with such Incentive Compensation being paid in a lump sum at the time that the Incentive Compensation is payable to other executives (it being understood that if the Executive's target Incentive Compensation has not been determined for the Termination Year, the target Incentive Compensation used to calculate the amount payable to the Executive pursuant to this Section 9(a) will be equal to the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year). In addition, the Company will also pay to the Executive an amount equal to 18 months of the Executive's monthly Base Salary, which shall be paid to the Executive in accordance with the Company's normal payroll practices in equal installments over the 12-month period following the Executive's last day of employment but not later than 60 days following the date of Executive's last day of employment with the Company. The Executive's Company equity grants (including without limitation stock options, stock units and stock awards) that are outstanding immediately prior to the Executive's termination of employment shall be treated in accordance with the applicable grant agreement and the Company's 2015 Omnibus Incentive Compensation Plan (or a successor plan), subject to the terms of this Agreement. The Company shall have no further obligations under this Agreement to the Executive. As used herein, the "**Pro Rata Ratio**" shall mean the number of full calendar months in which the Executive was employed during the Termination Year divided by 12.

(b) *Death*. In the event of the Executive's death, the Executive's estate will receive any Base Salary accrued and unpaid as of such date as well as any accrued but unused PTO and appropriate expense reimbursements. Such amounts will be paid as soon as practicable after the termination of employment. With respect to Incentive Compensation, notwithstanding any eligibility requirement that the Executive must be employed by the Company as of the date on which the Incentive Compensation is paid (A) for any unpaid Incentive Compensation relating to the fiscal year prior to the Termination Year, in accordance with Section 4(b), the Executive's estate will receive any accrued and unpaid Incentive Compensation for which he is eligible for such prior fiscal year (which amount shall be equal to the actual Incentive Compensation achieved for such fiscal year), with such amount to be paid in a lump sum as soon as practicable after the termination of employment, but not later than 30 days following the date of the Executive's termination of employment and (B) with respect to Incentive Compensation for the Termination Year, the Executive's estate will be eligible to receive Incentive Compensation calculated as follows: (X) the Pro Rata Ratio times (Y) the sum of (i) for the portion of the Incentive Compensation that would be calculated based on the Company's achievement of operating metrics (such as, without limitation, revenue and EBITDA targets), an amount for such portion of the Executive's Incentive Compensation derived from the Company's achievement of operating metrics calculated based on the actual operating performance of the Company during the full calendar months in which the Executive remained employed extrapolated on a linear basis for the full fiscal year (assuming, however, for these purposes, 100% achievement of any applicable operating metrics relating to the performance of the Company's common stock price), *plus* (ii) for the portion of the Incentive Compensation that would be calculated based on the Executive's achievement of personal objectives, an amount for such portion of the Executive's Incentive Compensation calculated based on the assumed achievement by the Executive of 100% of the Executive's personal objectives, with such Incentive Compensation being paid in a lump sum at the time that the Incentive Compensation is payable to other executives (it being understood that if the Executive's target Incentive Compensation has not been determined for the Termination Year, the target Incentive Compensation used to calculate the amount payable to the Executive pursuant to this Section 9(b) will be equal to the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year). In addition, the Company will also pay to the Executive's estate in a lump sum not later than 30 days following the Executive's last day of employment an amount equal to 18 months of the Executive's monthly Base Salary. The Executive's Company equity grants (including without limitation stock options, stock units and stock awards) that are outstanding immediately prior to the Executive's death shall be treated in accordance with the applicable grant agreement and the Company's 2015 Omnibus Incentive Compensation Plan (or a successor plan), subject to the terms of this Agreement. The Company shall have no further obligations under this Agreement to the Executive's estate.

(c) *Termination without Cause or Resignation with Good Reason Other than in Connection with a Change in Control*. If, other than in connection with a Change in Control as defined in Section 10, the Company terminates the Executive's employment without Cause pursuant to Section 8(d) or if the Executive resigns for Good Reason pursuant to Section 8(e), the Company will pay the Executive his Base Salary accrued and unpaid as of the date of termination of employment, as well as any accrued but unused PTO and appropriate expense reimbursements. Such amounts will be paid as soon as practicable after the termination of employment. In addition, subject to the Executive's execution and nonrevocation of the general release of claims described in Section 11 below, as well as the Executive's compliance with the restrictive covenants set forth in Sections 13 through 16 below, the Company will also pay and/or provide to the Executive the following:

(i) severance in an amount equal to 18 months of the Executive's monthly Base Salary (the "**Severance Amount**"), which shall be paid to the Executive in accordance with the Company's normal payroll practices in equal installments over the 18-month period following Executive's last day of employment and which shall commence as soon as administratively practicable following the expiration of the revocation period for the general release, but not later than 60 days following the date of Executive's last day of employment with the Company;

(ii) in accordance with Section 4(b), the Executive will receive any accrued and unpaid Incentive Compensation, for which he is eligible for the fiscal year prior to such termination (which amount shall be equal to the actual Incentive Compensation achieved for such fiscal year), with such amount to be paid in a lump sum as soon as practicable after the termination of employment, but not later than 30 days following the date of the Executive's termination of employment;

(iii) notwithstanding any eligibility requirement that the Executive must be employed by the Company as of the date on which the Incentive Compensation is paid, if the Executive's employment is terminated before such date in accordance with Section 8(d) or 8(e), the Executive will be eligible to receive Incentive Compensation calculated as follows: (X) the Pro Rata Ratio times (Y) the sum of (i) for the portion of the Incentive Compensation that would be calculated based on the Company's achievement of operating metrics (such as, without limitation, revenue and EBITDA targets), an amount for such portion of the Executive's Incentive Compensation derived from the Company's achievement of operating metrics calculated based on the actual operating performance of the Company during the full calendar months in which the Executive remained employed extrapolated on a linear basis for the full fiscal year (assuming, however, for these purposes, 100% achievement of any applicable operating metrics relating to the performance of the Company's common stock price), *plus* (ii) for the portion of the Incentive Compensation that would be calculated based on the Executive's achievement of personal objectives, an amount for such portion of the Executive's Incentive Compensation calculated based on the assumed achievement by the Executive of 100% of the Executive's personal objectives, with such Incentive Compensation being paid in a lump sum at the time that the Incentive Compensation is payable to other executives (it being understood that if the Executive's target Incentive Compensation has not been determined for the Termination Year, the target Incentive Compensation used to calculate the amount payable to the Executive pursuant to this Section 9(c)(iii) will be equal to the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year);

(iv) an amount equal to one and a half (1.5) times the Executive's aggregate Incentive Compensation for the Termination Year assuming (A) achievement by the Company of 100% of any applicable operating metrics (such as, without limitation, revenue, EBITDA and stock performance targets) and (B) achievement by the Executive of 100% of the Executive's personal objectives (it being understood that if the Executive's target Incentive Compensation has not been determined for the Termination Year, the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year shall be used), which shall be paid to the Executive in accordance with the Company's normal payroll practices in equal installments over the 12-month period following Executive's last day of employment and which shall commence as soon as administratively practicable following the expiration of the revocation period for the general release, but not later than 60 days following the date of Executive's last day of employment with the Company;

(v) notwithstanding any provision to the contrary in any applicable grant agreement or the Company's 2015 Omnibus Incentive Compensation Plan (or a successor plan), all shares subject to Company equity grants (including without limitation stock options, stock units and stock awards) that vest solely on the Executive's continued employment with the Company for a specified period of time held by the Executive at the time of his termination date that would have vested from the date of grant through the end of the 18-month period following the Executive's termination date if the vesting schedule for such grants were based on a monthly vesting schedule, as opposed to the vesting schedule set forth in his grant agreement, shall immediately vest in full and/or become immediately exercisable or payable on the Executive's termination date (examples of the vesting described in this clause (v) are included on Schedule solely 1 for illustrative purposes);

(vi) notwithstanding any provision to the contrary in any applicable grant agreement or the Company's 2015 Omnibus Incentive Compensation Plan (or a successor plan), all shares subject to Company equity grants (including without limitation stock options, stock units and stock awards) that vest in whole or in part based on the satisfaction of performance-based or market-based conditions held by the Executive at the time of his termination date shall be treated as follows:

(A) the number of shares subject to each such outstanding grant (the "**Grant Amount**") shall be determined in accordance with the terms of the applicable grant agreement, and by applying the following performance assumptions to the target grant amount specified therein:

(1) if such termination occurs prior to the end of the applicable measurement period for such performance-based or market-based conditions, such conditions will be deemed to have been satisfied based on achievement of 100% of target performance; and

(2) if such termination occurs after the end of the applicable measurement period for such performance-based or market-based conditions, such conditions will be deemed to have been satisfied based on the Company's actual performance relative to such conditions;

(B) each such outstanding grant that would have vested from the date of grant through the end of the 18-month period following the Executive's termination date if the vesting schedule for the applicable Grant Amount were based on a monthly vesting schedule, as opposed to the vesting schedule set forth in his grant agreement, shall immediately vest in full and/or become immediately exercisable or payable on the Executive's termination date (examples of the vesting described in this clause (vi) are included on Schedule 1 solely for illustrative purposes); and

(vii) to the extent permitted under applicable law, the Company will provide continued health benefits to the Executive at the same premium rates charged to other then current employees of the Company, or, at its option, waive that portion of the cost for COBRA continuation coverage that is in excess of what then current employees of the Company pay for health benefits under the Company's plan, for the 18-month period following his termination of employment, unless the Executive is eligible to be covered by health insurance provided by a future employer.

(d) *Termination with Cause and Resignation without Good Reason*. If the Company terminates the Executive's employment with Cause pursuant to Section 8(c), if the Executive resigns without Good Reason pursuant to Section 8(f), or if the Executive is entitled to the severance benefits pursuant to Section 9(c) or Section 10(a) and either does not execute or revokes the general release of claims required pursuant to Section 11, or is in material breach of any of the covenants set forth in Section 13, 14, 15, 16 or 17 below, the Company will pay the Executive his Base Salary accrued and unpaid as of the date of termination of employment as well as any accrued but unused PTO and appropriate expense reimbursements. Such amounts will be paid as soon as practicable after the termination of employment and, following such payments, the Company shall have no further obligations under this Agreement to the Executive.

(e) *Nonrenewal of This Agreement*. If the Company provides written notice of nonrenewal of this Agreement in accordance with Section 1 herein, the Executive's termination of employment in connection with the Company's nonenewal of this Agreement shall be deemed to be a termination of the Executive's employment by the Company without Cause and the Executive shall be eligible for the payments and severance benefits set forth in Section 9(c) herein, subject to the provisions of Section 9(c).

10. *Change in Control*.

(a) *Termination without Cause or Resignation with Good Reason in Connection with a Change in Control*. If, on or within 12 months after a Change in Control, and whether or not this Agreement was not renewed in accordance with Section 1 herein, the Company or its successor terminates the Executive's employment without Cause pursuant to Section 8(d) or if the Executive resigns for Good Reason pursuant to Section 8(e), the Executive is entitled to his Base Salary accrued and unpaid as of the date of termination of employment as well as any accrued but unused PTO and appropriate expense reimbursements. Such amounts will be paid as soon as practicable after the termination of employment. In addition, subject to the Executive's execution and nonrevocation of the general release of claims described in Section 11 below, as well as the Executive's compliance with the restrictive covenants set forth in Sections 13 through 16 below, the Executive shall be entitled to the following:

(i) severance in an amount equal to 24 months of the Executive's monthly Base Salary (the "**Change in Control Severance Amount**"), which shall be paid to the Executive in a lump sum as soon as administratively practicable following the expiration of the revocation period for the general release, but not later than 60 days following the date of the Executive's last day of employment with the Company;

(ii) in accordance with Section 4(b), the Executive will receive any accrued and unpaid Incentive Compensation, for which he is eligible, for the fiscal year prior to such termination (which amount shall be equal to the actual Incentive Compensation achieved for such fiscal year; *provided*, *however*, that if a Change in Control occurs during the fiscal year prior to such Termination Year, the Incentive Compensation to which the Executive shall be entitled with respect to the fiscal year prior to the Termination Year shall equal the target Incentive Compensation for such fiscal year), with such amount to be paid in a lump sum as soon as practicable after the termination of employment with the Company, but not later than 30 days following the date of the Executive's termination of employment;

(iii) notwithstanding any eligibility requirement that the Executive must be employed by the Company as of the date on which the Incentive Compensation is paid, the Executive will be eligible to receive Incentive Compensation calculated as follows: (A) if the Executive's employment is terminated on or prior to July 31 of the Termination Year, (X) the Pro Rata Ratio times (Y) the Executive's target Incentive Compensation for the applicable period, or (B) if the Executive's employment is terminated after July 31 of the Termination Year, the Pro Rata Ratio times the greater of (1) the Executive's target Incentive Compensation for such fiscal year or (2) the sum of (i) for the portion of the Incentive Compensation that would be calculated based on the Company's achievement of operating metrics (such as, without limitation, revenue and EBITDA targets), an amount for such portion of the Executive's Incentive Compensation derived from the Company's achievement of operating metrics calculated based on the actual operating performance of the Company during the full calendar months in which the Executive remained employed extrapolated on a linear basis for the full fiscal year (assuming, however, for these purposes, 100% achievement of any applicable operating metrics relating to the performance of the Company's common stock price), *plus* (ii) for the portion of the Incentive Compensation that would be calculated based on the Executive's achievement of personal objectives, an amount for such portion of the Executive's Incentive Compensation calculated based on the assumed achievement by the Executive of 100% of the Executive's personal objectives (it being understood, in each case, that if Executive's target Incentive Compensation has not been determined for the Termination Year, the target Incentive Compensation used to calculate the amount payable to the Executive pursuant to this Section 10(a)(iii) will be equal to the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year), with such pro rata Incentive Compensation being paid in a lump sum as soon as administratively practicable following the expiration of the revocation period for the general release, but not later than 60 days following the date of the Executive's last day of employment with the Company;

(iv) an amount equal to two times the Executive's aggregate target Incentive Compensation for the Termination Year (it being understood that if such target Incentive Compensation has not been determined for the Termination Year, the Executive's target Incentive Compensation for the fiscal year immediately prior to the Termination Year shall be used), with such amount to be paid in a lump sum as soon as administratively practicable following the expiration of the revocation period for the general release, but not later than 60 days following the date of the Executive's last day of employment with the Company;

(v) notwithstanding any provision to the contrary in any applicable grant agreement or the Company's 2015 Omnibus Incentive Compensation Plan (or a successor plan), any and all shares subject to Company equity grants (including without limitation stock options, stock units and stock awards) that did not vest effective as of the Change in Control and continue to vest solely on the Executive's continued employment with the Company for a specified period of time held by the Executive at the time of his termination shall immediately vest in full and/or become immediately exercisable or payable on the Executive's termination date;

(vi) notwithstanding any provision to the contrary in any applicable grant agreement or the Company's 2015 Omnibus Incentive Compensation Plan (or a successor plan), any and all shares subject to Company equity grants (including without limitation stock options, stock units and stock awards) that did not vest effective as of the Change in Control and continue to vest in whole or in part based on the satisfaction of performance-based or market-based conditions held by the Executive at the time of his termination shall be treated as follows:

(A) the Grant Amount shall be determined in accordance with the terms of the applicable grant agreement, and by applying the following performance assumptions to the target grant amount specified therein:

(1) if the Change in Control and such termination each occur prior to the end of the applicable measurement period for such performance-based or market-based conditions, such conditions will be deemed to have been satisfied based on achievement of 100% of target performance;

(2) if the Change in Control occurs prior to the end of the applicable performance measurement period for such performance-based or market-based conditions and the termination occurs after the end of such measurement period, such conditions will be deemed to have been satisfied based on the greater of (1) the achievement of 100% of target performance or (2) the Company's actual performance relative to such conditions; and

(3) if the Change in Control and such termination each occur after the end of the applicable measurement period for such performance-based or market-based conditions, such conditions will be deemed to have been satisfied based on the Company's actual performance relative to such conditions;

(B) notwithstanding the vesting schedule set forth in his grant agreement, the applicable Grant Amount shall immediately vest in full and/or become immediately exercisable or payable on the Executive's termination date; and

(vii) to the extent permitted under applicable law, the Company will provide continued health benefits to the Executive at the same premium rates charged to other then current employees of the Company, or at its option, waive that portion of the cost for COBRA continuation coverage that is in excess of what then current employees of the Company pay for health benefits under the Company's plan, for the 24-month period following his termination of employment, unless the Executive is eligible to be covered by health insurance provided by a future employer.

(b) For the avoidance of doubt, Section 9(c)(v), Section 9(c)(vi), Section 10(a)(v), Section 10(a)(vi) and the provisions in the Company's 2015 Omnibus Incentive Compensation Plan (or successor or predecessor equity compensation plans, as applicable) relating to the acceleration of vesting of equity awards in the event of a Change in Control shall apply to any equity awards held by the Executive; it being understood that, in the event of a Change in Control, any equity award held by the Executive other than a stock option or a stock appreciation right (which shall be subject to the terms of the applicable equity compensation plan and award agreement thereunder) may not be cancelled without a cash payment to the Executive in an amount equal to the Fair Market Value (as defined in the 2015 Omnibus Incentive Compensation Plan) of the shares of Company Stock underlying such cancelled equity award or a grant to the Executive of an equity award of the surviving corporation (or a parent or subsidiary of the surviving corporation) of equal value.

(c) If there is a dispute as to whether grounds triggering termination with or without Cause or resignation with or without Good Reason have occurred, in each case in connection with a Change in Control, and Executive prevails in his claim that his termination constituted a termination without Cause or a resignation with Good Reason, then any fees and expenses arising from the resolution of such dispute (including any reasonably incurred attorneys' fees and expenses of Executive) shall be paid by the Company or its successor, as the case may be.

(d) For purposes of this Agreement, "**Change in Control**" means a (i) Change in Ownership of the Company, (ii) Change in Effective Control of the Company, (iii) Change in the Ownership of Assets of the Company, in the case of each of clauses (i), (ii) and (iii), as described herein and construed in accordance with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and Treasury guidance issued thereunder (the "**Code**"), or (iv) a liquidation or dissolution of the Company; except that no Change in Control shall be deemed to occur as a result of a change of ownership resulting from the death of a stockholder or a transaction in which the Company becomes a subsidiary of another corporation and in which the stockholders of the Company, immediately prior to the transaction, will beneficially own, immediately after the transaction, shares entitling such stockholders to more than 50% of all votes to which all stockholders of the parent corporation would be entitled in the election of directors (without consideration of the rights of any class of stock to elect directors by a separate class vote).

(i) A "Change in Ownership of the Company" shall occur on the date that any one Person acquires, or Persons Acting as a Group acquire, ownership of the capital stock of the Company that, together with the stock previously held by such Person or Group, constitutes more than 50% of the total fair market value or total voting power of the capital stock of the Company. However, if any one Person is, or Persons Acting as a Group are, considered to own more than 50% of the total fair market value or total voting power of the capital stock of the Company, the acquisition of additional stock by the same Person or Persons Acting as a Group is not considered to cause a Change in Ownership of the Company or to cause a Change in Effective Control of the Company (as described below). An increase in the percentage of capital stock owned by any one Person, or Persons Acting as a Group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock.

(ii) A "Change in Effective Control of the Company" shall occur if in any 12-month period, (A) a Person, or Persons Acting as a Group, acquires ownership of capital stock of the Company possessing 30% or more of the total voting power of the capital stock of the Company, or (B) a majority of the members of the Board are not Continuing Directors. "Continuing Directors" means, as of any date of determination, any member of the Board who (1) was a member of the Board on the Original Effective Date or (2) was nominated for election, elected or appointed to the Board with the approval of a majority of the Continuing Directors who were members of the Board at the time of such nomination, election or appointment (either by a specific vote or by approval of the Company's proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

(iii) A "Change in the Ownership of Assets of the Company" shall occur on the date that any one Person acquires, or Persons Acting as a Group acquire (or has or have acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons), assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions. For this purpose, "gross fair market value" means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

(iv) The following rules of construction apply in interpreting the definition of Change in Control:

(a) A "Person" means any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and the rules and regulations thereunder, other than employee benefit plans sponsored or maintained by the Company and by entities controlled by the Company or an underwriter of the capital stock of the Company in a registered public offering.

(b) Persons will be considered to be "Persons Acting as a Group" (or "Group") if (i) they are considered to be acting as a group within the meaning of Sections 13(d)(3) and 14(d)(2) of the Exchange Act and the rules and regulations thereunder or (ii) they are owners of a corporation or other entity that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company. If a Person owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a Group with other shareholders only with respect to the ownership in that corporation before the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Persons will not be considered to be acting as a Group solely because they purchase assets of the same corporation at the same time or purchase or own stock of the same corporation at the same time, or as a result of the same public offering.

(c) For purposes of the definition of Change in Control, "fair market value" shall be determined by the Board.

(d) A Change in Control shall not include a transfer to a related person as described in Code Section 409A or a public offering of capital stock of the Company.

(e) For purposes of the definition of Change in Control, Code Section 318(a) applies to determine stock ownership. Stock underlying a vested option is considered owned by the individual who holds the vested option (and the stock underlying an unvested option is not considered owned by the individual who holds the unvested option). For purposes of the preceding sentence, however, if a vested option is exercisable for stock that is not substantially vested (as defined by Treas. Reg. § 1.83-3(b) and (j)), the stock underlying the option is not treated as owned by the individual who holds the option.

11. *Release of Claims*. As a condition for the payments of the Severance Amount or the Change in Control Severance Amount and Incentive Compensation provided in Section 9(c) or Section 10(a), as well as the acceleration of equity vesting and continuation of health benefits provided pursuant to such sections of this Agreement, the Executive

must execute a general release of all claims (including claims under local, state and federal laws, but excluding claims for payment due under Section 9(c) or Section 10(a) and subject to Section 7(b) and (c)) that the Executive has or may have against the Company and current and former related individuals or entities (the "**Release**"). The Release shall be in a form reasonably acceptable to the Company, and shall include confidentiality, cooperation, and non-disparagement provisions, as well as other terms requested by the Company that are typical of an executive severance agreement. The consideration provided for in Section 9(c) or Section 10(a) is conditioned upon and will not be paid (or be provided) until the execution of the Release and the expiration of any revocation period; *provided* that notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of the Executive's execution of the Release, directly or indirectly, result in the Executive designating the calendar year of payment, and if a payment that is subject to execution of the Release could be made in more than one taxable year, payment shall be made in the later taxable year. The Company shall provide the Release to the Executive by no later than 10 days after the Executive terminates employment with the Company, and the Executive shall execute the Release during the statutory time period specified by applicable law. If the Release is not executed during the statutory time period specified by applicable law, the Company's obligation to pay any Severance Amount, Change in Control Severance Amount or Incentive Compensation and to provide any acceleration of vesting and continued health benefits provided for in Section 9(c) or Section 10(a) pursuant to this Agreement shall terminate.

12. *Section 280G Contingent Cutback*. The Executive shall bear all expense of, and be solely responsible for, all federal, state, local or foreign taxes due with respect to any payment received under this Agreement, including, without limitation, any excise tax imposed by Code Section 4999. Notwithstanding anything to the contrary in this Agreement, in the event that any payment or benefit received or to be received by the Executive pursuant to the terms of this Agreement or in connection with the Executive's termination of employment or contingent upon a Change in Control pursuant to any plan or arrangement or other agreement with the Company or any affiliate (collectively, the "**Payments**") would be subject to the excise tax imposed by Code Section 4999, as determined by the Company, then the Payments shall be reduced to the extent necessary to prevent any portion of the Payments from becoming nondeductible by the Company under Code Section 280G or subject to the excise tax imposed under Code Section 4999, but only if, by reason of that reduction, the net after-tax benefit received by the Executive exceeds the net after-tax benefit the Executive would receive if no reduction was made. For this purpose, "net after-tax benefit" means %3. the total of all Payments that would constitute "excess parachute payments" within the meaning of Code Section 280G, *less* %3. the amount of all federal, state, and local income taxes payable with respect to the Payments calculated at the maximum marginal income tax rate for each year in which the Payments shall be paid to the Executive (based on the rate in effect for that year as set forth in the Code as in effect at the time of the first payment of the Payments), less %3. the amount of excise taxes imposed on the Payments described in clause (i) above by Code Section 4999. If, pursuant to this Section 12, Payments are to be reduced, the parties shall determine which Payments shall be reduced in a manner so as to avoid the imposition of additional taxes under Code Section 409A.

13. *Confidentiality; Return of Company Property*.

(a) The Executive acknowledges that, by reason of Executive's employment by the Company, Executive will have access to confidential information of the Company, including without limitation information and knowledge pertaining to products, inventions, discoveries, improvements, innovations, designs, ideas, trade secrets, proprietary information, business strategies, packaging, advertising, marketing, distribution and sales methods, sales and profit figures, employees, customers and clients, and relationships between the Company and its business partners, including dealers, traders, distributors, sales representatives, wholesalers, customers, clients, suppliers and others who have business dealings with them ("**Confidential Information**"). The Executive acknowledges that such Confidential Information is a valuable and unique asset of the Company and covenants that, both during and after the Term, subject to Section 7, Executive will not disclose any Confidential Information to any person or entity, except as the Executive's duties as an employee of the Company may require, without the prior written authorization of the Board. The obligation of confidentiality imposed by this Section 13 shall not apply to Confidential Information that otherwise becomes generally known to the public through no act of the Executive in breach of this Agreement or any other party in violation of an existing confidentiality agreement with the Company, or which is required to be disclosed by court order or applicable law.

(b) All records, designs, patents, business plans, financial statements, manuals, memoranda, lists, research and development plans and products, and other property delivered to or compiled by the Executive by or on behalf of the Company or its vendors or customers that pertain to the business of the Company shall be and remain the property of the Company, and be subject at all times to its discretion and control. Likewise, all property, including without limitation all documents, whether in computer or hard copy form, that Executive creates or receives during and as a result of his employment by the Company, shall be returned to the Company upon request and at the end of the Executive's employment.

14. *Non-Competition*. While the Executive is employed at the Company and for a period of 12 months after the termination of his employment with the Company for any reason, other than following termination without Cause or resignation for Good Reason after a Change in Control, pursuant to Section 10, in which case such period shall be six

months (as applicable, the "**Restricted Period**"), the Executive will not, directly or indirectly, own, maintain, finance, operate, engage in, assist, be employed by, contract with, license, or have any interest in, or association with, a business or enterprise primarily engaged in or planning to be primarily engaged in, the Internet-based trading of foreign exchange or CFDs.

15. *Solicitation of Clients*. During the Restricted Period, the Executive shall not, directly or indirectly, including through any other person or entity, seek business from any Client on behalf of any enterprise or business other than the Company, refer business generated from any Client to any enterprise or business other than the Company, or receive commissions based on sales or otherwise relating to the business from any Client, enterprise or business other than the Company, provided that such solicitation, if successful, would have an adverse effect on the Company. For purposes of this Agreement, "**Client**" means any person, firm, corporation, limited liability company, partnership, association or other entity %3. to which the Company sold or provided services during the 12-month period prior to the time at which any determination is required to be made as to whether any such person, firm, corporation, partnership, association or other entity is a Client or %3. who or which has been approached by an employee of the Company for the purpose of soliciting business for the Company and which business was reasonably expected to generate revenue in excess of $100,000 per annum.

16. *Solicitation of Employees*. During the Restricted Period, the Executive, directly or indirectly, shall not contact or solicit any employee of the Company for the purpose of hiring them or causing them to terminate their employment relationship with the Company.

17. *Inventions, Ideas, Processes and Designs*. All inventions, ideas, processes, programs, software and designs (including all improvements) conceived or made by the Executive during his employment with the Company (whether or not actually conceived during regular business hours) and related to the business of the Company, or the business approved by the Board to be engaged in by the Company, shall be disclosed in writing promptly to the Company and shall be the sole and exclusive property of the Company. An invention, idea, process, program, software or design (including an improvement) shall be deemed related to the actual or approved business of the Company if it (x) was made with the Company's equipment, supplies, facilities, or Confidential Information, (y) results from work performed by the Executive for the Company, or (z) pertains to the current business or demonstrably anticipated research or development work of the Company. The Executive shall cooperate with the Company and its attorneys in the preparation of patent and copyright applications for such developments and, upon request, shall promptly assign all such inventions, ideas, processes, and designs to the Company. The decision to file for patent or copyright protection or to maintain such development as a trade secret shall be in the sole discretion of the Company, and the Executive shall be bound by such decision.

18. *Specific Performance/Remedies*. The Executive acknowledges that the services to be rendered by the Executive are of a special, unique and extraordinary character and, in connection with such services, the Executive will have access to Confidential Information vital to the Company's business. The Executive further agrees that the covenants contained in Sections 13, 14, 15, 16 and 17 are reasonable and necessary to protect the legitimate business interests of the Company. By reason of this, the Executive consents and agrees that if the Executive violates any of the provisions of Sections 13, 14, 15, 16 and 17 hereof, the Company would sustain irreparable injury and that monetary damages would not provide adequate remedy to the Company. The Executive hereby agrees that the Company shall be entitled to have Sections 13, 14, 15, 16 and 17 hereof specifically enforced (including, without limitation, by injunctions and restraining orders) by any court in the State of New Jersey having equity jurisdiction and agrees to be subject to the jurisdiction of said court. As a further and nonexclusive remedy, the Executive understands that a breach of the covenants contained in Sections 13, 14, 15, 16 and 17 above that causes material harm to the Company as reasonably determined by the Board (which determination shall be binding and final) shall eliminate the Executive's entitlement to any further payment of the Severance Amount, Change in Control Severance Amount, Incentive Compensation, acceleration of equity vesting of equity grants and continued health benefits provided for in Section 9(c) or Section 10(a), and the Executive shall be required to return any such amounts that relate to the period of noncompliance during the Restricted Period in the event of such a breach (including, without limitation, the amount of any gain realized by the Executive upon the acceleration of equity vesting of equity grants). Nothing contained herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of damages from the Executive.

19. *Complete Agreement*. This Agreement embodies the entire agreement of the parties with respect to the Executive's employment, compensation, benefits and related items and supersedes any other prior oral or written agreements, arrangements or understandings between the Executive and the Company including without limitation that certain Employment Agreement entered into as of April 13, 2012, by and between the Executive and the Company, and that certain Employment Agreement entered into as of May 5, 2015, by and between the Executive and the Company, other than the Company's 2015 Omnibus Incentive Compensation Plan and the award agreements reflecting outstanding equity awards held by the Executive as of the date of this Agreement, each of which shall continue to control such equity awards except as expressly modified by this Agreement. This Agreement may not be changed or terminated orally but only by an agreement in writing signed by the parties hereto.

20. *Waiver*. The waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by such party.

21. *Governing Law; Assignability*.

(a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey without reference to the choice of law provisions thereof.

(b) The Executive may not, without the Company's prior written consent, delegate, assign, transfer, convey, pledge, encumber or otherwise dispose of this Agreement or any interest herein. Any such attempt shall be null and void and without effect. The Company and the Executive agree that this Agreement and all of the Company's rights and obligations hereunder may be assigned or transferred by the Company and shall be assumed by and be binding upon any successor to the Company.

22. *Severability*. If any provision of this Agreement or any part thereof, including, without limitation, Section 13, 14, 15, 16 or 17, as applied to either party or to any circumstances shall be adjudged by a court of competent jurisdiction to be void or unenforceable, the same shall in no way affect any other provision of this Agreement or remaining parts thereof, which shall be given full effect without regard to the invalid or unenforceable part thereof, or the validity or enforceability of this Agreement. In the event an arbitrator or court of competent jurisdiction deems the restrictive covenants unreasonably lengthy in time or overly broad in scope, it is the intention and agreement of the parties that those provisions which are not fully enforceable be deemed as having been modified to the extent necessary to render them reasonable and enforceable and that they be enforced to such extent.

23. *Notices*. All notices to the Company or the Executive, permitted or required hereunder, shall be in writing and shall be delivered personally, by telecopier or by courier service providing for next-day delivery or sent by registered or certified mail, return receipt requested, to the following addresses:

If to the Company:

GAIN Capital Holdings, Inc.
Bedminster One
135 Route 202/206
Bedminster, New Jersey 07921
Attention: Chief Executive Officer

If to the Executive, to:

Diego Rotsztain
c/o GAIN Capital Holdings, Inc.
Bedminster One
135 Route 202/206
Bedminster, New Jersey 07921

Either party may change the address to which notices shall be sent by sending written notice of such change of address to the other party. Any such notice shall be deemed given, if delivered personally, upon receipt; if telecopied, when telecopied; if sent by courier service providing for next-day delivery, the next business day following deposit with such courier service; and if sent by certified or registered mail, three days after deposit (postage prepaid) with the U.S. mail service.

24. *Section 409A.*

(a) This Agreement shall be interpreted to avoid the imposition of any additional taxes under Code Section 409A. If any payment or benefit cannot be provided or made at the time specified herein without incurring additional taxes under Code Section 409A, then such benefit or payment shall be provided in full at the earliest time thereafter when such sanctions will not be imposed. The preceding provisions, however, shall not be construed as a guarantee by the Company of any particular tax effect to the Executive under this Agreement. For purposes of Code Section 409A, each payment under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments. In no event may the Executive, directly or indirectly, designate the calendar year of payment.

(b) To the maximum extent permitted under Code Section 409A, the cash severance payments payable under this Agreement are intended to comply with the "short-term deferral exception" under Treas. Reg. §1.409A-l(b)(4), and any remaining amount is intended to comply with the "separation pay exception" under Treas. Reg. §1.409A-l(b)(9)(iii) or any successor provision; *provided*, *however*, any amount payable to the

Executive during the six-month period following the Executive's termination date that does not qualify within either of the foregoing exceptions and is deemed as deferred compensation subject to the requirements of Code Section 409A, then such amount shall hereinafter be referred to as the "**Excess Amount**." If the Executive is a "key employee" of a publicly traded corporation under Section 409A at the time of his separation from service and if payment of the Excess Amount under this Agreement is required to be delayed for a period of six months after separation from service pursuant to Code Section 409A, then notwithstanding anything in this Agreement to the contrary, payment of such amount shall be delayed as required by Code Section 409A, and the accumulated postponed amount shall be paid in a lump sum payment within 10 days after the end of the six-month period. If the Executive dies during the postponement period prior to the payment of the postponed amount, the amounts withheld on account of Section 409A shall be paid to the personal representative of the Executive's estate within 60 days after the date of the Executive's death. A "**key employee**" shall mean an employee who, at any time during the 12-month period ending on the identification date, is a "specified employee" under Code Section 409A, as determined by the Board, in its sole discretion. The determination of key employees, including the number and identity of persons considered key employees and the identification date, shall be made by the Board in accordance with the provisions of Code Sections 416(i) and 409A.

(c) To the extent the Executive is, at the time of his termination of employment under this Agreement, participating in one or more deferred compensation arrangements subject to Code Section 409A, the payments and benefits provided under those arrangements shall continue to be governed by, and to become due and payable in accordance with, the specific terms and conditions of those arrangements, and nothing in this Agreement shall be deemed to modify or alter those terms and conditions.

(d) "**Termination of employment**," "**resignation**," or words of similar import, as used in this Agreement means, for purposes of any payments under this Agreement that are payments of deferred compensation subject to Code Section 409A, the Executive's "separation from service" as defined in Code Section 409A.

(e) Nothing herein shall be construed as having modified the time and form of payment of any amounts or payments of "deferred compensation" (as defined under Treas. Reg. § 1.409A-l(b)(l), after giving effect to the exemptions in Treas. Reg. §§ 1.409A-l(b)(3) through (b)(12)) that were otherwise payable pursuant to the terms of any agreement between Company and the Executive in effect on or after January 1, 2005 and prior to the date of this Agreement.

(f) All reimbursements provided under this Agreement shall be made or provided in accordance with the requirements of Code Section 409A, including, where applicable, the requirement that %3. any reimbursement is for expenses incurred during the Executive's lifetime (or during a shorter period of time specified in this Agreement), %3. the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, %3. the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred and %3. the right to reimbursement is not subject to liquidation or exchange for another benefit.

25. *Withholding of Taxes and Other Employee Deductions*. The Company may withhold from any benefits and payments made pursuant to this Agreement (whether actually or constructively made to the Executive or treated as included in the Executive's income under Section 409A of the Code) all federal, state, city, foreign and other applicable taxes and withholdings as may be required pursuant to any law or governmental regulation or ruling and all other customary deductions made with respect to the Company's employees generally.

26. *Counterparts*. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

27. *Separation*. All covenants that, by their terms, naturally would survive the termination or expiration of this Agreement, including but not limited to Sections 11, 12, 13, 14 and 15 hereof, shall survive the termination or expiration of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Employment Agreement as of the date first above written.

GAIN CAPITAL HOLDINGS, INC.

By: /s/ Glenn H. Stevens

Name: Glenn H. Stevens
Title: President and Chief Executive Officer

/s/ Diego Rotsztain
Diego Rotsztain

Schedule I

Illustration of Vesting Pursuant to Section 9(c)(v):

<u>Example 1</u>

Grant Date: March 15, 2018
Grant Amount: 36,000 time based restricted stock units
Vesting Schedule: Three years (1/3 on each anniversary of grant date)
Termination Date: June 15, 2018

Total Vested: **21,000**

<u>Step 1: Convert vesting to a monthly schedule</u>

36,000 units ÷ 36 months = 1,000 units per month

<u>Step 2: Calculate vesting from grant date through 18-months following termination</u>

3 months + 18 months = 21 months; 21 months x 1,000 units per month = 21,000

<u>Example 2</u>

Grant Date: March 15, 2018
Grant Amount: 36,000 time based restricted stock units
Vesting Schedule: Three years (1/3 on each anniversary of grant date)
Termination Date: May 15, 2019

Total Vested: **32,000** (12,000 of which would have vested in the ordinary course on March 15, 2019 and 20,000 of which accelerate in connection with the termination on May 15, 2019)

<u>Step 1: Convert vesting to a monthly schedule</u>

36,000 units ÷ 36 months = 1,000 units per month

<u>Step 2: Calculate vesting from grant date through 18-months following termination</u>

14 months + 18 months = 32 months; 32 months x 1,000 units per month = 32,000

Illustration of Vesting Pursuant to Section 9(c)(vi):

<u>Example 1</u>

Grant Date: March 15, 2018
Target Grant Amount: 36,000 performance based restricted stock units
Measurement Period: Fiscal years 2018 and 2109
Performance Adjustment: Target grant amount multiplied by % of performance target achieved
Vesting Schedule: Three years (2/3 on 2nd anniversary of grant date, 1/3 on 3rd anniversary)
Termination Date: June 15, 2018

Total Vested: **21,000**

<u>Step 1: Identify Grant Amount</u>

Termination before end of applicable measurement period results in deemed achievement of 100% of target performance

36,000 units x 100% achievement = 36,000 units

<u>Step 2: Convert vesting to a monthly schedule</u>

36,000 units ÷ 36 months = 1,000 units per month

Step 3: Calculate vesting from grant date through 18-months following termination

3 months + 18 months = 21 months; 21 months x 1,000 units per month = 21,000

Example 2

Grant Date: March 15, 2018
Target Grant Amount: 36,000 performance based restricted stock units
Measurement Period: Fiscal years 2018 and 2109
Performance Adjustment: Target grant amount multiplied by % of performance target achieved
Vesting Schedule: Three year (2/3 on 2nd anniversary of grant date, 1/3 on 3rd anniversary)
Termination Date: May 15, 2020

Total Vested: **28,800** (19,296 of which would have vested in the ordinary course on March 15, 2020 and 9,504 of which accelerate in connection with the termination on May 15, 2020)

Step 1: Identify Grant Amount

Termination after end of applicable measurement period results in calculation based on actual performance (assume 80% achievement for purposes of this example)

36,000 units x 80% achievement = 28,800 units

Step 2: Convert vesting to a monthly schedule

28,800 units ÷ 36 months = 800 units per month

Step 3: Calculate vesting from grant date through 18-months following termination

26 months + remaining 10 months = 36 months; 36 months x 800 units per month = 28,800

Exhibit 21.1

List of Subsidiaries

Entity Name	**Jurisdiction of Incorporation**
GAIN Capital Holdings Ltd.	England and Wales
GAIN Capital UK Limited	England and Wales
GAIN Capital Australia Pty. Ltd.	Australia
GAIN Capital Singapore Pte. Ltd.	Singapore
GCAM, LLC	Delaware
GAIN Holdings, LLC	Delaware
GAIN Capital Group, LLC	Delaware
S.L. Bruce Financial Corporation	Ohio
GAIN Capital Securities, Inc.	Delaware
GAIN Capital Holdings International, LLC	Delaware
GAIN Global Markets, Inc.	Cayman Islands
Island Traders (Cayman), Limited	Cayman Islands
GAIN Capital-Forex.com Hong Kong, Ltd.	Hong Kong
GAIN Capital Japan Co., Ltd.	Japan
GAIN Capital-Forex.com Canada, Ltd.	Canada
GAIN GTX, LLC	Delaware
GAIN Capital Holdings International, B.V.	The Netherlands
GAIN Capital – Forex.com International, B.V.	The Netherlands
GAIN Global Markets International, B.V.	The Netherlands
GAIN Capital – Forex.com Cyprus Ltd.	Cyprus
GTX SEF, LLC	Delaware
Global Futures & Forex, Ltd.	Michigan
Global Asset Advisors, LLC	Illinois
Top Third AG Marketing, LLC	Delaware
GAIN Global Markets Bermuda, Ltd.	Bermuda
Trade Facts Ltd.	England
GTX Bermuda, Ltd.	Bermuda
Gain Capital Technology Consulting Hong Kong Limited	Hong Kong
Gain Capital Payments Ltd.	England and Wales
Jia Rao Network Technology Co. Ltd.	China
GTX (Switzerland) GmbH	Switzerland
Gain Capital Poland sp z.o.o.	Poland
Gain Capital Europe GmbH	Germany

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
GAIN Capital Holdings, Inc.:

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-208175) and on Form S-8 (No. 333-171841, No. 333-211097 and No. 333-232237), of GAIN Capital Holdings, Inc. of our reports dated March 16, 2020, relating to the consolidated financial statements and financial statement schedule, and the effectiveness of GAIN Capital Holdings, Inc.'s internal control over financial reporting which appears in this Form 10-K of GAIN Capital Holdings, Inc.

/s/ BDO USA, LLP

New York, New York
March 16, 2020

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

The Board of Directors
GAIN Capital Holdings, Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-208175) on Form S-3 and (No. 333-171841, No. 333-211097 and No. 333-232237) on Form S-8 of GAIN Capital Holdings, Inc. of our report dated March 11, 2019, with respect to the consolidated balance sheet of GAIN Capital Holdings, Inc. as of December 31, 2018, the related consolidated statements of operations and comprehensive (loss)/income, changes in shareholders' equity, and cash flows for the year then ended, and the related notes and financial statement schedule I (collectively, the "consolidated financial statements"), which report appears in the December 31, 2019 annual report on Form 10-K of GAIN Capital Holdings, Inc.

/s/ KPMG LLP

New York, New York
March 16, 2020

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Glenn H. Stevens, certify that:

1. I have reviewed this annual report on Form 10-K of GAIN Capital Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2020

/s/ Glenn H. Stevens

Glenn H. Stevens
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Nigel Rose, certify that:

1. I have reviewed this annual report on Form 10-K of GAIN Capital Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2020

/s/ Nigel Rose

Nigel Rose
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER,
AS REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Glenn H. Stevens, the undersigned Chief Executive Officer and President of GAIN Capital Holdings, Inc., a Delaware corporation (the “Company”), hereby certify pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that to my knowledge:

1. The accompanying annual report on Form 10-K for the fiscal year ended December 31, 2019 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 16, 2020

/s/ Glenn H. Stevens

Glenn H. Stevens
Chief Executive Officer and President
(Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER,
AS REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Nigel Rose, the undersigned Chief Financial Officer of GAIN Capital Holdings, Inc., a Delaware corporation (the "Company"), hereby certify pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that to my knowledge:

1. The accompanying annual report on Form 10-K for the fiscal year ended December 31, 2019 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 16, 2020

/s/ Nigel Rose

Nigel Rose
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.