

GAIN Capital Holdings, Inc.
Form DEF 14A
April 30, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

GAIN CAPITAL HOLDINGS, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

Edgar Filing: GAIN Capital Holdings, Inc. - Form DEF 14A

- (1) Title of each class of securities to which transaction applies:

- (2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- (4) Proposed maximum aggregate value of transaction:

- (5) Total fee paid:

- .. Fee paid previously with preliminary materials:

- .. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

- (2) Form, Schedule or Registration Statement No.:

- (3) Filing Party:

(4) Date Filed:

Bedminster One

135 U.S. Highway 202/206

Bedminster, New Jersey 07921

April 30, 2012

To our stockholders:

It is our sincere pleasure to invite you to GAIN Capital Holdings, Inc.'s 2012 Annual Meeting of stockholders. This year's meeting will be held on June 15, 2012 at 2:30 p.m. Eastern Time. You will be able to attend the 2012 Annual Meeting, vote, and submit your questions during the meeting via live webcast by visiting www.virtualshareholdermeeting.com/gcap. At this important meeting, we will focus on the business items listed in the notice of meeting, which follows on the next page.

On May 4, 2012, we will mail a notice containing instructions on how to access our 2012 proxy statement and our Annual Report on Form 10-K for the year ended December 31, 2011 (the Annual Report) over the Internet and vote online (the E-Proxy Notice). The E-Proxy Notice contains instructions on how you can receive a paper copy of the proxy statement and our Annual Report.

Whether or not you plan to attend the meeting, your vote is important and we encourage you to vote promptly. Instructions for stockholders of record who wish to vote using a toll-free telephone number, the Internet or transmittal of a proxy card by mail are contained in the E-Proxy Notice. If your shares are held in the name of a bank, broker, fiduciary or custodian, as record holder of your shares, follow the voting instructions on the form you receive from your record holder. The method of submitting a voting proxy through any such record holder will depend on their voting procedures.

We look forward to seeing you at the Annual Meeting.

Sincerely,

Peter Quick

Chairman of the Board of Directors

Glenn H. Stevens

President and Chief Executive Officer

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2012 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 15, 2012.

This proxy statement and our Annual Report to stockholders are available at www.proxyvote.com.

Bedminster One

135 U.S. Highway 202/206

Bedminster, New Jersey 07921

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 15, 2012

The 2012 Annual Meeting of stockholders of GAIN Capital Holdings, Inc. (the Annual Meeting) will be held on June 15, 2012 at 2:30 p.m. Eastern Time via live webcast at www.virtualshareholdermeeting.com/gcap, for the following purposes:

- (1) To elect two (2) Class II Directors to serve until the 2015 Annual Meeting of stockholders, or until their respective successors shall have been duly elected and qualified;
- (2) To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2012; and

(3) To transact such other business as may properly come before the Annual Meeting or any adjournment or adjournments thereof. Holders of record of our common stock at the close of business on April 19, 2012 are entitled to notice of, and to vote at, the Annual Meeting. Stockholders of record may vote their shares via a toll-free telephone number, over the Internet or, if a proxy card has been received by mail, by signing, dating and mailing the proxy card in the envelope provided. Instructions regarding all three methods of voting are contained in the E-Proxy Notice. If your shares are held in the name of a bank, broker, fiduciary or custodian as record holder of your shares, follow the voting instructions on the form you receive from your record holder. The method of submitting a voting proxy through any such record holder will depend on their voting procedures.

IT IS IMPORTANT THAT YOUR SHARES BE VOTED REGARDLESS OF THE NUMBER OF SHARES YOU MAY HOLD. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON, WE URGE YOU TO VOTE YOUR SHARES VIA THE TOLL-FREE TELEPHONE NUMBER OR OVER THE INTERNET, AS DESCRIBED IN THE E-PROXY NOTICE. IF YOU RECEIVED A PROXY CARD BY MAIL, YOU MAY SIGN, DATE AND MAIL THE PROXY CARD IN THE ENCLOSED RETURN ENVELOPE. PROMPTLY VOTING YOUR SHARES WILL ENSURE THE PRESENCE OF A QUORUM AT THE ANNUAL MEETING AND WILL SAVE US THE EXPENSE OF FURTHER SOLICITATION. SUBMITTING YOUR PROXY NOW WILL NOT PREVENT YOU FROM VOTING YOUR SHARES AT THE ANNUAL MEETING IF YOU DESIRE TO DO SO, AS YOUR PROXY IS REVOCABLE AT YOUR OPTION.

By Order of the Board of Directors,

April 30, 2012

Diego Rotsztain

Executive Vice President,

General Counsel and Secretary

GAIN CAPITAL HOLDINGS, INC.

Bedminster One

135 U.S. Highway 202/206

Bedminster, New Jersey 07921

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation by the Board of Directors of GAIN Capital Holdings, Inc. (the Board of Directors) of proxies to be voted at our 2012 Annual Meeting of Stockholders (the Annual Meeting) to be held on Friday, June 15, 2012 at 2:30 p.m. Eastern Time via live webcast at www.virtualshareholdermeeting.com/gcap, and at any adjournment or adjournments thereof. Holders of record of shares of our common stock, \$0.00001 par value (Common Stock), as of the close of business on April 19, 2012, will be entitled to notice of and to vote at the Annual Meeting and any adjournment or adjournments thereof. As of that date, there were 34,926,425 shares of Common Stock issued and outstanding and entitled to vote. Each share of Common Stock is entitled to one vote on any matter presented to stockholders at the Annual Meeting.

In this proxy statement, GAIN, Company, we, us, and our refer to GAIN Capital Holdings, Inc. and, except as otherwise specified herein, include GAIN's subsidiaries.

PROPOSALS

If proxies are properly submitted by telephone, via the Internet or by signing, dating and returning a proxy card, which you may have elected to receive by mail, the shares of Common Stock represented thereby will be voted in the manner specified therein. If not otherwise specified, and the proxy card is signed, the shares of Common Stock represented by the proxies will be voted:

- (1) FOR the election of two (2) Class II Directors to serve until the 2015 Annual Meeting of Stockholders, or until their respective successors shall have been duly elected and qualified;
- (2) FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2012; and

(3) To transact such other business as may properly come before the Annual Meeting or any adjournment or adjournments thereof. The Board of Directors does not know of any matters other than proposals (1) and (2) listed above to be brought before the Annual Meeting. If any other matters properly come before the meeting, the persons named in the enclosed form of proxy or their substitutes will vote in accordance with their best judgment on such matters. Any stockholder who has submitted a proxy may revoke it at any time before it is voted, by (1) written notice addressed to and received by our Secretary, (2) by submitting a duly executed proxy bearing a later date, (3) granting a subsequent proxy through the Internet or telephone, or (4) by electing to vote in person at the Annual Meeting. Your most recent proxy card or telephone or Internet proxy is the one that is counted.

REQUIRED VOTE

Edgar Filing: GAIN Capital Holdings, Inc. - Form DEF 14A

A nominee for director shall be elected if the votes cast for such nominee's election exceed the votes cast against such nominee's election. Cumulative voting for the election of directors is not permitted.

The affirmative vote by the holders of a majority of the shares of Common Stock voted at the Annual Meeting is required for the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2012, provided a quorum is present in person or by proxy.

The presence, in person or by proxy, of holders of the shares of Common Stock having, in the aggregate, a majority of the votes entitled to be cast at the Annual Meeting is necessary to constitute a quorum. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a bank, broker or other holder of record holding shares for a beneficial owner does not vote on a particular proposal because that holder does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner. Shares not present at the Annual Meeting and shares voting abstain have no effect on the election of directors and the ratification of the selection of our independent registered public accounting firm.

If you are a beneficial owner, your bank, broker or other holder of record is permitted to vote your shares on the ratification of Deloitte & Touche LLP as our independent registered public accounting firm, even if the record holder does not receive voting instructions from you.

Information About This Proxy Statement

Why you received this proxy statement. You have received these proxy materials because our Board of Directors is soliciting your proxy to vote your shares at the Annual Meeting. This proxy statement includes information that we are required to provide to you under the rules of the U.S. Securities and Exchange Commission (the "SEC") and that is designed to assist you in voting your shares. If you own our Common Stock in more than one account, such as individually and also jointly with your spouse, you may receive more than one notice relating to these proxy materials. To assist us in saving money and to serve you more efficiently, we encourage you to have all your accounts registered in the same name and address by contacting our transfer agent:

Broadridge Corporate Issuer Solutions, Inc.

1717 Arch Street, Suite 1300

Philadelphia, PA 19103

Telephone: (800) 830-4936

Notice of Internet Availability of Proxy Materials. In accordance with rules and regulations adopted by the SEC, we are furnishing proxy materials to all of our stockholders over the Internet. On May 4, 2012, we will begin distributing to all stockholders a notice containing instructions on how to access our 2012 proxy statement and Annual Report and vote online at www.proxyvote.com (the "E-Proxy Notice"). The E-Proxy Notice instructs you as to how you may access and review all of the important information contained in the proxy materials. The E-Proxy Notice also instructs you as to how you may submit your proxy over the Internet. If you would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the E-Proxy Notice.

Stockholders may sign up to receive future E-Proxy Notices and other stockholder communications electronically instead of by mail. This will reduce our printing and postage costs, eliminate bulky paper documents from your personal files and mitigate the environmental impact of our Annual Meeting. In order to receive the communications electronically, you must have an e-mail account, access to the Internet through an Internet service provider and a web browser that supports secure connections. For additional information regarding electronic delivery enrollment visit www.investorvote.com (for holders of record) or www.proxyvote.com (for holders through intermediaries) or contact our transfer agent or your broker.

Householding. The SEC's rules permit us to deliver a single E-Proxy Notice or a set of Annual Meeting materials to one address shared by two or more of our stockholders. This delivery method is referred to as "householding" and can result in significant cost savings. To take advantage of this opportunity, we have delivered only one E-Proxy Notice or a set of Annual Meeting materials to multiple stockholders who share an address, unless we received contrary instructions from the affected stockholders prior to the mailing date. We agree to deliver promptly, upon written or oral request, a separate copy of the E-Proxy Notice or Annual Meeting materials to any stockholder at the shared address to which a single copy of those documents was delivered. If you prefer to receive separate copies of the E-Proxy Notice or Annual Meeting materials, contact:

Broadridge Financial Solutions, Inc.

Householding Department

51 Mercedes Way

Edgewood, New York 11717

Telephone: (800) 542-1061

If you are currently a stockholder sharing an address with another stockholder and wish to receive only one copy of future E-Proxy Notices or Annual Meeting materials and other communications for your household, please contact Broadridge at the above phone number or address.

QUESTIONS AND ANSWERS ABOUT THE 2012 ANNUAL MEETING OF STOCKHOLDERS

What is the purpose of the 2012 Annual Meeting of Stockholders?

At the Annual Meeting of Stockholders, our stockholders will be asked to:

- (1) Elect two (2) Class II Director nominees;
- (2) Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2012; and
- (3) Transact such other business as may properly come before the Annual Meeting or any adjournment or adjournments thereof.

Who is entitled to vote?

The record date for the Annual Meeting is April 19, 2012. Only stockholders of record at the close of business on that date are entitled to vote at the Annual Meeting. The only class of stock entitled to be voted at the Annual Meeting is our Common Stock. Each outstanding share of Common Stock is entitled to one vote for all matters before the Annual Meeting. At the close of business on the record date, there were 34,926,425 shares of Common Stock issued and outstanding and entitled to vote.

What is the difference between being a record holder and holding shares in street name ?

A record holder holds shares in his or her name. Shares held in street name means shares that are held in the name of a bank or broker on a person's behalf.

For shares held in street name, your broker will not be able to vote your shares with respect to the election of directors if you have not provided directions to your broker.

Am I entitled to vote if my shares are held in street name ?

If your shares are held by a bank or a brokerage firm, you are considered the beneficial owner of those shares held in street name. If your shares are held in street name, these proxy materials are being forwarded to you by your bank or brokerage firm (the record holder), along with a voting instruction card. As the beneficial owner, you have the right to direct your record holder how to vote your shares, and the record holder is required to vote your shares in accordance with your instructions.

If you do not give instructions to your bank or brokerage firm within ten days of the Annual Meeting, the record holder may vote on matters that the New York Stock Exchange (NYSE) determines to be routine, but will not be permitted to vote your shares with respect to non-routine items. Under the NYSE rules, the Ratification of Appointment of the Independent Registered Public Accounting Firm (proposal (2)) is a routine matter, while proposal (1) is a non-routine matter. When a broker or bank has not received instructions from the beneficial owners or persons entitled to vote and the broker or bank cannot vote on a particular matter because it is not routine, then there is a broker non-vote on that matter. For example, your broker will not be able to vote your shares with respect to the election of directors if you have not provided directions to your broker. Broker non-votes do not count as votes for or against any proposal. We strongly encourage you to submit your voting instructions and exercise your right to vote as a stockholder.

As the beneficial owner of shares of Common Stock, you are invited to attend the Annual Meeting. If you are a beneficial owner, however, you may not vote your shares at the Annual Meeting unless you obtain a proxy form from the record holder of your shares.

How many shares must be present to hold the Annual Meeting?

A quorum must be present at the Annual Meeting for any business to be conducted. The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares of Common Stock outstanding on the record date will constitute a quorum.

Who can attend the 2012 Annual Meeting of Stockholders?

Edgar Filing: GAIN Capital Holdings, Inc. - Form DEF 14A

All GAIN stockholders entitled to vote at the Annual Meeting may attend our 2012 Annual Meeting of Stockholders.

What if a quorum is not present at the Annual Meeting?

If a quorum is not present at the scheduled time of the Annual Meeting, a majority of the outstanding shares represented at the Annual Meeting, by proxy or in person, and entitled to vote, may adjourn the Annual Meeting.

How do I vote?

Stockholders can vote in person at the Annual Meeting or by proxy. There are three ways to vote by proxy:

by Telephone You can vote by telephone by calling 1-800-690-6903 and following the instructions on the E-Proxy Notice or proxy card;

by Internet You can vote over the Internet at www.proxyvote.com by following the instructions on the E-Proxy Notice or proxy card; or

by Mail You can vote by mail by signing, dating and mailing the proxy card, which you may have elected to receive by mail. Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day and will close at 11:59 p.m., Eastern Time, on June 14, 2012.

If your shares are held in the name of a bank, broker or other record holder, you will receive instructions from the record holder. You must follow the instructions of the record holder in order for your shares to be voted. Telephone and Internet voting also will be offered to stockholders. If your shares are not registered in your own name and you plan to vote your shares in person at the Annual Meeting, you should contact your broker or agent to obtain a legal proxy or broker's proxy card and bring it to the Annual Meeting in order to vote.

Can I change my vote after I submit my proxy?

Yes, you may revoke your proxy and change your vote:

by submitting a duly executed proxy bearing a later date;

granting a subsequent proxy through the Internet or telephone;

if you are a registered stockholder, by giving written notice of such revocation to the Secretary of GAIN prior to or at the Annual Meeting; or

electing to vote in person at the Annual Meeting.

Your most recent proxy card or telephone or Internet proxy is the one that is counted. Your attendance at the Annual Meeting itself will not revoke your proxy unless you give written notice of revocation to the Secretary before your proxy is voted or you vote in person at the Annual Meeting.

Who will count the votes?

Representatives of Broadridge Financial Solutions, Inc., our inspectors of election, will tabulate and certify the votes. Alternatively, a representative of our transfer agent may serve as an inspector of election.

How does the Board of Directors recommend I vote on the proposals?

The Board of Directors recommends that you vote:

(1) FOR the election of the two (2) Class II Director nominees; and

- (2) FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2012.

What if I do not specify how my shares are to be voted?

If you submit a signed proxy but do not indicate any voting instructions, the persons named as proxies will vote in accordance with the recommendations of the Board of Directors.

Will any other business be conducted at the Annual Meeting?

We know of no other business that will be presented at the Annual Meeting. If any other matter properly comes before the stockholders for a vote at the Annual Meeting, however, the proxy holder will vote your shares in accordance with their best judgment.

How many votes are required to elect the director nominees?

A nominee for director shall be elected if the votes cast for such nominee's election exceed the votes cast against such nominee's election. Cumulative voting for the election of directors is not permitted. In the election of directors, stockholders may either vote FOR each nominee for election, AGAINST each nominee for election, or ABSTAIN their votes from one or more nominees for election. Shares that are represented by valid proxy cards or properly voted via the Internet and that are marked ABSTAIN with regard to the election of the nominees for director will be excluded entirely from the vote and will have no effect on the outcome. If no vote is specified on the properly submitted proxy and in the absence of directions to the contrary, the shares will be voted FOR the election of the nominees for Class II Directors named in this proxy statement.

How many votes are required to ratify the appointment of our independent registered public accounting firm?

The ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2012 requires the affirmative vote of a majority of the shares of Common Stock voted at the Annual Meeting. You may vote FOR, AGAINST, or ABSTAIN with respect to the proposal to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2012. Abstentions and broker non-votes will not be counted and, accordingly, will have no effect on the outcome of the vote on this proposal.

What is an abstention and how will abstentions be treated?

An abstention represents a stockholder's affirmative choice to decline to vote on a proposal. Abstentions are counted as present and entitled to vote for purposes of determining a quorum. Shares voting abstain have no effect on the election of directors and the ratification of our independent registered public accounting firm for the year ending December 31, 2012.

What are broker non-votes and what effect do they have on the proposals?

Generally, broker non-votes occur when shares held by a broker in street name for a beneficial owner are not voted with respect to a particular proposal because the broker (1) has not received voting instructions from the beneficial owner and (2) lacks discretionary voting power to vote those shares. A broker is entitled to vote shares held for a beneficial owner on routine matters, such as the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm, without instructions from the beneficial owner of those shares. On the other hand, absent instructions from the beneficial owner of such shares, a broker is not entitled to vote shares held for a beneficial owner on certain non-routine items, such as the election of directors. Broker non-votes count for purposes of determining whether a quorum exists but do not count as entitled to vote with respect to individual proposals relating to non-routine matters. Thus, if you do not give your broker specific instructions, your shares may not be voted on these matters and will not be counted in determining the number of shares necessary for approval, although they will count for purposes of determining whether a quorum exists.

Where can I find the voting results of the 2012 Annual Meeting of Stockholders?

We plan to announce preliminary voting results at the Annual Meeting and we will include the final results in a Current Report on Form 8-K, which we intend to file with the SEC shortly after the Annual Meeting.

Proxy Solicitation

We will bear the costs of solicitation of proxies for the Annual Meeting, including preparation, assembly, printing and mailing of this proxy statement, the Annual Report, the E-Proxy Notice, the proxy card and any additional information furnished to stockholders. Copies of our E-Proxy Notice will be furnished to banks, brokerage houses, fiduciaries and custodians holding shares of Common Stock beneficially owned by others to forward to such beneficial owners. We may reimburse persons representing beneficial owners of Common Stock for their costs of forwarding solicitation material to such beneficial owners. We will bear the cost of maintaining a website compliant with SEC regulations to provide internet availability of this proxy statement, our Annual Report and proxy card. We have retained Broadridge Investor Communication Solutions, Inc. in connection with this Annual Meeting to provide such a web hosting facility for such purposes. No additional compensation will be paid to our directors, officers or other employees in connection with our Annual Meeting.

Independent Registered Public Accounting Firm

We have been advised that a representative of Deloitte & Touche LLP, our independent registered public accounting firm for the year ended December 31, 2011, will attend the Annual Meeting, will have an opportunity to make a statement if such representative desires to do so, and will be available to respond to questions.

PROPOSAL NO. 1**ELECTION OF DIRECTORS**

Our Third Amended and Restated Certificate of Incorporation provides that our Board of Directors is divided into three classes, as nearly equal in number as possible, with each class serving a consecutive three-year term. Currently, our Board of Directors is comprised of eight members. The term of the current Class II Directors will expire on the date of the Annual Meeting.

The nominees for election as Class II Directors at the Annual Meeting are described below. The Nominating and Corporate Governance Committee of the Board of Directors has nominated each of the candidates for election. If elected, each of the nominees is expected to serve for a three-year term expiring at the Annual Meeting of stockholders of the Company in 2015 or until a successor has been elected and qualified. The Board of Directors expects that each of the nominees will be available for election as a director. However, if by reason of an unexpected occurrence, one or more of the nominees is not available for election, the persons named in the form of proxy have advised that they will vote for such substitute nominees as the Nominating and Corporate Governance Committee may propose.

Set forth in the table below is certain information about each of the nominees for election as Class II Directors, as well as those members of the Board of Directors whose current terms will extend beyond the Annual Meeting, including each director's age and length of service as a director of GAIN, and business experience for at least the past five years and the names of other publicly held companies on whose boards the director serves or has served in the past five years. There are no family relationships among any of our directors, nominees for director and executive officers.

DIRECTOR NOMINEES**Class II Directors (Nominees for Election)**

Name, Present Position with GAIN	Age	Director Since	Principal Occupation and Business Experience
Mark E. Galant <i>Risk Committee</i>	53	1999	Since October 2008, Mr. Galant has served as Chief Executive Officer and Chairman of the Board of Directors of Tydall Trading LLC, a privately held high-frequency algorithmic trading firm. From October 1999 to June 2007, Mr. Galant, founder of GAIN, served as our Chief Executive Officer. From 1994 to 1999, Mr. Galant served as President of FNX Limited, an international provider of trading and risk-management systems. From 1991 to 1994, Mr. Galant served as Global Head of Foreign Exchange Options Trading at Credit Suisse. In May 2008, Mr. Galant founded the Galant Center for Entrepreneurship with the McIntire School of Commerce at the University of Virginia. Mr. Galant currently serves as a member of the Board of Directors of Trader Tools, Inc. and Faros Trading, LLC. Mr. Galant received a BS in Finance from the University of Virginia and an MBA from Harvard Business School.

Name, Present Position with GAIN	Age	Director Since	Principal Occupation and Business Experience
Christopher S. Sugden <i>Audit Committee</i> <i>Nominating and Corporate Governance Committee</i> <i>Compensation Committee</i>	42	2006	Since 2009, Mr. Sugden has served as Managing Partner and Chairman of the Investment Committee of Edison Ventures' growth capital fund, which is one of our largest stockholders. From April 2002 to May 2007, Mr. Sugden held various positions with Edison Ventures, including Partner and Principal. From January 1999 to December 2001, Mr. Sugden served as Executive Vice President and Chief Financial Officer of Princeton eCom, a privately held financial services software company. Mr. Sugden currently serves as a member of the Board of Directors of Billtrust, Inc., Business Financial Services, Inc., Folio

Dynamix, Inc., PHX, Inc., Operative Media, Inc., Trader Tools, Inc., SciVantage, Inc. and Softgate Systems. A certified public accountant, Mr. Sugden received a BA in Accounting, with Honors, from Michigan State University.

OTHER DIRECTORS

Class III Directors (terms shall expire at the 2013 Annual Meeting of Stockholders)

Name, Present Position with GAIN	Age	Director Since	Principal Occupation and Business Experience
Susanne D. Lyons <i>Chairperson of Compensation Committee</i> <i>Nominating and Corporate Governance Committee</i>	55	2009	Ms. Lyons retired in September 2007. From June 2004 to September 2007, Ms. Lyons served as Executive Vice President and Chief Marketing Officer of Visa, USA. From 2003 to 2004, Ms. Lyons served as Managing Director of Russell Reynolds Associates, an executive search firm. From 1992 to 2001, Ms. Lyons served in various senior capacities at Charles Schwab & Co., including president of retail client services and Chief Marketing Officer. Prior to 1992, Ms. Lyons served in various capacities at Fidelity Investments. Ms. Lyons has served as a member of the Board of Directors of Cnet, and currently serves on the Board of the United States Olympic Committee and the not-for-profit WildCare. Ms. Lyons received a BA from Vassar College and an MBA from Boston University.

Name, Present Position with GAIN	Age	Director Since	Principal Occupation and Business Experience
Joseph Schenk <i>Chairman of Audit Committee</i> <i>Risk Committee</i>	53	2008	Since June 2009, Mr. Schenk has served as Chief Executive Officer of First NY Securities, LLC, a principal trading firm. From June 2008 to March 2009, Mr. Schenk served as Chief Executive Officer of Pali Capital, Inc., a financial services firm. From January 2000 until December 2007, Mr. Schenk served as Chief Financial Officer and Executive Vice President of Jefferies Group, Inc., a full-service investment bank and institutional securities firm. Mr. Schenk also served as Senior Vice President, Corporate Services, of Jefferies from September 1997 through December 1999. From January 1996 through September 1997, Mr. Schenk served as Chief Financial Officer and Treasurer of Tel-Save Holdings, Inc. (now Talk America Holdings, Inc.). From September 1993 to January 1996, Mr. Schenk served as Vice President, Capital Markets Group, with Jefferies. Mr. Schenk received a BS in Accounting from the University of Detroit.

Name, Present Position with GAIN	Age	Director Since	Principal Occupation and Business Experience
Christopher W. Calhoun <i>Chairman of Risk Committee</i>	41	2010	From April 2009 to October 2010, Mr. Calhoun served as our part-time Senior Advisor and our Corporate Secretary from June 2007 to October 2010. From June 2008 to April 2009, Mr. Calhoun served as our Managing Director. From December 2005 to July 2008, Mr. Calhoun served as our Chief Operating Officer. From November 2000 to December 2005, Mr. Calhoun served in various positions with us, including Vice President of Operations and Vice President of Business Technology. From March 1992 to March 2000, Mr. Calhoun served in a number of executive level roles, including Chief Operating Officer, of FNX Limited, an international provider of trading and risk-management systems. Mr. Calhoun currently serves on the Board of Directors of SciVantage, Inc. Mr. Calhoun is registered with the CFTC and NFA as an associated person. Mr. Calhoun received a BS in Finance and an MBA from La Salle University.

Class I Directors (terms shall expire at the 2014 Annual Meeting of Stockholders)

Name, Present Position with GAIN	Age	Director Since	Principal Occupation and Business Experience
Peter Quick <i>Chairman of the Board of Directors</i> <i>Audit Committee</i> <i>Compensation Committee</i> <i>Chairman of Nominating and Corporate Governance Committee</i>	56	2006	Since May 2005, Mr. Quick has acted as a private investor managing a diversified portfolio of public and private investments. From July 2000 to May 2005, Mr. Quick served as the President and member of the Board of Governors of the American Stock Exchange, or AMEX. Prior to joining the AMEX, Mr. Quick served from January 1983 to March 2000 as President and Chief Executive Officer of Quick & Reilly, Inc., a leading national discount brokerage firm, which was acquired by Bank of America. Mr. Quick currently serves as a member of the Board of Directors of Medicare, Inc., a publicly held pharmaceutical company focused on cardiovascular and cerebral vascular therapeutics, the Board of Governors of St. Francis Hospital and Good Shepherd Hospice and the Board of Directors of the Jefferson Scholars Foundation at the University of Virginia. Mr. Quick received a BS in Civil Engineering from the University of Virginia.

Name, Present Position with GAIN	Age	Director Since	Principal Occupation and Business Experience
Glenn H. Stevens <i>President and Chief Executive Officer</i> <i>Risk Committee</i>	49	2007	Since June 2007, Mr. Stevens has served as our President and Chief Executive Officer and a member of our Board of Directors. From February 2000 to May 2007, Mr. Stevens served as our Head of Trading (formerly Chief Dealer). From June 1997 to January 2000, Mr. Stevens served as Managing Director, head of North American sales and trading, at National Westminster Bank Plc (which was acquired by the Royal Bank of Scotland Group in 2000). From June 1990 to June 1997, Mr. Stevens served as Managing Director and Chief Forex Dealer at Merrill Lynch & Co., Inc. Mr. Stevens is registered with the CFTC and NFA as a

principal and associated person. Mr. Stevens received a BS in Finance from Bucknell University and an MBA in Finance from Columbia University.

Name, Present Position with GAIN	Age	Director Since	Principal Occupation and Business Experience
Thomas Bevilacqua	55	2011	<p>Since 2007, Mr. Bevilacqua has served as a Managing Director and Group Co-Leader, Information Technology, with VantagePoint Capital Partners. Prior to joining VantagePoint, Mr. Bevilacqua served from 1998 to 2003, as Executive Vice President of E*TRADE Financial in charge of Corporate Development and Strategy. While at E*TRADE, Mr. Bevilacqua founded ArrowPathVentures, an early stage venture capital fund that was later spun out. Mr. Bevilacqua served as the Managing Partner of ArrowPath from 2000 through 2007. Mr. Bevilacqua currently serves as a member of the Board of Directors of WageWorks, Inc., Edo Interactive Inc., InnoPath Software, Inc., Livescribe, Inc. and EndPlay, Inc. Mr. Bevilacqua received a BS in Business Administration from the University of California at Berkeley and a JD from the University of California in San Francisco (Hastings College).</p>

Director Experience, Qualifications, Attributes and Skills

We believe that the backgrounds and qualifications of our directors and director nominees, considered as a group, provide a broad mix of experience, knowledge and abilities that will allow the Board of Directors to fulfill its responsibilities. Our Board of Directors is composed of a diverse group of leaders in their respective fields. Many of the current directors have leadership experience at major domestic companies, as well as experience serving on other companies' boards of directors, which provides an understanding of different business processes, challenges and strategies facing boards of directors and other companies. Each member of our Board of Directors possesses certain attributes, skills and experiences that we, and the Board of Directors, believe uniquely qualify each director to serve on our Board of Directors. The following highlights the specific experience, qualification, attributes and skills of our individual directors, or director nominees, that have led our Nominating and Corporate Governance Committee to conclude that these individuals should serve on our Board of Directors:

Mr. Quick, the former President of the American Stock Exchange and President and Chief Executive Officer of Quick & Reilly, Inc., has significant operational and corporate governance experience. Mr. Quick is Chairman of the Board of Directors.

Mr. Galant has extensive experience in the forex and financial services industries and is our founder, former President, Chief Executive Officer and Chairman of the Board of Directors.

Mr. Stevens, our current President and Chief Executive Officer, has more than 25 years of experience in the forex industry.

Mr. Bevilacqua, a representative of VantagePoint Capital Partners, one of our largest stockholders, has extensive expertise in the on-line brokerage and private equity industries.

Mr. Schenk, the former Chief Financial Officer of Jefferies Group, has both financial expertise and financial markets experience.

Mr. Sugden, a representative of Edison Venture Fund, one of our largest stockholders, has extensive investment experience as a venture capitalist and financial expertise as a former Chief Financial Officer.

Mr. Calhoun, our former Managing Director and Chief Operating Officer, has both operational and forex industry experience.

Ms. Lyons, the former Executive Vice President and Chief Marketing Officer of Visa, USA, has both financial expertise and financial markets experience.

Vote Required for Election

A nominee for director shall be elected if the votes cast for such nominee's election exceed the votes cast against such nominee's election.

Recommendation of the Board of Directors

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THESE NOMINEES FOR DIRECTOR.

CORPORATE GOVERNANCE

General

We believe that good corporate governance is important to ensure that we are managed for the long-term benefit of our stockholders. Our Board of Directors has adopted Corporate Governance Guidelines, a Code of Business Conduct and Ethics and charters for our Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Risk Committee. You can access these documents in the Investor Relations section of our website (www.gaincapital.com) under the Governance tab or by writing to our Secretary at our offices at Bedminster One, 135 U.S. Highway 202/206, Bedminster, New Jersey 07921.

Independence of Directors

Our Board of Directors has determined that each of the members of the Board of Directors, with the exception of Glenn H. Stevens, who serves as our President and Chief Executive Officer, and Christopher Calhoun, who has previously served in various capacities with us, including as our part-time Senior Advisor, Managing Director and Chief Operating Officer, is independent as that term is defined under the applicable independence listing standards of the New York Stock Exchange (NYSE). The NYSE independence standards include a series of objective tests, including that the director is not, and has not been for at least three years, one of our employees and that neither the director nor any of his or her family members has engaged in various types of business dealings with us. In addition, as further required by the NYSE rules, our Board of Directors has made a subjective determination as to each independent director that no relationships exist that, in the opinion of our Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Meetings

Under the Company's Corporate Governance Guidelines, directors are responsible for attending the meetings of the Board of Director, meetings of committees on which they serve and the annual meeting of stockholders, and devoting the time needed, and meeting as frequently as necessary, to discharge their responsibilities properly. Our Board of Directors held seven meetings of the Board during the year ended December 31, 2011. During the year, no incumbent director attended fewer than 75% of the aggregate of all meetings of the Board of Directors held during the period in which he or she served as a director and the total number of meetings held by any committee on which he or she served during the period. Three members of our Board of Directors attended the Company's 2011 Annual Meeting of shareholders.

Board Leadership Structure and Role in Risk Oversight

The Board of Directors evaluates its leadership structure and role in risk oversight on an ongoing basis. Since December 2010, the Company's leadership structure has separated the Chairman of the Board of Directors and Chief Executive Officer roles into two positions. Currently, Peter Quick is the Chairman of the Board of Directors and Glenn H. Stevens is the President and Chief Executive Officer. The Board of Directors determines what leadership structure it deems appropriate based on factors such as the experience of the applicable individuals, the current business environment of the Company or other relevant factors. After considering these factors, the Board of Directors determined that continuing to separate the positions of Chairman of the Board of Directors and Chief Executive Officer is the appropriate leadership structure at this time. The Board of Directors believes that its independence and its ability to provide oversight of our Company's management and risks are best served through the combination of the independent Chairman, the composition of the Board of Directors and its committee system. If in the future the Board of Directors determines that it would be in the Company's interest to have a non-independent Chairman, it will appoint an independent Lead Director.

Our Board of Directors has an active role, as a whole and at the committee level, in overseeing management of our business and risks. Our Board of Directors regularly reviews information regarding our financial results, liquidity and operations, as well as risks associated with each. Our Compensation Committee is responsible for overseeing and managing our compensation plans and arrangements. The Audit Committee oversees, reviews and manages our financial risks. The Nominating and Corporate Governance Committee monitors and manages the independence of our Board of Directors and potential conflicts of interest among members of the Board of Directors. The Risk Committee oversees our risk-management practices. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board of Directors is regularly informed through committee reports and management presentations to the full Board of Directors about such risks.

Election Arrangements

Our Third Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws contain provisions that establish specific procedures for appointing and removing members of our Board of Directors. Pursuant to such provisions, 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., referred to herein collectively as the VPCP Funds, have the right to nominate one individual in the slate of director nominees for election at

Edgar Filing: GAIN Capital Holdings, Inc. - Form DEF 14A

the Annual Meeting. In addition, our Third Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws provide that vacancies and newly created directorships on our Board of Directors shall be filled only by vote of a majority of the directors then serving on our Board of Directors, except as otherwise required by law, by resolution of our Board of Directors or, in the event the designee of the VPCP Funds ceases to serve as a director for any reason, in which case the VPCP Funds shall have the right to designate an individual to fill the vacancy. The VPCP Funds' special voting rights will remain in place until the earlier of (i) such time that the VPCP Funds beneficially own, in the aggregate, less than 50% of all shares of our Common Stock that the VPCP Funds owned immediately following our December 2010 initial public offering, (ii) immediately prior to our 2014 annual meeting of stockholders, and (iii) such time that the VPCP Funds notify us that they no longer require that an individual designated by them serve on our Board of Directors. If the designee of the VPCP Funds resigns due to his failure to receive sufficient votes to be elected, then our Board of Directors shall fill the vacancy with a different individual designated by the VPCP Funds. Additionally, if during such period the designee of the VPCP Funds is not elected following an election contest, then our Board of Directors will expand the size of our Board of Directors and appoint a different individual designated by the VPCP Funds to fill the newly created vacancy.

Board Committees

Our Board of Directors has established an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and a Risk Committee. Our Board of Directors and its committees set schedules to meet throughout the year and can also hold special meetings and act by written consent under certain circumstances. The independent members of our Board of Directors also regularly hold separate executive session meetings at which only independent directors are present. The Chairman of the Board of Directors presides over the executive session meetings. In the event that the Chairman of the Board of Directors was not independent, the Lead Director would preside over the executive session meeting, or, in the event that the Lead Director was absent from the executive session meeting, the non-management members of the Board would designate a different director to preside over the executive session meeting. Our Board of Directors has delegated various responsibilities and authority to its committees as generally described below. The committees regularly report on their activities and actions to the full Board of Directors. Except for our Risk Committee, which includes Messrs. Stevens and Calhoun, each member of each committee of our Board of Directors qualifies as an independent director in accordance with the applicable NYSE standards and SEC rules and regulations. Each committee of our Board of Directors has adopted a written charter approved by our Board of Directors, each of which is posted in the Investor Relations section of our website (www.gaincapital.com) under the Governance tab.

Audit Committee

The Audit Committee of our Board of Directors oversees our accounting practices, system of internal controls, audit processes and financial reporting processes. Among other things, our Audit Committee is responsible for reviewing our disclosure controls and processes and the adequacy and effectiveness of our internal controls. It also discusses the scope and results of the audit with our independent registered public accounting firm, reviews with our management and our independent registered public accounting firm our interim and year-end results of operations and, as appropriate, initiates inquiries into aspects of our financial affairs. In addition, our Audit Committee has sole and direct responsibility for the appointment, retention, compensation and oversight of the work of our independent registered public accounting firm, including approving services and fee arrangements. Our Audit Committee is also responsible for establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and matters related to our Code of Business Conduct and Ethics, and for the confidential, anonymous submission by our employees of concerns regarding these matters. Our Audit Committee is responsible for reviewing and approving all related-party transactions in accordance with our Code of Business Conduct and Ethics.

The current members of our Audit Committee are Mr. Schenk, who serves as Chairman, Mr. Quick and Mr. Sugden. Each of the members of the Audit Committee is independent as defined by the applicable NYSE listing standard and SEC rules applicable to Audit Committee members.

Our Board of Directors has determined that Mr. Schenk is an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K promulgated by the SEC. The Audit Committee held seven meetings during the year ended December 31, 2011.

Compensation Committee

The Compensation Committee of our Board of Directors has primary responsibility for discharging the responsibilities of our Board of Directors relating to executive compensation policies and programs. Specific responsibilities of our Compensation Committee include, among other things, evaluating the performance of our Chief Executive Officer and determining our Chief Executive Officer's compensation. In consultation with our Chief Executive Officer, it also determines the compensation of our other executive officers. In addition, our Compensation Committee administers our equity compensation plans and has the authority to grant equity awards and approve modifications of those awards under our equity compensation plans, subject to the terms and conditions of the equity award policy adopted by our Board of Directors. Our Compensation Committee also reviews and approves various other compensation policies and matters. The Compensation Committee may delegate authority to individual Compensation Committee members or such subcommittees as the Compensation Committee deems appropriate and the Compensation Committee may review the actions of all such individuals or subcommittees, as appropriate.

The current members of our Compensation Committee are Ms. Lyons, who serves as Chairperson, Mr. Sugden and Mr. Quick. Each of the members of the Compensation Committee is independent as defined by the applicable NYSE listing standard and SEC rules applicable to Compensation Committee members. Prior to his resignation from our Board of Directors on April 26, 2011, Mr. Mills served on the Compensation Committee. Mr. Sugden replaced Mr. Mills effective April 26, 2011. The Compensation Committee held six meetings during the year ended December 31, 2011.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee of our Board of Directors oversees the nomination of directors, including, among other things, identifying, evaluating and making recommendations of nominees to our Board of Directors, and evaluates the performance of our Board of Directors and individual directors. When identifying director nominees, our Board of Directors considers the qualifications and skills represented on our Board of Directors. One of the considerations evaluated by our Board of Directors is the diversity of experience and background of directors. This consideration is broad and is consistent with our Company's non-discrimination policies, and includes diversity of skill sets and experience as well as background, including race and gender. Our Board of Directors seeks candidates who possess the background, skills and expertise to make a significant contribution to our Board of Directors, to the Company and to its stockholders. There are no specific minimum qualifications that the Nominating and Corporate Governance Committee believes must be met by a nominee; however, desired qualities that are considered include: high-level leadership experience in business or administrative activities and significant accomplishments related thereto; breadth of knowledge about issues affecting us; proven ability and willingness to contribute special competencies to Board activities; personal integrity; loyalty to us and concern for our success and welfare; willingness to apply sound and independent business judgment; awareness of a director's vital role in assuring our good corporate citizenship and corporate image; no present conflicts of interest; availability for meetings and consultation on Company matters; enthusiasm about the prospect of serving; and willingness to assume broad fiduciary responsibility.

The Nominating and Corporate Governance Committee considers recommendations for nominations from a variety of sources, including members of the Board of Directors, business contacts, community leaders and members of management. As described below, the Nominating and Corporate Governance Committee also considers stockholder recommendations for Board of Director nominees. The Nominating and Corporate Governance Committee's process for identifying and evaluating candidates is the same with respect to candidates recommended by members of the Board of Directors, management, stockholders or others.

The Nominating and Corporate Governance Committee considers director nominees recommended by stockholders. In accordance with our Amended and Restated Bylaws, stockholders who wish their proposed nominee to be considered by the Nominating and Corporate Governance Committee should submit information about their nominees in writing to the Company's Secretary, (i) in the case of an election of directors at an annual meeting of stockholders, not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 20 days, or delayed by more than 60 days, from the first anniversary of the preceding year's annual meeting, a stockholder's notice must be so received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of (A) the 90th day prior to such annual meeting and (B) the tenth day following the day on which notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever first occurs; or (ii) in the case of an election of directors at a special meeting of stockholders, provided that the Board of Directors has determined that directors shall be elected at such meeting, not earlier than the 120th day prior to such special meeting and not later than the close of business on the later of (x) the 90th day prior to such special meeting and (y) the tenth day following the day on which notice of the date of such special meeting was mailed or public disclosure of the date of such special meeting was made, whichever first occurs.

The stockholder's notice to the Secretary shall set forth as to each proposed nominee: (1) such person's name, age, business address and, if known, residence address, (2) such person's principal occupation or employment, (3) the class and number of shares of stock of the Company which are beneficially owned by such person, (4) a statement whether each such nominee, if elected, intends to tender, promptly following such person's failure to receive the required vote for election or re-election at the next meeting at which such person would face election or re-election, an irrevocable resignation effective upon acceptance of such resignation by the Board of Directors, in accordance with the corporation's Corporate Governance Guidelines, and (5) any other information concerning such person that must be disclosed as to nominees in proxy solicitations pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended. In addition, to be effective, the stockholder's notice must be accompanied by the written consent of the proposed nominee to serve as a director if elected. Our Amended and Restated Bylaws also include additional notice requirements with respect to those giving the notice.

Our Nominating and Corporate Governance Committee is also responsible for reviewing developments in corporate governance practices, evaluating the adequacy of our corporate governance practices and making recommendations to our Board of Directors concerning corporate governance matters.

The current members of our Nominating and Corporate Governance Committee are Mr. Quick, who serves as Chairman, Ms. Lyons and Mr. Sugden. Each of the members of the Nominating and Corporate Governance Committee is independent as defined by the applicable NYSE listing standard and SEC rules applicable to Nominating and Corporate Governance Committee members. The Nominating and Corporate Governance Committee held two meetings during the year ended December 31, 2011.

Risk Committee

The Risk Committee assists our Board of Directors in overseeing our risk-management practices. Our Risk Committee reviews risk reports generated by our management to ensure that we are effectively identifying, monitoring and controlling operational, legal and regulatory risks. As appropriate, our Risk Committee communicates with other committees with respect to risk issues. In addition, the Risk Committee also has oversight responsibilities for risks relating to our balance sheet (primarily our trading portfolio, capital and liquidity) and the impact of market conditions and interest rates on our operations.

The current members of our Risk Committee are Mr. Calhoun, who serves as the Chairman, Mr. Stevens, Mr. Galant and Mr. Schenk. Mr. Galant and Mr. Schenk are independent directors under the applicable rules and regulations of the NYSE. The Risk Committee held four meetings during the year ended December 31, 2011.

Stockholder Communications with the Board of Directors

Stockholders and other parties interested in communicating directly with the Board of Directors as a group may do so by writing to the Board of Directors, c/o Secretary, Bedminster One, 135 U.S. Highway 202/206, Bedminster, New Jersey 07921. The Secretary will review all correspondence and regularly forward to the Board of Directors all such correspondence that, in the opinion of the Secretary, deals with the functions of the Board of Directors or committees thereof or that the Secretary otherwise determines requires attention. Concerns relating to accounting, internal controls or auditing matters will immediately be brought to the attention of the Chairman of the Audit Committee. We have adopted a Whistleblower Policy in our Code of Business Conduct and Ethics, which establishes procedures for submitting these types of concerns, either personally or anonymously through a toll-free telephone hotline operated by an independent third party. All communications through our Whistleblower Policy are sent to Peter Quick, the Chairman of our Board of Directors and Joseph Schenk, the Chairman of our Audit Committee. A copy of our Code of Business Conduct and Ethics, which contains our Whistleblower Policy, is available on our website at www.gaincapital.com.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics, that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. Copies of the Code of Business Conduct and Ethics are posted on our website at www.gaincapital.com. Any amendments to, or waivers under, our Code of Business Conduct and Ethics that are required to be disclosed by the rules promulgated by the SEC will be disclosed in the Company's filings with the SEC and on our website at www.gaincapital.com.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors, and persons who beneficially own more than 10 percent of our Common Stock, to file reports of ownership and changes in ownership with the SEC. We are required to report in this proxy statement any failure in 2011 of any such person to file any of these reports prior to the required due dates. To our knowledge, based solely upon a review of the copies of such reports furnished to us and written representations from our executive officers and directors, during the year ended December 31, 2011, all persons subject to the reporting requirements of Section 16(a) filed the required reports with the SEC on a timely basis.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee is comprised of Ms. Lyons, Mr. Quick and Mr. Sugden. No member of the Compensation Committee is a current or former officer or employee of the Company or any of its subsidiaries.

During the year ended December 31, 2011, none of our executive officers served as members of the board of directors or compensation committee of any entity which has one or more of its executive officers serving as a member of our Board of Directors or Compensation

Committee.

TRANSACTIONS WITH RELATED PERSONS

Since January 1, 2011, we have not entered into any transactions with related persons, nor are there any currently proposed transactions with related persons involving more than \$120,000.

REVIEW OF RELATED PERSON TRANSACTIONS

Our Board of Directors has adopted a written Code of Business Conduct and Ethics, under which our employees and officers are discouraged from entering into any transaction that may cause a conflict of interest for us. In addition to the Code of Business Conduct and Ethics, our Board of Directors has adopted a Related Person Transaction Policy in order to assist the Board of Directors in reviewing, approving and ratifying related person transactions and to assist the Company in complying with its disclosure obligations. Under the Related Person Transaction Policy, any transaction involving the Company in which a related person has a direct or indirect material interest must be approved or ratified by the Board of Directors. In approving or rejecting such proposed transactions, the Board of Directors considers the relevant facts and circumstances that are available and deemed relevant, including the material terms of the transactions, risks, benefits, costs, availability of other comparable services or products and, if applicable, the impact on a director's independence. Our Board of Directors will approve only those transactions that, in light of known circumstances, are in, or are not inconsistent with, our best interests, as our Board of Directors determines in the good-faith exercise of its discretion. A copy of the Code of Business Conduct and Ethics and the Related Person Transaction Policy are posted in the Investor Relations section of our website (www.gaincapital.com) under the Governance tab.

BENEFICIAL OWNERSHIP OF OUR COMMON STOCK

The following table sets forth information known to the Company regarding beneficial ownership of the Company's Common Stock, as of April 19, 2012, by each person known by the Company to own more than 5% of our Common Stock, each director and nominee for director, and each of the executive officers identified in the Summary Compensation Table and by all of the Company's directors and executive officers as a group (14 persons). The table lists the number of shares and percentage of shares beneficially owned as of April 19, 2012, based on 34,926,425 shares of Common Stock outstanding as of such date. Information in the table is derived from SEC filings made by such persons under Section 13 and/or under Section 16(a) of the Securities Exchange Act of 1934, as amended, and other information received by the Company. Except as indicated in the footnotes to this table, and subject to applicable community property laws, the persons or entities named have sole voting and investment power with respect to all shares of our Common Stock shown as beneficially owned by them. Unless otherwise stated, the business address of each person listed is c/o GAIN Capital Holdings, Inc., Bedminster One, 135 U.S. Highway 202/206, Bedminster, New Jersey 07921.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
3i Entities(1) C/O Mourant & Co. Limited, 22 Greenville Street St. Helier, Jersey JE4 8PX	4,868,202	13.9%
Edison Venture Fund IV SBIC, L.P.(2) 1009 Lenox Dr. Building 4 Lawrence Township, NJ 08648-2321	5,420,086	15.5%
Tudor Ventures II L.P.(3) 1275 King Street Greenwich, CT 06831-2936	2,235,069	6.4%
VantagePoint Capital Partners Entities(4) 1001 Bayhill Drive, Suite 300 San Bruno, CA 94066	9,083,461	26.0%
Wellington Management Company, LLP(5) 280 Congress Street Boston, MA 02210	2,363,781	6.8%
Mark E. Galant(6)(20)	2,871,893	8.2%
Glenn H. Stevens(7)(18)	1,401,007	4.0%
Christopher W. Calhoun(8)(20)	241,598	*
Daryl Carlough(9)(20)	18,253	*
Timothy O. Sullivan(10)(20)	394,058	1.1%
Diego Rotsztain(11)	8,194	*
Jeffrey Scott (12)	20,000	*
Samantha Roady(13)	377,592	1.1%
Henry C. Lyons(14)(20)		*
Thomas Bevilacqua(15)	9,083,461	26.0%
Peter Quick(16)(20)	83,875	*
Joseph Schenk(17)(20)	72,285	*
Christopher S. Sugden(18)	5,420,086	15.5%
Susanne D. Lyons(19)(20)	92,318	*
All Directors and Executive Officers as a Group	20,084,622	57.5%

* Represents ownership of less than 1.0%.

(1) Amounts shown reflect the aggregate number of shares of Common Stock held by 3i U.S. Growth Partners L.P., 3i Technology Partners III L.P., 3i Growth Capital (USA) D L.P., 3i Growth Capital (USA) E L.P. and 3i Growth Capital (USA) P L.P. 3i U.S. Growth Partners L.P.'s general partners are 3i US Growth Corporation, a Delaware corporation, and 3i 2004 GmbH & Co. KG, a German limited partnership. The general partner of each of 3i Growth Capital (USA) D L.P., 3i Growth Capital (USA) E L.P. and 3i Growth Capital (USA) P L.P. is also 3i U.S. Growth Corporation. The board of directors of 3i US Growth Corporation holds voting and dispositive power for the shares held by

Edgar Filing: GAIN Capital Holdings, Inc. - Form DEF 14A

each of 3i U.S. Growth Partners L.P., 3i Growth Capital (USA) D L.P., 3i Growth Capital (USA) E L.P. and 3i Growth Capital (USA) P L.P. The current members of the board of directors of 3i US Growth Corporation are Ken Hanau, Robert Stefanowski, Richard Relyea and Jim Rutherford. Each of the members disclaims beneficial ownership of the shares except to the extent of their pecuniary interest, if any. 3i Technology Partners III LP's general partners are 3i Technology Corporation, a Delaware corporation, and 3i 2004 GmbH & Co. KG, a German limited partnership. The board of directors of 3i Technology Corporation holds voting and dispositive power for the shares held by 3i Technology Partners III L.P. The current members of the board of directors of 3i Technology Corporation are Ken Hanau, Robert Stefanowski, Ian Loble, Sundip Murthy, Richard Relyea and Jim Rutherford. Each of the members disclaims beneficial ownership of the shares except to the extent of their pecuniary interest, if any. The address of the 3i Entities is c/o Mourant & Co. Limited, 22 Grenville Street, St. Helier, Jersey (Attention: Group 12).

- (2) Consists of (i) 5,410,734 shares of Common Stock owned by Edison Venture Fund IV SBIC LP, (ii) 7,794 shares of Common Stock owned by Mr. Sugden and (iii) 1,558 restricted stock awards granted to Mr. Sugden which will vest and be delivered in the next sixty days. Mr. Sugden, one of our directors, is a member of Edison Partners IV SBIC, LLC, the general partner of Edison Venture Fund IV SBIC, L.P. Mr. Sugden disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein. Voting and dispositive authority of the shares held by Edison Venture Fund IV SBIC, L.P. are shared by John Martinson, Joseph Allegra, Gary Golding, Ross Martinson and Christopher Sugden, each a member of Edison Partners IV SBIC, LLC. The principal address of Edison Venture Fund IV SBIC, L.P. is 1009 Lenox Drive #4, Lawrenceville, NJ 08648.
- (3) Consists of 2,235,069 shares of Common Stock. Tudor Ventures Group L.P. is the general partner of Tudor Ventures II L.P. Tudor Ventures Group LLC is the general partner of Tudor Ventures Group L.P. Robert P. Forlenza and Carmen Scarpa are the managing directors of Tudor Ventures Group L.L.C. and may be deemed to have voting and investment control over the shares held by Tudor Ventures II L.P. Tudor Ventures II L.P. is the indirect owner of more than 10% of the equity interests of Montgomery & Co., LLC and Pipeline Trading Systems, LLC, each of which is a member of FINRA. Thus, Tudor Ventures II L.P. may be deemed to be affiliated with a broker-dealer. Tudor Ventures II L.P. purchased the securities in the ordinary course of business, and at the time of the purchase of the securities to be resold, had no agreements or understandings, directly or indirectly, with any person to distribute the securities. The principal address of Tudor Ventures II L.P. is 1275 King Street, Greenwich, CT 06831.
- (4) Includes 6,576,911 shares of Common Stock held by VantagePoint Venture Partners IV (Q), L.P., 658,417 shares of Common Stock held by VantagePoint Venture Partners IV, L.P., 23,957 shares of Common Stock held by VantagePoint Venture Partners IV Principals Fund, L.P., 1,814,824 shares of Common Stock held by VP New York Venture Partners, L.P., and 9,352 restricted stock awards granted to Mr. Bevilacqua as director compensation, of which 7,794 have been delivered and 1,558 will vest and be delivered in the next sixty days. The reporting person is a managing director of VantagePoint Capital Partners and disclaims beneficial ownership of the reported securities except to the extent of his pecuniary interest therein.
- (5) Consists of 2,363,781 shares of Common Stock held by Wellington Management Company, LLP. The principal address of Wellington Management Company is 280 Congress Street, Boston, MA 02210.
- (6) Consists of (i) 1,098,650 shares of Common Stock, (ii) vested options to purchase 1,190,377 shares of Common Stock, (iii) vested restricted stock units of 285,773, (iv) 1,558 restricted stock awards which will vest in the next sixty days, and (v) 295,535 shares of Common Stock held by The 2007 Galant Family Trust, by and among Mark. E. Galant, as donor, and the Goldman Sachs Trust Company of Delaware and Farid Naib, as trustees.
- (7) Consists of (i) 439,826 shares of Common Stock, (ii) 512,776 options vested and (iii) 448,405 vested restricted stock units.
- (8) Consists of (i) 7,794 shares of Common Stock, (ii) 89,029 options vested, (iii) 143,217 vested restricted stock units and (iv) 1,588 restricted stock awards which will vest and be delivered in the next sixty days.
- (9) Consists of (i) 4,703 shares of Common Stock, (ii) 8,462 options vested and (iii) 5,088 vested restricted stock units.
- (10) Consists of (i) 130,107 shares of Common Stock, (ii) 136,198 options vested and (iii) 127,753 vested restricted stock units.
- (11) Consists of (i) 3,652 shares of Common Stock and (ii) 4,542 options vested.
- (12) Consists of (i) 5,000 shares of Common Stock and (ii) 15,000 options vested.
- (13) Consists of (i) 29,096 shares of Common Stock, (ii) 227,516 options vested and (iii) 120,980 vested restricted stock units.
- (14) Mr. Lyons had zero beneficial ownership as of April 19, 2012.
- (15) Includes 6,576,911 shares of Common Stock held by VantagePoint Venture Partners IV (Q), L.P., 658,417 shares of Common Stock held by VantagePoint Venture Partners IV, L.P., 23,957 shares of Common Stock held by VantagePoint Venture Partners IV Principals Fund, L.P., 1,814,824 shares of Common Stock held by VP New York Venture Partners, L.P., and 9,352 restricted stock awards granted to Mr. Bevilacqua in connection with his membership on the Company's Board of Directors, of which 7,794 have been delivered and 1,558 will vest and be delivered in the next sixty days. VantagePoint Venture Associates IV, L.L.C. is the general partner of these VantagePoint limited partnerships and may be deemed to have beneficial ownership of these shares. VantagePoint Management, Inc. has the voting and investment control over these shares. Alan E. Salzman, CEO of VantagePoint Management, Inc. and Managing Member of VantagePoint Venture Associates IV, L.L.C., may be deemed to beneficially own the shares. Mr. Bevilacqua disclaims beneficial ownership of all shares beneficially owned by entities affiliated with VantagePoint Capital Partners, except to the extent of his pecuniary interests therein. The address of VantagePoint Capital Partners, Mr. Bevilacqua, and Mr. Salzman is 1001 Bayhill Drive, Suite 300, San Bruno, California 94066.
- (16) Consists of (i) 7,794 shares of Common Stock, (ii) 52,023 options vested, (iii) 22,500 restricted stock units vested, and (iv) 1,558 restricted stock awards vesting in the next sixty days.
- (17) Consists of (i) 7,794 shares of Common Stock, (ii) 52,023 options vested, (iii) 10,910 vested restricted stock units, and (iv) 1,558 restricted stock awards vesting within the next sixty days.

- (18) Consists of (i) 5,410,734 shares of Common Stock owned by Edison Venture Fund IV SBIC LP, (ii) 7,794 shares of Common Stock owned by Mr. Sugden and (iii) 1,558 restricted stock awards granted to Mr. Sugden which will vest and be delivered in the next sixty days. The reporting person is a member of Edison Venture Fund IV SBIC, L.P. and disclaims beneficial ownership of the reported securities except to the extent of his pecuniary interest therein.
- (19) Consists of (i) 7,794 shares of Common Stock, (ii) 72,834 options vested, (iii) 10,132 vested restricted stock units, and (iv) 1,558 restricted stock awards vesting within the next sixty days.
- (20) Shares underlying restricted stock units are to be delivered as soon as administratively practicable on or after December 31, 2014; provided, however, that the grantee shall receive payment with respect to such restricted units upon a change of control or the date the grantee ceases to be employed by, or provide service to, the employer, whichever is earlier.

DIRECTOR COMPENSATION

Discussed in the following paragraphs and tables is the compensation paid to the non-employee directors who serve on our Board of Directors. Directors who are also our employees do not receive any additional compensation for their service as directors of the Company.

Name(1)	Fees Earned or Paid in Cash \$(2)	Stock Awards \$(3)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Peter Quick	89,500	75,000			164,500
Susanne D. Lyons	53,500	75,000			128,500
Joseph Schenk	54,250	75,000			129,250
Mark E. Galant	43,000	75,000			118,000
Christopher W. Calhoun	48,750	75,000			123,750
Thomas Bevilacqua(5)		62,284			62,284
Christopher S. Sugden(6)		62,284			62,284

- (1) Mr. Stevens, a current director, as well as President and Chief Executive Officer of the Company, is not included in this table because, as an employee of the Company, he does not receive any fees for service as a director.
- (2) The Company's standard fee arrangements for non-employee directors in effect during 2011 included a \$30,000 annual cash retainer for service as a director. The chairpersons of our Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee are also entitled to an additional annual retainer fee of \$10,000. All retainers are payable quarterly and pro-rated for service of less than a full quarter. Our non-employee directors are also entitled to additional compensation for attendance at in-person or telephonic board of directors or committee meetings of \$1,500 for each in-person board of directors meeting attended, \$750 for each telephonic board of directors meeting attended and \$750 for each committee meeting, in-person or telephonic, attended. The following table sets forth the break-down of the fees paid to our non-employee directors during 2011:

Name	Retainer Fees	Chair Fees	Meeting Fees	Total
Peter Quick	\$ 30,000	\$ 40,000	\$ 19,500	\$ 89,500
Susanne D. Lyons	30,000	10,000	13,500	53,500
Joseph Schenk	30,000	10,000	14,250	54,250
Mark E. Galant	30,000	2,500	10,500	43,000
Christopher W. Calhoun	30,000	7,500	11,250	48,750
Thomas Bevilacqua				
Christopher S. Sugden				

- (3) In 2011, each non-employee director was eligible to receive an annual grant of 9,352 restricted stock awards under our 2010 Omnibus Incentive Compensation Plan. The amounts reported represent the aggregate grant date fair value of the restricted stock award made to the non-employee director under FASB ACS 718, Compensation - Stock Compensation. For information on assumptions used in determining the fair value of these restricted stock awards, refer to Note 13 of our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, as filed with the SEC. The aggregate number of shares underlying restricted stock awards outstanding as of December 31, 2011 for each of the non-employee directors was as follows:

Name	Number of Shares Underlying Restricted Stock Grant	Number of Shares Unvested
Peter Quick	9,352	4,676
Susanne D. Lyons	9,352	4,676
Joseph Schenk	9,352	4,676
Mark E. Galant	9,352	4,676
Christopher W. Calhoun	9,352	4,676
Thomas Bevilacqua(5)	9,352	4,676
Christopher S. Sugden(6)	9,352	4,676

For a description of our equity award grant practices for directors, see [Equity Award Grant Practices](#) in the Compensation Discussion and Analysis on page 30 of this proxy statement.

- (5) Mr. Bevilacqua is a managing director of VantagePoint Capital Partners, Inc. and disclaims beneficial ownership of the reported securities except to the extent of his pecuniary interest therein.
- (6) Mr. Sugden is a member of Edison Venture Fund IV SBIC, L.P. and disclaims beneficial ownership of the reported securities except to the extent of his pecuniary interest therein.

EXECUTIVE OFFICERS

The following table identifies our executive officers during the year ended December 31, 2011:

Name	Age	Position
Glenn H. Stevens	49	Chief Executive Officer, President and Director
Daryl J. Carlough	40	Interim Chief Financial Officer, Treasurer, Chief Accounting Officer and Corporate Controller
Timothy O. Sullivan	48	Global Head of Trading
Samantha Roady	42	Chief Marketing Officer
Diego A. Rotsztain	42	General Counsel and Secretary
Jeffrey A. Scott	48	Chief Commercial Officer
Henry C. Lyons	48	Former Chief Financial Officer and Treasurer

Glenn H. Stevens has served as our President and Chief Executive Officer since June 2007 and a member of our Board of Directors since June 2007. From February 2000 to May 2007, Mr. Stevens served as one of our Managing Directors. From June 1997 to January 2000, Mr. Stevens served as Managing Director, head of North American sales and trading, at National Westminster Bank Plc (which was acquired by the Royal Bank of Scotland Group in 2000). From June 1990 to June 1997, Mr. Stevens served as Managing Director and Chief Forex Dealer at Merrill Lynch & Co., Inc. Mr. Stevens is registered with the CFTC and NFA as a principal and associated person. Mr. Stevens received a BS in Finance from Bucknell University and an MBA in Finance from Columbia University.

Daryl J. Carlough has served as our Interim Chief Financial Officer and Treasurer since November 2011. In addition, Mr. Carlough has served as our Chief Accounting Officer and Corporate Controller since December 2009. From August 2006 to December 2009, Mr. Carlough served as Director of Finance at L-1 Identity Solutions, Inc. From April 2005 to August 2006, Mr. Carlough served as Assistant Corporate Controller at Viisage Technology, which merged into L-1 Identity Solutions, Inc. in August 2006. Prior to that, Mr. Carlough served at The Macgregor Group as corporate controller, from July 2001 to April 2005, which was acquired by Investment Technology Group. In his prior positions, Mr. Carlough specialized in domestic and international matters for mergers and acquisitions, tax matters, SEC reporting, treasury, human resources, internal controls and accounting. Mr. Carlough started his career at Ernst & Young LLP. He is a Certified Public Accountant and a Chartered Global Management Accountant, and he received an MBA and MS in Accounting from Northeastern University, as well as a BS in Business Administration in Finance from Stonehill College.

Timothy O. Sullivan has served as Global Head of Trading since March 2000. Mr. O. Sullivan manages the day-to-day operations of our trading desk. From March 1994 to March 2000, Mr. O. Sullivan served as Director of the New York Sterling desk at Merrill Lynch & Co., Inc. Mr. O. Sullivan received a BS in Civil Engineering from the University of Delaware.

Samantha Roady has served as our Chief Marketing Officer since August 2006. From September 1999 until August 2006, she was our Senior Vice President, Marketing. From November 1994 to October 1999, Ms. Roady served as Director of marketing for FNX Limited, a privately-held provider of trading and risk-management solutions to the international financial community. Ms. Roady is registered with the CFTC and NFA as a principal. Ms. Roady received a BA in International Affairs from James Madison University.

Diego A. Rotsztain has served as our Executive Vice President, General Counsel and Secretary since January 2011. Mr. Rotsztain is also responsible for our global corporate development. From January 2010 to January 2011, Mr. Rotsztain was a Corporate and Securities Partner at Mayer Brown LLP where he specialized in securities and merger and acquisition transactions and representing public and private companies on their SEC reporting obligations, corporate governance matters and other day-to-day activities. Mr. Rotsztain was an Associate in the capital markets group of Davis Polk & Wardwell LLP from November 1998 to December 2009 where he had similar responsibilities. From September 1997 to September 1998, Mr. Rotsztain served as a Law Clerk for the Honorable Judge David G. Trager in the U.S. District Court in the Eastern District of New York. Mr. Rotsztain received his law degree from Columbia University School of Law in May 1997 and a BA in Economics from Tufts University in May 1992.

Jeffrey A. Scott has served as our Chief Commercial Officer since February 2011. From August 2010 through February 2011, Mr. Scott was the President of Toluna USA. From October 2008 to April 2010, Mr. Scott served as a Managing Director at LexisNexis. From March 2005 through October 2008, Mr. Scott served in various capacities at SourceMedia, Inc., including Chief Technology Officer; President, Accuity, Inc., and most recently, President, Banking Group. From March 1996 to March 2005, Mr. Scott held various positions at Thomson Financial, including Chief Technology Officer and Chief Product Officer. From August 1994 to March 1996, Mr. Scott served at Thomson Technology Consulting. From August 1993 to August 1994, Mr. Scott served as Software Development Manager for Science Applications International Corporation. Mr. Scott began his career at Arinc Research serving as Software Development Manager. In his prior positions, Mr. Scott specialized in product strategy and technology and media businesses with an emphasis on client-centric business transformations and the application of social media to

Edgar Filing: GAIN Capital Holdings, Inc. - Form DEF 14A

online businesses. Mr. Scott received a BS in Computer Science from the University of Dayton and a MBA from the University of Maryland.

Henry C. Lyons served as our Chief Financial Officer and Treasurer from March 2008 to November 2011. From September 2006 to February 2008, Mr. Lyons served as Senior Vice President and Chief Financial Officer at ACI Worldwide, a global provider of e-payment processing software and services. Mr. Lyons served from April 2004 to August 2006 as Chief Financial Officer for Discovery Systems, a business unit of GE Healthcare Biosciences, Inc. From January 2001 to March 2004, Mr. Lyons was employed by Amersham Biosciences, Inc. (which was acquired by GE Healthcare in 2004) as Corporate Controller of the Biosciences division. Mr. Lyons received a BBA in Accounting from Millsaps College and an MBA from New York Institute of Technology.

COMPENSATION DISCUSSION AND ANALYSIS

This section explains how and why the Board of Directors made decisions with respect to the 2011 compensation of Glenn H. Stevens, our President and Chief Executive Officer (our Chief Executive Officer), Daryl J. Carlough, our Interim Chief Financial Officer, Treasurer, Chief Accounting Officer and Corporate Controller (our Interim Chief Financial Officer), Timothy O. Sullivan, our Global Head of Trading, Jeffrey Scott, our Chief Commercial Officer, Diego Rotsztein, our General Counsel and Secretary and Henry C. Lyons, our Former Executive Vice President, Chief Financial Officer and Treasurer. The compensation of these six executive officers (the Named Executive Officers) is disclosed in the Summary Compensation Table and supplemental tables presented in this proxy statement. The Compensation Discussion and Analysis appearing in this section (the CD&A) includes information regarding, among other things, our executive compensation philosophy, objectives and policies, as well as a discussion of each element of compensation.

Introduction

We are a global provider of online trading services, specializing in global over-the-counter, or OTC, markets, including spot foreign exchange, or forex, and precious metals, as well as contracts-for-difference, or CFDs, which are investment products with returns linked to the performance of an underlying commodity, index or security. We have customers residing in more than 140 countries worldwide and conduct business from our offices in New York City, Bedminster, New Jersey, London, Tokyo, Sydney, Beijing, Hong Kong, Seoul and Singapore.

We service retail investors through our FOREX.com brand and institutional investors through our GAIN GTX offering. We also offer retail customers the ability to trade exchange-traded products through our wholly-owned subsidiary, GAIN Securities. We have invested considerable resources in developing our retail and institutional trading platforms and tools to allow our customers to trade and manage their accounts. While our retail and institutional businesses use separate platforms, we are able to leverage our combined scale and trading volume in our relationships with our wholesale trading partners, bank liquidity providers and other service providers. In addition, we believe the two platforms complement each other, which allows us to cross-sell our services and to leverage our facilities and the technology we develop. Our customers can trade through web-based, downloadable and mobile trading platforms and have access to innovative trading tools to assist them with research, automated trading and account management.

Summary of Our Executive Compensation Program

Program Objectives

Our executive compensation program is designed to further the Company's annual and long-term business objectives by providing our executives with compensation that is competitive within our industry sector and that continues to offer an incentive to our executives to enhance the value of our Common Stock. Our annual incentive program links compensation directly to the attainment of both corporate and individual performance objectives established by the Board of Directors through the Compensation Committee on an annual basis. Our long-term incentive awards help to ensure that our executives make a long-term commitment to the growth and profitability of the Company and provide further alignment with stockholder interests.

Compensation Setting and Review Process

Our Compensation Committee annually reviews each of the Named Executive Officer's total compensation, which includes base salary, annual cash incentive awards and long-term equity incentive awards. In reviewing the compensation levels for our executives, including the Named Executive Officers, the Compensation Committee considers the Company's ongoing business strategy and growth, each individual executive's past performance, experience, importance to our business, internal equity, the applicable terms of the executive's employment agreement, prior year adjustments to compensation and historical grants of long-term incentive awards. As a general matter, the Compensation Committee has determined that the Company will continue to require highly experienced leaders, and motivating and retaining qualified executives will remain critical to our future success.

During the first quarter of the year, our Compensation Committee, with the input of our Chief Executive Officer, develops and approves an annual management incentive plan for the year for our executives, including the Named Executive Officers, which we refer to as the MIP. Awards under the MIP are determined based on the achievement of Company targets, such as annual revenue and/or EBITDA, and personal goals and objectives. In March 2011, the Compensation Committee determined that 50.0% of the 2011 MIP awards would be based upon achievement of a Company annual revenue target, 15.0% of the 2011 MIP awards would be based upon achievement of a Company EBITDA target and 35.0% of the 2011 MIP award would be based upon achievement of personal goals and objectives. For 2011, the Compensation Committee approved that 30.0% of the awards were to be paid following the first half of the year, based on semi-annual progress towards our annual revenue and EBITDA targets and achievement of personal objectives in the first half of the year. The remaining 70.0% of the awards were to be paid in the first quarter of 2012 and were based on the achievement of our annual revenue and EBITDA targets and achievement of personal goals and objectives for the full year.

In addition, during the first quarter of the year, the Compensation Committee determines the primary compensation elements for our executive officers, including our Named Executive Officers for the current year. For the compensation of the Company's Chief Executive Officer, the Compensation Committee reviews and approves the Company's corporate goals and objectives and the Chief Executive Officer's personal goals and objectives. Based on this evaluation, the Compensation Committee sets the base salary, annual cash incentive award and long-term equity incentive award for the Chief Executive Officer for the relevant year. For the other executive officers, including the Named Executive Officers, the Chief Executive Officer makes a recommendation to the Compensation Committee regarding the compensation elements for each of the Company's executive officers and discusses with the Compensation Committee the personal goals and objectives for each executive officer. Based on the Chief Executive Officer's recommendation and its independent review and analysis, including the consideration of input from a compensation consultant, the Compensation Committee, in its discretion, sets the base salary, annual cash incentive award and long-term equity incentive award for each executive officer for the relevant year.

In the first quarter of the following year, the Compensation Committee reviews the performance of the Company and the Chief Executive Officer during the prior year, in light of the previously approved corporate and personal goals and objectives, and determines the final amount of the annual cash incentive award payable to the Chief Executive Officer. For the other executive officers, the Chief Executive Officer provides the Compensation Committee with input regarding the achievement of each executive officer's personal goals and objectives and makes a recommendation regarding the final amount of the annual cash incentive award payable to each executive officer. In light of the Company's achievement of its corporate goals and objectives and the Compensation Committee's independent review and analysis, the Compensation Committee, in its discretion, approves or modifies the Chief Executive Officer's recommendation regarding the final amount of cash incentive award for each executive officer (other than the Chief Executive Officer, which is discussed above).

The Compensation Committee generally determines the amounts of long-term equity incentive awards for our executive officers, including our Named Executive Officers, once each year, as further described below.

At our 2011 Annual Meeting of Shareholders over 99.6% of our shareholders voted, in non-binding advisory votes (i) to approve the compensation of our Named Executive Officers and (ii) in favor of having a non-binding shareholder vote on executive compensation once every three years. The Compensation Committee reviewed the result of the shareholders' advisory vote on executive compensation. The Compensation Committee also considered many other factors in evaluating the Company's executive compensation programs as discussed in this CD&A, including the Compensation Committee's assessment of the interaction of our compensation programs with our corporate business objectives, evaluations of our programs by external consultants, and review of data of a selected group of peer companies, each of which is evaluated in the context of the Compensation Committee's duty to act as the Directors determine to be in the stockholders' best interests. While each of these factors bore on the Compensation Committee's decisions regarding our Named Executive Officers' compensation, the Compensation Committee did not make any significant changes to our executive compensation program and policies as a result of the 2011 say on pay advisory vote. Given the support stockholders expressed for the Company's executive compensation programs at the 2011 annual meeting of stockholders the Committee generally elected to apply the same principles in determining the types and amounts of compensation to be paid to our Named Executive Officers in 2011.

The Compensation Committee also reviews and discusses with management the Compensation Discussion and Analysis prepared for inclusion in the Company's annual proxy statement in accordance with SEC rules and, based upon such review and discussions, recommends to the Board of Directors whether such Compensation Discussion and Analysis should be included in such annual proxy statement. The Compensation Committee oversees the administration of incentive compensation plans and equity-based plans for all executive officers and, on at least a yearly basis, reviews and approves these plans. The Compensation Committee has the sole authority to retain and terminate a consulting firm to assist in the evaluation of executive compensation. The Compensation Committee may retain and terminate independent legal, financial or other advisors as it may deem necessary. In addition, at least once a year, the Compensation Committee reviews and assesses the relationship between the Company's compensation practices and risk. The Compensation Committee reports to the Board of Directors regularly on its actions and deliberations.

Elements of Compensation

The primary compensation elements for our executives, including the Named Executive Officers, are:

base salary;

annual cash incentive awards;

long-term equity incentive awards; and

retirement and other benefits.

In addition, certain executives, including all of the Named Executive Officers, have employment agreements with the Company that provide potential payments and benefits upon termination of employment for a variety of reasons, including following a change in control of the Company.

Competitive Market Analysis

In 2010, the Compensation Committee engaged Frederic W. Cook, an independent compensation consulting firm, to provide services relating to a competitive market analysis of the compensation of our Named Executive Officers for the purpose of establishing 2010 compensation targets. In 2011, the Compensation Committee determined that it was not necessary to re-engage Frederic W. Cook, in light of its decision to continue to rely on the previously provided analysis and to maintain comparable levels of compensation of our executive officers, including the Named Executive Officers. The competitive market analysis was based on data gathered by Frederic W. Cook from proprietary surveys of executive compensation at a group of peer companies, or the Peer Group. In 2010, the Peer Group, which consisted of companies with businesses that compete, or competed, in the same talent market as the Company, including primarily companies in the technology and online trading industries, was as follows:

Ticker	Compensation Study Peer Group Name	Latest Available Four Quarters (\$ Millions)			Dec. 31, 2010 Market Cap (\$ millions)
		Revenues	GAAP Net Income	EBITDA	
ADVS	Advent Software	\$ 274	\$ 33	\$ 42	\$ 1,489
BGCP	BGC Partners	1,306	11	149	779
DST	DST Systems	2,226	284	437	2,049
GFIG	GFI Group	825	7	84	571
IDC	Interactive Data	777	131	256	3,228
IAAC	International Assets Holdings	46,940	5	29	415
ITG	Investment Technology Group	583	14	140	685
KCG	Knight Capital	1,192	124	263	1,346
LAB	LaBranche & Company	52	(97)	(30)	149
MKTX	Marketaxess	142	28	54	703
MF	MF Global	2,223	(133)	339	1,362
MSCI	MSCI, Inc.	568	86	224	4,619
OXPS	OptionsXpress	236	55	95	900
SWS	SWS Group	415	(27)	17	163
TRAD	TradeStation Group	131	13	22	265
75th Percentile		\$ 1,249	\$ 71	\$ 240	\$ 1,425
50th Percentile		583	14	95	779
25th Percentile		225	6	36	493
GCAP	GAIN Capital Holdings, Inc.	\$ 189	\$ 38	\$ 59	\$ 287
	<i>Ranking within peer group</i>	13 of 16	6 of 16	10 of 16	13 of 16

Compensation Actions in 2011 and 2012

Summary

The following is a summary of the actions taken in 2011 and 2012 affecting the 2011 compensation of the Named Executive Officers. Each of these actions was recommended, and approved, by the Compensation Committee or the Board of Directors. For a more detailed description of these actions, please refer to the sections entitled Base Salary, Annual Incentive Awards and Long-Term Equity Incentive Awards following this summary.

In March 2011, the Compensation Committee reviewed an analysis prepared by Frederic W. Cook and determined to continue for 2011 the compensation philosophies it used in 2010, which was to continue to pay for performance with nominally competitive salaries, offset by rewarding employees through performance-based annual cash incentives and long-term equity compensation.

Edgar Filing: GAIN Capital Holdings, Inc. - Form DEF 14A

In March 2011, the 2011 annual revenue and EBITDA targets for the MIP were approved by our Compensation Committee.

In February 2012, the Named Executive Officers received the unpaid portion of their 2011 annual incentive award payouts under the MIP. Because the Company achieved 80% of the revenue target for 2011, the Named Executive Officers received a 50% payout on the portion of their respective 2011 annual incentive award based on the revenue target. Similarly, because the Company achieved 47% of the EBITDA target for 2011, the Named Executive Officers received no payout of the portion of their respective annual incentive award based on the EBITDA target. For the remaining 35% of the Named Executive Officers' respective annual incentive award, the Chief Executive Officer made recommendations to the Compensation Committee based on each individual's achievement of their respective personal goals and objectives.

In March 2012, with respect to the 2012 long term equity compensation, the Compensation Committee approved the granting of a total award made up of 65% restricted stock units and 35% non-qualified stock options, as compared to the 50% restricted stock awards and 50% non-qualified stock options granted in 2011.

In April 2012, we entered into new employment agreements with Messrs. Stevens, O Sullivan, Scott and Rotsztain. For a description of the new employment agreements, please see the discussion below under New Executive Employment Agreements on page 38.

Mr. Stevens

Mr. Stevens' s total cash compensation is positioned higher than other chief executive officers of our Peer Group due to his unique background and experience in the financial services and forex industries. Mr. Stevens was previously Chief Forex Dealer at Merrill Lynch & Co., Inc. and was head of North American sales and trading at National Westminster Bank plc. Before moving to the position of Chief Executive Officer of our Company, Mr. Stevens was our Global Head of Trading. The compensation paid to individuals that are head traders is among the highest paid at large banks and broker-dealers. Mr. Stevens' s background as a trader and his management skills make him a highly sought after executive. To retain his services, we have determined that his compensation is required to be at a level commensurate with positions at larger firms. To attract and retain Mr. Stevens, and those with his skill set, these firms would pay higher levels of compensation than those in our current Peer Group. Based on these factors, Mr. Stevens' s target compensation was set to rank above the 50th but below the 75th percentile for total cash compensation compared to our Peer Group. Consistent with the financial services and forex industries, a greater portion of Mr. Stevens' s compensation is derived from variable incentive compensation. For 2011, Mr. Stevens' s compensation was set at 31% base salary and 69% variable incentive compensation. Mr. Stevens' s target total cash compensation was 36% greater than the median of our Peer Group for target total cash compensation. Mr. Stevens' s 2011 long term equity award of 129,000 non-qualified stock options and 43,000 restricted stock awards was based on an analysis by our Compensation Committee, which factored in the amount of total shares authorized by our stockholders for the 2011 grant pool. Given that Mr. Stevens is the highest paid employee and has the most responsibility, Mr. Stevens was issued the largest amount of restricted stock awards and stock options.

Mr. Carlough

Mr. Carlough assumed the position of the Company' s Interim Chief Financial Officer and Treasurer in November 2011 upon the resignation of Mr. Lyons. Prior to assuming this role, Mr. Carlough was our Chief Accounting Officer and Corporate Controller, and he retained those areas of responsibility when he assumed his new roles. For 2011, Mr. Carlough' s target base salary accounted for 71% of his total target cash compensation, and his target variable incentive compensation accounted for 29% of his target total cash compensation. Mr. Carlough' s target total cash compensation was 48% less than the median target total cash compensation of chief financial officers of our Peer Group. Mr. Carlough' s 2011 long term equity award of 13,500 non-qualified stock options and 4,500 restricted stock awards was based on the recommendation of our Chief Executive Officer viewing Mr. Carlough as a non-executive officer during the majority of 2011.

Mr. O Sullivan

Mr. O Sullivan is the Company' s Global Head of Trading and has developed a very specific skill set through his years in the forex industry and his eleven years of employment with us. As Global Head of Trading, Mr. O Sullivan manages our trade desk and monitors our risk exposure and profitability. Consistent with heads of trading desks within the industry, Mr. O Sullivan' s variable incentive compensation target was higher than his fixed compensation. For 2011, Mr. O Sullivan' s target base salary accounted for 31% of his target total cash compensation, and his target variable incentive compensation accounted for 69% of his target total cash compensation. Mr. O Sullivan' s target overall cash compensation was 6% less than the median of our Peer Group for target total cash compensation. Mr. O Sullivan' s 2011 long term equity award of 36,000 non-qualified stock options and 12,000 restricted stock awards was based on a recommendation of our Chief Executive Officer and on an analysis by our Compensation Committee.

Mr. Scott

Mr. Scott is the Company' s Chief Commercial Officer and joined the Company in 2011. With 15 years of experience in management and technology, Mr. Scott has developed the necessary skills to oversee our commercial and technological efforts; however, he does not have the trading background and knowledge possessed by Mr. Stevens or Mr. O Sullivan. As a result, a higher portion of Mr. Scott' s total cash compensation has been fixed, in the form of base salary. For 2011, Mr. Scott' s target base salary accounted for 57% of his target total cash compensation and his target variable incentive compensation accounted for 43% of his target total cash compensation. Mr. Scott' s target overall cash compensation was 27% less than the median of our Peer Group for target total cash compensation. Mr. Scott' s 2011 long term equity award of 60,000 non-qualified stock options and 20,000 restricted stock awards was based on his employment agreement, the terms of which were approved by our Compensation Committee.

Mr. Rotsztain

Mr. Rotsztain is the Company's General Counsel and Secretary and joined the Company in 2011. Mr. Rotsztain has extensive legal experience in strategic transactions, securities law, corporate governance and advising public companies generally; however, he does not have the trading background and knowledge possessed by Mr. Stevens or Mr. O'Sullivan. As a result, a higher portion of Mr. Rotsztain's total cash compensation has been fixed, in the form of base salary. For 2011, Mr. Rotsztain's target base salary accounted for 71% of his target total cash compensation and his target variable incentive compensation accounted for 29% of his target total cash compensation. Mr. Rotsztain's target overall cash compensation was 15% greater than the median of our Peer Group for target total cash compensation. Mr. Rotsztain's 2011 long term equity award of 18,169 non-qualified stock options and 23,379 restricted stock awards was based on his employment agreement, the terms of which were approved by our Compensation Committee. In addition, as part of his incentive to join the Company, Mr. Rotsztain received a sign-on bonus of \$100,000 in 2011.

Mr. Lyons

Mr. Lyons served as the Company's Chief Financial Officer and Treasurer from 2009 to November 2011. For 2011, Mr. Lyons's target base salary accounted for 64% of his target total cash compensation, and his variable incentive compensation accounted for 36% of his target total cash compensation. Mr. Lyons's target overall cash compensation was 5% less than the median of our Peer Group for target total cash compensation. Mr. Lyons's 2011 long term equity award of 24,000 non-qualified stock options and 8,000 restricted stock awards was based on an analysis by our Compensation Committee. In addition, in 2011, Mr. Lyons received a retention bonus of \$350,000 in connection with the Company's initial public offering, which he was required to repay to the Company upon his resignation.

Base Salary

We fix executive officer base compensation at a level that is based on input from our Compensation Committee, advice from our compensation consultant based on survey data from publicly available sources and the executive officer's previous compensation history. We aim to set base salaries at levels which we believe best enable us to hire and retain individuals in a competitive environment and reward individual performance according to the relative levels of contribution to our overall business goals. We make periodic adjustments to base salary based on individual performance and contributions, market trends, competitive position and our financial situation. We view base compensation as one component of our Named Executive Officers' total annual cash compensation and sometimes change the mix between base compensation and annual incentive compensation. The salaries of Messrs. Stevens, O'Sullivan, Scott and Rotsztain did not change for 2012. The salary of Mr. Carlough increased by \$10,000 (but was offset by reductions in his incentive compensation targets). The base salaries earned by the Named Executive Officers during 2011 are reported in the Summary Compensation Table on page 31 of this proxy statement.

Annual Incentive Awards

As discussed above, at the beginning of each year, our Compensation Committee, with the input of our Chief Executive Officer, develops the MIP for the year for our executives, including the Named Executive Officers, and other key employees. The MIP serves to attract, retain and motivate our executives by tying potential cash awards to the achievement of a mix of corporate and individual performance objectives approved by our Compensation Committee on an annual basis.

Establishment of Target Award Levels and Measures

In January 2011, the Compensation Committee determined that the Company would continue to pay for performance with above-market incentive compensation opportunities, but would transition compensation opportunities toward public company pay levels. In addition, the Compensation Committee established target award performance measures under the MIP, with target award opportunities consistent with any specific thresholds included in the employment agreements of the Named Executive Officers, where applicable.

Name	2011 Target Incentive Compensation as a % Base Salary
Glenn H. Stevens	225%
Daryl J. Carlough	40%
Timothy O'Sullivan	227%

Name	2011 Target Incentive Compensation as a % Base Salary
Jeffrey A. Scott	75%
Diego A. Rotsztain	40%
Henry C. Lyons	57%

For 2011, the target corporate revenue was \$227.5 million and the target corporate EBITDA was \$77.3 million. The table below shows each Named Executive Officer's MIP potential payout, assuming 100% achievement of the revenue and EBITDA targets and 100% achievement of each Named Executive Officer's personal objectives:

Name	Target Total Incentive Compensation
Glenn H. Stevens	\$ 1,462,500
Daryl J. Carlough	\$ 80,000
Timothy O. Sullivan	\$ 625,000
Jeffrey A. Scott	\$ 243,750
Diego A. Rotsztain	\$ 130,000
Henry C. Lyons	\$ 185,000

Target award opportunities were based on the target awards for prior years, which were the result of an executive compensation market analysis conducted by Frederic W. Cook, commencing in November 2008. Based on its analysis of the market comparable compensation data, including proprietary survey sources containing functional position matches of comparable scope to the Named Executive Officers and compensation data from the Peer Group, the Compensation Committee noted that the target annual incentive award opportunities for the Named Executive Officers ranked between the 50th and 75th percentile, with the exception of the Chief Executive Officer, who ranked above the 75th percentile.

2011 Award Payouts

In March 2012, our Chief Executive Officer formulated his recommendations for the Compensation Committee with respect to proposed annual incentive award payouts under the 2011 MIP. In developing his recommendations, our Chief Executive Officer reviewed the Company's performance against the corporate revenue and EBITDA targets for the year. During 2011, we achieved revenue of \$182.3 million revenue, excluding net interest, compared to a MIP target of \$227.5 million, or 80.1% of the MIP revenue target. In addition, during 2011 we achieved EBITDA of \$36.6 million, compared to a MIP target of \$77.3 million, or 47.3% of the MIP EBITDA target.

For the Chief Executive Officer's 2011 MIP award, in accordance with the MIP, the Compensation Committee awarded a 50% payout with respect to Mr. Stevens's non-equity incentive compensation target attributable to the Company's revenue target and no payout with respect to Mr. Stevens's non-equity incentive compensation attributable to the Company's EBITDA target. The remaining portion of the Chief Executive Officer's non-equity incentive compensation was based on the consideration of the Chief Executive Officer's achievement of his personal goals and objectives.

For each of the other Named Executive Officers, in accordance with the MIP, the Chief Executive Officer recommended a 50% payout with respect to each of their non-equity incentive compensation targets attributable to the Company's revenue target and no payout with respect to their respective non-equity incentive compensation attributable to the Company's EBITDA target. With respect to the remaining portion of each of the other Named Executive Officers' non-equity incentive compensation, the Chief Executive Officer considered the achievement of their respective personal goals and objectives and made a recommendation to the Compensation Committee. After reviewing the Chief Executive Officer's recommendations, the Compensation Committee, in its discretion, approved the final 2011 MIP award payouts. Annual payments for 2011 for each of the Named Executive Officers are listed below:

Name	2011 Non-Equity Incentive Compensation Payouts		
	Semi-Annual	Annual	Total
Glenn H. Stevens	\$ 255,600	\$ 621,900	\$ 877,500
Daryl J. Carlough	\$ 28,400	\$ 43,700	\$ 72,100
Timothy O. Sullivan	\$ 105,900	\$ 258,100	\$ 364,000

Name	2011 Non-Equity Incentive Compensation Payouts		
	Semi-Annual	Annual	Total
Jeffrey A. Scott	\$ 46,400	\$ 108,400	\$ 154,800
Diego A. Rotsztain	\$ 24,800	\$ 64,600	\$ 89,400
Henry C. Lyons	\$ 31,400	\$	\$ 31,400

Long-Term Equity Incentive Awards

The Compensation Committee uses long-term equity incentives to motivate our executive officers to promote the success of the Company's business, and increase firm value. By providing our executives and other key employees with a direct stake in the Company's success, these incentives are intended to assure a closer identification of their interests with those of our stockholders, stimulate their efforts on the Company's behalf and strengthen their desire to remain with the Company. Typically, recommendations for long-term equity incentive awards for our executives, including the Named Executive Officers, are made by the Compensation Committee taking into account the recommendations of our Chief Executive Officer, as appropriate. Our long-term equity incentive awards historically have consisted of both restricted stock units or restricted stock awards and stock options. Decisions regarding whether to grant restricted stock units/awards, options or a combination of both have generally been based on the Compensation Committee's desire to balance the upside potential of stock options (since an executive will realize value from an option only if the market price of the Company's Common Stock appreciates and stays above the option's exercise price for a sustained period until the options vest) with the attractions of a full value share award (since restricted shares, once vested, have an intrinsic value equal to the market price of the Company's Common Stock).

In March 2011, the Compensation Committee approved long-term equity incentive awards in the form of a combination of 50% stock options and 50% restricted stock awards to our executive officers, including the Named Executive Officers, and other key employees. The decision to include stock option grants was based on the Compensation Committee's desire to provide value to our executives while at the same time incentivizing management to increase the value of the Company over the long term. The non-qualified stock options and restricted stock awards vest based on continued service to the Company over four years in equal annual 25% increments. The Compensation Committee believes that these vesting requirements help to create and maintain an environment that motivates retention and longevity of our executive officers and other key employees.

2011 Long-Term Incentive Awards**Non-Qualified Stock Options**

Name	Options (#)	Exercise Price (\$)	Aggregate Grant Date Fair Value (\$)
Glenn H. Stevens	129,000	8.02	443,760
Daryl J. Carlough	13,500	8.02	46,440
Timothy O. Sullivan	36,000	8.02	123,840
Jeffrey A. Scott	60,000	8.02	206,400
Diego A. Rotsztain	18,169	8.02	62,500
Henry C. Lyons	24,000	8.02	82,560

Restricted Stock Awards

Name	Shares (#)	Per Share Fair Market Value (\$)	Aggregate Grant Date Fair Value (\$)
Glenn H. Stevens	43,000	8.02	344,860
Daryl J. Carlough	4,500	8.02	36,090
Timothy O. Sullivan	12,000	8.02	96,240
Jeffrey A. Scott	20,000	8.02	160,400
Diego A. Rotsztain	23,379	8.02	187,500
Henry C. Lyons	8,000	8.02	64,160

Equity Award Grant Practices

Equity awards are granted under the GAIN Capital Holdings, Inc. 2010 Omnibus Incentive Compensation Plan, as amended. Generally, equity awards are granted to newly hired employees on the later of either the first day of employment with the Company or the date the award is approved by the Compensation Committee. Equity awards are granted to continuing executives, certain other employees and our directors on an annual basis. In the case of directors, equity awards are generally granted when a new director joins our Board of Directors and then thereafter on an annual basis. Our philosophy on long-term incentive compensation is based on an analysis of comparable market compensation data, including proprietary survey sources containing functional position matches of comparable scope to the Named Executive Officers, in each case provided in 2010 by Frederic W. Cook, and compensation data from the Peer Group. For 2010, the long-term incentive awards for the Named Executive Officers were targeted to be ranked between the 50th and 75th percentile. For 2011, the Compensation Committee concluded that it would be appropriate to grant comparable equity awards to those granted in 2010.

Recommendations for grants and awards to executive officers, including the Named Executive Officers, and directors are made to our Compensation Committee. Our Compensation Committee must approve all stock option grants and other equity awards to executive officers and directors. Our Compensation Committee retains the discretion to make additional awards to executive officers at other times in connection with the initial hiring of a new executive, for retention purposes or otherwise.

Each stock option grant and other equity award must specify all of the material terms of the grant or award, including the date of grant, exercise price, vesting schedule, term and any other terms or conditions that the Compensation Committee deems appropriate. Option grants made to our executive officers, or any of our other employees or directors, are made with an exercise price equal to the fair market value of a share of the Company's Common Stock on the date of grant.

The grant date fair value of the long-term incentive awards made to the Named Executive Officers in 2011 is reported in the Summary Compensation Table and the Grants of Plan-Based Awards Table on pages 31 and 32, respectively, of this proxy statement.

Employment, Severance and Change in Control Arrangements

We have an employment agreement with each of our Named Executive Officers. Among other terms, the employment agreements provide for payments and other benefits if we terminate the executive's employment without cause, or if he or she terminates employment for good reason. The amount of severance payable differs depending on whether the termination of employment occurs before or after a change in control of the Company.

Our Compensation Committee approved the severance and change in control provisions in these agreements because such provisions allow our executives to focus on the best interests of the Company, including long-term goals and strategic interests, to the benefit of the stockholders. Specifically, these provisions address the potential financial hardships which may be experienced by the Named Executive Officers if their employment is terminated under specified circumstances and allow the Named Executive Officers to focus their attention on their assigned duties, notwithstanding the potential impact a change in control transaction could have on their respective careers or positions. The severance level for Mr. Stevens is greater than for the other executives because of his greater Company responsibilities.

The severance and change in control arrangements applicable to our Named Executive Officers are set forth in each of their respective employment agreements, as discussed in detail below under the heading **Potential Payments Upon Termination or Change in Control**.

In general terms, a change in control occurs: (i) if a person, entity or affiliated group acquires more than 50% of our then outstanding voting securities; (ii) if we merge into another entity, unless the holders of our voting shares immediately prior to the merger have at least 50% of the combined voting power of the securities in the merged entity or its parent; (iii) if we sell or dispose of assets of the Company that have a total gross fair market value equal to or more than 75% of the total gross fair market value of all of the assets of the Company immediately before such acquisition of acquisitions; or (iv) if a majority of the members of our Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the incumbent Board members.

In the event of a change in control, in the case of outstanding options and restricted equity awards held by all grantees under the terms of our 2006 Equity Compensation Plan and 2010 Omnibus Incentive Compensation Plan, all options and restricted equity awards vest, unless our Compensation Committee determines otherwise. Similarly, the restricted equity award agreements provide for accelerated delivery of vested restricted equity awards upon the occurrence of a change in control. In addition, the employment agreements in place with our Named Executive Officers include accelerated vesting provisions in the event that the Named Executive Officer's employment is terminated without cause or the executive resigns with good reason within a specified period after a change in control occurs. Our Compensation Committee believes that these contractual rights provide a valuable incentive for management. For more details regarding the terms of the employment agreements, see **Potential Payments Upon Termination or Change of Control Employment Agreements and Change in Control Arrangements** below.

As noted above under Compensation Actions in 2011 and 2012 on page 26, in April 2012 we entered into new employment agreements with Messrs. Stevens, O'Sullivan, Scott and Rotsztein. For a description of the new employment agreements, please see the discussion below under New Executive Employment Agreements on page 38.

Tax and Accounting Treatment

The Compensation Committee considers the tax and accounting effects of various compensation elements when designing our annual incentive and equity compensation plans and making other compensation decisions. Although the Compensation Committee designs our plans and programs to be tax-efficient and to minimize compensation expense, these considerations are secondary to meeting the overall objectives of the executive compensation program.

Section 162(m) of the Internal Revenue Code generally disallows a federal income tax deduction to public corporations for compensation greater than \$1 million paid for any fiscal year to the corporation's Chief Executive Officer and to the three most highly compensated executive officers other than the Chief Executive Officer or Chief Financial Officer. However, certain forms of performance-based compensation are excluded from the \$1 million deduction limit if specific requirements are met and transition rules apply to newly public companies such as our Company. It is the policy of our Compensation Committee to periodically evaluate the qualification of compensation for exclusion from the \$1 million deduction limit under Section 162(m) of the Internal Revenue Code, while maintaining flexibility to take actions with respect to compensation that it deems to be in the interest of the Company and its stockholders and which may not qualify for tax deductibility.

We account for stock-based compensation in accordance with generally accepted accounting principles. Consequently, stock-based compensation cost is measured at the grant date based on the fair value of the award in accordance with FASB ASC Topic 718. We generally recognize stock-based compensation expense ratably over the vesting period of each award except as required otherwise by FASB ASC Topic 718.

Adjustment or Recovery of Awards Clawback Provisions

Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) requires the SEC to direct the national securities exchanges to prohibit the listing of any security of an issuer that does not develop and implement a clawback policy. At this time, the SEC has not finalized rules related to clawback policies. Once the final rules are in place, we intend to adopt a clawback policy that fully complies with SEC regulations.

Likewise, under Section 304 of the Sarbanes-Oxley Act, if we are required to restate our financial results due to material noncompliance with any financial reporting requirements as a result of misconduct, the Chief Executive Officer and Chief Financial Officer could be required to reimburse us for (1) any bonus or other incentive-based or equity-based compensation received during the 12 months following the first public issuance of the non-complying document, and (2) any profits realized from the sale of our securities during those 12 months.

Further, the employment agreements in effect with each of our Named Executive Officers provide that, to the extent permitted or required by governing law, our Compensation Committee shall have discretion to require each Named Executive Officer to repay to us the amount of any incentive compensation to the extent the Compensation Committee or Board of Directors determines that such incentive compensation was not actually earned by the Named Executive Officer because (i) the amount of such payment was 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 Named Executive Officer engaged in fraud, gross negligence or intentional misconduct; or (iii) the Named Executive Officer deliberately misled the market or the Company's stockholders regarding our financial performance. For more details regarding the terms of employment agreements of the Named Executive Officers, see Potential Payments Upon Termination or Change in Control Employment Agreements and Change in Control Arrangements below.

EXECUTIVE COMPENSATION

Summary Compensation Table

The table below presents the annual compensation earned for services to us in all capacities for the periods shown for our Named Executive Officers. All dollar amounts are in U.S. dollars.

Name and Principal Position(a)	Year	Salary (\$)	Stock Awards(1) \$	Option Awards(2) (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Glenn Stevens President and Chief Executive Officer	2011	650,000	344,860	443,760	877,500	(14,347)	21,415(3)	2,323,188
	2010	650,000		358,600	1,491,182		24,654	2,524,436
	2009	650,000	882,440		694,000		26,174	2,252,614
Daryl Carlough Interim Chief Financial Officer and Treasurer	2011	197,500	36,090	46,440	72,100	711	12,211(4)	365,052
	2010	180,000		29,307	84,742		6,325	299,734
	2009	8,885	61,327					70,212
Timothy O Sullivan Global Head of Trading	2011	270,625	96,240	123,840	364,000		28,695(5)	883,400
	2010	240,000		81,500	798,267		22,014	1,141,781
	2009	223,300	153,450		478,000		22,972	877,722
Jeffrey Scott Chief Commercial Officer	2011	275,833	160,400	206,400	154,800		13,576(6)	811,009
	2010							
	2009							
Diego Rotsztain General Counsel and Secretary	2011	305,416	187,500	62,500	89,400		122,426(7)	767,242
	2010							
	2009							
Henry Lyons Former Chief Financial Officer and Treasurer	2011	299,167	64,160	82,560	31,400		12,628(8)	489,915
	2010	325,000		97,800	200,622		7,764	631,186
	2009	325,000	204,600		91,000		10,765	631,365

- (1) The amounts shown in this column represent the aggregate grant date fair value of restricted stock units and awards granted during fiscal years 2011 and 2009 under the 2010 Omnibus Incentive Compensation Plan and the 2006 Equity Compensation Plan, respectively, calculated in accordance with FASB ASC 718, Compensation – Stock Compensation.
- (2) The amounts shown in this column represent the aggregate grant date fair value of stock options granted during fiscal years 2011 and 2010 under the 2010 Omnibus Incentive Compensation Plan and the 2006 Equity Compensation Plan, respectively, calculated in accordance with FASB ASC 718, Compensation – Stock Compensation. For information on assumptions used in determining fair value of these stock options, refer to Note 13 of our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, as filed with the SEC.
- (3) This amount includes: (i) \$9,800 in employer matching contribution to our 401(k) plan; (ii) \$8,640 in car allowance (\$720 per month); and (iii) \$2,975 for payment of term life insurance premiums.
- (4) This amount includes: (i) \$9,800 in employer matching contribution to our 401(k) plan; (ii) \$1,560 in phone allowance; and (iii) \$851 for payment of disability and term life insurance premiums.
- (5) This amount includes: (i) \$9,800 in employer matching contribution to our 401(k) plan; (ii) \$6,000 in car allowance (\$500 per month); (iii) \$9,500 in country club membership; and (iv) \$3,395 for payment of disability and term life insurance premiums.
- (6) This amount includes: (i) \$9,800 in employer matching contribution to our 401(k) plan; (ii) \$1,300 in phone allowance; and (iii) \$2,476 for payment of disability and term life insurance premiums.
- (7) This amount includes: (i) \$9,800 in employer matching contribution to our 401(k) plan; (ii) \$1,430 in phone allowance; (iii) \$1,196 for payment of disability and term life insurance premiums; (iv) \$10,000 in moving expenses; and (v) a \$100,000 sign-on bonus.
- (8) This amount includes: (i) \$9,500 in country club membership and (ii) \$3,128 for payment of disability and term life insurance premiums. This amount excludes a \$350,000 retention bonus paid in June 2011, six months following the successful completion of the Company's IPO, which he was required to repay upon his resignation.

Grants of Plan-Based Awards

The following table sets forth information concerning grants of plan-based awards to the Named Executive Officers for the year ended December 31, 2011⁽¹⁾. The estimated possible payouts under non-equity incentive plan awards consist of the incentive compensation plans that are described in Compensation Actions Relative to 2011 and 2012 Annual Incentive Awards. The actual amounts received in respect of the non-equity plan incentive awards for 2011 are reported in the Summary Compensation Table under the Non-Equity Incentive Plan Compensation column.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards (\$)(2)
		Threshold (\$)	Target (\$)	Maximum (\$)		
Glenn H. Stevens	3/23/11		1,462,500	1,974,375	172,000	788,620
Daryl J. Carlough	3/23/11		80,000	108,000	18,000	82,530
Timothy O. Sullivan	3/23/11		625,000	843,750	48,000	220,080
Jeffrey A. Scott	3/23/11		243,750	329,063	80,000	366,800
Diego A. Rotsztain	3/23/11		130,000	175,500	41,548	250,000
Henry C. Lyons	3/23/11		185,000	249,750	32,000	146,720

- (1) Includes only those columns relating to plan-based awards granted during 2011. All other columns have been omitted.
- (2) The amounts shown in this column represent the aggregate grant date fair value of equity awards granted for 2011 calculated in accordance with FASB ASC 718, Compensation – Stock Compensation.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding unexercised stock options and restricted stock units that had not vested for each of the Named Executive Officers as of December 31, 2011. For more information on equity awards made to the Named Executive Officers see Compensation Actions Relative to 2011 and 2012 Long-Term Equity Incentive Awards.

Name	Grant Date	Option Awards				Stock Awards		Equity Incentive Plan Awards: Market or Payout Value of Shares or Units		
		Number of Securities Underlying Exercisable Options (#)	Number of Securities Underlying Unexercisable Options (#)	Number of Securities Underlying Unexercised Options (#)	Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(7)	Unearned Shares or Units That Have Not Vested (#)	Unearned Shares or Units That Have Not Vested (\$)
Glenn Stevens	1/30/2004	45,226(2)			1.11	1/30/2014				
	1/30/2004	113,065(2)			1.11	1/30/2014				
	4/15/2005	22,613(2)			1.11	4/15/2014				
	9/30/2004	11,307(2)			1.11	9/30/2014				
	1/31/2005	135,678(2)			1.55	1/31/2015				
	6/15/2005	305,276(1)			1.99	6/15/2015				
	12/30/2005	113,065(1)			2.43	12/30/2015				
	7/28/2010	62,185(5)	186,558(5)		3.83	7/28/2020				
	3/23/2011		129,000(8)		8.02	3/23/2018				
	4/15/2008						33,920(3)	227,264		
	12/15/2009						48,765(4)	326,726		
	12/31/2006						33,920(3)(6)	227,264		
	12/31/2006						13,448(3)(6)	90,102		
	6/30/2007						226,130(3)(6)	1,515,071		
4/15/2008						101,758(3)(6)	681,779			
12/15/2009						48,765(4)(6)	326,726			
3/23/2011						43,000(3)	288,100			
Daryl J. Carlough	7/28/2010	5,087(5)	15,265(5)		3.83	7/28/2020				
	3/23/2011		13,500(8)		8.02	3/28/2018				
	12/15/2009						3,392(4)	22,726		
	12/15/2009						3,392(4)(6)	22,726		
3/23/2011						4,500(3)	30,150			
Timothy O Sullivan	1/31/2005	2,870(1)			1.55	1/31/2015				
	6/15/2005	120,754(1)			1.99	6/15/2015				
	12/30/2005	113,065(1)			2.43	12/30/2015				
	7/28/2010	14,133(5)	42,400(5)		3.83	7/28/2020				
	3/23/2011		36,000(8)		8.02	3/23/2018				
	4/15/2008						5,654(3)	37,881		
	12/15/2009						8,480(4)	56,816		
	3/23/2011						12,000(3)	80,400		
	12/31/2006						40,704(3)(6)	272,717		
	12/31/2006						12,143(3)(6)	81,358		
	6/30/2007						45,226(3)(6)	303,014		
4/15/2008						16,959(3)(6)	113,625			
12/15/2009						8,480(4)(6)	56,816			
Jeffrey Scott	3/23/2011		60,000(8)		8.02	3/23/2018				

Edgar Filing: GAIN Capital Holdings, Inc. - Form DEF 14A

	3/23/2011				20,000(3)	134,000
Diego Rotsztain	3/23/2011	18,169(8)	8.02	3/23/2018		
	3/23/2011				23,379(3)	156,639
Henry Lyons (9)						

- (1) Such stock options vest ratably over three years, with one-third of the options vesting on each of the first three anniversaries of the grant date and have a term of ten years.
- (2) Such stock options were fully vested on the date of grant and have a term of ten years.
- (3) Such restricted stock units vest ratably over four years, with one-fourth of the units vesting on each of the first four anniversaries of the grant date.
- (4) Such restricted stock units vest ratably over four years, with one-fourth of the units vesting on each of the first four anniversaries of the vesting commencement date, April 1, 2009.
- (5) Such stock options vest ratably over four years, with one-fourth of the options vesting on each of the first four anniversaries of the grant date and have a term of ten years.
- (6) Such restricted stock units are vested shares which are to be delivered as soon as administratively practicable on or after December 31, 2014 provided, however, that the grantee shall receive payment with respect to such restricted units upon a change of control or the date the grantee ceases to be employed by, or provide service to, the employer, whichever is earlier
- (7) The value is calculated based on the closing market price of our Common Stock on December 30, 2011, \$6.70.
- (8) Such stock options vest ratably over four years, with one-fourth of the options vesting on each of the first four anniversaries of the grant date and have a term of seven years.
- (9) As of December 31, 2011, Mr. Lyons had no outstanding equity awards.

Option Exercises and Stock Vested

The following table provides information regarding options exercised and stock awards vested for the Named Executive Officers during the year ended December 31, 2011.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting(1)	Value Realized on Vesting(2)
Glenn H. Stevens	121,690	\$ 595,436	114,833	\$ 789,667
Daryl J. Carlough			1,697	\$ 12,609
Timothy O. Sullivan	4,667	\$ 31,876	21,200	\$ 145,758
Jeffrey A. Scott				
Diego A. Rotsztain				
Henry C. Lyons	16,959	\$ 45,450	19,786	\$ 135,138

- (1) Vested shares are to be delivered as soon as administratively practicable on or after December 31, 2014; provided, however, that the grantee shall receive payment with respect to such restricted stock units upon a change of control or the date the grantee ceases to be employed by, or provide service to, the employer, whichever is earlier.
- (2) Represents the fair market value of our Common Stock on the applicable vesting date, multiplied by the number of restricted stock units that vested on that date.

Retirement, Nonqualified Deferred Compensation Plan and Other Benefits

We provide a 401(k) retirement savings plan, which is a tax-qualified defined contribution plan, and a non-qualified deferred compensation plan to our executive officers and employees, including the Named Executive Officers. Under the 401(k) plan, each participant may contribute up to 100% of his or her pretax compensation, up to a statutory limit, which for most employees was \$16,500 in 2011. Under the 401(k) plan, each employee is fully vested in his or her deferred salary contributions. Employee contributions are held and invested at the employee's direction by the plan's trustee. We match 100% of 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. The Company's matching contributions to the accounts of the Named Executive Officers are disclosed in the Summary Compensation Table on page 31 of this proxy statement.

We also maintain a non-qualified deferred compensation plan primarily for the purpose of providing deferred compensation for a select group of employees, including the named Executive Officers, thereby creating an incentive for such employees to remain in the employ of the Company and to promote its continued growth. This nonqualified deferred compensation plan provides that each eligible employee may defer up to either \$25,000 (for tier 2 eligible employees) or \$50,000 (for tier 1 eligible employees) of their earned bonus or commission. For 2011, the plan was amended so that all cash compensation is eligible to be deferred. Under this plan, each employee is fully vested in his or her deferred compensation. Employee deferrals are held and invested at the employee's direction by the plan's trustee. We do not match employee deferrals into this plan. Mr. Stevens and Mr. Carlough each participated in the nonqualified deferred compensation plan in 2011, with Mr. Stevens contributing \$100,000 and Mr. Carlough contributing \$14,165.

Additional benefits received by our executive officers, including the Named Executive Officers, include health-care benefits, dental, vision, disability and life insurance coverage. These benefits are provided to our Named Executive Officers on the same basis as to all of our employees.

Potential Payments Upon Termination or Change in Control**Employment Agreements and Change in Control Arrangements****Glenn H. Stevens**

Employment Agreement

During 2011, Mr. Stevens, our President and Chief Executive Officer, was a party to an amended and restated employment agreement. Mr. Stevens's initial employment agreement provided that it will continue, unless earlier terminated by the parties, until the third anniversary of its effective date, or the Term. The amended and restated employment agreement permitted us to adopt a flexible incentive compensation program and provided that Mr. Stevens would be eligible to participate in any such incentive compensation programs that we maintain from time to time for our executive officers. Also, it provided that, to the extent permitted or required by governing law, our Compensation Committee had discretion to require Mr. Stevens to repay to us the amount of any incentive compensation to the extent the Compensation Committee or Board of Directors determined that such incentive compensation was not actually earned by Mr. Stevens because (i) the amount of such payment was 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) Mr. Stevens had engaged in fraud, gross negligence or intentional misconduct; or (iii) Mr. Stevens had deliberately misled the market or the Company's stockholders regarding the Company's financial performance.

Mr. Stevens's amended and restated employment agreement provided for certain payments and benefits depending upon the circumstances of his termination of employment. If Mr. Stevens resigned without "Good Reason" (as defined in the agreement) or we terminated his employment for "Cause" (as defined in the agreement), we would have paid to him any earned and unpaid salary through the date of his termination, as well as any accrued and unused paid time off and appropriate expense reimbursements, all of which we refer to as his accrued benefits. If Mr. Stevens died or terminated employment due to disability during the Term, in addition to his accrued benefits, Mr. Stevens (or his estate) would have been entitled to receive a pro rata bonus, based on the actual achievement of performance targets, for the performance periods in which his termination occurred. The pro rata bonus would have been paid when such bonuses were paid to other executives.

Mr. Stevens's employment agreement also provided that, in the event we terminated his employment at any time without "Cause" (as defined in the agreement) or he resigned for "Good Reason" (as defined in the agreement), he would be entitled to receive payment of his accrued benefits. In addition, the agreement provided that if his employment terminated under these circumstances, absent a "Change in Control" (as defined in the agreement), and he executed a general release of any and all claims that he may have had against us in connection with his employment or termination of employment, Mr. Stevens would have been entitled to receive the following payments and benefits:

severance in the form of salary continuation payments for 18 months, equal to his monthly base salary in effect at that time;

payment of any accrued and unpaid bonuses earned prior to the date of his termination;

payment of a pro rata bonus, based on the actual achievement of performance targets, for the performance periods in which his termination occurred. The pro rata bonus would have been paid when such bonuses were paid to other executives;

continued health benefits at the same premium rates charged to other current employees for the 18-month period following termination of employment; and

with respect to outstanding equity awards, time-based equity grants held by Mr. Stevens at the time of termination of employment that would vest within the 18-month period following the termination date would have immediately vested and become exercisable.

If such termination occurred coincident with or within 18 months after a Change in Control occurred, then he would have been entitled to receive the same severance benefits described above, with the following changes:

Mr. Stevens would have been entitled to receive severance payments in an amount equal to 24 months of his monthly base salary in effect at that time, six months' worth of which would have been payable in a lump sum upon his termination, and the remainder of which would have been payable in installments over 18 months.

Mr. Stevens would have been entitled to receive payment of a pro rata bonus, based on his target bonus amount, for the performance period in which his termination occurred. This pro rata bonus would have been paid in a lump sum upon his termination.

Mr. Stevens would have been entitled to receive a lump sum payment, upon his termination, in an amount equal to two times his aggregate target incentive compensation for the fiscal year in which his termination occurred.

With respect to outstanding equity awards, all equity grants held by Mr. Stevens at the time of his termination that were subject to time-based vesting conditions would have immediately vested and become exercisable in full.

Mr. Stevens's amended and restated employment agreement also contained nondisclosure, noncompetition and nonsolicitation provisions. The nondisclosure provisions provided for protection of our confidential information. The noncompetition and nonsolicitation provisions of Mr. Stevens's agreement prevented him from competing with us or soliciting our customers or employees for a period of 18 months following termination of employment for any reason. Mr. Stevens's right to receive severance was conditioned upon Mr. Stevens being in compliance with

Edgar Filing: GAIN Capital Holdings, Inc. - Form DEF 14A

the confidentiality, noncompetition and nonsolicitation provisions of his agreement, or the restrictive covenants, and provided that we could recoup severance payments from him if he had breached the restrictive covenants.

Mr. Stevens's amended and restated employment agreement did not provide for the payment of any tax gross-up to him in the event that his severance benefits caused him to be liable for the payment of golden parachute excise taxes. We could have, however, reduced his severance benefits to a level below that which would have caused him to be liable for the payment of golden parachute excise taxes, if he would have received a greater net after-tax benefit by receiving the reduced severance benefits rather than receiving the full severance benefits and having to pay the excise taxes.

As previously noted, in April 2012 we entered into new employment agreements with Mr. Stevens and Messrs. O Sullivan, Scott and Rotsztain. For a description of the new employment agreements, please see the discussion below under *New Executive Employment Agreements* on page 38.

GCAM Letter Agreement

On January 1, 2007, we entered into a securities purchase agreement with Mr. Stevens, Mark E. Galant, our then Chairman of our Board of Directors, and GAIN Capital Group, LLC, our indirect wholly-owned subsidiary. Pursuant to the purchase agreement, we purchased all of the issued and outstanding units of GCAM, LLC, or GCAM, an entity offering managed account services, from each of Mr. Stevens, Mr. Galant and GAIN Capital Group, LLC, resulting in GCAM becoming our direct wholly-owned subsidiary. In consideration of the GCAM units, we issued 48,820 restricted stock units to Mr. Stevens which are currently vested. Pursuant to Mr. Stevens' restricted stock unit agreement, upon a *Change of Control* as defined in the restricted stock unit agreement, he shall receive an additional award of 9,764 restricted units in exchange for \$100,000 paid by him to us; provided that both he and Mr. Galant are employed by us or are providing services to us at the time of the *Change of Control*.

Other Named Executive Officers

Mr. O Sullivan's Employment Agreement

During 2011, Mr. O Sullivan, our Global Head of Trading, was party to an employment agreement with us that was executed in December 2010. Mr. O Sullivan's employment agreement would have continued, unless earlier terminated by the parties, until the third anniversary of the effective date, or the Term. The base salary under the employment agreement was \$240,000, and was reviewed annually for appropriate increases by our Board of Directors. Mr. O Sullivan was also eligible to receive bonuses during the Term as determined by the Compensation Committee in its sole discretion. Mr. O Sullivan was also eligible to participate in any benefit plans and programs in place for our executive officers.

The employment agreement entered into with Mr. O Sullivan mirrored the terms and conditions of Mr. Stevens' amended and restated employment agreement, as described above, for the payment of severance benefits upon termination of employment with the following exceptions:

Mr. O Sullivan would have been entitled to receive 12 months' worth of severance benefits and continued healthcare coverage, rather than the 18 months (or 24 months for terminations in connections with a *Change in Control*) worth provided to Mr. Stevens.

Mr. O Sullivan would have been entitled to receive 12 months of accelerated vesting for time-based equity awards outstanding at the time of employment termination absent a *Change in Control*, rather than the 18 months of accelerated vesting provided to Mr. Stevens.

Mr. O Sullivan would have been entitled to receive the enhanced severance package only if his termination of employment occurred without Cause or with Good Reason within 12 months after a *Change in Control*, rather than within 18 months, but the enhanced severance would have been payable in a lump sum upon such termination rather than a portion of it being paid in installments.

The employment agreement entered into with Mr. O Sullivan in December 2011 also contained nondisclosure, noncompetition and nonsolicitation provisions. The nondisclosure provisions provided for protection of our confidential information. The noncompetition and nonsolicitation provisions of the agreement prevented Mr. O Sullivan from competing with us or soliciting our customers or employees for a period of 12 months following termination of employment for any reason.

Please see the discussion below under *New Executive Employment Agreements* on page 38 for a description of the new employment agreement entered into with Mr. O Sullivan in April 2012.

Mr. Carlough's Offer Letter

Mr. Carlough is employed by us pursuant to the terms of an offer letter dated November 10, 2009 under the terms of which he was hired as our Corporate Controller and Chief Accounting Officer. Pursuant to the offer letter, Mr. Carlough was hired for an annual salary of \$180,000, which has been increased to \$200,000. Mr. Carlough is also eligible for certain other benefits paid for by us, including, among other benefits, annual bonuses, long-term incentive compensation and health care insurance coverage. Mr. Carlough's employment is at will and not for any specified

Edgar Filing: GAIN Capital Holdings, Inc. - Form DEF 14A

period of time. Mr. Carlough's offer letter required his execution of our standard confidentiality, noncompete and nonhire agreement. In the event of a change in control, Mr. Carlough is entitled to a severance payment equal to six (6) months' salary and the accelerated vesting of equity awards under his offer letter.

Mr. Scott's and Mr. Rotsztain's Employment Agreements

In March 2011, we entered into amended and restated employment agreements with Jeffrey Scott, our Chief Commercial Officer, and Diego Rotsztain, our General Counsel and Secretary. Under the terms of these agreements, Mr. Scott and Mr. Rotsztain were entitled to receive annual base salaries of not less than \$325,000 and were eligible to receive bonuses during the term of the agreement as determined by the Compensation Committee in its sole discretion. Mr. Scott and Mr. Rotsztain were also eligible to participate in any benefit plans and programs in place for our executive officers.

These employment agreements also provided that, in the event the executive was terminated without Cause (as defined in the agreement) or resigned for Good Reason (as defined in the agreement) other than in connection with a Change in Control (as defined in the agreement), he would have been entitled to receive any earned and unpaid salary through the date of his termination, as well as any accrued and unused paid time off and appropriate expense reimbursements. Mr. Scott and Mr. Rotsztain would also have been entitled to receive the following payments and benefits:

severance in an amount equal to 12 months' base salary at the time of termination;

any accrued and unpaid annual bonuses;

a pro-rata annual bonus for the year of termination (but only to the extent all conditions for receiving such pro-rata annual bonus had otherwise been satisfied);

with respect to outstanding equity awards, accelerated vesting such that all equity grants held at the time of termination that would have vested within the 12-month period following the termination date if the vesting schedule for such grants were based on a monthly vesting schedule would have immediately vested and become exercisable; and

continued health benefits at the same premium rates charged to other current employees for the 12-month period following termination of employment.

In the event of termination by the Company without Cause (as defined in the agreement) or as a result of a Resignation for Good Reason (as defined in the agreement) in connection with a Change in Control (as defined in the agreement), Mr. Scott and Mr. Rotsztain would have been entitled to receive any earned and unpaid salary through the date of termination, as well as any accrued and unused paid time off and appropriate expense reimbursements. Mr. Scott and Mr. Rotsztain would also have been entitled to receive:

severance in an amount equal to 12 months' base salary at the time of termination;

any accrued and unpaid annual bonuses;

a pro-rata annual bonus for the year of termination (but only to the extent all conditions for receiving such pro-rata annual bonus had otherwise been satisfied);

an amount equal to one times the target bonus for the fiscal year in which the termination of employment occurred;

with respect to outstanding equity awards, accelerated vesting such that all equity grants held at the time of termination that were subject to time-based vesting conditions would have immediately vested and become exercisable in full; and

continued health benefits at the same premium rates charged to other current employees for the 12-month period following termination of employment.

In the event of a termination by the Company as a result of disability or death, the executives (or their respective estates) would have been entitled to receive the executive's base salary through the date of termination, any accrued and unused paid time off, any appropriate expense reimbursements, and a pro-rata annual bonus (but only to the extent all conditions for receiving such pro-rata annual bonus had otherwise been satisfied).

These employment agreements also contained non-disclosure, non-competition and non-solicitation provisions. The non-disclosure provisions provided for protection of the Company's confidential information. The non-competition and non-solicitation provisions prevented Mr. Scott and Mr. Rotsztain from competing with the Company or soliciting the Company's customers or employees for a period of 12-months following termination of employment.

Please see the discussion below under "New Executive Employment Agreements" on page 38 for a description of the new employment agreement entered into with each of Mr. Scott and Mr. Rotsztain in April of 2012.

Mr. Lyons's Employment Agreement

In November 2010, we entered into an employment agreement with Mr. Lyons substantially similar to the employment agreement with Mr. O'Sullivan described above. Mr. Lyons's employment agreement was to continue, unless earlier terminated by the parties, until the third anniversary of the effective date, or the Term. The base salary under the employment agreement was \$325,000, reviewed annually for appropriate increases by our Compensation Committee. Mr. Lyons was also eligible to receive bonuses during the Term as determined by the Compensation Committee in its sole discretion. Mr. Lyons was also eligible to participate in any of our benefit plans and programs in place for our executive officers. The employment agreement with Mr. Lyons terminated upon his resignation in November 2011.

Mr. Lyons's employment agreement also contained non-disclosure, non-competition and non-solicitation provisions. The non-disclosure provisions provided for protection of the Company's confidential information. The non-competition and non-solicitation provisions prevent Mr. Lyons from competing with the Company or soliciting the Company's customers or employees for a period of 12 months following termination of employment.

Mr. Lyons's Retention Agreement

In addition to his employment agreement described above, on November 23, 2010, we entered into a Retention Agreement with Mr. Lyons in recognition of his efforts pertaining to our initial public offering and to retain his services as we operate as a publicly traded company. Under the terms of the agreement, if the Company successfully closed an initial public offering of its Common Stock on or before January 1, 2012, and Mr. Lyons's employment remained continuous, then Mr. Lyons would be entitled to receive a one-time \$350,000 retention bonus on the earlier to occur of (i) 180 days after the closing date of the initial public offering, (ii) the date on which a change of control transaction occurs after closing of the initial public offering; or (iii) the date in which Mr. Lyons's employment terminates due to death, disability, or resignation for good reason. If (i) Mr. Lyons's employment terminated for cause or for any reason other than death, disability, or good reason within one (1) year of the bonus being paid, or (ii) a material restatement of the Company's financial statements included in the Company's Registration Statement on Form S-1 was required prior to the Company's first Annual Report on Form 10-K due to (a) the material noncompliance of the Company with any financial reporting requirements under applicable securities laws or (b) the fraud, willful misconduct or negligence of Mr. Lyons, then Mr. Lyons would be obligated to repay the gross amount of the retention bonus. As Mr. Lyons resigned in November 2011 (within 18 months of our initial public offering), Mr. Lyons was required to repay the Retention Bonus upon his resignation.

New Executive Employment Agreements

On April 13, 2012, we entered into amended and restated employment agreements (the *New Employment Agreements*), each with a three-year term, with Mr. Stevens, Mr. O. Sullivan, Mr. Scott and Mr. Rotsztein. The *New Employment Agreements* set forth the current base salary for each of the Named Executive Officers (other than Mr. Carlough and Mr. Lyons), which base salaries can be adjusted at the discretion of the Compensation Committee. In addition, the *New Employment Agreements* provide for annual discretionary bonuses and equity grants to each executive as determined by the Compensation Committee. The *New Employment Agreements* also provide that in the event the executive's employment terminates without *Cause* (as defined in the *New Employment Agreements*) or if he resigns for *Good Reason* (as defined in the *New Employment Agreements*) other than in connection with a *Change in Control* (as defined in the *New Employment Agreements*), he or she will be entitled to receive any earned and unpaid salary through the date of termination, as well as any accrued and unused paid time off and appropriate expense reimbursements. In such circumstances, the executive would also be entitled to receive the following payments and benefits: severance in an amount equal to 12 months' base salary at the time of termination; any accrued and unpaid annual bonuses for the fiscal year prior to the year of termination; a pro-rata annual bonus with respect to the fiscal year in which the termination of employment occurs, which amount shall be calculated pursuant to a formula set forth in the *New Employment Agreements* taking into account the Company's performance and such executive's achievement of his or her personal goals and objectives during the relevant fiscal year; with respect to outstanding equity awards, accelerated vesting such that all equity grants held at the time of termination that would vest within the 12-month period following the termination date if the vesting schedule for such grants were based on a monthly vesting schedule will immediately vest and become exercisable; and continued health benefits at the same premium rates charged to other current employees for the 12-month period following termination of employment. Under the provisions of Mr. Stevens's new employment agreement, in the event of such a termination of Mr. Stevens's employment without *Cause* or if he resigns for *Good Reason*, other than in connection with a *Change in Control*, Mr. Stevens would be entitled to the same payments and benefits, provided that Mr. Stevens would be entitled to receive severance in an amount equal to 18 months' base salary. Mr. Stevens would also be entitled to 18 months' worth of equity vesting and healthcare benefits.

In addition, in the event the executive's employment terminates without Cause (as defined in the New Employment Agreements) or if he resigns for Good Reason (as defined in the New Employment Agreements) in connection with a Change in Control (as defined in the New Employment Agreements), such executive officer would be entitled to receive any earned and unpaid salary through the date of his or her termination, as well as any accrued and unused paid time off and appropriate expense reimbursements. The executive would also be entitled to receive: severance in an amount equal to 12 months' base salary at the time of termination; any accrued and unpaid annual bonus for the fiscal year prior to the year of termination; a pro-rata annual bonus with respect to the fiscal year in which the termination of employment occurs based on such executive's target incentive bonus for such fiscal year; an amount equal to one times the target incentive bonus for the fiscal year in which the termination of employment occurs; with respect to outstanding equity awards, accelerated vesting such that all equity grants held at the time of termination that are subject to time-based vesting conditions will immediately vest and become exercisable in full; and continued health benefits at the same premium rates charged to other current employees for the 12-month period following termination of employment. Under the provisions of Mr. Stevens' new employment agreement, in the event of such a termination of Mr. Stevens' employment without Cause or if he resigns for Good Reason in connection with a Change in Control, Mr. Stevens would be entitled to the same payments and benefits, provided however that Mr. Stevens would be entitled to receive severance in an amount equal to 24 months' base salary; an amount equal to two times the target incentive bonus for the fiscal year in which the termination of employment occurs; and continued health benefits for the 18-month period following termination of employment.

The New Employment Agreements also contain non-disclosure, non-competition and non-solicitation provisions. The non-disclosure provisions provide for protection of our confidential information. The non-competition and non-solicitation provisions prevent the executives from competing with us or soliciting our customers or employees for a period of 12 months, or 18 months in the case of Mr. Stevens, following any termination of employment, other than in connection with a Change in Control in which case such provisions would remain in effect for a period of 6 months.

Potential Payments Upon Termination or Change of Control Table

The table below reflects the compensation and benefits, if any, due to each of the Named Executive Officers upon a voluntary termination; a termination for cause; an involuntary termination other than for cause or resignation for good reason, both before and after a change of control; a change of control; or a termination due to death, disability or retirement. The amounts shown assume that each termination of employment or the change of control, as applicable, was effective as of December 31, 2011, and are based on the fair market value of a share of our Common Stock as of December 30, 2011, which was \$6.70. The amounts shown in the table are estimates of the amounts which would be paid upon termination of employment or change of control, as applicable. The actual amounts to be paid can only be determined at the time of the actual termination of employment or change of control, as applicable.

Edgar Filing: GAIN Capital Holdings, Inc. - Form DEF 14A

The value of accelerated vesting of options, if any, for purposes of the table below is calculated by multiplying the number of unvested shares subject to each option the vesting of which is accelerated upon the specified event by the amount by which the fair market value of a share of our Common Stock as of December 30, 2011, exceeds the per share exercise price of the option. The value of accelerated vesting and payment of restricted stock units for purposes of the table below is calculated by multiplying the aggregate number of restricted stock units the vesting of which is accelerated upon the specified event by the fair market value of a share of our Common Stock as of December 30, 2011.

Name	Benefit	Termination Without Cause or Resignation			Termination Without Cause or Resignation		Death or Disability
		Voluntary Resignation or Termination for Cause	for Good Reason Prior to Change in Control	Change in Control	for Good Reason After Change in Control	Change in Control	
Glenn H. Stevens(1)(44)	Cash severance		\$ 2,181,900(2)		\$ 5,431,900(3)	\$ 634,406(4)	
	Option Acceleration		342,072(5)	\$ 535,419(6)	535,419(6)		
	Restricted Unit Acceleration		\$ 716,049(7)	\$ 842,090(8)	\$ 842,090(8)		
	Delivery of Vested Restricted Units	\$ 2,840,941(9)	\$ 2,840,941(9)	\$ 2,840,941(9)	\$ 2,840,941(9)	\$ 2,840,941(9)	
	Health Benefits		\$ 18,000(10)		\$ 18,000(10)		
	Total value	\$ 2,840,941	\$ 6,098,962	\$ 4,218,450	\$ 9,668,350	\$ 3,475,347	
Daryl J. Carlough(12)	Cash severance		\$ 100,000(12)		\$ 100,000(12)	\$ 3,856(13)	
	Option Acceleration			\$ 43,811(14)	\$ 43,811(14)		
	Restricted Unit Acceleration			\$ 52,876(15)	\$ 52,876(15)		
	Delivery of Vested Restricted Units	\$ 22,726(16)	\$ 22,726(16)	\$ 22,726(16)	\$ 22,726(16)	\$ 22,726(16)	
	Health Benefits						
	Total value	\$ 22,726	\$ 122,726	\$ 119,413	\$ 219,413	\$ 26,582	
Timothy O Sullivan(1)(45)	Cash severance		\$ 794,100(17)		\$ 1,419,100(18)	\$ 263,391(19)	
	Option Acceleration		57,463(20)	\$ 121,688(21)	121,688(21)		
	Restricted Unit Acceleration		\$ 120,399(22)	\$ 175,091(23)	\$ 175,091(23)		
	Delivery of Vested Restricted Units	\$ 827,537(24)	\$ 827,537(24)	\$ 827,537(24)	\$ 827,537(24)	\$ 827,537(24)	
	Health Benefits		\$ 12,000(25)		\$ 12,000(25)		
	Total value	\$ 827,537	\$ 1,811,499	\$ 1,124,316	\$ 2,555,416	\$ 1,090,928	
Jeffrey Scott(26)(46)	Cash severance		\$ 522,350(27)		\$ 766,100(28)	\$ 108,400(29)	
	Option Acceleration		(30)	(31)	(31)		
	Restricted Unit Acceleration		\$ 58,625(32)	\$ 134,000(33)	\$ 134,000(33)		
	Delivery of Vested Restricted Units						
	Health Benefits		\$ 12,000(25)		\$ 12,000(25)		
	Total value	\$	\$ 592,975	\$ 134,000	\$ 912,100	\$ 108,400	
Diego Rotsztain(32)(47)	Cash severance		\$ 430,200(35)		\$ 560,200(36)	\$ 64,600(37)	
	Option Acceleration		(38)	(39)	(39)		
	Restricted Unit Acceleration		\$ 68,530(40)	\$ 156,639(41)	\$ 156,639(41)		
	Delivery of Vested Restricted Units						
	Health Benefits		\$ 12,000(25)		\$ 12,000(25)		
	Total value	\$	\$ 510,730	\$ 156,639	\$ 728,839	\$ 64,600	

Name	Benefit	Voluntary Resignation or Termination for Cause	Termination Without Cause or Resignation for Good Reason Prior to Change in Control	Change in Control	Termination Without Cause or Resignation for Good Reason After Change in Control	Death or Disability
Henry Lyons(42)	Cash severance					
	Option Acceleration					
	Restricted Unit Acceleration					
	Delivery of Vested Restricted Units	\$ 349,096(43)				
	Health Benefits					
	Total value	\$ 349,096	\$	\$	\$	\$

- (1) The amounts reflected in this table are calculated based on the terms of the Named Executive Officer's employment agreement effective November 23, 2010.
- (2) Pursuant to the terms of his employment agreement, Mr. Stevens is entitled to payment of 18 months' continued base salary plus a pro rata portion of the cash incentive compensation which he would have otherwise been paid had his employment not terminated, based on the amount that would actually have been earned. Since the table assumes termination as of December 31, 2011, Mr. Stevens' pro rata incentive compensation payment is reflected as the full amount of the aggregate cash incentive compensation payable to him for the assumed year of termination. The amount set forth in the table is equal to 1.5 times Mr. Stevens' 2011 base salary, \$975,000, plus the full amount of Mr. Stevens' 2011 target cash incentive compensation, \$1,462,500, less the amount of Mr. Stevens' 2011 target cash incentive compensation paid out during the year, \$255,600.
- (3) Pursuant to the terms of his employment agreement, Mr. Stevens is entitled to payment of 24 months' base salary, 6 months of which is paid in a lump sum upon termination and 18 months of which is paid in monthly installments; plus a lump sum amount equal to two times his aggregate target cash incentive compensation for the fiscal year in which his termination occurs; plus pro rata portion of the cash incentive compensation which he would have otherwise been paid for the year in which his termination occurs had his employment not terminated based on his target cash incentive compensation amount for that year. Since the table assumes termination as of December 31, 2011, Mr. Stevens' pro rata incentive compensation payment is reflected as the full amount of the aggregate target cash incentive compensation payable to him for the assumed year of termination. The amount set forth in the table is equal to two times Mr. Stevens' 2011 base salary, \$1,300,000, plus two times Mr. Stevens' 2011 target cash incentive compensation amount, \$2,925,000, plus the full amount of Mr. Stevens' 2011 target cash incentive compensation, \$1,462,500, less the amount of Mr. Stevens' 2011 target cash incentive compensation paid out during the year, \$255,600.
- (4) Pursuant to the terms of his employment agreement, upon Mr. Stevens' termination of employment due to disability or death, Mr. Stevens or his estate is entitled to any accrued and unpaid salary as well as any accrued but unused paid time off, or PTO, and appropriate expense reimbursements. Mr. Stevens or his estate is also entitled to receive cash incentive compensation for such fiscal year on a pro rata basis, based on the amount that would actually have been earned. Since the table assumes termination as of December 31, 2011, the amount reflected in the table includes the full amount of Mr. Stevens' 2011 accrued and unpaid cash incentive compensation, \$621,900 and Mr. Stevens' accrued but unused PTO, \$12,506.
- (5) This amount reflects 18 months accelerated vesting of 191,753 stock options, of which the fair market value of our Common Stock as of December 30, 2011 of \$6.70, exceeded the exercise price of 119,189 options.
- (6) This amount reflects the accelerated vesting of 315,558 stock options, of which the fair market value of our Common Stock as of December 30, 2011 of \$6.70, exceeded the exercise price of 186,558 options.
- (7) This amount reflects 18 months of accelerated vesting and payment of 106,873 restricted stock units based on a price per share as of December 30, 2011 of \$6.70.
- (8) This amount reflects the accelerated vesting and payment of 125,685 restricted stock units based on a price per share as of December 30, 2011 of \$6.70.
- (9) This amount reflects the delivery of 424,021 vested restricted stock units, based on the closing market price of our Common Stock on December 30, 2011 of \$6.70.
- (10) This amount is equal to 18 months of continued health benefits assuming a monthly cost to the Company of \$1,000 to provide such benefits.
- (11) The amounts reflected in this table are calculated based on the terms of the Named Executive Officer's letter agreement effective November 10, 2009.
- (12)

Edgar Filing: GAIN Capital Holdings, Inc. - Form DEF 14A

Pursuant to the terms of his letter agreement, Mr. Carlough is entitled to six months' base salary, which is paid in a lump sum upon termination after 18 months of service. The amount set forth is equal to one-half Mr. Carlough's annual salary as of December 31, 2011 of \$200,000.

- (13) This amount includes accrued but unused PTO, \$3,856
- (14) Pursuant to the terms of the 2010 Omnibus Incentive Compensation Plan all outstanding and unvested equity awards are to vest immediately upon a change in control. This amount reflects the accelerated vesting of 28,765 stock options, of which the fair market value of our Common Stock as of December 30, 2011 of \$6.70, exceeded the exercise price of 15,265 options.
- (15) Pursuant to the terms of the 2010 Omnibus Incentive Compensation Plan all outstanding and unvested equity awards are to vest immediately upon a change in control. This amount reflects the accelerated vesting and payment of 7,892 restricted stock units based on a price per share as of December 30, 2011 of \$6.70.
- (16) This amount reflects the delivery of 3,392 vested restricted stock units, based on the closing market price of our Common Stock on December 30, 2011 of \$6.70.
- (17) Pursuant to the terms of his employment agreement, Mr. O'Sullivan is entitled to payment of 12 months' continued base salary plus a pro rata portion of the cash incentive compensation which he would have otherwise been paid had his employment not terminated, based on the amount that would actually have been earned. Since the table assumes termination as of December 31, 2011, Mr. O'Sullivan's pro rata incentive compensation payment is reflected as the full amount of the aggregate cash incentive compensation payable to him for the assumed year of termination. The amount set forth in the table is equal to one times Mr. O'Sullivan's 2011 base salary, \$275,000, plus the full amount of Mr. O'Sullivan's 2011 target cash incentive compensation, \$625,000, less the amount of Mr. O'Sullivan's 2011 target cash incentive compensation paid out during the year, \$105,900.

-
- (18) Pursuant to the terms of his employment agreement, Mr. O Sullivan is entitled to payment of 12 months base salary, paid in a lump sum upon termination; plus a lump sum amount equal to one times his aggregate target cash incentive compensation for the fiscal year in which his termination occurs; plus a pro rata portion of the cash incentive compensation; which he would have otherwise been paid for the year in which his termination occurs had his employment not terminated, based on his target cash incentive compensation amount for that year. Since the table assumes termination as of December 31, 2011, Mr. O Sullivan's pro rata incentive compensation payment is reflected as the full amount of the aggregate target cash incentive compensation payable to him for the assumed year of termination. The amount set forth in the table is equal to one times Mr. O Sullivan's 2011 base salary, \$275,000, plus one time the amount of Mr. O Sullivan's 2011 target cash incentive compensation, \$625,000 plus the full amount of Mr. O Sullivan's 2011 target cash incentive compensation, \$625,000, less the amount of Mr. O Sullivan's 2011 target cash incentive compensation paid out during the year, \$105,900.
- (19) Pursuant to the terms of his employment agreement, upon Mr. O Sullivan's termination of employment due to disability or death, Mr. O Sullivan or his estate is entitled to any accrued and unpaid salary as well as any accrued but unused PTO, and appropriate expense reimbursements. Mr. O Sullivan or his estate is also entitled to receive cash incentive compensation for such fiscal year on a pro rata basis, based on the amount that would actually have been earned. Since the table assumes termination as of December 31, 2011, the amount reflected in the table includes the full amount of Mr. O Sullivan's 2011 accrued and unpaid cash incentive compensation, \$258,100 and Mr. O Sullivan's accrued but unused PTO, \$5,291.
- (20) This amount reflects 12 months accelerated vesting of 35,772 stock options, of which the fair market value of our Common Stock as of December 30, 2011 of \$6.70, exceeded the exercise price of 20,022 options.
- (21) This amount reflects the accelerated vesting of 78,400 stock options, of which the fair market value of our Common Stock as of December 30, 2011 of \$6.70, exceeded the exercise price of 42,400 options.
- (22) This amount reflects 12 months of accelerated vesting and payment of 17,970 restricted stock units based on a price per share as of December 30, 2011 of \$6.70
- (23) This amount reflects the accelerated vesting and payment of 26,133 restricted stock units based on a price per share as of December 30, 2011 of \$6.70.
- (24) This amount reflects the delivery of 123,513 vested restricted stock units, based on the closing market price of our Common Stock on December 30, 2011 of \$6.70.
- (25) This amount is equal to 12 months of continued health benefits assuming a monthly cost to the Company of \$1,000 to provide such benefits.
- (26) The amounts reflected in this table are calculated based on the terms of the Named Executive Officer's employment agreement effective March 4, 2011.
- (27) Pursuant to the terms of his employment agreement, Mr. Scott is entitled to payment of 12 months continued base salary plus a pro rata portion of the cash incentive compensation which he would have otherwise been paid had his employment not terminated, based on the amount that would actually have been earned. Since the table assumes termination as of December 31, 2011, Mr. Scott's pro rata incentive compensation payment is reflected as the full amount of the aggregate cash incentive compensation payable to him for the assumed year of termination. The amount set forth in the table is equal to one times Mr. Scott's 2011 base salary, \$325,000, plus the full amount of Mr. Scott's 2011 target cash incentive compensation, \$243,750, less the amount of Mr. Scott's 2011 target cash incentive compensation paid out during the year, \$46,400.
- (28) Pursuant to the terms of his employment agreement, Mr. Scott is entitled to payment of 12 months base salary, paid in a lump sum upon termination; plus a lump sum amount equal to one times his aggregate target cash incentive compensation for the fiscal year in which his termination occurs; plus a pro rata portion of the cash incentive compensation; which he would have otherwise been paid for the year in which his termination occurs had his employment not terminated, based on his target cash incentive compensation amount for that year. Since the table assumes termination as of December 31, 2011, Mr. Scott's pro rata incentive compensation payment is reflected as the full amount of the aggregate target cash incentive compensation payable to him for the assumed year of termination. The amount set forth in the table is equal to one times Mr. Scott's 2011 base salary, \$325,000, plus the full amount of Mr. Scott's 2011 target cash incentive compensation, \$243,750, plus one time the amount of Mr. Scott's 2011 target cash incentive compensation, \$243,750, less the amount of Mr. Scott's 2011 target cash incentive compensation paid out during the year, \$46,400.
- (29) Pursuant to the terms of his employment agreement, upon Mr. Scott's termination of employment due to disability or death, Mr. Scott or his estate is entitled to any accrued and unpaid salary as well as any accrued but unused PTO, and appropriate expense reimbursements. Mr. Scott or his estate is also entitled to receive cash incentive compensation for such fiscal year on a pro rata basis, based on the amount that would actually have been earned. Since the table assumes termination as of December 31, 2011, the amount reflected in the table includes the full amount of Mr. Scott's 2011 accrued and unpaid cash incentive compensation, \$108,400.
- (30) Pursuant to the terms of his employment agreement, 26,250 shares would accelerate. As the exercise price for all options that accelerated exceeds the fair market value of our Common Stock as of December 30, 2011 of \$6.70, the value presented is zero.
- (31) Pursuant to the terms of his employment agreement, 60,000 shares would accelerate. As the exercise price for all options that accelerated exceeds the fair market value of our Common Stock as of December 30, 2011 of \$6.70, the value presented is zero.
- (32) This amount reflects the accelerated vesting and payment of 8,750 restricted stock units based on a price per share as of December 30, 2011 of \$6.70.
- (33) This amount reflects 12 months of accelerated vesting and payment of 20,000 restricted stock units based on a price per share as of December 30, 2011 of \$6.70.
- (34) The amounts reflected in this table are calculated based on the terms of the Named Executive Officer's employment agreement effective January 24, 2011.

Edgar Filing: GAIN Capital Holdings, Inc. - Form DEF 14A

- (35) Pursuant to the terms of his employment agreement, Mr. Rotsztain is entitled to payment of 12 months' continued base salary plus a pro rata portion of the cash incentive compensation which he would have otherwise been paid had his employment not terminated, based on the amount that would actually have been earned. Since the table assumes termination as of December 31, 2011, Mr. Rotsztain's pro rata incentive compensation payment is reflected as the full amount of the aggregate cash incentive compensation payable to him for the assumed year of termination. The amount set forth in the table is equal to one times Mr. Rotsztain's 2011 base salary, \$325,000, plus the full amount of Mr. Rotsztain's 2011 target cash incentive compensation, \$130,000, less the amount of Mr. Rotsztain's 2011 target cash incentive compensation paid out during the year, \$24,800.
- (36) Pursuant to the terms of his employment agreement, Mr. Rotsztain is entitled to payment of 12 months' base salary, paid in a lump sum upon termination; plus a lump sum amount equal to one times his aggregate target cash incentive compensation for the fiscal year in which his termination occurs; plus unpaid pro rata portion of the cash incentive compensation which he would have otherwise been paid for the year in which his termination occurs had his employment not terminated, based on his target cash incentive compensation amount for that year. Since the table assumes termination as of December 31, 2011, Mr. Rotsztain's pro rata incentive compensation payment is reflected as the full amount of the aggregate target cash incentive compensation payable to him for the assumed year of termination. The amount set forth in the table is equal to one times Mr. Rotsztain's 2011 base salary, \$325,000, plus one times the amount of Mr. Rotsztain's 2011 target cash incentive compensation, \$130,000, plus the full amount of Mr. Rotsztain's 2011 target cash incentive compensation, \$130,000, less the amount of Mr. Rotsztain's 2011 target cash incentive compensation paid out during the year, \$24,800.
- (37) Pursuant to the terms of his employment agreement, upon Mr. Rotsztain's termination of employment due to disability or death, Mr. Rotsztain or his estate is entitled to any accrued and unpaid salary as well as any accrued but unused paid time off, or PTO, and appropriate expense reimbursements. Mr. Rotsztain or his estate is also entitled to receive cash incentive compensation for such fiscal year on a pro rata basis, based on the amount that would actually have been earned. Since the table assumes termination as of December 31, 2011, the amount reflected in the table includes the full amount of Mr. Rotsztain's 2011 accrued and unpaid cash incentive compensation of \$64,600.
- (38) Pursuant to the terms of his employment agreement, 7,949 shares would accelerate. As the exercise price for all options that accelerated exceeds the fair market value of our Common Stock as of December 30, 2011 of \$6.70, the value presented is zero.
- (39) Pursuant to the terms of his employment agreement, 18,169 shares would accelerate. As the exercise price for all options that accelerated exceeds the fair market value of our Common Stock as of December 30, 2011 of \$6.70, the value presented is zero.
- (40) This amount reflects 12 months of accelerated vesting and payment of 10,228 restricted stock awards based on a price per share as of December 30, 2011 of \$6.70.

- (41) This amount reflects the accelerated vesting and payment of 23,379 restricted stock units based on a price per share as of December 31, 2011 of \$6.70.
- (42) The amounts reflected are based upon actual payments to Mr. Lyons upon his resignation effective December 1, 2011 and are in accordance with Mr. Lyons' s employment agreement effective November 23, 2010.
- (43) This amount reflects the delivery of 53,707 vested restricted stock units upon Mr. Lyons' s resignation on December 1, 2011, at which point, the fair market value of our Common Stock was \$6.50.
- (44) The Company entered into a new employment agreement with Mr. Stevens effective April 13, 2012. Had the new employment agreement been in effect as of December 31, 2011, the payments set forth within this table would have the following change. Payments upon termination without cause or resignation for good reason prior to a change in control would be equal to 1.5 times Mr. Stevens' s 2011 base salary, \$975,000, plus the lesser of the full amount of Mr. Stevens target cash incentive compensation or the earned amount of Mr. Stevens cash incentive compensation, \$749,500, less the amount of Mr. Stevens' s 2011 target cash incentive compensation paid out during the year, \$255,600.
- (45) The Company entered into a new employment agreement with Mr. O' Sullivan effective April 13, 2012. Had the new employment agreement been in effect as of December 31, 2011, the payments set forth within this table would have the following change. Payments upon termination without cause or resignation for good reason prior to a change in control would be equal to one times Mr. O' Sullivan' s 2011 base salary, \$275,000, plus the lesser of the full amount of Mr. O' Sullivan' s target cash incentive compensation or the earned amount of Mr. O' Sullivan' s cash incentive compensation, \$320,300, less the amount of Mr. O' Sullivan' s 2011 target cash incentive compensation paid out during the year, \$105,900.
- (46) The Company entered into a new employment agreement with Mr. Scott effective April 13, 2012. Had the new employment agreement been in effect as of December 31, 2011, the payments set forth within this table would have the following change. Payments upon termination without cause or resignation for good reason prior to a change in control would be equal to one times Mr. Scott' s 2011 base salary, \$325,000, plus the lesser of the full amount of Mr. Scott' s target cash incentive compensation or the earned amount of Mr. Scott' s cash incentive compensation, \$124,900, less the amount of Mr. Scott' s 2011 target cash incentive compensation paid out during the year, \$46,400.
- (47) The Company entered into a new employment agreement with Mr. Rotsztain effective April 13, 2012. Had the new employment agreement been in effect as of December 31, 2011, the payments set forth within this table would have the following change. Payments upon termination without cause or resignation for good reason prior to a change in control would be equal to one times Mr. Rotsztain' s 2011 base salary, \$325,000, plus the lesser of the full amount of Mr. Rotsztain' s target cash incentive compensation or the earned amount of Mr. Rotsztain' s cash incentive compensation, \$66,600, less the amount of Mr. Rotsztain' s 2011 target cash incentive compensation paid out during the year, \$24,800.

Pension Benefits

The Company does not sponsor any defined benefit pension plans for its employees, including the Named Executive Officers.

Nonqualified Deferred Compensation

The Company has a nonqualified deferred compensation plan for its employees, including the Named Executive Officers. Mr. Stevens and Mr. Carlough each participated in the nonqualified deferred compensation plan in 2011, with Mr. Stevens contributing \$100,000 and Mr. Carlough contributing \$14,165.

Vested Restricted Stock Units

Grantees of restricted stock units granted prior to 2010 were given the option of deferring delivery of the shares underlying such restricted stock unit grants to December 31, 2014, or, subject to certain restrictions, on a specified date prior to December 31, 2014; provided, however, that the grantees shall receive payment with respect to such restricted stock units upon a change of control or the date the grantee ceases to be employed by, or provide services to, the Company, whichever is earlier.

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis (CD&A) contained in the Company' s 2012 proxy statement with management. Based on that review and discussion the Compensation Committee recommended to the Board of Directors, and the Board of Directors has approved, that the CD&A be included in this proxy statement and incorporated by reference in the Company' s Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

Respectfully submitted by the Compensation Committee of the Board of Directors.

Susanne D. Lyons, Chairman

Edgar Filing: GAIN Capital Holdings, Inc. - Form DEF 14A

Peter Quick

Christopher Sugden

The information contained in the foregoing report shall not be deemed to be filed or to be soliciting material with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference in a filing.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors oversees the Company's financial reporting process on behalf of the Board of Directors. Management is responsible for the Company's disclosure controls and procedures and financial reporting process, including its system of internal control over financial reporting, and for preparing the Company's financial statements in accordance with accounting principles generally accepted in the United States. The Company's independent auditors are responsible for auditing those financial statements and issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the independent auditors. The Audit Committee operates under a written charter adopted by the Board of Directors, a copy of which is available on the Company's website at www.gaincapital.com.

The Audit Committee has met and held discussions with management and the independent auditors, both separately and together. Management has represented to the Audit Committee that the Company's audited financial statements for 2011 were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the financial statements with management and the independent auditors. The Audit Committee discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended (AICPA, Professional Standards, Vol. 1 AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

In addition, the Audit Committee has discussed with the independent auditors their independence from the Company and its management, including the written disclosures and the letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the Audit Committee concerning independence. Finally, the Audit Committee has discussed with the Company's independent auditors the overall scope and plans for their audits, the results of their examinations, their evaluations and assessment of the Company's internal control over financial reporting and the overall quality of the Company's financial reporting.

In its oversight function, the Audit Committee relies on the representations of management and the independent auditors and thus does not have an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or policies or appropriate internal control over financial reporting, that the Company's financial statements are presented in accordance with accounting principles generally accepted in the United States, that the audit of the Company's financial statements has been carried out in accordance with auditing standards generally accepted in the United States, or that the independent auditors are in fact independent.

Based upon the Audit Committee's discussions with management and the independent auditors as described above and the Audit Committee's review of the representations of management and the report of the independent auditors to the Audit Committee, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 filed with the SEC.

Respectfully submitted by the Audit Committee of the Board of Directors.

Joseph Schenk, Chairman

Peter Quick

Christopher Sugden

The information contained in the foregoing report shall not be deemed to be filed or to be soliciting material with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference in a filing.

PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth the aggregate fees for services related to the years ended December 31, 2010 and 2011 provided by Deloitte & Touche LLP, our independent registered public accounting firm (amounts in thousands).

	2010	2011
Audit Fees(a)	\$ 448	\$ 1,340
Audit-Related Fees(b)	7	126
Tax Fees(c)	106	440
Other Fees(d)		2
Total:	\$ 561	\$ 1,908

- (a) Audit Fees represent fees paid for professional services rendered for the audit of our annual consolidated financial statements and review of quarterly financial statements, as well as services provided in connection with other SEC Filings.
- (b) Represents assurance and other services not directly related to the audit of the consolidated financial statements.
- (c) Tax Fees represent fees for professional services related to tax reporting, compliance and transaction services assistance.
- (d) Subscription service fees for use of accounting research software.

Pre-Approval Policies and Procedures

The Audit Committee has adopted policies and procedures relating to the pre-approval of all audit and non-audit services, including tax services, to be provided by our independent auditors. Under these policies and procedures, the Audit Committee approves in advance the provision of services and fees for such services that are specifically identified in the independent auditor's annual engagement letter for the audits and reviews, in management's annual budget relating to services to be provided by the independent auditors and any amendments to the annual budget reflecting additional services to be provided by, or higher fees of, the independent auditors. All other services to be provided by the independent auditors are pre-approved by the Audit Committee as they arise. The Chairman of the Audit Committee has been delegated authority to pre-approve services in accordance with these policies and procedures. The Chairman is to report any such approval of services to the Audit Committee at its next meeting. The Audit Committee considers, among other things, whether the provision of such audit or non-audit services is consistent with applicable regulations regarding maintaining auditor independence, whether the provision of such services would impair the independent auditors' independence and whether the independent auditors are best positioned to provide the most effective and efficient service.

PROPOSAL NO. 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

The Audit Committee has appointed the registered independent public accounting firm of Deloitte & Touche LLP as the independent auditors to examine GAIN's financial statements for the fiscal year ending December 31, 2012 and has recommended to the Board that such appointment be submitted to our stockholders for ratification. Deloitte & Touche LLP has served as our independent auditors and have been engaged to audit the Company's financial statements beginning as of and for the year ended December 31, 2003. Representatives from Deloitte & Touche LLP are expected to be present at the Annual Meeting and will have an opportunity to make a statement if they so desire and to respond to questions from those attending the meeting.

Although stockholder ratification of the appointment of our independent auditors is not required by our bylaws or otherwise, we are submitting the selection of Deloitte & Touche LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, then our Audit Committee will reconsider whether or not to retain that firm. Even if the stockholders do ratify the selection, then our Audit Committee will reconsider whether or not to retain them.

Vote Required for Approval

The affirmative vote of a majority of the votes cast in person or by duly executed proxies is required for approval of the proposal to ratify the appointment of our independent auditors.

Recommendation of the Board of Directors

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT AUDITORS.

ANNUAL REPORT AND COMPANY INFORMATION

A copy of our 2011 Annual Report to stockholders on Form 10-K is being furnished to stockholders concurrently herewith. Exhibits to the Annual Report will be furnished to stockholders upon payment of photocopying charges.

STOCKHOLDER PROPOSALS

Any stockholder proposal submitted to us pursuant to SEC Rule 14a-8 under the Exchange Act for inclusion in the proxy statement and proxy relating to our 2013 annual meeting must be received by us no later than the close of business on January 1, 2013. If we do not receive notice of any non-Rule 14a-8 matter that a stockholder wishes to raise at the annual meeting in 2013 by March 20, 2013, the proxy holders will retain discretionary authority to vote proxies on any such matter if it is raised at the 2013 annual meeting.

In order for a stockholder to nominate a person for election to the Board of Directors or bring other business before the 2013 annual meeting of stockholders, the stockholder must comply with the advance notice provisions of our bylaws, which require that the stockholder deliver written notice to the Secretary and comply with the other requirements set forth in the bylaws.

It is important that your proxy be returned promptly, whether by mail, by the Internet or by telephone. The proxy may be revoked at any time by you before it is exercised. If you attend the meeting in person, you may withdraw any proxy (including an Internet or telephonic proxy) and vote your own shares.

By Order of the Board of Directors.

Diego Rotsztain

Secretary

Dated April 30, 2012

