



Gain Turns to the Professional Market



MARK
GALANT

Having proved itself in the retail market, Gain Capital, an independent provider of foreign exchange services, is looking to build its client base with larger players such as investment and money managers. The move already appears to be paying off, with the platform enjoying trade volume that soared to \$32 billion in October, more than double the \$15 billion the company reported six months earlier.

"The business is really seeing quite an

"The business is really seeing quite an uptake in professional use from money managers and institutional investors, so a great deal of our developments are focused on appealing to this sector."

uptake in professional use from money managers and institutional investors, so a great deal of our developments are focused on appealing to this sector," says Mark Galant, founder and chief executive officer. "A lot of these clients could only go to the banks before, but they are now becoming comfortable trading with us. These are small clients to the banks, but they are big to us, and since we can offer them personalised service and our fills are comparable with the banks', they are happy to come to us."

The company has increased the maximum deal size on the platform, ostensibly to enable it to support larger trades from CTAs and hedge funds. Clients can now deal on live, tradable prices up to \$5 million, and execute deals up to \$100 million online. Previously, the platform would

only accept trades to a maximum of \$2.5 million per deal, with larger requests having to go through the phone.

Galant also points out that Gain's back office capabilities have also been ramped up to reflect the needs of money managers who require specific reports and other tools to manage their client funds and meet compliance requirements. Many of the clients targeted by Gain will benefit from these enhanced capabilities, he adds, as typically they tend to manage a greater number of portfolios.

KEEP YOUR FRIENDS

Galant is keen to stress that Gain is not neglecting its traditional retail client base as it strives to expand into other areas of the market, pointing out that many of the developments and additions to the system improve the trade decision making process irrespective of the size or type of

trader. "We are always looking at giving our clients tools that enable them to make more informed trading decisions," adds Galant.

To this end, the platform has added tools from Prosticks, which offers charting and technical analysis; Nostradamus Systems, which offers short term indicators and market momentum information; and FXLine, an information platform which features a news feed from Dow Jones and analytics from MMS International. "Our clients have asked us for as many tools as they can get to support their trading decisions, so while the core functionality is set, we are constantly making tweaks to the system," he says. "Adding bells and whistles is always well-received by our clients."

Another change that the platform has

undergone in recent months has been the increase in the number of currency crosses that it supports, now 14. "We now cover all the majors and the major crosses, and we are in discussion with our client base over whether to add emerging market currencies such as the Mexican peso," says Galant. "Obviously it's a substantial commitment to provide 24-hour liquidity and competitive spreads for the emerging market currencies, and we are trying to determine whether our clients want to trade them before we add them."

Gain is also offering options trading, although only over the phone at this stage. "Again, we want to see what kind of feedback we get before deciding whether to integrate options into the platform," says Galant. "There is such an expense in building the technology around it, we want to be sure there are enough clients who want to use it."

Among other additions to the platform, the company has beefed up its wireless functionality (which already offers access to account information as well as real time rates, news and commentary) to include the ability to put on stop and limit orders. It is also evolving its foreign language versions of the trading platform, which is already offered in Chinese, Japanese, German and Spanish. Gain will shortly offer a yen-based version, calculating profit & loss and account balances in yen, rather than dollars. These additions were due for completion at the end of 2002.

Galant is confident the company can stay ahead of its peers in terms of offering streaming quotes. "A lot of our competitors say that they offer instantaneous execution from streaming quotes, but they make you wait for three to five seconds or longer because their dealer is still reviewing each incoming trade and making the decision whether or not to fill you," he says. "What you get with us is truly streaming, tradable prices with instantaneous execution. This is backed up by the fact that when professional traders see the fills that we offer and the speed at which we offer them, they keep coming to us and our volume growth shows it." ■