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## GAIN Capital Launches Currency Trading Web Site

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NEW YORK -- It's not the first time Mark Galant's friends have called him crazy.

A better adjective might be "lucky." At age 22, Mr. Galant was making what he called an "obscene amount of money" as a commodity trader when he quit his job to enter the MBA program at Harvard. When he returned to Wall Street in the mid-'80s, the gold market had turned south. Mr. Galant began trading currencies instead.

Ten years later, his friends rolled their eyes again when he quit his job as global head of foreign exchange for a major financial institution to join a start-up software and services firm. Five years later, the company had grown from 20 to 200 employees.

When Mr. Galant left the software company last year to start his own foreign-exchange online-trading firm, he said his friends again asked if he'd lost this mind.

But this time, one called back two weeks later and asked if he could invest in Mr. Galant's "crazy" idea. He was not the only one to invest in **GAIN Capital**.

With millions of dollars of venture capital raised and two months of demo testing behind it, **GAIN Capital** launched its currency-trading site Wednesday and Mr. Galant's friend will have the chance to see if his investment pays off.

Mr. Galant, who is both founder and CEO, predicts currency transactions conducted through the site will soon average a half-million dollars per trade, though the firm is capable of conducting transactions as high as \$10 million.

But while the number of clients signing up already has topped the projection figures in his business plan, Mr. Galant admits it may be a little while before the company makes much of a profit. To do so, it depends on money made from the bid-ask spread on transactions -- and it guarantees a maximum 5-pip (decimal-place) spread for major currencies transacted.

"Until we get enough deal flow we probably won't be able to make much money," said Mr. Galant. "This is a business model that relies on a significant amount of deal flow."

The venture isn't without risk. But Mr. Galant is confident the customer flow can easily be channeled from the flood of clients now conducting transactions through major financial institutions like the one he left a decade ago. An estimated \$1.5 trillion changes hands in the global foreign exchange market daily.

The **GAIN Capital** site ([www.gaincapital.com](http://www.gaincapital.com)) is aimed at small to mid-sized institutional clients as well as individual traders -- clients easily overlooked by major institutions who cater to Fortune 100 companies and major hedge funds.

"I definitely think a non-bank alternative for foreign-exchange Internet trading is needed," said Mr. Galant. "What happened with E\*Trade and Ameritrade is going to happen in the foreign-exchange market."

Mr. Galant, and much of his staff, have actually come from those large institutions. Now, he's hoping to get some of their clients as well.

Mr. Galant said the online site is able to offer some services banks may not provide: real-time and universal price quotes, near-instantaneous transactions and position updates, and the availability of charting, news and in-house commentary on the currency market.

**GAIN Capital** acts as a market-maker 24 hours a day. It doesn't charge a commission fee. Mr. Galant said potential clients are screened through an intensive application process and an informal check is conducted to assess the applicant's risk capital.

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