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Securities and Exchange Commission  
Trading and Markets

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

MAR 04 2019

SEC FILE NUMBER
8-33541

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**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2018 AND ENDING 12/31/2018  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **GAIN Capital Securities, Inc.**

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

**135 U. S. Hwy 202/206 Suite 11**

(No. and Street)

**Bedminster**

**NJ**

**07921**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Sherry Lavin

646-822-7288

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Hobe and Lucas CPA's Inc.**

(Name - if individual, state last, first, middle name)

**4807 Rockside Rd #510**

**Independence**

**OH**

**44131**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (11-05)

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OATH OR AFFIRMATION

I, Sherry Lavin, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of GAIN Capital Securities, Inc. of February 28, 2019, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



BELLA BRODSKY
Notary Public, State of Ohio
My Commission Expires
October 6, 2021

Signature
Chief Financial Officer
Title

Bella Brodsky
Notary Public

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# **GAIN CAPITAL SECURITIES, INC.**

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# Hobe & Lucas

Certified Public Accountants, Inc.

4807 Rockside Road, Suite 510 (P) 216.524.8900  
Independence, Ohio 44131 (F) 216.524.8777  
www.hobe.com

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholder of  
Gain Capital Securities, Inc.  
Bedminster, New Jersey

### **Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Gain Capital Securities, Inc. (a Delaware corporation), as of December 31, 2018, and the related statements of operations and changes in shareholder's equity and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of Gain Capital Securities, Inc. as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

These financial statements are the responsibility of Gain Capital Securities, Inc.'s management. Our responsibility is to express an opinion on Gain Capital Securities, Inc.'s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to Gain Capital Securities, Inc. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Independent Member

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

### **Supplemental Information**

The Supplemental Schedules of Computation of Net Capital Pursuant to Rule 15c3-1 and Statement Regarding Rule 15c3-3 have been subjected to audit procedures performed in conjunction with the audit of Gain Capital Securities, Inc.'s financial statements. The supplemental information is the responsibility of Gain Capital Securities, Inc.'s management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the Supplemental Schedules of Computation of Net Capital Pursuant to Rule 15c3-1, and Statement Regarding Rule 15c3-3 are fairly stated, in all material respects, in relation to the financial statements as a whole.

Hobe & Lucas  
Certified Public Accountants, Inc.

We have served as Gain Capital Securities, Inc.'s auditor since 2014.  
Independence, Ohio  
February 28, 2019

**GAIN CAPITAL SECURITIES, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2018**

**ASSETS:**

Cash and cash equivalents	\$	379,373
Other assets		3,100
<b>Total assets</b>	<b>\$</b>	<b>382,473</b>

**LIABILITIES AND SHAREHOLDER'S EQUITY**

**Liabilities**

Accrued expenses	\$	7,200
Due to related party		11,617
<b>Total liabilities</b>		<b>18,817</b>

Common stock no par value, 1,000 shares authorized, issued and outstanding		100,000
Additional paid-in capital		2,950,000
Accumulated deficit		(2,686,344)
<b>Total shareholder's equity</b>		<b>363,656</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$</b>	<b>382,473</b>

**GAIN CAPITAL SECURITIES, INC.**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**REVENUES:**

Revenue	\$	—
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**EXPENSES:**

Employee compensation and benefits	\$	6,000
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Professional fees		5,700
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Broker dealer fees		4,807
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Other		1,321
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Communications and technology		949
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Total expenses		18,777
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<b>NET LOSS</b>	<b>\$</b>	<b>(18,777)</b>
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**GAIN CAPITAL SECURITIES, INC.**  
**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Common Stock</b>	<b>Additional Paid-In Capital</b>	<b>Accumulated Deficit</b>	<b>Total</b>
Balance at January 1, 2018	\$ 100,000	\$ 2,950,000	\$ (2,667,567)	\$ 382,433
Net Loss	—	—	(18,777)	(18,777)
Balance at December 31, 2018	<u>\$ 100,000</u>	<u>\$ 2,950,000</u>	<u>\$ (2,686,344)</u>	<u>\$ 363,656</u>

**GAIN CAPITAL SECURITIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net loss	\$ (18,777)
Adjustments to reconcile net loss to net cash used by operating activities:	
Cash used by:	
Other assets	(518)
Accrued expenses	(3,800)
Due to related party	(2,083)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>\$ (25,178)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (25,178)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>\$ 404,551</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 379,373</b>

**GAIN CAPITAL SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**NOTE A - Organization and operations**

Gain Capital Securities, Inc. (the Company) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority (FINRA).

The Company is a wholly owned subsidiary of S.L. Bruce Financial Corp. (SLB), which is wholly owned by Gain Holdings, LLC (GHLLC). GHLLC is wholly owned by Gain Capital Holdings, Inc. (the Parent).

The Company currently does not have any customers and, accordingly, does not have a clearing relationship.

**NOTE B - Summary of significant accounting policies**

Basis of accounting

The Company's financial statements have been prepared in accordance with accounting principals generally accepted in the United States (GAAP).

Cash and cash equivalents

At times during the year, the Company's cash accounts exceeded the related amount of federal depository insurance. The Company has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk.

The Company considers financial instruments with an original maturity of less than 90 days to be cash equivalents.

Use of estimates

Preparing financial statements in conformity with accounting principles under GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Currently, the Company's estimates mainly contemplate operating expenditures incurred but not yet paid. Actual results could differ from those estimates.

**NOTE B - Summary of significant accounting policies, continued**

Events occurring after reporting date

The Company has evaluated events and transactions that occurred between December 31, 2018 and February 28, 2019, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. No such material events occurred between those dates.

**NOTE C - Related party transactions**

The Company entered into a management services agreement (the Agreement) on December 31, 2009 with Gain Capital Group, LLC (GCGLLC), another wholly-owned subsidiary of GHLLC, under which GCGLLC provides general business management, administrative functions, financial management and support services, as well as facilities for the Company's benefit. In addition, GCGLLC pays certain operational expenses on the Company's behalf.

At December 31, 2018, the payable due to related party was \$11,617.

**NOTE D - Income taxes**

The Company is included in the consolidated federal tax return filed by the Parent. Federal income taxes are calculated as if the companies file on a separate return basis, and if there is an amount due it is remitted to the Parent. The Company's net deferred tax asset was \$0 and no current tax is payable as of December 31, 2018.

**GAIN CAPITAL SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

The Company follows the accounting guidance for uncertainty in income taxes using the provisions of Accounting Standards Codification 740, *Income Taxes* (ASC 740). Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities.

**NOTE E - Commitments and Contingencies**

As of the filing date, the Company had no material commitments or contingencies.

**NOTE F- Subsequent Events**

As of the filing date, the Company had no material subsequent events.

**NOTE G - Net Capital Provision of Rule 15c3-1**

As a member organization of FINRA, the Company is subject to the Uniform Net Capital Rule 15c3-1 adopted by the SEC and administered by FINRA, which requires maintaining minimum net capital. Further, it requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. The Company's minimum net capital requirement as of December 31, 2018 was \$50,000. At December 31, 2018, the Company's net capital was \$360,556 and exceeded the minimum net capital requirement by \$310,556. The Company's ratio of aggregate indebtedness to net capital at December 31, 2018 was 0.0522 to 1.

**GAIN CAPITAL SECURITIES, INC.**  
**COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1**  
**DECEMBER 31, 2018**

Total shareholder's equity from statement of financial condition	363,656
Non-allowable assets:	
Other assets	3,100
Total non-allowable assets	3,100
Net capital	\$ 360,556
Net capital requirement (the greater of 6 2/3% of aggregate indebtedness or \$50,000)	\$ 50,000
Excess net capital	310,556
Total aggregate indebtedness	\$ 18,817
Percentage of aggregate indebtedness to net capital	5.22%

A reconciliation of the above computation of net capital and the corresponding computation prepared by the Company for inclusion on its Part II(A) FOCUS Report filing for the period October 1, 2018 through December 31, 2018 is not required as there were no audit adjustments.

**GAIN CAPITAL SECURITIES, INC.**  
**STATEMENT REGARDING RULE 15c3-3**  
**DECEMBER 31, 2018**

The Company is not required to present the schedules "Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3" and "Information Relating to the Possession or Control Requirements Under Rule 15c3-3", as it meets the exemptive provisions of Rule 15c3-3, under Section (k)(2)(i) of the Rule.

# Hobe & Lucas

Certified Public Accountants, Inc.

4807 Rockside Road, Suite 510 Phone: (216) 524.8900  
Independence, Ohio 44131 Fax: (216) 524.8777  
<http://www.hobe.com>

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

MAR 04 2019

Washington DC  
413

To The Shareholder of  
Gain Capital Securities, Inc.  
Bedminster, New Jersey

We have reviewed management's statements, included in the accompanying Gain Capital Securities, Inc. Exemption Report, in which (1) Gain Capital Securities, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Gain Capital Securities, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3(k)(2)(ii) (the "exemption provisions") and (2) Gain Capital Securities, Inc. stated that Gain Capital Securities, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Gain Capital Securities, Inc.'s management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Gain Capital Securities, Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to about for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

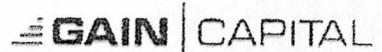
*Hobe & Lucas  
Certified Public Accountants, Inc.*

Independence, Ohio  
February 28, 2019

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GAIN Capital Securities  
135 US Hwy 202/206  
Bedminster One, Suite 11  
Bedminster, New Jersey 07921

GAIN Capital Securities, Inc.  
Exemption Report

GAIN Capital Securities, Inc., (“the Company”), is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission, (17 C.F.R. §240.17a-5, “Reports to be made by certain brokers and dealers”). This Exemption Report was prepared as required by 17 C.F.R. §240.17a-5(d)(1) and (4). To the best of my knowledge and belief, the Company states the following:

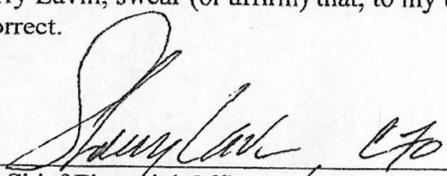
The Company met the identified exemption provisions in 17 C.F.R. § 240.15c-3-3(k)2(ii) throughout the most recent fiscal year without exception.

Or

The Company had no obligations under 17 C.F.R. §240.15c3-3 throughout the most recent fiscal year without exception.

GAIN Capital Securities, Inc.

I, Sherry Lavin, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

By: 

Title: Chief Financial Officer

December 31, 2018