

GAIN Capital Holdings, Inc.
Form 8-K
March 15, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K
CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

March 9, 2016

Date of Report (Date of earliest event reported)

GAIN CAPITAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

| | | |
|--|-----------------------|-----------------------------------|
| Delaware | 001-35008 | 20-4568600 |
| (State of Incorporation) | (Commission File No.) | (IRS Employer Identification No.) |
| Bedminster One | | |
| 135 Route 202/206 | | |
| Bedminster, New Jersey 07921 | | |
| (Address of Principal Executive Offices) | | |
| (908) 731-0700 | | |
| (Registrant's Telephone Number, Including Area Code) | | |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 4.02(a) Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

On March 9, 2016, the Audit Committee of the Board of Directors of GAIN Capital Holdings, Inc. (the "Company") concluded that the Company's previously issued consolidated financial statements as of and for the years ended December 31, 2014 and 2013 and for the first three quarters of 2015 should no longer be relied upon because the Company has determined that there were errors in the manner in which the Company accounted for income taxes during those periods under ASC 740 (ASC 740), Income Taxes. These errors related primarily to the manner in which certain intercompany payables and receivables among domestic and overseas subsidiaries of the Company were treated for tax purposes during the impacted periods. In response to these errors, the Company's management has begun implementing formal preventive and detective controls requiring the enhanced review of the accounting for and tax treatment of intercompany payables and receivables, particularly those between domestic and overseas subsidiaries. The Company is also reviewing resource requirements and capabilities in its finance and tax teams to determine whether roles and responsibilities need to be realigned and/or new personnel added.

The Company intends to file its Annual Report on Form 10-K for the year ended December 31, 2015 (the "Annual Report") as soon as practicable. The consolidated financial statements of the Company as of and for the years ended December 31, 2014 and 2013 included in that Annual Report will be restated to reflect the correction of these tax errors. In addition, certain other adjustments, previously determined to be immaterial, individually and in the aggregate, will also be corrected in the restated consolidated financial statements included in the Annual Report. All relevant footnotes to the consolidated financial statements in the Annual Report, including the quarterly financial data for the years ended December 31, 2015 and 2014 included therein, will also be restated to reflect the items discussed above. As noted, the adjustments to be reflected in the restated financial statements relate to non-operating matters, principally technical accounting requirements for intercompany transactions between U.S. and non-U.S. affiliates. The Company will also file amended Form 10-Qs for each of the first three fiscal quarters of 2015 reflecting these adjustments.

The following tables reflect the financial statement line items impacted for the years ended December 31, 2014 and 2013, together with the adjusted amounts, that will be included in the Annual Report. The column headed "Tax Adjustments" reflects the impact of the tax matters discussed above, while the "All Other Adjustments" column reflects the impact of the other previously identified immaterial adjustments in the Consolidated Balance Sheet and Statements of Income and Comprehensive Income. In the Consolidated Statement of Cash Flows, the column headed "Adjustments" reflects the impact of the tax matters discussed above as well as the impact of the other previously identified immaterial. In addition, the tables below also include the line items on the Consolidated Statements of Income for each quarter during 2015 and 2014 that are impacted by the restatement, together with the adjusted amounts. For the avoidance of doubt, the following tables include only those line items impacted by the restatement.

Adjustments to Annual Financial Statements

Consolidated Balance Sheet

| | As of December 31, 2014 | | | As Restated |
|---|-------------------------|-------------------|----------------------|--------------|
| | As Reported | Tax Adjustment | Other Adjustments | |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 139,403 | \$— | \$(52) | \$ 139,351 |
| Goodwill | 34,567 | (988) | — | 33,579 |
| Other assets, net of allowance for doubtful accounts ⁽¹⁾ | 35,311 | 917 | (2,463) | 33,765 |
| Total assets | \$ 1,185,887 | \$(71) | \$(2,515) | \$ 1,183,301 |
| LIABILITIES AND SHAREHOLDERS' EQUITY: | | | | |
| EQUITY: | | | | |
| Liabilities | | | | |
| Accrued expenses and other liabilities | 64,476 | 12,170 | —(451) | 76,195 |
| Income tax payable | 1,470 | 1,603 | —(2,063) | 1,010 |
| Total liabilities | \$ 910,784 | \$ 13,773 | \$(2,514) | \$ 922,043 |
| Redeemable non-controlling interests | 10,209 | — | 1,129 | 11,338 |
| Shareholders' equity | | | | |
| Accumulated other comprehensive loss | (2,054) | 541 | — | (1,513) |
| Additional paid-in capital | 152,684 | (4,306) | — | 148,378 |
| Retained earnings | 130,984 | (10,079) | (1,130) | 119,775 |
| Total shareholders' equity | 264,894 | (13,844) | (1,130) | 249,920 |
| Total liabilities and shareholders' equity | \$ 1,185,887 | \$(71) | \$(2,515) | \$ 1,183,301 |

(1) The Company previously reported \$174,000 as Short term investments, at fair value; this amount has been reclassified to Other assets, net of allowance for doubtful accounts

Consolidated Statements of Income and Comprehensive Income

For the Fiscal Year Ended December 31, 2014

| | As Reported | Tax Adjustment | Other Adjustments | Restated |
|---|------------------|--------------------|----------------------|------------------|
| REVENUE: | | | | |
| Retail revenue ⁽¹⁾ | \$ 293,122 | \$ — | \$ (344) | \$ 292,778 |
| Institutional revenue ⁽¹⁾ | 34,518 | — | — | 34,518 |
| Futures revenue ⁽¹⁾ | 36,160 | — | — | 36,160 |
| Total non-interest revenue | 368,704 | — | (344) | 368,360 |
| Net revenue | \$ 369,533 | \$ — | \$ (344) | \$ 369,189 |
| EXPENSES: | | | | |
| Employee compensation and benefits | \$ 99,485 | \$ — | \$ (252) | \$ 99,233 |
| Referral fees | 91,092 | — | (120) | 90,972 |
| Trading expenses | 26,285 | — | (117) | 26,168 |
| General and administrative | 38,509 | — | 142 | 38,651 |
| Depreciation and amortization | 7,125 | — | (515) | 6,610 |
| Restructuring expenses | 1,214 | — | 1,120 | 2,334 |
| Total operating expense | 317,334 | — | 258 | 317,592 |
| OPERATING PROFIT | 52,199 | — | (602) | 51,597 |
| INCOME BEFORE INCOME TAX | 46,052 | — | (602) | 45,450 |
| EXPENSE | | | | |
| Income tax (benefit)/expense | 12,993 | 6,200 | (53) | 19,140 |
| NET INCOME | 33,059 | (6,200) | (549) | 26,310 |
| NET INCOME APPLICABLE TO GAIN CAPITAL HOLDINGS, INC. | 31,626 | (6,200) | (549) | 24,877 |
| Other comprehensive (loss)/income: | | | | |
| Foreign currency translation adjustment | (4,630) |) 541 | | (4,089) |
| NET COMPREHENSIVE INCOME | | | | |
| APPLICABLE TO GAIN CAPITAL HOLDINGS, INC. | \$ 26,996 | \$ (5,659) | \$ (549) | \$ 20,788 |
| Earnings per common share: | | | | |
| Basic | \$ 0.76 | \$ (0.16) | \$ (0.04) | \$ 0.56 |
| Diluted | \$ 0.71 | \$ (0.14) | \$ (0.04) | \$ 0.53 |

(1) - During the fourth quarter of 2015, the Company has changed its revenue presentation to reflect its three operating segments, retail, institutional and futures.

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| | For the Fiscal Year Ended December 31, 2013 | | | |
|---|---|----------------|-------------------|-------------|
| | As Reported | Tax Adjustment | Other Adjustments | As Restated |
| REVENUE: | | | | |
| Retail revenue ⁽¹⁾ | \$ 215,667 | \$— | \$ 67 | \$ 215,734 |
| Institutional revenue ⁽¹⁾ | 28,005 | — | — | 28,005 |
| Futures revenue ⁽¹⁾ | 22,188 | — | — | 22,188 |
| Total non-interest revenue | 266,959 | — | 67 | 267,026 |
| Net revenue | \$ 267,624 | \$— | \$ 67 | \$ 267,691 |
| EXPENSES: | | | | |
| Employee compensation and benefits | \$ 74,185 | \$— | \$ 422 | \$ 74,607 |
| Referral fees | 52,503 | — | 120 | 52,623 |
| General and administrative | 26,813 | — | (255) | 26,558 |
| Depreciation and amortization | 7,768 | — | 515 | 8,283 |
| Restructuring expenses | 1,570 | — | (1,120) | 450 |
| Total operating expense | 223,286 | — | (318) | 222,968 |
| OPERATING PROFIT | 44,338 | — | 385 | 44,723 |
| INCOME BEFORE INCOME TAX EXPENSE | 45,105 | — | 385 | 45,490 |
| Income tax (benefit)/expense | 13,794 | 3,589 | — | 17,383 |
| NET INCOME | 31,311 | (3,589) | 385 | 28,107 |
| NET INCOME APPLICABLE TO GAIN CAPITAL HOLDINGS, INC. | 31,311 | (3,589) | 385 | 28,107 |
| NET COMPREHENSIVE INCOME APPLICABLE TO GAIN CAPITAL HOLDINGS, INC. | \$ 32,638 | \$ (3,589) | \$ 385 | \$ 29,434 |
| Earnings per common share: | | | | |
| Basic | \$ 0.85 | \$ (0.10) | \$ 0.01 | \$ 0.76 |
| Diluted | \$ 0.79 | \$ (0.09) | \$ 0.01 | \$ 0.71 |

(1) - During the fourth quarter of 2015, the Company has changed its revenue presentation to reflect its three operating segments, retail, institutional and futures.

Consolidated Statement of Changes in Shareholders' Equity

| | Additional Paid in Capital | | Retained Earnings | | Accumulated Other Comprehensive Income/(Loss) | | Total | |
|---------------------------|----------------------------|-------------|-------------------|-------------|---|-------------|-------------|-------------|
| | As Reported | As Restated | As Reported | As Restated | As Reported | As Restated | As Reported | As Restated |
| BALANCE—January 1, 2013 | \$ 85,089 | \$ 85,009 | \$ 84,772 | \$ 84,590 | \$ 1,249 | \$ 1,249 | \$ 162,830 | \$ 162,568 |
| BALANCE—January 1, 2014 | \$ 138,691 | \$ 134,399 | \$ 108,603 | \$ 105,217 | \$ 2,576 | \$ 2,576 | \$ 234,401 | \$ 226,723 |
| BALANCE—December 31, 2014 | \$ 152,684 | \$ 148,378 | \$ 130,984 | \$ 119,775 | \$ (2,054) | \$ (1,513) | \$ 264,894 | \$ 249,920 |

Consolidated Statement of Cash Flows

| | For the Fiscal Year Ended December 31, 2014 | | |
|--|--|---------------|---------------------|
| | As Reported | Adjustments | As Restated |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | \$ 33,059 | \$(6,748) |) \$ 26,311 |
| Adjustments to reconcile net income to cash provided by / (used for) operating activities | | | |
| Depreciation and amortization | 16,367 | (1,677) |) 14,690 |
| Non-cash integration costs | — | 1,162 | 1,162 |
| Deferred tax (benefit)/expense | 2,536 | 2,572 | 5,108 |
| Changes in operating assets and liabilities: | | | |
| Cash and securities held for customers | (9,679) |) 419 | (9,260) |
| Receivables from brokers | 94,657 | 276 | 94,933 |
| Prepaid assets | 2,729 | 1 | 2,730 |
| Other assets | (11,536) |) (214) | (11,750) |
| Payables to customers | 9,679 | (419) |) 9,260 |
| Accrued compensation and benefits | 3,671 | 826 | 4,497 |
| Accrued expenses and other liabilities | (8,565) |) 4,795 | (3,770) |
| Income tax payable | (2,832) |) (1,045) | (3,877) |
| Cash provided by / (used for) operating activities | 138,173 | (52) |) 138,121 |
| INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS | 99,532 | (52) |) 99,480 |
| CASH AND CASH EQUIVALENTS—End of year | \$ 139,403 | \$(52) |) \$ 139,351 |
| SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION: | | | |
| Adjustment to redemption value of non-controlling interests | \$(978) |) \$(1,129) |) \$(2,107) |

| | For the Fiscal Year Ended December 31, 2013 | | |
|--|---|-------------|-------------|
| | As Reported | Adjustments | Restated |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | \$ 31,311 | \$(3,204) |) \$ 28,107 |
| Adjustments to reconcile net income to cash provided by / (used for) operating activities | | | |
| Depreciation and amortization | 11,837 | (648) |) 11,189 |
| Non-cash integration costs | — | 1,163 | 1,163 |
| Deferred tax (benefit)/expense | 39 | (5,470) |) (5,431) |
| Stock compensation expense | 2,896 | 79 | 2,975 |
| Changes in operating assets and liabilities: | | | |
| Cash and securities held for customers | (74,608) |) (161) | (74,769) |
| Receivables from brokers | (78,336) |) (220) | (78,556) |
| Prepaid assets | 318 | — | 318 |
| Other assets | (383) |) (6,030) | (6,413) |
| Payables to customers | 74,608 | 161 | 74,769 |
| Accrued compensation and benefits | 7,118 | (743) |) 6,375 |
| Accrued expenses and other liabilities | 973 | 8,625 | 9,598 |
| Income tax payable | 2,131 | 6,448 | 8,579 |

Adjustments to Quarterly Consolidated Statements of Income

| | For the Three Months Ended Sept 30, 2015 | | | Restated |
|---|--|----------------|-------------------|------------|
| | As Reported | Tax Adjustment | Other Adjustments | |
| REVENUE: | | | | |
| Retail revenue | \$106,315 | \$— | \$180 | \$106,495 |
| Total non interest revenue | 127,865 | — | 180 | 128,045 |
| Net revenue | \$127,931 | \$— | \$180 | \$128,111 |
| EXPENSES: | | | | |
| Employee Compensation and benefits | \$29,088 | \$— | \$(203) |)\$28,885 |
| Trading expenses | 8,779 | — | 180 | 8,959 |
| Total operating expense | 116,146 | — | (23) |)116,123 |
| OPERATING PROFIT | 11,785 | — | 203 | 11,988 |
| INCOME BEFORE INCOME TAX EXPENSE | 9,215 | — | 203 | 9,418 |
| Income tax expense | 328 | 6,306 | — | 6,634 |
| NET INCOME | 8,887 | (6,306) |)203 | 2,784 |
| NET INCOME APPLICABLE TO GAIN CAPITAL HOLDINGS, INC. | \$8,304 | \$(6,306) |)\$203 | \$2,201 |
| Earnings per common share: | | | | |
| Basic | \$0.20 | | | \$0.07 |
| Diluted | \$0.20 | | | \$0.07 |
| Weighted average common shares outstanding used in computing earnings per common share: | | | | |
| Basic | 49,174,102 | | | 49,149,102 |
| Diluted | 49,891,101 | | | 49,918,707 |

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| | For the Three Months Ended June 30, 2015 | | | |
|---|--|-------------------|----------------------|-------------|
| | As Reported | Tax Adjustment | Other Adjustments | Restated |
| REVENUE: | | | | |
| Retail revenue | \$86,529 | \$— | \$(107 |)\$86,422 |
| Total non interest revenue | 111,559 | — | (107 |)111,452 |
| Net revenue | \$111,564 | \$— | \$(107 |)\$111,457 |
| EXPENSES: | | | | |
| Employee Compensation and benefits | \$30,473 | \$— | \$203 | \$30,676 |
| Trading expenses | 8,226 | — | (107 |)8,119 |
| Total operating expense | 121,548 | — | 96 | 121,644 |
| OPERATING (LOSS) | (9,984 |)— | (203 |)(10,187 |
| LOSS BEFORE INCOME TAX BENEFIT | (12,538 |)— | (203 |)(12,741 |
| Income tax benefit | (4,124 |)3,864 | — | (260 |
| NET LOSS | (8,414 |)(3,864 |)(203 |)(12,481 |
| NET LOSS APPLICABLE TO GAIN CAPITAL HOLDINGS, INC. | \$(8,830 |)\$ (3,864 |)\$ (203 |)\$ (12,897 |
| Loss per common share: | | | | |
| Basic | \$(0.23 |) | | \$(0.28 |
| Diluted | \$(0.23 |) | | \$(0.28 |
| Weighted average common shares outstanding used in computing earnings per common share: | | | | |
| Basic | 49,070,783 | | | 49,070,387 |
| Diluted | 49,070,783 | | | 49,070,387 |

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For the Three Months Ended March 31, 2015

| | As Reported | Tax Adjustment | Other Adjustments | Restated |
|--|-------------|-------------------|----------------------|------------|
| REVENUE: | | | | |
| Retail revenue | \$72,908 | \$— | \$34 | \$72,942 |
| Total non interest revenue | 92,933 | — | 34 | 92,967 |
| Net revenue | \$92,952 | \$— | \$34 | \$92,986 |
| EXPENSES: | | | | |
| Trading expenses | 7,048 | — | (73) |)6,975 |
| General and administrative | 9,320 | — | 51 | 9,371 |
| Total operating expense | 79,952 | — | (22) |)79,930 |
| OPERATING PROFIT | 13,000 | — | 56 | 13,056 |
| INCOME BEFORE INCOME TAX EXPENSE | 11,498 | — | 56 | 11,554 |
| Income tax expense | 2,818 | 2,927 | — | 5,745 |
| NET INCOME | 8,680 | (2,927) |)56 | 5,809 |
| NET INCOME APPLICABLE TO GAIN CAPITAL HOLDINGS, INC. | \$8,336 | \$(2,927) |)\$56 | \$5,465 |
| Earnings per common share: | | | | |
| Basic | \$0.19 | | | \$0.11 |
| Diluted | \$0.18 | | | \$0.11 |
| Weighted average common shares outstanding used in computing earnings per common share: | | | | |
| Basic | 43,206,628 | | | 43,206,628 |
| Diluted | 44,150,505 | | | 44,150,505 |

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| | For the Three Months Ended Dec 31, 2014 | | | |
|---|---|-------------------|----------------------|------------|
| | As Reported | Tax Adjustment | Other Adjustments | Restated |
| REVENUE: | | | | |
| Retail revenue | \$97,254 | \$— | \$432 | \$97,686 |
| Total non interest revenue | 114,725 | — | 432 | 115,157 |
| Interest expense | 280 | — | (92 |) 188 |
| Total net interest revenue/(expense) | 26 | — | 92 | 118 |
| Net revenue | \$114,751 | \$— | \$524 | \$115,275 |
| EXPENSES: | | | | |
| Trading expenses | 6,196 | — | (117 |) 6,079 |
| General and administrative | 10,396 | — | (52 |) 10,344 |
| Total operating expense | 86,538 | — | (169 |) 86,369 |
| OPERATING PROFIT | 28,213 | — | 693 | 28,906 |
| INCOME BEFORE INCOME TAX EXPENSE | 26,456 | — | 693 | 27,149 |
| Income tax expense | 8,398 | (4,162 |) (53 |) 4,183 |
| NET INCOME | 18,058 | 4,162 | 746 | 22,966 |
| NET INCOME APPLICABLE TO GAIN CAPITAL HOLDINGS, INC. | \$17,612 | \$4,162 | \$746 | \$22,520 |
| Earnings per common share: | | | | |
| Basic | \$0.44 | | | \$0.54 |
| Diluted | \$0.42 | | | \$0.51 |
| Weighted average common shares outstanding used in computing earnings per common share: | | | | |
| Basic | 41,506,205 | | | 41,506,205 |
| Diluted | 43,684,324 | | | 43,684,324 |

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| | For the Three Months Ended Sept 30, 2014 | | | |
|---|--|-------------------|----------------------|------------|
| | As Reported | Tax Adjustment | Other Adjustments | Restated |
| REVENUE: | | | | |
| Retail revenue | \$80,668 | \$— | \$(602) |)\$80,066 |
| Total non interest revenue | 103,388 | — | (602) |)102,786 |
| Interest Expense | 97 | — | 92 | 189 |
| Total net interest revenue/(expense) | 262 | — | (92) |)170 |
| Net revenue | \$103,650 | \$— | \$(694) |)\$102,956 |
| EXPENSES: | | | | |
| General and administrative | 9,056 | — | (111) |)8,945 |
| Total operating expense | 80,684 | — | (111) |)80,573 |
| OPERATING PROFIT | 22,966 | — | (583) |)22,383 |
| INCOME BEFORE INCOME TAX EXPENSE | 21,470 | — | (583) |)20,887 |
| Income tax expense | 5,340 | 5,199 | — | 10,539 |
| NET INCOME | 16,130 | (5,199) |)(583) |)10,348 |
| NET INCOME APPLICABLE TO GAIN CAPITAL HOLDINGS, INC. | \$15,345 | \$(5,199) |)(583) |)\$9,563 |
| Earnings per common share: | | | | |
| Basic | \$0.35 | | | \$0.19 |
| Diluted | \$0.33 | | | \$0.18 |
| Weighted average common shares outstanding used in computing earnings per common share: | | | | |
| Basic | 41,038,782 | | | 41,038,782 |
| Diluted | 43,523,862 | | | 43,523,862 |

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| | For the Three Months Ended June 30, 2014 | | | |
|---|--|-------------------|----------------------|------------|
| | As Reported | Tax Adjustment | Other Adjustments | Restated |
| REVENUE: | | | | |
| Retail revenue | \$51,252 | \$— | \$501 | \$51,753 |
| Total non interest revenue | 69,504 | — | 501 | 70,005 |
| Net revenue | \$69,763 | \$— | \$501 | \$70,264 |
| EXPENSES: | | | | |
| General and administrative | 9,850 | — | 74 | 9,924 |
| Purchased intangible amortization | 1,574 | — | (165) |)1,409 |
| Total operating expense | 75,314 | — | (91) |)75,223 |
| OPERATING LOSS | (5,551) |)— | 592 | (4,959) |
| LOSS BEFORE INCOME TAX | (7,013) |)— | 592 | (6,421) |
| (BENEFIT)/EXPENSE | | | | |
| Income tax (benefit) /expense | (2,021) |)3,183 | — | 1,162 |
| NET LOSS | (4,992) |)3,183 |)592 | (7,583) |
| NET LOSS APPLICABLE TO GAIN CAPITAL HOLDINGS, INC. | \$(5,156) |)\$(3,183) |)\$592 | \$(7,747) |
| Loss per common share: | | | | |
| Basic | \$(0.13) |) | | \$(0.20) |
| Diluted | \$(0.13) |) | | \$(0.20) |
| Weighted average common shares outstanding used in computing earnings per common share: | | | | |
| Basic | 40,135,820 | | | 40,135,820 |
| Diluted | 40,135,820 | | | 40,135,820 |

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| | For the Three Months Ended March 31, 2014 | | | |
|---|---|-------------------|----------------------|---------------|
| | As Reported | Tax Adjustment | Other Adjustments | Restated |
| REVENUE: | | | | |
| Retail revenue | \$63,948 | \$— | \$(675) |)\$63,273 |
| Total non interest revenue | 81,087 | — | (675) |)80,412 |
| Net revenue | \$81,397 | \$— | \$(675) |)\$80,722 |
| EXPENSES: | | | | |
| Employee Compensation and benefits | \$21,842 | \$— | \$(252) |)\$21,590 |
| Referral Fees | 20,688 | — | (120) |)20,568 |
| General and administrative | 9,207 | — | 233 | 9,440 |
| Depreciation and Amortization | 2,210 | — | (515) |)1,695 |
| Purchased intangible amortization | 1,039 | — | 165 | 1,204 |
| Restructuring | 359 | — | 1,119 | 1,478 |
| Total operating expense | 74,799 | — | 630 | 75,429 |
| OPERATING PROFIT | 6,598 | — | (1,305) |)5,293 |
| Interest Expense on Notes Payable | 1,459 | — | — | 1,459 |
| INCOME BEFORE INCOME TAX EXPENSE | 5,139 | — | (1,305) |)3,834 |
| Income tax (benefit) /expense | 1,276 | 1,980 | — | 3,256 |
| NET INCOME | 3,863 | (1,980) |)(1,305) |)578 |
| NET INCOME APPLICABLE TO GAIN CAPITAL HOLDINGS, INC. | \$3,825 | \$(1,980) |)(1,305) |)\$540 |
| Earnings per common share: | | | | |
| Basic | \$0.10 | | | \$0.01 |
| Diluted | \$0.09 | | | \$0.01 |
| Weighted average common shares outstanding used in computing earnings per common share: | | | | |
| Basic | 39,543,586 | | | 39,543,586 |
| Diluted | 42,627,628 | | | 42,627,628 |

The Audit Committee has discussed the matters disclosed in this Form 8-K with Deloitte & Touche LLP, the Company's independent registered public accounting firm, and Deloitte & Touche LLP concurred with the Company's conclusion to restate prior periods.

SIGNATURES

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

Dated: March 15, 2016

GAIN CAPITAL HOLDINGS, INC.

By: /s/ Nigel Rose
 Nigel Rose
 Chief Financial Officer