





## **FXCM Profile**

### **Introduction**

FXCM is a NYSE-listed online provider of foreign exchange trading. During 2010, FXCM's total revenues were over \$360 million USD. We have over 750 employees globally.

FXCM executes over 10 million retail FX and CFD trades a month, totaling over \$350 billion USD in notional volume, and maintained over 174,000 retail trading accounts (not including retail customers under white label or omnibus relationships).

In a FX trade, a participant buys one currency and simultaneously sells another, a combination known as a "currency pair". FXCM's proprietary trading platform presents its FX customers with the price quotations on several currency pairs from various global banks, financial institutions and market makers, or FX market makers.

FXCM's primary source of revenue is earned by adding a markup to the price provided by FX market makers, and thus we generate trading revenue based on the volume of transactions we execute. FXCM utilizes what is referred to as an agency execution or agency model. Under the agency model, when a customer executes a trade on the price quotation presented by the FX market maker, FXCM acts as a credit intermediary, or a riskless principal, simultaneously entering into a trade with the customer and the FX market maker.

### **Corporate Structure & Regulators**

FXCM operates through FXCM Holdings and its global subsidiaries. FXCM Holdings wholly owns Forex Capital Markets, LLC (FXCM US), ODL Group Limited, FXCM Asia Limited (FXCM HK), Forex Capital Markets Limited (FXCM UK), FXCM Australia, Ltd., and FXCM Japan, Inc.

FXCM Inc., which listed on the NYSE in December 2010 (Ticker: FXCM), has a minority economic interest in FXCM Holdings.

FXCM is regulated by the Financial Services Authority in the United Kingdom, the Securities and Futures Commission in Hong Kong, the Australian Securities and Investment Commission in Australia, the Financial Services Agency in Japan, the National Futures Association and Commodity Futures Trading Commission in the United States, among others. In addition, certain branch offices in Europe, while subject to local regulators, are regulated by the FSA with respect to, among other things, FX, CFDs and net capital requirements. These regulators and self-regulatory organizations regulate the conduct of FXCM's business in many ways and conduct regular examinations of FXCM's business to monitor FXCM's compliance with these regulations.

As a public company, FXCM reports financials on a quarterly and annual basis, in addition to filings on other material business events. FXCM latest financial reports are available upon request.

## **Global Presence**



### **EMEA**

#### **LONDON**

Forex Capital Markets, LTD  
[www.fxcm.co.uk](http://www.fxcm.co.uk)

#### **PARIS**

Forex Capital Markets, LTD  
[www.fxcm.fr](http://www.fxcm.fr)

#### **BERLIN**

Forex Capital Markets, LTD  
[www.fxcm.de](http://www.fxcm.de)

#### **MILAN**

Forex Capital Markets, LTD  
[www.fxcm.it](http://www.fxcm.it)

#### **ATHENS**

Forex Capital Markets, LTD  
[www.fxcm.gr](http://www.fxcm.gr)

#### **DUBAI**

FXCM DMCC  
[www.fxcmarabic.com](http://www.fxcmarabic.com)

### **Asia-Pacific**

#### **TOKYO**

FXCM Japan Securities Co. Ltd.,  
[www.fxcm.co.jp](http://www.fxcm.co.jp)

#### **HONG KONG**

FXCM Asia, Ltd.  
[www.fxcmasia.com](http://www.fxcmasia.com)

#### **SYDNEY**

FXCM Australia, LTD  
[www.forextrading.com.au](http://www.forextrading.com.au)

### **United States**

#### **NEW YORK (Headquarters)**

Forex Capital Markets, LLC  
[www.fxcm.com](http://www.fxcm.com)

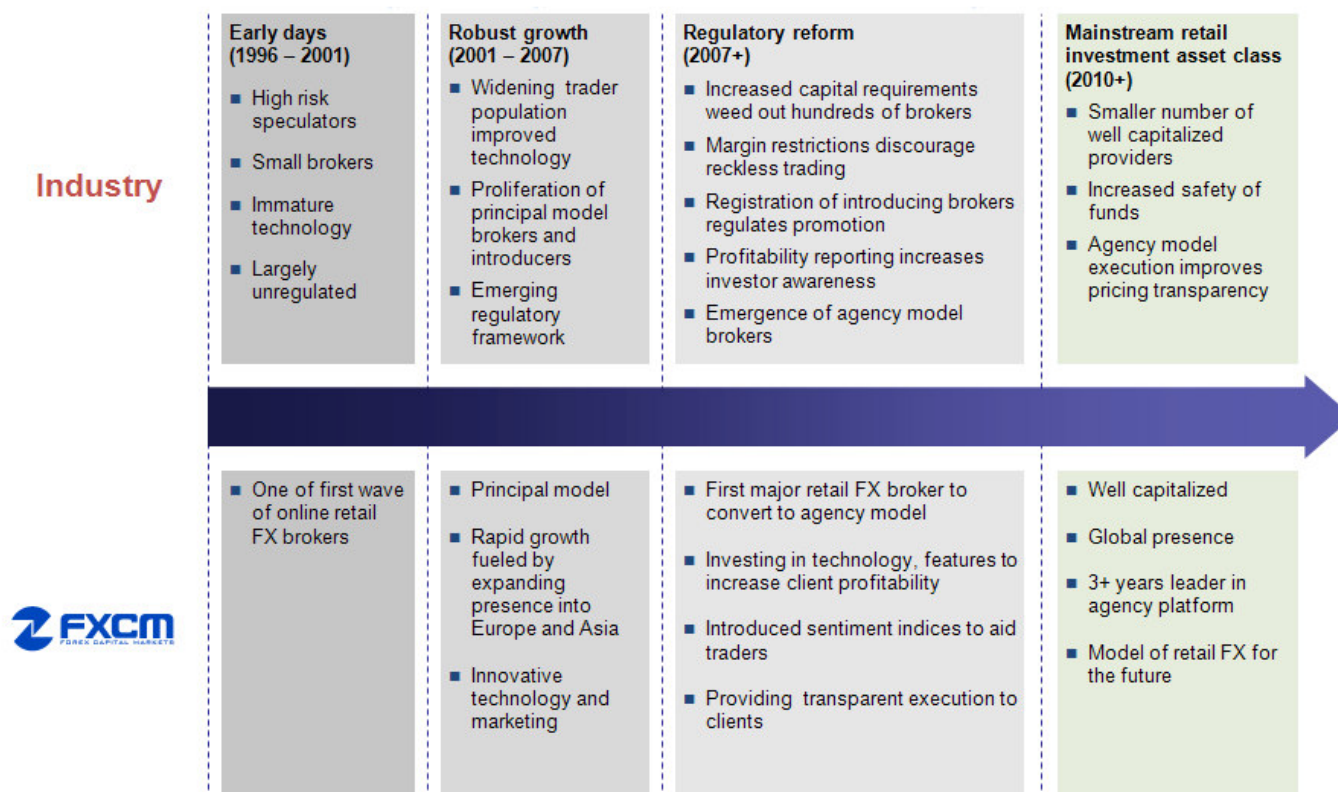
#### **SAN FRANCISCO**

Forex Capital Markets, LLC  
[www.fxcm.com](http://www.fxcm.com)

#### **PLANO, TEXAS**

Forex Capital Markets, LLC  
[www.fxcm.com](http://www.fxcm.com)

## History & Business Model



As discussed earlier, for its FX business FXCM employs an agency model, popularly known as “No Dealing Desk” or NDD. In this model, every FX trade a client places is executed back-to-back with several of the world's premier FX liquidity providers. These institutions compete to provide FXCM with best bid and ask prices, onto which we then place a small markup. FXCM’s revenues are derived from this markup and are driven by client trading volume, rather than client PL.

The alternative model, referred to as the principal, or “Dealing Desk” model is the more prevalent in retail FX. In this model, protocols for managing risk vary from firm to firm. That having been said, it is commonly understood that the model relies on the assumption that many clients trading FX will be unprofitable. Thus, a firm may profit by keeping its risk exposure opposite such clients. This results in what is known by retail FX trading community as “trading against the client.”

The retail FX trading community has become increasingly aware of the conflicts of interest in the principal model, and commonly links it to certain dealing practices such as re-quotes, order restrictions, and strategy restrictions. Institutions offering an agency solution from FXCM enter the market with a distinct competitive advantage against the more common principal offerings.

## Appendix – Instrument List

<u>FX Pairs</u>		<u>Equity Indices</u>
EUR/USD	USD/MXN	AUS200 (Australia)
USD/JPY	AUD/CHF	ESP35 (Spain)
GBP/USD	EUR/NZD	FRA40 (France)
USD/CHF	EUR/PLN	GER30 (Germany)
EUR/CHF	USD/PLN	HKG33 (Hong Kong)
AUD/USD	EUR/CZK	ITA40 (Italy)
USD/CAD	USD/CZK	JPN225 (Japan)
NZD/USD	USD/ZAR	NAS100 (US - Nasdaq)
EUR/GBP	USD/SGD	SPX500 (US - S & P)
EUR/JPY	USD/HKD	SUI30 (Switzerland)
GBP/JPY	EUR/DKK	UK100 (United Kingdom)
CHF/JPY	GBP/SEK	US30 (US - DJIA)
GBP/CHF	NOK/JPY	SWE30 (Sweden)
EUR/AUD	SEK/JPY	
EUR/CAD	SGD/JPY	
AUD/CAD	HKD/JPY	
AUD/JPY	ZAR/JPY	
CAD/JPY	<b>USD/TRY</b>	
NZD/JPY	<b>EUR/TRY</b>	
GBP/CAD	NZD/CHF	
GBP/NZD	CAD/CHF	
GBP/AUD	NZD/CAD	
AUD/NZD	CHF/SEK	
USD/SEK	CHF/NOK	
USD/DKK	USD/RUB	
EUR/SEK	EUR/HUF	
EUR/NOK	USD/HUF	
USD/NOK	<b>TRY/JPY</b>	
		<u>Commodities</u>
		USOil (WTI)
		UKOil (Brent)
		XAU/USD (Gold)
		XAG/USD (Silver)