

Avalon FX Platform Ready to Go Global

This foreign exchange software trading company is looking to its future on a senior exchange.

By JASON KLEINMANN

Avalon Capital Holdings Corp. (OTC: AVAL.PK), the Forex trading platform provider, has increased their business and product offerings substantially since last appearing in *EQUITIES*' April 2008 issue.

In May, the company began generating revenues from various currency trading institutions that utilize its Avalon FX Pro trading platform. In June, it expanded its education offerings to include a futures and options course. In July, IZHCombank, one of Russia's top banks (ranked among the top 500 Russian banks with respect to profitability) began offering the complete Avalon FX Pro trading platform to its trading clients pursuant to a reciprocal marketing deal signed in December 2007 with HotSpotFX. In September, Avalon partnered with Kingsdale Capital in a deal that Avalon expects will provide it with the necessary capital for global expansion.

Avalon FX Pro, Avalon's turnkey Forex solution, is a complete foreign exchange trading platform that includes connectivity to liquidity providers, scalable back office risk-management systems, marketing support, and educational software. The Avalon FX Pro trading platform uses multiple highly stable programming languages that enhance the speed of trade executions so that contracts are processed rapidly under normal market conditions—delivering real-time currency price feed through nearly seamless connectivity to the global Forex marketplace.

Using Microsoft's ribbon navigation system, the interface looks and feels like a Vista product. This visual familiarity and ease of use is designed to make the product easier to pick up for end users. The system uses single-click execution, allows trading from charts, and gives users access to 44 technical indicators, real-time news feeds, and advanced technical analysis tools. The back-end product can be customized to the needs of each licensee. It also has specific interfaces for each type of foreign exchange participant, risk management tools, and continuous paperless reporting in an environment as secure as a government system.

Through its relationship with Kingsdale Capital Partners, Avalon intends to use the proceeds of its contemplated capital raise to continue to deliver its platform to Forex trading institutions across the globe and to expand its marketing efforts, data centers, and proprietary technology. "A successful technology company should always stay ahead of its competition," says Alex De Khtyar, Avalon's president. "We're ahead of them now, and by continuing to invest in the technology, we'll stay ahead."

The company's revenue streams include a set-up fee, a customization fee, a monthly technical-support fee, and a royalty based on the profitability of the firm that uses the software. "When the financial institutions grow by implementing our software, so do we," De Khtyar says.

Avalon's marketing approach is cost effective. The company markets its technology to financial institutions, and those institutions subsequently market Avalon's products to their clients. "If we were a traditional financial institution, our marketing capabilities would be limited by our marketing budget," De Khtyar says. "As a result of our being a technology company and not a competing financial institution, and due to our business model, each financial entity that licenses our software has its own budget to market our system, and we ultimately benefit from each one of their efforts."

Avalon's COO, Mitch Eaglstein adds, "Our primary focus is the distribution and development of our proprietary technology. The Kingsdale relationship should provide Avalon with the ability to rapidly increase the scale of our operations. We plan to increase investments in developing new products and broaden the global reach of our software. By this time next year, we anticipate many financial companies in at least three continents offering our software to their clients."

"Forex trading is experiencing massive growth," says Nikolas Konstant, president of Kingsdale Capital International. "We believe that Avalon has a lot of substance, both in terms of technology and the management team." Konstant has been providing equity and debt financing for companies for over 10 years and previously worked as a managing director of an equity buyout firm. He attended Harvard Business School's advanced management program and studied corporate finance at the University of Chicago. "We will work with Avalon from both a strategic and economic standpoint, making the company more attractive to investors, clients, and strategic partnerships," he says.

Part of that plan involves getting the company off the Pink Sheets. It expects to become fully reporting and make a transition to the OTCBB in early 2009. "By capitalizing the company properly, we'll soon be able to get Avalon onto the AMEX or NASDAQ," Konstant says. **E**

RISKS: *Avalon is not up to date with its SEC filings, so reliable information on the company is difficult to come by. As a technology company, Avalon must continue to upgrade its platform to stay competitive. Despite the reported advantages of its technology over its competition, no assurances can be made that the platform will be widely accepted by financial service providers.*