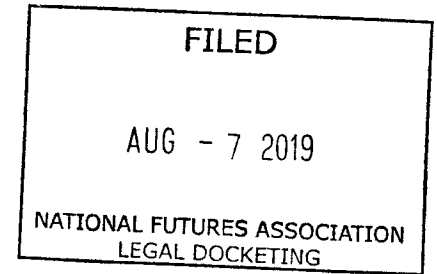


**NATIONAL FUTURES ASSOCIATION
BEFORE THE
BUSINESS CONDUCT COMMITTEE**



In the Matter of:)
)
GAIN CAPITAL GROUP LLC)
(NFA ID #339826),)
)
Respondent.)

NFA Case No. 19-BCC-009

COMPLAINT

Having reviewed the investigative report submitted by the Compliance Department of National Futures Association (NFA), and having found reason to believe that NFA Requirements have been violated and that the matter should be adjudicated, the Business Conduct Committee (BCC or Committee) issues this Complaint against Gain Capital Group LLC (Gain).

ALLEGATIONS

JURISDICTION

1. At all times relevant to this Complaint, Gain was a registered retail foreign exchange dealer (RFED), forex dealer member (FDM), and futures commission merchant (FCM) NFA Member located in Bedminster, New Jersey. Gain became an NFA Member in July 2004. Gain conducts both futures and forex business.

BACKGROUND

2. As of December 31, 2018, Gain had approximately \$245 million in forex customer liabilities and approximately 24,000 active retail forex accounts. Approximately 50% of trades and 30% of volume transacted at Gain are executed on MetaTrader 4 (MT4), a third-party electronic trading platform which is widely used by retail forex traders.

3. In June 2017, Gain submitted trade data to NFA that indicated it had given a credit to a certain customer's account. When NFA questioned Gain about this credit, Gain explained that the customer had placed several identical limit orders but, when the limit price became available, only one of the orders was filled and the remaining orders were never filled, which deprived the customer of trading profits on those orders. Gain gave the customer a credit for the profits the trades would have realized.
4. NFA also learned that Gain received similar complaints from a small number of other customers and had given adjustments to those customers as well.
5. Upon further investigation by both NFA and Gain, it was determined that, from April 2016 through August 2017, customers trading with Gain via the MT4 trading platform experienced a malfunction which adversely affected customer orders including the orders that Gain had previously adjusted after receiving complaints.
6. In all, NFA determined that from April 19, 2016 to August 4, 2017, over 7,400 Gain customers were affected by the malfunction, suffering total monetary harm of \$167,100. Gain ultimately applied adjustments totaling \$167,100 to all negatively impacted customer accounts. (Not all customers were adversely affected by the malfunction. Some benefited as a result of the malfunction and retained such benefit.)
7. Although Gain made the necessary account adjustments to all negatively impacted customers, Gain failed to take timely steps to assess the extent of customer harm and make appropriate adjustments to all affected customers in a timely fashion as required under NFA Compliance Rule 2-43(a)(1)(i).

APPLICABLE RULES

8. NFA Compliance Rule 2-43(a)(1)(i) requires FDMs to favorably adjust all customer orders adversely affected by circumstances beyond the customer's control and that are unrelated to market price movements.

COUNT I

VIOLATIONS OF NFA COMPLIANCE RULE 2-43(a)(1)(i): FAILURE TO PROPERLY ADJUST ALL CUSTOMERS ADVERSELY IMPACTED BY THE EXECUTION PROBLEM AFFECTING GROUP ORDERS INVOLVING IDENTICAL STOP OR LIMIT ORDERS.

9. The allegations contained in paragraphs 1 through 8 are realleged as paragraph 9.
10. As alleged above, Gain received customer complaints indicating a potential order execution problem and initially made adjustments for those complaining customers. However, Gain failed to in a timely fashion determine the extent of the problem and properly adjust the over 7,400 Gain customers affected by the MT4 malfunction.
11. By reason of the foregoing acts and omissions, Gain is charged with violations of NFA Compliance Rule 2-43(a)(1)(i).

PROCEDURAL REQUIREMENTS

ANSWER

You must file a written Answer to the Complaint with NFA within thirty days of the date of the Complaint. The Answer shall respond to each allegation in the Complaint by admitting, denying or averring that you lack sufficient knowledge or information to admit or deny the allegation. An averment of insufficient knowledge or infor-

mation may only be made after a diligent effort has been made to ascertain the relevant facts and shall be deemed to be a denial of the pertinent allegation.

The place for filing an Answer shall be:

National Futures Association
300 South Riverside Plaza
Suite 1800
Chicago, Illinois 60606
Attn: Legal Department-Docketing

E-Mail: Docketing@nfa.futures.org
Facsimile: 312-781-1672

Failure to file an Answer as provided above shall be deemed an admission of the facts and legal conclusions contained in the Complaint. Failure to respond to any allegation shall be deemed an admission of that allegation. Failure to file an Answer as provided above shall be deemed a waiver of hearing.

POTENTIAL PENALTIES, DISQUALIFICATION AND INELIGIBILITY

At the conclusion of the proceedings conducted as a result of or in connection with the issuance of this Complaint, NFA may impose one or more of the following penalties:

- (a) expulsion or suspension for a specified period from NFA membership;
- (b) bar or suspension for a specified period from association with an NFA Member;
- (c) censure or reprimand;
- (d) a monetary fine not to exceed \$250,000 for each violation found; and
- (e) order to cease and desist or any other fitting penalty or remedial action not inconsistent with these penalties.

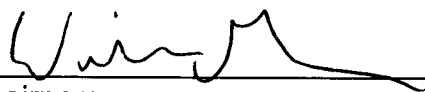
The allegations in this Complaint may constitute a statutory disqualification from registration under Section 8a(3)(M) of the Commodity Exchange Act. Respondents in this matter who apply for registration in any new capacity, including as an

associated person with a new sponsor, may be denied registration based on the pendency of this proceeding.

Pursuant to the provisions of Commodity Futures Trading Commission (CFTC) Regulation 1.63 penalties imposed in connection with this Complaint may temporarily or permanently render Respondents who are individuals ineligible to serve on disciplinary committees, arbitration panels and governing boards of a self-regulatory organization, as that term is defined in CFTC Regulation 1.63.

**NATIONAL FUTURES ASSOCIATION
BUSINESS CONDUCT COMMITTEE**

Dated: 08/07/2019

By: 
Chairperson

m/rvh/Gain August 2019 Complaint (Final)