

FILED

**NATIONAL FUTURES ASSOCIATION
BEFORE THE HEARING PANEL**

MAR - 4 2010

In the Matter of:

IKON GLOBAL MARKETS, INC.
(NFA ID #327622),

Respondent.

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NFA Case No. 09-BCC-045

**NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING**

DECISION

Having reviewed all matters relevant to the Complaint issued by the Business Conduct Committee ("Committee") of National Futures Association ("NFA") against IKON Global Markets, Inc. ("IKON") in the above-captioned proceeding and the Offer of Settlement ("Offer") submitted by IKON, and having accepted the Offer, the Hearing Panel hereby issues the following Decision.

I

ALLEGED VIOLATIONS OF NFA REQUIREMENTS

On November 17, 2009, the Committee issued a two-count Complaint against IKON, a futures commission merchant forex dealer member. Count I of the Complaint charged IKON with violating NFA Compliance Rule 2-36(c), alleging that IKON failed to observe high standards of commercial honor and just and equitable principles of trade when it reallocated approximately \$350,000 of customer funds across customer accounts, debiting some accounts and crediting other customer accounts that were in deficit, at the direction of CFS Capital Management LLC ("CFS"), a commodity trading advisor that directed customer accounts held at IKON. The Complaint alleges that IKON made the reallocation requested by CFS without undertaking any inquiry of its own to determine whether such a "reallocation" was appropriate or reasonable. The

Complaint further alleges that by doing so IKON facilitated the misuse of its customer funds by CFS and acted in a manner contrary to the interests of its customers.

Count II of the Complaint alleged that IKON violated NFA Compliance Rules 2-9(a) and (b).

II

ANSWER AND OFFER OF SETTLEMENT

IKON submitted an answer in which it denied the material allegations of the Complaint. In its Answer, IKON represented that in October 2008, IKON management spoke to CFS management about the reallocations and CFS indicated that the reason the reallocation was necessary was because CFS had provided IKON with incorrect information due to CFS system errors. IKON further represented in its Answer that it had clearly stated that no reallocations would be permitted unless IKON received an opinion from CFS's counsel that authorized the action.

IKON represented that on October 17, 2008, it received an e-mail from CFS's management stating that, in consultation with its counsel, CFS had determined that the reallocations were proper. CFS's counsel, a former Senior Vice President and Associate General Counsel of the Chicago Board of Trade, was also copied on the e-mail, which IKON has provided to NFA. IKON further represented in its Answer that at no time did CFS or its counsel correct or amend the contents of the October 17, 2008, e-mail. IKON further stated in its Answer that it "relied on what appeared to be a valid legal opinion that the actions were permissible under CFTC/NFA regulations."

In its Answer, IKON also represented that pursuant to an agreement between IKON and CFS, IKON could "not impose any unreasonable operational requirements or procedures that interfere with the trading strategies of CFS." IKON

stated in its Answer that if it had "not allow[ed] the reallocations to occur after CFS had furnished a legal opinion which approved them, IKON could have been considered breaching the Account Services Agreement." In light of the allegations against CFS, IKON has represented that it intends on pursuing indemnification from CFS for the costs associated with this action.

IKON submitted an Offer in which, without admitting or denying the allegations in the Complaint, and in consideration for the dismissal of Count II, it proposed to settle this case by agreeing to pay a \$20,000 fine within thirty days of the effective date of a Decision accepting the Offer.

III

FINDINGS

Pursuant to the Offer, the Hearing Panel finds that IKON violated NFA Compliance Rule 2-36(c), as alleged in Count I. Further, the Hearing Panel orders that Count II of the Complaint be dismissed as to IKON.

IV

PENALTY

Having considered the matter and having accepted the Offer submitted, the Hearing Panel orders IKON to pay a fine of \$20,000 within thirty days after the effective date of this Decision.

**NATIONAL FUTURES ASSOCIATION
HEARING PANEL**

Dated: 03/04/2010

By: Gloria J. Matthews Harris
Chairperson

AFFIDAVIT OF SERVICE

I, Nancy Miskovich-Paschen, on oath state that on March 4, 2010, I served copies of the attached Decision, by sending such copies in the United States Mail, postage prepaid, certified mail, return receipt requested, and by regular mail, in envelopes addressed as follows:

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Nancy Miskovich-Paschen

Subscribed and sworn to before me
on this 4th day of March 2010.



Notary Public

