

NATIONAL FUTURES ASSOCIATION
BEFORE THE
BUSINESS CONDUCT COMMITTEE

FILED

JUN 30 2010

NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING

In the Matter of:)

GAIN CAPITAL GROUP LLC)
(NFA ID #339826),)

and)

GLENN H. STEVENS)
(NFA ID #310776),)

Respondents.)

NFA Case No. 10-BCC-015

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 are being, have been or are about to be violated and that the matter should be adjudicated, the Business Conduct Committee ("BCC" or "Committee") issues this Complaint against Gain Capital Group LLC ("Gain") and Glenn H. Stevens ("Stevens").

ALLEGATIONS

JURISDICTION

1. At all times relevant to this Complaint, Gain was a futures commission merchant Forex Dealer Member ("FDM") of NFA located in Bedminster, New Jersey. Gain's principal business is retail forex.
2. At all times relevant to this Complaint, Stevens was the chief executive officer ("CEO") and a listed principal and associated person ("AP") of Gain and an NFA Associate.

BACKGROUND

3. Gain has two divisions – Gain Capital and Forex.com. Gain Capital services larger clients such as commodity trading advisors, fund operators, money managers, and professional traders. Forex.com, on the other hand, services smaller retail investors who have the option of opening a standard account with a minimum investment of \$2,500 and trading leverage of up to 100:1. Or a "micro account" with a minimum investment of \$250 and trading leverage of up to 200:1. (Prior to the amendment of NFA Financial Requirements Section 12(b), which became effective November 30, 2009, Gain was exempt from the minimum security deposit requirements under NFA Financial Requirements Section 12(a) and, therefore, was allowed to offer 200:1 leverage since it consistently maintained adjusted net capital of at least 150% of its required amount.)
4. In 2009, Gain earned over \$150 million in gross revenue from its forex activities and net income of about \$42.5 million. As of May 31, 2009, Gain had roughly 60,000 retail customers – approximately 34,000 of whom were U.S. retail customers – with total equity of approximately \$136 million. Gain has two branch offices, one in Jersey City, New Jersey and one in New York City. Gain also has one guaranteed introducing broker, and approximately 200 domestic and foreign unregistered sales solicitors.
5. Gain was the subject of a Complaint issued by this Committee in 2006, which charged the firm with failing to adequately review the websites of its unregistered solicitors to ensure that such websites did not contain materially misleading information and failing to establish and implement an adequate anti-money

laundering program. Gain settled the 2006 Complaint by agreeing to pay a fine of \$100,000.

6. NFA conducted an audit of Gain in July 2009 which again found that Gain failed to adequately review the activities of its unregistered solicitors. However, the 2009 audit also uncovered even more serious problems at Gain, the most troubling being Gain's abusive margin, liquidation, and price slippage practices that benefited Gain to the detriment of its customers. In addition, the 2009 audit found that Gain failed to maintain records for all unfilled orders placed prior to May 2009; respond promptly and fully to all inquiries and requests made by NFA during the audit; or supervise the firm's operations. These deficiencies are alleged in greater detail below.

APPLICABLE RULES

7. NFA Compliance Rule 2-5, in pertinent part, requires NFA Members to respond promptly and fully to all inquiries and requests made by NFA during the course of an NFA audit.
8. NFA Compliance Rule 2-36(b)(1) provides that no FDM or Associate of an FDM engaging in any forex transaction shall cheat, defraud or deceive, or attempt to cheat, defraud or deceive any other person.
9. NFA Compliance Rule 2-36(b)(4) provides that no FDM or Associate of an FDM engaging in any forex transaction shall engage in manipulative acts or practices regarding the price of any foreign currency or a forex transaction.
10. NFA Compliance Rule 2-36(c) provides that FDMs and their Associates shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their forex business.

11. NFA Compliance Rule 2-36(e) requires, in pertinent part, that each FDM shall diligently supervise its employees and agents in the conduct of their forex activities for or on behalf of the FDM.
12. NFA's Interpretive Notice for NFA Compliance Rule 2-36(e) requires that every FDM diligently supervise the trade integrity of its platforms which includes ensuring that all customer orders experience slippage when prices move in their favor just as often as when prices move against them.

COUNT I

VIOLATION OF NFA COMPLIANCE RULE 2-36(c): FAILING TO UPHOLD HIGH STANDARDS OF COMMERCIAL HONOR AND JUST AND EQUITABLE PRINCIPLES OF TRADE BY ENGAGING IN DECEPTIVE MARGIN AND LIQUIDATION PRACTICES.

13. The allegations contained in paragraphs 1, 3 through 6 and 10 are realleged as paragraph 13.
14. NFA's 2009 audit of Gain found that the firm engaged in leverage and margin practices that were harmful to its customers. For example, Gain adopted a policy whereby, every Friday, it lowered the leverage for all of its accounts that were allowed to trade at 200:1 leverage – which included the micro accounts – to a 100:1 leverage. The effect of this weekly adjustment was to increase the margin requirement on these accounts from 0.5% to 1%.
15. As a result of Gain's practice of adjusting leverage/margin levels on Fridays, the accounts of many of its customers became *under margined* – even though they were adequately margined prior to the leverage adjustment. In order to bring the under margined accounts back into compliance with the higher margin requirement, Gain would liquidate the largest losing position in these accounts. However, sometimes the losing position that Gain liquidated contained multiple

contracts and the liquidation of only a portion of the losing position would have been sufficient to satisfy the new margin requirement. Nevertheless, Gain would arbitrarily liquidate the whole position which would not only result in the account being over margined but preclude the customer from possibly realizing a potential gain on that portion of the position the forced liquidation of which was unnecessary to satisfy the higher margin requirement.

16. Gain did not disclose to its customers – either in account opening documents, on the firm’s website, or through any other means – that, if their accounts traded at 200:1 leverage (which included all the micro account customers), they would be subject to these routine weekly leverage/margin adjustments.
17. Gain claimed that it provided e-mail notifications to its customers every Friday informing them of the leverage/margin adjustments to their accounts. Yet, Gain was unable to show that all affected customers received these e-mails.
18. Gain justified the Friday leverage/margin adjustment as a means of reducing weekend market risk for accounts trading at 200:1 leverage – which included all micro account customers. However, while promoting micro accounts to small investors and the 200:1 leverage that the micro accounts enjoyed, Gain failed to give micro account customers adequate disclosure of the higher risk associated with the 200:1 leverage – which Gain, itself, acknowledged by adopting its practice of adjusting leverage/margin every Friday for accounts trading at these leverage levels.
19. In addition to Gain's weekly practice of routinely adjusting leverage/margin for accounts trading at 200:1 leverage, when Gain anticipated a significant market move over the weekend due to some important weekend event or potential

development, Gain further adjusted the leverage for its customers' accounts to 50:1, which increased the margin requirement for these accounts to 2%. This occurred on three occasions in 2008 and 2009 – on Friday, December 19, 2008, in anticipation of the potential weekend bankruptcy of GM; on Friday, March 13, 2009, in anticipation of a G-20 meeting that was scheduled for the weekend; and on Friday, June 12, 2009, in anticipation of a G-8 meeting that was scheduled for the weekend. In all three instances, Gain had ample advance notice of the event in question but failed to provide customers with any advance notice of the margin change.

20. Most of the positions that Gain liquidated on the aforementioned three dates – in anticipation of adverse market moves over the weekend – would have experienced minimal gains or losses if they had remained open over the weekend instead of being liquidated. However, because of the liquidations that occurred on these dates, affected customers realized overall losses totaling nearly \$425,000.
21. One of Gain's foreign customers, Liviu Adrian Irimia ("Irimia") had her margin requirement adjusted to 2% on Friday, June 12, 2009, prior to the weekend's G-8 meeting. Gain then liquidated the largest open losing position in Irimia's account at a loss of over \$25,000. Irimia received no prior notice from Gain that it was increasing her margin requirement and liquidating her positions on June 12. Had Irimia received prior notice of the margin increase, she would have sent additional funds to Gain to satisfy the higher margin requirement eliminating the need to liquidate positions in her account.

22. U.S. customer, Jim Jian Chen (“Chen”), had the margin requirement for his account increased from 0.5% to 2% on Friday, December 19, 2008, supposedly in anticipation of the potential weekend bankruptcy of GM. Gain then liquidated a number of Chen's open positions to meet the increased margin requirement, without giving Chen prior notice of these liquidations. As a result of Gain's actions, Chen's account suffered a loss of nearly \$15,000.
23. Another troubling aspect of Gain's practice of adjusting leverage and margin levels on Fridays, whether as a routine matter or for special circumstances, was that it would wait until late in the day to make the adjustment. As a result, customers would acquire positions on Fridays, at one leverage/margin level, unaware that hours and, in some cases, only minutes later that same day, the margin required to maintain open positions over the weekend would be increased.
24. Gain’s practice of routinely and repeatedly adjusting leverage and margin requirements on Fridays, without giving affected customers adequate prior notice of the adjustment, denied customers the opportunity to deposit additional funds to maintain their open positions or, at the very least, select which positions to liquidate, and caused them to experience significant losses in their accounts. As such, Gain breached its obligation to uphold high standards of commercial honor and just and equitable principles of trade.
25. By reason of the foregoing acts and omissions, Gain is charged with violations of NFA Compliance Rule 2-36(c).

COUNT II

VIOLATION OF NFA COMPLIANCE RULES 2-36(b)(1) AND (4), 2-36(c) AND 2-36(e): ENGAGING IN MANIPULATIVE ACTS OR PRACTICES REGARDING PRICES RECEIVED BY CUSTOMERS ON THE METATRADER TRADING PLATFORM; FAILING TO SUPERVISE THE TRADE INTEGRITY OF THE METATRADER PLATFORM TO ENSURE THAT ALL CUSTOMER ORDERS EXPERIENCED SLIPPAGE WHEN PRICES MOVED IN THEIR FAVOR JUST AS OFTEN AS WHEN PRICES MOVED AGAINST THEM; AND FAILING TO MAINTAIN RECORDS FOR ALL UNFILLED ORDERS PLACED PRIOR TO MAY 2009 ON THE "INSTITUTIONAL SERVER" OF THE METATRADER PLATFORM.

26. The allegations contained in paragraphs 1, 3 through 6 and 8 through 12 are realleged as paragraph 26.
27. Gain used the MetaTrader trading platform with two servers – a retail server and an institutional server. The retail server was used by retail customers who maintained self-directed accounts while the institutional server was purportedly used primarily by money managers who had underlying retail customers. Gain used an add-on tool to the MetaTrader trading platform – called the Virtual Dealer Plug-In – for both its retail and institutional servers. The Virtual Dealer Plug-In allowed slippage tolerance to facilitate the execution of orders.
28. Gain established the following slippage parameters for the Virtual Dealer Plug-In used for its retail server:
- | | |
|---------------------------------|--------------|
| Delay: | 1 second |
| Maximum Volume: | 50 contracts |
| Maximum Losing Slippage: | 2 pips |
| Maximum Profit Slippage: | 2 pips |
| Maximum Profit Slippage Volume: | 5 contracts |
29. The above delay setting allowed for a one-second delay before a customer's order on the retail server was filled and the maximum volume setting blocked an

order from being filled if it exceeded 50 standard contracts (five million in notional value). The maximum losing slippage setting represented the maximum permissible slippage of the market price to the client's detriment and the maximum profit slippage represented the maximum permissible slippage of the market price in the client's favor. The setting for "maximum profit slippage volume" dictated that if the volume of a customer's order exceeded five standard contracts and the market moved in favor of the customer after placement but before execution of the order, then the customer's order would be requoted. The Virtual Dealer Plug-In did not have a maximum losing slippage volume setting and, therefore, if the market moved against a customer and in favor of Gain two pips or less (the maximum losing slippage setting), the customer's order would be executed up to 50 contracts (the maximum volume setting).

30. Gain's slippage parameters dictated whether, and at what price, a customer's "market order" would be filled depending on the size of the market move that occurred after placement but before execution of the order. ("Market orders" on certain forex trading platforms, including the MetaTrader platform used by Gain, are not market orders in the traditional sense of that term but more akin to limit orders and must be executed immediately or cancelled.) With Gain's slippage parameters, if a customer placed an order at X price and before the order was filled the market price moved within two pips of X, then the customer's market order would get filled at X, not the prevailing market price. On the other hand, if the market moved greater than two pips, then the customer's order would be rejected.

31. For the three months of trading that NFA tested as part of its 2009 audit (viz., May, June and July 2009), it does not appear that the Virtual Dealer Plug-In's slippage parameters negatively impacted customers' trades on the retail server, overall. However, orders involving greater than five standard contracts were blocked when the slippage was favorable to the customers but filled when the slippage was unfavorable to the customers and favorable to Gain. As a result, from May 1, 2009 through July 31, 2009, customers trading greater than five standard contracts on the retail server experienced \$169,502 in losses due to unfavorable slippage, yet never received any gains when favorable slippage occurred. Thus, the Virtual Dealer Plug-In's "maximum profit slippage volume" parameter only negatively impacted customers but never benefitted them.
32. Gain's institutional server was purportedly for money managers who traded underlying retail customer accounts. However, during testing of this server, NFA also discovered that there were approximately 800 individual retail customers that used this server.
33. Gain established the following slippage parameters for the Virtual Dealer Plug-In used for its institutional server:
- | | |
|---------------------------------|---------------|
| Delay: | 1 second |
| Maximum Volume: | 100 contracts |
| Maximum Losing Slippage: | 20 pips |
| Maximum Profit Slippage: | 3 pips |
| Maximum Profit Slippage Volume: | 5 contracts |
34. Like the retail server, the institutional server also limited profitable slippage (slippage favorable to the customer) to five standard contracts while negative

slippage (slippage unfavorable to the customer) was allowed on order sizes up to 100 contracts by default (the maximum volume setting). However, unlike the retail server, the institutional server had asymmetrical settings for maximum losing and maximum profit slippage and allowed for negative slippage up to 20 pips before the customer would be requoted. Therefore, customers were far more likely to have their orders filled when there were large market movements unfavorable to them as opposed to when they were favorable to them.

35. Customer orders on the institutional server were negatively affected by slippage due to the "maximum profit slippage volume" setting (i.e., greater than five standard contracts). From May 1, 2009 through July 31, 2009, customers ordering greater than five standard contracts on the institutional server experienced almost \$100,000 in losses due to unfavorable slippage when the market moved against them, but their orders were rejected when the market moved in their favor resulting in them experiencing zero gains.
36. In the order execution section of Gain's customer agreement, Gain stated that "In cases where the prevailing market represents prices different from the prices Forex.com has posted on our screen, Forex.com will attempt, on a best efforts basis, to execute trades on or close to the prevailing market prices. This may or may not adversely affect customer realized and unrealized gains and losses."
37. Although Gain's customer agreement claimed that Gain would make its best effort to execute trades on or close to prevailing market prices, Gain appears to have done this only when the market movement was favorable to Gain. This certainly seemed to be the case for customers trading greater than five standard contracts.

38. The slippage settings that Gain established for the Virtual Dealer Plug-In on the MetaTrader platform allowed Gain to manipulate the prices that customers received on their forex transactions and allowed Gain to benefit from order slippage to the detriment of its customers.
39. Moreover, Gain failed to adequately supervise the trade integrity of the MetaTrader platform as evidenced by the fact that slippage prices moved against customers, particularly those who placed orders with greater than five contracts, far more often than they moved in favor of them. In addition, Gain failed to maintain records for all unfilled orders placed prior to May 2009.
40. Gain represented to NFA that, as of July 31, 2009, it stopped using the MetaTrader platform through its U.S. entity since it did not conform to the then newly adopted NFA Compliance Rule 2-43, which requires that all open customer positions be offset on a first-in, first-out basis. The Rule became effective on July 31, 2009. However, Gain continued offering MetaTrader to its customers through its United Kingdom affiliate, Gain Capital Forex.com UK Limited. Thousands of Gain's U.S. customers have opened accounts through Gain's U.K. affiliate and more than \$13 million in customer equity has transferred from Gain to its U.K. affiliate, for which Gain acts as the liquidity provider.
41. By reason of the foregoing acts and omissions, Gain is charged with violations of NFA Compliance Rules 2-36(b)(1) and (4), 2-36(c) and 2-36(e).

COUNT III

VIOLATION OF NFA COMPLIANCE RULE 2-36(e): FAILURE TO ADEQUATELY REVIEW THE ACTIVITIES OF UNREGISTERED SOLICITORS.

42. The allegations contained in paragraphs 1, 3 through 6 and 11 are realleged as paragraph 42.

43. At the time of NFA's 2009 audit, Gain had 215 unregistered solicitors that solicited U.S. customers for Gain. NFA reviewed eleven websites of these unregistered solicitors and found numerous deficiencies in these websites. Gain had also noted many of these deficiencies during its own review of these websites and had advised its unregistered solicitors to correct these deficiencies. However, Gain failed to follow-up with its unregistered solicitors to ensure that they had taken appropriate corrective action to remedy these deficiencies.
44. One of the websites NFA reviewed was www.whiteknightfxi.com, the website of Gain's unregistered solicitor, White Knight Investments ("White Knight"). This website included performance information which boasted of annual returns as high as 71%.
45. In April 2008, Gain requested that White Knight provide support for these performance claims. However, White Knight failed to produce such support until June 2009, fourteen months after Gain had requested it. Moreover, Gain found the support that White Knight produced in June 2009 to be inadequate and asked for additional support. When White Knight failed to produce the additional support requested by Gain, Gain terminated its relationship with White Knight on October 2, 2009. Yet, Gain continued to do business with White Knight and accepted customer accounts introduced by White Knight during the many, many months it waited for support for the questionable performance claims on White Knight's website.
46. NFA also reviewed the website of Gain's unregistered solicitor, Equity Research Services, LLC ("ERS"). This website, [www.equityresearchservicesllc.com], included profitable hypothetical performance results purportedly for ERS's trading

signals but failed to disclose the actual performance results of ERS's managed accounts, the majority of which had losing performance. As these managed accounts traded at Gain, Gain was aware that most of them had losing performance. Yet, when Gain reviewed ERS's website on April 28, 2009, at which time ERS's managed accounts had already been trading at Gain for over three months and had already sustained losses, Gain failed to require ERS to disclose the actual losing trading results for these managed accounts on ERS's website.

47. In addition, NFA noted deficiencies in the websites of Gain's unregistered solicitor, Three D Partners, LLC ("Three D") whose websites, www.tradingfx.com and www.networkingfx.com, were unbalanced in their discussion of the profit potential and risk of loss in trading forex and heavily weighted in favor of the profit potential. Gain had also noted these deficiencies when it reviewed Three D's websites and communicated its findings to Three D. However, Gain failed to follow-up to ensure that Three D had corrected these deficiencies.
48. Gain also failed to adequately review the promotional material of its unregistered solicitor, Horizon Solutions and Associates ("Horizon"). In January 2009, Gain received a customer complaint about the promotional material being used by Horizon. According to the customer complainant, he had received printed promotional material from Horizon which showed positive trading performance without a losing month. However, the customer's own trading account managed by Horizon had experienced trading losses. On receiving the customer's complaint, Gain asked the customer to send it a copy of the promotional material.

The customer never responded to Gain's request and Gain did no further follow-up with Horizon to determine what promotional material it was using.

49. As alleged above, Gain was cited in a 2006 BCC case for failing to adequately review the websites of its unregistered solicitors. In addition, Gain was cited in subsequent audits for failing to adequately review the websites of its unregistered solicitors. Despite these clear warnings that its supervisory program for its unregistered solicitors' websites was inadequate and needed improvement, Gain failed to take appropriate corrective action to strengthen its supervisory program as evidenced by its supervisory shortcomings with respect to its review and follow-up relating to the websites and promotional material of its unregistered solicitors, White Knight, ERS, Three D and Horizon.
50. By reason of the foregoing acts and omissions, Gain is charged with violations of NFA Compliance Rule 2-36(e).

COUNT IV

VIOLATION OF NFA COMPLIANCE RULE 2-5: FAILURE TO RESPOND PROMPTLY AND FULLY TO INQUIRIES AND REQUESTS MADE DURING NFA'S AUDIT.

51. The allegations contained in paragraphs 1 and 3 through 7 are realleged as paragraph 51.
52. NFA began its audit of Gain at the beginning of July 2009. NFA's auditors spent approximately two weeks at Gain's main office. When the auditors left Gain's offices, they still had many questions and document requests to which Gain had failed to fully respond. This necessitated a second visit to Gain's offices by the audit team. Prior to this second visit, the audit team sent Gain a list of all

outstanding items and requested that they be made available to the audit team when they arrived at the firm for their second visit.

53. Gain provided some but not all of the items requested by the audit team when it made its second visit to the firm, and the items Gain did produce were often slow in coming. As a result, on October 16, 2009, NFA sent Gain another list of outstanding items. Again, Gain did not fully respond to this list so, on November 9, 2009, NFA sent Gain a letter reminding it of its obligation, under NFA Compliance Rule 2-5, to cooperate with NFA during an NFA audit. This letter demanded that Gain produce all outstanding items to NFA no later than November 13, 2009. Although Gain did meet this final deadline, prior thereto it had been extremely recalcitrant in responding to NFA's requests for information and documents.
54. By reason of the foregoing acts and omissions, Gain is charged with violations of NFA Compliance Rule 2-5.

COUNT V

VIOLATION OF NFA COMPLIANCE RULE 2-36(e): FAILURE TO SUPERVISE THE FIRM'S OPERATIONS.

55. The allegations contained in paragraphs 1 through 6, 11, 14 through 25, 28 through 41, 44 through 50, 53 and 54 are realleged as paragraph 55.
56. Stevens was Gain's CEO and, as such, exercised a controlling influence over the firm's activities. Stevens was also the AP/principal in charge of Gain's daily operations and was ultimately responsible for supervising the promotional material of Gain's unregistered solicitors and the operation of the firm's trading platforms. Moreover, Stevens had final approval of the leverage/margin

adjustments that Gain made each Friday and the liquidations that resulted from these adjustments.

57. Gain installed the Virtual Dealer Plug-In on its MetaTrader platform and set the slippage parameters for the Plug-In, which created the asymmetrical slippage settings that were weighted against customers and in favor of Gain. Gain set the slippage parameters the way it did purportedly to "reduce a high volume of re-quotes." In this regard, Gain represented to NFA that, "in an attempt to fill clients at their requested rates, we migrated the slippage out to allow more clients the ability to be filled at their requested rate."
58. Stevens either knew – or as CEO should have known – that the slippage parameters that Gain set for the Plug-In favored Gain and had the potential of negatively impacting customers. Yet Stevens failed to properly discharge his supervisory responsibilities by leaving the setting of these parameters, which had a material negative impact on many of Gain's customers, to others or by doing nothing to rectify this situation.
59. Moreover, in December 2009, Stevens signed Gain's annual certification attesting to the integrity of Gain's trading platforms and their compliance with the requirements of NFA's Interpretive Notice for NFA Compliance Rule 2-36(e) entitled "Supervision of the Use of Electronic Trading Systems."
60. As evidenced by the numerous violations alleged above, Stevens did not properly supervise Gain's operations to ensure compliance with NFA Requirements.
61. By reason of the foregoing acts and omissions, Gain and Stevens are charged with violations of NFA Compliance Rule 2-36(e).

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 information 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;

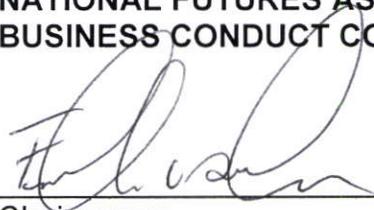
- (c) censure or reprimand;
- (d) a monetary fine not to exceed \$250,000 for each violation found; and
- (e) order to cease and desist or any other fitting penalty or remedial action not inconsistent with these penalties.

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: 06/30/2010

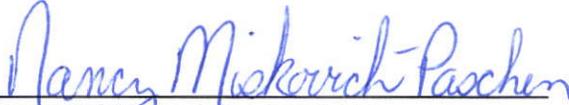
By: 
Chairperson

AFFIDAVIT OF SERVICE

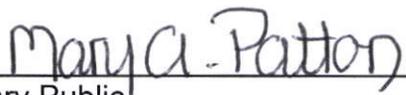
I, Nancy Miskovich-Paschen, on oath state that on June 30, 2010, I served copies of the attached Complaint, by sending such copies in the United States mail, first-class delivery, and by overnight mail, in envelopes addressed as follows:

Gain Capital Group LLC
550 Hills Drive
Suite 210
Bedminster, NJ 07921
Attn: Alex Bobinski, CFO

Glenn H. Stevens
c/o Gain Capital Group LLC
550 Hills Drive
Suite 210
Bedminster, NJ 07921


Nancy Miskovich-Paschen

Subscribed and sworn to before me
on this 30th day of June 2010.



Notary Public

