

FILED

OCT 27 2010

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

NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING

In the Matter of:)
)
IKON GLOBAL MARKETS, INC.)
(NFA ID #327622),)
)
and) NFA Case No. 10-BCC-029
)
DIWAKAR JAGANNATH)
(NFA ID #226959),)
)
Respondents.)

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 ("Committee") issues this Complaint against IKON Global Markets, Inc. ("IKON") and Diwakar Jagannath ("Jagannath").

ALLEGATIONS

JURISDICTION

1. At all times relevant to this Complaint, IKON was a futures commission merchant Forex Dealer Member of NFA located in New York, New York.
2. At all times relevant to this Complaint, Jagannath was a listed principal and associated person ("AP") of IKON and an NFA Associate.

BACKGROUND

3. IKON has been an NFA Member since 2003. The firm engages in both futures and forex business.
4. In April 2010, NFA commenced an annual audit of IKON, which found that IKON programmed the price slippage settings on its MetaTrader trading platform in such a way that such settings, in some instances, caused disadvantageous trading conditions for certain customers. In addition, the 2010 audit found that IKON and Jagannath failed to supervise the firm's operations, especially the slippage settings established for the MetaTrader trading platform.

COUNT I

VIOLATION OF NFA COMPLIANCE RULES 2-36(c) AND 2-36(e): ENGAGING IN ACTS OR PRACTICES REGARDING PRICES RECEIVED BY CUSTOMERS ON THE METATRADER TRADING PLATFORM THAT, IN CERTAIN INSTANCES, WERE DISADVANTAGEOUS TO CUSTOMERS; AND FAILING TO SUPERVISE 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.

5. The allegations contained in paragraphs 1, 3 and 4 are realleged as paragraph 5.
6. IKON used the MetaTrader trading platform along with a proprietary trading platform for its forex business. The MetaTrader platform represented approximately 10% of IKON's daily activity. In November 2007, IKON purchased an add-on to the MetaTrader platform called the "Virtual Dealer Plug-In," which it began using in December 2007. The slippage settings that IKON established for the Virtual Dealer Plug-In were asymmetrical for maximum losing slippage (slippage unfavorable to the customer and favorable to IKON) and maximum

profitable slippage (slippage favorable to the customer and unfavorable to IKON), which caused disadvantageous trading conditions for customers and, in some instances, provided an automatic favorable advantage to IKON.

7. In order to determine how the slippage settings affected customer orders, NFA analyzed all trades executed on MetaTrader platform on four "non-farm payroll" dates – December 4, 2009, January 4, 2010, February 5, 2010 and March 5, 2010. On those days, NFA's analysis confirmed that IKON's slippage parameters did not allow for any profitable slippage (slippage favorable to the customer).
8. IKON's website contained a discussion of its several trading platforms – including IKON's proprietary trading platform and the MetaTrader platform. In the website's section dealing with IKON's proprietary trading platform, there was a discussion of slippage, which included the following statement:

The most advantageous aspect of the market order system is the ability for the trader to capture better fills. A concept unheard of in the traditional FX markets, IKON Platinum will provide you a better price if the bid or offer improves while you are executing. However, if your price becomes worse, the platform will warn you of the change and confirm your desire to execute your transaction prior to providing a confirmation.

9. Yet, in the section of IKON's website dealing with the MetaTrader platform there was no discussion of slippage, or the MetaTrader platform's asymmetrical slippage settings, or any disclosure to the effect that the MetaTrader platform will not provide a trader with a better price if the bid or offer improves while the trader is executing but, if the price becomes worse, the platform will execute the order up to the maximum losing slippage setting.

10. The fact that the section of IKON's website dealing with the independent third party MetaTrader platform was silent on the subject of slippage had the potential to confuse customers into believing that slippage on the MetaTrader platform would be handled the same way as on IKON's proprietary platform – which was not the case.
11. Additionally, IKON's asymmetrical slippage settings did not comply with NFA Compliance Rule 2-36(e), as amplified by NFA's Interpretive Notice entitled "*NFA Compliance Rule 2-36(e): Supervision of the Use of Electronic Trading Systems*," which states that "An electronic trading platform should be designed to ensure that any slippage is based on real market conditions. For example, slippage should be less frequent in stable currencies than in volatile ones, and prices should move in customers' favor as often as they move against it."
12. In April 2010, IKON ceased using the Virtual Dealer Plug-In, and the asymmetrical slippage settings alleged above, immediately after NFA expressed its concerns about the propriety of the asymmetrical slippage settings.
13. By reason of the foregoing acts and omissions, IKON is charged with violations of NFA Compliance Rules 2-36(c) and 2-36(e).

COUNT II

VIOLATION OF NFA COMPLIANCE RULE 2-36(e): FAILING TO SUPERVISE IKON'S OPERATIONS.

14. The allegations contained in paragraphs 1 through 4 and 6 through 12 are realleged as paragraph 14.
15. Jagannath is both an AP and principal of IKON and, to all intents and purposes, runs the day-to-day operations of the firm. Jagannath is also responsible for

supervising third party MetaTrader trading platforms on behalf of IKON.

Jagannath was aware of the use of the Virtual Dealer Plug-In as well as the slippage settings and, therefore, either knew – or should have known – that the slippage parameters that IKON set for the Virtual Dealer Plug-In were asymmetrical and favored IKON and had the potential of negatively impacting some customers. Yet Jagannath failed to properly discharge his supervisory responsibilities by doing nothing to rectify the asymmetrical slippage parameters and, instead, leaving them in place, which had a negative impact on some of IKON's customers.

16. Moreover, in April 2009, Jagannath signed IKON's annual certification attesting to the integrity of IKON'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."
17. By reason of the foregoing acts and omissions, IKON and Jagannath 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.

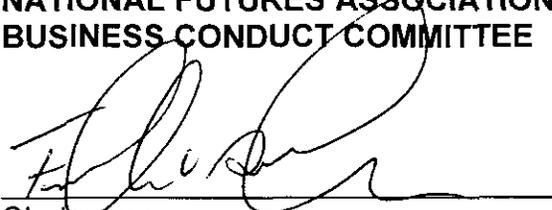
The allegations in this Complaint may constitute a statutory disqualification from registration under Section 8a(3)(M) of the Commodity Exchange Act. Respondents in this matter who apply for registration in any new capacity, including as an

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: 10-27-10

By: 
Chairperson

AFFIDAVIT OF SERVICE

I, Nancy Miskovich-Paschen, on oath state that on October 27, 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:

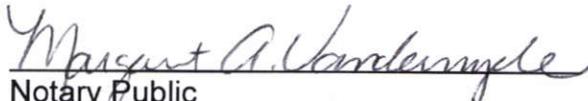
IKON Global Markets, Inc.
99 Wall Street
11th Floor
New York, NY 10005
Attn: Engin Yikilmazoglu, President

Diwakar Jagannath
c/o IKON Global Markets, Inc.
99 Wall Street
11th Floor
New York, NY 10005

Christopher M. Pilkerton, Esq.
Butzel Long Tighe Patton, PLLC
1747 Pennsylvania Avenue, NW
Washington, DC 20006


Nancy Miskovich-Paschen

Subscribed and sworn to before me
on this 27th day of October 2010.


Notary Public

