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

MAY 29 2025

**NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING**

In the Matter of:

OANDA CORPORATION
(NFA ID #325821),

Respondent.

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NFA Case No. 25-BCC-004

COMPLAINT

Having reviewed the investigative report submitted by the Compliance Department of National Futures Association (NFA) and having reason to believe that NFA Requirements are being, have been, or are about to be violated and that the matter should be adjudicated, this Committee issues this Complaint against OANDA Corporation (OANDA).

ALLEGATIONS

JURISDICTION

1. At all times relevant to this Complaint, OANDA was registered with the Commodity Futures Trading Commission (CFTC) as a futures commission merchant (FCM) and retail foreign exchange dealer (RFED) and approved as an NFA Member and forex dealer member (FDM). As such, OANDA was and is required to comply with NFA Requirements and is subject to disciplinary proceedings for violations thereof.

BACKGROUND

2. OANDA has been an NFA Member since March 2003. The firm is headquartered in New York, New York and has a branch office in Toronto, Canada.

3. OANDA's principal business is offering or engaging in retail off-exchange foreign currency transactions (forex).
4. The firm has seven principals, including its parent company, OANDA Global Corporation (OGC).
5. At all times relevant to this Complaint, OGC has met the requirements of an eligible contract participant (ECP) under CFTC Regulations.
6. In October 2018, a subsidiary of a private equity and investment advisory firm acquired OGC, which acquisition included OANDA (2018 acquisition).
7. In 2021, this Committee settled a Complaint against OANDA for failing to comply with NFA financial and supervision requirements (2021 Complaint).
8. The 2021 Complaint alleged that, starting at about the time of the 2018 acquisition, NFA noted an increase in the number and degree of deficiencies occurring at the firm.
9. NFA commenced an examination of OANDA in July 2023 (2023 exam), at which time the firm had approximately 38,000 active accounts and reported retail customer liabilities of more than \$160 million.
10. As alleged below in more detail, the trend of numerous and significant deficiencies at OANDA has continued since the 2021 Complaint and includes findings from NFA's 2023 exam. Those deficiencies involve failing to comply with NFA financial requirements, observe the just and equitable principles of trade expected of NFA Members and adhere to NFA promotional material requirements, all of which reflect supervisory shortcomings at the firm.

APPLICABLE RULES

11. NFA Financial Requirements Section 11(a), in pertinent part, requires an FDM to maintain adjusted net capital (ANC) equal to or in excess of the greatest of: (i) \$20,000,000; (ii) plus 10% of all liabilities the FDM owes to eligible contract participant (ECP) counterparties that are an affiliate of the FDM not acting as a dealer.
12. NFA Financial Requirements Section 11(c), in pertinent part, prohibits an FDM from offsetting currency transactions or positions executed with or held by or through an affiliate for purposes of determining net currency positions and the required capital deductions under CFTC Regulations 1.17 and 5.7.
13. NFA Financial Requirements Section 11(f) defines "affiliate" as any person that controls, is controlled by, or is under common control with the FDM.
14. NFA Financial Requirements Section 12(a) requires FDMs to collect and maintain the following minimum security deposits for each forex transaction between the FDM and its customers and/or ECP counterparties: 2% of the notional value of transactions in the British pound, the Swiss franc, the Canadian dollar, the Japanese yen, the Euro, the Australian dollar, the New Zealand dollar, the Swedish krona, the Norwegian krone, and the Danish krone; and 5% of the notional value of other transactions.
15. NFA Financial Requirements Section 12(b) provides that NFA's Executive Committee may temporarily increase the security deposit requirements in Section 12(a) under extraordinary market conditions.

16. NFA Compliance Rule 2-36(c) requires FDMs to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their forex business.
17. NFA Compliance Rule 2-36(e) requires FDMs to diligently supervise their employees and agents in the conduct of their forex activities for or on behalf of the FDM.
18. NFA Compliance Rule 2-36(g), in pertinent part, requires FDMs to comply with sections (a) through (h) of NFA Compliance Rule 2-29 and the Interpretive Notices related to those provisions.
19. NFA Compliance Rule 2-29, in pertinent part, prohibits a Member from using any promotional material that is likely to deceive the public or contains any material misstatement of fact or which the Member knows omits a fact if the omission makes the promotional material misleading.

COUNT I

VIOLATIONS OF NFA FINANCIAL REQUIREMENTS SECTIONS 11(a), 11(c) AND 12(a): FAILURE TO MAINTAIN ADEQUATE NET CAPITAL BY FAILING TO COLLECT REQUIRED SECURITY DEPOSITS ON FOREX TRANSACTIONS WITH AN AFFILIATE COUNTERPARTY; FAILING TO INCREASE THE FIRM'S NET CAPITAL BY 10% OF ALL LIABILITIES OWED TO AN ECP COUNTERPARTY; AND IMPROPERLY OFFSETTING THE FOREIGN CURRENCY EXPOSURE ON TRANSACTIONS EXECUTED WITH AN AFFILIATE FOR PURPOSES OF CALCULATING NET CAPITAL.

20. The foregoing paragraphs are realleged as if fully stated herein.
21. As an FDM Member, OANDA is obligated to comply with NFA Financial Requirements Sections 11 and 12, including the specific provisions applicable to ECP counterparties and affiliates.

22. The net capital and security deposit requirements under Sections 11 and 12 involving ECP-affiliate counterparties became effective in January 2016, after the CFTC reviewed and approved them, as part of several rule changes NFA implemented to address the financial risks associated with forex transactions between FDMs and ECP-affiliate counterparties and to further promote financial safeguards.
23. On January 3, 2023, OANDA implemented a program to hedge OGC's foreign currency (FX) exposure related to the company's net investment in its foreign subsidiaries (OGC program or program).
24. According to OANDA personnel, the program worked in the following way. OGC instructed the firm to establish FX derivatives positions with OANDA's prime broker (the Prime Broker). Firm personnel explained that, once OANDA established an FX transaction with the Prime Broker, OANDA and OGC would enter into an FX transaction that exactly offset OANDA's exposure on the transaction with the Prime Broker.
25. OANDA personnel indicated the firm and OGC expected to place FX derivatives positions under the OGC program monthly with one-month forward dates and to reassess them at maturity. The firm informed NFA that it would "roll" the contracts forward, if needed, to adjust for profitability/valuation changes.
26. OANDA continued the OGC program for approximately seven months, until August 2023 (the Relevant Period).
27. However, the firm failed to comply with Financial Requirements Sections 11 and 12 during the Relevant Period.

28. Specifically, Financial Requirements Section 12(a) obligated OANDA to collect a security deposit on the OGC transactions. However, the firm did not collect security deposits from OGC during the Relevant Period.
29. Financial Requirements Section 11(a) obligated OANDA to maintain additional capital of 10% of all liabilities owed to OGC, which liabilities should include the security deposits required under Section 12(a) and any trading liabilities owed to OGC as an ECP counterparty.
30. Despite the requirements under Section 11(a), OANDA failed to include 10% of the liability that the firm owed to OGC related to these transactions as an additional capital requirement from January 2023 through approximately March 2023.
31. Furthermore, Financial Requirements Section 11(c) prohibited OANDA from using offsetting currency transactions or positions executed with or held by or through OGC for purposes of calculating net capital deductions since OGC was an affiliate of OANDA.
32. OANDA asserted that Section 11(c) did not apply to the OGC program since the firm held equal and opposite offsetting positions between OGC and the Prime Broker, resulting in no "net position" subject to the capital requirement.
33. However, Section 11(c) does not provide for such an exception and specifically prohibited OANDA from offsetting the transactions with OGC for purposes of determining net currency positions and the required capital deductions because of OGC's status as an affiliate of OANDA.

34. OANDA improperly offset the OGC program transactions for purposes of determining the firm's net currency positions and did not take any required capital deductions during the Relevant Period.
35. As a result, OANDA failed to comply with Financial Requirements Section 11 and 12 through the firm's treatment of transactions in the OGC program and did not maintain sufficient ANC at all times during the Relevant Period.
36. As corrective action, OANDA ceased the OGC program and amended and refiled financial statements for the period when the OGC program was in effect.
37. By reason of the foregoing acts and omissions, OANDA is charged with violations of NFA Financial Requirements Sections 11(a), 11(c) and 12(a).

COUNT II

VIOLATIONS OF FINANCIAL REQUIREMENTS SECTION 12(a): FAILURE TO COLLECT THE CORRECT SECURITY DEPOSITS FROM CUSTOMERS FOR CERTAIN CURRENCY TRANSACTIONS.

38. The foregoing paragraphs are realleged as if fully stated herein.
39. Financial Requirements Section 12(a) requires OANDA to collect a security deposit for each forex transaction between the firm and its customers and ECP counterparties, based on the notional value of the currencies in the transaction.
40. When NFA adopted the security deposit requirement in 2003, it made clear that when the two currencies in a currency pair have different security deposit rates, the FDMs must collect the higher rate under Section 12(a) for the entire transaction.
41. NFA's Executive Committee increased the security deposit requirement in 2016 for currency pairs involving the British pound (GBP) to 5% and for currency pairs

involving the Japanese yen (JPY) to 4%, pursuant to the authority under Financial Requirements Section 12(b).

42. The Executive Committee subsequently reviewed these rates and determined to reduce the rate for GBP to 3% and for JPY to 2%, which changes NFA announced to FDM Members in an August 10, 2021 Notice to Members (August 2021 Notice).
43. While reviewing OANDA's website in February 2023, NFA noticed the firm might not be collecting and maintaining the correct security deposits for certain transactions with its customers.
44. NFA inquired further and learned that, between August 2021 and February 2023, OANDA charged customers a smaller security deposit than required under Section 12(a) for currency pairs involving GBP and JPY, using rates set forth in the table below:

Currency Pair	OANDA Rate	NFA Rate
GBP/PLN	3%	5%
GBP/SGD	3%	5%
AUD/JPY	2%	3%
CHF/JPY	2%	3%
NZD/JPY	2%	3%

45. OANDA attributed the security deposit errors involving these currency pairs to firm personnel's application of the August 2021 Notice regarding the reduced minimum security deposit for currency pairs involving the GBP to 3% and currency pairs involving the JPY to 2%.
46. However, OANDA personnel failed to consider whether the currency pair included a currency with a higher security deposit requirement, in which case the firm should have collected and maintained the higher security deposit amount.

47. For example, in February 2023, even though JPY had a security deposit requirement of 2%, the NZD/JPY currency pair required a 3% security deposit since NZD had a 3% security deposit requirement.
48. Since all the currency pairs listed in the table above involved another currency with a higher security deposit requirement, the firm should have collected deposits based on the higher rate but did not.
49. Soon after NFA brought this error to OANDA's attention, the firm represented it had corrected the security deposit rates, which NFA confirmed during the 2023 exam.
50. Nevertheless, data obtained from OANDA reflected that approximately 3.7 million trades with inaccurate security deposit rates had occurred between August 2021 and February 2023.
51. By reason of the foregoing acts and omissions, OANDA is charged with further violations of NFA Financial Requirements Section 12(a).

COUNT III

VIOLATIONS OF NFA COMPLIANCE RULE 2-36(c): FAILURE TO OBSERVE HIGH STANDARDS OF COMMERCIAL HONOR AND JUST AND EQUITABLE PRINCIPLES OF TRADE IN THE CONDUCT OF THE FIRM'S FOREX BUSINESS DUE TO A PRICING DISPLAY ISSUE THAT AFFECTED CUSTOMERS UTILIZING A THIRD-PARTY PLATFORM THE FIRM PERMITTED THEM TO USE, WHICH ISSUE RESULTED IN MONETARY HARM TO CERTAIN CUSTOMERS.

52. The foregoing paragraphs are realleged as if fully stated herein.
53. As alleged above, NFA Compliance Rule 2-36(c) requires OANDA to observe high standards of commercial honor and just and equitable principles of trade in the conduct of its forex business.

54. OANDA customers may use the firm's proprietary platform (V20) to enter orders for execution. In addition, the firm permits its customers to use third-party electronic platforms to enter orders for execution on V20, including Platform A.
55. NFA received a complaint in August 2022 from an OANDA customer (Customer A) who utilized Platform A to enter orders for execution on V20.
56. Customer A represented he had placed an NZD/JPY trade on August 23, 2022, at approximately 9:30 am. However, he said the price widened by more than 30 pips when OANDA executed the trade, even though no major news had occurred.
57. NFA inquired further with Customer A. Customer A represented that he had complained to OANDA in June 2022 about different prices displaying on V20, compared to Platform A, and had encountered a similar situation prior to June 2022 (pricing display issue).
58. Customer A later informed NFA that he had complained again to OANDA in September 2022 about the same issue (e.g., discrepancy between prices displayed on Platform A and V20). Therefore, NFA contacted OANDA about Customer A's complaint.
59. Several months after NFA contacted OANDA about Customer A's complaint, the firm reported its findings to NFA regarding a quantitative analysis the firm had conducted of its pricing and execution relating to the pricing display issue.
60. OANDA explained that discrepancies between Platform A's trading front-end and V20 occur because the firm uses API messages to feed V20's prices through Platform A and other third-party platforms.

61. OANDA indicated that configuration changes the firm made in February 2022 resulted in the API messages failing to update V20's pricing on Platform A, which increased the frequency of discrepancies between prices displayed on Platform A and V20.
62. OANDA further represented that it streamed pricing data to customers on Platform A that resulted in discrepancies between the bid/ask price that customers saw when entering orders on Platform A, compared to the price customers received from OANDA upon execution on V20.
63. According to OANDA, the pricing display issue only impacted customers with Platform A "linked accounts," where OANDA distributes prices via Platform A's front-end and the order execution that occurs on V20 is reflected in customers' corresponding account.
64. OANDA further represented that by November 2022, the firm had taken several actions to resolve the pricing display issue.
65. NFA analyzed how the pricing display issue impacted OANDA customers by reviewing monthly data the firm provided for all Platform A-originated market orders executed from January 2021 through May 2023.
66. NFA's review of the data confirmed the pricing display issue had started in early 2022 around the time of configuration changes OANDA had made, as alleged above, and diminished towards the end of the year. Therefore, NFA performed a more detailed analysis of market orders executed during calendar year 2022.

67. Using OANDA's data, NFA calculated the discrepancy between the market price displayed to Platform A customers and the resulting execution price the customers received on V20.
68. NFA found approximately 5% of the execution prices occurred outside two pips of the Platform A displayed price, which affected customer accounts both positively and negatively.
69. NFA combined the positive and negative results to determine harm at the customer level and identified approximately 3,900 customers affected by the pricing display issue.
70. NFA concluded these customers incurred a total monetary harm of approximately \$430,000 since they received worse execution prices overall than they likely intended because—unbeknownst to them—OANDA's API messages delayed updating V20's pricing on Platform A's server.
71. By reason of the foregoing acts and omissions, OANDA is charged with violations of NFA Compliance Rule 2-36(e).

COUNT IV

VIOLATIONS OF NFA COMPLIANCE RULE 2-36(g), AS INCORPORATED THROUGH NFA COMPLIANCE RULE 2-29: USING DEFICIENT PROMOTIONAL MATERIALS TO ADVERTISE OANDA'S PARTNERSHIP WITH A CRYPTOCURRENCY BROKER.

72. The foregoing paragraphs are realleged as if fully stated herein.
73. NFA Compliance Rule 2-36(g) obligates OANDA to comply with certain requirements under NFA Compliance Rule 2-29 regarding promotional material and communications with the public.

74. Among other things, NFA Compliance Rule 2-29 prohibits OANDA from using any promotional material that is likely to deceive the public, contains any material misstatement of fact, or which OANDA knows omits a fact that makes the promotional material misleading.
75. In addition to offering retail forex trading, OANDA offers customers the ability to use the firm's trading platform to open an account and trade cryptocurrency (crypto) on a spot basis with a non-Member crypto brokerage service (Crypto Broker A).
76. As of July 2023, OANDA had linked approximately 14,000 of its customers' forex accounts to Crypto Broker A to trade crypto.
77. In order for OANDA customers to link accounts to Crypto Broker A to trade crypto, customers had to contract and engage directly with Crypto Broker A by opening an account with Crypto Broker A and agreeing to its terms and conditions.
78. However, starting in early 2023 and continuing for more than a year, NFA's review of OANDA's promotional materials and communications revealed similar deficiencies with how the firm promoted crypto trading and its relationship with Crypto Broker A.
79. For example, OANDA's promotional statements on social media sites and the firm's website relating to Crypto Broker A: i) mentioned trading crypto "through OANDA" or "OANDA Crypto Smarter Trading"; ii) discussed trading crypto with "a regulated, award-winning broker" and in a "secure, regulated environment

- provided by an award-winning broker"; and iii) were linked through a page of OANDA's website that included statements about OANDA's forex business.
80. NFA found these claims misleading since the spot crypto trading occurs with Crypto Broker A, rather than OANDA, and is not subject to the same regulatory oversight as forex trading conducted through OANDA.
81. In a March 2023 letter, NFA notified OANDA of these deficiencies and explained corrections the firm needed to make to address them, including: i) explaining clearly OANDA's relationship with Crypto Broker A and that crypto trading is conducted in separate accounts at Crypto Broker A, ii) disclosing the risks associated with crypto trading, and iii) including the disclaimer that NFA requires Members engaging in spot virtual currency products to make.
82. Nevertheless, after the March 2023 letter and continuing until June 2024, NFA repeatedly corresponded with OANDA about these and similar deficiencies concerning promotional materials that OANDA used to promote crypto trading and its relationship with Crypto Broker A.
83. By reason of the foregoing acts and omissions, OANDA is charged with violations of NFA Compliance Rule 2-36(g), through incorporation of NFA Compliance Rule 2-29.

COUNT V

VIOLATIONS OF NFA COMPLIANCE RULE 2-36(e): FAILURE TO SUPERVISE.

84. The foregoing paragraphs are realleged as if fully stated herein.

85. Under NFA Compliance Rule 2-36(e), OANDA is required to diligently supervise its employee and agents in the conduct of their forex activities for or on behalf of the firm.
86. According to the 2021 Complaint, NFA had noted an increase in the number and degree of deficiencies occurring at OANDA starting at about the time of the 2018 acquisition of OANDA's parent company, OGC.
87. As alleged above, numerous and significant deficiencies have continued to occur across various areas of the firm's operations since the resolution of the 2021 Complaint, each of which illustrate OANDA's failure to adequately supervise its forex activities.
88. Moreover, OANDA either did not recognize these deficiencies or ignored them, which required NFA to bring them to the firm's attention.
89. According to the 2021 Complaint, NFA notified OANDA in 2019 that repeated deficiencies raised concerns about the firm's commitment to ensuring compliance at all times with the firm's regulatory obligations. NFA also specifically addressed OANDA's failure to comply with NFA Financial Requirements by not maintaining appropriate levels of capital.
90. Despite the 2019 warning, OANDA again failed to comply with NFA Financial Requirements in connection with the OGC program, which deficiency lasted for approximately seven months, and by charging customers a smaller security deposit than required, which deficiency continued for almost 18 months.
91. The pricing display issue alleged above also reflects a supervision problem at the firm. Under NFA Interpretive Notice 9060 – Compliance Rule 2-36(e):

Supervision of the Use of Electronic Trading Systems, OANDA is obligated to supervise its trading platform adequately, which includes ensuring the integrity of trades executed through the platform.

92. However, as alleged above, a faulty API configuration that OANDA created and implemented delayed the pricing displayed on Platform A, which the firm did not address until after NFA contacted OANDA about Customer A's complaint.
93. OANDA's failure to promptly ensure all its promotional material advertising crypto trading and its partnership with Crypto Broker A complied with NFA's promotional material requirements also signifies inadequate supervision.
94. Since the 2021 Complaint, OANDA has had four CEOs, several chief compliance officers and two chief financial officers.
95. The frequent turnover in these key management and leadership positions prevents consistency at OANDA and has likely contributed to the firm's numerous regulatory deficiencies.
96. By reason of the foregoing acts and omissions, OANDA is charged with violating NFA Compliance Rule 2-36(e).

PROCEDURAL REQUIREMENTS

ANSWER

You must file a written Answer to the Complaint with NFA within thirty (30) 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
320 South Canal
Suite 2400
Chicago, Illinois 60606
Attn: Legal Department-Docketing

E-Mail: Docketing@nfa.futures.org

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 in connection with the issuance of this Complaint, one or more of the following penalties may be imposed:

- (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 \$500,000 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. The Respondent in this matter who applies for registration in any new capacity, including as

an AP with a new sponsor, may, after opportunity for hearing, be denied registration based on the pendency of this proceeding.

**NATIONAL FUTURES ASSOCIATION
BUSINESS CONDUCT COMMITTEE**

Dated: May 29, 2025

By: 

Chairperson