



THE MANITOBA
SECURITIES
COMMISSION

THE SECURITIES ACT)
)
Sections 148.1(1) 19(5))

Order No. 7005

October 14, 2014

**FOREX CAPITAL MARKETS LLC and
FOREX CAPITAL MARKETS LTD.**

WHEREAS:

(A) On October 6, 2014, The Manitoba Securities Commission ("Commission") issued a Notice of Hearing ("Notice of Hearing") giving notice of its intention to hold a hearing to consider, *inter alia*, whether or not it was in the public interest to grant an order pursuant to subsection 19(5) of The Securities Act ("Act") with respect to Forex Capital Markets LLC ("FXCM US") and Forex Capital Markets Ltd. ("FXCM UK");

(B) Staff of the Commission, FXCM US, and FXCM UK entered into a Settlement Agreement (a copy of which is attached as Schedule "A") dated July 1, 2014 ("Settlement Agreement"), which proposed settlement of the proceedings initiated by the Notice of Hearing, subject to the approval of the Commission;

(C) FXCM US and FXCM UK has consented to the issuance of this Order and has waived its right to a full hearing;

(D) On October 14, 2014, the Commission held a hearing ("Settlement Hearing") to consider whether or not to approve the Settlement Agreement

(E) At the Settlement Hearing, the Commission approved the Settlement Agreement and is of the opinion that it is in the public interest to make this order.

IT IS ORDERED:

1. THAT, the Settlement Agreement, Schedule "A", be and the same is hereby approved.
2. THAT, pursuant to s. 148.1(1) of the Act, FXCM US and FXCM UK pay to the Commission an administrative penalty in the amount of \$158,000.00 CDN.

BY ORDER OF THE COMMISSION

Acting Director

Securities Division

500-400 St. Mary Avenue, Winnipeg, MB R3C 4K5 • tel: 204.945.2548 • fax: 204.945.0330 • www.msc.gov.mb.ca

A DIVISION OF THE MANITOBA FINANCIAL SERVICES AGENCY

Schedule "A"



Ex S2 Date Oct 14/14
Exam of FOREX
Jeff Bruce
Court Reporter

IN THE MATTER OF: THE SECURITIES ACT (R.S.M. 1988, c. S50) AND
NEW BRUNSWICK SECURITIES ACT (S.N.B. 2004,
c. S-5.5)

-and-

IN THE MATTER OF: FOREX CAPITAL MARKETS LLC AND FOREX
CAPITAL MARKETS LTD.

SETTLEMENT AGREEMENT

INTRODUCTION

1. In this Settlement Agreement ("Settlement Agreement"), staff (the "Staff") of The Manitoba Securities Commission and the Financial and Consumer Services Commission of New Brunswick (collectively the "Commissions") in each of Manitoba and New Brunswick (collectively, the "Jurisdictions"), Forex Capital Markets LLC ("FXCM US") and Forex Capital Markets Ltd. ("FXCM UK") agree to settle certain regulatory issues with respect to the conduct of FXCM US and FXCM UK.
2. The Staff of The Manitoba Securities Commission ("MSC") have acted throughout the settlement negotiations on behalf of the Staff with their knowledge and approval.
3. The Staff each agree to recommend the terms set out in this Settlement Agreement for approval pursuant to the required procedure in their respective Jurisdictions.

AGREED STATEMENT OF FACTS

4. FXCM US and FXCM UK acknowledges the following facts as correct:
 - a) FXCM US is a Delaware limited liability company with its head office located at 55 Water Street, 50th Flr, New York, NY, USA.
 - b) FXCM UK is a limited company incorporated in England and Wales with its head office located at 8th Floor – 10 Lower Thames Street, London, United Kingdom.
 - c) FXCM US is authorized and regulated by the United States

Commodity Futures Trading Commission ("CFTC") and the United States National Futures Association and has been registered as a Futures Commission Merchant since 2001 and Retail Foreign Exchange Dealer with the CFTC since 2010.

d) FXCM UK is authorized by and subject to the Financial Conduct Authority in the United Kingdom and has since 2003 been licensed in the United Kingdom to deal directly with retail clients with respect to its permitted activities.

e) FXCM UK is in the business of providing online trading to investors in contracts for difference ("CFDs") and over the counter spot foreign currency contracts ("FX Spot Contracts").

f) FXCM US is in the business of providing online trading to investors in FX Spot Contracts.

g) Between 2005 to 2012, FXCM US allowed clients to open accounts and use the firm's technology to trade in FX Spot Contracts in the Jurisdictions without being registered in the Jurisdictions. In doing so, Staff conclude that FXCM US was engaged in the business of trading in securities in the Jurisdictions.

h) Between 2009 to 2012, FXCM UK allowed clients to open accounts and use the firm's technology to trade in CFDs and FX Spot Contracts in the Jurisdictions without being registered in the Jurisdictions. In doing so, Staff conclude that FXCM UK was engaged in the business of trading in securities in the Jurisdictions.

i) All FXCM US and FXCM UK accounts were self-directed by the residents of the Jurisdictions, in that residents of the Jurisdictions could log on to the FXCM US and FXCM UK websites and open an account to execute online trades of CFDs or FX Spot Contracts.

j) FXCM US and FXCM UK employees did not offer advice or make recommendations regarding the purchase or sale of the securities to residents of the Jurisdictions. FXCM US and FXCM UK do not have and never have had offices or employees in the Jurisdictions, and did not advertise or otherwise solicit customers in the Jurisdictions.

k) The securities legislation in each of the Jurisdictions requires a securities firm trading in securities to be registered as a dealer in the category of investment dealer or equivalent in that Jurisdiction. FXCM US and FXCM UK acknowledge that they, at the material times, were not registered in any capacity in the Jurisdictions.

l) In 2009, following the issuance of the Ontario Securities Commission Staff Notice 91-702 (the "OSC Staff Notice"), FXCM US and

FXCM UK voluntarily initiated discussions with the OSC and IIROC regarding the transfer of accounts for registrants in Canada to a registered investment dealer. In June, 2012 FXCM US and FXCM UK stopped opening accounts for residents in the Jurisdictions. FXCM US and FXCM UK subsequently took steps to transfer all accounts with residents in the Jurisdictions to Friedberg Mercantile Group Inc. a registrant in the Jurisdictions. This transfer of accounts was completed in January, 2013.

m) During the period 2005 to 2012, FXCM US and FXCM UK opened 896 accounts with residents in Manitoba and 283 accounts with residents of New Brunswick. The total revenue received by FXCM US and FXCM UK from the Manitoba and New Brunswick accounts for the period 2005 to 2012 was \$597,903.18 of which \$524,661.85 was from the Manitoba accounts and \$73,241.33 was from the New Brunswick accounts.

n) FXCM US and FXCM UK represent to the Jurisdictions that the combined profit from the Manitoba and New Brunswick accounts during this period is estimated to be approximately \$180,000.00.

MITIGATING FACTORS

5. The following mitigating factors have been taken into account in arriving at the Settlement Agreement:

- FXCM US and FXCM UK voluntarily transferred their accounts to a registered dealer;
- FXCM US and FXCM UK represent they have not received any complaints by their respective customers that reside in Manitoba or New Brunswick concerning their accounts;
- FXCM US and FXCM UK did not engage in any solicitation of Manitoba or New Brunswick residents;
- FXCM US and FXCM UK customers who opened accounts were advised in plain language regarding the risks associated with trading in CFDs and FX Spot Contracts; and
- FXCM US and FXCM UK have fully cooperated with Staff to resolve the outstanding issues.

TERMS OF SETTLEMENT

6. FXCM US and FXCM UK agree to collectively pay to the Commissions the sum of \$180,000.00 CDN as an administrative penalty comprising of a payment of \$158,000.00 to the MSC and \$22,000.00 to the Financial and Consumer Services Tribunal of New Brunswick ("FCST").

7. The foregoing administrative penalties shall be paid forthwith upon approval of this Settlement Agreement by the MSC and the FCST.

ORDER

8. Staff seek an order from the MSC and the FCST approving this Settlement Agreement and imposing the sanctions set out in paragraphs 6 and 7 of this Settlement Agreement.

PROCEDURE

9. The approval of this Settlement Agreement shall be sought at a joint hearing before the MSC and the FCST.

10. If this Settlement Agreement is approved by the MSC and FCST, and if an Order issues in accordance with this Settlement Agreement, this Settlement Agreement will constitute the entirety of the evidence to be submitted to the Commissions in connection with the Proceedings and, upon the making of the order contemplated by this Settlement Agreement, FXCM US and FXCM UK waives their right to a full hearing and appeal of this matter.

11. Notwithstanding any other provision of this Settlement Agreement, if, for any reason whatsoever, this Settlement Agreement is not approved by the MSC and the FCST or the Order referred to in paragraph 8 above is not made, Staff will be entitled to proceed with whatever steps they are entitled by law to take unaffected by this Settlement Agreement or the settlement discussions and FXCM US and FXCM UK shall have all of the usual rights of a person subject to such proceedings.

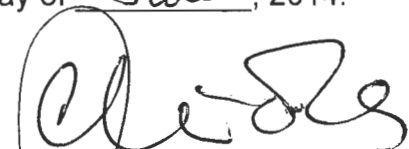
12. If the Settlement Agreement is not approved by the MSC and the FCST or the Order set out in paragraph 8 above is not made, the terms of this Settlement Agreement shall remain confidential and shall not be raised in this or any other proceeding, and any admissions contained in this Settlement Agreement shall be considered as without prejudice communications and in furtherance of settlement discussions which will not be binding upon the parties and which will be inadmissible in any proceeding whatsoever.

13. If this Settlement Agreement is approved by the MSC and the FCST and the Order made upon the terms set out in this Settlement Agreement, this Settlement Agreement will become a public document.

14. FXCM US and FXCM UK agree that, if this Settlement Agreement is approved by the MSC and FCST and the Order is made upon the terms set out in this Settlement Agreement, FXCM US and FXCM UK will not raise as a basis for attack on the Order this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement, alleged bias, alleged unfairness, or any such other challenges to the validity of the Order.

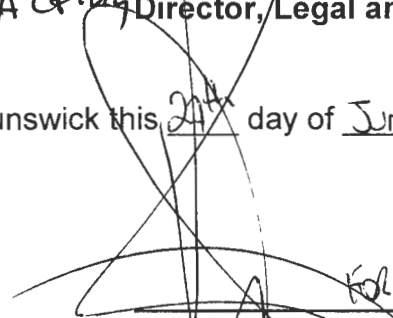
15. FXCM US and FXCM UK further agree, that if this Settlement Agreement is approved by the MSC and FCST and the Order is made upon the terms set out in this Settlement Agreement, FXCM US and FXCM UK will not make any statements inconsistent with the terms of this Agreement. Nothing in this section is intended to restrict FXCM US or FXCM UK from making full answer and defence in respect of any other proceeding that may be commenced in any other jurisdiction or before any other adjudicative body other than the MSC and FCST.

DATED at Winnipeg, Manitoba this 30th day of June, 2014.




Acting Director, Legal and Enforcement, MSC

DATED at Saint John, New Brunswick this 24th day of JUNE, 2014.



Director, Enforcement, FCNB

DATED at NY, NEW YORK this 19 day of JUNE, 2014.



Witness



Forex Capital Markets Ltd.
I HAVE THE AUTHORITY TO
BIND THE CORPORATION.
David Sakhal
Chief Operating Officer
FXCM Inc.

DATED at New York, New York this 18 day of June, 2014.



Witness

2.26

Forex Capital Markets LLC Tony Tsou
I have the authority to bind
the corporation.

IN THE MATTER OF: THE SECURITIES ACT (R.S.M. 1983, C. 550) AND
NEW BRUNSWICK SECURITIES ACT (S.N.B. 2004,
5-5.5)

-and-

IN THE MATTER OF: FOREX CAPITAL MARKETS LLC AND FOREX
CAPITAL MARKETS LTD.

SETTLEMENT AGREEMENT ADDENDUM

Staff of the Manitoba Securities Commission, Staff of the New Brunswick Financial and Consumer Services Commission, Forex Capital Markets LLC and Forex Capital Markets Ltd. (the "Parties") agree to the following amendment of the Settlement Agreement:

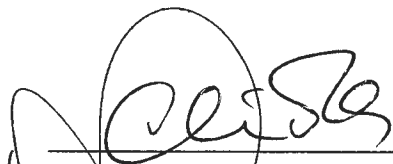
To delete page 3, paragraph 6, under "Terms of Settlement", and to replace said paragraph with the following:

FXCM US and FXCM UK agree to collectively pay to the Commissions the sum of \$180,000.00 CDN as an administrative penalty comprising of a payment of \$158,000.00 to the MSC and \$22,000.00 to the Financial and Consumer Services Commission of New Brunswick ("FCNB").

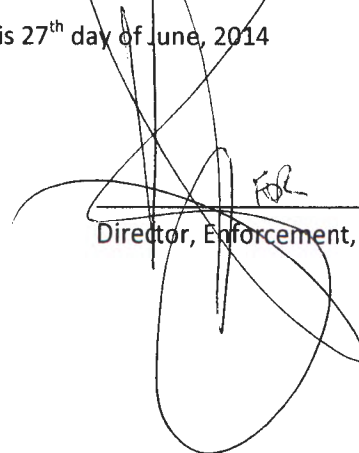
All other terms of the Settlement Agreement are to remain.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same addendum.

DATED at Winnipeg, Manitoba this 30th day of June, 2014


Acting Director, Legal and Enforcement, MSC

DATED at Saint John, New Brunswick this 27th day of June, 2014


Director, Enforcement, FCNB

DATED at New York, New York this ____ day of _____, 2014

Witness

Forex Capital Markets Ltd.
I have the authority to bind the corporation

DATED at New York, New York this ____ day of _____, 2014

Witness

Forex Capital Markets LLC
I have the authority to bind the corporation

IN THE MATTER OF: THE SECURITIES ACT (R.S.M. 1983, C. 550) AND
NEW BRUNSWICK SECURITIES ACT (S.N.B. 2004,
5-5.5)

-and-

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This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same addendum.

DATED at Winnipeg, Manitoba this ____ day of _____, 2014

Director, Legal and Enforcement

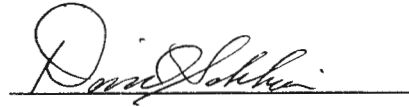
DATED at Saint John, New Brunswick this 27th day of June, 2014

Director, Enforcement, FCNB

DATED at New York, New York this 1st day of July, 2014

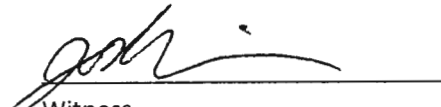


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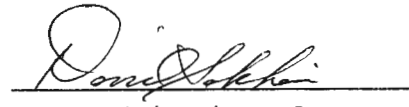


Forex Capital Markets Ltd.
I have the authority to bind the corporation

DATED at New York, New York this 1st day of July, 2014



Witness



Forex Capital Markets LLC
I have the authority to bind the corporation