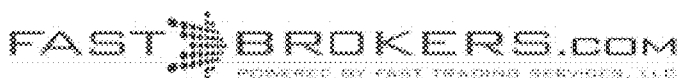


**From:** info@fastbrokers.com  
**Sent:** Wednesday, March 3, 2010 9:06 PM  
**To:** secretary <secretary@CFTC.gov>  
**Subject:** Regulation of Retail Forex

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Mr. David Stawick, Secretary  
Commodity Futures Trading Commission 1155  
21<sup>st</sup> Street N.W.  
Washington, DC 20581

RE: Comments on the proposed Regulation of Off-Exchange Retail Foreign Exchange Transactions and Intermediaries RIN 3038-AC61 (“Proposal”).

Dear Mr. Stawick,

The following comments are submitted on behalf of Fast Trading Services, LLC d/b/a FastBrokers.com, an Independent Introducing Broker (“IIB”) registered with NFA and CFTC.

**Proposed rules commented:**

The forthcoming proposed rules regarding the regulation of off-Exchange retail Forex trading contains, among the most discussed policies, a number of proposals which directly affect the registrant category of IBs (Introducing Brokers). The proposal often remarks the CFTC’s view to create a unique link of compliance responsibility between the IB and the FCM/RFED who is carrying the account introduced<sup>1</sup>. Furthermore, it is planned to require any<sup>2</sup> IB that introduces retail Forex transaction to a RFED or an FCM, to be guaranteed by such RFED or FCM<sup>3</sup>. For this purpose a new Part C guarantee agreement to form 1-FR-IB (definition of such guarantee) will be issued to regulate IBs guaranteed by RFEDs<sup>3</sup>. Finally, to confirm the similarity of this new category to the existing 1-FR-IB part B, retail Forex IBs would not be subject to a capital requirement; rather, they would have to operate pursuant to a guarantee agreement<sup>4</sup>. And that “*an introducing broker may not be a party to more than one agreement.*”<sup>5</sup>

**Comment 1**

While it is clear what the new compliance requirements for the above mentioned categories will be, it is not mentioned how such changes will affect **new and existing** IBs belonging in the category of Independent (IIB), which due to their registration status, are already authorized to operate under multiple clearing agreements with different FCMs and/or FDMs. As the proposal introduces innovative principles for Forex IBs, in which the Guarantee and a unique counterparty are “*conditio sine qua non*” to legally solicit retail Forex investors, these conditions evidently collide with the existing nature of the Independent IB and creates incongruity with the same applied to the Futures IBs. Fast Trading Services, respectfully asks the Commission to review and clarify the proposed rules on this regard.

### **Comment 2**

Hypothetically, if the Guaranteed IB proposal will be approved without addressing the rules for IIBs, many existing Independent IBs, like this company, in order to maintain compliance with the new rules, will find themselves forced to choose whether to downsize to a guaranteed IB in order to maintain the retail Forex operations or to completely ban the forex product in order to save their IIB status. This dramatic choice will also cause IBs to force the termination of their existing relations resulting in a loss of customers and income. Ironically, it is further interesting to consider the compliance scenario in case an IIB maintains relationships with multiple FCMs offering, among futures and options, also retail Forex. Based on the latest report of Futures Industry Registrants as of October 1, 2009<sup>6</sup>, there is a total of 578 IIBs registered firms, several of which are offering retail Forex. If the proposal will be approved without addressing the IIB unique needs, it could cause a great economic damage to many IIBs and it will force them to choose which option will damage them the least. Fast Trading Services respectfully asks the Commission to reconsider such proposal in order to allow IIBs to maintain multiple clearing partners including FCMs and RFEDs, and not to limit their business activities by forcing them to enter into a guaranteed agreement to solicit off-exchange retail Forex.

### **Comment 3**

Fast Trading Services, LLC welcomes any rule which would improve customer protection. However, this company respectfully disagrees with the view of the Commission on what it is stated as the main reason that should make necessary IBs soliciting retail Forex to enter into a guaranteed agreement. The Commission clearly justified the measure with *“as to date, those persons who have introduced off-exchange retail forex customers to counterparties have not been required to register as IBs, and fraudulent solicitation and sales practices have been a commonplace.”*<sup>8</sup> As the proposal will introduce mandatory registration requirement for each solicitor and firm, it would be consequently subject to compliance and audits from its designed futures association. At this point, it is not clear why off-exchange retail forex IB registrants should be guaranteed, while it could be given the option to register as an IIB or as a GIB, at the IB’s discretion like for Futures solicitors. As the Commission is aware, IIBs are subject to higher compliance responsibilities and capital requirements due to the nature of the registration itself; there is no need to limit the registration choice due to the business nature of registered IBs. Furthermore, imposing a guarantee agreement to the FCM/RFEID, will increase consistently the workload of the compliance officers of the FCM/RFEID; it will obligate the remotely located FCM to visit and audit regularly the GIB, approve each sales document, marketing material, etc.. This enormous workload will make the FCM/RFEID not more responsible but simply more reluctant to accept new GIBs, and to select a few GIBs only among the most successful ones, making it harder for the smaller firms to fairly grow their business.

**Comment 4**

Fast Trading Services, LLC has been an NFA member and registered with the CFTC since inception. This company has been soliciting both Futures and Retail Forex attracting customers from 70 countries. We believe the reason which has made us attractive to our customers, as opposed to open directly through the FCMs, has been the capability to select the best counterparts and maintain a range of offers to satisfy the unique need of each investor. Removing this possibility by forcing an IB to become guaranteed, investors will find the category of IB and their services practically worthless, and IB's success will depend directly on the FCM/RFED fortune. Many investors have found the IIB position to be more neutral in commenting or suggesting which FCM/RFED to introduce to, rather than being forced to sell a single product good or bad it is. There is no risk for investors by leaving this option to the IIB. Again, IIB are already required to set higher standards of compliance compared to GIB, maintain and designate their set of compliance rules, review and supervise their sales team, maintaining net capital. As any other category, IIBs are also subject to regular audits by the NFA. Under a risk point of view, Fast Trading Services believes that the GIB rule will not provide any benefit to the industry, and it will neither create additional protection to the retail forex trader. Fast Trading Service, LLC respectfully asks the Commission to review the proposed rules in this matter.

Sincerely,

Giuseppe Zagara  
Managing Partner & Co-founder

Giovanni La Scala  
Managing Partner & Co-Founder

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<http://www.cftc.gov/ucm/groups/public/@ecintrotofuturesindustry/documents/file/registrantsbylocation.pdf>

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