

From: Barry Bahrami <Barry@CommercialNetworkServices.com>
Sent: Thursday, March 11, 2010 1:59 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail FOREX

RE: RIN 3038-AC61

Dear Mr. Secretary,

I am writing to you in response to the proposed new regulation of retail FOREX brokers in the USA. I am the owner of Commercial Network Services. We are a 15 year old online service provider and host what I believe is the largest group of hosted FOREX traders in the world, who collectively use every single broker available. We host thousands of FOREX traders who reside in over 120 countries and serve them out of three datacenters in the USA and UK.

As a global online service provider, we are in a unique position to identify new FOREX trader trends. For example, a new broker may open their doors and our helpdesk will receive multiple tickets by our subscribers to move their hosted FOREX trading platform to the CNS datacenter closer to the new broker. Or a new "expert advisor" (software to enter automated trades) will become popular and we will receive support tickets to help with configuration, etc. I have no doubt that through this large pool of subscribers, we have the best "birds eye view" of what global FOREX traders are doing.

I am sure you will agree that history is the best teacher and the only opportunity to learn from our mistakes. Just last year the NFA implemented new rules on hedging. As FOREX is a truly global market and largely traded over the Internet, this only served to put US brokers at a competitive disadvantage because the reach of the regulation did not extend beyond US borders. From our helpdesk, we observed FOREX traders leaving US brokers and moving their accounts to foreign brokers without the limitations. Some brokers established "UK" branches on paper in order to survive. The regulation also had a side effect of putting more traders at risk because not all brokers outside US borders are regulated. It did not actually have any effect on trading, except US brokers saw less of it.

The fact is no one country can regulate the FOREX market. It is too global. Any further regulation will only result in US brokers losing more accounts to foreign brokers, while at the same time putting those same traders at more risk due to the unregulated brokers they move to. This is exactly what happened with the recent NFA regulation on hedging and it will only happen again with new regulation on leverage.

Please do not hesitate to contact me if you have any questions.

Sincerely,

Barry Bahrami
Commercial Network Services
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