

**From:** Cole Flournoy <cole@forexonthego.com>  
**Sent:** Monday, March 22, 2010 3:24 PM  
**To:** secretary <secretary@CFTC.gov>  
**Cc:** cole@forexonthego.com  
**Subject:** Regulation of Retail Forex

---

RIN 3038-AC61

From: Cole Flournoy in Richmond, VA

Dear Mr. Stawick,

The CFTC's fundamental goal is to protect US traders. However, sections of the proposed rules for "Regulation of Off-Exchange Retail Foreign Exchange Transactions and Intermediaries," 75 FR 3282 (Jan. 20, 2010) have unintended consequences which will lead to widespread abuses of US traders.

The CFTC and NFA together represent the most comprehensive and effective Forex regulatory organization in the world. Today, traders seek out NFA registered firms so that they can feel comfortable trading with firms subject to this regulation. However, if the CFTC proposal goes into effect as is, the majority of US Forex traders will, in effect, be forced to trade with non-regulated firms putting themselves at great risks for abuses. We have already seen a clear example of this occur on a smaller scale. When the anti-hedging rules were set in place, US regulated firms became the only firms in the world required to force these rules upon their clients. Educated clients who understood the associated costs and issues of hedging demanded ways that they could continue to trade with their long used hedging strategies and techniques. This caused a an industry wide transition to move clients from US based (NFA regulated) accounts, to oversees accounts which were not under this regulation. Even though clients were generally skeptical of leaving their NFA regulated broker protections, they felt it was their only option to continue their trading strategies.

If either the requirement for IB's to be guaranteed by a single broker, or the 10:1 leverage limitation is put into place, we will see this migration (clients moving from NFA regulated brokers to non-regulated brokers) on a much larger scale. It is in the interests of US traders, and therefore the CFTC, that US regulated firms be able to stay competitive with non-regulated firms.

By requiring Independent IB's to be guaranteed by a single broker, many businesses who fundamentally rely on working as an IB for multiple brokers will be faced with the choice of either going out of business, or moving their business to locations not subject to this regulation. IB's provide valuable products and services to a large portion of retail Forex traders. If US based traders wish to continue using these products and services, they will have no option but to use the non-regulated IB's who offer them.

I ask that the CFCT please consider the severe overall loss of US retail Forex trader protections by imposing these unneeded limitations on Independent IB's who willingly choose to be regulated by the NFA and meet minimum net cap requirements.

Sincerely,  
Cole Flournoy  
CEO, Forex On The Go  
NFA, CFTC Member ID 0409594

--

This mail was sent via IB Coalition <http://ibcoalition.org/take-action/>