

**From:** Eduardo M Morales <empresasmorales1@hotmail.com>  
**Sent:** Wednesday, January 20, 2010 9:25 PM  
**To:** secretary <secretary@CFTC.gov>  
**Subject:** Regulation of Retail Forex

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Hello my Name is Eduardo M. Morales from Puerto Rico, I am Forex Retailer Operator and I am starting to management some accounts.

I am agree to regulate retail forex because it add Credibility and profesibal to the market.

I am agree to the all new proposal except one.

I **Strongly disagree to reduce leverage to 10:1**. I understand that you want to reduce the risk exposure of the Investors, but actually this proposal do not reduce risk- exposure.

**Here are my reasons:**

1) **You are increasing the risk of the some clients** - Because with this leverage (10:1) the client need a risk- Capital of \$20,000 to have a standar account. When now they only need a **Risk-Capital of \$2,000**. In order to participate in Forex, the clients have to risk more money, **increasing the risk-exposure about 10 times**, may be more.

2) **You are taking out a lot of Clients (including me and my clients)** - There are a lot of people that can afford to lose \$2,000 - \$5,000, **but not \$20,000 or more**. This people may be dont have \$20,000 in a account. This people understand the risk of forex and they can afford to lose \$2,000.

**Note:** Personally I dont have \$20,000, **but I have \$2,000**. Right now I operate forex and I am making some Money, but if you reduce the leverage I can not trade any more. I can not afford to lose more than \$2,000.

3) **Remember**, the risk expose really only depends of the trade size and the pips I am agree to lose in a trade, not the leverage. The leverage only determinate The minimun need to open a position and have account. Not The risk- exposure. Righ now I can open a position of 1 Lot (\$1 per pip) with \$160.00, if I lose 300 pips, I lose \$300.00 and my position was opened with \$160.00. All good Practice of Money Manager, determinate the risk-expose, and only risk not more than 8% in any given moment of the account, typically 2% - 3% of the account.

If I have an account of \$2,000 and I use a risk of 2%, I am risk only \$40.00 per trade. This is fair with me, my client and other people. May be you can propose a guiance of Good Practice of Money Maneger, rather than reduce the leverage.

4) The last, If you reduce the leverage, a lot of People, me and my Clients have to move the accounts to another country. Because with this Leverage, We can not trade. If We want to participate in forex, We have to move to another country where We can use the leverage a we need, to operate forex with the risk capital we have.

**This is Eduardo Morales, thank for Reading**

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