

**From:** Jobin Jose <seejobin@hotmail.com>  
**Sent:** Wednesday, January 20, 2010 10:20 PM  
**To:** secretary <secretary@CFTC.gov>  
**Subject:** Regulation of Retail Forex

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Dear Sir / Madam,

Sub: RIN 3038-AC61

I trade currencies through retail forex brokers and I would like to comment on the proposed 10:1 limitation on leverage.

1) Leverage by itself does not cause financial problems. It is lack of collateral that causes a crisis. As long as retail brokers have strict margin requirements, which they do, 100:1 leverage will not lead to counter party risk.

2) A limitation on leverage will require people to keep more money at their broker. Customers of many retail forex brokers don't have higher priority over lenders in a bankruptcy. Therefore they are unwilling to risk too much of their money at a retail forex broker. I and a majority of traders would stop forex trading using US brokers altogether if this limitation becomes law because most traders don't want to expose themselves to that level of risk.

3) With respect to the stock market, movements in the forex markets are so little that with small leverage it doesn't even make sense to trade in forex instruments.

4) Forex is the only instrument that I have been able to make money consistently because I can execute a wide variety of strategies with very little money. I don't have to set aside too much money to enter a trade, if I am not entirely sure. I can start with as little as \$10 in such cases. If the market moves in an different direction than what I initially anticipated, I can make adjustments without too much damage. Incremental trading strategies works best with high leverage.

5) Finally, choice of leverage should be left to the investor. All investors should be able to choose the leverage they want to trade with. I chose 100:1 even when 400:1 was also available. That is because with higher leverage, rollover interest rates are also high. Traders know this and will choose their leverage wisely.

Thank you

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