

From: dmeg@cox.net
Sent: Thursday, January 21, 2010 12:09 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

RE: RIN 3038-AC61

My stand on the current CFTC Proposed Regulation of Retail Forex:

I encourage the CFTC's effort to reign in the actions of unscrupulous currency dealers, IB's and money managers. If you want to manage money, or execute authority on a clients account you should be registered. I also believe the capital requirements are necessary and ultimately weed out weak dealers from the business. Perhaps this will limit consumer choice to a few big dealers, but I believe the protection offered is worth it.

Regarding margin requirements, I am adamantly opposed to the proposed restrictions. I believe in personal choice, and personal responsibility. If you do not understand the damage you are capable of doing through the use of high leverage, you should not be trading. It is your responsibility to understand the market you are participating in, practice diligently and protect your capital before placing a single dollar at risk. If you trade without regard to the risks, and lose your shirt, it's your fault. Regulating the leverage available across the board punishes everyone in the name of protecting the lowest common denominator among traders, and that frustrates me. All reputable FCM, IB, CTA or CPOs I know go out their way to warn traders about the risks of trading on margin. Unfortunately, even if you lead a horse to water you can't make it drink. Even at 10:1 leverage there will be traders who blow out their accounts, some people never learn. I do not want my choice of leverage limited in the name of consumer protection. There are many retail traders who have jumped ship overseas already, and I may follow them if these regulations are enacted.

I believe these proposed changes, if enacted will actually have a negative net affect on retail currency traders. Instead of protecting the consumer, the CFTC's actions will drive small volume retail traders to overseas dealers where leverage can be as high as 700:1! There are also unregulated dealers overseas who will take advantage of retail traders seeking 100:1 leverage. The Foreign Exchange Dealers Coalition is correct in their statement saying:

□ Unregulated dealers from around the world will also be the beneficiaries of the 10 to 1 leverage rule. These unregulated forex dealers don't have to worry about capital requirements, risk management models, marketing ethics, dealing practices or even returning a customer's funds. These dealers will be out of the reach of the CFTC and they will thrive. □

Sincerely

Duane Megonigle
Retail Trader

FXDC Statement against proposed 10:1 leverage restrictions