

From: Ken Herbert Sr. <kensr@gomegatraderfx.com>
Sent: Thursday, January 21, 2010 12:54 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

RE: RIN 3038-AC61 Regulation of Retail Forex

Mr. Secretary:

This letter is in response to the CFTC's January 13, 2010 announcement that it is seeking public comment on proposed regulations concerning retail Forex trading. I particularly want to raise my concerns about the part of the proposed regulations that states: "leverage in retail forex customer accounts would be subject to a 10-to-1 limitation."

As a retail trader, I believe that I should have the freedom and the right to choose the amount of leverage that is appropriate for my individual desired risk, and I feel that this basic principle of 'choice' is in jeopardy by the proposed CFTC regulations. In other words, Forex brokers should be allowed to offer their clients whatever leverage they (the clients) consider appropriate for their financial situation. I enjoy trading with a couple of small accounts (\$5,000 each) and I feel that I should be allowed to continue to do so. I should not be forced out of Forex trading because I cannot afford a \$100k account.

Putting such a proposal into effect would compel me to move my funds abroad, where I could at least continue to trade. It will squeeze out the "small players," and eventually kill Forex trading in the USA as traders open off-shore accounts by the droves. And make no mistake, they will be received with open arms.

As a consequence, more jobs will be eliminated from an already struggling economy as Forex brokers in the USA close up shop, while brokers in the UK and other countries expand their operations and hire more people to handle the influx of new accounts.

Moreover, the NFA currently has a sound set of regulations in place, and they already offer plenty of regulation and protection for the retail trader. Would the CFTC, by adopting this proposal, really want to see funds that benefit the USA transferred overseas because of ill-considered overprotection of the retail trader?

In summary, I feel that as a trader I am well-informed, disciplined, and very aware of my current financial situation. I understand leverage and its potential positive and negative effects on my account balance. I do not trade with money I cannot afford to lose, and believe that I am competent to make my own decisions regarding leverage, rather than to have them dictated to me. I therefore urge you to remove the proposal from your docket.

Sincerely,

Kenneth E. Herbert
Provo, Utah