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To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

To the secretary of the CFTC

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Regarding the proposed changes to the retail forex industry, I can see that that your intentions are good and you do really want to help protect the public from unscrupulous retail forex operators but your execution is flawed.

There **should** be more accountability from the retail companies because for awhile the forex industry as a whole was like the wild west where basically anyone with enough money could hang up their shingle and provide a platform for consumers to trade the forex, with some even providing 400:1 leverage which sounds like a fast way to make money but is really a trap for the unwary, and obviously ludicrous but if an adult wants to trade at those levels you have absolutely no right to tell them otherwise. If an adult person wants to go to hell in a hand basket, then that is **their** choice. There are, and always will be, fools. If they want to destroy themselves you have absolutely no right to stand in their way. Good riddance to them.

Also, I can see that perhaps a significant proportion of these forex retailers were at one time criminal enterprises engaged in nothing more than money laundering on a massive scale or perhaps some other criminal activity. Gives the good guys a bad name. You can't lump them all together in the same basket. Hopefully the CFTC and the NFA are aware of these criminal retailers and are engaged in prosecuting **them** to the fullest extent of the law. They have no business in the forex community and they are the ones that should be punished, not the consumer or the honest forex retailer.

I think what the CFTC forgets is that the forex community is a very close-knit one and word gets around very quickly about the bad apples, and their scams, as a rule, are very short-lived just like the life expectancy of their respective companies. I believe that, overall, the complexion of the forex industry as a whole has changed, due in no small part, to the current ongoing financial crisis in America. The retailers (forex) who are above board, who have been around for a while and who actually provide a valuable service for their customers are now probably in the majority. I tend to think that because of this ongoing financial crisis people have become much more careful and discerning with their money. There are always of course the people that want nothing more than a "get-rich-quick-scheme" and if they are pinning their hopes on trading the forex they will be sorely disappointed.

Also, trading the forex is speculation, pure and simple, NOT investing and comes with its own associated risks. EVERY reputable retailer posts a disclaimer to that effect on their website and if people are unable to even understand such a basic premise then those people have absolutely no business engaging in forex trading.

Also, the forex is really self-limiting as only the people with the tenacity, drive and some small modicum of intelligence ever stay in the forex long enough to actually start making a living from it. If a person, not ready for the forex, decides on a whim, without preparation, to try and make some money from it, jumps in, starts trading right away and then loses a \$100,000 account. And then tries to blame everyone but themselves. To them I say, "tough beans", "looks good on you, jackass", "serves you right". It's a lesson they won't soon forget. The hardest lessons stay with you the longest. But the financial world is extremely unforgiving, especially since it's driven by the biggest players whose singular motivation is profit at any cost. Regulate them, if you dare!

I think that the interests of the public would be better served by the CFTC and NFA collaborating to create some kind of an in depth information and testing program for new candidates wanting to trade the

forex, perhaps analogous to the same kind of system for obtaining a driver's licence. FOR A NOMINAL FEE, PERHAPS. **I am not advocating a cash cow for the government, by any means!**

Firstly, a comprehensive educational course on all aspects of forex trading with an associated exam or sets of exams which have a minimum passing grade for the "student" to advance, to show competency. The "courses" given by most brokers online are a joke and biased in such a way that the investor makes just enough money to keep them interested while maximizing the profit for the broker. The only exception that I have run across thus far is IBFX, while not being perfect, nobody or nothing is; is what I believe to be one of the finest forex brokers in the world, bar none.

After completing the course to the satisfaction of the CFTC and NFA the student would be given a "learner's permit", authorizing that person to only engage in demo trading for perhaps a period of 90 days or so until some small grasp of the forex was shown by that person. In other words, they didn't completely blow their account. Perhaps even showing a small profit! At that point they would be ready to start live trading as long as they could satisfactorily show that the money with which they wanted to fund their account would have absolutely no effect on their lifestyle if completely lost. In other words, they weren't using their mortgage money or "maxing" out another credit card to fund their account or engaging in criminal activities. **Responsible, accountable brokers. Responsible, accountable consumers!**

If accountability and responsibility is required of the retailer, no less should be expected of the consumer. And **ANYONE** with a criminal record related to financial matters, violence or mental problems is automatically banned from taking part in forex trading. This applies to individuals and also up to the very largest companies.

You may think that this last piece about education was said "tongue-in-cheek" but I can assure you that I am quite serious about it because I firmly believe that a comprehensive, structured education is the backbone of successful forex trading and I don't believe that such a program exists. It should! As it stands now, one has to pick up an "education" about the forex in bits and pieces over a relatively long period of time. I have been personally involved in the forex for years and am still learning something new every day. To self-teach takes a huge investment of time and energy, something which the majority of people don't have these days. They are much too busy going broke making a living to have much time or money left over for this silly "forex thing".

I agree wholeheartedly with some of the changes that you propose regarding dealer accountability but to make it even more difficult for the ordinary person on the street to start trading the forex with a small bank account is utterly ludicrous and I can see no good coming from it. Rather the opposite.

If you propose to set the leverage at no higher than 10:1, I can see it effectively putting forex trading out of the reach of the majority of the ordinary people making the forex world the exclusive domain of the rich. As the same rules would apply to the moneyed minority, the banks and all the financial institutions engaged in currency trading, they would instantly be up in arms and perhaps even seek legal redress against some of the totally unconscionable changes proposed by the CFTC.

By such a seemingly innocuous change you would start a chain reaction where the majority of the current and potential investors would have no choice but to close their trading account with American brokers, those who have no branches in other countries, and trade offshore, so to speak.

If enough investors move their accounts overseas, there is the very real potential of many American brokers going out of business with the subsequent loss of employment of thousands or perhaps even tens of thousands of good, honest, hard working American people who don't deserve such punitive action by the CFTC. In these times of high unemployment and severe hardship for so many people, not only Americans, these proposed actions by the CFTC are especially onerous. For the CFTC to continue with **some** of the proposed changes verges on irresponsibility and criminality. I am loath to use the words but these unthinking actions by the CFTC could have consequences which are possibly of a terrorist nature because of the potentially devastatingly profound effect on a huge number of their own people. The last thing America needs right now is more unemployment or more companies going into chapter 11.

Please do not get me wrong, I agree with more accountability from the brokers. It will help to weed out the bad eggs. But along with more accountability from brokers should also come more accountability

and responsibility from all the firms and individual traders engaged in currency trading and the agencies regulating the forex industry. A comprehensive grounding in all things forex should be a mandated prerequisite for all people seriously considering going into the forex to make a living from it.

Kindest regards,

Armin Rohde