From: Christopher Olsen <christopherlsn6@gmail.com>
Sent: Thursday, January 21, 2010 1:53 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

I oppose your 10 to proposal
 personally like the ability to have high leverage in my trading account because it allows me to keep less trading capital in there and still use the position sizing that I would with a larger trading account.

Remember, your trading capital is not necessarily what's in your trading account, but what you have set aside, whether it is in your trading account or not. In reality, what is the difference between me having $90,000 in a bank account and $10,000 in a trading account OR having all $100,000 in my trading account? The difference is that I'm risking say "20%" of my trading account on any given trade, but actually I'm only risking "2%" of my trading capital, because I actually have another $90,000 set aside in a nice safe bank account instead of my trading account. In order to do this, I have to use higher leverage in my account than I normally would if all my trading capital was in my trading account.

So, with this proposed increased margin requirement, I will be forced to put more capital in my trading account, which I don't particularly care for - one way to look at it is that it increases my risk and gives me no reward in return. Crappy deal.

Some of the huge financials use more than 30:1 leverage, even with their billions. Banks are allowed to lend out 10x more than they have on deposit, even with their billions (and even more than 10x in some places). But a guy with a $500 forex account isn't allowed to use more than 10:1 leverage in his account? Even if he actually has more than that on hand? Seems a bit ridiculous.

Why don't they teach people how to calculate and manage leverage instead of just straight-up forbidding it? What if brokers were forced to give all new account holders a test of basic trading knowledge before letting them trade instead of just telling traders what they can and can't do.

Christopher Olsen