

From: Robert Watt <robert.w.watt@gmail.com>
Sent: Thursday, January 21, 2010 4:20 AM
To: secretary <secretary@CFTC.gov>
Subject: 'Regulation of Retail Forex'

The purpose of this email is to provide my comment and opinion regarding the proposed changes to retail foreign exchange dealers. While I am all for oversight of the RFEDs to help ensure integrity of these firms and to help protect the individual retail trader I have an enormous concern about the limitations that continue to be imposed on the customer.

As a FOREX trader for over five years I have been treated fairly by my RFED. One of the primary reasons I was drawn to trading the FOREX was the leverage offered by the RFEDs. Leverage in trading foreign currency is critical for the average retail trader to be able to make money without having to have large sums of capital. By implementing the proposed regulation of limiting accounts to a 10-to-1 leverage you would be impacting a very large number of individuals who are able to make an income from trading. I understand how leverage works and it not only creates the opportunity to earn more but also increases the risk of higher losses. By setting stop losses and using money management you are able to control the downside risk while still being able to have the upside from the leverage.

I've dealt with several RFEDs in my five years of trading the FOREX and everyone of them distribute forex-specific risk disclosure statements to their customers. They provide detailed information in the risk disclosures and require you to confirm your understand these of the risk when opening an account. It is clearly communicated in the documentation when opening an account that trading the FOREX has a higher risk and is not suited for everyone.

I understand the governments role in regulation to protect and serve the interest of both the people and the government. What really concerns me is when my personal freedom of choice is being impacted. I should have the right to select what leverage/risk I'm willing to accept. My level of risk is a personal decision and should not be dictated by the CFTC, NFA or any other commission.

An alternative solution would be for the REFEDs to offer various levels of leverage and the individual select the ratio based on his/her own risk tolerance which they acknowledge on an application when they sign up for an account.

If the proposed regulations are to help protect the consumer/retail trader then focus on the RFEDs to ensure the financial integrity of the firms but do not penalize the customer in the process.

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Sincerely,

Robert Watt