

From: Michael Griffin <mikegriff1@yahoo.com>
Sent: Thursday, January 21, 2010 7:04 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

RE: RIN 3038-AC61

Mr. David Stawick and The U.S. Commodity Futures Trading Commission,

This letter is from Michael Griffin; I am writing to you in response to the proposed leverage limitations on retail forex accounts that are part of RIN 3038-AC61.

As a United States citizen, I greatly appreciate the public protection efforts of the CFTC. However, if public protection is the intended goal, the proposed leverage limitations of 10 to 1 on retail forex accounts are a step in the wrong direction. These limitations will simply remove the typical retail forex investor from the currency markets. Education is the most appropriate answer to the problems the CFTC is aiming to correct.

Significant losses occur to retail forex traders that have not been educated on how to integrate stop loss orders and/or standard money management practices. There is an overwhelming amount of information available that all agree on a maximum exposure per trade that equals two percent of the investor's total account size. Consider this statement deeply. Implementing stop loss orders combined with the maximum two percent exposure rule will limit a trader's losses. If a retail forex trader adheres to these practices, catastrophic losses are impossible.

These maximum risk guidelines and stop loss practices are accepted norms among traders of all financial instruments. Limiting the leverage and consequently increasing the account size required to yield meaningful gains from 10 to 1 leverage only serves to remove most retail traders from the forex market. I trust that this outcome is not the CFTC's intended goal.

While our government can never ensure an investor will behave responsibly with their own money and exercise good money management rules, they can promote education as means to help the public help themselves. There are many resources available that promote responsible and disciplined retail forex trading. The resources I've encountered make it clear that the forex market is not a way to become a millionaire overnight. It's likely that investors who have suffered significant capital losses have not made an effort to learn how to preserve their capital. Leverage limits on the order of 10 to 1 will not cure this outcome.

In addition to promoting forex broker integrity, the CFTC can best serve the public by promoting education as a means to preserve their capital. Please keep the current 100 to 1 leverage limits imposed on currency majors in place. The current leverage rules combined with education will facilitate the pursuit of the public's economic freedoms and consequently promote liquidity that institutional and corporate investors will benefit from as well.

Regards,

Michael Griffin