

From: John Pettit <johndimitri@hotmail.com>
Sent: Thursday, January 21, 2010 8:45 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

identification number **RIN 3038-AC61**

I received this email stating that the U.S. Commodity Futures Trading Commission (CFTC) is seeking public comment on proposed regulations concerning retail Forex trading. As part of the proposed regulations, it is stated: "leverage in retail forex customer accounts would be subject to a 10-to-1 limitation. I would like to make a public comment.

While I 100% agree with you that leverage in forex trading should be regulated, I do not think it needs to be lowered to 10:1. I am going to tell you where the real problem lies with regards to leverage and trading forex. 10:1 leverage is not the problem. You can limit leverage to 1:1 and novice traders are still going to lose their money to experienced traders. In my opinion, restricting leverage to 10:1 is simply babying and trying to control traders too much. If you have any idea what you are doing, then you can comfortably trade using 10:1 leverage in my opinion. Plenty of profitable traders use more than 10:1 leverage. What I would like to see the CFTC do is make it illegal for online brokerages to allow customers to open up mini accounts with a only couple hundred dollars, and then let them trade \$10,000 mini-lots using 200:1 or more leverage, because they dont offer micro lots(\$1,000 or less per lot). That, in my opinon, is nothing but stealing because inevitably you will lose your money in that scenario unless you get ridiculously lucky or are an expert trader(and even then the odds are stacked against you). These brokerages are obviously preying on the inexperienced newbie traders who dont realize that trading with 200:1 leverage is a recipe to lose everything in your account. Make them either raise the minimum required account balance to trade 1 full mini lot(I consider this to be \$10,000) or make them offer their customers the option of trading micro lots in \$1,000 increments or lower IF they are going to allow customers to open up accounts with such small minimum account balance requirements. This is 1 of the most crooked practices that goes on(although lets be honest here...wall street was built on ripping off the common man so this is nothing new), and I would guess a huge amount of newbie traders wipe out quite a few \$250 or \$500 accounts before they realize that they never even had a chance to make it in the long run because there accounts are not even close to properly funded to trade \$10,000 lots. I know I did. It took me \$2,000 to realize that they were setting me up for disaster. It seems so obvious to me now, but I wasnt even smart enough to deposit the \$2,000 all at the same time. Instead, I would make the minimum deposit of \$250, trade a \$10,000 lot, watch a currency move a penny or so against me, get a margin call(usually late though, to make sure I lost more money I presume), and then make the same \$250 deposit...and do the same thing over again. When you are starting out as a brand new trader, you just dont know these things and it would nice to have the CFTC make sure that this sort of crooked BS STOPS once and for all. 200:1 leverage is a problem. 100:1 leverage is a problem. 10:1 leverage IS NOT A PROBLEM. If you want to regulate this industry, then STOP TRYING TO PROTECT US FROM OURSELVES BY LIMITING OUR LEVERAGE AND START TRYING TO PROTECT US FROM THE DISHONEST CROOKED ONLINE BROKERAGES THAT MIS-LEAD NEWBIES WITH FALSE PROMISES OF EASY MONEY AND LET THEM SET UP ACCOUNTS WITH MINIMUM BALANCES THAT ARE WAY TOO SMALL TO BE TRADING \$10,000 LOTS.

Thank you for you time,

John D Pettit

Date: Wed, 20 Jan 2010 21:12:56 -0500
From: marketing@email.ibfx.com
To: johndimitri@hotmail.com
Subject: CFTC's Proposal of Leverage Changes: How You Can Help



QUESTIONS? CONTACT US

Dear Valued Customer,

As many of you are aware, the U.S. Commodity Futures Trading Commission (CFTC) announced on January 13, 2010 that it is seeking public comment on proposed regulations concerning retail Forex trading.

As part of the proposed regulations, it is stated: "leverage in retail forex customer accounts would be subject to a 10-to-1 limitation," which means 10:1 leverage would be the maximum amount allowed for all Forex traders in the U.S.

An example of how the proposed regulatory restrictions would affect a major currency pair appears below:

Maximum Leverage under Current Regulations	Maximum Leverage under Proposed CFTC Changes
USD/CHF	USD/CHF
100:1 leverage (one percent)	10:1 leverage (10 percent)
1 lot (100,000)	1 lot (100,000)
Margin requirement: \$1,000	Margin requirement: \$10,000

We stand behind the belief that you should be given the freedom and right to choose the amount of leverage that is appropriate for your individual desired risk, and that this basic principle of 'choice' is in jeopardy by the proposed CFTC regulations.

If you feel strongly about the proposal, we encourage you to help determine the outcome of these proposed regulations.

You can help make an impact by sending comments directly to the CFTC at: secretary@cftc.gov.

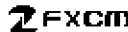
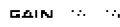
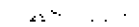
Please include 'Regulation of Retail Forex' in the subject line of your message and the identification number **RIN 3038-AC61** in the body of the message.

You can also submit your comments by any of the following methods (include above ID number):

- **Fax:** (202) 418-5521
- **Mail:** David Stawick, Secretary Commodity Futures Trading Commission 1155 21st Street, N.W., Washington, DC 20581
- **Courier:** Use the same as mail above.

In the upcoming days, Interbank FX and the rest of the U.S. Forex Dealer Coalition will be releasing a more formal opinion about the proposed changes. Please feel free to read further details about the regulation on the CFTC website by clicking [here](#). In the interim, we encourage you to voice your opinions to the CFTC and your local U.S. representative. As always, we want the best for our traders. We hope you'll join forces with us to prohibit the proposed leverage requirements.

The Interbank FX Team



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Trading in the off exchange retail foreign currency market is one of the riskiest forms of investment available in the financial markets and suitable for sophisticated individuals and institutions. The leveraged nature of FX trading means that any market movement will have an equally proportional effect on your deposited funds. This may work against you as well as for you. The possibility exists that you could sustain a total loss of initial margin funds and be required to deposit additional funds to maintain your position. If you fail to meet any margin call within the time prescribed, your position will be liquidated and you will be responsible for any resulting losses.

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