

From: Dan Davidson <dan@fxtradepro.com>
Sent: Thursday, January 21, 2010 9:54 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

RE: RIN 3038-AC61

Dear Mr. Stawick:

I am an active Retail Forex Trader, trading FX since 2003 and would like to take this opportunity to comment on the currently proposed Regulation of the US based Retail Forex Market, particularly as it pertains to the use and availability of leverage.

As an active Trader, I am all for Regulation in regard to safeguards pertaining to Trader Deposits and fair and transparent pricing from the FDM's and FCM's with whom Retail Clients trade, however, I and many of my FX trading contemporaries strongly believe that limiting leverage to 10:1 is highly restrictive and discriminatory against Retail Clients because it severely limits our trading choices. The proposed limit is therefore NOT in the best interest of the trading public and additionally discriminates against Forex Dealers operating from the United States, further limiting our choices as Traders. I, along with my peers, strongly oppose this proposed rule and believe that it works against the open, accessible Forex Marketplace that we have had the good fortune to participate in.

Furthermore, it is my educated belief that such legislation will be the end of Retail FX Trading in the USA, as more and more US Firms move to locations outside the Country and most (if not all) small to medium sized Traders go with them. This is already occurring to some degree because of the recent FIFO rules and the reduction of allowable leverage to 100:1.

If the CFTC is concerned about Retail Clients and the safety of Deposit Funds then the bulk of any legislation should be aimed in this area. Decreasing the allowable leverage only serves to either require that a Trader actually deposit additional funds with their Forex Dealer, cease Trading FX altogether, or move to an offshore Broker. This is already a growing trend, as most if not all of the US Forex Firms have opened branches in locations outside the US and many of my Trading contemporaries are moving their Accounts so as not to be "tied down" with CFTC Regulation and NFA oversight.

It is my belief that the overwhelming majority of Retail FX Market participants feel that the current 100:1 leverage rules are satisfactory in regard to available Margin. Anything less merely limits our ability to trade as we wish.

Respectfully,

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