

**From:** tom <tomsebox777@yahoo.com>  
**Sent:** Monday, February 15, 2010 3:14 AM  
**To:** secretary <secretary@CFTC.gov>  
**Subject:** Retail forex and the 10:1 leverage proposal by the CFTC--Public comment

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CFTC Secretary-David Stawick,

Why is the CFTC insistent upon ruining the retail forex industry. You have already reduced leverage down to 100:1, eliminated the ticket based system in favor of FIFO, eliminated hedging and now are proposing the new 10:1 leverage mandates. What is going on in the heads of those at the CFTC?? I get the impression that you blame retail forex for the recent financial/market turmoils over the last few years. For the record, it was the big banks, the crooked mortgage industry, the crooks on Wall Street and elsewhere, the ratings agencies and elimination of Glass-Steagall which started the financial mess, not retail forex. Trading is hard enough on it's own, the question I propose to the CFTC is "why are you trying to make it more difficult by taking away all of the positives that retail forex used to have?" You are also making it very difficult for the little guy to participate in trading by raising the cost of entry into the forex market. Is that what you want? To reduce business in this area and bar the little guy from participating?? That is what it sounds like. It sounds discriminatory because these proposals won't affect the rich or the well financed banks who received all their bailout money. They have more than enough resources to stay in the game. The little guy does not. You and the CFTC are doing a great job if your agenda is to eliminate the little guy from retail forex. By propsing to raise the cost of entry to margin a position you are in effect raising the cost of entry into retail forex while at the same time increasing the odds that a trader will suffer a margin call due to higher margin requirements eating up more of a traders account equity even when a trader chooses not to increase his position size. Retail forex already had a nice system in place where if one's account equity dropped below their margin requirements to carry a position then all psoitions would automatically be closed. In fact it was actually a safer system then the current futures industry has because there one can still owe more money when a margin call is triggered due to gaps and fast markets which are known to happen much more in futures than forex. The depth and liquidity in retail forex usually prevented huge gaps or surprise slippage.

The bottom line is this: retail forex has good risk systems in place as of now, and by tinkering with lowering leverage or raising cost of entry you will just increase the probabilities of more traders getting margin calls because the cost of entry will eat more of their account equity from the start. And please don't ask the little traders of the world to just add more money to their accounts because we don't have the luxury of a government printing press, and we don't receive taxpayer money to bail us out either. We are the last of the true capitalist because when we win we win but when we lose we lose on our own without asking for government money. Please don't destroy what is left of retail forex by reducing leverage from 100:1 down to 10:1 because it is not necessary and it is discriminatory concerning the well financed traders of the world vs. the little guy trying to make it. My point: the new leverage proposals won't affect the big players as much as the little players of retail forex. I could go deeper on this subject, but hopefully you get the point on this note.

**Not in favor of 10:1 retail forex leverage.** Please leave it at 100:1 or better yet bring it back to 400:1. Like I said before, retail forex already has a good risk margin call system in place.....it's real simple.....if account equity falls below margin requirements then all positions are closed by the system. So I ask, what's the problem? Why is this even an issue??

Individuals should be able to manage their accounts as they see fit without interference from regulators. After all, this is the United States, and capitalism should be allowed to operate as free as possible for ALL those that operate honestly and for ALL those that are willing to accept the risks knowing that they

will not look to government for bailout money when things go south.

And please remember, those of us that trade understand the risks, if we win...great!! If we lose, oh well, that is the downside of risk taking. But whether we win or lose that should be left for the individual to deal with, without excessive interference from regulators. When it comes to managing our own accounts-- we, the individual, should be able to manage it within a framework that gives us **choice, flexibility and the proper trading tools**. When retail forex had 400 to 1 leverage, ticket based trading, hedging etc. it gave the individual many ways to manage our trades and accounts. Now you have taken all that away and in the process the CFTC is destroying the retail forex industry.

I liked how the CFTC developed the futures and commodities exchanges over the years because you provided centralized exchanges for trading the contracts and ample leverage for those that were willing to take on the risk of trading. But I feel that you have crossed the line and are actually hurting retail forex with your new rules and proposals. Afterall, retail forex is an OTC market and trades 24 hours a day, it is different in structure than futures and commodities and requires choice and flexibility for the trader to have any chance at navigating these markets.

So I say, bring back leverage up to 400:1, as well as the hedging and ticket based trading and let individuals manage their own accounts as they see fit. There is no need to reduce leverage more by making it 10:1. One really has to wonder who suggested 10:1 leverage, quite honestly, it sounds like a decision made out of fear. Remember, retail forex did not cause the financial troubles of the last few years. There was never a problem in retail forex.

Please don't ruin the retail forex market any further, in fact I would like to ask that you bring it back to what it was back in May of 2009 by allowing us choice, flexibility and the proper trading tools needed to have a chance at trading forex successfully.

Thank you for your attention to my email. And again, not in favor of 10:1 leverage.

*Public comment.*

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