

From: James Guilford <mjguilford@yahoo.com>
Sent: Thursday, January 21, 2010 2:45 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Dear Secretary Stawick,

I agree with most of the changes the CFTC is proposing -- with one exception; the proposed reduction in allowable leverage from 100 to 1 down to 10 to 1. I understand this is being offered as a means to protect retail traders and keep smaller traders from participating in this market. However, the main effect will be to drive smaller traders to open accounts abroad, where there is much more lax regulation, and to risk a higher percentage of their portfolio, thereby endangering them much more than the 100 to 1 leverage. Personally, I use stops and only risk 1% of my available cash on any one trade. If the leverage ratio is lowered to 10:1, I would have to risk more of my funds in order to trade, and that makes no sense to me.

The risks of high leverage is well understood by 99.999 percent of retail traders, and is one of the main reasons they participate in the FOREX market. Several friends of mine were able to start with small stakes and build a substantial nest egg with this leverage. Now, you propose to take that opportunity away from me. Perhaps a special waiver could be signed stating that the participant is fully aware of the risks of such a high leverage ratio. I have to tell you I don't like that very much. Please leave the allowable leverage at 100 to 1.

Thank you,
Michael Guilford
2403 Pima Lane
Ventura, CA 93001