From: Randall Roth <randroth@yahoo.com>
Sent: Friday, January 22, 2010 2:15 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

RIN 3038-AC61

Dear Commissioners,

I would like to voice my displeasure with the proposal to increase margin requirements for 'retail' FX traders.

Responsible investors understand that one should not invest risk capital with funds that they cannot afford to lose. It is absurd that such responsible investors should pay for the sins of the ignorant and irresponsible dilettantes that use ill-advised judgement in making investment decisions. The losses that accrue to a reckless minority in no way justify blanket regulation to proscribe activity which to date has posed no systemic threat and little threat to individuals.

Unlike other products where leverage implies the ability to lose more than one's initial investment, in the forex market the degree of leverage implied by larger lot sizes merely makes trading economical because the transaction costs and relatively low volatility on a day to day basis makes trading such currencies an uneconomic endeavor as compared to equities or option trading. In short one can only lose one's initial investment.

The implied leverage on options trading not only frequently exceeds that of FX but also poses a greater risk to individual investors due to the inherent unlimited liability associated with such trading. By reducing the attractiveness of FX trading your proposal would peversely encourage investors into just these kinds of higher risk asset classes and deprive individual investors of another option to diversify their exposure away from the trapditional asset classes that have so badly failed the public over the prior two years.

Further, by tiering the amount of leverage available according to whether one is a 'retail' or institutional investor is to give large investors the one up again on individuals who for the same deposit outlay and downside risk will not be accorded the same upside. On the contrary, if there is a lesson to be learned from the past two years it is that the deep-pocketed and so-called 'sophisticated' institutional investors were far more dangerous users of leverage than individual investors. The fact that they command more capital does not imply better judgement, only a greater capacity to withstand losses, which ironically leads institutions to a more cavalier attitude toward risk than individuals who know that there is no one to bail them out.

The entire issue of leverage and individual forex traders is a subterfuge meant to divert attention away from the short-comings of the regulatory apparatus to deal with financial crises borne over the past ten years due to negligence, incompetence, and sycophancy. If the CFTC spent half as much time making inquiries about electricity derivatives, commodity swaps, and credit derivatives as it does individuals with $2,500 FX trading accounts, the American tax-payer would not have suffered the losses spurred through Enron, price gouging in the oil market, or AIG-style collapses.

If the CFTC wants to take on villains, there are plenty to be found within the opaque and illiquid

commodities markets of the world rather than in the world's most liquid and decentralized market-place.

Respectfully yours,
R. Roth