

From: Ivan Ballin
Sent: Wednesday, January 20, 2010 9:45 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Dear Secretary of CFTC

I am concerned that the proposal to limit the use of leverage to 10:1 will severely reduce the ability to continue to profit from Retail Currency Trading.

I would rather see Retail Forex companies commit a portion of their assets to ensure potential traders can prove they have the understanding required to trade using leverage of 100:1 and so on.

I think the onus should be on the trader, not the Regulator, to show that they are competent to handle the risks.

Here in Australia, the Commonwealth Bank Trading Arm, "Commsec" requires traders to prove that they understand the terminology and the mechanisms of trading before using their trading platform. The test is rigid, and requires traders to do research before answering the questionnaire.

Further, Commsec requires another test before it allows traders to use and set Stop Loss orders.

That is not difficult, and it works.

The onus is on the traders, and the benefit of this is that traders actually become better traders through studying for the test.

Rather than pursue an expensive regulatory pathway, which would require policing, why not help traders to improve their skills, and require Retail Forex companies to require proof of their ability to handle the risk involved in the use of higher leverage?

This would protect the new traders who jump into these markets to get rich quickly, as well as preserve the ability of more experienced traders to continue to profit as they currently do.

I think my suggestion may put the responsibility back onto Retail Forex as well as clients, and allow the Regulator to continue in the role of overseeing fair trading.

Yours faithfully
Ivan Ballin
Australia