

From:
Sent: Tuesday, January 19, 2010 7:37 PM
To: secretary
Cc: Stawick, David <dstawick@CFTC.gov>; Smith, Thomas J. <tsmith@CFTC.gov>; Bauer, Jennifer <JBauer@CFTC.gov>; Penner, William <WPenner@CFTC.gov>; Cummings, Christopher W. <ccummings@CFTC.gov>; Sanchez, Peter <PSanchez@CFTC.gov>
Subject: Re: STRONGLY OBJECT TO 10-1 LEVERAGE LIMIT IN REGULATION OF RETAIL FOREX PROPOSAL RIN 3038-AC61

ATTN: David Stawick, Secretary, CFTC and ALL CFTC policymakers:

As a non-affiliated US-based Retail FX trader and end-customer, please note for the record that **I am STRONGLY OPPOSED to the 10-1 leverage limit as proposed in RIN 3038-AC61** relating to the Regulation of Retail Forex.

Counter-productive effects

This senseless limit would in NO way protect, aid or benefit me but rather would greatly harm me since this restriction, if passed,

- would require that I submit substantially more margin-funds into non-protected, non-FDIC insured, non-SIPC eligible accounts, actually exposing me to increased risk in the event of bankruptcy of my Forex Broker.
- would NOT divert my business into regulated-Futures trading (as the CFTC is probably hoping), but rather would cause me to seek an unreliable, higher-risk offshore FX broker to trade through, whose practices might be questionable.
- would eliminate one of the greatest benefits of trading Forex : My ability to efficiently deploy my own trading capital in the way that I choose.

Social Utility

I do not want the CFTC to treat me like a child and dictate how I should trade. While 100-1 leverage is available to me - should I choose it - I am never forced to use it. Automobile speed limitations are socially beneficial because they may reduce or prevent property damage & physical harm to the driver, passengers and many others all around. THIS pointless limitation, however, addresses only a victimless, non-existent, self-inflicted phantom risk.

Slippery-Slope Absurdity

If client loss-prevention is your aim, then consistency dictates that you also ban trend-following trading strategies since a strong argument can be made that this will prevent more customer losses than your 10-1 leverage-limitation proposal. Is the absurdity of your proposal obvious yet?

Lower FX vols require far greater leverage

FX volatilities are generally substantially lower than in the Equities or Futures market. Therefore, substantially more leverage is required simply to capture equivalent trading opportunities.

The bottom line is that OTC Retail Forex trading is NOT Futures trading. Please do not try to treat it as such!

PLEASE IMMEDIATELY STRIKE YOUR PROPOSED 10-1 LEVERAGE LIMITATIONS.

Don't let proposal RIN 3038-AC61 become an expensive lesson in unintended consequences....

Thank you.