From: john lewis <netkoala@iinet.net.au>
Sent: Monday, January 18, 2010 3:00 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Re: "You may submit comments, identified by RIN3038-AC61"

Please note : I am not an American citizen but an Australian Citizen.
But do trade my money with a US broker – actually it is Interactive Brokers.
I also do forex trades from another account but have recently changed to non-US based because of your rules changes recently re FIFO.

My response is ....
Leverage 10:1 seems to be restrictive to me.

400:1 or higher ought to be allowed.
That is – the individual trader ought to be allowed to trade at 400:1 or 500:1 if the broker extends services to do so and they want to trade at this level of risk.
The requirements for the broker should not be made so onerous that they cannot effectively offer 400:1 leverage anymore.

Interactive Brokers seem to self regulates at 40:1 – in an effort it seems to be safe and avoid rumour (etc.) - in bad times, I think.
But since all transactions are straight through and all electronic they could probably operate at 400:1 very safely - especially given the liquidity of the forex markets.

You have not published anything showing circumstances and predicted outcomes.
There are no models to say that the system cannot handle exits or melts downs.
There are no measurements that show that a system with only 10:1 will be a quantity better than a system that allows 400:1
There are no models that decide that forex needs or ought to be traded like Exchanges trade commodities.

I think that 400:1 ought to be allowed and your rules are unnecessary and restrictive.

Thanks
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