

From: Andrew Lemon <aqlemon@telus.net>
Sent: Friday, January 22, 2010 7:56 PM
To: secretary <secretary@CFTC.gov>
Subject: RE: Regulation of Retail Forex

To Whom it May Concern;

Identification number **RIN 3038-AC61**

As a full-time trader of both the stock and Forex markets, I find the very suggestion that the CFTC thinks it needs "to collect security deposits in a minimum amount in order to prudentially limit the leverage available to their retail customers on such transactions at 10 to 1" in order to protect traders from their own willful stupidity and thus their exposure to risk in the market to be, quite frankly, insulting.

Does the CFTC think that, as traders, we are not FULLY aware of the markets' volatility and thus our exposure to risk? To answer this question in the affirmative is a direct insult to our collective intelligence! ANYONE who currently opens an account with a registered broker and/or trades the markets has been informed of the possible risks to which they are exposing themselves many times over via brokerage agreements/contracts, fellow traders, course facilitators, and MANY other sources already. For an individual trader or corporation to willfully ignore what they know to be true is, pertaining to their possible over exposure to market risk/volatility, places them directly in harms way...and as traders we know this.

Having stated the above, increasing the required minimum amounts for placing trades will NOT provide any benefit (added, perceived, or otherwise) to traders who CHOSE to trade with a reckless abandon of their senses, money management methodologies, and over leveraged accounts. Individual or corporate traders of this ilk will continue to "gamble" with their funds regardless of allowable leverage levels and, in the end, they may be taught a lesson by the market herself. There is nothing the CFTC can do to protect persons or corporations from a fate of this nature, as it is the trader (a.k.a., gambler) that will continue to push themselves, and their account, beyond any limits (regulated or otherwise) until they find themselves either at a margin call, a 100% loss of their account funds, or they LEARN how to trade correctly.

Personally, I have always traded my accounts using the highest leverage available to me(be it 400:1 or 100:1 or 10:1); however, that in and of itself does not expose me to greater or lesser risk. **What the CFTC must come to understand is that the risk to which I, or anyone else, expose their trading funds is entirely separate from available levels of leverage and remains the same regardless of leverage levels.** The risk exposure comes solely from the ACTUAL (not leverage implied) risk exposure I allow myself to be subject to via my OWN choices and trading methods. That said, even when it was possible to trade the Forex market in the USA with a 400:1 leveraged account, my ACTUAL risk exposure, via my money management methods, always remained at the MUCH lower rate of 5:1 leveraging...a full doubling of the level you are now suggesting.

It is my most sincere hope that the CFTC will recognize the fact that traders, new or seasoned, once made aware of the various levels of risk involved in their trading market, CANNOT be protected from their own actions. We are not children in need of a parental overseer in the manner you seem to imply; rather, especially given the current and ongoing economic difficulties, the best protection

the CFTC could provide to its traders, as a whole, is to mandate each registered broker to have ALL accounts traded through them to be fully insured against the possible insolvency of the brokerage itself. This insurance would act to protect the brokerage itself from litigation in the even of bankruptcy, while also protecting the funds of the account holders from losses that may occur which they have no part in, and no control over whatsoever. Measures such as these have already been put into effect by the Canadian IIROC and CIPF insuring all trading accounts through registered brokers for an automatic sum of \$1,000,000 (CAD), with the option for the account holder to increase their insurance coverage (for a fee) up to \$9,000,000 (CAD). It is my professional opinion and recommendation that you, as the CFTC, should do the same.

Best regards,

Mr. Andrew Lemon
(Trader)