

From: Nathan Wyss <nathanwyss@hotmail.com>
Sent: Friday, January 22, 2010 8:10 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

RE: RIN 3038-AC61

Attention David Stawick,

I am writing you to express my extreme disapproval of the proposed rule changes you want to make to retail FOREX trading. I cannot imagine the real reason you want to do this. I assume you are telling people the reason is you want to make it safer for the average person to trade FOREX by lowering the available leverage, thus, in theory, lowering the maximum amount of money one can lose while trading. While it may be true that there are citizens of the U.S. who do not understand the concept of leverage well enough to be trading, yet these people trade anyway and many of them lose money. Where do I start on why this plan is so wrong?

1. People who trade without fully understanding leverage will lose money because they most likely do not understand how to be a successful trader. Leverage is just one small piece of the pie. Even if you lower leverage to 10:1, and they somehow still have enough money to fund their accounts to trade at that leverage, they will still lose their money for a million other reasons.
2. Taking away my freedoms and all other traders' freedoms to protect people who should not be trading in the first place is anti-capitalist and anti-american. It's the equivalent of prohibiting stores from selling sharp knives because once in a while someone cuts themselves by behaving irresponsibly.
3. Traders will be more likely to experience more margin calls at 10:1 leverage than 100:1 leverage for the simple fact that most retail traders do not have \$100,000 to fund an account with to trade the same way they were trading at 100:1 leverage with a \$10,000 account. This new rule would punish many currently responsible and profitable traders because of this issue.
4. You would take away the main income and side income of tens of thousands if not hundreds of thousands of Americans by stripping them of their ability to trade the way they are trading right now. Not only would traders lose their income, but brokers would go out of business, or at best downsize, do to the sudden lack of business and thousands of people would be put directly out of work.
5. Some traders may move their accounts offshore to continue to trade. But the mass reduction in trading will impact the markets' behavior and could render many trading systems ineffective. Traders would only figure this out after many consecutive losses. That translates into lost money, as well as the lost time and effort developing those now useless trading systems.

In the first paragraph I said I cannot imagine the real reason you want to make these rule changes, specifically the leverage reduction. I say this because these 5 points I mentioned above are quite obvious. I doubt you rode the short bus to school while wearing a helmet. I'll bet you are of above average intelligence. I'd also bet you realize the impact of reducing the maximum leverage in retail trading would be catastrophic to the industry, at least in the US. Much like the "First In First Out" rule, the reduced leverage does nothing to help us retail traders. Unlike the "First In First Out" rule, which is reduced to an annoyance by clever work-arounds, reduced leverage will most likely destroy my ability, along with countless other traders' ability, to continue trading.

What is the real reason you want to reduce leverage? Do you have even one letter or email to support this rule change? Who exactly supports this rule change and why?

Sincerely,

Nathan Wyss