From: Jerry <writejerry@earthlink.net>
Sent: Saturday, January 23, 2010 1:56 AM
To: secretary <secretary@CFTC.gov>
Cc: Congressman Darrell Issa <ca49ima.pub@mail.house.gov>; U.S. Senator Barbara Boxer <bulletinfeedback@boxer.senate.gov>; senator@feinstein.senate.gov
Subject: Regulation of Retail Forex

I oppose intended regulatory changes on forex leverage.

The existing 100:1 rate came into being for good reason -- currencies seldom lose more than a fraction of a percent in a trading session.

Reducing leverage simply increases margin requirements by the same factor. In other words if I want to gain $100 of a dollar-euro trade, I now put at risk about $20, known as "the spread" between bid and offer.

Under the proposed change, I will have to put $200 in the pot just to see if I can make $100.

If the trade goes sour, I can presently exit quickly, because I have a small initial stake.

Under your proposal, a sour trade may take less margin as it sours, but but but -- the $200 initial spread to buy a standard lot acts as a disincentive to exit the trade, leading to higher losses.

If you really want to serve the retail investor, do something to reduce the spread, and then look into machine trading by Goldman Sachs, et al., who have suddenly and suspiciously vastly increased their forex profits, quite possibly by milking their electronic equities trading for information to guide their forex trading, even before the latest split-second equities moves hit the big board.

The correlation between equities and forex during NYSE trading is above 90%.

Your proposed changes will hurt the retail trader while enhancing the dominance of Goldman Sachs, et al.

I expect a personal response from you. You work for "We the People" and stand accountable for the time I've taken to write this. You must take the time to answer it with more than a form letter.

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