

From: Charles Manning <manningc@hotmail.com>
Sent: Monday, January 18, 2010 11:21 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Dear Sir or Madam,

Although I applaud many of the regulations which require stricter record keeping, capital requirements, etc., I think the idea of curtailing leverage to 10 : 1 is not only unreasonable, but irresponsible. By doing so, many retail brokers in the U.S. would have to close their operations and move them off-shore to remain competitive with foreign brokers. I am Canadian, and chose a U.S. based broker over an overseas broker for the stricter regulatory environment they must operate in stateside vs. in many overseas jurisdictions.

That said, by changing leverage from the current 100 : 1 to the proposed 10 : 1 it means many of us :retail: traders will have to move our accounts overseas. I can understand the desire to protect :retail: traders from themselves in regards to leverage usage, but it is not the leverage one should be worried about, but the actual trader. The trader is the one responsible for his/her own risk and money management, and if that trader over-leverages themselves, and puts on positions they shouldn't have in regards to smart money/risk management, then it is, obviously, the trader to blame, not the leverage.

Supposedly, traders who trade FX are trading with only risk capital and they understand the ALL the risks involved with trading FX (margin requirements, leverage, gaps, news releases, etc.).

So instead of focusing on leverage offered, which is not the problem, maybe the focus should be shifted onto the trader. I propose that a person who wishes to trade FX, needs to write some type of test that proves they not only understand FX, but the risks involved. Perhaps an online test hosted on the CFTC's website? Yes, one could easily cheat online, but at the end of the day, if that person is willing to cheat just so they can trade FX, then the money they lose one could consider a stupid tax as likely that person would open an account somehow, somewhere, someway regardless.

Just my two cents.

Regards,

Charles
