

From: Dave Clarke <dhclarke@yahoo.com>
Sent: Saturday, January 23, 2010 6:40 AM
To: secretary <secretary@CFTC.gov>
Cc: cftcfeedback@fxdd.com
Subject: Limiting Leverage !!

To whom it concerns:

I want to express my objection to your proposal to limit Leverage on Forex Trading to 10:1 as is the rumor you are considering. I hope it is merely a rumor with no real basis in fact.

Your recent limit of 100:1 is bad enough but at 10:1 it will kill most all the small traders like myself. Millions of us, and I do mean millions of people have been sucked into believing they can make money in this industry but to do it they have to have the leverage and they can't with 10:1, and in fact 95 percent never do anyway. They believe the companies like Globaltec, Premiertrade, and all the rest have software better known as "Black Box" systems which are get rich schemes. Then the persistent ones try to truly learn how to trade and some actually do after spending a lot of money trying.

A large percentage of the ones that persist can make money if they have the leverage. They are willing to risk everything on this and so many fail it is really sad, since they are truly starting out with risking their live savings, 401 K's and other funds they can scrape together to do it. I don't know how you could stop that but that is where the real problem lies in this industry.

Too many people who fit the axiom of "Those who can DO, those who can't TEACH" selling the "latest & greatest" thing since sliced bread to gullible suckers like myself. That in no way relates to school teachers who take up teaching as their profession.

Another factor against traders is the brokers themselves in their business practices. I for one do not believe that small mini-lot trades are ever placed in the real market and are held in-house. That being said they have ways to manipulate the prices in their favor and it isn't too long until the account is depleted and every dime of it is in their bank account not the traders. They have to be careful not to spike prices much, but when they know the stop losses and if they are close, a pip or two can make a huge difference. All they have to do is say the market required an increase in the spread, their liquidity provider did this or that, .. etc, etc, etc.

One other major factor is that the most used Forex Trading Platform being MT4 is, by design, a tool for the brokers to further cheat clients. Having to take a price on a pending order 10 pips away from the current price, if the spread is 5 or more is simply wrong. I should be able to place my price any value/amount I want on that kind of order. The limiting of a trailing stop loss to 15 or greater is another example. Both of which can be overcome by the use of a so called "expert adviser" but that requires the traders computer to be on line 24/7. That further doesn't make sense because it would seem the purpose of that would be so the brokers computer would not know what the stop losses, take profit points, trailing stops are, which indeed they can anyway because of the platform features.

The platform has many other shortcomings which the developers will not fix because it's to their advantage to please the brokers more than it is for traders. It's only redeeming feature is it's ease of use, and the number of indicators that have been developed for it, as well as the ability to auto trade with the use of EA's, which are being introduced as the "holy grail" of trading. Most of which are totally useless because the people writing them provide little if any support for their products. If you want to regulate something go after those people.

The recent change in not allowing hedging is another bad example of what you did, because the Forex Market in particular is so huge, and fundamentals change so rapidly causing huge price swings, it is necessary to be able to trade that way using the technique of "breakouts". The "institutions" and huge traders like George Soros have the ability to drive prices erratically to get small traders stops. In fact George Soros broke the bank of England a few years ago, if you recall, by doing just that.

This change will eliminate a large percentage of traders if adopted so please don't make this change.

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