

From: Caron Hood <cmhood1@triad.rr.com>
Sent: Saturday, January 23, 2010 9:19 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

I would like to comment on your proposed change in Forex regulations, **RIN 3038-AC61**, to reduce the maximum leverage from 100:1 down to 10:1.

This is a very bad idea and another example of a government commission deciding what is best for the individual investor, rather than allow the individual investor to decide what is best for him. I realize that this is the commission's attempt to protect the individual investor from himself, but unfortunately most small investors wipe out their trading accounts in Forex trading and many wipe the accounts out in unleveraged stock trading. You cannot protect those individuals from themselves, regardless of the maximum leverage allowed. You can't regulate the taking of imprudent risks in trading accounts by individuals. Beside the general problem of trying to regulate risky behavior there are two specific reasons to KEEP THE CURRENT 100:1 allowed leverage.

1. What your proposed regulation will do is give the Forex brokers a windfall of additional cash in their accounts. At the current 100:1 leverage, I can keep most of my trading cash in a safe, interest bearing account, and only move the cash as needed for leverage requirements into my Forex account. I never risk more than 1% of my TOTAL trading account (Forex cash balance + additional trading cash in a separate, interest bearing account).

Your proposed regulation change will force me to deposit ten-times as much cash into my Forex account, which will not earn interest for me, and will only benefit the Forex broker by swelling their total account balances ten-fold!

2. By reducing the maximum Forex trading leverage by a factor of 10, you will exclude many small investors, who are prudent traders, from fully participating in this market. For the small investor, the newly enlarged account balances will necessarily keep that small investor from making the profits available to them at 100:1 leverage.

Please keep the current 100:1 leverage.

Caron Hood, a small-time investor participating in a world-wide large Forex market.