

**From:** smscom@aol.com  
**Sent:** Monday, January 18, 2010 1:40 PM  
**To:** secretary <secretary@CFTC.gov>  
**Subject:** Regulation of Retail Forex

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Public Comment on Proposed Regulations Regarding Retail FOREX Transactions

To Whom It May Concern:

I think lowering the leverage requirement for retail FOREX transactions will do the exact opposite in regards to customer protection.

It wouldn't matter if you lowered or raised the leverage amount in terms of customer protection. The fact of the matter is many uneducated people try their hand at FOREX and lose. Reducing leverage will not change this outcome when FOREX brokers blanket the Internet with advertising promising fast and easy money with a little disclaimer at the bottom of heavy risks of loss.

The fact is the FOREX is a zero sum market. Lowering the leverage of retail FOREX in the U.S. would do nothing but kill a legitimate business. Why would Americans keep trading in a climate that is laden with laws against them? Why would foreigners open a FOREX trading account in the U.S. when the rules are prohibitively against them compared to other jurisdictions around the globe? [Leverage works for you as much as against you.]

We have already suffered massive restrictions in the U.S. from the NFA with the imposition of No Hedge and FIFO rules. All of the foreign brokers took note of this and have used it to their advantage in advertising for new business. Many U.S. brokers have already opened brokerages outside the U.S. due to the enactment of these rules and to my knowledge the remainder have plans to do so. I know of several traders having already moved their accounts overseas due to these inequities and if the atmosphere of anti-trader regulation becomes even more onerous I will soon follow their lead.

So if a mass exodus of American traders place their money with a foreign FOREX broker how can you say this will benefit the trader? How will this protect the American trader? How will this benefit the legitimate U.S. based broker? How will this encourage investment from foreign means in the retail U.S. FOREX market when rules around the globe are more favorable to the trader? How will this create jobs and enterprise? The U.S. retail FOREX market is an infant in comparison to the U. K. and various other places. Yet those governments don't perceive the need for these kinds of rules and restrictions. If you are so worried about the consumer you should educate them and not restrict them.

**Will we not be satisfied until we totally erode the tax base by chasing all of our businesses, jobs and capital overseas?**

This is not to say that some reforms are not called for. To demand that all U.S. based brokers be registered and have sufficient loss reserves is a no-brainer. To insist on standardized reporting procedures is fair. If you really want to help the small, retail trader then institute a single price feed (maybe the CME quotes). Currently, I can open three different trading platforms at any one time and see bid/ask quote discrepancies ranging from 2 to 10 pips (or more depending upon the current economic news releases).

In closing, let's not throw the baby out with the bath water over the current wave of populism directed at so-called consumer protection. All of the bad actors you're currently targeting have fled the scene. The law of unintended consequences indicates that acting now with too heavy a hand will only set the stage for new abuses outside of U.S. governance. We must create a transparent, level playing field enabling us to compete and prosper on the world stage.

Sincerely,

Stephen M. Sanders  
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cc: Sen. Harry Reid  
Sen. John Ensign  
Congresswoman Dina Titus