

From: Lance Blumenthal <trueblumenthal@gmail.com>
Sent: Saturday, January 23, 2010 7:19 PM
To: secretary <secretary@CFTC.gov>
Subject: 10:1 (Ten to One - Leverage)

To whom it may concern.

While both CFTC and NSA are regulatory boards that are intended to diminish the possibility of Fraudulent Brokers taking our individual money, the guidelines imposed upon the USA brokers in no way diminish the legality of the brokers and their actions.

Even if and when these guidelines become ratified as law, they still do not aid the individual trader.

For me to do intraday trading on GbPUsd, while simultaneously have a long term trade in action, the guidelines no longer allow hedge trading, which was established in 1800.

I need to have 2 separate accounts (assuming I wish to trade via US Brokers) to do this, meaning I need double the amount of capital I needed before the 'No Hedging' guideline was established, since I can not trade a long and short on the same currency pair at the same time in one account.

This increases my risk ratio and also if I were to use a separate broker for the second account, also increases the risk of ending up with a fraudulent broker.

With regards to the limit on leverage, that now means for me to place the same trades I currently place, I need ten times more capital in each account to accomplish the same profit (or loss) so the risk ratio is actually increased.

While the banking institutions have no such limits regarding hedging or leverage. If the broker uses hedging to counter losses of their clients, then that is a different concern that is wise to regulate against, but to the individual trader, hedging is a tool and not a crime.

The very fact that your State Laws allow brokers to commit fraud on a daily basis with no legislation in place to secure a free and fair lawful service is no reason to limit the individual trader.

As traders, we are fully aware of the risks involved in Forex Trading, and we are not children in need of baby sitters to look after our business affairs.

It would be far more beneficial, both for the individual trader and also the US Economy for a clear look at how to alter the law regarding fraudulent brokers instead of punishing the trader for misdeeds they do not commit.

So if you constitute it as wise to get both Americans and any traders from other countries, to take their business to other countries that do not treat them as delinquents, then so be it. The US economy will fall into a deeper recession at the hands of the well intended guidelines.

A knife stabbed in a leg can not be healed by pain killers. The knife needs to be removed. So until the American Laws regarding fraud address the issue, all you intended guidelines are simply isolating USA into the last choice of taking ones business.

I officially object to the 10:1 (Ten To One) leverage proposal.
I officially object to restriction on Hedging.

Thank you for your attention,

Lance Blumenthal.