

**From:** Tom Richards <tomrichards@hctc.net>  
**Sent:** Saturday, January 23, 2010 11:40 PM  
**To:** secretary <secretary@CFTC.gov>  
**Cc:** CFTCFeedback@fxdd.com  
**Subject:** Regulation of Retail Forex

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Re: RIN 3038-AC61, FR Vol. 75, No. 12, Wednesday, January 20, 2010

I strongly oppose the proposed rules to reduce leverage on retail forex contract to 10:1.

I am sure you have heard from the Forex broker community. Let me give you the thoughts of an individual Forex trader.

If leverage is lowered to 10:1, I believe the result will be:

- Responsible traders will move to less-regulated foreign brokers and be at more risk
- Domestic brokers may go out of business, thousands of jobs will be lost, and there will be less choice for the American public
- Irresponsible traders will not be helped - no amount of regulation will change their risky behavior

From reading the proposed rules in the Federal Register, it appears that there are many positive changes being made to better regulate brokers. The reduction of leverage is designed to protect consumers from risk due to the volatility of the Forex markets, but I believe this change is going to punish responsible traders and domestic Forex firms and put the American public at more risk.

I would venture to guess that there are tens of thousands of Forex traders such as myself who have invested substantial amounts of time and money to learn and become educated about Forex trading. I am a professional in my work life and forex is a side business, but it is a very serious business. For serious traders such as myself, we know how to control our risk without outside regulation. The proposed lowering of leverage is particularly disturbing since I feel like the rules are being changed in the middle of the game.

Will lowering leverage protect less sophisticated traders? Human nature being what it is, I don't think so. Traders who are out to get rich quick, who are lazy when it comes to education - these are people who cannot be protected with lower leverage or other rules. It will just push them to a foreign broker offering higher leverage or they may just decide to spend their extra money on more lottery tickets. No amount of regulation is going to keep a person with this kind of mindset from putting themselves and their money at risk.

For the more serious, educated trader, the leverage change is punitive and will drive many of us to foreign brokers. When I started Forex trading, I went to experienced traders to get recommendations on a broker. I researched and queried the CFTC on my selected broker. And I have actually met the principal of my broker and some of the staff. I know them on a first name basis and have looked them in the eye. I like my broker. I do not want to have to change brokers. They are providing great service. I do not want to be pushed to an unknown foreign broker who is not as well regulated and is inaccessible.

My recommendation is to leave the leverage at 100:1. That works for everyone.

Sincerely,

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