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Sent: Sunday, January 24, 2010 10:10 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

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Dear CFTC officials,

Before I lay out my opinion, I would like to tell a very short story. When I was at 10th grade in China, one day the school was organizing a spring outing event. All students were very excited about it. But on the day when we were about to set out, we were informed that the event was canceled. The reason? It turned out, at a meeting, the Mayor of Beijing asked the chief official of education in Beijing to guarantee the general safety of students at schools. Then, to "guarantee" the safety, for the next 2 years, no out event was ever had for Beijing's middle schools. You could imagine how disappointed and angry the students were.

Well, my opinion is that: to control the risk does not mean to completely eliminate the risk. There exist various ways to achieve the goal of controlling risk and better protecting people like us, non-institutional traders (investors).

First, I agree with the CFTC that changes need to be made to the current condition of retail forex. However, just like it is wrong to have a single high leverage 100:1 for everybody, it is also unreasonable to have a single low leverage of 10:1. Instead, I propose that the CFTC require every retail forex provider offer multiple levels of leverage, ranging from 10:1 to 200:1. (10:1 is even lower than the forex leverage in China)

Second, to help people make the right choice of leverage ratio, to help people find a leverage ratio that suits best to their risk taking ability, I propose the CFTC require the forex retailers provide detailed information and education about risk management, explain clearly the need and method to choose an appropriate leverage ratio. This should not be very hard to attain as I have seen similar evaluation of risk taking ability in stock brokerages.

Third, on the customer's side, the CFTC should mandate all individual forex traders go through several classes (or online webinars) about the risk levels and leverage ratios. Yes, just make underlying math clear to everyone. Even after understanding the risks, the choice of leverage ratio is still subjected to the control from the retailer. It is just like what TD-Ameritrade did to me for my stock options trading: the evaluation showed that my risk taking ability is not suitable to deal uncovered options, even if I chose to do uncovered options, they still would not allow me to.

In conclusion, I propose that the CFTC make improvement of retail forex regulation, by requiring the retailer to provide flexible leverage ratio and better, comprehensive education, and by requiring the trader to learn the necessity of selecting a suitable risk level. I believe this

would make everyone happy.

Thank you very much for reading my e-mail.

Best regards,

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