

From: Thomas Moore <thomasmr031@gmail.com>
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To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

I strongly oppose the leverage of 10:1 that you wish to **force** on investors. I believe that such force is against the very act of capitalism and more in line with tyranny like that of King George III. Leverage is simply a tool that enables a trader to enter a trade easier and not have to worry about being margin called if the trade goes against the trader a small amount. Proper risk management is the key to any portfolio. For example,

1. lets suppose trader **John** (who only has a 8k account) is an educated well informed trader who has studied and he enters a trade purchasing a standard lot contract of 100,000 amount using 100:1 leverage but puts a stop loss order in place to limit risk at 30 pips and a limit order in place to secure profit at 100 pips. Basically he's risking \$200 and looking to make \$800. A 1:4 risk: reward ratio. So John was risking Let's say he was trading the eur/usd pair. So the margin required to enter the trade for John would be about \$1,420. **John risked 2.5% of his account looking to go up 10%**

2. Okay lets see trader **Wade** is using 10:1 leverage and has the large 30k account that you wish people to have to be able to trade forex since you wanna get rid of the little guy. And let's suppose that Wade does not employ proper risk management (once again the key to decreasing exposure to risk) and he buys a standard lot contract using a margin of \$14,200 about for the eur/usd. Now Wade decides in this tradethat he's not going to use a stop loss and buys the eur/usd at 1.50 because he's been reading stocks analysts comments ramping up on the gloom and doom of the dollar. **So Wade is targeting 1.52** looking to make \$2,000. The next week the market goes in Wade's favor up to 1.51 and then the week after drops to 1.42. **Wade hasn't employed a stop loss because he's not educated but has 30k you seek and is still sure of the dollars impending doom because of the analysts he hears on cnbc and reads about the impending dollar doom.**

AT THIS POINT WADE IS NEGATIVE \$8,000. So Wade risked so far 26.6% of his account with a risk: reward ratio of 4:1. And the market could continue to fall blowing up his account or Wade may continue adding long Euro positions.

Its all about risk managment. Leverage is a tool!!!