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Sent: Sunday, January 24, 2010 12:20 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Have you stopped to think and wonder why the high volume of responses to this proposed rule compared to prior rule proposal responses? Unlike no hedging and other rules adopted before, lowering retail forex margin to 10 to 1 will definitely end retail forex in the U.S. Firms and traders will just transfer account offshore or open new account offshore. Plain and simple. 10 to 1 margin will not allow traders to margin at 10 to 1 because you have to have leeway for a trade initially going against you and have a SL.

Movement in price in Forex are in pips, which is .0001 increments. If an account cannot be properly leveraged the small movements will not produce enough profits to allow people to trade it. Think about what the rule will accomplish, or not, before passing a rule that will kill U.S. retail forex. FXCM already has a UK, branch, IBFX is getting approved by the FSA to open offshore account, and the list goes on.

It seems to me that the CFTC has a bias against spot forex and for forex futures. But passing this rule is not going to force spot traders into fx futures. There is not enough liquidity there, and people are very very upset about the government telling them how to trade. Offshore is where they will go for sure.

Not many traders are going to deposit large sums of money in unsecured U.S. forex accounts because if the broker goes bust, and most will because of this rule, they will lose all their funds. If the CFTC really wanted to protect U.S. retail traders, then they would follow the FSA and required segregated and insured accounts, and allow margin as before or as the FSA mandates.

This rule does not protect U.S retail traders but actually will unprotect the ones that stay and have to fund accounts with high balances in order to trade.

Why do you think that all email responses, as posted to date, oppose this rule? Think this through before making such a bad decision.

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