

From: worth00007 <solitary-bird@comcast.net>
Sent: Sunday, January 24, 2010 7:14 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Dear Secretary Stanick,

Re: RIN 3038-AC61, proposal to change the Forex trading leverage limit from 100:1 to 10:1

Although I understand & agree with the intention of this change as I see it--to prevent inexperienced or incompetent traders from losing their savings in trades they are not prepared to make--I am not sure raising the limit to an unaffordable level for most traders is the best solution. Many traders like myself who have studied hard not to make poor decisions and understand the risks involved in leveraging but are fairly new to the business and are building our margin accounts will literally be forced to end our careers if this change passes. Many of us have small investments in our margins and, through competent trading, are working toward building them to a point where we can function independently. This is a slow process, however, no matter how good we are at trading. Decreasing the leverage we use now by tenfold would require us to instantly have margins many times what they are now to be able to trade at the same level we trade with current leverage limits. For every incompetent trader you "save" from losing her or his investment by making the initial margin requirements prohibitively high, you will put at least one competent trader trying to reach independence out of business.

What I see happening is that the change just "raises the bar" on the amount required to set up a new account so, regardless of competence, the only people who will be able to trade enough to make a living at it will be those who already have a substantial amount of money to invest in a margin account. This prohibits a great many potential investors who may not have a huge amount of initial capital but are competent and understand the risks from being able to trade sizable enough amounts to live.

The change is unfair to those of us in this position, and more, it goes against the intention of our country's constitution and rights. Implicit in freedom in this country is the freedom to make poor judgments. We need laws to protect us from fraud, *but* as long as adequate information regarding risks of our actions is available to us, preventing us from acting or making a decision unless we have enough money (which is what the change seems to be doing: disallowing entry into trades of adequate size unless one has enough money to put up initially, regardless of competence) seems counter-productive.

Rather than raise the stakes so that only people incompetent to trade with enough money to set up an adequate margin account can trade, why not require a certification process requiring new traders to receive instruction on the risks of high leverage and how to avoid them? This would at least require all potential traders to be aware of steps necessary to survive this business whether they take them or not, *and* allow those of us who know this already but are still building our accounts to remain traders. (It has the added advantage of generating revenue for those who teach the courses.)

Sincerely,

Richard Worth