10-001
COMMENT
CL-03632

From: Stawick, David <dstawick@CFTC.gov>
Sent: Sunday, January 24, 2010 9:40 PM
To: secretary <secretary@CFTC.gov>
Subject: Fw: RIN 3038-AC61

----- Original Message -----
From: Bill House <bhouse1273@gmail.com>
To: secretary
Cc: Stawick, David; Smith, Thomas J.; Bauer, Jennifer; Penner, William; Cummings, Christopher W.; Sanchez, Peter
Sent: Sun Jan 24 21:08:39 2010
Subject: RIN 3038-AC61

ATTN:
Mr. David Stawick,
Secretary
Commodity Futures Trading Commision
1155 21st Street, N.W.,
Washington, DC 20581

FROM:
William J. House, III

Mr. Secretary,

It has come to my attention that a proposal being put forward by your regulatory organization: RIN 3038-AC61 will have a great and, most possibly detrimental, impact on the foreign currency market in the United States and I was compelled to put my views and perspective on said proposal and is most likely effects into words.

The proposal to change the minimum capital leverage of 10:1 will severely cripple if not destroy the average retail forex trader's ability to fund or operate an account due to the need to already have or somehow appropriate 10 times the current amount of capital to maintain the same trading volume. If such a proposal is enacted average forex traders will have no choice but to move their funds to non-US accounts of foreign brokers to continue trading at the current market parameters. This will facilitate if not accelerate the amount of liquid funds already hemorrhaging from the US financial system from foreign and domestic investors alike leaving the US markets in the wake of the recent financial crisis. The proposed changes will only add to the exodus of wealth and prosperity leaving our shores.

If this happens not only will you be driving out the heart of a viable market that works and has worked for the American people and the world as an alternate source of revenue and financial stability, but you will also be driving good and honest traders into the arms of some totally unregulated and questionable offshore forex brokers who will mostly likely, with a 'captive audience' so-to-speak, be unscrupulous in their dealings with American investors and take them for every dollar they have. That is money that could have stayed in the US market if only poorly constructed regulation had not driven them out and put all but the biggest and most-capitalized brokers out of business.

Regulation that strangles growth and stifles competition is not the answer to the financial woes of our great country. The true answer is judicious and carefully considered moderate regulation based on sound market principles that allow the risk necessary for growth while checking the fraudulent actions of dishonest players in the market, such as some brokers with predatory market tactics used to increase profits and scammers creating phony forex products and schemes. The number one component of any successful and fair regulation is EDUCATION. Educate the people on not just the rules and by-laws, but also on sleazy tactics that might be used against them.

You can't complain that people crash too much in traffic and then lower the speed limit to half of what it was in an attempt to prevent accidents if you never taught them to drive in the first place. In short: The proposed new rule of leverage limitations does not protect investors or traders. It will marginalize average retail traders into nothing. It will do exactly the opposite of protect them. It will drive force them into harm's way because an investor will now have to risk 10 times the amount as before to place the same trade or go into even riskier territory to make the same trade elsewhere. Please think about this before attempting to make this proposal law. In forbearance there is wisdom.

Sincerely,
William J. House. III