From: ronaldo ferreira <ronferr33@yahoo.com>
Sent: Monday, January 25, 2010 8:30 AM
To: secretary <secretary@CFTC.gov>
Cc: rnrn007@hotmail.com
Subject: 'Regulation of Retail Forex' RIN 3038-AC61

At the current 1:100 leverage, for each $100.00 of his/her out of pocket Capital Investment RISK EXPOSURE the trader is entitled to trade $10,000.00 worth of currencies.
At the proposed 1:10 leverage, the trader is entitled to trade THE SAME $10,000.00 worth of currencies but his/her out of pocket Capital Investment RISK EXPOSURE is $1,000.00 as opposed to $100.00.
The CRTC proposal 'INCREASES' out of pocket Capital Investment RISK EXPOSURE by '10 TIMES MORE RISK'
Clearly something is wrong with the proposal; it is either terribly misguided or worse.
How would the retail trader's EXPOSURE TO RISK be REDUCED?
What is the common sense answer that is being overlooked?

Reducing LEVERAGE from 1:100 to 1:10 is NOT the answer. The proposal as it stands as a disaster-in-waiting for retail traders.
In order to protect the new/naive/self destructive and or otherwise uneducated trader from him or herself, ACCOUNT MARGIN LIMITATIONS should be Revised so that the trader's out of pocket Capital Investment RISK EXPOSURE is never any greater than 5% or 10% or his/her trading account at any time.

Leave leverage alone. 'LEVERAGE IS NEITHER THE PROBLEM NOR THE SOLUTION.'
The answer to RISK EXPOSURE is NOT LEVERAGE CONTROL. In fact LEVERAGE CONTROL would have the exact OPPOSITE Effect by INCREASING RISK - 'TEN FOLD'...
The answer is 'MARGIN CONTROL'.

Apart from that, I would call on the CFTC to use whatever pro-active and aggressive steps necessary to keep unscrupulous brokers/operators and get-rich-quick- and-easy 'fantasy' educational scams OUT OF BUSINESS.