From: Jacob Hansen <Jacob.Hansen@goexcellent.com>
Sent: Monday, January 25, 2010 8:50 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

To the regulatory body CFTC – My personal views and contribution to the proposed maximum leverage of 10:1.

Dear CFTC, I am writing this personal mail to you in the hope that I can help to influence your decisions regarding the proposed changes to U.S. regulation of the spot foreign exchange as described in Rin3038-Ac61.

I live in Sweden and have been trading the Forex spot market since Fall 2008. I do not trade for a living, but merely part-time, since I have a full-time job to cover my regular income.

Since the beginning of my trading "journey" I have primarily selected brokers in the U.S. to trade with – mainly due to the companies' size (assuming that bigger companies offer better security of funds) and equally important – the regulation (which is usually a good thing).

Now this brings me to the purpose of my e-mail; I would like to propose that you do not limit the maximum leverage to 1:10 for U.S. regulated brokers.

Instead, please consider thoroughly to keep leverage to a maximum of 1:100.

My reasons for this suggestion are:

- The required "start-up" capital will need to be much bigger to be able to trade the forex market effectilvely at a leverage of 1:10 – even for traders with a balanced risk management and sound practice.
- The risks involved in trading the retail spot forex market are expressed on various occasions when opening accounts, accepting terms etc. Trading forex is not gambling and should never be seen as a way to become rich quickly.
- The choice of leverage should be available up to at least 1:100. Maybe a minimum account size of USD 5,000 or equivalent should be a criterion to qualify for this, but at least the choice should be available.
- I do not wish to move my capital outside the U.S. – I much prefer to keep trading with U.S. regulated brokers. Therefore I sincerely hope you will consider to not lower the leverage so drastically. I have a feeling that many Forex traders like myself have the same sentiment. It would be very frustrating to have to look for brokers in other countries, not only would it be hard to find brokers that I feel that I can trust as much as I can with the best of the U.S. brokers, but also would I have to move all my funds which I really do not hope for.
- Have you, as a regulatory body, investigated thoroughly why some spot forex traders most often lose their deposit? Is it proven beyond doubt that the leverage is to blame (even if it is kept at a maximum of 1:100)? I have not seen any proof of this based on the leverage as far as I can recall.
- A leverage exceeding 1:200 could certainly "tempt" traders to trade bigger contracts than what is sound

from a money-management perspective. If you think of Dukascopy in Switzerland for instance, who offer a max leverage of 1:100, there must be many good reasons why they chose to keep leverage at that number. Furthermore, Dukascopy is generally regarded very highly among both retail traders as well as professional traders and account managers, and have been so for many years.

- Leverage has already been lowered to 1:100 which is very adequate. If leverage should be lowered further for anyone, my personal opinion is that it would be more useful for everyone if the leverage for larger accounts (in excess of 100,000 USD) were lowered. Not for small retail accounts, as I am sure there are many other reasons why some traders lose money over the longer term than leverage.

I really hope you take your time to read this and consider the points I have listed.

Thank you.

Sincerely

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