

From: Bob Levy <boblevy8@gmail.com>
Sent: Monday, January 25, 2010 1:02 PM
To: secretary <secretary@CFTC.gov>
Subject: Industry Filings: Comments on Industry Submissions

Thank you for your efforts to increase the integrity of retail forex.

The proposed 10-to-1 leverage limit poses challenge:

- 1) Protect retail traders who take undue risk, at the expense of punishing those who are methodical and successful, or
- 2) Let the US public compete effectively in global currency markets (explained below).

Please consider ..

America is challenged by very real global economic factors. A year ago, I was laid off from my corporate job at IBM and the job market makes it very clear that the majority of jobs have migrated out of the US. This is both a personal plea and a realization that my situation is in no way unique.

So how has America recovered in past? Entrepreneurs create new ventures to harvest the opportunity markets avail to us. When this happens more slowly, those who require employment remain unemployed. For those of us with the ability to harvest opportunity, restrictions slow our ability to hire others and thereby help restabalize the economy.

The proven entrepreneurial culture of the USA merits defending peoples' right to take the entrepreneurial risk they see fit, within reasonable bounds as needed to mitigate systemic risk (and no more). Retail forex institutions are not "to big to fail" so this is clearly not a factor for this proposal.

Why do we need greater leverage? For successful traders, retail forex leverage is not about loading-up on risk. It is about reducing the deposit required with these niche retail forex institutions so that the majority of our money is on deposit with trusted, FDIC-insured financial institutions. A 10-to-1 leverage limit requires I hand over 10x the money to my retail forex broker, and 10x my exposure to their solvency.

Protecting haphazard retail traders does nothing to instill the necessary sense of personal responsibility America desperately needs to engender a sustained economic recovery. One's actions have very real consequences .. let's please not midlead citizens into believing otherwise.

If people want leverage, they will simply open accounts with foreign firms who are all very well marketed online. Not that I defend forex brokers, but it would be far more effective to keep this business in the US within the valuable protections of the CFTC such as minimum capital requirements.

Is it possible to offer new retail forex traders reasonable protection without curbing successful traders' competitive advantage (or 10x-ing their exposure to these niche institutions, or forcing them to do business outside of the US)?

Proposed Solution: Please implement a Graduated Leverage system (analogy: teenage driver's licenses). If a retail fx trader proves able to keep their account within e.g. 90% of their initial deposit within a year of opening on the 10-to-1 leverage system, I would advise permitting the brokers to grant (upon request only, with risk disclosures) at least a 50-to-1 leverage. Protect the new / unproven trader while freeing those of us who have proven able to compete.

In a political climate of promises for Main St., not Wall St., America needs its Main St.s educated and able to compete in important global markets including forex. I remain hopeful and thank you sincerely for considering my comments and suggestions.

Best Wishes,
Bob

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