

From: Walter Tarasoff <wt@walmartarasoff.com>
Sent: Tuesday, January 19, 2010 1:39 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

I am a Forex trader and I am opposed to the restriction of leverage in retail Forex to 10:1 for the following reasons:

1. Margin is the amount of money that the broker holds hostage while a trader trades. By restricting leverage in Forex you would make it necessary for me to put ten times the amount of money under hostage in order to continue to take the same sized position in the market. I prefer to have that money sitting in a nice safe bank of my own choosing rather than having to hand control of it over to the broker. In today's environment of shaky banks the risks to one's capital come from more places than just the trades one makes.
2. It is fundamentally beyond the mandate of any government or government agency to protect an individual from the consequences of his own actions. If a trader wishes to take a certain position in a market, it is not for the CFTC or any other agency to veto that on the grounds that it may be a bad choice financially. That includes size of position as well as which side, long or short. The government's mandate is to ensure a fair and open marketplace free of manipulation or connivance, and to ensure that no participants are wronged through bad business practices or deliberate dishonesty. It ends there. "Protection" of a trader's capital by Draconically limiting the size of position he might take is not within the CFTC mandate.
3. We live in a global village. If the CFTC enacts this restriction of leverage to 10:1 it will force Forex traders to go elsewhere to trade Forex. That is as simple as using a different website to open an account and writing a different set of numbers on the bank wire forms to transfer the starting capital. Whatever good that the CFTC might do in creating a safer, more secure trading environment for Forex traders will be entirely lost if the leverage requirement makes US-based Forex firms globally uncompetitive.

sincerely,
Walter Tarasoff