

**From:** John Mahler <jmahler60@gmail.com>  
**Sent:** Tuesday, January 26, 2010 12:43 AM  
**To:** secretary <secretary@CFTC.gov>  
**Subject:** Regulation of Retail Forex

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Dear Sirs,

I am writing to you to express my adamant disagreement with changing the margin requirements for Forex trading from 100:1 to 10:1

While it is not entirely clear, after reading your draft proposal, why this is being done exactly, I can only imagine that you have had some people who have traded in this market without being properly educated in using stops and limits to protect their capital and as a result, have lost money. In fact they may have lost the balance in their account.

In my association with WizeTrade a primary rule is "never trade without a stop loss". This one trading rule would eliminate the problem of people losing money in their account with a higher margin. In fact requiring brokers to have as part of their trading software that all orders have stops in place may, in itself, solve the problem you are trying to solve.

However, as the old saying goes, "you can lead a horse to water but you can't make him drink."

To legislate a change in margin as proposed is simply a government intervention to protect a minority when in fact the majority knows how to do this (protect their capital) with this investment vehicle. No matter what you do there are people who do not follow the simple rules and then complain loudly when they lose.

If they simply follow the key rules of:

1. Risk a constant amount and keep it small.
2. Cut your losses, use a stop loss.
3. If profitable you can add to your position (otherwise known as cut your losses and let your winners run).

The problem is getting this minority to follow the sane rules and not go overboard in emotion and try and bet everything they have on one trade.

In essence the proposed change does not handle the problem! When you introduce regulation to handle a problem that does not address the exact problem, you simply create new problems.

I have been trading for 2 years in the Forex market and I can say that following the above rules that I have never been at risk of losing my account. I came to this market after being decimated in the real estate bubble. I have here a chance to regain my financial security by trading in the Forex market and applying the sane rules above.

To change the margin, as is proposed, will kill this opportunity for me.

Why not put the impetus on the brokers and have them define exactly what the problem is and have them come up with a coordinated program that will address the exact problem and present the solution to you.

Once that has happened then have them form a council to implement the program to handle the problem.

It may be that the solution is to upgrade the trading software so that no trade can be entered without a stop loss with provisions to change the stop loss as a trade gets more profitable. No stop loss = no trade. End of problem. Just a suggestion.

This would be a much more effective handling of the situation and would get the correct problem defined and thus the correct solution applied.

Government regulation of the Retail Forex market is not the best answer.

Sincerely,

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