

From: michael mccluskey <carpevita93401@yahoo.com>
Sent: Tuesday, January 26, 2010 12:58 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Re: RIN 3038-AC61

Dear CFTC,

I have comments on three areas you are proposing changes:

1. I am in total agreement with the proposed requirement to register all IB;s, ECN's, etc. with the CFTC. It was a very difficult chore trying to figure out who was real and who was a front for another company. The advertising was entirely misleading. It took me four months to finally find and establish an account with a reputable firm. A simple regulation would be to require that on the "home page" of every firms webpage that it state: what kind of organization they are; and who, if any, they place trades through. Then they can explain why they provide better value than others and why one should open an account with them.

2. I understand the need for each firm to have some capitalization. But I do not agree with the minimum \$20M requirement. A better system would be to again require that the firm's financial strength - as of the 1st of the previous month - be stated on the "home page" of their web site. A way to verify that capacity would also be required. I have this view because the big firms have not represented the interests of the traders but of themselves and the "open" nature of the Forex market has allowed honest but small firms to open and compete. I have the feeling that the big firms have lobbied you for this change to eliminate the more honest of their competitors. Bottom line: Find an open way to disclose finances and let the consumer decide if they want a well financed big dishonest firm or a smaller, less well financed but honest firm.

3. Leverage: Please don't impose the 10:1 maximum leverage. Small players have been drawn into the Forex market by misleading advertising and 95% have lost money and are now not in the market. The reason they lose is their own greed and not leverage. If your main objective is to force those funds into the stock market or options market or Forex brokers overseas then the proposed rule will certainly work. But comparing leverage you do already allow, you should allow a standard 100:1 leverage. This is the leverage found in all options trading and is the de facto standard that the more honest firms use that are not out to eliminate all new traders. Futures accounts have greater leverage than 10:1 but I personally stay away from these accounts due to market manipulations.
Bottom line: Legislate a 100:1 leverage maximum.

Very truly yours,
Mike McCluskey