

**From:** Rick Church <slicyman@optonline.net>  
**Sent:** Tuesday, January 26, 2010 3:59 PM  
**To:** secretary <secretary@CFTC.gov>  
**Subject:** Regulation of Retail Forex

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#### RIN 3038-AC61

I have read Regulation of Off-Exchange Retail Foreign Exchange Transactions and Intermediaries and the proposed rule changes.

My principal concern is the proposed leverage limitation of 10:1. I understand the capital risk associated with forex volatility and the associated use of leverage however I consider the management and use of such leverage to be my responsibility based on my own capitalization and risk tolerance circumstances. I also understand the desire to protect consumers however why not apply a tiered leverage approach (e.g., 10:1, 25:1, 100:1) based on applying capitalization hurdles or other appropriate criteria. NFA applies a tiered approach. The reduction of leverage to 10:1 I consider to be severe. This will have the effect of eliminating some participants it seems to me. The retail forex participant does, among other things, help to diminish currency market volatility based on the nature of the retail trading style which is predominantly to enter/exit at/near tops/bottoms.

I just read the WSJ article dated 1/19/10 which discusses this topic. I understand the intent behind the CFTC effort which is to protect consumers. Requiring the dealers to better capitalized and provide some recovery protection to consumers in the event a dealer goes bankrupt is understandable. Registration requirements are fine and necessary as well.

My big issue is the leverage limitation of 10:1. This is severely restrictive and will force one of three outcomes in my view: 1) Some do this either for a living or as a significant supplement to incomes during these difficult employment times and the economic impact could be severe. In addition some US domiciled businesses may be forced to close further impacting unemployment; 2) traders will move funds offshore; 3) and this is the least attractive outcome, traders will risk more capital in order to compensate for the lower leverage.

Please consider at least a tiering structure up to 100:1 and allow us to manage risk ourselves.

**Rick**