From: bdorman@activetradermag.com
Sent: Wednesday, January 27, 2010 5:55 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

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As the Publisher of Currency Trader magazine I am aware that a small percentage of traders mis-use leverage in trading forex. After many years of educating traders about forex, leverage and risk management, I have concluded that I cannot "save" 5% of our readers from their own greed and foolishness. However, I do not penalize the other 95% by making their trading impossible.

I am opposed to the rule change establishing a maximum 10:1 leverage in retail forex trading for the following reasons:

1) The 10:1 rule is not necessary. Day-to-day price changes in forex are small (much less than stocks and most physical commodities). Without a minimum 50:1 leverage, trading forex is uneconomical. Allow traders to determine appropriate leverage for themselves. Education is the key, and most traders are eager and willing to learn...and use leverage responsibly.

2) The 10:1 rule will be counter-productive. Retail traders will simply move their accounts offshore to the UK, Switzerland, Germany and Cyprus. In offshore accounts they will be able to use leverage even greater than 100:1 (often as high as 400:1).

3) Thousands of high-paying, knowledge jobs will be lost to overseas competitors. The US-based retail forex brokerage firms have established a leadership position in a worldwide industry. Why would the CFTC want to destroy that?

4) What problem is the 10:1 margin rule intended to solve? Retail forex traders pose no systemic risk to the financial system. We haven't seen brokerage firms going bankrupt due to offering customers too much leverage.

5) As a corollary to 4) Why should retail forex traders be put at a disadvantage to non-retail traders (investment banks, etc.) who do pose systemic risks to the financial system?

Let me add that I do support the proposed changes regarding registration of FCMs, RFEDs, IBs, CTAs, CPOs and APs.

Best regards,

Bob Dorman

Publisher, Currency Trader magazine