

From: Matt Glowacki <mglow914@yahoo.com>
Sent: Tuesday, January 19, 2010 11:06 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

ID# RIN 3038-AC61

Secretary,

Regarding the issue of regulating the leverage provided to retail Forex traders, i would have to strongly disagree with the proposal to limit leverage to 10:1 ratio, and ask that these regulations remain at their current 100:1 ratio. There are a number of reasons this should remain as is.

The first and most important, is that this 100:1 leverage should be available to a trader as their choice in determining their OWN risk tolerance. Leverage should be thought of strictly from a margin requirement point of view in retail forex trading, the difference between a trader opening a 1 lot (100,000) position on 10:1 leverage and 100:1 leverage is that with 10:1 the trader would be required to have \$10,000 in their account and with 100:1 they would need \$1,000 in their account to open the position. The trade still works in the same manner, a 10 pip loss decreases their total account balance by the same dollar amount in either scenario, and if there is a margin call, the trade is closed with capital still in the traders account, therefore limiting the brokers exposure to risk. That being said, if a traders appetite for risk is higher and they want to take on a larger position without putting their broker at a greater risk, they should be able to do it.

The greatest point regarding this I can make is that this decrease in leverage requirement would hardly decrease the risks of any broker within the market. Given the example above, a trader that had a margin call would be closed out of their position with 10:1 leverage when their account balance went below \$10,000; the trader would still have money in their account and the broker would have \$10,000 of leeway should they even have any price slippage closing the position, this same "slippage" in terms of price would be able to be covered by the remaining \$1,000 after a margin call for a trader at 100:1 leverage.

In the end, the benefit of this change to the industry as a whole is absolutely minimal, and the detriment to the freedom of the trader to be able to trade their own capital as they wish, cause me to strongly disagree with your proposal to limit leverage to 10:1. Please do the right thing and allow us the freedom to exercise our own discretion when it comes to individual risk tolerance, especially in a scenario like this where there is no real benefit to any trader or broker.

Regards,

-Matt Glowacki
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