From: Donald Speirs <donjeep1937@gmail.com>
Sent: Thursday, February 4, 2010 2:21 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

I am an active but small trader in Retail Forex. I consistently trade in small but highly leveraged micro lots. The effect of your proposed rule change regarding a massive reduction of leverage available in this marketplace will in effect drive all smaller participants out of these markets.

Many now including myself are now fleeing to more sensible markets overseas. Is that your desired effect? I like most others in this market only risk that capital that could I can afford to lose. On the other hand I do at times make enough money to enhance my retirement income. I am sure there are many others like me. All together we provide greater liquidity and therefore stability to these markets.

We all know that large financial institutions and government agencies can effect and dominate these markets at any time. Your proposed rule changes do not address, nor could they giving the nature of this market. Most traders are aware of these potential interventions and hedge there orders with reasonable stop loss orders. Your last round of rule changes made it awkward for traders to enter stops on existing orders. Everybody has come up with a "work around" to still accomplish the same level of hedging.

All these existing and proposed rule changes are really politically driven as a seeming response to the massive losses by banks and hedge funds. While some increased regulation in some markets may make sense, IE certain exotic derivatives. It does not make sense in the Retail Forex market which played no part in the financial meltdown.

Some day there will be a TOTAL review on the causes of financial collapse. I,m sure some of it will disclose that "unintended consequences" of laws and regulations passed by congress and other entities such as yourself contributed to the problems.
IE Social Good banking regulations passed by the Carter Administration forced banks to approved mortgage loans to high risk borrowers. (The default rate was much higher on these then the norm used when calculating derivatives like 100 unit bundled mortgages.) Result when the higher rate of defaults started to affect these financial instruments, the value fell. When the Social Good banking regulations were passed no thought was given to this possible outcome. Then there is "Mark to Market" accounting rule. On the surface a good and fair rule for valuing assets. But nobody could see the effect that this rule would amplify the asset losses that were the effect of the Social Good banking rules.

I am sure most of us could go on and on regarding the above problem. Human nature and politics can be hard to predict. All that I am asking is that you take all or some of what I have had to say into consideration. While some may think these rule changes solve a problem (real or perceived) I myself think they will cause greater harm in the long run. Please scrap or table the rule for now. Sometimes no decision is the best decision.

Thank you for you time and consideration.

Donald Speirs