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**Sent:** Thursday, February 4, 2010 5:48 PM  
**To:** secretary <secretary@CFTC.gov>; Stawick, David <dstawick@CFTC.gov>; Smith, Thomas J. <tsmith@CFTC.gov>; Bauer, Jennifer <JBauer@CFTC.gov>; Penner, William <WPenner@CFTC.gov>; Cummings, Christopher W. <ccummings@CFTC.gov>; Sanchez, Peter <PSanchez@CFTC.gov>; ggensler@cftc.gov  
**Subject:** Re: REGULATION OF RETAIL FOREX PROPOSAL RIN 3038-AC61 - OPPOSED

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### **Attn: CFTC**

I strongly object to your efforts to over-regulate, via the wrong approach, the OTC ("Retail") Forex Market.

While any reasonable crime-fighting & anti-fraud provisions are welcomed, your efforts to delve into the nitty-gritty nuts&bolts and nuances of how our industry operates are misguided and wrongheaded.

***Probably, the CFTC hopes that in passing this (unreasonable) proposal, OTC Retail Forex can be 'converted' into an industry so nearly identical to on-exchange futures-trading that most OTC Retail Forex traders will switch to futures-trading for the central-clearing counterparty & segregated customer funds benefits.***

### **Wrong.**

On-exchange Futures trading, even with currency futures, is dramatically different from OTC Cash Forex. For example with Futures I can not

1. *Trade commission free (This is a VERY important distinction - One which we all hope NEVER disappears)*
2. *Trade at 100-1 leverage*
3. *Efficiently trade in large size*
4. *Trade in odd-lot amounts (such as 3 USD, or 123,456 USD)*
5. *Trade to an odd or off-the-run value date*
6. *Trade with razor tight bid-ask spreads (currency futures bid/ask spreads are far wider)*
7. *Efficiently trade esoteric currency pairs such as EURAUD or GBPNZD or CADJPY or even GBPJPY (There are no futures for these)*
8. *Trade with quite the same level of anonymity*
9. *Cross-net my exposures for margining efficiencies (This is a HUGE benefit)*
10. *As efficiently or successfully conduct interest-rate carry trades*
11. *Trade in EITHER USD amounts OR in Currency Amounts*
12. *Trade a FULL 24 hours a day, 6 days per week*

These are VERY IMPORTANT differences that, as non-trading bureaucrats and attorneys, I know that you do not appreciate. THE VERY DISTINCT NATURE of OTC (Retail) FOREX MUST BE RESPECTED & PROTECTED.

If you try to coax & lure us away from OTC Retail Forex into futures, or even try to convert OTC Forex into a what will effectively be a future, then we will lose all of the above benefits.

As I alluded to at the beginning, while your crime fighting efforts are encouraged, please respect our market and not try to change its very nature.

**Please leave the choice of having up to 100-1 leverage intact. It is the correct maximum leverage level for this market.**

Thank you,

Mike Farmer  
Vermont  
Retail OTC FX trader