10-001
COMMENT
CL-05052

From: Roland HOrvath <rohorvath@yahoo.com>
Sent: Friday, February 5, 2010 12:18 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Leverage is the instrument used in Forex that allows those of us with small amounts of money to control large amounts of money in order to make a larger profit on the money we have available to us to trade. Basically it is the bread and butter of our industry. Without it the ability of the retail trader to grow their account and earn an income off of their profits becomes severely handicapped, if not killing the possibility outright.

To be fair it is high leverage that creates the opportunities for massive failure and losses as well, as most of us have experienced at one point or another. However someone who trades for a living understands this and has learned how to manage that risk.

I get why they□re doing it. I do. When you look back on the last decade (you could even go back, arguably, to the last 3 decades) and see that it has been the lack of regulation, the lack of limits and the lack of accountability of corporations and banks that have led us, slowly but deliberately, to the current degradation of the global economy. Doing so allowed the corporations, banks and insurance companies use whatever means possible to make their money□even if that meant bilking their customers, depleting demand and moving onto the next industry and/or country to sustain those business practices. Because money has influence it also allowed them to have the largest voice out of all of us with our policy makers, louder through funding, louder through profit and louder through payoffs. They□ve been able to use deregulation as a way to plunder through our resources, and the resources of other countries, as a way to increase profits to the point that the influence of their money is a larger driving force behind our decision makers than any voice the American people can have, even if we could ever become united in cause and purpose.

That being said, it is no surprise to me that there is a strong move by current policy makers to curtail that Viking action and put in some limitations, regulations and accountability, however it is my contention that this proposal will do more harm than good. It will not regulate the big accounts; it will penalize the small accounts. Us.

It will make it nearly impossible for someone who has a small amount of money to build an account to the point that the profits from that account can sustain them financially. By making that impossibility we face the probability of a mass exodus from this sector of the financial industry. People will be forced to give up their hard earned trading practice or move their accounts overseas. Both processes have already begun when the NFA interjected their first leverage limitation and eliminated hedging in FX in 2009. US dollars will leave the US and fund the FX industries abroad. US dollars will be making money for non-US companies. That is not in our best interest. Retail traders will find it difficult to navigate to trustworthy brokers in countries whose laws they□re not familiar with or in touch with. That is not in our best interest.

While that financial consideration is going to be in the forefront of the conversation here is the unintended consequence that I□m most afraid of. When the government steps in to finally make investors accountable and it hurts the little guy so much harder than it hurts the big market makers (corporations, banks and insurance companies) □ and it will □ I fear that it will further fuel the □get government out of our lives□ sentiment of voters.

When we successfully rid ourselves of regulation and accountability by our representatives in government we empower and embolden the financial war lords to continue their pillaging both on our shores and abroad. We can□t risk any more of that. We simply cannot.