

From: Tim Rayment <tim@timrayment.com>
Sent: Saturday, February 6, 2010 5:56 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Dear CFTC,

RIN 3038-AC61

I am an individual trader in England, with accounts at two US forex brokerages (PFG and GAIN Capital).

I write to express my dismay at the proposed reduction in leverage to 10:1.

I fully support your proposals to register brokerage firms; indeed, I was very lucky not to lose money in the fraud at COESfx, against whom the CFTC took enforcement action in 2005. I pulled my funds out just in time.

But I fear that your proposal to reduce leverage will have three perverse consequences for me as an individual trader:

- 1) It will INCREASE my counter-party risk, because I will be forced to keep my assets with a forex broker instead of keeping them at a bank here in the UK, protected by UK retail banking legislation;
- 2) It will INCREASE my trading risk, because I will no longer be able to take multiple positions in different currency pairs without risking a margin call. This will damage my ability to diversify my trading risk;
- 3) There is a HIGHER risk of abusive practices by retail forex brokers, who will be tempted to close losing positions as soon as the margin in the account falls a cent below 10%.

I wish you well in your endeavour, but please do not reduce the maximum leverage. The lower the leverage, the higher the counterparty risk -- and the higher the risk of market abuses such as compulsory but unnecessary position closures.

With best wishes,

Tim Rayment

19 Excelsior Mill
Stepping Stones
Sowerby Bridge
West Yorkshire

HX6 4FD
United Kingdom