

From: nate@madrid.com
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To: secretary <secretary@CFTC.gov>
Subject: Public Comment Form

Below is the result of your feedback form. It was submitted by
(nate@madrid.com) on Saturday, February 13, 2010 at 12:22:07

commenter_subject: 75 FR 3281 Forex Leverage

commenter_frpage: 75 FR 3281

commenter_comments:

To whom it may concern:

I am writing to express great concern about the proposal seeking to limit leverage in retail forex accounts to 10:1. As a professional forex trader with a proven track record of successful trading through retail brokers, the imposition of this limitation in leverage would seriously damage my ability to trade successfully. During my typical trading activities, the leverage occasionally exceeds 10:1 for periods of time while still remaining well within what I have determined by my own experience and judgment to be acceptable limits. I am aware of how the foreign exchange market works and am accountable for my own trading. I do not need a regulation placed upon me that is arbitrary and has sought no coordination with my trading method. (Leaving the margin at 100:1 effectively stays out of the way.) To impose a 10:1 limit on leverage is the equivalent of some random person coming in, entirely uninformed about the market and my method of engaging it, and meddling with stop losses on individual trades. Such intervention is not only unwelcome, it can impose significant losses on me because it seriously disturbs the balance of my trading. If I want to risk more than 10:1 leverage, that should be my prerogative.

Reducing the leverage to 10:1 accomplishes nothing. It won't prevent novice traders from losing money; in fact, it will increase the odds of taking losses of some kind because the lower leverage increases the likelihood of a margin call. Even if

the losses are not catastrophic, they in effect paralyze the trader's ability to trade effectively. That may prompt some novices to put in more money and thereby lose more when, once again, what would now be the more frequent margin call asserts itself. This takes nearly all the flexibility out of retail trading by imposing the equivalent of an artificial and random stop loss. In other words, it is unprecedented and dangerous interference with my trading.

In short, reducing the leverage to 10:1 hinders my ability to function as a trader. Moreover, the time and experience I've devoted to developing my trading method may be rendered a vain effort as a result. And I imagine as well that such a limitation in leverage will hamper the freedom of all traders to develop a trading method based on their own experience.

Rather than reducing leverage, perhaps the CFTC could publish guidelines for new retail traders to help provide realistic perspective to help them limit risk and maximize their trading efforts. It could become a trusted source of information, set apart from the noise of broker competition, explaining the relevant attributes of the forex market, market volatility, how leverage functions, and how to apply risk management.

Thank you for your attention.

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