

**From:** Wilmer Carter <wc@kcweb.net>  
**Sent:** Tuesday, February 16, 2010 4:09 PM  
**To:** secretary <secretary@CFTC.gov>  
**Subject:** Proposed Margin Changes to Retail Forex Trading  
**Attach:** Max losing trades chart.pdf; Certification

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Mr. David Stawick, Secretary

I am 68 years old and have been trading the forex markets for about a year. Because I have very limited funds to invest, the Forex market is the **ONLY** market that allows me can participate with any reasonable opportunity to be successful. I expect to be able to make double digit returns annually over the next few years. At least I have the potential to do it. It's up to me to educate myself and apply good money management. If I don't succeed it's my problem!!

To be specific, with my \$1000 account I am able to buy or sell \$10,000 worth of a currency, say the Eur/Usd for a margin of about \$150.00. It has been my experience that the average trading range for a day is +/- \$100 to \$150. That means that with a margin of \$150 I can make or lose \$0 to \$150 on any given day. On most days the actual amounts are less. Obviously one needs good trading skills to consistently make profits, but the small investor at least has a chance to make a decent return on his investment.

With proper money management, losses can be limited to small amounts. (see attached PDF file) For example a \$1000 account that losses 2% of its value on every trade would draw down the \$1000 to \$500 after 35 consecutive losses. Obviously one needs to evaluate their trading system long before that happens and get help or quit trading. The point is, low margin is not the problem. It's proper trading skills, education and money management that is needed.

In my case, requiring a 10% margin requirement would not allow me to trade at all. I'm not sure what the proposed change is meant to accomplish, but I do know I will effectively be barred from trading under the proposal.

If I may make a suggestion as to a more logical and effective change you may want to consider the following.

1. For any Forex account opened with less than \$10,000, require a basic online forex course that covers:
  - a. How the forex market works
  - b. How leverage affects the trading account
  - c. How money management techniques should be used
  - d. Disclose all the normal risk and other caveats in 12 pt. type.
  - e. Have a 20-30 question test on each of parts a-d, with 75% passing required.
  - f. Then have the paperwork for the account completed.
2. Don't make #1 complicated. Keep it simple. More public trading is better than only the big institutions and the wealthy.

That should keep the little guy properly informed and aware that he is responsible for the risk before he can trade.

If I have assumed wrong on what you are trying to accomplish, please advise me because if you implement the change, I will be adversely affected.

According, I ask that this change NOT be implemented. Please put me on a notice list as I want to keep current on this matter.

Sincerely,

*Wilmer Carter*  
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*wc@kcweb.net*

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Sheet1

Number of successive losing trades before account is reduced to half of original value

Trade #	Starting Value	Less 2% loss	Ending Value	Max % loss/trade =	2
1	1000.00	20.00	980.00		
2	980.00	19.60	960.40		
3	960.40	19.21	941.19		
4	941.19	18.82	922.37		
5	922.37	18.45	903.92		
6	903.92	18.08	885.84		
7	885.84	17.72	868.13		
8	868.13	17.36	850.76		
9	850.76	17.02	833.75		
10	833.75	16.67	817.07		
11	817.07	16.34	800.73		
12	800.73	16.01	784.72		
13	784.72	15.69	769.02		
14	769.02	15.38	753.64		
15	753.64	15.07	738.57		
16	738.57	14.77	723.80		
17	723.80	14.48	709.32		
18	709.32	14.19	695.14		
19	695.14	13.90	681.23		
20	681.23	13.62	667.61		
21	667.61	13.35	654.26		
22	654.26	13.09	641.17		
23	641.17	12.82	628.35		
24	628.35	12.57	615.78		
25	615.78	12.32	603.46		
26	603.46	12.07	591.40		
27	591.40	11.83	579.57		
28	579.57	11.59	567.98		
29	567.98	11.36	556.62		
30	556.62	11.13	545.48		
31	545.48	10.91	534.57		
32	534.57	10.69	523.88		
33	523.88	10.48	513.41		
34	513.41	10.27	503.14		
35	503.14	10.06	493.07		

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