

From: marvin young <marvin_y_gapp@peoplepc.com>
Sent: Thursday, February 18, 2010 10:50 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Dear Mr./Mrs. Secretary,

I write to offer my comments about the proposal to limit the leverage allowable on retail foreign currency

Trading accounts.

Without much disagreement, the events surrounding Sept. 2007 to the present have caused much

Rethinking and reconsideration on the part of regulators in an attempt to indentify and hopefully

Intelligently protect the taxpayer from unwarranted risk associated with trading practices of

Gov't backed institutions.

Without much disagreement, most would conclude that some changes are needed in how

Risk is managed and ultimately who endures the consequences of losses from institutional risk.

However it is equally true, and many would agree within the industry that the instruments traded

By institutions that were ultimately the cause of risk were never traded OPENLY ON RETAIL

CFTC REGULATED EXCHANGES IN 2007, 2008 OR EVEN TO DATE HERE IN 2009.

Most would contend I think that CREDIT DEFAULT SWAPS, AND OTHER CREDIT INSURANCE VEHICLES , NOT TRADED ON FUTURES EXCHANGES SUCH AS THE CBE, OR CBOT, OR OTHER OPEN, PUBLIC, REGULATED TRADING EXCHANGE

**WERE DURING THE PERIOD OF OVERLEVERAGED "BETTING" BY GIANT INSTUTIONS
SUCH AS AIG THE CAUSE OF RISK TO THE FINANCIAL INDUSTRY AS A WHOLE.**

**Retail traders engaged in markets such as Forex, Futures, Bonds etc. had already
In place measures to insure that risk was not ultimately passed on to taxpayers.**

**Futures and Bond trades on instutions such as the CBE are subject to margin
Requirements AS WE SPEAK. No taxpayer entity is ultimately the gaurantor of
Last resort for entities engaged in Futures trades on open exchanges.**

**No taxpayer entity is ultimately the gaurantor of last resort for entities engaged
In Forex trades, all of which are transacted on open regulated exchanges.**

**I urge the CFTC and those debating this vital issue to reconsider their
Case, and refrain from heavy handed and unwarranted restrictions imposed
On the exchange community and those who engage in lawful, deliberative,
Privately-backed market participation.**

**I would humbly suggest that a better way of constraining risk in banking
Entities so disposed to trade on exchanges is this: Place back in order
The wall of separation between investment-style banks whose means
Of revenue generation ultimately is not tied to consumer deposits, and
Those more limited banking entities whose revenue generation streams
Do in fact include deposits held from the public.**

**One could limit risk to taxpayer backed deposits by simply holding to
The prior practice where investment banking and retail banking entities
were regulated with different rules.**

**One would therein insure that no government entity will ultimately be
The gaurantor of last resort for investment style banks. Further, to**

Still further protect the taxpayer, one could simply further restrict ANY BANKING ENTITY, from using Federal Reserve Funds (Short Term Federal Reserve Credit) Equity in any investment practice involving Credit Default Swaps, Mortgage backed securities, OR ANY OTHER INSTRUMENT NOT CURRENTLY TRADED ON OPEN, EXISTING REGULATED EXCHANGES.

One simply could place a wall of separation between funds ultimately Derived from PRIVATE INVESTORS, and funds ultimately derived from The PUBLIC TREASURY.

Indeed it seems to be even-handed to consider the question of how we can Ultimately refrain from penalizing PRIVATE ENTITIES USING PRIVATELY BACKED FUNDS from becoming subject to the overall policy changes Proposed by regulators.

Privately-backed funds and entities ultimately contribute to the tax Base of our nation, and contribute in greater or lesser degree to the Extent that they are given reasonable unfettered course of business, without unwarranted penalties for engaging in styles of trading that perhaps appear on first appearance "too much" To the public.

Privately-backed funds ultimately succeed precisely because risk Is not a "bet" to those entities. Risk is a known quantity, that is Managed with due respect for consequential failure. I urge Consideration on the part of the CFTC, and other regulators Before acting so precipitously as to diminish the capabilities Of private-backed entities in the markets.

**AIG, and those engaged in handling Credit Default Swaps,
Mortgaged backed securities, and similar instruments,
Not openly traded on Futures exchanges, and not traded on
Foreign Currency exchanges, were the consequent and root
Cause of unwarranted taxpayer risk.**