

From: ODS-Michael <michael@odservices.biz>
Sent: Sunday, February 21, 2010 3:17 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex (Federal Register Release: 75 FR 3281)

To whom it may concern:

I am writing to you in opposition to the 10:1 leverage proposed restriction. My guess is that a relative few retail Forex traders have caused this proposal to come to the forefront of the CFTC. As with most government intervention for the minority, the unintended collateral damage for the responsible, educated majority is far worse the perceived benefits

This 10:1 leverage will have negative impact to the majority of successful traders that are actually making money in the Retail Forex Market. I say the majority because it would not be a thriving vehicle for trading if the majority of traders were losing money. I can envision at least 2 negative unintended consequences:

More money would be at risk for all those successful traders that are using their current leverage appropriately. This will prohibit many (like me) from ever realizing my dream of being independent of economic downturns and being subject to an employer. I spent several months paper trading before I started to trade. This involved me making a lot of mistakes (i.e., resetting my paper trading account) along the way but has proved to be most beneficial after I went live with real money.

Instead we need to be proactive vs. reactive. Enforce education and certification for retail traders. As I indicated, I paper traded for several months before I had any sort of confidence I could trade using "real" dollars. This education could include some of the following:

Required courseware that certifies a budding retail trader understands the risks of trading Forex using existing leverage levels

Videos show both the "upside" of a good responsible trading and the "downside" of ignorant uneducated trading. Require Paper Trading results for a 1. If a retail trader requires a reset of their account, they must start over. The retail trader must exhibit they can make a certain percentage (e.g., 5%-10% - better than they can do in the bank) on their account before they are certified to trade live.

suggest 2 types of paper trading accounts: pre-certification and certification

-certification account would be free and could be reset as often as desired
account would require a fee (say \$50-\$100 or some percentage of the starting capital) for the initial "funding" and any resets that follow during the certification period. This would force the budding retail trader to take the paper trading seriously.

All of the above puts the responsibility back on the retail trader and allows other successful traders to continue being successful. If after going through the above steps and the retail trader still fails then they probably were not following what the exhibited during their education and certification process.

A collateral benefit could be a spawned educational industry for educating (not selling) Forex trading as a viable method of generating additional income and tax revenue for government.

If you restrict the leverage you have to potential of adding to the current unemployment rolls for those that will no longer be able trade using 10:1 leverage.

Thanks,
Michael Catmull

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COMMENT
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