

From: Bauer, Jennifer <JBauer@CFTC.gov>
Sent: Monday, February 22, 2010 1:20 PM
To: secretary <secretary@CFTC.gov>
Subject: FW: Regulation of Retail Forex

-----Original Message-----

From: Antonio S Brasse/NYLIC [mailto:antonio_s_brasse@newyorklife.com]
Sent: Monday, February 22, 2010 10:43 AM
To: Smith, Thomas J.; Bauer, Jennifer; Penner, William; Cummings, Christopher W.; Sanchez, Peter
Subject: Fw: Regulation of Retail Forex

Good Morning All. I wasn't sure who else to send this to as I have not received an email confirmation regarding the receipt of my comments. Thank you for forwarding along to the relevant parties. This is regarding the proposed rule with identification number RIN 3038-AC61. I also forwarded this email to one of our US Senators for NY State as this rule could adversely impact our state's economy. Thanks again for your time.

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----- Forwarded by Antonio S Brasse/NYLIC on 02/22/2010 10:30 AM -----

Antonio S
Brasse/NYLIC

To
02/08/2010 05:25 PM secretary@cftc.gov
cc
kirsten_gillibrand@gillibrand.senate.gov

Subject
Regulation of Retail Forex

These comments are in relation to the proposal to lower the maximum leverage allowed by retail forex customers from 100:1 to 10:1 (identification number RIN 3038-AC61). I am also CC'ing the office of our US Senator Kirsten Gillibrand representing NY, whom just recently spoke at our New York Life Headquarters today, to bring awareness to this issue. I find it very relevant to her office as many of the retail forex brokers are located right here in NYC.

I have very serious concerns regarding this proposal, both as a retail forex customer/trader and as a US citizen overall.

As a retail forex customer, I am very concerned about having my freedom and right to choose the amount of leverage that is appropriate for my individual desired risk taken away from me. I am a firm believer in personal responsibility and traders should make intelligent decisions on what their acceptable risk levels are and should take responsibility for both their good and bad decisions. Additionally, this proposal would be handicapping the US based retail forex trader in the world of forex, where other non-US based traders can still trade at higher leveraged amounts and institutional and central bank traders will dwarf retail traders at very dangerous magnitudes making the retail trader even more susceptible to the legal forms of manipulation that occurs in the forex market. I understand that this proposal is probably related to wanting to protect the average consumer/trader, but this proposal will actually make it far more risky for the average trader/consumer. Take into consideration this: currently a retail trader would need only \$100 to trade a particular position but under the new proposed leverage, a trader would need \$1,000 for that same position, having their risks increased ten fold because of this proposal. Now if you multiply that number and compare \$1,000 used now for a trade to needing \$10,000 for the same trade under the proposal, you can see how badly this situation can get for the regular average American forex trader under this proposal. If I may, I believe a better solution to protect the average retail trader would be to institute some kind of training or certification course where the potential trader will have to prove certain basic knowledge of the forex market and risk management as it relates to forex before they are allowed to trade. This could be outsourced to organizations that already provide forex training so the government would not need to incur any huge additional costs to set up a program from scratch. You would just need to formalize the process for reporting purposes to the CFTC and also to provide brokers with information that a potential trader has completed a course and is eligible to trade.

As a US citizen, my concerns are far more serious. We would be handicapping our country in just one more marketplace, adding it to the many other areas we've handicapped ourselves already, unfortunately, this time, it would be the largest marketplace to have ever existed on this planet that we would be losing a huge competitive edge on. While we go down to 10:1 leverage, other countries will remain at 100:1 all the way up to 400:1 leverage. Our US-based forex brokers will go out of business because any intelligent forex trader will move their account overseas so they can keep the powerful leverage. Jobs will be lost and tax revenues (both W2 and investment related) will be lost as traders look to overseas markets to trade currencies and our domestic brokers are driven out of business. In our current economic climate, where the job market and government revenue situation are already at dangerous points, this would have devastating effects for this proposal to become law.

As a concerned retail forex trader and US citizen, I urge you not to pass any new regulations that will affect the current maximum leverage allowed. Thank you for taking the time to consider our comments on this issue. If you would like any additional feedback from me, please do not hesitate with regards to contacting me. Thanks again for your time.

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