

From: smathison@hra.com
Sent: Monday, February 22, 2010 8:12 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Dear CFTC,

I am writing to you regarding the "**17 CFR Parts 1, 3, 4, et al. Regulation of Off-Exchange Retail Foreign Exchange Transactions and Intermediaries; Proposed Rule.**" My understanding of the reasons given by the CFTC for this proposed rule is to protect the retail forex investor. I am a retail forex investor, and I can tell you that this rule does not protect the retail forex investor, but instead does harm in limiting the options available to the retail investor. The only way to protect oneself when investing in the forex market is to use proper risk management and position sizing. If a retail investor is not implementing risk management or position size management, they will likely blow up their account, regardless of whether there is a limit on leverage of 100:1 or 10:1 or even 1:1. It is not leverage that gets retail forex investors in trouble, it is improper risk management. If the government wants to offer protection to the retail investor, it should encourage education. Education is the only really effective way to teach retail investors how to trade properly and with proper risk control.

Additionally, it makes no sense at all for the CFTC to propose leverage restrictions that are much more restrictive than the futures market makes available. Retail investors could also invest in currency futures contracts where leverage allowed is much higher than the 10:1 being proposed for forex. These two markets are equally as risky, so if you do make a proposal, it should be to harmonize the leverage offered to retail investors in the futures market and the foreign exchange spot market.

As a retail forex investor, I strongly disagree with the proposed rule. Please do not reduce the amount of leverage the regulated forex brokerage firms can offer to retail investors. Or, at the very least, align the leverage allowance with that which is currently allowed in the currency futures market.

Thank you.

Sincerely,

Steven Mathison

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