

From: hope kaijuka <hopekndege@yahoo.com>
Sent: Tuesday, February 23, 2010 1:55 PM
To: secretary <secretary@CFTC.gov>
Subject: Government Unfair Proposal
Attach: Government Proposal.doc

We wish to make comments regarding the proposed reduction of leverage on forex trading from 100/1 to 10/1. Such a move would be unfavorable for the following reasons:

- 1 It would be totally against the government policy of encouraging expansion and creation of small businesses to help the economy grow. More jobs would be created as a result. If this move is implemented, this would require small forex traders to raise capital by 90%. A trader with USD 10,000 would be required to raise an extra USD 80,000 to do the same transaction. Obviously this trader will be forced to close down his forex business and join the unemployment line.
- 2 Brokers who act on behalf of the bankers and the bankers who provide the funds have nothing to lose. Their risk is zero. They get their commissions the moment you place a trade and it is only the trader who faces the risk of losing the investment in that trade. This is because the broker automatically terminates the transaction any time a forex trader begins to lose money beyond the investment in that particular trade. There is no way the bank or the broker can lose any money.
- 3 Forex trading operates on marginal profits between buying and selling difference and without a reasonable leverage of 100/1 it would be very difficult to make any profits.
- 4 Forex traders lose on some trades and win on others.
- 5 If the government insists on going ahead with the proposal, it would have to give small forex traders grants to start or stay in forex business. It appears that this punitive measure would affect only forex traders and stock traders. The only difference is for forex traders the product is currency.

In conclusion, since there is no risk exposure for either banks or brokers the proposal is punitive and misplaced. It would appear that the people who proposed this measure either misunderstood how forex trading works or were misled. The Commission should concentrate on those areas where recent losses in the economy were made. We feel there was a wrong diagnosis with a wrong cure. You do not cure a headache with antibiotics. We as forex traders are willing to meet the Commissioners to discuss, suggest and exchange views on the subject should the Commission deem it necessary. Otherwise we feel that the proposal is a death warrant for small forex traders and we recommend that the Commission should let the leverage position on forex trading stay as is.

Yours sincerely,

Hope and John Ndege

We wish to make comments regarding the proposed reduction of leverage on forex trading from 100/1 to 10/1. Such a move would be unfavorable for the following reasons:

1 It would be totally against the government policy of encouraging extension and creation of small businesses to help the economy grow. More so more jobs would be created as well. If this moved is implemented, would require small forex traders to raise capital by 90%. A trader with USD 10,000 would be required to raise an extra USD 80,000 to do the same transaction. Obviously this trader will be forced to close down his forex business and join many traders in unemployment line.

2 Brokers who act on behalf of the bankers and the bankers who provide funds have nothing to loose. Their risk is zero. They get their commissions the moment you place a trade and it is only the trader who faces the risk of loosing the investment on that trade. This is because the broker automatically terminates the transaction any time a forex trader begins to loose money at certain levels. There is no way the bank or the broker can loose any money.

3 Forex trading operates on marginal profits between buying and selling currencies which are very volatile and without a reasonably leverage of 100/1 it would be very difficult to make any profits. This is mainly because a forex trader looses some trades and wins on others.

4 The only way for forex traders to survive if the governments insists on going ahead with the proposal, is for the government to giver small starter grants to start or stay in forex business. Why this punitive measure is is not affecting stock traders. The only difference is for forex traders the product is currency.

In conclusion, since there is no risk exposure for either banks or brokers the proposal is only punitive and misplaced. It would appear that the people who proposed this misunderstood how forex trading works or were misled. The Commission should concentrate on those areas where companies caused losses. We feel there was a wrong diagnosis with a wrong cure. You do not cure a headache with antibiotics. We are will together with other forex traders to meet the Commission to discuss, suggest and exchange views on the subject should the Commission find it necessary. Otherwise we feel that the proposal is a death warrant for small forex traders.