From: Tony Crom <tony8775crom@yahoo.com>
Sent: Thursday, February 25, 2010 12:00 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Mr. David Stawick
Secretary, Commodity Futures Trading Commission
1155 21st Street NW
Washington, DC 20581

Dear Mr. Stawick:

Please register my opposition to the CFTC proposal of a 1:10 leverage for retail Forex trading.

The Forex market's First Rule of Risk is that a trader should never trade with any more capital investment than he/she can afford to lose.

The CFTC proposed leverage revision from 1:100 to 1:10 would increase the amount of my capital investment by 10 times, a 1000% increase in risk exposure.

The basis for my opposition to the proposal is that it flagrantly disregards the Forex market's First Rule of Risk.

I am all for cracking down on fraud. Regarding the decision of the 10:1 leverage, how does changing leverage really help with fraud? Fraud is fraud no matter what the leverage is actually, correct?

Retail Forex fraud is not something that is caused by the actions of retail Forex dealers; rather it is caused by con-men who masquerade as Forex experts promising silly and unjustifiable returns before disappearing with customer funds.
The 10 to 1 leverage change will not do what is needed to fight fraud.

What we need is SMARTER regulation not necessarily more regulation. Smarter regulation could have prevented tragedies like the Madoff ponzi scheme in which so many people lost their life savings

We should also prevent certain financial institutions from taking excessive risk, but the proposal to increase margin on Retail Forex is not going to accomplish anything beneficial.

I don't think the retail traders are important enough to cause an economic collapse. If they were to raise margin requirements for the banks that might prevent volatility in Forex, but again the banks would just trade elsewhere. The foreign exchange market did not contribute to the collapse of brokerage firms and banks, it was the excessive underwriting of subprime mortgages and derivatives based on these mortgages.

Could this be the blatant attempt to move business from Retail Forex to the USA future's exchanges. Why? Because the CFTC receives a small fee on every futures trade that occurs on a regulated exchange, whereas there is no fee to the CFTC coming from individual retail forex transactions.

Thank you for your consideration,

Tony Crom