

**From:** IBISTradeLLC@aol.com  
**Sent:** Friday, February 26, 2010 7:53 PM  
**To:** secretary <secretary@CFTC.gov>  
**Subject:** CFTC's Proposal to Reduce Retail Forex Leverage

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Secretary,

It's my understanding on January 13th the Commission submitted a proposal to reduce US-based retail forex trading account leverage amounts to no more than 10:1.

I'm an individual US-based retail forex trader with an account at one of the 9 US-based forex dealers that publicly commented on this proposal when it came out and who took an extremely negative position on this proposal.

As part of the 60 day window in which you're seeking public comment I'd like to take this opportunity to provide you with my feedback on the proposed changes. I am definitely not in favor of this proposal in its current form and ask that you reconsider this position.

From what I've read about the proposal it appears the CFTC's objective is to assert its regulatory authority over the cash, or spot, currency market by cracking down on leverage, requiring forex brokers to register with the Commission, and boosting capital requirements for brokerage firms. Some of the stated goals are to protect traders from fraud and large losses.

I certainly have no dispute with some of the objectives of requiring forex brokers to register and boost their capital requirements. I think this is an appropriate attempt to standardize the practices around US forex dealers and will help retail traders by selecting a more established "registered" broker. In the long run I believe this would be helpful to these brokers.

However where I take issue with proposal is on the attempt to reduce the leverage amounts for traders. I disagree that this would protect traders from large losses. That responsibility lies mostly with the trader themselves. Whether we have 10:1 or 100:1 leverage the same principles to sound trading practices and long-term success still apply: strong money management supported by implementation of standard risk management tools available through all forex trading platforms, meaning the use of setting stop loss and take profit orders. Also, a key to proper money management is having a conservative trade lot sizes set (e.g. 5% of balance) and using the risk management tools.

Education is a key part in a trader's awareness and related success in not only forex trading but all trading products. I think there could be some guidelines set by the Commission towards the retail brokers to stress more education and training around money management techniques. However, in the end these retail brokers will succeed more if traders like me are around longer. The spread in forex is so small that it's the long-term traders that will provide them with the appropriate cash flow and revenue they seek.

The current parameters of offering leverage are as much as 100:1 which offer traders the flexibility and opportunity to apply proper risk/reward scenarios to their trading strategies. Unfortunately what will likely happen if your proposal were to be approved and implemented is a likely tidal wave of traders moving their accounts off-shore to less-scrupulous dealers which would actually have the opposite effect of what I believe are the Commission's good intentions to help protect US forex traders like myself.

I respectfully request you re-consider the proposal and remove the requirement to limit leverage to 10-1 and allow this extremely liquid, powerful and profitable forex marketplace to flourish and allow US forex traders the opportunity to keep our trading activities here at home and help grow OUR economy!

Respectfully,

Chuck Rowley  
New Jersey