10-001
COMMENT
CL-05632

From: Karl Erik Aune <karlmonster@yahoo.com>
Sent: Sunday, February 28, 2010 5:29 PM
To: secretary <secretary@CFTC.gov>

Subject: Regulation of Retail Forex

Hello,

I agree with proposed rules requiring Forex brokers to register and have adequate capital.

However, I do not understand the purpose of restricting leverage to a 10:1 ratio, and I suggest that there is no need for this restriction.

When I trade currency contract futures (as an amateur, I am not a broker or agent), I do enjoy a 100:1 leverage margin, but any losses are watched by the broker (or his software) and are not permitted to exceed my accout balance. In this situation, the only risk incurred is to my own funds deposited with the broker. This arrangement does not merit "consumer protection" because I am the one who incurs risk by choosing currencies to trade, and my broker is careful to warn new customers of the risks involved, and what safe trading practices are. I do not see any way that this arrangement threatens the financial stability of any other entity.

There is a need for consumer protections in many areas of finance - particularly insurance. Yet aside from making broker statements about risk mandatory, and perhaps more forceful (if they are not already mandatory), I do not see a clear case for needed customer protection in Forex trading. Here, as with other forms of investing, the investor - and most of all, the amateur investor! - needs to perform due diligence in understanding the markets, and the risk involved in trading in those markets. No amount of consumer protection can substitute for a cautious, careful, and well informed consumer.

Thank you

Karl Aune