From: Patrick Balducci <patrickbalducci@yahoo.com>
Sent: Monday, March 1, 2010 11:29 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex - Public Comments

Sir, Madam

I'd like to respectfully bring to your attention **the serious consequences of limiting leverage to 10:1.**
I trade forex for a living to solely support myself and my children in this difficult economic times for our country (my wife passed away in 2008).
I chose to open a trading account with a U.S based forex dealer merchant (FDM) that is a member of the National Futures Association and is registered with the CFTC as a Futures Commission Merchant (FCM). I believe that the funds in my trading account are safe due to the oversight provided by the NFA and the CFTC. **The NFA which has more expertise when it comes to the structure and dynamics of the Retail Forex Market already enacted rules in November 2009 limiting leverage, banning hedging and imposing FIFO**. (4) Four months is not enough time for the CFTC Commision to evaluate if the rules enacted by the NFA are sufficient or not to meet the CFTC concerns about risks disclosures to customers. **Therefore if the proposal of limiting leverage to 10:1 come to pass it will be premature and clearly over - restrictive and run contrary to the CFTC stated goal of protecting U.S retail forex traders against unscrupulous retail forex brokers by forcing me and thousands of fellow U.S based traders to move our trading accounts to Canada,the UK, Switzerland, Dubai and other countries where there's no limit on leverage but where the regulatory environment is not always on par with what we have in the U.S. The second obvious grave consequence is that this proposed rule will put out of business American retail forex brokers with the loss of directly and indirectly of thousands of good paying American jobs. It will also be a gift to foreign forex retail brokers who have already begun to widely advertised on the internet that the current and future NFA/ CFTC regulations don't apply to them and are trying to lure more U.S based traders. Is the CFTC willing to accept these dire consequences when our country is still in a recession with a 10% unemployment rate?**
We traders cannot make a living and support our families with only a 10:1 leverage limit. This proposed rule will not "protect" me nor my fellow traders from losing money when trading forex but to the contrary: it will only hurt my trading profits by limiting my positions size and prompting margin calls sooner.
All the U.S. based Forex brokers - dealers already comply with the NFA disclosures requirements about the risks involved with forex trading on margin using leverage. It's been my experience with meeting forex traders at trading events and participating in online trading forums that the overwhelming majority of forex retail traders are sophisticated investors who understand the risks they're taking when using leverage. Leverage is more or less risky depending on the strategy. An arbitrary limitation of leverage to 10:1, 50:1, 100:1 etc.. is meaningless unless the trading strategy employed is referred to also. One size doesn't fit all.
I strongly believe that by simply requiring clients of retail forex brokers to take an online competency test to verify and certify that the particular client understands the true risks involved in using leverage; and depending on his passing score he gets "qualified" to trade with 100:1 or 50:1 or 10:1 etc..maximum leverage to protect him/her from himself/herself. If the CFTC is worried about retail forex brokers-dealers "taking advantage" of uninformed customers/traders trough leverage then certifying the traders should resolve that concern.
Sincerely,
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