

From: Sandro <sandro@skansi.com>
Sent: Wednesday, March 3, 2010 8:08 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Dear CFTC officers,

It is with mixed feelings I am writing you this e-mail. I was hoping this day will not come. I must say that in a way the lowering of leverage was somewhat insulting, as it seems that we, as traders, do not deserve the confidence to be granted freedom.

The 10:1 leverage restriction is, in my opinion unwise. First of all, I am mailing you from Croatia, and I trade currencies under forex.com. Neither I nor forex.com are in any essential way connected to the US, nor is any other financial institution since the advent of free trade, so in a way, the whole issue is totally gone around me. We, as traders, will find a way to trade higher leverage elsewhere, but there we do profit from firm American regulation, and I am willing to pay the dealer its fees, who in turn pays taxes to the US for that extra security.

I believe the only thing that will be achieved by this in a completely globalized market is to pour out capital from the US, and force the reallocation elsewhere like the UK, or Russia, or Continental Europe. Rest assured that there is no feasible way, besides from expropriation of individual property by the state to control where one individual will deposit her money. So this part of me is completely against the higher margin requirements.

On the other hand, most serious traders, myself included, do not in reality use more than 10:1 leverage (ok, for formal reasons I use more when short in GBP/USD, and this is why I would suggest a compromise of 20:1 leverage). But altogether, I do not trade more than one mini contract (10000 units) for every 1000\$ in my account, and I do not think there is a reason for anyone to trade more. This part of me thinks that the lowering of leverage is a good thing since it will force discipline and patience on many people who try and do not succeed otherwise. But in this view, we are, so to speak trying to baby-sit people who are often way too old for such treatment, and should be held responsible for their own actions.

In any case, I believe that freedom should not be restrained, but as you have so far offered great guidance and have never failed to provide the people who deserve it the possibility to earn and prosper, I support you no matter what the decision will be. But in my opinion, it should be kept at 20:1, if lowered.

I call to reason, please do not lower the leverage excessively, since you will not be doing us a favor, but creating a problem. I find the problem of short vs. long leverage especially problematic, so please take a look into that!

All the best,

Sandro Skansi, MA