

From: John Schmidt <jschmidt134@verizon.net>
Sent: Thursday, March 4, 2010 7:39 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Public Comment on Proposed Regulations Regarding Retail FOREX Transactions

To Whom It May Concern: I think lowering the leverage requirement for retail FOREX transactions will do the exact opposite in regards to customer protection.

It wouldn't matter if you lowered or raised the leverage amount in terms of customer protection. The fact of the matter is many uneducated people try their hand at FOREX and lose. Reducing leverage will not change this outcome when FOREX brokers blanket the internet with advertising promising fast and easy money with a little disclaimer at the bottom of heavy risks of loss.

The fact is the FOREX is a zero sum market. Lowering the leverage of retail FOREX in the U.S. would do nothing but kill a legitimate business. Why would Americans keep trading in a climate that is laden with laws against them? Why would foreigners open a FOREX trading account in the U.S. when the rules are prohibitively against them compared to other jurisdictions around the globe? [Leverage works for you as much as against you.]

We have already suffered massive restrictions in the U.S. already from the NFA with imposing No hedge rules and FIFO. Most U.S. brokers have already opened brokerages outside the U.S. already due to the enactment of these rules and to my knowledge all have plans to do so.

By enacting this legislation to restrict and limit traders further will only cause a mass exodus of FOREX trading in the retail U.S. markets. This will cause American traders to put their money in less than scrupulous brokers with less ethics than what the U.S. permits via the NFA oversight.

So if American traders put their money in a foreign FOREX broker how can you say this will benefit the trader? How will this protect the American trader? How will this benefit the U.S. based broker? How will this encourage investment from foreign means in the retail U.S. FOREX market when rules around the globe are more favorable to the trader?

Are we not satisfied until we move all high paying jobs overseas?

Before we were hit with all the erroneous NFA rules and regulations we were afforded up to 400:1 leverage. Guess what? people were blowing accounts even at that level. Changing the level of leverage will do nothing to prevent someone from blowing an account or losing in FOREX.

The U.S. retail FOREX market is an infant when comparing it to the U.K. and various other places. Yet they don't see the need for these kinds of rules and restrictions. If you are so worried about the consumer you should educate them and not restrict them.

Because an educated trader will know better when the time comes. Limiting leverage or some of these other ridiculous things the lawmakers that be come up with all in the name to protect us from OURSELVES? What a pathetic joke. If it's not obvious already I would hope that you elect to leave leverage rates the way they currently are at the minimum of 100:1. Otherwise the blood of the retail U.S. FOREX markets are on your hands and the people you are trying to protect will be leaving your jurisdiction in droves. BTW, this isn't a threat it's a promise.

Sincerely,