

From: James DeSalle <jsdesalle-1@yahoo.com>
Sent: Thursday, March 4, 2010 9:46 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Dear Commodity Futures Trading Commission,

This letter is in regards to your upcoming decision on whether to restrict leverage to 10:1 on retail foreign exchange trading. I am completely opposed to such a decision. The reason that high leverage levels are needed in foreign exchange trading is because of the relatively small price movements that occur in this market. This is different than in other markets, such as the stock market, which experience much larger price movements per equivalent time periods.

If the 10:1 leverage level is adopted, it will essentially kill the retail forex market since retail investors such as me do not have millions of dollars to trade, and thus the substantially smaller profits that we would reap using 10:1 leverage would be too small to justify our participation in the retail forex market.

In the past, you implemented other regulations that, in my opinion, were unneeded. The first was to ban opposing orders. The second was requiring first-in-first-out order execution. These regulations were onerous and bothersome, although relatively harmless compared to the leverage restriction regulation in this discussion.

More importantly, you have not proposed passing clearly needed regulation, such as requiring forex brokers to maintain customer funds in segregated accounts. This is what is currently required of brokers in the United Kingdom, for example. Currently in the United States, if a broker were to file for bankruptcy, their customers would stand to lose funds, since that money is currently comingled with the brokerage company's capital assets.

Frankly, I am astounded that, on the one hand, you have not passed clearly needed regulation such as requiring segregated accounts, but have instead passed onerous, ill-thought, and counterproductive regulation such as the examples I have given.

To say the least, I am disappointed. This commission's reputation is changing from that of a respected regulator to being a nuisance. The decision as to how much leverage to use must remain a personal choice.

Sincerely yours,

James DeSalle
Los Angeles, CA