

From: David Hopkins <davedhopkins@hotmail.com>
Sent: Friday, March 5, 2010 11:22 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Dear Mr David Stawick ,

In regards to RIN 3038-AC61 and dramatically altering the margin requirements for Retail Forex investors I would like to voice my strong opposition to this proposal. Having traded in a retail FOREX account now for quite some time after moving from equities, you should not make this change.

As with any investments, leveraging poses inherent risks; however, these risks are highly publicized and very well know by everyone and anyone who trades this market. The market participants understand this risk, and with the advent of micro lot sizes, broker/dealers even offer new traders an opportunity to really acclimate themselves with volatility and the risk climate of FOREX trading prior to making serious investments into highly leveraged accounts and full lot sizes where serious losses can occur. In short, the opportunity exists in this market to become comfortable with the volatility and risk, more regulation isn't necessary.

One of the things I would fear would happen in changing these regulations would be that the CFTC would drive broker/dealers offshore to countries where such stringent market requirements do not exist, then firms would market to the American trader who is attracted to the highly-leveraged product. Unfortunately, this would really open the door for less scrupulous broker/dealers to attract more and more clients. Thus, in attempting to protect traders, which I'm sure is the goal of this CFTC rule, instead many American traders would move their money into foreign accounts where strict margin rules do not exist. This would ultimately minimize the CFTC's ability to help retail account holders avoid dramatic losses due to over-leveraging. In attempting to help, I think the CFTC would hurt your cause by changing this rule.

Instead, I urge you to focus on disclosure and education of the small retail account holder to have brokerage houses and educational service providers in this industry really heighten the awareness of risk in the FOREX retail market so that they fully understand the concept of leveraging and what it means, versus more regulation.

Thank you,

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