

From: Jeff Smith <jeff@dxdy.com>
Sent: Friday, March 5, 2010 1:19 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Regarding RIN 3038-AC61

To Whom It May Concern:

I am a small trader in the Forex world. The only way I am able to compete against the banks and larger traders is by using leverage.

If you limit the leverage in Forex trading to anything less than 100:1 you will put me and thousands of other people like me out of business. I would think at a time in our country when the economy is in trouble and people are losing their jobs a regulatory agency like you would want to help the individual investors rather than hurt them.

Increased leverage does increase the risk a little – but NOT to the trader that knows what they are doing.

Investing in any financial market entails risk. The people that lose money are the careless ones. Limiting the leverage on Forex trades won't keep people from losing their investments. The careless will still lose – no matter what the leverage level is. All it will do is drive those who aren't careless out of business.

I think a better solution would be to simply require the regulated brokers to obtain an additional level of disclosure from their clients to ensure they know what they are doing.

Somebody somewhere probably decided: “hey, let's restrict the leverage on forex to protect people from the themselves”. Why not say “no more hunting in America because a few people don't know how to handle their gun”? No, rather than kill the hunting industry you require gun training or disclosure about gun safety at the gun dealer level – you don't kill the industry. This is no different. Require training or more disclosure, but don't kill the industry. The small guy needs the leverage to compete and earn a reasonable return. In this economic environment how about government doing something to help the small guy for a change?

Thanks,

Jeff