

From: Jim Stengel <jlstengel@gmail.com>
Sent: Friday, March 5, 2010 6:22 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Dear David Stawick, Secretary Commodity Futures Trading Commission:

Please be advised that this is written with regard to **RIN 3038-AC61**. I am not sure of the intent of this proposed regulation change, but it has long reaching negative implications for the viability of the currency market as well as the retail trader. The unintended consequences of this proposal could be disastrous for our already fragile economy.

I believe the proposed reduction in maximum leverage from 100:1 to 10:1 is ill advised and counter productive to retail participants and the market as a whole.

Lowering leverage minimizes profit potential and increases capital requirements to participate in this market. This discourages small entrepreneurs thus providing less liquidity to the forex market which will likely increase volatility. I assume the CFTC is interested in stabilizing currencies to promote international trade. Taking market participants out of FOREX is not the way to accomplish this goal.

Some of the retail business will probably migrate from United States brokers to international providers with the obvious negative impact to domestic FOREX marketers servicing the small trader. If the intent is to minimize small retail trading to protect small traders from high risk activity, international brokers will always be able to fill the demand.

If the CFTC is really interested in tackling market abuses, they should look to those entities that can and do manipulate the market, namely large financial institutions trading for their own account but with no legitimate need tied to their financial services business. Prohibit the use of complex derivatives whose risk to the institution and the domestic economy can not be accurately quantified. And of course we can not leave out the large speculators like George Soros who has made his fortune by manipulating currency markets, coming close to collapsing some. If you want a stable FOREX market free of influence not tied directly to nations' economies, crack down on those that really can move the markets for their own self-interest alone!

Sincerely,

Jim Stengel
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