

From: BxUSA@aol.com
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To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

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Why don't families give their newly licensed teen age drivers the keys to the family's newest and most valuable cars? Because history has shown that because of their lack of experience, they are the most likely to be involved in accidents. The insurance companies also know what families know, and therefore they charge higher rates for these drivers, until they gain more experience.

In order to protect inexperienced and new forex traders your department might consider requiring that brokerages assign minimal leverage levels to new traders until they gain more experience. You could establish a sliding scale that would allow them to gradually increase leverage levels only after customers have maintained their live accounts over specified periods of time, demonstrating that they have acquired the knowledge and understanding of the risks in this market. You could then follow-up and monitor them to make sure that they are adhering to your guidelines.

I think you would agree that the shotgun type, one stop shop, cookie cutter, one size fits all approach, of reducing the leverage levels across the board for all traders, would simply result in the seasoned, proven traders moving their accounts to off-shore brokerages. Or that the brokerages themselves would move off shore and take those jobs off shore with them, to side step the one-size fits all restrictions. The seasoned traders have already demonstrated over time that they grasp, understand, and have adjusted to the risks of this speculative market.

Thanks for your concern about higher leverage levels possibly having an adverse effect on new and or inexperienced forex traders who may not understand the risks associated with trading in this market.

Nat R....