

From: Daniel Uslander <daniel.uslander@prodigy.net>
Sent: Monday, March 8, 2010 12:13 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

To the Members of the Commodity Futures Trading Commission:

Please allow me to voice my disagreement and displeasure with two significant elements of the proposed rule changes now being contemplated by the CFTC and Congress:

First, the reduction of leverage to 10:1 will result in accounts leaving the relative safety of our domestic regulatory environment in great numbers. This has already begun to happen. If these proposals become law, that trend will only accelerate. The effective and necessary battle against fraud, deceptive sales practices and unscrupulous dealers being waged by the CFTC and NFA will in no way be affected by a reduction in allowable leverage. Crooks will attempt to exploit the unprepared regardless. Besides, as accounts leave for jurisdictions with more liberal terms, we will suffer a double indignation: accounts may be moving to firms that operate on a flimsy regulatory foundation and the jobs needed to support those accounts will be gone from the US forever. Please reconsider.

Second, the proposed rule change would require all IBs to obtain a "guaranteed IB" status from the FDM or FCM that benefits from the introduction of a retail forex customer. This creates significant competitive issues for Independent IBs. "Guarantee" almost always means that a single FCM or FDM receives all the business successfully developed by an IB. Independent IBs maintain capital and adhere to demanding regulatory constraints for a number of reasons, perhaps the most important of which is the ability to introduce clients among multiple FCMs or FDMs. There are material differences among FCMs/FDMs and the proposed rule would result in needlessly stripping Independent IBs of a business advantage they earn through their capital levels and required policies. Choice and diversity make markets stronger and help markets achieve greater levels of integrity. If the purpose of the rule is to ensure that FCMs/FDMs are "on the hook" for the actions of undercapitalized IBs, that makes sense. However, the compliance oversight that Independent IBs must build into their day-to-day activities provides the protections envisioned by the proposed rule. The proposed rule that is now up for discussion is overkill. Please reconsider.

Thank you for your prompt and serious consideration.

Sincerely,

Daniel Uslander