

From: Rich Hoffman <rich@deliveryoptions.net>
Sent: Monday, March 8, 2010 1:54 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex
Attach: CFTCLetter.doc

With specific regard to Proposed Regulation 5.9 (a), security deposit and leverage ratio, I respectfully submit that this change will INCREASE consumer risk and cost thousands of jobs.

- At 100:1 leverage consumers can keep position sizes small and still make money.
- At 100:1 leverage and with mini and micro lots it is very easy to limit losses.
- At 100:1 leverage the consumer has access to a market that would otherwise only be available to bankers, hedge funds, and wealthy individuals.
- At 100:1 leverage consumers have the buying power to diversify across multiple currency pairs.
- At 100:1 leverage consumers will keep money with domestic firms under the purview of the CFTC and NFA.
- At 100:1 leverage more people participate which increases liquidity and reduces volatility—both good for the consumer.
- At 100:1 leverage consumers are empowered to control their financial future and earn a full time income with a relatively small account, as I do.
- At 10:1 leverage I have postponed investment in my business. Specifically, I have postponed investing in a \$20,000 programming project with a Vernon Hills, Illinois employer.
- At 10:1 leverage the 1 cent daily move that is typical across most currency pairs becomes a waste of time to trade
- At 10:1 leverage traders would be forced to be 'all in' to make up for the loss in buying power
- At 10:1 leverage the Forex Retail market would be severely crippled, possibly ruined, and jobs will certainly be lost.

Long gone are the 'wild west' days of the Forex 'bucket shops'. Futures Commission Merchants (FCM's) are accountable to consumers with very stiff NFA penalties. Consumers are very well informed and fully understand the risks associated with the Retail Foreign Exchange Market. At the very least, keep 100:1 leverage available to those who take the time to demonstrate that they understand the risk. The Series 34 exam is inexpensive and a perfect tool for this. FCM's can offer one level of leverage for the 'less informed' and another level for semi-professional and professional traders. As a Commodity Trading Advisor who successfully uses 100:1 leverage day after day and week after week, I implore you to fix the problem and not ruin a market. Since leverage concerns are easily solved without reducing it, PLEASE STRIKE THIS PART OF YOUR PROPOSAL.

Sincerely,
Richard Hoffman, CTA
NFA#0416801

secretary@cftc.gov

Regulation of Retail Forex

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