

**From:** Michael Luchino <mluchino@aol.com>  
**Sent:** Monday, March 8, 2010 6:17 PM  
**To:** secretary <secretary@CFTC.gov>  
**Subject:** Proposed Leverage Reductions

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To NFA:

Dear Sirs:

I am sending this on behalf a small group of very dedicated forex traders that I belong to. We are writing to provide our comments and express our concerns about the proposed leverage reductions being considered by your organization. We believe the proposed changes will profoundly affect our profession and livelihoods.

We have all dedicated ourselves to our trading and have each spent a considerable amount of time and money to become proficient traders. Most of us now trade full-time and for many of us trading is our sole source of income.

We understand and appreciate the risks associated with the higher leverage typically offered by forex brokers. Obviously, leverage can work for you or against you, depending on your knowledge of the market, your application of proper money management principles, and the integrity of your brokerage firm .

By lowering the leverage to the proposed 10% level , you are effectively requiring traders to substantially increase the funds in their unprotected trading accounts to support the same level of trading and profitability . Successful traders know that properly conservative money management is a critical element of successful trading.

Another major concern we have is that traders will have to maintain a much larger cash reserve in their live trading accounts. These cash reserves are not protected by the SIPC or any similarly chartered organization and can be completely lost should the broker go out of business. We understand and appreciate that your organization has responsibilities to try to keep the playing field as level as possible. We have seen over the last couple of years the changes that your organization has enacted to clean up the brokerage side of the business. We suggest that you also require brokerages to no longer treat an individual with a trading account as an unsecured creditor. They should be required to structure their brokerage in such a way that they cannot use deposited funds as their own piggy bank, similar to what stock brokerages are required to do. For the most part, the brokerages that have made it through the rule changes seem to be doing a much better job. For that we thank you. I am confident that the number one complaint from all traders comes from problems associated with their brokers. If I enter into a bad trade and have nobody to blame but myself for the outcome, I can accept that and go on to learn and improve. If my broker is treating me unfairly, it is very disheartening, as I have virtually no power to make the situation whole.

Finally , please recognize that we are professional traders who take our trading very seriously. We do not require, nor do we desire, the government to “protect” us by enacting the rule changes

that you have proposed. It will not accomplish its intended goal. It seems counterintuitive that, if over the age of 21, an individual is allowed to completely destroy their financial lives in a casino where the odds on just breaking even are impossibly large. At the same time, the government feels compelled to protect professional traders from themselves? None of us consider ourselves to be gamblers.

Please reconsider your proposed rule making. Thank you for your consideration.