

From: Mark Costa <markrcosta@gmail.com>
Sent: Monday, March 8, 2010 9:52 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

To the Committee:

I am writing in opposition to the proposal to limit leverages used by retail traders. Under the current system, I am able to generate a modest amount of extra cash flow with little invested money. I am able to do this by using 100:1 leverage on min-lots (10,000 units). By using proper risk management, I have yet to incur a loss in excess of \$25 USD. I understand that the Commission feels compelled to protect the "average" person, however in this case it may be driving many people out of the market in an attempt to protect fools from themselves. I believe the net effect of this regulation would be to drive all small traders from the markets, both successful and unsuccessful. Unfortunately for us successful traders, we will be left without the modest addition to our income. I believe the fools will easily find another way to lose their money.

I do want to point out that the 10:1 leverage limit can have the opposite effect than what was intended; it may in fact expose small players to more risk. Under the current system, monies deposited into Forex accounts are not protected in bankruptcies. Under the new regulations, traders will be forced to keep more money in their accounts, thus exposing them to greater potential for losses. That is because the current system provides no way for the average person to identify which Forex brokers are managed properly, and which ones are nearing insolvency. If you are concerned about protecting the average trader, please find a way to either a) make financial statements of brokers available to retail traders or b) set up a deposit insurance system. I also want to point out that traders are not protected in the case of system failures, which also pose a significant threat. I would also like to see some protection for retail traders in the case of system failures.

Once again I want to reiterate my request that the Commission reject this proposal. I, as an educated adult, have made an appropriate analysis of the risk associated with using leverage, and have done so properly and safely. If the Commission chooses to change the regulations, it will be taking away the only legal way I have to augment my income as a student. Currently that is money that I use to pay for diapers and such for my child. Therefore I would greatly appreciate it if the Commission would focus on protecting me from the real threats that I face, which include dealing with private companies that are not obligated to make their financial data public and unexpected system failures.

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Ph.D. Student