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Sent: Tuesday, March 9, 2010 1:31 AM
To: secretary <secretary@CFTC.gov>
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Subject: Extremely opposed to 10:1 leverage limit and increased margin requirements in regulation of retail Forex proposal RIN 3038-AC61

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Attn: David Stawick, Secretary, CFTC and all CFTC policymakers:

Regulation needs to be constructive instead of restrictive; otherwise it becomes destructive. For the sake of competition and freedom of choice, leverage should be allowed to range depending on the broker you choose to use. I am extremely opposed to lowering the leverage and raising the margin requirements. The leverage has already been lowered once in the USA and does not need to be lowered again. Lowering leverage to your proposed amount means you have to put 10 times more money in your account to make the same amount you are making now. Two problems are quickly made evident. Most traders do not have 10 times more money to tie up in a brokers account. The second problem is that money put in a brokers account is uninsured. If the brokerage goes bankrupt (which your proposal drastically increases this risk of happening) you lose your money (because of your proposal you could lose 10 times more). Raising the margin in each person's account also requires a person to put more money in their account in order to trade at their current level.

If the proposal passed the trader would have three options.

- 1) **Unable to Play**—The trader could give up trading because the risk to their capital will be greater than the potential reward. A higher margin means less money available to trade. Lower leverage means you make less money. Now add these two together and you make a great deal less money. The increased margin will increase the risk of a margin call. The margin on one mini lot for the GBP/JPY is around \$146.00 but your proposal will bring that to \$1460.00. Most small traders have \$2000 to \$3000 in their accounts. For someone with \$2000 this leaves them with only \$540 to trade. Add on top of that the lower leverage and you will trade for pennies instead of dollars. Your proposal increases the risk to a trader and drastically decreases their ability to make any money. There is a TV segment on local news called *Deal or Dud*. If a potential trader was looking for a broker and this is what they offered it would be considered a Dud.
- 2) **Desperate to Trade**—The second option is to continue trading where you are and accept the two handicaps you have been saddled with by the CFTC. There are traders out there who use low leverage. The margin requirement will be a huge hindrance. They will have to come up with ninety percent more capital to make what they are currently making. So if they have \$2000 they will need \$20,000 in order to make the same amount. The other thing these traders will be worried about is if their broker will remain solvent. A large portion of traders will take their money out of USA broker accounts due to the restrictions. The traders who are left may not be enough to keep their brokerage going and the remaining traders will lose their money due to the bankruptcy.
- 3) **Adios Bye Bye**—The third option is to find another place to trade. It can be done but this means moving your money out of the USA. This causes headaches for all parties. The USA loses a money making industry that up until now has been growing each year. The USA brokers will downsize first then either move offshore or go out of business. Brokers for other countries who had branches in the USA will withdraw. The workers who lose their jobs will not bring in tax revenue for the government but instead will collect unemployment adding to the job crisis affecting our country at this time. Traders who had been using USA brokers will have to depend on other countries and their regulations as they move their money and go.

The CFTC needs to be part of the solution not the problem. Democratic government agencies are supposed to be run "by people for the people". If you get rid of the 100:1 leverage and the smaller margin requirements that small traders depend on it makes me wonder who "the people" are that you are actually working for? Who benefits from you destroying the USA Forex industry? It certainly won't be the true USA, the USA brokers or the people (foreign and domestic) who depend on them. What power you must feel to take away someone's right to make money just because you can. This makes me angry because you are also the very people who are supposed to be helping us.

If you want to be part of the solution work with USA Forex brokers not against them. Constructive regulation is a necessity to try and keep people focused on doing the right thing. Constructive regulation also needs to be done by people who actually know the business. You need to hire or consult with Forex experts who actually trade the Forex market. Your proposal is aimed at reducing fraud and deception. To do that you should start with your proposal. Neither margin nor leverage is fraudulent or deceptive if they are revealed on a broker's website. They are both tools to help you make money. Wisdom comes with practice and all good brokers have demo accounts so you know exactly what you are getting before you even open a live account. If you want to find fraud and deception look for brokers who don't spell out or correctly calculate the leverage and margin requirements. Find the brokers who don't have demo accounts or whose demo accounts don't function like their live accounts.

If you want to help, find a way to insure my money when it's in a brokers account. If they go bankrupt I will then get it back. This will decrease fraud. Help USA Forex brokers stay competitive. Leave the leverage and margin requirements alone. This will reduce fraud because people will stay with USA regulated brokers. I like my broker and want to keep my money in the USA. Please help me do this by being a constructive regulator instead of a restrictive regulator.

I am opposed to the 10:1 leverage and the increased margin requirements because it is not good for Forex, it is not good for the USA and it is not good for Forex traders. Your proposal discriminates against small traders and basically says unless you are rich we don't want you to trade in the USA. One market (ex. Forex) should not be compared to any other market (ex Futures). Leverage and margin requirements in one market are not the same as in another market. It is like apples and oranges; both are fruits but not the same. Like an apple versus an orange one markets risk should not be compared to another markets risk as they are completely different markets.

Some of the most innovative Forex brokers are in the USA. We need to keep jobs and traders (domestic and foreign) money in the USA. We have outsourced way too many jobs already. This proposal would send both jobs and traders money out of the USA. We need a regulatory agency that allows all people a chance to trade not just the rich. Give us regulations that help us not hurt us; rules that will protect us not destroy us.

Let freedom instead of tyranny reign in the USA,

Susan Tipton