

**From:** David Ward <davidward@sjatty.com>  
**Sent:** Tuesday, March 9, 2010 1:48 PM  
**To:** secretary <secretary@CFTC.gov>  
**Subject:** regulation of retail forex

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Dear Secretary,

I am writing because I am concerned about the proposed regulations to retail forex. I trade forex as a side practice and I use relatively high leverage. In the process, I have seen many scams run by unscrupulous brokers. However, I feel that restricting leverage does not punish the unscrupulous brokers, but the investors. It is placing a restriction on the market that does not need to be there. I appreciate that the CFTC is attempting to control the unscrupulous behavior of foreign exchange brokers. However, this is not the answer.

If the CFTC is particularly concerned about high leverage, I see a much more effective option being to regulate advertising about high leverage accounts require clear and detailed warning to individuals when they open a brokerage account with high leverage. I see an analogy to the regulation that the FDA instituted in the 90s. They realized that it was every individual's right to know what they were consuming, but that if that individual chose to consume dangerous or unhealthy food, that was their choice. Similarly, if I choose to risk my money on a 500:1 leverage account, that is my choice- and I am educated enough to do so while practicing careful money management. I know that it is dangerous, but I also know how to carefully calculate the cost. Taking this away from me would punish me as a means of "protection." If we reduce leverage to much lower levels, investors like myself will be unable to enter the market at all- thus taking away possible free market investment options from reasonable investors.

While I realize that high leverage can be a problem, taking it away entirely is an extreme measure. By the rules in product liability, it is the responsibility of a company creating a possibly dangerous product to try to engineer it out, insulate it if that's not possible, or warn about it if that's not possible. It's a bit of a metaphor, but I see the responsibility of companies in this case being to warn the public, not to take away something they may want. Please use the money I have paid in tax to develop worthwhile warnings and education about these accounts and to pursue brokers who practice genuinely unscrupulous accounts. There are many other, much more indidious, practices in the foreign exchange market. Please focus on those rather than taking away a form of investing that is potentially dangerous.

Thank you for your time,

David Ward

P.S. These are my views- I am not in any way representing my company. I include my signature only because I would be willing to have someone speak with me if the CFTC chooses to contact interested parties.

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