10-001
COMMENT
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Public Comments on Regulation of Off-Exchange Retail Foreign Exchange Transactions and Intermediaries:========

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Gentlemen,
I am writing to comment on the proposal to restrict leverage in Forex trading to 10 to 1 leverage contained in these proposed rules.
I speak as someone who trades the Forex for a living, as a private investor.

The effect of the proposed rule would be to destroy the US market for small traders like myself and to drive my trading to foreign brokers who do not impose such a restriction on leverage.
It would do so by creating an unacceptable risk reward ratio and make the cost of trading prohibitive to me and others like me.
In addition, many investors would be forced to use foreign brokers who are not subject to the reserve funds requirements of US brokers & the risk of brokerage failure or even unscrupulous behaviour by foreign brokers will be far higher.

The forex market is inherently less risky than other equities markets as one cannot risk more than the capital contained in ones trading account. There is no such thing as a "margin call" in Forex. My broker will automatically exit my positions on my behalf if my capital falls below a certain amount & I cannot owe any more than the amount in my account.

I have traded Stocks, Options, and Commodities and I can state from hard experience that even with a maximum leverage of 2:1 (using margin) it is possible to lose far more than the balance of one's trading account.

Forex is a fundamentally different market than Stocks, Options, or Commodities and should not be subject to the leverage requirements of those other markets.

I urge that the proposed rules do not implement a 10 to 1 leverage requirement for Forex trading.