From: Gene Messina <gene.messina@charter.net>
Sent: Friday, March 12, 2010 8:26 PM
To: secretary <secretary@CFTC.gov>
Subject: RIN 3038-AC61 Regulation of Retail Forex

Dear Secretary Stawick:

I am a retail Forex spot trader. I heartily support the CFTC's proposed regulation to limit the amount of leverage offered to US retail traders to 10:1. Actually, I think 10:1 is still too high. Most professional traders and money managers limit themselves to 2:1, if any leverage is used at all. Retail brokers want retail customers to "blow up" their accounts - that's how they make money. The fastest way for them to achieve this goal is to persuade their customers to use absurdly high leverage ratios. The number one reason new traders fail is because they are undercapitalized from the start and don't understand how leverage really works. The use of high leverage ratios is the leading cause of death of retail accounts. It's no wonder that the professionals won't use high leverage.

Even if he uses a sound trading system, the average retail trader will be lucky to have a 50% win rate. This means he must cut his losses short and survive until he can ride a winner that will recoup his losses and provide some profit. The only way to survive long enough to catch the winners is to exercise sound money management. Clearly, the use high leverage ratios is the exercise of the abandonment of sound money management.

I'd support a 3:1 limit.

Eugene Messina
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