

From: John Knight <embsens@cox.net>
Sent: Saturday, March 13, 2010 12:36 AM
To: secretary <secretary@CFTC.gov>
Subject: Regarding legislation proposing Forex 10:1 maximum leverage

To whom it may concern,

I am writing in response to the CFTC proposed legislation that will subject all retail Forex customer accounts to a maximum 10-to-1 leverage limitation.

I am amazed that this is even being considered. The impact of this will surely force virtually all of the small traders such as myself to move their accounts out of the USA to overseas brokers. I fail to see the benefit of such regulation. It is hard to make money in the Forex market and such regulation will undoubtedly make it much more difficult, requiring much larger accounts to make even the smallest income. This effectively will cause all of the smaller traders to exit the market or go with overseas brokers if they wish to trade. The NFA recent regulation prohibiting hedging has already caused me to move some of my accounts to overseas brokers, and such passage of this legislation would force me to move my remaining funds overseas.

From the perspective of CFTC/NFA regulated brokers, I can see that being regulated by these agencies will become a big negative and will seriously hurt the brokerages. I would predict a mass exodus if such legislation is passed. I see no better way to crush the USA Forex industry than to pass such restrictive regulation. It really makes it an unfair playing ground for them... they must compete with other brokers that do not have such restrictions! Is that really what you want to do? Keep in mind that there are other choices for Forex Brokers... its a worldwide market and it is indeed easy to move money to overseas brokerages. If you want to seriously harm the USA regulated brokers, then such regulation is the way to do it.

To summarize my position on this, I am strongly AGAINST such proposed regulation that would reduce the leverage maximum to 10 to 1.

Respectfully submitted,

John Knight

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