

From: Charles Petee <dazzle.html@live.com>
Sent: Saturday, March 13, 2010 12:23 PM
To: secretary <secretary@CFTC.gov>
Subject: 'Regulation of Retail Forex RIN 3038-AC61

Dear Secretary

I wish to add my opinion to the public comments solicited by you regarding the proposed rules following the passage of the Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, 122 Stat. 1651, 2189-2204 (2008), also known as the "Farm Bill," which amended the Commodity Exchange Act in several significant ways.

As an independent retail forex trader I very much appreciate your efforts to craft regulations that have the effect of creating a fair trading environment, and that benefit the US economy.

The forex trading market has been ripe with fraud from it's beginning. Independent traders globally have been fleeced for enormous amounts of capital to date, despite some regulatory efforts from the CFTC.

Currently I applaud your agencies efforts to enhance the registration requirements of brokers and dealers in forex. However, the real trading environment that leads to losses sustained by independent traders, and that has a negative impact on the US economy I do not believe have been directly addressed in the current proposed regulations.

It appears to me that the CFTC believes that if independent retail forex traders are hamstrung sufficiently, that this will reduce losses by limiting the actual amounts of capital independent retail forex traders are able to risk, or simply to hamstring them to the point where potential gain, is simply no longer worth the risk at all, and we simply stop trading altogether. This apparently strategy on the part of CFTC as evidenced by the "anti hedging rule", and now substantially reduced leverage allowed to traders in the current proposed regulation, has had the actual effect of pushing traders out of trading accounts in the US, and many traders have now simply moved their accounts outside the US. US traders who have moved their accounts outside the US have caused the loss of those accounts to be held in US entities, and outside of any protection offered by the CFTC. This appears to be counter productive if the intent of the currently proposed and recent enacted regulations is to benefit the US economy, and provide for a fair trading environment for traders in the US.

The recent anti hedging regulation simply deprived many traders of one of the most effective stop loss techniques available to them in the actual trading environment... so many traders moved their accounts outside the country, with their brokers gleeful assistance...

The current proposed regulation reduces the amount of capital that traders can risk, and thus reduces the potential gain, so this limits, particularly small traders from any potential substantial gains they may actually be able to obtain in their actual trading sessions, and reduces the incentive to trade at all, except they flee CFTC regulations, and once again move their accounts outside of the US, and outside of CFTC protection.

Will the CFTC ever listen to actual traders... especially those who are US citizens, and who trade through US brokers? Because if you do, the real reasons for losses to such traders are mostly as a result of causes other than those CFTC appears to be addressing itself to, which are not really the culprits of trading losses experienced in the actual trading environment by traders, due to unfair or fraudulent trading practices that are actually occurring.

From personal experience as a US citizen, trading as an individual, with a US broker... I attribute my actual

trading losses due to unfair trading practices, or outright fraud to the following causes... which I believe CFTC should be focusing it's regulatory authority upon:

1. Brokers using their automated trading systems to deny a trader the ability to close a trade at a time of their choosing. The broker simply instructs their systems to deny traders the ability to close trades by obstructing the traders ability to execute a close order, by means of issuing "reguotes" or "order accepted" signals without actually executing the orders, thus delaying execution until substantial losses have been incurred by the victim traders. Brokers use this means when prices move suddenly, and blame the situation on market volatility. Brokers artificially, and knowingly deny execution of traders orders with the intent of causing losses. This situation should be dealt with in the regulation of brokers in the US, if this is the limit to the CFTC's jurisdiction.
2. Price spiking. Extremely brief price spikes, which have the effect of tripping the stops on orders placed by traders, obviously causing losses to traders. Price spiking should be monitored for its existence, and punished when detected. CFTC needs to address this clearly fraudulent means of causing losses to traders.
3. Insider price information. No trading entity should have real-time information available to them that is actually used to set the actual real-time market price. It appears that there are super entities in the actual trading environment that have information such as real time volume information related to actual price movements, that is otherwise denied to traders, who are then at a trading disadvantage to those who have the real time pricing data. This is not fair, and should be considered when structuring a trading environment that is fair to all parties engaged in trading. Either inside real-time price related data should be denied to all trading parties, or available to all. If the latter were ever true, then there would be no market at all, because there have to be more losers than winners to sustain the game in play... or there would be no profit to anyone at all. However, it is unfair that some may have real-time data that is used for actual commodity pricing, but others... independent retail traders, in particular, do not.

If the CFTC is actually interested in protecting US traders, by providing a fair trading environment, and in doing so benefiting the US economy, then I strongly believe that recent, and currently proposed regulations and how they hamstring US traders is misguided. In all other respects, regarding registration and capital requirements of the market makers, I applaud... and sincerely thank the Secretary for the beginning of a system that may one day actually create a fair market for US traders to participate in that ensures the integrity of the market makers themselves. However, the unfair and fraudulent tactics used against traders in the actual trading environment, have not truly been addressed by CFTC so far, and the result is, loss of trading accounts to foreign interests, and unprotected US traders from the actual unfair trading practices directed against them in actual trading sessions.

When US traders can trade in a fair trading environment, here in the US, the US economy will no doubt benefit from their success. Please do not continue to sustain unfair trading practices, and fraud directed against US traders, while simultaneously hamstringing our own traders, as has been allowed to date.

One last point I would like to make. If the CFTC is truly interested in helping prospective traders make an informed choice about any broker or dealer they may consider as a trading facilitator, they would best be armed with the information about the record of traders actually trading through a particular broker or dealer... profitable versus unprofitable. The aggregate information is available, and I believe should be made available to prospective traders, just as a high trading risk warning is. This is far more revealing than any warnings to traders about the high risk of trading forex, and the best clue as to whether a broker or dealer is honest or not.

Thank you.