From: Bruce Peltz <bpeltz77@gmail.com>
Sent: Tuesday, March 16, 2010 2:48 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Mr. David Stawick, Secretary
Commodity Futures Trading Commission
1155 21st Street, N.W.
Washington, DC 20581

RE: RIN 3038-AC61

Dear Secretary Stawick:

As a self-directed trader/investor in the Foreign Exchange (FOREX) Market, I would like to voice my staunch opposition to the proposed CFTC legislation that seeks to reduce the maximum per position leverage from the current 100:1 to 10:1.

Although high levels of leverage (such as 100:1) are typically associated with high risk investments—such is not necessarily the case. In fact, like other risk adverse traders, it is specifically because of 100:1 leverage (and the accompanying low margin requirement) that I am able to diversify my currency holdings and lessen my exposure to substantial price fluctuations in any single currency pair.

Consider the example of 100:1 leverage with $1,000 in margin and 10:1 leverage with $10,000 in margin. Were it not for the $1,000 margin requirement referenced in this example, it would be impossible for me to diversify my currency holdings and reduce my overall portfolio risk by trading in five-to-ten different currency pairs simultaneously (representing $5,000-$10,000 in margin) as opposed to trading in a single currency pair with a $10,000 margin requirement.

The same can be said for mini accounts whereupon which 100:1 leverage represents $100 in margin and 10:1 leverage represents $1,000 in margin. Again, a trader could hold ten different currency positions with $100 in per position margin as compared to a single currency pair with a $1,000 margin requirement.

Obviously, the above examples do not take into consideration the amount of capital required (in excess of margin) to accommodate price fluctuations and interest obligations of the various currency positions. Neither does it take into consideration the financial impact of currency correlations, or the lack thereof, between the individual currencies that comprise the various currency pairs within the yet-to-be-defined sample portfolios.

The absence of such assumptions, however, does not (in any way) negate the direct and material impact of leverage and margin on the ability of traders and investors to successfully diversify their currency holdings, and, in doing so, mitigate portfolio risk to levels and standards that would be otherwise unattainable.

Thank you, in advance, for your consideration.

Regards,

Bruce Peltz