

From: Ken Berry <exmilitary@hotmail.com>
Sent: Tuesday, March 16, 2010 10:57 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail FOREX

Dear Mr. Stawick,

Let me begin by commending your commission for providing a comprehensive overhaul of the rules and regulations for the FOREX market. The Federal Register update issued on January 20, 2010 does a good job of informing people what the underlying issues are, namely fraud and regulation interpretation. Also, the many proposed changes and additions go a long way to providing clear guidance to bodies that rule on disputes that arise as well as provide some welcome consumer clarification.

However, there is one specific item that I am concerned with, the new Regulation 5.9. While I understand the intent to minimize exposure and/or losses by brokers and consumers alike, I do not believe that government regulating the limits on a free market are in either the government nor the industries best interest. It is true that a 400:1 ratio is very risky for both the broker and client, but dropping this down to a maximum 4:1 is definitely overkill and which will most likely hinder the markets growth. I would recommend instead that the maximum be changed to the market norms 100:1 on majors and 25:1 on all others as an alternative to the current proposed limit of 4:1.

In addition, as stated, the brokers are currently required to obtain capital from prospective investors prior to any trading. I would like to propose as an additional safeguard that Brokers should be required to develop a mechanism to guarantee an investor does not over-leverage their account. This would protect the broker and client and would also ensure stability in the market by ensuring that there was the proper capitalization available at all times, at least for US based entities.

I am a new investor to this market. I am spending the time learning the market before I invest any real money. Being a "small investor", the proposed new changes as written today would not be attractive to me as a potential new investor due to the lack of earnings potential. The risk/reward just isn't there at 4:1.

Thank you for taking the time to read this.

Sincerely,

Ken Berry
A "small investor"

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