

From: brett <investor07@sbcglobal.net>
Sent: Wednesday, March 17, 2010 2:22 AM
To: secretary <secretary@CFTC.gov>
Subject: 'Regulation of Retail Forex'

Dear Secretary:

I am commenting on the proposed regulations concerning the Retail Forex trading market, RIN 3038-AC61. Specifically, the requirement in proposed section **5.9 Security deposits for retail forex transactions**. In this section, you propose a security requirement in 5.9 (a) of:

percent of the notional value of the retail forex transaction;

This requirement is significantly higher than the current requirement that most retail forex brokers have established with their retail forex customers. The industry standard is currently one percent and your proposal is ten times greater. We agree that all trading funds that retail forex customers use should be discretionary funds, that is, their loss would not affect the customers standard of living. With this being the case, how much reward or loss that the retail forex customer can incur should be left to the discretion of the customer and governed by the NFA's current leverage restrictions of 100 to 1. It is my belief that the NFA current leverage restriction is entirely adequate and appropriate for retail forex brokers and customers.

By increasing the margin requirement to ten percent, a retail forex customer would have ten times more money exposed in one trade. Should the trade move against the customer, most retail forex brokers would close the trade at the initial investment, i.e., the current margin requirement of one percent. Under your proposal, the retail forex broker would close the trade at the initial investment also, but in this case, it would be at the ten percent requirement. This would entail the customer having a ten times larger loss than would currently occur with most retail forex brokers. This does not mitigate the customers risk, it increases it significantly. If the intent is to mitigate the customers risk, then leave the retail forex customer security deposit at one percent and require the retail forex broker to close the trade if it loses its initial investment.

Your proposal to regulate the financial, fiduciary, and other aspects of retail forex brokers business should be beneficial in reducing non-performing retail forex brokers, such that the NFA current leverage restriction of 100-1 should be adhered to, meaning the security deposit should be written to read:

percent of the notional value of the retail forex transaction.

Sincerely,

Brett Coleman