From: James T <tettehjx@hotmail.com>
Sent: Thursday, March 18, 2010 1:41 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex -- ID# RIN 3038-AC61

To Whom It May Concern:

I wanted to write to you to discuss my comments on the recent regulations (identification number RIN 3038-AC61) that have been proposed to regulate the forex industry. Clearly, the provision of an ethical and regulated forex industry is something that we all want. Having said that, I want you to know that many of the proposed regulations regarding retail forex transactions are a step in the right direction. In large part, I agree with setting a standard capital requirement, registration of forex MMs and other industry players with the CFTC, and other antifraud measures within the proposal. However, a catastrophic mistake has been made with the inclusion of the section (5.9) to limit the leverage available to retail forex customers to 10:1.

This section does not protect retail forex customers, it requires us to put 10 times more of our money at risk in order to participant in forex trading--either 10x more or leave forex trading in the US behind forever. Again, while the attempt to protect us is welcome, what this section of the regulation does is infringe on the way in which we have chosen to trade. You are incorrectly using your power to eliminate choice, not level the playing field so as to provide fair and equal participation. Most of the forex related court cases that I have researched have had more to do with solicitation--not leverage. THE NFA has already set the limit to 100:1, which I am sure made some US firms not as competitive, but not so much so that they were driven out of business or offshore.

So in asking myself, how leverage got mixed into all of this, I can only surmise that it is do to all of the work that your organization is doing with the complex and highly levered derivative contracts that are partly responsible for the financial crisis that we are still in. To that I can only say that not all "leverage" is the same. I encourage you to do a bit more research on this particular part of the regulation. If you do I am sure you will come to the only logical conclusion there is--that high leverage is not the issue for those forex traders who understand how to use it, and what this rule does is penalize the entire industry for the sake of a small number who may be complaining simply because they are not taking the time to learn how to use high leverage correctly. Leverage is a tool and like any tool, if used incorrectly it can hurt. And 10:1 is less than some markets within the futures industry enjoy. If you want to protect newer forex traders from themselves, consider putting in automatic stop controls that can be opted out of manually. Or explore the use of standard account margin requirements (again that can be opted out of manually).

The unintended consequence of this part of the regulation will be the following:

a. a massive outflow of money as funded accounts presently located in the US go offshore.
b. the US will cost itself millions (billions over time) in lost trade revenue.
c. many white collar jobs that require very high education levels and advanced degrees and certifications will be lost as that part of the talent pool moves overseas with the jobs (e.g. software developers, financial analysts, etc).

d. forex fraud may worsen as many US retail customers who are forced by restrictive leverage requirements to use off-shore brokers may fall prey to fraudulent institutions that are not as closely regulated.

You are on the brink of regulating the forex business out of business here in the US. I am pretty sure that was not the intent, but mark my words, that is definitely going to happen and our economy cannot afford that. Please get rid of section 5.9 before it is too late. Thank you for your attention to this matter.

James Tetteh
<private trader>