From: Kevin Capozzi <kc@capozzi.us>
Sent: Tuesday, January 19, 2010 10:09 PM
To: secretary <secretary@CFTC.gov>
Subject: proposed new FX regualtions

Dear Sirs,

While I applaud the CFTC finally trying to protect FX traders I am confused by the new rules.
Hedging is a non-issue, and while restricting leverage to 10:1 will greatly limit losses, it does not address the problem.
The problem is that the US FX dealers are counterparties to the trades made by their clients and as such are motivated to hunt for stops and miss limits wherever possible.
Since FX is OTC clients are forced to accept the pricing provided by their FX dealers, and as such dealers are free to provide any pricing they want, even if it is not aligned with global prices.
Either create a situation in which dealers are not allowed to accept risk (the bulk of their profits) as the FSA does, or regulate the pricing that they give to customers.
The UK, Australia, New Zealand and Switzerland all provide a significantly better regulatory environment for FX traders, what is the problem with the CFTC?

Kevin Capozzi
Trading FX since 2001