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Sent: Thursday, March 18, 2010 9:32 PM
To: secretary <secretary@CFTC.gov>
Subject: Public Comments on Regulation of Retail Forex
Attach: Public Comments on Regulation of Retail Forex - DMV 18MAR10 -.pdf

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March 18, 2010

The Honorable David STAWICK
Secretary of the Commodity Futures Trading Commission
1155 21st Street Northwest
Washington, DC 20581

Subject: REGULATION OF RETAIL FOREX

Dear Mr. Secretary:

Please do not limit the amount of leverage available to lower than 100:1. If the leverage limit is set below 100:1, the United States economy will suffer.

100:1 leverage in Forex is very favorable for our citizens: If one considers compounding a whole trading account every year, **trading at a 100:1 leverage ratio, successfully actively traded, it is enough to potentially make one like “Abraham Lincoln” a millionaire** over a period of 16 years, actively and successfully trading an initial \$100 investment.

If one only had a 10:1 leverage, one like “George Washington” would need a \$1,000 minimum account to trade Forex—which on one hand would be favorable for the citizens when one considers that the minimum account size for the e-mini futures is \$5,000.

Yet, when one increases that leverage tenfold to a 100:1 ratio; one like “Abraham Lincoln” who **can not** put more than a few hundred dollars into an account, can start learning and trading Forex with an initial account size of \$100.

However, **if one had only a 10:1 ratio to trade, requiring an entry cost of an account 10 times larger**—a larger account size which is more difficult to obtain—**it would take substantially more time to achieve wealth and good revenue in the United States through trading Forex.**

The recession still has a negative impact on the current economy: Therefore, **those who are willing to invest a few hundred dollars out of their tight finances into actively trading mini lots in Forex (at a 100:1 leverage ratio),** over the period of several years, enjoying a 1%-5% monthly return on winning months, may be out of the slumps of the recession swiftly. In addition, **if they want to help end the recession even faster** by hiring people to help with things around the house, they could have the money to do so. Participants **can help to reduce the unemployment rate,** even if by a fraction of a percent per house.

Furthermore, if **small businesses** can invest some of their capital in Forex and earn aggressive returns from it, then they **can help create more jobs.** *This would help to end the recession more quickly, **allowing people to live happier and more productive lives by:***

- **having fewer on welfare**
- **enabling people to give more to charities**
- **helping those in need**
- **paying their taxes**
- **paying for their own living expenses**
- **getting out of debt**

The frontier of mini Forex is just being opened up to the public; and those who take the opportunity will have the aforementioned benefits which will help the U.S. to become a better country. **Sadly, however, the majority of star-struck newcomers break all the rules and therefore fail miserably.**

Something that helps to hone the trader's skills as well as calm their impatience is a demo account. Most brokers offer **Demo accounts** which **enable one to practice winning strategies** they may find **and figure out which is most suitable.** However, first, they will need to sort through all of the bogus information to figure out which ones actually do their advertised job. Most likely, that will require a trading advisor. However, this is problematic because quite a few of the advisors actually supply their own system and are therefore biased and consequentially unreliable sources of unbiased advice. Obviously, they would say that their system is best because they're selling it. Most of the available methods simply take one's money for subscription; in such cases, the small guy usually doesn't profit in the long run, even though it might work fine for a mega-sized account, because one can't get over the threshold from subscription fees. Nonetheless, **when one takes away the 100:1 leverage and replaces it with a 10:1 leverage, it makes it much harder to trade successfully.**

There are already government implemented rules stating,

"Trading foreign exchange on margin carries a high level of risk, and may not be suitable for all investors. The high degree of leverage can work against you as well as for you. Before deciding to invest in foreign exchange, you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading and seek advice from an independent financial advisor if you have any doubts."

Simply put, one should not need to limit the amount of leverage available if everyone follows the rules. If one were to limit the amount of leverage available to use, it would be most advisable to not limit the leverage to anything below a 100:1 leverage. There are brokers that offer 400:1 leverage, which again; if the investor were following the rules would be perfectly fine.

We encourage you to carefully consider both the negative and positive effects that would come with reducing the maximum amount of leverage available:

Positive effects of reducing Forex leverage below 100:1:

- People will be less likely to lose lots of money.
- Banks would have more money to use in each account.

Negative effects of reducing Forex leverage below 100:1:

1. People would be less likely to trade because of the minimum required account size.
2. People would have a harder time climbing out of the current recession.
3. Society would feel an overall sense of dissatisfaction.
4. The U.S. economy would suffer from traders seeking extra leverage in foreign countries.
5. Foreign governments could decrease the amount of leverage available, making a 100:1 leverage globally unavailable.
6. Banks would have more money to use in each account.

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We encourage you to leave the Forex leverage at a level of at least 100:1 *so Forex brokers in the United States can compete* on a level playing field with brokers in the Commonwealth Countries—where 100:1 leverage is readily available—*and so US citizens and businesses can prosper in the Forex markets.*

Please **do not limit** the amount of leverage available to lower than 100:1. If leverage is limited to lower than 100:1, the United States economy will suffer.

Sincerely,

/s/ David Mark VERMILLION

David Mark VERMILLION