

From: paulvermillion@gmail.com on behalf of
Paul Vermillion <paul@vermillionteam.com>
Sent: Thursday, March 18, 2010 9:43 PM
To: secretary <secretary@CFTC.gov>
Subject: Re: Public Comments on Regulation of Retail Forex
Attach: Regulation of Retail Forex - Paul Vermillion - 10 077 -.pdf

Hi Mr. Secretary: Regulation of Retail Forex comments attached. Sincerely yours, +PAUL

Paul Vermillion
6335 Double Eagle Dr
Stoney Creek, NC 27377

March 18, 2010

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

Re: REGULATION OF RETAIL FOREX

Dear Mr. Secretary,

In this decisive hour of our nation's history we are writing to express our deep concern over a single, specific provision, in the proposed Regulation of Off-Exchange Retail Foreign Exchange Transactions and Intermediaries.

We ask you to please OPPOSE the imposition of a 10-to-1 leverage ratio on Forex.

We ask that you please SUPPORT the maintenance of a 100-to-1 leverage ratio on Forex.

First, the proposal to put a 10-to-1 leverage ration on Forex is like putting a speed limit of 10 km/hr or 6 mph on the Autobahn. What that means is that one would not be able to make much money in Retail Forex. That is not good for the US or its businesses.

The Retail Foreign Exchange is like an Autobahn interstate highway:

- In this illustration, at a *500-to-1* leverage (like speeding down the Autobahn at 500 km/hr or 310 mph), one could drive at the crazy speed of 310 miles per hour on this major high-speed road, that we will call the *Forex Autobahn*.
- At a *400-to-1* leverage (400 km/hr or 250 mph), one could drive at 250 miles per hour on the Forex Autobahn.
- Those are not safe speeds of travel for most financial motorists on the Retail Forex financial highway.

Setting a *100-to-1* leverage ratio would be like posting a speed limit of 100 km/hr or 62 mph on the Forex Autobahn. That is an appropriate speed limit for this major financial highway.

However, to propose dropping the leverage ratio to *10-to-1* is like to propose dropping the interstate speed limit down to 10 km/hr or 6 mph. A speed limit of 6 miles per hour (a 10-to-1 leverage ratio) is not an appropriate speed limit for the interstate highway of foreign exchange we call the Forex Autobahn. It is not a sufficient speed/leverage to make the road usable or safe. It is not a sufficient speed/leverage to allow the road to

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be used for serious commerce to generate income for US Citizens and US Businesses and revenue for the US Government.

Second, taking into account the national median household income of US Citizens (\$44k), a leverage ratio of 10-to-1 would require the outlay of an extraordinary \$200,000 per citizen who planned to trade the foreign exchange with safe position sizes—risking no more than 2% of one’s portfolio on any given trade. Asking the average citizen to put up \$200,000 (at a 10-to-1 leverage ratio) to be able to trade the Forex market reasonably safely is too much to ask. However, asking one to put forward \$20,000 (at a 100-to-1 leverage ratio) to trade the Forex prudently, is reasonable.

Third, at a 100-to-1 leverage ratio, the median US Citizen has the potential, with proper training, to make a living for one’s family, successfully trading the foreign exchange. At a 10-to-1 leverage ratio, the opportunity to realize the American Dream through trading Retail Forex is made impossible.

As we told the world’s leaders at the U.N.: “We must choose between a world of fear and a world of progress. We cannot stand by and do nothing while dangers gather. We must stand up for our security, and for the permanent rights and hopes of mankind. By heritage and by choice, the United States of America will make that stand.”

Mr. Secretary, we make that stand with you. In so doing, while we cannot speak for all of our constituents, **we are supremely confident that we are voicing the convictions and concerns of the great preponderance of those we are privileged to serve.**

Please know that we are available to assist in any way you might deem helpful as you stress our nation’s commitment to responsible free enterprise and free markets.

Sincerely Yours,

Paul Vermillion