

From: LWMLK7321@aol.com
Sent: Friday, March 19, 2010 4:06 PM
To: secretary <secretary@CFTC.gov>
Subject: "Regulation of Retail Forex"

I am writing to express my strong opposition to the proposed change requiring 10:1 leverage limitations. I feel that requiring a larger investment per lot to trade currencies would be detrimental to traders, brokers and even the country as a whole.

Forex traders have constant reminders in the form of disclaimers telling them that forex trading is risky. There is no need for a regulation to protect forex traders from themselves. We see these disclaimers daily on our brokers' web sites, at any training seminars or educational web sites we may visit, and in every book published on the subject. The small amount per lot we are able to invest is protection enough.

I am convinced that those who are truly interested in trading the forex will find a way to do it in a manner that is acceptable to them. If a larger investment per trade is required in the United States, traders will simply invest their money in other countries with foreign brokers. Thus, our U.S. Dollars would be leaving the country at a time when our economy can afford it the least. Is using a foreign broker a risky practice? Of course it is. But if these people were risk-averse they wouldn't be forex traders in the first place.

I believe that this change would drive many brokers out of the forex business altogether, thus eliminating valuable jobs, again taking a toll on our already-strapped economy. We need to be encouraging job creation, not job elimination. If anything, I feel forex trading should require a smaller investment per lot, not a larger one. The more people who are able to participate, the better. Give the small investor a chance to earn a living trading the forex. For many otherwise unemployed people, this industry can be a godsend.

I happen to be disabled. Trading is the one thing I can do without leaving the house to make a living. I don't have to pay for lunches out, buy an expensive work wardrobe or spend money for gas, to participate in trading. If I don't feel well enough to get dressed, it doesn't matter. I can still be successful and self-supporting. Can you imagine how uplifting that is for me? Don't you think that a person who has lost his or her job and has been unable to find a new one could use just such a boost? But, if those people have to come up with \$1000 per trade, the opportunity is probably closed to them. Is it risky for them to trade? Of course, but they will be warned about that repeatedly before they start trading and continuously during their trading careers. Let them make their own choices whether or not to take the chance. Taking risk is part of the American psyche, a part of the culture. Give all of us the opportunity to succeed.

Take a cue from the stock market. What is the difference between risking money on a stock that can plummet in value and a currency that can lose value? Well, the company can go out of business or have a disaster (like Enron, the travel industry after 9/11 or the current Toyota fiasco). But, in all likelihood, a country will probably not go bankrupt, rendering its currency completely worthless. The broker could go out of business and keep whatever money you have left in your account, however (remember Refco?). Requiring larger deposits on the part of customers will not protect against that — it will only give customers greater risk by requiring them to have larger amounts of money on deposit with the broker.

Here's a way to protect traders: Why not require brokers to change the customer agreements to delete the wording that makes the broker the owner of the customer's money while it is on deposit. Don't allow the broker free rein, able to use all of the funds on deposit for reasons other than trading. In the case of Refco, the president made loans to himself using funds on deposit that he had no intention of paying back. When customers deposited money with that firm, they certainly did not realize that they were offering the company president an unlimited supply of ready cash. Require the brokers to use customer deposits for nothing but trading. That would have protected me when I went with the firm I thought to be the largest and safest forex broker.

I believe that your motive is an honorable one (to protect individual traders), but I believe the consequences of changing the leverage requirement to 10:1 will do just the opposite, and cost our nation dearly with respect to lost dollars and jobs. Let each trader be responsible for his or her own trading decisions. It's your job to regulate the brokers, not the traders. Let each individual take responsibility for his or her own money.

I urge you to abandon the idea of 10:1 leverage. Thanks you for considering my point of view.

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