

From: tom <tomsebox777@yahoo.com>
Sent: Monday, March 22, 2010 12:57 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex--leverage 10 to 1 proposal

David Stawick of the CFTC,

Why would the CFTC and the NFA propose that Retail Forex clients put in more money (by reducing leverage) to carry the same positions in an account? You should already know that forex as well as commodities and futures does not offer asset protections to its clients like the SIPC protections afforded SEC stock market investors. So if a firm under your regulatory oversight becomes insolvent or commits some type of theft or fraud and loses our money we basically are ripped off. For you to ask us to put up more money by reducing our leverage just puts us, the client/customer at more risk. You are asking us to put more money into a business framework that doesn't offer us REAL asset protections like SIPC insurance in the stock market.

So please don't ask us to put more money into carrying our forex positions unless you can offer SIPC like insurance protections for our customer funds. Raising the cost of entry into the forex market (by reducing leverage) will not provide customers robust customer protections like you envision. Your proposal will only insure that lower leverage requirements will require us to put more money at risk in a business structure that doesn't offer its customers real SIPC like insurance protections for our assets. Is that really what you want?

And remember this.....why is this an issue anyway??

Retail Forex already had the best trading risk management tool in the business which is as follows:

When a customers account equity falls below required margin requirements all open positions will be closed automatically.

This rule in and of itself protects customers as well as the trading financial integrity of all Forex firms engaged in forex retail trading transactions. It's worked well up to this point so I ask you this:

"Why all the concern about lowering leverage in Retail Forex?"

I say "NO" to your 10:1 leverage proposal and ask that you start concentrating on offering us SIPC like insurance protections for the cash that we use to trade, invest and fund our accounts.

If you truly care about your customers, you will realize what I am saying and start helping us instead of hindering us and exposing us to more risk.

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Public comment