

**From:** Rob Frelow <dodgev83@gmail.com>  
**Sent:** Monday, March 22, 2010 1:17 AM  
**To:** secretary <secretary@CFTC.gov>  
**Subject:** Regulation of Retail Forex

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**I am against the change in leverage to 10:1.**

Ignoring all of the claims that this change is being done specifically to help the Futures market (since Futures currently have leverage above 10:1)

Ignoring the competitive disadvantage this creates for U.S. brokers.

Ignoring the fact that people will simply move their accounts offshore.

I find it interesting that the CFTC seems to be pushing the retail market towards Futures, claiming the leverage change is for our own protection. Consider this, the maximum loss in Futures is infinite, while the maximum loss in Forex is almost always your account deposit. Taking this into account, your change will **increase** our risk on at least 2 levels.

1. We will need to deposit more 10-20 times more money in our Forex account to trade in the same fashion we are used to. This inherently increases our risk by a factor of 10-20. A friend of mine lost **\$60,000** when his broker went bust a few years ago, had your rule been into effect (and considering he deposited just enough to trade the same volume), his loss would have been **\$600,000 to \$1.2 million**.
2. Moving our money from Forex into Future increases our risk by a potential infinite amount, since it is very possible to lose much much more than your account.

Now let's take into consideration the "Trading For A Living" trader. He/she withdraws money every money to pay the mortgage, bills...etc. He/she lives on his monthly profit. You are effectively taking this man/woman's livelihood away.

Deposit: \$100,000  
Leverage: 100:1  
Monthly Profit average: 5%  
Monthly "Paycheck": \$5,000

Let's see how your proposed changes would affect him assuming he took the same risk on each trade (in terms of % of his total deposit):

Deposit: \$100,000  
Leverage: 10:1  
Monthly Profit average: 0.5%  
Monthly "Paycheck": \$500

He will now have 2 choices moving forward:

1. Deposit \$1,000,000 into his account to maintain the same amount of risk/volume he has been using (unlikely)
2. Make more frequent and riskier trades, as he will need to make 10x the amount of profitable trades each month in order to maintain his \$5,000 income.

I understand you are doing this because there are many foolish traders out there who don't know what they are doing, don't do the research, think it will be easy and immediately blow their accounts. Please understand, these people would lose their accounts even with 0.5/1 leverage. Please Please Please think about how this affects the intelligent, educated and seasoned trader.

Don't throw the baby out with the bathwater.

~Robert Frelow