

From: Ari Rubin <trader4life4ever@gmail.com>
Sent: Monday, March 22, 2010 12:21 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex Comment (RIN 3038-AC61)

Dear CFTC Secretary,

I am merely an American citizen and independent Forex trader, but for the little it is worth I am firmly against this proposed regulation. Yes, high leverage also can mean high risk, but Americans, even those in positions of power, used to believe in liberty for the common man. To reduce across the board the leverage that American forex brokers can offer by 10 fold is terrifically drastic and unwarranted, and it would likely cause most if not all Forex firms based in America to close up shop because they would not be able to keep more than a fraction of their customers who have large trading accounts. It's important to note that the brokers believe that 100:1 margin does not create serious problems for their business models; if it did, they would not offer that level of margin. This highly restrictive proposed regulation would, however, do them considerable harm.

Since so many have already weighed in on the topic, I have chosen not to send the full response I had originally planned to provide. I will say that personally high margin trading provides opportunities to those who don't have large starting account balances to make significant gains in short periods of time. Yes, substantial downside risk is also a very real possibility with high margin trading, but that doesn't mean every trader's freedom should be taken away as a result. Again, if it were such a significant problem the brokers would be the ones wanting to take high margin access away from their customers, but quite the opposite is true - the brokers have unified in opposition to this regulation.

I have cut the rest of my message down to my proposed solution. If the CFTC is truly concerned about the safety of trader's funds, the solution isn't to impose a heavy-handed, highly restrictive, one-size-fits-all government edict. Instead, the CFTC should advise the market of its position on high margin levels and let each individual trader make the choice that's right for that person and his or her individual risk tolerance.

If anything is to be done, the following two elements are what I propose: 1) The CFTC should require only a signed risk waiver to be collected for new accounts from those traders who want high margin (100:1) access. This waiver would explain the risk of 100:1 trading, thereby giving the trader the information deemed important by regulators, and then allow the trader to sign the waiver to indicate that the risks are understood and that high margin access is needed anyway. 2) Each firm offering high margin access should declare that in the event of negative account balance shortfalls, the firm will protect its client by bringing the account value back up to zero (as some, if not all Forex brokers already do). That should be the extent of the proposed across the board regulation. If America is still truly the land of liberty, that is the proper way to handle this concern.

Thank you for your consideration,

Ari Rubin
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