From: ELIKAN FRIEDMAN ESKENAZI <elyfriedman@hotmail.com>
Sent: Monday, March 22, 2010 2:46 PM
To: secretary <secretary@CFTC.gov>
Subject: Ref: Regulation of retail Forex RIN 3038-AC 61

In relation to this Regulation as a trader of the Forex Market, I must say that in my case for the type of long-term negotiations, I think that the implementation of this type of regulation for transactions I use to make is good, however I think that a strict provision of 10:1 leverage globally may be counterproductive, would be more appropriate to have a flexible regulation between 100:1 maximum to 10: 1 at least subjected to the trader criteria, to allow support different operational strategies in a secure, productive and transparent way. I not expected to give my opinion on this matter, because I believe that this type of regulation does not affect me, however given the clumsiness applied to the FIFO rule, which harms greatly to all traders in all transactions in currencies based on the dollar, I would like that my voice would be considered at this time, and also I would like to request the revision of FIFO rule, because there is no compensation at all in the application in such cases, I would just like to note on a small example the big error made in the application of that rule on foreign exchange transactions based on the dollar.

Contract long, bought at USD/JPY 123.00 and sold at USD/JPY 85.00, that implies a 3800 pips market movement, but at a pip value of approx. 1/0.85 at sell time, means a **loss of 4470 pips at a unit value pip**.
Contract long, bought at USD/JPY at 85.00 and sold at USD/JPY 123.00, that implies also a 3800 pips market movement, but at a pip value of approx. 1/1.23 is only a **gain of 3089 pips at a unit value pip,** not enough to cover the loses of the forced operation of selling the “bad” contract first, and then buy a new one again at a “better price”.

There is a huge difference, ¿Where is the FIFO compensation? , ¿ Was this rule imposed to make the traders lose more?, ¿Did you not realize this?. The FIFO standard is fair only in currencies that are not based on the dollar, at a constant pip value; the solution is not LIFO, the real solution is to let the traders decide which contract they want to sell first.

The same case is with the leverage, let the traders decide the leverage in a range and make that all FDM must publish a **clear** note about the risks implied in such decision and also they must sell a proportionally small lot size for each level of leverage taken, in this way for example:

For a 100:1 leverage, a lot size standard of 1:10, means that for a 10.000 account a 1.000 lot size; and for a 10:1 leverage a 100 lot size, this would be fine for both, traders and FDMs; evidently a lower leveraged account is better and safer for the traders in margin call cases, but with a proper lot size it would be also a good business for the FDMs.

Thank you for letting express my opinion at this time.