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This is my argument why reducing the leverage down to 10:1 is a disastrous idea. If my FOREX broker decides to leave the business (bankruptcy or whatever) I will have a little chance to recover my account, because the FOREX market is not regulated. To mitigate possible losses I would keep 2/3 of my trading account in a bank and only 1/3 is kept in the brokerage account. Position sizes are chosen as if all 100% of the account is available for trading. The 10:1 leverage will be too low to use this strategy, so traders would have to keep all the capital in the brokerage accounts which in turn means they can lose everything due to broker failure. If trading account is really big or other people's money used (moral responsibility) then only 10% of the trading account is kept with the broker. This is only possible with 100:1 leverage.

To summarize, if you want to reduce the leverage, make FOREX regulated first. Or better yet do not touch anything. Almost any interference from the government turns into a disaster. I know better how to run my business.

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