

**From:** Ranno Loit <ranno@astover.ee>  
**Sent:** Wednesday, January 20, 2010 6:04 AM  
**To:** secretary <secretary@CFTC.gov>  
**Subject:** Proposed CFTC Regulation of Retail Forex; Federal Register – January 7th, 2010

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Dear Sirs,

I am writing to express my opinion on the proposed CFTC regulation of retail foreign exchange transactions:

- *Regulation of Off-Exchange Retail Foreign Exchange Transactions and Intermediaries*  
- *17 CFR Parts 1, 3, 4, 5, 10, 140, 145, 147, 160, and 166*  
- *RIN 3038-AC61*

I am citizen of a small European Union country and actively engaged in different global investment activities including foreign exchange trading using U.S. based financial institutions. My country has only 18 years of free capital markets experience and so far we have been looking up to United States and UK, learning how to create competitive and innovative economy.

Today, looking all the developments concerning regulatory framework of financial institutions, financial markets and related tax laws under consideration in the U.S. or Great Britain, I am glad I do not live in these countries and feel deeply sorry to all the people and (small !!) businesses who suffer because of these developments. This is not capitalism, this is socialism! Is that what you really want? I doubt that.

The new regulatory framework proposes 10:1 margin for all spot FX transactions, which in my opinion is close to zero in terms of its economical value compared to the previously common 100:1 margin requirements. But more importantly, the margin requirements are 3 times less competitive compared to the fx-futures traded on Chicago Mercantile Exchange. EUR/USD futures contract has contract value of 125,000€ and margin requirement 4050\$, resulting in 44:1 leverage based on today's exchange rate. The spot transactions margin requirements should be at least at the same level with futures contracts as these transactions are basically identical.

In my opinion, leverage between 30:1 – 50:1 should be allowed in both futures and spot transactions. It is low enough to prevent novice retail traders from taking intolerable risk but, and it's a big but, it allows professional (retail and proprietary) investors maximize the value of their knowledge and experience.

I hope you will do what's right and good for the economy!

Yours faithfully,

Ranno Loit

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