

From: Gerald Tan <geraldtanbw@googlemail.com>
Sent: Wednesday, January 20, 2010 11:56 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Dear Sir or Madam,

I am writing with regard to the proposed CFTC regulation of retail forex, identification number **RIN 3038-AC61**. I am an individual retail forex trader and have been so for the past two years. Trading foreign currencies is risky business and the learning curve needs to be a steep one. Thus I am fortunate that my broker (IBFX) provides a leverage of 100:1. Let me explain why, in my opinion, the risk will increase with a decreased leverage, contrary to popular belief.

I started my trading account with US\$7,000, which given today's leverage represents US\$700,000. A retail trader, such as myself, might be able to eke out a small income given this leverage based on one contract every month (2%-5% of the contract). It's not much but one can get by. During my first two years of learning, I saw that amount being whittled down to under US\$1,000 as the business of forex trading is a difficult one to learn. Here's my point: a decreased leverage to 10:1 instantly creates barriers to entry to hundreds of thousands of beginner traders seeking to enter the business, after all how many have US\$70,000 to start this? Assuming that they do, and if they go through a similar learning process, the loss will be much more than the US\$6,000 that I endured. Not all beginners succeed in trading. Secondly, the protection for the retail consumer (if that really is the primary concern of this CFTC regulation) should be in the funding of the account. I understand my maximum risk is the US\$7,000 I have funded my broker with. If it hits that, all my trades are automatically closed and I will not lose anything beyond that. I think this safety measure is in place and is a necessary one.

In closing, I would like to say that the risks for a forex retail trader are acceptable in its current state. The decrease in the leverage will only seek to limit the number of new entrants into the business, and thus decrease the amount of taxes in this area, but will also widen the income gap as only high net-worth individuals will be able to participate.

Thank you for your time, sincerely

Gerald Tan