

From: andrew.bodman@waitrose.com
Sent: Thursday, January 21, 2010 12:10 PM
To: secretary <secretary@CFTC.gov>
Cc: spendleton@nfa.futures.org; squallo@nfa.futures.org
Subject: Regulation of Retail Forex

Dear Sir or Madam

Re: identification number RIN 3038-AC61

I am very concerned by your proposal to limit leverage on spot forex transactions to 10:1. Any forex transaction involves risk and it is up to the trader to protect him/herself. I can go out and buy many stocks in a company; that company could go bust overnight. I could invest in some commodity and it could significantly lose its value in a few days.

Over zealous regulation will not stop traders losing money in spot forex trading; better education will reduce loss making. Traders can limit their risk by choosing a small lot size and using stops. Your proposed legislation will penalise the experienced forex trader who is less likely to make significant losses anyway.

The proposal goes against the principal of free markets. It also denies the trader the ability to manage their own money and assume risk as they see fit.

Why does the proposal seek to limit forex trading to a leverage of 10:1 when futures can be traded at much higher leverage ratios? Is the NFA an impartial adviser?

This proposal to limit leverage on spot forex transactions appears to have been conceived by people who do not understand the nature of the market or the mindset of traders. It is very easy to sign up to a broker in a foreign country and trade using the internet. A substantial quantity of the larger forex brokers (based in the USA) believes that 90% of US traders will move their accounts to foreign brokers.

So some other countries might follow suit and adopt similar rules, but the traders will keep on moving to countries where such zealous legislation does not exist. That country may be less well regulated and its brokers less financially sound than those in the USA. Traders will then be at greater risk than they are

currently in the USA. Why? Due to the imposition of 10:1 leverage rule in the USA assuming it goes ahead.

What do you think will happen to existing forex brokers in the USA? They will either cease trading or more likely move to another country. What is the likely effect on US revenues? I think you need to find out. The proposed legislation is likely to create unemployment amongst a highly skilled part of the workforce. Not forgetting that the current unemployment rate is 10%.

Can this proposal be sound if all of the following organisations are publicly against it?

GFT

Oanda

IBFX

Gain Capital

FXCM

FX Solutions

FXDD

PFG Best

CMS Forex

FXStreet

FXKnight

Turnkey Trading Partners

I encourage you to rethink your proposal without delay.

Yours sincerely

Andrew Bodman