From: tdelaney@tactical-group.com
Sent: Thursday, January 21, 2010 3:59 PM
To: secretary <secretary@CFTC.gov>
Cc: Stawick, David <dstawick@CFTC.gov>; Smith, Thomas J. <tsmith@CFTC.gov>; Bauer, Jennifer <JBauer@CFTC.gov>; Penner, William <WPenner@CFTC.gov>; Cummings, Christopher W. <ccummings@CFTC.gov>; Sanchez, Peter <PSanchez@CFTC.gov>
Subject:

Re: STRONGLY OBJECT TO 10-1 LEVERAGE LIMIT IN REGULATION OF RETAIL FOREX PROPOSAL RIN 3038-AC61

Attn : David Stawick, Secretary and ALL CFTC policymakers re: RIN 3038-AC61

As a non-affiliated US-based Retail FX trader, please note for the record that I am **STRONGLY OPPOSED** to the 10-1 leverage limit as proposed in **RIN 3038-AC61 relating to the Regulation of Retail Forex.** (100-1 is the correct level.)

Counter-productive effects

This senseless limit would in NO way protect, aid or benefit me but rather would **greatly harm me** since this restriction, if passed,

1. would require that I submit substantially more margin-funds into non-protected, non-FDIC insured, non-SIPC eligible accounts, actually exposing me to ***increased* risk** in the event of bankruptcy of my Forex Broker.

2. would **NOT** divert my business into regulated-Futures trading (as the CFTC is probably hoping), but rather would cause me to seek an unreliable, **higher-risk** offshore FX broker to trade through, whose practices might be questionable.

3. would **HARM & DIMINISH** my ability to adequately diversify & protect my entire investment portfolio. If I need to use substantially more margin-funds for Forex, I will have less money to allocate into other instruments (stocks, bonds, commodities (gold, oil) cash, real-estate, etc..), I will be **LESS well-diversified** and therefore I will have **even more risk.**

Social Utility Nanny not needed

I do not want the CFTC to treat me like a child and dictate how I should trade. While 100-1 leverage is available to me - should I choose it - I am never forced to use it.

Automobile speed limits are socially beneficial because they may reduce or prevent property damage & physical harm to the driver, passengers and many innocent others all around. ***THIS*** pointless limitation, however, addresses only a victimless, non-existent, voluntarily self-imposed phantom risk.

Lower FX vols *require* far greater leverage

FX volatilities are generally substantially lower than in the Equities or Futures market. Therefore, substantially more leverage is required simply to capture equivalent trading opportunities.

Slippery-Slope Absurdity

If client loss-prevention is your aim, then consistency dictates that you also ban trend-following trading strategies since a strong argument can be made that this will prevent more customer losses than your 10-1 leverage-limitation proposal. Is the absurdity of your proposal obvious yet?

I am very concerned because ever since Congress empowered the CFTC to rule-make in Forex via the Farm-Bill, it's as though you've been given a huge ray-gun with no idea how to use it so you're just shooting anything & everything in sight... To the man with a hammer, everything looks like a nail. Worse even is the fact that, to my understanding, none of you even actually trade Forex or have ever done so. How can you undertake to regulate what you dont even understand or appreciate? Unfortunately, with this (and other ill-conceived proposals) you have greatly damaged the very credibility of the CFTC.

The bottom line is that OTC Retail Forex trading is NOT Futures trading. Please do not try to treat it as such.

PLEASE IMMEDIATELY STRIKE YOUR PROPOSED 10-1 LEVERAGE LIMITATIONS. Leave 100-1 leverage intact. Please remain focused ONLY on pursuing anti-fraud provisions and crime prevention, as per your congressional mandate.

Don□t let proposal **RIN 3038-AC61** become an expensive lesson in unintended consequences□.

Thank you.

Tom Delaney

OTC FX Trader

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