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COMMENT
CL-03087

From: Peter Grossman <pgrossman@hawaii.rr.com>
Sent: Saturday, January 23, 2010 12:18 AM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Dear Secretary,

About four years ago, I had a decent size retail forex account with Refco FX, maybe about 35K or so; all my eggs were in one basket.

Refco Fx went bust and I settled for about 21 cents on the dollar; not a pretty picture.

Today, I have four separate small FX accounts with different brokers; I never let any one these account grow above 12K.

Instead, I skim profits when needed for income and savings. This is how I distribute my "rogue broker" risk; multiple accounts with anywhere from 100:1 to 100:2.5 leverage.

This high leverage allows me to maintain and trade these multiple accounts with relatively low balances. I never exceed usage 10% account equity for any one trade, and risk no more 1-2% loss for any trade.

This is how I manage trade risk and broker risk. I keep the risk small and spread it around. 1-2% leverage is essential for such a program.

By reducing margin, funds become consolidated into fewer larger accounts, into fewer larger brokers and into fewer larger banks, until there are only a few big players left to distribute risk.

Eventually, too big to FAIL will become too big to BAIL!

I subsist on small accounts and managed leverage; the risk is to me and my small accounts, Not the entire financial system.

Sincerely,

Peter Grossman