

From: Michael Caplin <maxcap11@gmail.com>
Sent: Tuesday, January 19, 2010 1:48 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex RIN 3038-AC61

Dear Sirs;

I have been a small trader in the forex market 6 or 7 years. It is a passion of mine, I make money at it. I am a union man. Raising the capital requirements by reducing leverage to 10-to-1 will put me and many others out of business. With jobs so scarce, why would we willingly put many small traders who depend on the income from this opportunity out of business? We have given away so many manufacturing jobs, construction will likely never be the same again, people like me are counting on making a living at trading. Please don't pull the rug out from under us. I would hate to have to move to an offshore broker. Really good rules closing registration loopholes won't matter so much if there aren't any US forex businesses left to register.

Let's do some math. Suppose you have just over \$10,000 in your account. Let's ignore spread for a moment to simplify the math. Under 10:1, you can open only 1 lot. That's \$100,000 of an xxxUSD pair. If it goes a few pips against you, then there's not enough money in your account and your broker could give you a margin call. If it goes 50 pips in your favor and you move your SL to breakeven (thus, your current risk is only your profit and nothing else assuming your broker is good at honoring stops) or even to +10 pips (thus locking in \$100 profit and having your only risk be \$400 of your profit), you won't have enough money to open a second lot (or even a single minilot) if you want to scale into a good position.

Using tight risk management as I've described elsewhere (1% of account balance) and a 20 pip stop, you should be able to place a single trade for 5 minilots in a \$10,000 account. Under 10:1, you would be able to open (at most) a second position. Even if you have profit locked in, you wouldn't be able to open a third position for this amount..

Please do not implement this 10-1 position.

Regards,

Michael Caplin
