From: Clifton Thomas <cliftondominicthomas@gmail.com>
Sent: Friday, March 5, 2010 1:16 PM
To: secretary <secretary@CFTC.gov>
Subject: Propose margin legislation

I am responding in regards to the proposed legislation to reduce margin to 10 to 1. I feel this is a groos overreaction based on the financial crisis of 2008. Based on my experience the leverage that is extended to the average investror can be as high as 700 to 1. This allows the smaal investor to control positions normally only available to institutions. Personall this has allowed me to reap gains purely based on this fact. Just to preface I have 12 years experience as series 7 licensed broker, and one of the pet peeves I have is the public perception of options. This ties in directly with the Fx markets because they both deal with leverage. For example you can buy 100 shares of caterpillar stock for an outlay of $6000 or you can buy an option for a fraction of that. Yes the downside is that the option can expire and can loose %100 of your money but lets look at that in context: 1. $6000 in CAT stock @ %10 loss is a $600 benefit. 2. $500 in CAT option @ %100 loss is a $600 loss. This is the new math where a %100 loss is better than %10 loss. Let us go back to Fx. Normally an account with 400:1 leverage can trade 50,000 worth of currency only needing $125 as margin and with careful money management stops a trader can make substantial gains trading 50k of currency. Also most firms have implementet strict margin call rules with result in customers accounts seldom going into a negative or debit balance. If the margin is brought down to 10:1 a trader will have to put down 40x as much capital to trade the same 50k. And as a general that applies to trading as well as the Casino, if your playing with $500 you can loose it all just as easily if you bring $20,000to the table. When you implement the new rules you encourage people to bring more money to the table and human nature dictates that you will trade differently with $20,000 as opposed to $500.

In conclusion in effort to curtail losses to traders you will obtain the antithesis. This is the case where the cure is worse than the disease. If the CFTC implements the new lower margin restrictions the side effects will be: 1. Traders will have to bring more money to their accounts thus putting the extra capital at risk, 2. Penalizing the vast amount of traders that benefit from the current margin available, 3. Affecting the Firms' bottom line because of the decrease in trading that will likely occur due to decrease in leverage.

My solution: leave the leverage the way it is(I even prefer the increased leverage before the first leverage decrease). Instead of changing the margin requirements. Focus more on the education of margin and the risk involved and stress the fact that the money in your account can be wiped out very quickly if over leveraging you accounts.

Please take my opinion in context . Also take into cobsideration my fiinancial background as a stockbroker. I strongly believe that the right path is the one we're already on, all we need to do is add a speed bump or two not break up the road.

Thanks,
Clifton Thomas

Sent from my iPhone