From: Roberto Azank <robertoazank@mac.com>
Sent: Friday, March 5, 2010 6:36 PM
To: secretary <secretary@CFTC.gov>
Subject: Regulation of Retail Forex

Comments on proposed regulation RIN 3038-AC61.

Dear Sirs: Please consider the following in regards to the new proposed regulation of Retail Forex:

The Nature of Retail Forex Trading is NOT long term investing, but Day Trading.
While other asset classes are meant for long term speculation, high-margin Forex positions are usually kept open intraday only.
Those kept long term are necessarily dealt with in small margins, since the very nature of Forex market moves would obliterate any position open for a long time on a high margin.
The rulings that the CFTC proposes should therefore be meant to **help "Day Traders" go about their business in a safer way**.
But the proposed rule is going about it the wrong way:
Forex Day-Trading is a time consuming activity. As a full time trader I need to generate from this activity the amount of money that is required to survive, if I am to devote my time exclusively to trading. Or at least have the hope that this could happen. Forex trading for some of us is a full time job.
If margin levels are reduced in the manner proposed, the trader with a relatively small capital would not be able to do this, since the returns, even on successful trading, would be too small to justify the time invested in the research necessary.
Sound trading techniques, such as scalping and swing trading attempt to capture small gains and it is only the aggregate amount of many entries that allows for profit to accumulate. The trading techniques that would generate large enough gains / income with small margins are far riskier and in the long time more likely to fail.
Should the current CFTC proposal be approved, the only option for such intraday trader (if wanting to stay trading with a US based broker) would be to raise more money to afford trading the same positions sizes while conforming to the larger margin requirements. Ten times the amount of money !
Particularly at a time where credit is very hard to come by, forcing us to raise huge sums of capital (so the money can stay dormant in an account, just so we can conform to an arbitrary rule that no other country has) sounds more like a PENALTY rather than a safeguard imposed on American public,. It's not helping the trader it's supposed to protect, but rather making his endeavor impossible.

Alternate CFTC ruling:
Being of the belief that the current allowed margin requirements are fine and after clearly stating that no ruling is the best ruling in this matter, I propose that you consider the following proposal, if you must rule s at all on the issue of larger margin requirements:

- Limit the **margin PER POSITION to 20:1**.
- Limit the **total aggregate margin of all open positions in the account to 100:1**.

Hence a trader could be trading 4 or 5 different pairs, each at 20:1 margin, and still not exceed the 100:1 margin leverage allowable for the entire account.

This would better protect the investor. Should there be an unforeseen move against any position, the excessive margin would not magnify the loses of a single position gone wrong.
By having the ability to open several positions to a total of 100:1 margin, the trader can still aspire to make enough money from such common short term day-trading techniques as scalping or swing trading. This would keep Forex trading open as an option for a full time occupation.

In times of very high unemployment it would be unwise for a government agency to curtail the right of citizens to attempt to make a living devoting their full time to a legal activity under the veil of "protection" to the public.
Please consider the above proposal.
Do not force us to move our accounts abroad, outside of US legal jurisdiction. That would not protect the public, but rather force us to take unnecessary risks.
Thanks for your consideration
Roberto Azank