From: J. Bailey <jab99@verizon.net>
Sent: Saturday, March 6, 2010 8:37 PM
To: secretary <secretary@CFTC.gov>
Subject: 'Regulation of Retail Forex

RE: RIN 3038-AC61

It has come to my attention that the U.S. Commodity Futures Trading Commission is considering limiting retail forex customer accounts to a 10-to-1 leverage limitation. To my knowledge there is no crisis or public outcry that would warrant such regulation, therefore you must have some plausible reason to justify such action. (My only guess is "to protect the consumer".)

First, ***forex is not anywhere near the same as commodity futures trading and should not be subject to the same leverage limitations!***

I, like thousands of others, am a small-capital investor who makes a decent living in forex trading. With an **initial risk capital of only $5,000** in a customer account I have enjoyed modest financial success using 100-to-1 leverage and a conservative money management strategy.

If, however, you limit leverage to 10-to1, **I would have to risk $50,000 to achieve the same level of income**. That makes absolutely no sense! (Unless, of course, it is your intention to drive "the little guy" out of the forex trading market.)

As you can see, if your intention is to limit risk by limiting leverage, you would accomplish exactly the opposite effect!

That's the problem with regulations—They tend to generate unintended consequences.

I am writing on behalf of the many thousands of small-cap U. S. forex traders who will be driven out of business if you limit leverage.
We know the risks. The risks are published. We don't need well intentioned regulations to save us.

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