From: jeff sparks <jeff.sparks1973@gmail.com>
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To: secretary <secretary@CFTC.gov>
Subject: Comment for 75 FR 3281

I am in full support of 75 FR 3281.

Off-exchange retail forex is largely still an unregulated arena. When the NFA raised the capital requirements to $20MM it only decreased the competition creating more opportunities for abuse by market participants and filling the coffers of these small firms that profit when their customers lose. Increasing the capital requirement is not the only solution.

Given that customer segregation rules do to apply to this business (and firms are counterparty to transactions exposing themselves to risks of substantial loss), i believe the CFTC needs to decrease the leverage as much as possible.

The only people complaining about this are people that sell the retail FX and are milking the public consumer. But these people that got into the retail FX business are worse than illegal online gambling websites. They know they are fleecing the public, a win for them is when their customers lose, and they knew the risks going into it. While I feel sorry that their business sizes are going to substantially diminish, there is nothing to prevent them from offering ON-exchange currency futures which afford customer segregated protection, extremely high liquidity, and no counterparty risk. Or they can choose to relocate their business overseas. At least with an illegal casino it is a strong argument to make that the casino will be profitable day after day. But with a retail FX shop, there is a strong argument to be made that one day one or more firms could literally blow up with huge losses.

Let's be very clear and concise here: if off-exchange retail FX was to leave the U.S. and go aboard, this would be a WIN for our country. We have removed the systemic risk of a large counterparty taking unnecessarily large customer positions and exposing themselves to loss. Either that or charge a capital charge of 15-20% of the open positions of the FX firm (and even then, we still do not have customer segregated protections). The last thing we need is a big retail FX shop to have counterparty risks to the tune of billions of dollars. And let's be clear -- if and when a large FX shop losses billions of dollars there will likely be more than one at the same time.

There are many options for people to trade FX in this country with high leverage. And while traders do not want the governement to tell them how to spend their money, the fact is they have no idea of the risks that lurk in the FX arena. If the currency markets start the roil and customers of a firm are net long or short 1B of notional value (which is really nothing for a large FX shop) and that particular currency moves 10%, that is a 100 MILLION loss, 500% of the minimum capital requirement. Then these customers will come crying to the CFTC as to why the CFTC did not protect them.

I will know this proposal will pass and I know many people will not be happy. Nobody is going to be happy about this. But it is the right thing to do.