From: nospa3-00@yahoo.com [mailto:nospa3-00@yahoo.com]
Sent: Thursday, May 12, 2011 12:16 PM
To: Comments
Subject: Retail Foreign Exchange Transactions

Dear FDIC,

I studied "Retail Foreign Exchange Transactions" (11May10no6.pdf) and I found that while most of the regulations were designed to protect the retail customer (Forex traders), some of it is misguided and overprotecting. Probably most of the lawmakers were not active traders, and it shows. Too much wrong kind of regulation seems to kill the essence of the trading game. It appears that at least some of the regulations might have been advocated by lobbyist to limit the entrance on new traders into the industry.

Very few people understand leverage correctly. If used well, greater leverage can ensure greater protection against margin calls. Risking a smaller percentage of a higher leverage is much more safe than working with a small leverage to begin with. It is the lack of information, education and trading discipline that causes most of the misuse.

Instead of limiting leverage and prohibiting hedging, more information, more disclaimers and more warnings should be required instead. Prohibiting broker/bank access to the customers non-forex assets already prevents losing more than the required margin deposit (more than what the customer invested in the forex account).

Not allowing hedging and limiting leverage puts US citizens at a serious disadvantage over foreign citizens, and it is a serious blow to talented traders in America. Trading and negotiating skills are essential to a healthy economy, and trading Forex freely is a great tool for developing these skills. They can be put to use to increase the he country's competitiveness in the global economy.

The link

http://www.fdic.gov/regulations/laws/federal/propose.html

does not list a pdf relating to "Retail Foreign Exchange Transactions", so it is difficult to comment on the subject.

Sincerely,

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