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Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

RE: *FINRA Requests Comment on Proposed Rule 2380 to Establish a Leverage Limitation for Retail Forex, Regulatory Notice 09-06*

Knight Capital Group, Inc. (“Knight”)¹ welcomes the opportunity to offer comments pursuant to FINRA’s Regulatory Notice 09-06 regarding its proposed rule 2380 which will prohibit any broker-dealer registered with FINRA from permitting a customer² to: (i) initiate any forex position with a leverage ratio greater than 1.5:1; and (ii) withdraw money from an open forex position that would cause the leverage ratio for such position to be greater than 1.5:1.

Knight commends FINRA in its attempt to promulgate rules to help protect investors engaging in forex transactions. Knight, however, believes that imposing a limitation on leverage that member firms can offer their customers will not protect customers, but instead will have the adverse affect of customers losing the protections they receive when they transact through a FINRA member.

Investor Protection

In the Regulatory Notice, FINRA states that high leverage ratios are not consistent with its mandate to protect investors and is therefore proposing rule 2380 to protect investors. The practical effect of proposed rule 2380, however, will not result in additional investor protection but instead will result in customers simply engaging in forex trading through entities that offer higher leverage ratios such as Futures Commission Merchants regulated by the CFTC or through

¹ Knight is the parent company of Knight Equity Markets, L.P., Knight Capital Markets LLC, Knight Equity Markets International Ltd., Knight Direct LLC, Knight Libertas LLC, Hotspot FX, Inc., Knight BondPoint, Inc., and Knight Asia Limited, all of which are registered with the SEC, CFTC, FSA or SFC. Knight and its affiliates, make markets in equity securities listed on Nasdaq, the OTC Bulletin Board, the New York Stock Exchange, and the American Stock Exchange, both in the United States and Europe. Knight also owns a majority stake in an asset management business for institutional investors and high net worth individuals through Deephaven Capital Management Holdings LLC. Knight is a major liquidity center for the Nasdaq and listed markets. Knight’s clients include more than 2,000 broker-dealer and institutional clients. Currently, Knight employs more than nearly 1,000 people worldwide. For more information, please visit: www.knight.com

² It is not clear in the rule proposal how customer will be defined for this rule. If FINRA was to move forward with this proposal, Knight would request that FINRA define the scope of customers that this rule is intended to encompass.

unregulated entities offering forex trading overseas. Accordingly, the rule proposal will have unintended consequences, such as regulatory arbitrage, customer confusion regarding regulatory regimes or customers losing protections they receive when they transact through a FINRA member.

Knight is concerned that the proposed rule does not meet FINRA's customer protection mandate due to the fact that, if approved, the rule would usurp the right of customers to effect trading strategies they deem appropriate for their accounts held at a member firm when such strategies could be implemented through entities not regulated by FINRA. Customers, regardless of size, may have a legitimate, well-conceived trading strategy. Whatever the reason, if the risks are fully disclosed and the strategy is suitable for the customer, he/she should be able to transact that strategy to meet his/her specific objectives through an account held at a member firm. Forcing the customer to open an account and transact the strategy through an entity not regulated by FINRA is a disservice to the customer as it segregates the customer's accounts. Such segregation of accounts makes it difficult for the customer to manage investments and leverage exposure between entities and will result in confusion regarding regulatory structures that govern each account.

FINRA's Current Regulatory Structure Offers Customer Protection

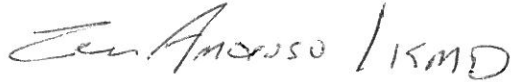
FINRA will better serve customers by permitting them to trade forex through a member firm at similar terms as accounts held by entities not regulated by FINRA. FINRA has imposed various customer protection rules on its members that offer protection for customers trading forex. These rules include requirements to have written policies and procedures designed to ensure that customers are making suitable investments for their stated objectives and to provide margin disclosures and other disclosures to ensure that customers understand the risks associated with trading on margin. FINRA members also must have written supervisory procedures designed to ensure that they are in compliance with applicable FINRA rules and are subject to periodic exams and oversight by FINRA examiners. In light of FINRA's robust regulatory regime, Knight believes that FINRA will achieve better investor protection by permitting customers to transact forex trading through their account at member organizations on similar terms as accounts held at entities that are not regulated by FINRA. One alternative approach FINRA could consider to enhance protections for customers trading forex is to promulgate rules that require member firms to provide risk disclosures regarding forex trading on leverage and requiring members to have procedures designed to ensure that customers understand the liquidation process in the event of a margin call.

Conclusion

Knight commends FINRA for its diligence and for the spirit of the initiative referenced in the proposed rule and agrees that customer protection is of the utmost importance in the capital markets. However, for the reasons stated above, Knight believes that the proposed rule will not result in any additional protection for customers trading forex and will most likely result in such customers losing very important protections currently offered by the regulatory requirements that must be followed by FINRA members.

Thank you again for providing us with the opportunity to comment on this proposal. We welcome the opportunity to discuss our comments with FINRA at its earliest convenience.

Respectfully submitted,

Handwritten signature of Leonard J. Amoruso, including the initials "LJAM" at the end.

Leonard J. Amoruso
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