This paper develops an agent-based financial market model with heterogeneous investment horizons. The author intends to study the implication of longer term investment horizons for exchange rate dynamic and the effectiveness of transaction taxes in this model. Numerical results show that a small tax leads to less excess volatility and diminishing volatility clusters, while a high tax rate destabilizes financial market instead. This implies that taxing financial markets has complex effects caused by behavioral heterogeneity and interaction of agents.
The topic of this paper is very interesting. Also, the major findings complement the existing literature regarding the impact of transaction taxes on financial market volatility. Therefore, I recommend this paper to be published at Economics journal. The following are a few comments I have about this paper.

1. The introduction is not well written. There are too much discussion about the speculative bubbles and crashes, which, obviously, is not what this paper intends to explain. So I think the author should consider another way to motivate this paper. For example, the author could cite some empirical evidence regarding the effect of transaction tax on financial market volatilities, such as Ronen and Weaver (2001), Aliber, Chowdhry and Yan (2002), and Bessenbinder (2003).
2. The innovation of this paper is to consider heterogeneous investment horizons. Hence, to motivate this new element, the author should justify why this issue is important. Also, the author should discuss in this paper if this issue has been investigated in previous literature. Some empirical evidence regarding heterogeneous investment horizons should also be discussed. For instance, Claessens, Dooley and Wagner (1995) measure holding periods of different kinds of capital flow and find that holding periods of direct investors and international holders of ``long-term capital'' (as defined in balance of payments statistics) are in fact not longer, more persistent over time or more predictable as compared to holding periods of investors in short-term capital. Dooley (1996) also argues that direct investors are likely to be the first to exit a country or a currency when market sentiment turns against the country for good or bad reasons.
3. The model analyzed in the paper is an exchange rate model, therefore, I wonder if the results will hold in other financial markets as well. The author should discuss if the results of their model can be generalized to other markets.

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