

From: Joshua Glazebrook <aquaarthire@yahoo.com.au>
Sent: Thursday, January 21, 2010 12:52 AM
To: secretary <secretary@CFTC.gov>
Subject: Re: Regulation of Retail Forex

I forgot to mention the bit added in red.

RIN3038-AC61

To Who It May Concern,

Information has been going around that the CFTC are going to introduce a leverage limitation of "10:1", on every currency pair including the most highly traded pair like the EURUSD, USDJPY, GBPUSD, AUDUSD, USDCHF, USDCAD, EURJPY or GBPJPY.

To put it bluntly the people who proposed this idea within the CFTC are flipping nuts. All you are going to do is close down legitimate USA based forex businesses and limit the abilities of both trader and retail forex broker alike. I believe an internal investigation to see whether any CFTC proposer of this 10:1 leverage limitation has any vested interest in off shore forex broker businesses, because it is obvious to me that these are the people who stand to benefit by such an excessive, extreme ruling.

If you want to stop illegitimate forex dealers from doing illegitimate stuff, have a tick analysis rule to prevent fake slippage / gappage in the bid / ask quotes. Or you could have no requote rule allowed in the retail forex market as they are not trading in the complete market but a sand box market where slippage/gappage is a made up scenario.

Maybe if your aiming to protect the new trader, the new trader must take a test that demonstrates that they understand the effects of leverage. Don't screw up an entire industry because there are a few stupid people that don't understand the risk they are entering into.

There are many brokers around the world now offering more than 100:1 and traders will very quickly pull all there money out of the USA brokers and migrate to international brokers if a 10:1 leverage limitation or even a 50:1 leverage limitation is introduced.

As a customer of a retail market broker I enjoy high leverage (200:1 (as I have now moved to Australian brokers and was with a USA broker (IBFX) due to the last lot of stupid laws that were introduced)), as I have a high tolerance to risk and understand the negatives. However, the high leverage and the significant trends found in the forex market makes it possible for every person to make a living out of trading and not just the big financial institutions.

A 10:1 leverage limitation on major pairs or even the larger crosses, is just plain stupid. A 50:1 leverage limitation isn't good enough for most traders.

Major USD pairs in my opinion include EURUSD, USDJPY, GBPUSD, AUDUSD, USDCHF and USDCAD.

Significant crosses include: EURJPY, GBPJPY, AUDJPY, CHFJPY, EURGBP, EURCHF, GBPCHE, EURAUD and GBPAUD.

Yours sincerely
Joshua Glazebrook

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