

**From:** Garry D'souza ·  
**Sent:** Thursday, February 4, 2010 9:22 AM  
**To:** secretary  
**Subject:** Regulation of Retail Forex

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Dear Sir,

I started my trading career three years back. Initially I lost my money trading forex. However, over the years I have gained a lot of experience and knowledge and this has helped me to limit my losses and take advantage of the upside potential.

I read on facebook and on the oanda forums that there is a proposal to limit leverage to 10:1. This will shatter my dream to be a trader. I have been practising for over 3 years just to learn the tricks of the trade and if the leverage becomes restricted, the forex market will no longer be as seductive as it was before. The movement in the forex market is in decimals -10 000th of a decimal or so called pips that if the leverage is restricted its as good as saying "goodbye" to forex trading.

I currently operate with 50 times leverage and this is the bare minimum I feel is appropriate for traders. However, I strongly believe that traders must have the discretion to make their own choices with respect to leverage and other matters because different people have different trading strategies and experienced traders base their strategy on risk management.

for example. a strategy where you follow the usd/jpy wherever it goes - you buy when it goes 100 pips higher and sell/short sell when it falls by 100 pips. For this strategy to work you need to divide your capital into 10 parts. Based on back-testing and live practical application usd/jpy does not consolidate 100 pips more than 3-4 times. Hence, it is possible to make 10% before taking spread into account a month most of the months of the year. However, if leverage is restricted, more capital input will be required and return on capital will be less. Reducing leverage reduces the upside potential for the experienced traders.

It is unfair to experienced traders who learnt the art of risk management which only comes with experience, since emotions always get in the way for novice traders.

There should be discretion for experienced traders irrespective if the law is passed or not by way of extra provisions for experienced traders. If this does not happen it will cause a huge loss to the traders for one because we have lost a lot of opportunity and it will cause a lot of loss to brokerages due to the loss of business.

It will shatter the dreams of the financial world and its people. It is against the principles of freedom. People will have to shift brokerages to asia and other countries because 10:1 leverage is unacceptable by any trader - novice and particularly experienced trader.

Keeping all this in mind, and being a forex trader myself, i beg that you take my views into account, and other traders' views as well and re-consider this proposal. Thank you. I leave my address and contact information below, as I have been instructed to do so to make this email valid.

Yours faithfully,  
Garry Anthony D'souza