

From: Abraham Seskin <aeses@comptrade.com.au>
Sent: Wednesday, March 17, 2010 5:45 PM
To: secretary <secretary@CFTC.gov>
Cc: Senator Max Baucus <max@baucus.senate.gov>; australia@comptrade.com.au
Subject: Regulation of Retail Forex



Mr. David Stawick,
Secretary, Commodity Futures Trading Commission,
1155 21st Street, NW, Washington, DC 20581

Dear Sir,

Please allow me to introduce our company; Computrade Currency Trading Pty Ltd.
Computrade Currency Trading Pty Ltd is an Australian company, and is wholly owned by Australians.

We have an Australian Financial Services License (AFSL) # 238900 and we are regulated by the Australian Securities and Investments Commission (ASIC).
We are registered with The Australian Transaction Reports and Analysis Centre (AUSTRAC). AUSTRAC is responsible for administering the legislation of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006.

Our major functions are...

1. We teach and train Forex trading to clients all over the world.
2. We electronically supply detailed Trade Alerts including Entry and Exit methods, prices and times to all our clients.

Your proposed rules which call for restricting leverage to 10-to-1, even for the most widely traded currency pairs is, with respect, ludicrous.

It is my view that this matter has been lobbied by the NFA to the CFTC.
We believe that one should be given the freedom to choose the appropriate amount of leverage for individual trading style and risk tolerance in Forex.
We believe and support all governments in their efforts to also eliminate money laundering, fraud and deception within the Financial and Forex Markets.

I append hereunder an email that we recently sent to a major broker in the USA.

“While I have always, in the past, applauded the efforts by the CFTC and NFA to attempt to regulate the Forex Trading market in the USA, I would like to state that the NFA (with or without the knowledge of the CFTC) have made serious errors insofar as Forex Trading is concerned. Forex Trading should not be categorized with, or made uniform with trading Futures, Options, Equities and Commodities which are the mainstay of the NFA.

My understanding, in the past, has been that the NFA have used their CFTC given authority to protect the Trader and regulate the activities of All Brokers and Traders in the USA.

This is obviously not the case as it certainly appears that the “association” is now imposing damaging restrictions on Forex Traders.

The new rules of the NFA have eliminated, in the USA, the following most important facilities available to the

trader...

There is now No Stop loss setting which is vital to the trader

There is now No Trailing Stop setting which is vital to the trader.

There is now the FIFO (First in First Out) which is not for the benefit of the Forex trader.

There is now the OCO (One Cancels the Other) which is to be used by the trader to exit a trade. This is not for the benefit of the Forex trader.

There is now the restriction of Hedging which is not for the benefit of the Forex trader.

It is apparent that many Forex Brokers are establishing physical presence in places like Australia, United Kingdom and Hong Kong and in fact virtually all over the world to get away, I believe, from the anomalies of the NFA. Most are nevertheless utilizing the services and Servers of their parent companies in the USA.

Warnings such as "Trading foreign exchange on margin carries a high level of risk, and may not be suitable for all investors" and "the high degree of leverage can work against you as well as for you" are very true. But, regardless of whether the leverage is high or low the trader can be exposed to severe losses unless that trader has had Forex training, Demo trading with full facilities, and has considerable exposure to obtain more than a minimal understanding of trading the Forex market prior to opening a real account.

The new NFA rules cited above go a long way towards the prevention of Forex traders trading successfully.

I repeat, the NFA has removed some of the most vital instruments of protection for any Forex trader whether professional or beginner.

You can load the websites, advertisements and sales pitch with whatever disclaimers that the NFA wish but the protection and benefit are there for the NFA members, not the trader.

Every single advertisement by Brokers encourages the opening of accounts, regardless of whether or not the prospective trader is experienced enough to trade Forex.

Whatever business anybody may wish to go into, in addition to capital, that business will require study, patience, discipline, commitment, dedication and pure hard work to make that business successful and profitable.

The same applies to the business of Forex trading.

In our detailed methodology, strategies and "one on one" training we teach our clients to read and understand the market and to successfully trade and protect themselves with tools contained in our Methods Manual. These tools include amongst others, "Fibonacci", "MACD's", "EMA's "Trade Exit Rules", "Stop Loss" and "Trailing Stop utilization" Etc. Etc.

We actually do not encourage the opening, by our clients, of a real trading account until the client achieves consistent profits on his demo trading station. This obviously does not make us very popular with some Brokers who are looking for faster turnover and quicker profits.

Please remember that Computrade Currency Trading Pty Ltd is an Australian company, wholly owned by Australians and whatever we do is regulated by the Australian Securities and Investments Commission (ASIC) and this is equitable with the Financial Services Authority (FSA) in the UK.

Unlike the NFA, which is an association of businesses and members with vested interests, the ASIC and the FSA are Government organizations.

Finally, after more than a decade since the CFTC handed so much of the financial "lawmaking" to private enterprise, may I suggest that the CFTC urgently take over the operations again and implement the government laws and regulations. It is my humble opinion that if all banks, financial institutions and brokers were correctly regulated by government, most of the financial crises could have been avoided. It is also my humble opinion that this entire matter of the NFA be referred to Congress for investigation.

A copy of this email is also being sent to Senator Max Baucus.

Please do not implement the proposed rules for restricting leverage to 10-to-1 as this would again be detrimental to ALL Forex traders.

The beneficiaries of this erroneous rule, if implemented, would only be banks and brokers.

The NFA have also, very recently, increased the leverage from 0.50% to 1.0% of notional value of the positions held in the USD, GBP, CHF, JPY, AUD, and CAD, obviously to the advantage of the banks, brokers and the NFA.

Sincerely

Abraham Seskin

Director

Computrade Currency Trading Pty Ltd

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