

Dear Sir/Madam,

I wish to make comment on the regulatory notice that you posted on your website in relation to Retail Forex.

The main point I would like to make in this email is that lowering the leverage available to retail traders to 1.5 / 1 under the guise of consumer protection is a major overreaction.

If leverage rates were to be reduced to 1.5 / 1 it would make trading for many no longer viable. I believe introducing this new rule would cost jobs in the United States, send some retail brokers bankrupt and would only serve to force consumers to other brokers overseas. If FINRA are setting out to destroy the retail foreign exchange industry in the U.S then I think this would be a good way of going about it. Or is this simply a way for FINRA to force the retail brokers to be regulated by the NFA and CFTC and therefore no longer be a problem for FINRA?

Perhaps consumers utilising the services of a retail broker sometimes do overleverage their accounts, but I believe they do this with a full understanding of how leverage works and the dangers of it. There is so much information provided on leverage and margin by the brokers, websites, online forums and Forex courses. I don't believe a consumer could possibly begin trading without the knowledge of how leverage works and it's dangers if used incorrectly. Perhaps rather than restrict a consumers options in the market FINRA could use their influence to educate the trading public or assist the brokers to educate their clients more proactively?

For me personally I only use a True leverage of 5 / 1. I utilise the leverage of a retail broker at 50 /1 by keeping a large portion of my funds allocated for forex trading in my bank account to lessen my exposure to the U.S Dollar and also to the possible closure of a U.S bank which my broker is attached to. Lowering leverage to the extreme amount of 1.5 / 1 would make trading for me no longer viable. As a result the last 5 years of my life studying the markets would be a big waste of my time.

A trader must execute positions in stocks at a lower leverage than Forex and I understand the reasons why. Did this stop millions of people losing large percentages on their 401k's and superannuation during the financial crisis? The answer is no and I fail to see how lowering the leverage will stop anyone from losing any money in the Forex market....So how is FINRA "protecting the consumer" by introducing this rule?

Norman Waratah