The proposed restriction of limiting leverage to 1.5 to 1 will remove the opportunity for independent traders. While it is admirable to keep unsophisticated investors from "losing their shirt", there are many ways for them to do this without leverage. Perhaps a trading certification versus an across-the-board deleveraging would be more appropriate approach. A certification would keep the vast majority of amateurs away.

The FX market is a low volatility market when compared to the equities market. A very volatile day in FX involves changes in price between the min and the max of the day < 1%. A given desk in a financial institution (such as mine) trades 10s of billions of $ in notional, but their real risk to the market is a very small fraction of that. Size is needed for them to generate profits.

This is as opposed to the equities markets, where 10% movements intra-day on single stocks are common. Furthermore individuals have access to the options market where 100-to-1 leverage is available. It would be easy to argue that 100 to 1 leverage in a market where single instruments can move 10% in a day, and where few understand the true behavior of options, is far more dangerous than the FX market.

I am planning to move from trading at an institution to trading on my own. I would like to be able to trade FX in reasonable size. I strongly suggest that other alternatives be examined or allow leverage for individuals that have obtained a level of certification. The FX market requires leverage to make money both for individuals and institutions.

I appreciate your consideration.

regards

Jonathan Shore
(soon to be independent trader)