proposed CFD and forex trading changes

From: Emal Haidari [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Mon, 23 Sep 2019 10:15:48 +1000

Hi,
I have received an email outlining the proposed changes to currency and CFD trading in Australia. I think apart from negative balance protection, all other changes will force traders to trade with overseas brokers. This will be detrimental to both traders and local brokers. As you know, Forex market moves are small and a high leverage is needed to profit from it. Certainly, there are risks, but these risks are not reduced by restriction of leverage, please keep in mind that other brokers are available in other countries.
I think what can work is better risk management training and a way to stop negative account balances in case of a unusual market moves. Perhaps traders can pay extra insurance for such scenarios?

--
Many Thanks
Emal Haidari

Feedback

From: emran alawie [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: responsetoasic@pepperstone.com
Date: Thu, 12 Sep 2019 09:54:19 +1000

Hi,

I am retail forex trader. I use pepperstone to trade forex. I usually trade on 500:1 leverage to get the benefit of leverage. I m not happy with the changes expected to reduce the leverage and increase the required margin. I will never support these new changes.

Thanks

Potential Regulatory Changes

From: Eric Iemmi [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: cp322@fpmarkets.com.au
Date: Wed, 18 Sep 2019 18:54:32 +1000

Dear Sir,
Please I do not agreed with this new changes.
I want to continue to trade with your company.
Do not change please .
Kindest Regards

[redacted]

ASIC regulations objection

From: [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Wed, 18 Sep 2019 09:49:50 +1000

As I understand from my broker FP Markets ASIC is looking to impose leverage of 20:1 on all currency pairs. I for one strongly disprove of this as I fiind a high leverage gives the possibility of multiple trades across several pairs.

It is my hope that my oppinion matters as well as of other traders.

Thank you!

Re: Important Notice - ASIC Consultation Paper 322 – Industry Changes

From:	facai[redacted]
To:	support <support@fpmarkets.com.au>
Cc:	Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date:	Thu, 19 Sep 2019 19:22:59 +1000
Attachments:	Unnamed Attachment (68 bytes); Unnamed Attachment (68 bytes); Unnamed Attachment (68 bytes); Unnamed Attachment (68 bytes); Unnamed Attachment (68 bytes); Unnamed Attachment (68 bytes)

Hi ASIC

I'm very disappointed about your leverage deduction proposal. Leverage with such low ratio leave me with no possibility to invest. You are forcing me to open accounts with foreign brokers with no protection at all.
I strongly don't agree your leverage deduction proposal. I feel like You are just trying to kick Australian clients to overseas and do less job for yourself.

Thank you
Regards
An investor
---Original---

From: "FP Markets Team"<support@fpmarkets.com.au>
Date: Wed, Sep 18, 2019 09:32 AM
To: [redacted]
Subject: Important Notice - ASIC Consultation Paper 322 – Industry Changes

Contact Us

Dear Client,

IMPORTANT - Potential Regulatory Changes affecting you, the trader

In August 2019, the Australian Securities Commission (ASIC) released a consultation paper which will significantly affect the way you trade.

The key changes which may have the most significant impact on your trading are as follows:

1. **Leverage will be restricted from 2:1 to 20:1 depending on the instrument that you are trading. Please see a full breakdown below.**
2. **Proposed regulations will make it mandatory for clients to be liquidated if a client's margin falls to 50% or less of the initial required margin.**

This consultation period invites brokers and other relevant stakeholders (clients)

This consultation period invites brokers and other relevant stakeholders (clients) to provide feedback on the proposed changes.

As such, if you have a view on this, we urge you to provide your feedback to the following email address: Market.Supervision.OTC@asic.gov.au We are interested in your feedback so we would appreaciate copying in FP Markets at CP322@fpmarkets.com.au

ASIC will close the consultation on the 1st October 2019 so if you would like to provide feedback, please do so before this date.

FP Markets will continue to engage with ASIC over the coming months as it believes in a consistent approach to regulation and raising standards in the industry.

The full consultation is available here but please find below a brief summary of the proposed changes which ASIC are proposing will be introduced for retail clients:

1. Maximum leverage rates

The following leverage restrictions (i.e. increased margin requirements) have been proposed for retail traders:

- 20:1 leverage on currency pairs and gold = 5% margin (currently 1:500)

- 15:1 leverage on major indices = 6.67% margin (currently 1:100)

- 10:1 leverage on commodities (excluding gold) = 10% margin (currently 1:100)

- 2:1 leverage on cryptocurrency-assets = 50% margin (currently 1:2)

- 5:1 leverage on shares or other underlying assets = 20% margin (currently available from 5%)

Set out below are illustrative examples of changes to the capital outlay required to open positions under the various asset classes based on our current maximum leverage allowance:

2. Margin close-out

ASIC has proposed a margin close-out rule at 50% of the initial required margin. This means that if the funds held in a retail client's CFD trading account fall to less than 50% of the total initial margin required for all their open CFD positions on that account, CFD positions must be closed.

3. Negative balance protection

ASIC has proposed "negative balance protection" to ensure that retail traders are unable to lose more than the money available on their account. If a retail client's balance does go negative, the broker will be obliged to bring the balance back up to zero at its own cost.

4. Real-time disclosure of overnight funding costs

Overnight funding costs will need to be disclosed in the trading platform rather than simply on the client statement as applies currently.

5. Prohibition on inducements

Incentives will not be permitted to be used to attract retail clients or prospective retail clients to open or fund a CFD trading account or to trade CFDs, by offering a gift, rebate, trading credit or reward.
For the avoidance of doubt, ASIC does not consider informational services, educational tools or research tools as incentives.

6. Risk warnings

Risk warnings will feature more prominently to all retail clients and prospective retail clients on any form of documentation, PDSs, trading platforms advertising and websites.

These risk warnings will include:

- The complexity of the Products and likelihood of losses

- The Percentage of clients that have lost money in a 12-month period

7. Transparent pricing and execution

Brokers will be required to maintain and make available on their website, a CFD pricing methodology and a CFD execution policy.

The CFD pricing methodology must explain how we determine our prices, and the

CFD execution policy must explain how we address our clients' intention to trade and the effects thereof.

How to Respond to ASIC

ASIC is seeking feedback from all stakeholders who are impacted by these proposals, including traders like you.

We strongly urge you to provide ASIC with any feedback you may have regarding the proposals to the email addresses set as above in order to shape the future of the industry.

Kind regards,
FP Markets Team

Level 5, Exchange House
10 Bridge Street
Sydney NSW 2000
Australia

Feedback

From: Farrukh Shaukat [redacted]

To: Market supervision - OTC <market.supervision.otc@asic.gov.au>, cp322@fpmarkets.com.au

Date: Tue, 01 Oct 2019 00:03:56 +1000

I appreciate the ASIC's Consultation opportunity. This engages us to share our thoughts. I started trading a few months back with will little capital. After some initial gain's I suffered some loses as well. With Trading platform's education courses and own research my knowledge and understanding of intraday trading have improved significantly.

The most significant aspect of this trading is leverage, that enables us to start trading with low initial capital. Anyone can start trading without breaking the bank. It is solely upto the person and their knowledge of the market.

I don't understand how restricting the leverage will protect the consumers. It will protect with big players of the market rather than retail investors. In a world where sports betting, gambling and casinos are advertised without any age restrictions. I fully support the agenda of more transparency, margin close-out, negative balance protection, real-time disclosure of overnight funding cost and Transparent pricing and execution. But the Leverage restrictions will means the end of trading and investing in the share market. I hope the aim of ASIC is to protect consumers but not putting an end to our trading journey.

Regards,

Farrukh Shaukat

ASIC Consultation Paper

From: Federico De Iacobis [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: cp322@fpmarkets.com.au
Date: Wed, 18 Sep 2019 18:21:28 +1000

I do not agree you cannot operate with low leverage and it is impossible to lose many customers

bye

Inviato da iPhone

Forex market changes

From: Felix Tjung [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Thu, 19 Sep 2019 22:21:58 +1000

Hi,

I just heard from FXCM that you guys intended to reduce the leverage of the forex market.

I'm just being annoyed why this changes is required.

I'm a pretty good trader who know how to manage my risk exposure, the leverage of forex market give me the simplicity to manage my fund.

Firstly, limiting leverage doesn't stop people taking excessive risk. All they got to do is to borrow more to meet margin requirement.

If there are fools who doesn't know how to manage the risk, i don't see how reducing the leverage will stop them to blow up their account.

Surely, there's a better way to stop people from taking excessive risk. For example, education about investment risk would be far more effective than putting useless barrier which only makes people who knows to manage risk a lot more miserable.

Regards,
Felix

Reply to the OTC CFD Proposed product intervention

From: Mr. Average [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Wed, 28 Aug 2019 00:25:41 +1000

Dear Australian Securities and Investments Commission,
I am giving feedback to your CONSULTATION PAPER 322 regarding the proposed product intervention for OTC CFDs.
First of I am agreeing with conditions 3, 4, 5, 6, 7, 8.
Mainly I am trying to implore you to not restrict leverage as it has it's place in CFD trading.
<u>Reason #1</u>
It is helpful to restrict losses due to the high leverage. Small accounts can become profitable due to the help of leverage in an educated traders hand thus restricting the exposed capital to a small capital account and preserving the clients money outside of the trading account. Even more so if there is a negative balance protection. A small account can become a very good tool even for inexperienced traders.
Taking the opposite route and restricting leverage only forces traders to risk more capital for a better return you could achieve with a small account and high leverage. Putting more capital in the trading account entices an inexperienced trader to trade more and lose more money.

Example: (Hypothetical both Tim and Jenny's account have negative balance protection and they will do trade exactly the same)
Tim & Jenny decide to open up a trading account.
Tim invests 1000$ into his account with high leverage. Jenny invests 10.000$ into her account due to low leverage to get the same trading returns as Tim.
Both start trading and after time they have some losses in the market. Because Tim only risked 1000$ for his trading account he is able to take the loss of 1000$ dollars. Let's compare it with Jenny. Jenny also has some losses and her capital reduces but because she has still quite a big portion of her capital left she might think "I lost 1000$ but I still have 9000$ left. I am so heavily invested with my (initially) 10.000$. I can get this 1000$ back.". She has some more losses and a couple of winners but over time she loses more and more. But because she is so heavily invested and still has quite a good amount of trading capital left after a couple of wins she tries to at least make up her losses and withdraw the money when she reaches her initial capital of 10.000$. So after a while her initial deposit of 10.000$ is reduced to 5000$ If she still keeps trading even a little bit after the first loss of 1000$ she can make more losses than Tim. Her bigger capital and thus ability to trade makes her more exposed to the risk of losing more money than Tim. She has more risk of losing more money than Tim.
<u>Reason #2</u>
It highly affects people who want to learn to trade and/or are only trading with their small accounts or are only restricted to small accounts because of small capital, people who make a living by trading the markets with small accounts, people who want to use the markets as a second stream of income. Those people will be alienated from the ASIC and search for alternatives.
These people will be exposed to more risk due to looking for alternatives that might be less secure than the ASIC. Thus the ASIC it is not protecting the people it wants to protect with

restricting the leverage but rather exposing them to alternatives that might be more unsafe.
Reason #3
Looking at the ESMA's decision to restrict leverage. Europe already proved that leverage restriction and its dictation don't work. It hurt the industry financially reducing the revenues of brokers and actually showing that people are losing more money and that it doesn't change that traders lose money. Traders only felt limited and it didn't change anything. Traders were looking for brokers who still have high leverage and thus switching to brokers in Australia for example.
If the ASIC is going for the same restrictions as Europe similar things will happen in Australia. A lot of Traders will switch their brokers and look for a regulation that allows high leverage. The industry will get a financial hit the same as in Europe.
If Australia will adapt these 3-8 conditions but doesn't restrict the leverage it will certainly benefit from this decision. It will not risk and endanger traders. It will provide more security without limiting traders in their capabilities .
I am considering myself a trader as well. Losing and Winning is part of trading the markets. Just because a couple of people make uneducated choices or take actions on wrong information, it is just wrong to patronize the people who do well, who do ok, who get by, who make a living of the markets by limiting their abilities and cutting their performance with restrictions that are unnecessary patronizing and avoidable with the right education. I see the risk in the markets not by limiting traders and exposing them to more risk and/or more commitment of capital. The way to reduce risk is to educate. If the focus would be on educating the people about the markets the risk would be minimized. Still there are enough people out there who still would lose money regardless of education, ASIC restrictions and so on. Just because of these people we should not incapacitate the people who consider this a job, work and life.

I am looking forward to hear from you ASIC.

Kind regards,

Florian Brychta

Proposed CFD Changes

From: Francisco Bettencourt [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Mon, 26 Aug 2019 12:47:31 +1000

Good Evening

I would like to give some feed back to the proposed CFD Changes.
My concerns are at this moment I have open positions in the ASX 200 cash, the proposed changes would me that I would have to liquidate these positions with a loss, due to margin increases that you propose.
I feel your consultation and then implementation are hurried and will cause traders unnecessary stress even though it's months away.

I think that these changes should be for novice traders in which they should have strict guidelines to operate under which I think you are proposing for all retail traders with your CFD Changes instead of considering trading experience.

I will give you an example that through my super account that is Australian Super, I bought to the value of $8000.00 LNG shares worth $8.00 one year later they are worth 0.50 cents and this was through my super in the Australian 200 companies there is loss of capital no matter were you invest perhaps you could look into how that can happen.

I would like to give you some thoughts on my life experiences, I have worked as a Work Place Health and Safety Officer in Queensland, you can place huge fines into law for safety breaches but people still sadly become injured or die. I have found that training and ongoing work place training on a regular basis can stop injuries or deaths.
I see your implementation of these new changes as fines which will restrict traders to trade and be forced to perhaps go to unscrupulous brokers thus causing exactly what you want to stop.
I would like to see instead of the Australian regulator copying international regulatory principals.
That we come up with new and novel ways to approach this issue and I believe it should be placed back into the hands of the broker like my broker IG Markets to provide best work practices in which qualified training is given with National accreditation to all traders. I believe this is what is needed because if you have limited experience you will make mistakes, you don't give an apprentice a tradesmans job day one on a work site.
Please consider my thoughts especially when it comes to training if you would like to see traders not lose capital give them accredited training.

Yours Sincerely
Francisco Bettencourt

[redacted]

Sent from Yahoo7 Mail on Android

Feedback

From: Frank D [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: respond2asic@ig.com
Date: Thu, 29 Aug 2019 21:50:38 +1000

Larger margin requirements are generally a good idea. Although given what happened with MF Global I would be reluctant to deposit large sums of money into a brokerage account.

For Market Maker Instruments I would much prefer the Commsec approach of enforcing the Guaranteed Stop Loss Order (GLSO). This forces the trader to deposit enough money to cover the stop loss, and any negative equity risks are pushed onto the broker.

Regards,
Frank

PS: note for IG. I use GSLO on all my trades with IG Markets. I once accidentally traded a $25 per contract CFD instead of the $1 option. Because this was first time the GLSO amount was not set from previous trade and so I was briefly put at risk. I would like the option of enabling GSLO on the entire platform, and also specifying the stop loss as a percentage options rather than having to calculate points each time.

Submission on Proposed Changes

From: Frank Filardo [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Tue, 01 Oct 2019 00:29:55 +1000

To Whom It May Concern,

I am writing to you with regards to the proposed changes to leverage ratios and margin requirements for retail traders.

I am a retail trader with FXCM and I have been trading currencies consistently for the past two years. I have written algorithms to back test different markets and help make trading decisions. I have a trading plan, I always position size my trades and I maintain my own Economic Calendar to ensure I am aware of any central bank speeches, interest rate decisions, GDP, CPI or Unemployment releases. In short, I am a disciplined informed trader. I have gone to great lengths to educate myself, I am aware of the financial risks and I enjoy what I do.

The proposed changes will significantly impact my business and my ability to generate an income. I always position size my trades by ensuring no trade is risking more than a fixed percentage of my account. I therefore multiply my account by the position size percentage, and divide the result by the initial risk (which is the entry minus stop, multiplied by the pip cost). That calculation ensures each trade is a fixed percentage of my current account balance. The proposed increase to margin requirements will significantly affect my position sizing calculations such that I would have to risk more capital to achieve the same absolute dollar level of income. I am sure that is not the effect ASIC is trying to achieve.

I also believe that decreasing the available leverage and increasing the margin requirements will not deter the bad actors. Very few (if any) of the dishonest people promising unrealistic returns and quick riches actually place any trades themselves. They simply take people’s money in a ponzi scheme scenario - and the people who unfortunately get caught up in such schemes are not capable of making an informed decision, regardless of what the leverage ratio of the advertised product is.

In fact, the leverage ratio is very much misunderstood. It simply allows traders to make money off a move in a forex pair that is a fraction of a cent. If you plot the 14 day ATR for the AUDUSD forex pair you will see that the ATR is seldom above 100 pips (or 1 cent). The AUDUSD pair is relatively stable and traders therefore need to be able to make money off small moves. A leverage ratio of 100:1 does not allow a trader to make $100 for every $1 invested, it allows a trader to control 1,000 units of a forex pair with $10. The first $10 to be lost of that micro lot is entirely the traders money - but any licensed broker (such as FXCM) will impose margin restrictions so that you cannot lose the full $10 without having additional funds in your account to cover margin. If the market moves in the right direction then the trader gets to keep any gains, but in the example above (1,000 units of AUDUSD) one pip would equal approximately $0.15, so the market would need to move over 60 pips to equal the $10. If the trader had a stop that was a similar distance from the entry price then the risk:reward ratio would simply be 1:1 - not some fantastic number like 100:1 that the leverage might suggest.

I suspect that none of the above mentioned points are particularly well known in the public eye, but I do not believe it is fair to punish those who do the right thing because of those who do the wrong thing. I am of the view that the proposed changes will not achieve the desired outcome but impose costs and barriers on legitimate traders. I would therefore strongly urge you to reconsider making this change.

Regards
Frank

Feedback

From: Fred Carr [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: responsetoasic@pepperstone.com
Date: Sun, 22 Sep 2019 18:33:04 +1000

Re: product intervention proposals

Dear ASIC

I have read the consultation paper 322 product intervention: otc binary options & cfd's dated Aug 2019.

My understanding of this proposed intervention, is that it will impact retail clients only, not wholesale clients.
To that end, this proposed action, comes across as totally prejudicial and unfair towards the small retail investor / trader, such as myself, within the cfd / spot fx market.
Specifically on binary options, I would consider these as high risk, as it's simply placing a bet, with no technical analysis / charting expertise required.
As such, I am comfortable with binary options being subject to the proposed intervention. Not CFD / spot FX.

My initial thoughts is that this proposed action is probably due (root cause) to a number of retail traders (mum and dads) which were uninitiated in the market, and to a degree, being caught out by a small group of unethical providers easily accessible throughout the internet / seminars.
If this is not the case, what is the reasoning (root cause) for the introduction of the proposed intervention?
Does the proposed intervention, adequately address the root cause of the issue?

A number of forward looking questions come to mind...

Does the proposed intervention, eliminate the risks for the wholesale / high net worth trader?
What issues does the proposed intervention create for the retail clients specifically with regards to alternate trading platforms, currency exchanges, tax implications?
What precedence does the proposed intervention create in the capital markets, including the ASX?
What issues does the proposed intervention create in the financial industry, specifically regarding costs & employment?

Have alternate solutions been discussed? What were they?
Has any deep root causes analysis been conducted? What were the primary and secondary causes?
Does the fix address these, or is it merely masking the symptoms?
Was a focus group assembled, which consisted of a mix of retail traders, brokers and industry reps to discuss?

Many many questions and concerns come to mind, with this example of policy regulation, and a proposed "solution" that respectively, lacks some thought and hasn't considered the primary issues/s.

It's my belief that the issues can be easily resolved, without adding further complexity into an already complex system.

I will be reading through the consultation paper 322 more thoroughly, and will be providing further feedback in due course.

Thank you and Regards,

Fred

"In economics, a free market is a system in which the prices for goods and services are determined by the open market and by consumers. In a free market, the laws and forces of supply and demand are free from any intervention by a government or other authority and from all forms of economic privilege, monopolies and artificial scarcities"

Feedback

From: Fxevans fegi [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>, cp322@fpmarkets.com.au
Date: Wed, 18 Sep 2019 20:28:09 +1000

The intention to reduce leverage in my view would be quite a serious discouragement to small retail traders like myself, it will make brokers regulated by ASIC very unattractive, as a result the companies will suffer serious drop in patronage,

In my opinion leverage is what make the markets attractive even though it can work for the trader or against the trader, it is the responsibility of all trader to understand the level of risk/lost he or she can handle or take, reducing the leverage does not take off the risk either, rather it makes it very difficult for small traders like myself to participate in the market, and the natural response will be to look for other firms offering better leverage.

I do not think it a welcome development and i would advice the broker to try and avoid such occurrence if possible, in-order to avoid the long term negative effect it will have to her business growth. Thanks for granting me the opportunity to air my view and i hope we does within such a discouraging development.

Changes Proposed by ASIC

From: G M Saydur Rahman [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Thu, 19 Sep 2019 21:24:04 +1000

Hi,

I like to share my views regarding CFD trading. As a retail investor if leverage reduce to 20:1, its really not gonna help them to trading. My opinion is to have a at least 200:1 leverage for CFD Trading. Also automatic Close out should be active once Margin reached to 70%, else market maker broker can take advantage from that.

Regards

--
G.M. Saydur Rahman

Changes Proposed by ASIC

From: gabriel [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Tue, 24 Sep 2019 15:49:35 +1000

Dear ASIC,

Hi, my name is Gabriel Pavlik, I'm a client of FXCM and have been trading currencies with them for close to 15 years. FXCM has encouraged me to voice my concerns about your proposed changes and any objections i may have. I've got no idea how many traders there are in Australia and how many will be affected by your proposed changes but in the hope that all will send in there objections to you and we will be considered on the volume of us that act then I am happy to cast my vote in as it were by sending you this email in favor of strenuously objecting to your proposed changes.

Leverage offers a tremendous opportunity and to restrict it is to kill it, it doesn't just restrict it a little it kills it. Investing and Trading in the markets is based on risk verse reward scenarios in different market conditions and favorable odds. Restricting leverage will mean all the ratios will be thrown out of wack and basically making trading not a very feasible pursuit. Yes there would be a lower risk but so much more of a lower reward also. Also your proposed changes of having automatic close out of positions is also crippling. It actually saddens me your proposed changes as in if there implemented I would have to consider walking away or pursuing opportunity else where.

I could greatly expand on the above in great detail and please if you want clarification don't hesitate to contact me.

I am concerned as to why these changes are even up for consideration though. Is this a case of trying to protect people against themselves because there are the inevitable few who may be greatly miscalculating situations, or who are wildly gambling on positions . If this is the case then its not ASIC's job to restrict opportunities for the great many for the sake of the few who don't fully understand the gravity of there situations.

Respect Risk Respect Risk Respect Risk.

It's the number one rule in trading, if there's one rule to trade by that's it, if you don't do it you can expect to get caught out. Yes there's risks out there in the markets but tremendous opportunity also. Everything involves risk or chance, that's just called life. Driving a car for instance, they are very dangerous machines, but we educate and skill individuals until risks are minimal and then they can go onto enjoying the rewards of the pursuit.

I think if anything needs to be done its that the rules for engaging with the markets should not be changed but better awareness and understanding in every individuals mindset of the risk and rewards that they face in the markets. Pretty much anyone can go to a broker and open an account, and that's as it should be, but i guess there's not really a step in that process that better informs or just clarifies the risk and opportunity that exist. Maybe brokers should have more of emphasis on better informing and educating perhaps.

But it would truly be very unfair and a great disservice to people to restrict the tremendous opportunities that exist.

Please do not go ahead with your proposal.

Thankyou for your time, I thought I'd keep it brief and to the point. This is an issue I am passionate about because i have enjoyed many years interacting with the markets and i could expand and elaborate on this issue and go on and on forever, however I'm not sure if you want great volume in letters or whether your just gauging what sentiment is out there, well i am out there, or here, and I'm happy to be here for you if you'd like to contact me for further elaboration.

Thankyou.
Gabriel Pavlik.
[redacted]

Feedback

From: Gavan Lim-Joon [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: respond2asic@ig.com
Date: Sat, 07 Sep 2019 11:26:29 +1000

Dear ASIC,

I have been trading in the financial markets since the late 1990's and am a seasoned trader - I trade part time as a means to make a living. This includes shares and CFDs.

CFDs make a valuable difference to the financial marketplace and whilst consumer protections should be in place (such as the negative balance protection), the current proposals on minimum margin rates and margin close out are far too high and would prevent many trades.

I operate a stock margin loan with a broker for over 20 years, and trade responsibly. By all means have negative balance protections in, but margins should be left up to industry and consumers - it is not ASIC's role to do this!

Thank you,
Gavan Lim-Joon, Melbourne Vic.
[redacted]

Feedback

From: Geoff and Sue Williamson [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: respond2asic@ig.com
Date: Thu, 29 Aug 2019 20:47:59 +1000

My feedback is in relation to proposed increases for margin levels.

I believe that increasing margin levels will seriously hinder a traders ability to spread risk owing to most traders limited access to capital.

Localising risk into fewer trades because of a limited ability to spread capital will increase the risk of failure, and thus surely help bring about the very thing that ASIC is apparently hoping to prevent.

I seriously hope this course of action of increasing margin levels will be reviewed further before any firm decision is made.

Regards,

Geoff Williamson

[No Subject]

From: george fotiadis [redacted]

To: Market supervision - OTC <market.supervision.otc@asic.gov.au>

Date: Sat, 21 Sep 2019 18:52:46 +1000

Hi,i have been a currency trader here in Australia since the the start of 2018,trading responsibly and have never been margin called,prior to 2018 i resided in Europe where i traded currencies in the same manner since 2010.
I am aware of what the ASIC is planning to do which is a great disappointment!
I believe that this will make matters even worse,forcing traders to either deposit more money to open more positions to combat the low leverage and being margin called more often,or realizing that it is not worth their money and time to trade with low leverage and forcing them to seek alternative places to trade with a higher leverage.I do hope these changes are not enforced simply because it will not be worth my time trading with such a low leverage.
Thankyou
George

retail trader concerns

From: George Niclair [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Thu, 19 Sep 2019 20:34:48 +1000

To whom it may concern, As a retail trader for several years I am opposed to any intervention by ASIC to regulate the market and to diminish personal responsibility of individual traders and to limit the potential for individual traders with limited funds to gain access to the financial market where the potential for reasonable profits are possible.
Concerned Trader George Niclair

Proposed Leverage Changes to CFDs

From: George Sabljak [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Sat, 21 Sep 2019 16:35:07 +1000

OTC Intermediary Compliance
Market Supervision
Australian Securities and Investments Commission
Level 7, 120 Collins Street, Melbourne, VIC 3000
Dear Sir/Madam
FEEDBACK:Proposed Chhna
I was recently advised by my CFD provider that ASIC is proposing to make changes to the amount traders are able to leverage in terms of the exposure.
Whereas I agree that leverage amounts of 200:1, 400:1 and 500:1 are way too high, I feel that a 20:1 amount maximum is way too low.
Currently I trade currency pairs at 100:1 and 50: leverage. This allows me to take advantage of significant movements and volatility with a ***high*** degree of risk management.

I understand there has been much consultation, simulation and consideration in an effort to protect traders from themselves which again I commend.
I note there is also a suggestion that once a trader's account reaches 50% margin, that some or all trades are closed. This is very dangerous for traders who have little to no risk management strategy and reducing the leverage will in fact have the opposite intended affect. (Which I'll explain why below)

I believe that you have not given much consideration to the trader's psyche which is the MOST important aspect of any trading.

Here's what I believe will happen if leverage is reduced to the proposed levels:
Currently I trade an account which has approximately $10,000. At a 50:1 or 100:1 leverage amount I can trade a volume of $500,000 or $1,000.000 with only $10,000.
With proper risk management in place I can make a reasonable income with $10,000. Now here's how a trader thinks - 'If my leverage is capped at 20:1 and I want to sustain my trading income. I'm going to have increase the size of my account by 5 or 10 times the amount in order to do so. So all of a sudden my $10,000 is now going to have at least $50,000 or $100,000 of my ***personal funds*** so that I can keep trading. And where do you think that extra top-up into the account will come from? More than likely via a redraw on the home mortgage or a superfund. How do I know this is going to happen? Because this is exactly what I'm considering dong.
Now, I consider myself to be an experienced and professional trader as I have a risk management profile that allows me to sleep at night, however this is dangerous for the novice trader who is lured by the opportunity to make a fortune on CFDs. Most "mum & dad" traders have been enticed by slick looking Youtube videos with these investment gurus offering amazing returns with little outlay .. blah blah you know the story. It's probably stories such as this that has prompted ASIC to consider these changes. Reducing the leverage is not going to stop this, in fact, as mentioned I believe the opposite will happen as traders look to increase their account size using personal capital as opposed leveraging with their broker.

ASIC needs to focus more on the trader and not the CFD provider. Rather than reducing leverage, it would be far better to set a maximum percentage of exposure for any one trade and limit the amount of concurrent trades to a maximum 3-4. Professional and experienced traders by and large use the maximum of 2% risk of the total account balance with which to place a trade. I normally trade between 1-2% with a Lot Size that provides ample consideration for volatility.

If ASIC can regulate that CFD providers close out trades that reach 50% of margin, then surely it can regulate the amount traders risk per trade and the amount of concurrent trades. Also consideration should be given to professional and experienced traders who are "RG146 Compliant" or similar and at least allow them the option to trade with higher leverage.

Furthermore there is nothing stopping any trader opening an account overseas where higher leverage is offered.

Kind regards
George

leva finanziaria

From: giuseppe Mencaraglia [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Wed, 18 Sep 2019 22:20:37 +1000

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hereby I hope that the leverage of the brokers remains at 500 for us small investors

Proposed Industry Changes for Retail Traders

From: Glen White [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: cp322@fpmarkets.com.au
Date: Tue, 01 Oct 2019 00:05:45 +1000

To whom it may concern,
I wish to register my opposition to these proposed changes, particularly changing leverage on currency pairs (and gold) from 1:500 and introducing a margin close-out (50%). Both, will not only severely affect my ability to get a decent return but also my particular trading style or plan.
I have been very happy with my Australian Broker and would not want to go offshore as I do believe in supporting Australian Business, but ultimately if that is my only option to continue Trading, then I will have to do so.
Regards,
Glen White.
Sent from Mail for Windows 10

Propased Changes to CFD Products.

From: gordonwatton [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Mon, 30 Sep 2019 14:08:41 +1000
Attachments: Unnamed Attachment (68 bytes)

Dear Sir
may I make the following submission based on 20 years experience.
It will always be that the people, that take their chances, on Trading, will Profit or loss, irrespective of the ratios.
Some are distained to Profit.
Some are distained to Loss.
That the current ratios remain for existing Practitioners. (they are fully aware of the circumstances.)
For new entrants to Trading a CHOICE. 30% protection of Capitol, 100 to 1 for FX, INDICES, COMMODITIES. 10 TO 1 FOR CRYPTO assets 10 to 1 for all other underlying assets.
OR 50% protection of Capitol, 50 to 1 for FX, INDICES, COMMODITIES. 10 TO 1 for CRYPTO assets 10 to 1 for all other underlying assets.
New traders to have it fully explained to them that they have the Option to Take the opposite position to what they have, to Protect their Position from further LOSS this gives the Trader the ability to Manage their Position. To re-enter the Market at a time of the Traders choosing.
Yours sincerely
Gordon Watton.

Changes Proposed by ASIC – Have Your Say!

From: [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Tue, 24 Sep 2019 11:56:45 +1000

OTC Intermediary Compliance
Market Supervision
Australian Securities and Investments Commission
Level 7, 120 Collins Street, Melbourne, VIC 3000
Market.Supervision.OTC@asic.gov.au

Dear Sir/Madam

It is with great concern I see that the Government and its statutory authorities are eagerly content to regulate industry. Let free trade prosper. Industry regulation stifles the economy, reduces investment, limits opportunities, and pushes entrepreneurs further afield – including overseas. This country is turning into a ‘nanny state’.

Rather than regulate in the manner suggested, particularly in relation to CFD leverage ratio limits, perhaps a more moderated and sensible approach would be to limit ratio limits for currency pairs and gold to 200:1 or even 100:1. That way, a large proportion of market participants that have less capital and are perhaps less experienced are excluded until they have sufficient capital to participate. The assumption should be that market participants that can afford leverage of 200:1 and 100:1 have sufficient business acumen to understand the risks associated with investing in products such as CFD’s.

Personally, I have been educating and training myself for years to raise sufficient funds through trading CFD products in order to retire from my day to day work activity so I can focus on full time trading. The leverage ratios proposed will limit my ability to undertake such a concern as the capital requirement to trade will need to be significantly higher, and it also reduces the ability to open several trades which allows a trader to diversify or hedge his/her portfolio in order to manage the underlying risk associated with that style of business. An integral part of a trading business – risk management !

I support the other sensible proposed changes including:

- Prohibitions on incentives (trading rebates and gifts);
- Displaying risk warnings;
- Negative balance protections; and
- Disclosure obligations.

Thank you for your time.

Grahame Kent
[redacted]

Feedback

From: Greg Cowling [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: responsetoasic@pepperstone.com
Date: Wed, 11 Sep 2019 22:49:38 +1000

These proposals concerning leverage are ridiculous and only restrict the consumer rights to control their own risk . If these changes come into effect it will only push retail traders to explore better options which can be easily sourced offshore further crushing the already fragile economy. The job of a regulatory authority is to regulate not restrict it is none of the authorities business to decide how much traders should risk it is at the traders discretion . Regulation needs to be targeted at misleading advertising and illegible small print concerning the risks involved not at the retail trader. If I had 2.5 million in tangible assets or an income of 250,000 per annum to get the pro statis leverage would not be so important but yet these 'pro members ' will still get the same leverage they currently receive . So how these changes can be in the best interest of the consumer I don't understand. It seems more like restrictions placed on retail traders earning potential and more red tape for brokers who have modeled their business on current legislation . All asic need to do is make sure things are above board and risks of trading are clearly labelled and then keep their interfering noses out and let traders trade at what ever risk they choose.

ASIC Consultation Paper

From: Guriqbal singh Atwal [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: cp322@fpmarkets.com.au
Date: Wed, 18 Sep 2019 10:00:31 +1000

Hi this is guriqbal singh atwal
I appreciate that proposal which going to reduce the leverage on cfds
I lost too much money only because of high leverage
My recommendation is plz continuous with with change and plz reduce the leverage
So we can learn and do trading or gambling
Thanks asic

Sent from my iPhone

Feedback

From: Hal M [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Tue, 24 Sep 2019 19:23:40 +1000

Making changes to an industry without considering the whole picture or the consequences of these changes can be dangerous and can even cause more harm to the participants of that industry.

Of the preposed changes in the new bill there are some good points which can protect market participants like the margin close-outs. and bringing more awareness to the possible risks via the risk warnings which can be useful to help to educate people wanting to get into the trading business. There are other proposed changes which are being looked into without consideration to the market participants like reducing the possible leverage available to traders.

The preposed changes to leverage worries all traders within my industry and business circle and myself greatly. The ability to use 500:1 leverage or 250:1 or even 100:1 leverage is a massive risk reduction tool used by all serious traders.
When i can used 500:1 leverage it allows me to capital partition. This means that i only keep 15-20% of my Assets under management within the broker. The rest of my businesses operating capital is kept in a safer bank account. Generally we use banks that don't deal in higher risk activities. I risk between 0.5% and 1% of my capital per trade and therefore my trading business is in 99-98% cash almost all the time. Being able to have 80% of my business capital within my bank hedges my business in the unfortunate possibility that my broker goes bankrupts. It has happened before and it will happen again. We just hope that it won't be our broker.

Traders like myself who treat this as a business do not want to keep large amounts of capital with the broker as brokers are notorious for going bankrupt and losing client funds. Although the industry has been heavily regulated since 2008 there has still been a number of brokers go into liquidation post 2008, MF global and Halifax New Zealand as well as the issues that occurred with Berndale Capital Securities to name a few. I understand that the ASIC has regulations that state that client funds need to be kept in segregated bank accounts so the funds will be safe in the case of company bankruptcy. However we all know that some brokers over the past failed to follow this rule and when a company makes those mistakes and doesn't follow the rules the client funds are then lost or caught up in the liquidation process which can then take years for any outcome to be achieved for the clients funds.
We hedge this debilitating possibility by not keeping more than 15% of our capital within the broker at any one point. Having more capital with the broker is a HUGE business risk. If we have to keep more than 15% which will be the case if the changes are passed then in the case of a broker bankruptcy we will loose our businesses. With the current leverage environment if a broker goes bankrupt we will be able to continue operating our businesses while waiting for the mess to be sorted out to get our 15-20% of capital back.
This is the effects of low leverage within brokers. Now i understand that high leverage allows some people who are not trading trading as a business to gamble without plan or consequence. But if you go into any industry and gamble you will loose your money whether it be selling fruit , shoes , selling services or trading. Education is the key not limitation. Just like how we teach young people to drive before letting them get behind the wheel, instead of putting a blanket ban on young drivers because a small group had accidents.

I am trader who currently does not have $2.5M in assets nor do i have two or more years of +$250k p.a gross income. Therefore the changes if passed will affect me. I will be at a huge risk to loose everything if a broker goes bankrupt and i dont want to have to carry that risk.

I beg you to look at the consequences of preposed changes. I would like to keep operating and not lose my business because of the actions of a broker.

The margin Close-outs preposals are great. I would also like to note that this facility is already in place by some of the bigger brokers within the industry like pepperstone. Pepperstone currently has the 50% Margin Close out set as default on their trading platforms. This can be very useful to the user of the platform.

To finish this off i would like to bring this statistics to your attention.
In 2016-17 Gambling (poker machines and online sports betting cost Australians -$23.6 BILLION in losses (In 2018 i would suspect it to be a higher figure) (In sports betting and casino gambling the odds are always against the player no matter the plan or strategy.)
In 2018 Forex trading losses where just under $2 BILLION in losses. (In forex you can trade the probabilities of the markets and operate with a consistent edge when you operate with a tested strategy)

Which industry do you believe needs regulation and better consumer protection based off those numbers?

What is really needed within this industry is more broker checkins by ASIC. Making sure they are following the rules and regulations.
More education for people on what is needed to trade. You dont let a person get behind the wheel of a car without a license and without showing some competence of the skills required to get started. Maybe we can work together a more educated public and not a limited opportunity and higher risk due to low market industry.

Kind Regards
Hal Martin

Feedback on new proposal

From: Harry LI [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: respond2asic@ig.com
Date: Wed, 18 Sep 2019 10:38:18 +1000

To whom it may concerns,

As a consumer, I have carefully read through the new proposal by ASIC. I understand that this new proposal is helping everyone to lower the leverage of trading. Therefore to reduce the risk. But as a trader, especially a trader who can manage the risk , this is against consumer which means trading cost will increase. If the proposal was approved , this will backwards our financial market and make traders even hard to trade.

Therefore I would like you to reconsider the proposal. Because I will definitely vote NO to this proposal.

Thank you for you time.

Kind regards,

Harry

Feedback

From: Henrik Strodl [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: responsetoasic@pepperstone.com
Date: Wed, 11 Sep 2019 18:30:24 +1000

Hi Asic,

I currently trade with Pepperstone on various cfds. I received an email from them informing about proposed changes being considered.

I would like to provide my feedback for inclusion of consideration.

Whilst I can appreciate the idea of reducing available leveraging, this change would negatively impact traders like myself.

I currently have willingly and deliberately chosen a 500:1 leverage setup. This allows me to mitigate some risk by requiring less capital to place more trades at any one time and add diversity to my trades.

I already use a stop loss on all trades and no in advance my potential losses.

Should the levearage change to 20:1 or lower than with my account balance rather than being able to diversify my trades I will likely be only able to trade 1 instrument at any time.

This I feel is likely to amplify greater losses for myself and others like me.

I appreciate your consideration to not make these changes which will negatively impact myself and others.

Kind regards,

Henrik

Sent from my Samsung Galaxy smartphone.

Feedback

From: Henry Ha (Rocla) [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: responsetoasic@pepperstone.com
Date: Fri, 27 Sep 2019 16:47:56 +1000

I am a retail forex and gold trader
The proposed cap in leverage to 1:20 is far too restrictive and limits my opportunity to participate in the markets. I oppose the limit to leverage being set so restrictively. The US for example restricts to 1:50

Regards
Henry Ha

Feedback

From: Hirad Yousefpour [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: responsetoasic@pepperstone.com
Date: Sun, 15 Sep 2019 06:19:35 +1000

In regards to the Proposed Changes to Leverage Caps restriction planning by ASIC on various trading instruments , here with i would like to express my total disappointment on the suggestion mentioned. While i really appreciate the good intention of ASIC in such a decision in line with retailers' capital protection however i believe this will pushes most if not all the retail traders like myself out of the market as people like me, post restriction will have no such a capital to even participate! I believe a key components of capital preservation would be a compulsory STOP order in place prior to participation and NOT exclusion of retailers, by imposing such a harsh proposition, out of market. That is my humble opinion.

Kind Regards

Hirad

From: [redacted]
To: Market supervision - OTC
Subject: Proposed changes in trading for Contract For Differences (CFDs)
Date: Friday, 7 February 2020 2:22:35 PM

Dear Sir/Madam,

Recently i am made aware of the proposed changes in the trading rules for Contract For Differences (CFDs).

One of the main proposed change is the increase in margin requirement.

I welcome these changes and i have a humble request to look into my situation.

I trade in CFDs for ASX 200 and i have some open positions and they are in loss at the moment. I expect that in near future i will be able to exit out of these positions with break-even or at a small loss.

These positions were opened based on the margin requirements at that time and the financing were arranged based on those requirement.

If the margin requirements are changed for the existing open positions than i wont be able to cover it up and these positions will be closed and i will incur heavy losses.

I believe that the proposed changes for the increased margin requirements should be for the new positions.

Also the Financing cost and dividend payouts requirement by the CFD provider should be reduced. This will help to minimise the cost of trading and losses.

This is my suggestions to save my open positions.

I hope this is considered before the final decisions i made.

With Faithfully
Hitesh

Changes Proposed by ASIC - Trading Forex

From: [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Fri, 20 Sep 2019 00:18:50 +1000
Attachments: Changes Proposed by ASIC – Have Your Say!.pdf (139.44 kB)

OTC Intermediary Compliance
Market Supervision
Australian Securities and Investment Commission

I received an Email 190918a1200 from:
FXCM <info@fxcm.com>
Subject: Changes Proposed by ASIC – Have Your Say!

They state that I should send my views to:
OTC Intermediary Compliance
Market Supervision
Australian Securities and Investment Commission
Email: Market.Supervision.OTC@asic.gov.au
Level 7, 120 Collins Street, Melbourne, VIC 3000

Find attached the Email received from FXCM.

How do "I have my say"?

Regards,

Hugh Godman
[redacted]

~~~~ Trading Details:
I have been trading Forex Currencies for the last 6 months and have been struggling to keep my balance at the deposit level.
I use 2x Brokers:

1. FXCM Australia Pty. Limited
Level 13, 333, George Street, Sydney, NSW 2000
Support: 1800 109 751

2. Blueberry Markets
133 Alexander Street, Crows Nest, Sydney, 2065, Australia
Support: +61 2 8039 7480
~~~~

ASIC New Changes

From: HUSSEIN ABUHAMAD [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: responsetoasic@pepperstone.com
Date: Mon, 23 Sep 2019 12:30:20 +1000

Hello,

We have been told from our broker about recent proposed changes to CFD's and FX trading regulations that mainly will affect retail traders. I do agree that this comes from perspective of protecting traders and investors. Moreover, I do agree with taking some measures to automatically closing positions and controlling losses when %Margin falls under certain percentage to protect the trader/investor capital. However, I do not agree the proposed new low leverage for example 1/20 for FX currency pairs it seems very restrictive and will not help and will make it very difficult for the small retail traders to start trading while they have small capital in their account. This will allow retail traders to enter the market when they got big amount of capital invested in their account which is also carrying a risk of losing this capital even with low leverage.

Thanks for your understanding

Hussein Abuhamad

Leverage restrictions on Forex

From: Huw Hillman [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Fri, 23 Aug 2019 17:25:01 +1000

Hello,
I am a retail forex trader and this is my primary source of income, the changes you have proposed are generally good (I have no problem with the proposed changes outlined in section 5 table (3-8)), however conditions 1-2 are far to restrictive.

I responsibly mange my own risk and part of doing this is keeping most (90%) of my trading account not in a broker account, this is to insure that if the broker goes bust that I am not chasing you guys down or the liquidator for funds that might or might not be there. This means that I would likely have to keep even more funds with the broker especially given I may have multiply position open. The margin requirement shut out effectively limits leverage to 10/1 which compounds the problem even more.

Please either increase the limit or provide an option where professional retail clients can gain access to higher leverage if they meet certain conditions.
Thanks
Huw Hillman
Sent from Mail for Windows 10

Feedback

From: Ian Morse [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: responsetoasic@pepperstone.com
Date: Fri, 20 Sep 2019 08:24:07 +1000

I object strongly to any meddling by ASIC's product intervention proposal.

I am concerned about the ramifications of the proposed ASIC changes to leverage caps and margin rules.

I am a small self-funded retiree and trade FX responsibly and profitably for a living as a Pepperstone 'retail' client.

I am not eligible for your 'wholesale' classification.

I am utilising your product called 'RAZOR' on the MT4 (Edge 3) Platform. This product has 500:1 leverage.

I note that existing leverage caps may change on the account, and margin requirements may change on open positions.

I have several open trades that I DO NOT want to force close for some time.

The ASIC intervention proposals will be totally unfair for traders like me, and cause unnecessary loss.

Who will compensate small traders like me who will be affected if we are forced to close existing trades prematurely because of new margin requirements.

Surely ASIC cannot legally make their new rules retrospective. New rules should apply to new trades, but not existing ones.

As your client, I would appreciate it greatly if Pepperstone lodged a strong objection to the proposed ASIC intervention.

IAN MORSE

proposed CFD regs

From: Ian Stevenson [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Sat, 31 Aug 2019 19:50:17 +1000

E1Q1

I don't have an opinion re binary options as I would never trade them myself. I think they are ridiculous, however if people wish to flush their money down the toilet they should be free to do so as per poker machines and sports betting. If the negative balance protection was introduced I'm happy for the punters to have access to binary options.

E1Q2

I would agree to the 18 mth intervention proposal.

E1Q3

Agree

E1Q4

Agree

F1Q1

I do not agree with all of the proposals.

20:1 would be a suitable ratio for share and commodity CFD's as per forex and gold.

F1Q2

I do not agree with the 50% proposal.

My personal share trading figures show that about 45% of my trades are winners; however winners are approx 2.5 times larger than losses. A random distribution of winners and losers means I can expect about 12 consecutive losses.
12 consecutive losses may well take my account to the sub 50% level, yet still be within the parameters of a profitable strategy.

I would agree with this proposal if the level was set at 10%.

F1Q3

Agree

F1Q4

Agree with amendments as my reply to F1Q2.

F1Q5

Agree with amendments as my reply to F1Q2.

F1Q6

Agree.

I approve of the negative balance protection for which you are not asking for feedback.

cheers
Ian Stevenson

Objection about lower leverage on ASIC

From: Indah Sulistyarini [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: cp322@fpmarkets.com.au
Date: Wed, 18 Sep 2019 11:55:01 +1000

Dear ASIC

My name is Indah Sulistyarini, i am a client of FPM Market, say u the truth i feel satisfied of FPM Market..They are honest broker, the best broker than other brokers that i choosed before, especially for the Asian trader.

Just receive mail from FPM, and i am very shock that ASIC will reduce the leverage to protect the traders, well if they use big amounts is ok, but what if use small amount like me.. I only deposited 100 usd in FPM and with leverage only 1:100 i can grow up my account till USD 1475. If u reduce the leverage it will hurt traders for the small amount like me.

And it mean will say goodbye to Australian broker. We must free choose our leverage, risk on trading is by ourself. I believe many clients will move to UK brokers..Even they are under ESMA, if we are not from Europe, we can choose our leverage until 1:400. I choosed FPM because near to Indonesia and it regulated broker. Right now because of your rules, i will consider to move to Activetrades, one of regulated broker in UK..And i believe many Asian trader will move to it. Your Broker will lost so many customers, please considerate it

Regard

Indah Sulistyarini
Client of FPM Market

Sent from my iPhone

changes to CFD and binary options trading

From: ismael halikou abdou [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Sun, 29 Sep 2019 22:23:01 +1000

Hello,

I read with great attention and interest your proposed changes to CFD and binary options trading.

I am a regular trader, it is true that I find some proposals a very good idea, but nevertheless I am worried about these two points regarding the CFD trading:

-Minimum margin rates
-Margin close-out

Many of the traders have strategies based on the current margin conditions that most brokers offer, changing these margins as you proposed, it's IMHO pushed a lot of traders to go to dubious international brokers who do not are not controlled by ASIC, so I let you imagine the risk that this may include.

In the hope that you will consider my recommendation

Kind regards
Halikou

Feedback

From: Ivance Yuan [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: responsetoasic@pepperstone.com
Date: Wed, 18 Sep 2019 22:48:01 +1000

Hi,
Having been trading in a number of markets (mainly Australia, HK, and China), I do understand the importance of regulations and confidence it bring to the market participants. However, it is essential to fully consult the market (retail and institutional) before making any decisions.
I have gone through the whole proposed product intervention regarding CFD and my feedback is as follows:

1. Leverage ratio limits – Strongly do not agree
2. Margin close-out protection - Agree
3. Negative balance protection – Agree
4. Prohibition inducements – Agree
5. Risk warnings – Agree
6. Real-time disclosure of total position size – Agree
7. Real-time disclosure of overnight funding costs – Agree
8. Transparent pricing and execution – Agree

For points 2-8, I have no issues with that myself as by choosing a reputable Broker can simply eliminate all the issues. However, for point 1, I would strongly disagree because the leverage is *not* the reason why people lose money, their skills are the main cause factors. You cannot and should not simply categories all *retail clients* are of the same level of skills under the same rules.
The Broker I am using offers an option to upgrade to the Pro Account by satisfying (1) Net asset of $2.5mil+ (2) Annual income of $250k+. By checking the most recent data on ABS website, you could easily see only a handful of people in Australia would satisfy those criteria. Out of those, how many are actually trading? To me, this is just non-sense.
What you should consider are the factors as follows:

1. Education background. For example, Bachelor, Master, MBA in Finance or similar; CPA, CFA etc.
2. Occupation: Corporate Banking Manager; Analyst etc.
3. Trading history

Annual income and net wealth should not be the threshold simply because those richer people will not have a higher chance or making a profit. It simply mean they can potentially lose more money when their initial investment principal is larger.
I strongly believe lots of clients like myself will totally withdraw funds from the Australian platform and switch to other ones if your proposal gets implemented. It is so easy to do that nowadays as everything is internet based.
Kind regards

Ivance Yuan

[redacted]

Feedback

From: Ivan Yau [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: respond2asic@ig.com
Date: Thu, 29 Aug 2019 21:59:41 +1000

Dear Sir/Madam,

I received the details about the ASIC consultation paper. I want to give my below feedback:

One of the advantage of trading with CFD is low margin. I will suggest not to significantly increase the margin ratio, as the CFD provider already has a systematic method to deal with margin.

Best regards,

Ivan

Feedback

From: Jacqueline Ocon [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: responsetoasic@pepperstone.com
Date: Thu, 12 Sep 2019 02:33:15 +1000

Disappointing to say the least... I'll find another broker...

ASIC Consultation - CFD Trading Regularity Changes

From: James Spilsbury [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Mon, 30 Sep 2019 15:37:17 +1000

To Whom I May Concern

I am retail client and trader of CFD products predominantly ASX listed equities and ASX 200 Index CFD.

I would not consider myself a large trader but I have traded CFD as a retail client for a period of 12 years with regularity.

I believe some of the proposed changes may be of benefit to the industry in Australia but I also feel some will definitely be of detriment. My views are listed below:

Detrimental Changes:
Restriction On Leverage: Leverage will be restricted from 2:1 to 20:1 depending on the instrument that you are trading.
A decrease in the leverage available with my CFD provider would actually increase the risk associated my trading - the opposite of its intended consequences.
Decreasing the leverage would mean I have to place a much larger amount of funds with my provider. Should the CFD provider go into administration - I would lose these funds. I was a client of MFGlobal - a CFD provider who went into administration so know this situation all too well. Consequently by using leverage i am able to minimise my risk in keeping as a minimal amount of funds required with my provider.
Secondly I use leverage to hedge my positions - I frequently take opposite positions using indfex CFD or other ASX listed equity. Should there be a leverage decrease i could quickly find myself in a position where I could not take an opposing position to hedge with due to insufficinet funds available - this would increase my risk of losing money.
Generally trouble associated overleveraging occurs when remaining margin is insufficient. Regardless of the level of margin required when this occurs the risk of losing money increases. By increasing the margin requiremnet more people will be close to the position of maximum margin more often.
Finally an increase in the margin requirements may see me have to shift funds off shore to a broker offering higher margin - further increasing risk by dealing with an entity outside my home jurisdiction - having await timely off shore transfers etc.

Beneficial Changes:
7. Transparent pricing and execution - My broker already offers Direct Market Access CFD - and is transparent with pricing. I think this is a major differentiating factor and major factor affecting the profitability & likely profitability of clients. The differentiation of DMA products should be acknowledged and there more widespread availability should greatly reduce the incidence of clients losing money.
3. Negative balance protection (may help)- This will basically transfer a majority of the risk to the broker. I think brokers will increase margin requirements organically if required and tighten risk management for clients organically should there own funds be at risk.
4. Real-time disclosure of overnight funding costs

5. Prohibition on inducements

6. Risk Warnings

Yours sincerely

James Spilsbury

CP322

From: James Walsh [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Wed, 25 Sep 2019 12:15:03 +1000

Hi there,

I do not think that these regulations are a good thing, and will be very disappointed if leverage is lowered. This is gutting the CFD industry and essentially only allowing only the institutions the ability to trade with leverage. This would push me to trade with non asic regulated brokers so that I can have the leverage I want, that I should be able to choose.

Please rethink this absolute razing of the industry. This will only leave the big brokers who already have the institutional clients. Think of the free market.

Kind regards,
James

Feedback

From: Jamshed Hasan [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: responsetoasic@pepperstone.com
Date: Mon, 23 Sep 2019 13:57:32 +1000

Hi There
I'm a regular Forex Trader and I'm using Pepperstone MT4 platform.
Reducing leverage to 20:1 would be really discouraging and people will leave doing Forex or CFD trading, it will drop the profit so much so people wont do trading anymore.
I suggest to drop it to 100:1 as per other country like USA.

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Thanks & Regards
Jamshed

Feedback

From: janelle vukoder [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Cc: responsetoasic@pepperstone.com, financeminister@finance.gov.au, senator.cash@aph.gov.au
Date: Wed, 11 Sep 2019 21:41:10 +1000

To whom it may concern

I am addressing the recent proposals by ASIC regarding changing leverage for retail traders like myself.

As a new small retail trader that has only recently started out trading FX with Pepperstone I would like to know why these changes are ONLY being targeted towards retail traders essentially the mum and dad traders of which I am one.

It puts traders like myself in a position of extreme disadvantage since I am not eligible for the leverage that professional investors will have access to as I do not meet the wealthy criteria being put forward.

I fail to understand how a government body believes it's role is to limit the profits of small mum and dad traders like myself essentially assisting the larger corporations at the big end of town who are able to take tiny trades and profit easily with huge amounts of funds.

This proposal is unfair and and essentially targeting those of us with less money to invest.

Please explain to me the justification for this decision as I fail to see how this proposal is fair and just.

Shouldn't small investors have access to an even playing field? I believe I should have the same rights to place my trades and have access to the same deals as every other trader.

Regards

[redacted]

Feedback on regulatory proposals for retail traders

From: Jan Taljaard [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Tue, 01 Oct 2019 11:19:16 +1000

I have been made aware of the changes proposed by ASIC and I am concerned about the potential impact it will have on retail traders like myself.

There are two proposals that concern me:

1) Maximum leverage rates -

The massive increase in the margin requirements would negatively impact my ability to make a profit. I would be faced with the following options:

- Scale down the size of my positions - but that will reduce my ability the maintain worthwhile profits.

- Move additional funds to my account from another more productive source e.g. mortgage.

Making use of high leverage rates is the only way for a retail trader to compete with the larger institutions with large funding pools. The proposed higher margins will not protect any retail trader from taking foolish risks, he/she will just loose their money over a longer period of time.

There must be better ways of protecting inexperienced retail traders without resorting to rules that impact all traders.

2) Margin close out

The proposed 50% margin close out rule strikes me as arbitrary. All my positions would normally be protected by stop orders that are placed at specific levels that make sense for the specific instrument being traded. Often the stop needs to be wide to take into account overnight volatility. The 50% margin could result in positions being closed prematurely BEFORE the stops are hit. I do not want my trading strategy being subverted by such a broad rule based on an arbitrary number (50%). My account often falls below the 50% mark as I normally keep the minimum funds in the account to cover my positions.

A more rational rule would be to close positions that DO NOT HAVE a stop after the asset has moved by say 70% of its daily volatility. Such a rule would be better than one based on a blanket 50% close out.

Note I'm 100% in favour of the proposal of the broker closing positions BEFORE the account goes into negative.

The rest of the proposals seem reasonable and would protect retail traders to some extent.

Regards

Jan Taljaard

Submission - ASIC Paper 322

From: [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Thu, 19 Sep 2019 17:26:39 +1000
Attachments: CCF19092019_0001.pdf (1.13 MB)

Hello,

Attached please find my Submission Letter.

Regards

Janusz Mikulicz

Proposed fx changes

From: Jarrod [redacted]
To: Market supervision - OTC <market.supervision.otc@asic.gov.au>
Date: Thu, 19 Sep 2019 21:46:12 +1000
Attachments: Unnamed Attachment (68 bytes)

Good morning,

I understand that you are considering changes to the leverage and also close out procedure for trading currencies and other assets.

I have been trading for the last 9 years and I hope that I am able to provide a different perspective on this issue.

Currently I trade with two different brokers - in both of my brokers accounts I have limited capital (about 10% of the total capital for trading), the balance of my trading capital is sitting in Australian banks on deposit or offsetting my mortgage. I keep limited funds in brokers accounts as I don't trust them anywhere near as much as I trust one of the big four banks. The brokers have no accountability or transparency with spreads and how they operate in fast moving or illiquid markets.

The changes you are proposing would actually increase the risk of my capital as opposed to reduce it, I would be forced to put more of my capital with the broker and therefore have more money at risk.

Maybe traders that have been operating for under 2-3 years have P plate status with restrictions, once you know what you are doing the changes you propose are not relevant.

Regards,

Jarrod
