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**Could 10:1 be the new leverage in US Forex?**

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[#1](#)

Jan 13, 2010 10:43pm

Keywords:

[tar](#)

Member Since Aug 2006

Member

[335 Posts](#)

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**Could 10:1 be the new leverage in US Forex?**

Seems the CFTC looking at this option seriously

<http://www.cftc.gov/newsroom/general...pr5772-10.html>



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[#2](#)

Jan 13, 2010 10:45pm

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[magnumfreak](#)

Member Since Nov 2007

Checking in once a day.

[2,016 Posts](#)

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yep. the end of the retail forex trader is coming. at least the ones who don't have a significant start up capital.



[#3](#)

Jan 13, 2010 11:07pm



[Maxsmart](#)

Member

Member Since Mar 2007

[422 Posts](#)

---

 **We need to leave comments where it asks**

Well I guess we definitely need to fight this one they already got it down to 100:1.

---

Why so serious?



[#4](#)

Jan 13, 2010 11:11pm



[Maxsmart](#)

Member

Member Since Mar 2007

[422 Posts](#)

---

 **You have to be rich to make money bs**

We have 60 days. Not only does this stamp out the beginning investor and once again feed into you have to "have alot of money to make alot of money routine" but also since they are "worried" about the ignorant consumer losing all of their money, traders with larger capital required to trade stand to lose more. Instead of opening a \$1,000 account and exploding it for only a grand loss. You may have to open a \$10,000 which is alot harder to get access to or be willing to risk in learning the concepts of trading. And if you lose that \$10,000 its a much bigger deal than the \$1,000 loss.

---

Why so serious?



[#5](#)

Jan 13, 2010 11:11pm



[GulfCoastPip](#)

I'll Take Your Pips

Member Since Jan 2008

[1,002 Posts](#)



---

Sticking to the little man, all in the name of consumer protectionism. I hate to say it, but this country is going down the tubes fast.

Get the government off of my back and out of my pocket! I don't need no more stinkin' government protectionism bull crap.

Without the retail trader, there will be a few bucket shops out of business too.

---

[My 2010 Journal Experiment: Avg. 15-30% a Month](#)



[#6](#)

Jan 13, 2010 11:36pm



[The Fool](#)

Don't Be Fooled

Member Since Apr 2009

[3,062 Posts](#)



---

Moonshine, coalmine, or move it on down the line.

Offshore, that is - swimmin pools, movie stars....

---

"If The Fool persists in his Folly he will become wise." - *William Blake*



[#7](#)

Jan 13, 2010 11:41pm



[magnumfreak](#)

Checking in once a day.

Member Since Nov 2007

 [2,016 Posts](#)



Quote:

Originally Posted by **The Fool**   
*Moonshine, coalmine, or move it on down the line.*  
*Offshore, that is - swimmin pools, movie stars....*

already there. LOL! Hopefully they will be much slower in changing their rules.



[#8](#)

 Jan 13, 2010 11:45pm



[Maxsmart](#)

Member

Member Since Mar 2007

[422 Posts](#)



they say its open for comment. Start a facebook lol group and get comments.

Why so serious?



[#9](#)

 Jan 13, 2010 11:45pm



[The Fool](#)

Don't Be Fooled

Member Since Apr 2009

 [3,062 Posts](#)



Quote:

Originally Posted by **magnumfreak**   
*already there. LOL! Hopefully they will be much slower in  
changing their rules.*

Futures. Safer anyway. Maybe those micro fx contracts would pick up some volume if the domestic retail fx industry goes tits up. Hmm....

"If The Fool persists in his Folly he will become wise." - *William Blake*



#[10](#)

 Jan 14, 2010 12:03am

[fxpipper](#)

Member

Member Since Apr 2009

[121 Posts](#)



This is very disturbing news. 

I hope it gets shot down.



#[11](#)

 Jan 14, 2010 12:09am



[Macdon](#)

Member

Member Since Jul 2009

[11 Posts](#)



---

Is this entirely bad? All this means is that instead of a \$1,000 deposit for a standard contract, you will need \$10,000. According to John Carter in his book, Mastering the Trade, you should trade 8 contracts per \$100,000 or 1 contract per \$12,500. This means you do need extra cash to trade, but it also limits risk. Based on the above formula, you probably need about \$20-25,000 for a start-up account.

Another way to look at it is, if you trade 1 contract with your \$12,500, you need \$9,000 extra for a contract's deposit. So \$21,500 is now the new minimum required. That means \$100,000 allows you to trade 4.65 or 5 contracts.

I think this may be a good thing since it would impose a limit to how far you can stretch your resources. A lot of traders here seem to trade one currency that is highly correlated to another which is correlated yet to another that they trade and so on. This, to me, is just multiplying your risk. With less leverage available, they'll think more about which instrument they wish to trade.



#[12](#)

 Jan 14, 2010 12:17am

[FXwest](#)  
Member

Member Since Aug 2009  
[19 Posts](#)

### **How's that change working for you Now?**

---

Another example of how this government has only one thought. and that is that people are too stupid to make their own choices, so the government who knows better will make it for them

I get so amazed at how people want a government to control them and take care of them

get ready as this is the start... my account is in London and away from this government



[#13](#)

Jan 14, 2010 12:27am

[Big1red9](#)

Member

Member Since Jul 2008

 [396 Posts](#)



---

The US is **not** going to allow something that **WILL BE** financial ruin for **MOST** of the people opening accounts. On the one hand there are those that do not want government in their business, on the other hand there are people blaming them for their financial crisis's. IN may cases their are nut cases doing both.

Given the climate, there is no way this is not going to pass. If its raining, open an umbrella, yelling at the sky won't stop the rain.

10to1 should be adequate for most people trading. If it is not, the simple thing to do is open an account in another country.

Take care,  
BR



[#14](#)

Jan 14, 2010 12:27am

[scottik187](#)

Member

Member Since Nov 2009

[139 Posts](#)



---

Move your account overseas.



[#15](#)

Jan 14, 2010 12:35am

[ferndog](#)  
Member

Member Since Feb 2008  
[379 Posts](#)



If you are worried about not having enough money to trade then there is always options trading which includes forex options. But come on if people want to spend their money trading forex let them! What's the big deal.



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<a href="#">forex leverage under the microscope!?</a>	ehrek	Broker Discussion	1	Jan 26, 2010 5:25pm
<a href="#">Leverage Limitation for Retail Forex</a>	gambrinus	Rookie Discussion	61	Jan 25, 2010 12:02pm
<a href="#">Leverage in forex</a>	richrichie	Rookie Discussion	8	May 12, 2009 6:54am
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#**16**

[Jan 14, 2010 12:39am](#)



[Maxsmart](#)  
Member

Member Since Mar 2007  
[422 Posts](#)



Quote:

Originally Posted by **Macdon** [▶](#)

*Is this entirely bad? All this means is that instead of a \$1,000 deposit for a standard contract, you will need \$10,000. According to John Carter in his book, Mastering the Trade, you should trade 8 contracts per \$100,000 or 1 contract per \$12,500. This means you do need extra cash to trade, but it also limits risk. Based on the above formula, you probably need about \$20-25,000 for a start-up account.*

*Another way to look at it is, if you trade 1 contract with your \$12,500, you need \$9,000 extra for a contract's deposit. So \$21,500 is now the new...*

I stand by my statement. If they open up a 20k account they lose 20k instead of just a grand. It increases risk

Why so serious?



[#17](#)

Jan 14, 2010 12:41am

[watchtower4x](#)

Member

Member Since Dec 2009

[9 Posts](#)



Quote:

Originally Posted by **ferndog**

*If you are worried about not having enough money to trade then there is always options trading which includes forex options. But come on if people want to spend their money trading forex let them! What's the big deal.*

I hear alot about options but CME is just another "bucket shop" from my experience talking to their "customer service".



[#18](#)

Jan 14, 2010 12:46am

[Lionstrike](#)

Member

Member Since May 2009

[71 Posts](#)



---

I just spent an hour writing a detailed and impassioned response and voicing my oppositions to any proposals involving the restriction of leverage.

I strongly encourage anyone who feels the same as I to do so also. You can fax it, mail it...at least send them an email.

The address is [secretary@cftc.gov](mailto:secretary@cftc.gov). Put "Regulation of Retail Forex" in the subject line.

According to what I read they will post comments on the CFTC's site. The secretary at the CFTC is David Stawick, so that's the man you need to talk with.

I'm not going to tolerate restrictions to leverage. If they want to protect consumers they need to send out detailed explanations of leverage, like they do for options, and force brokers to close positions when the account equity gets dangerously low.



#19

Jan 14, 2010 12:52am



[GulfCoastPip](#)

I'll Take Your Pips

Member Since Jan 2008

[1,002 Posts](#)



---

For me, this isn't about how much is needed to open up an account, it's about the "GUVMINT" trying to protect the consumer when the consumer understands the risk.

I'm sick of the "GUVMINT" trying to turn this country into a nursery.

Show me one person that doesn't understand the risk associated with trading or investing! And if you do, that same person is "STOOPID".

---

[My 2010 Journal Experiment: Avg. 15-30% a Month](#)



#20

Jan 14, 2010 12:59am

[Lionstrike](#)

Member

Member Since May 2009

[71 Posts](#)



Quote:

Originally Posted by **GulfCoastPip**

*For me, this isn't about how much is needed to open up an account, it's about the "GUVMINT" trying to protect the consumer when the consumer understands the risk.*

*I'm sick of the "GUVMINT" trying to turn this country into a nursery.*

*Show me one person that doesn't understand the risk associated with trading or investing! And if you do, that same person is "STOOPID".*

Damn right!



#21

Jan 14, 2010 12:59am



[24HourTrader](#)

Member

Member Since Nov 2007

[190 Posts](#)



---

Didn't the NFA propose something similar recently, and wasn't it determined that in order to keep USA based brokers competitive, 100:1 is needed?

<http://www.nfa.futures.org/news/.%5C...Notc021909.pdf>

Why is this coming up again now? We all need to speak out against this nonsense. There are two ways to contact them online, given here.

<http://www.cftc.gov/ucm/groups/publi...esproposal.pdf>

Firing off a short, to the point email will take no time at all, and they actually requested input from the public, so lets give it to 'em!



#[22](#)

Jan 14, 2010 2:06am

[Rise](#)

Member

Member Since Sep 2007

[41 Posts](#)



---

10:1 = death of retail forex in the US

Ask any full time trader if 10:1 is enuf ????

Not can they trade with 10:1 but would they choose to !, i dont want to have all my trading funds in my bloody FX account thank you very much.



#[23](#)

Jan 14, 2010 2:21am

[ejoj](#)

Member

Member Since Aug 2006

[5 Posts](#)



---

What???? 10:1! they must be kidding me.....



#[24](#)

Jan 14, 2010 2:32am



[FxOptimus](#)  
Member

Member Since Sep 2009

[14 Posts](#)



---

I don't mind...already trading at 1:25,so what can I do,I just play by the rules other people make.  
And besides,I am sure most of the real trader here won't have a problem with this also.

---

contact: [fxoptimus@gmail.com](mailto:fxoptimus@gmail.com)



#[25](#)

Jan 14, 2010 2:34am

[tar](#)  
Member

Member Since Aug 2006

[335 Posts](#)



Quote:

Originally Posted by **watchtower4x**

*I hear alot about options but CME is just another "bucket shop" from my experience talking to their "customer service".*

CME is a bucket shop ?! , CME is an exchange not a marketmaker



#[26](#)

Jan 14, 2010 2:39am

[tar](#)

Member

Member Since Aug 2006

[335 Posts](#)



I think 100:1 is too risky , also 10:1 is low for small traders , but anyway if u trade Euro u can trade Euro fx futures one contract = 125000 E and the margin is 1100 \$ , ofrcourse this is not a solution if u want to trade G/J and many other crosses , i guess we all know now why 95% lose , it is leverage , i dont agree with 10:1 but also 400:1 and even 100:1 is too risky ...



#[27](#)

Jan 14, 2010 2:43am



[magnumfreak](#)

Checking in once a day.

Member Since Nov 2007

[2,016 Posts](#)



Quote:

Originally Posted by **tar**

*I think 100:1 is too risky , also 10:1 is low for small traders , but anyway if u trade Euro u can trade Euro fx futures one contract = 125000 E and the margin is 1100 \$ , ofrcourse this is not a solution if u want to trade G/J and many other crosses , i guess we all know now why 95% lose , it is leverage , i dont agree with 10:1 but also 400:1 and even 100:1 is too risky ...*

Leverage is misunderstood by most traders. 400:1 is no more risky than 10:1. I have always traded with the highest leverage that brokers allow. I do not risk more because of the available leverage. What it allows me to do is when a trade is funded (i.e. stop at break even) it gives me the ability to open another trade if I want. Where people get burned on leverage is they risk more because they see that they can buy more.



#28

Jan 14, 2010 2:46am



[GulfCoastPip](#)

I'll Take Your Pips

Member Since Jan 2008

[1,002 Posts](#)



Quote:

Originally Posted by **tar**

*I think 100:1 is too risky , also 10:1 is low for small traders , but anyway if u trade Euro u can trade Euro fx futures one contract = 125000 E and the margin is 1100 \$ , ofrcourse this is not a solution if u want to trade G/J and many other crosses , i guess we all know now why 95% lose , it is leverage , i dont agree with 10:1 but also 400:1 and even 100:1 is too risky ...*

That's fine for you, for me, it's none of the "GUVMINTS" damn business what leverage I want to use. Personally I use no more than 50:1. Most of the time it's probably 25:1 or 30:1.

If I want to throw my mortgage payment down on a football game, play blackjack, buy powerball tickets, or trade currency...**I don't need the f'ng "GUVMINT" trying to protect me from myself!**

**If anything protect me from the f'ing lunatics in Washington that dig in my damn pocket every time I bend over!**

[My 2010 Journal Experiment: Avg. 15-30% a Month](#)



#[29](#)

Jan 14, 2010 2:48am

[Lionstrike](#)

Member

Member Since May 2009

[71 Posts](#)



Quote:

Originally Posted by [tar](#)

*I think 100:1 is too risky , also 10:1 is low for small traders , but anyway if u trade Euro u can trade Euro fx futures one contract = 125000 E and the margin is 1100 \$ , ofrcourse this is not a solution if u want to trade G/J and many other crosses , i guess we all know now why 95% lose , it is leverage , i dont agree with 10:1 but also 400:1 and even 100:1 is too risky ...*

Leverage in and of itself does not increase risk. Leverage is simply a tool that allows you the potential for faster gains. Along with that comes an equal potential for faster losses. The higher the available leverage, the quicker you can be successful, provided you know what you're doing.



#[30](#)

Jan 14, 2010 2:49am



[GulfCoastPip](#)  
I'll Take Your Pips

Member Since Jan 2008

[1,002 Posts](#)



Exactly Magnum and Lion. 🤖

[My 2010 Journal Experiment: Avg. 15-30% a Month](#)



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<a href="#">Leverage Limitation for Retail Forex</a>	gambrinus	Rookie Discussion	61	Jan 25, 2010 12:02pm
<a href="#">Leverage in forex</a>	richrichie	Rookie Discussion	8	May 12, 2009 6:54am
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**Could 10:1 be the new leverage in US Forex?**

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#[31](#)

Jan 14, 2010 2:50am

[tar](#)  
Member

Member Since Aug 2006  
[335 Posts](#)

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Quote:

Originally Posted by **magnumfreak**   
*Leverage is misunderstood by most traders. 400:1 is no more risky than 10:1. I have always traded with the highest leverage that [brokers](#) allow. I do not risk more because of the available leverage. What it allows me to do is when a trade is funded (i.e. stop at break even) it gives me the ability to open another trade if I want. Where people get burned on leverage is they risk more because they see that they can buy more.*

Ofcourse if u risk 0.5% - 1.5 % only in everytrade even if u use 400:1 broker thats fine , but thats u , most of these new traders will jump in and when they chase losses they will use the whole leverage to get their revenge !



#[32](#)

Jan 14, 2010 2:52am



[magnumfreak](#)

Checking in once a day.

Member Since Nov 2007

[2,016 Posts](#)



Quote:

Originally Posted by [tar](#)

*Ofcourse if u risk 0.5% - 1.5 % only in everytrade even if u use 400:1 broker thats fine , but thats u , most of these new traders will jump in and when they chase losses they will use the whole leverage to get their revenge !*

Absolutely agree. Most new traders lack the discipline to trade with 400:1 available.



#[33](#)

Jan 14, 2010 2:53am



[Price](#)

Good thing I'm not a quitter

Member Since Sep 2007

[408 Posts](#)



Well, if a majority of retail traders had been making money up to the potential of the forex market.... then, crikey, I think they would have shut this thing down some time ago.

As it is, people are opening accounts with \$50.

If they could just get more people losing \$5000 accounts, then.... hey, that's a good enough reason to cut out the leverage.

*Experience is a wonderful thing. It enables you to recognize a mistake when you make it again.*



[#34](#)

Jan 14, 2010 2:53am

[tar](#)

Member

Member Since Aug 2006

[335 Posts](#)



Quote:

Originally Posted by **GulfCoastPip**

*That's fine for you, for me, it's none of the "GUVMINTS" damn business what leverage I want to use. Personally I use no more than 50:1. Most of the time it's probably 25:1 or 30:1.*

*If I want to throw my mortgage payment down on a football game, play blackjack, buy powerball tickets, or trade currency....**I don't need the f'ng "GUVMINT" trying to protect me from myself!***

*If anything protect me from the f'ing lunatics in Washington that dig in my damn pocket every time I bend over!*

BTW i dont have any penny with US brokers , i am thinking to fund my Oanda account , but even Oanda will not be a problem even they lower leverage to 10:1 cuz they will open an office in Canada ...



[#35](#)

Jan 14, 2010 2:57am

[tar](#)

Member

Member Since Aug 2006

[335 Posts](#)



Quote:

Originally Posted by **Lionstrike**

*Leverage in and of itself does not increase risk. Leverage is simply a tool that allows you the potential for faster gains. Along with that comes an equal potential for faster losses. The higher the available leverage, the quicker you can be successful, provided you know what you're doing.*

U said it yourself "If u know what you are doing " , i agree if u know what u r doing and u dont gamble by risking too much and u know how to trade then u use 100:1 broker thats ok but 95% seems dont know whats going on ...



[#36](#)

Jan 14, 2010 2:57am



[GulfCoastPip](#)

I'll Take Your Pips

Member Since Jan 2008

[1,002 Posts](#)



Quote:

Originally Posted by **tar**

*I think 100:1 is too risky , also 10:1 is low for small traders , but anyway if u trade Euro u can trade Euro fx futures one contract = 125000 E and the margin is 1100 \$ , ofrcourse this is not a solution if u want to trade G/J and many other crosses , i guess we all know now why 95% lose , it is leverage , i dont agree with 10:1 but also 400:1 and even 100:1 is too risky ...*

So what if they want to use 400:1, 100:1 or 1:1. If not FX it's Powerball, Monday Night Football, Poker with the guys, strippers, etc...!

It's not the "GUVs" responsibility to protect people from themselves. If

anything stop the stupid ones from breeding!

[My 2010 Journal Experiment: Avg. 15-30% a Month](#)



#[37](#)

Jan 14, 2010 3:00am

[mofuniverse](#)

Member

Member Since Mar 2009

[109 Posts](#)



haha, i agree ! also, they should shut down all casinos across the country ! shut down every single casino in Vegas ! they have PENNY slots.... PENNY slots !!! they take ALL of peoples money.... whos is going to protect them !

Quote:

Originally Posted by **GulfCoastPip**

*So what if they want to use 400:1, 100:1 or 1:1. If not FX it's Powerball, Monday Night Football, Poker with the guys, strippers, etc...!*

*It's not the "GUVs" responsibility to protect people from themselves. If anything stop the stupid ones from breeding!*



#[38](#)

Jan 14, 2010 3:01am

[tar](#)

Member

Member Since Aug 2006

[335 Posts](#)



Quote:

Originally Posted by **GulfCoastPip**

*So what if they want to use 400:1, 100:1 or 1:1. If not FX it's Powerball, Monday Night Football, Poker with the guys, strippers, etc...!*

*It's not the "GUVs" responsibility to protect people from themselves. If anything stop the stupid ones from breeding!*

Maybe they r trying to protect Marketmakers who take the other side of the trade ...



#[39](#)

Jan 14, 2010 3:07am



[FxOptimus](#)  
Member

Member Since Sep 2009

[14 Posts](#)



Quote:

Originally Posted by **GulfCoastPip**

*So what if they want to use 400:1, 100:1 or 1:1. If not FX it's Powerball, Monday Night Football, Poker with the guys, strippers, etc...!*

*It's not the "GUVs" responsibility to protect people from themselves. If anything stop the stupid ones from breeding!*

hehe,yes thats funny,but unfortunately it the other way around as you might already know. They are happy when the stupid ones are growing in size,population wise.

contact: [fxoptimus@gmail.com](mailto:fxoptimus@gmail.com)



[#40](#)

Jan 14, 2010 3:09am

[Dr.Geppynius](#)

Member Since May 2008

Common sense is not so common



[1,660 Posts](#)



Quote:

Originally Posted by **Maxsmart**

*Well I guess we definitely need to fight this one they already got it down to 100:1.*

good luck

but don't expect any outcome

---

*I donate for Market Fighters and Falling Knife Catchers*



[#41](#)

Jan 14, 2010 3:13am

[tar](#)

Member Since Aug 2006

Member

[335 Posts](#)



Quote:

Originally Posted by **GulfCoastPip**

*So what if they want to use 400:1, 100:1 or 1:1. If not FX it's Powerball, Monday Night Football, Poker with the guys, strippers, etc...!*

*It's not the "GUVs" responsibility to protect people from themselves. If anything stop the stupid ones from breeding!*

Y to go to vegas , lets give example from Wall St , what about options contracts why they dont put limits , any trader can bet all-in in any 1 put or call trade (if there is volume )and he can lose his entire wallet on 1 trade ...



#[42](#)

Jan 14, 2010 3:17am



[GulfCoastPip](#)  
I'll Take Your Pips

Member Since Jan 2008

[1,002 Posts](#)



Quote:

Originally Posted by **tar**

*Y to go to vegas , lets give example from Wall St , what about options contracts why they dont put limits , any trader can bet all-in in any 1 put or call trade (if there is volume )and he can lose his entire wallet on 1 trade ...*

FX has gained popularity over the last few years so it's on the radar.

[My 2010 Journal Experiment: Avg. 15-30% a Month](#)



#43

Jan 14, 2010 3:43am



[The Fool](#)  
Don't Be Fooled

Member Since Apr 2009

 [3,062 Posts](#)



Quote:

Originally Posted by **GulfCoastPip** 

*FX has gained popularity over the last few years so it's on the radar.*

Retail FX volumes are down. The "regulations" are there to protect the brokers. Lowering the leverage allowed for the retail trader will mean that the retail accounts will grow in size. There might be fewer of them, but the shakeout will be in the \$100 account ranks.

"If The Fool persists in his Folly he will become wise." - *William Blake*



#44

Jan 14, 2010 3:51am



[GulfCoastPip](#)  
I'll Take Your Pips

Member Since Jan 2008

 [1,002 Posts](#)



I agree with most of what you said, but I don't believe Mr. Smith that funded his account with \$300 will now pony up \$10,000. He'll try and go to an overseas broker. Either that or he'll throw dice in the alley next to the liquor store.

I also believe that those that would've normally funded their account with \$100,000 will now fund their account with \$50,000 or less.

I might be wrong, I might be right, but in the end it really doesn't matter. The GUVs gonna do what the GUV wants to do. They'll do it with our input or not.

By the way, if you read the doc, I think it mentioned "Consumer Protection".

Quote:

Originally Posted by **The Fool**

*Retail FX volumes are down. The "regulations" are there to protect the brokers. Lowering the leverage allowed for the retail trader will mean that the retail accounts will grow in size. There might be fewer of them, but the shakeout will be in the \$100 account ranks.*

[My 2010 Journal Experiment: Avg. 15-30% a Month](#)



#[45](#)

Jan 14, 2010 4:02am



[The Fool](#)  
Don't Be Fooled

Member Since Apr 2009

[3,062 Posts](#)



Quote:

Originally Posted by **GulfCoastPip**

*By the way, if you read the doc, I think it mentioned "Consumer Protection".*

Sure. Except we don't have a "government". We have a consortium of various industry & monied interest representatives and their paid spokesmen who are also known as your congressmen. This is what produces the noises and documents that excrete from Washington D.C. If you are a mere citizen then well you best find a vested interest to ally yourself with. Otherwise you're SOL.

In this case, "Consumer Protection" is a high-sounding euphemism that actually refers to the protective measures the syndicate is intent on taking in order to insure that its members can continue to comfortably consume your money.

"If The Fool persists in his Folly he will become wise." - *William Blake*



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#[46](#)

[Jan 14, 2010 4:03am](#)



[GulfCoastPip](#)  
I'll Take Your Pips

Member Since Jan 2008

[10+V](#) [1,002 Posts](#)



Quote:

Originally Posted by **The Fool** [...](#)  
*Sure. Except we don't have a "government". We have a consortium of various industry & monied interest representatives and their paid spokesmen who are also known as your congressmen. This is what produces the noises and documents that excrete from Washington D.C....*

[well said.](#)

[My 2010 Journal Experiment: Avg. 15-30% a Month](#)



#[47](#)

[Jan 14, 2010 4:09am](#)

[Lionstrike](#)

Member

Member Since May 2009

[71 Posts](#)



Quote:

Originally Posted by **tar**

*U said it yourself "If u know what you are doing " , i agree if u know what u r doing and u dont gamble by risking too much and u know how to trade then u use 100:1 broker thats ok but 95% seems dont know whats going on ...*

Assuming for a moment that 95% is correct, so what? If you don't know what you are doing you're going to lose anyway. You'll just lose more slowly with lower leverage. Is it better to lose more slowly, or better not to lose at all? If the answer is not to lose at all, then leverage isn't a problem.

If draconian restrictions are placed on leverage traders large and small will be taking their business overseas.

*Last edited by Lionstrike, Jan 14, 2010 4:21am*



#[48](#)

Jan 14, 2010 4:23am



[The Fool](#)

Don't Be Fooled

Member Since Apr 2009

[3,062 Posts](#)



Quote:

Originally Posted by **Lionstrike**

*Is it better to lose more slowly, or better not to lose at all? If the answer is not to lose at all, then leverage isn't a problem.*

*If this type of legislation is enacted traders large and small will be taking their business overseas.*

I actually think its better for a loser to lose quickly and catastrophically - then he will more likely quit & move on.

The banksters will probably get some "regulations" in force to tax the shit out of the revenue from your "foreign investments" if you move your retail trading accounts overseas....

---

"If The Fool persists in his Folly he will become wise." - *William Blake*



#[49](#)

Jan 14, 2010 4:32am

[tar](#)  
Member

Member Since Aug 2006  
[335 Posts](#)



Quote:

Originally Posted by **Lionstrike**

*Assuming for a moment that 95% is correct, so what? If you don't know what you are doing you're going to lose anyway. You'll just lose more slowly with lower leverage. Is it better to lose more slowly, or better not to lose at all? If the answer is not to lose at all, then leverage isn't a problem.*

*If draconian restrictions are placed on leverage traders large and small will be taking their business overseas.*

With lower leverage it will be very slow yeah ( both gains and losses ) but revenge trading will not be available , survivors rate will increase ... lets put it in other words ( misuse of leverage is a big factor in this high rates of failure between retail traders ) ...



[#50](#)

Jan 14, 2010 9:07am

[mofuniverse](#)

Member

Member Since Mar 2009

[109 Posts](#)



---

Amount of leverage will have no effect whatsoever on how fast you blow up your account, you can still max out whatever leverage they give you. You will simply have more money in your account when you blow up cause of the high margin requirement....for example ... instead of having 1,000 left in your account after you blow up , now you will have 2,000 after account blow up . No affect on how fast you lose it. Only affect is you will WIN slower..... if you have deep pockets it wont affect you much but if you are just starting out and have just realized how to trade profitably you cannot become rich as quick. "rich stay rich poor stay poor"

---

*Last edited by mofuniverse, Jan 14, 2010 9:12am Reason: retards in our goverment*



[#51](#)

Jan 14, 2010 9:17am

[pqt](#)

Member

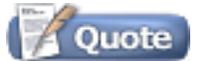
Member Since Nov 2007

[150 Posts](#)



---

You'll need a bigger capital to trade and when your favorite broker goes under, your monies are not protected. Talk about a "lose,lose" situation! 😬



#[52](#)

Jan 14, 2010 9:31am

[Zkf](#)

Member

Member Since Mar 2008

[108 Posts](#)



---

I suggest someone from Forex Factory's team could write comments to CFTC. From a business point, a lower leverage will do not help FF gain further popularity considering the competition from other established trading forums.

50:1 is the bottom line 😬 haha



#[53](#)

Jan 14, 2010 9:36am



[ehrek](#)

NY/LONDON ID Trader

Member Since Jan 2009

 [399 Posts](#)



---

This has already been discussed, infact.. FINRA suggested something ridiculous like 1:1.. and in fact, they realized it would be very bad for the retail forex community, and it would end retail forex in the United States.

Don't sweat it guys.. just wait until they get their public comment that they seek.!



[#54](#)

Jan 14, 2010 9:39am



[Moody](#)  
Member

Member Since Jan 2010

[144 Posts](#)



---

I believe that Forex will always be a high-leverage instrument simply because of its yearly percentage moves in relation to other markets with lower leverage.

Take for example the stock market - a move of 15-20% can happen a few times per quarter while on the forex market, a percentage 1-2% (roughly 100-200 pips for the main pairs) can be a massive daily move. Also, since the forex market lacks a directional bias (unlike the stock market), high leverage is needed to scrape a profit out of moves.

For the forex market to be "marketable" as an investment vehicle, high leverage is needed.



[#55](#)

Jan 14, 2010 9:49am



[GulfCoastPip](#)  
I'll Take Your Pips

Member Since Jan 2008

 [1,002 Posts](#)



Quote:

Originally Posted by **mofuniverse** 

*Amount of leverage will have no effect whatsoever on how fast you blow up your account, you can still max out whatever leverage they give you. You will simply have more money in your account when you blow up cause of the high margin requirement....for example ... instead of having 1,000 left in your account after you blow up , now you will have 2,000 after account blow up . No affect on how fast you lose it. Only affect is you will WIN slower..... if you have deep pockets it wont affect you much but if you are just starting out and have just realized...*

Leverage simply allows you to open up a larger position than you normally would've been able to. So if you have a \$1000 account, with 100:1 leverage, you could irresponsibly open up a position of 100,000 units compared to 10:1 leverage the max position size you could open would be 10,000 units. So if you utilized the 100:1 leverage your wins & losses would be 10x what they'd be with 10:1 leverage.

In a nutshell...that's leverage.

[My 2010 Journal Experiment: Avg. 15-30% a Month](#)



#[56](#)

 Jan 14, 2010 9:55am

[Zkf](#)  
Member

Member Since Mar 2008

[108 Posts](#)



---

If I am not wrong, last year FINRA proposed a similar rule regarding to limit retail forex leverage and also soliciting public comments. The feedback is sure overwhelming in accord: against the rule.

here is the link [http://www.finra.org/Industry/Regula...s/2009/P117744](http://www.finra.org/Industry/Regulations/2009/P117744)

also some links in FF:

<http://www.forexfactory.com/sitesear...htype=site&=Go>

The point is CFTC more stubborn or bureautic than FINRA? (after all FINRA is just a self-regulated orgnization) No one knows.



#[57](#)

Jan 14, 2010 9:58am

[Zkf](#)

Member

Member Since Mar 2008

[108 Posts](#)



---

I also suggest everyone here send this thread link to their brokers, asking them to do the thing immediately.



#[58](#)

Jan 14, 2010 10:03am

[mofuniverse](#)

Member

Member Since Mar 2009

[109 Posts](#)



Exactly ... in both of your examples you are maxed out (cant even open a trade actually) as soon as those positions are opened you get a margin call so in your example the accounts get blown up JUST THE SAME as both are at max leverage.... all it means is like i said you will need more money to have sitting there idle for margin. if you have a million \$ account i guess you can still trade responsibly but if you are small time trying to get up there, your out of luck because you dont even have enough money for margin or barely enough to open up a micro lot at .10 cents a pip..... basically what they are saying is that people are too stupid to think for themselves

Quote:

Originally Posted by **GulfCoastPip**

*Leverage simply allows you to open up a larger position than you normally would've been able to. So if you have a \$1000 account, with 100:1 leverage, you could irresponsibly open up a position of 100,000 units compared to 10:1 leverage the max position size you could open would be 10,000 units. So if you utilized the 100:1 leverage your wins & losses would be 10x what they'd be with 10:1 leverage.*

*In a nutshell...that's leverage.*



#[59](#)

Jan 14, 2010 10:07am



[24HourTrader](#)  
Member

Member Since Nov 2007

[190 Posts](#)



Quote:

Originally Posted by **Zkf**   
*I also suggest everyone here send this thread link to their brokers, asking them to do the thing immediately.*

This is a very good idea. Lets get on it people!



#[60](#)

 Jan 14, 2010 10:31am

[Jason Rogers](#)  
FXCM Representative

Member Since Jun 2009

 [586 Posts](#)



Quote:

Originally Posted by Zkf  
I also suggest everyone here send this thread link to their brokers, asking them to do the thing immediately.

Quote:

Originally Posted by **24HourTrader**   
*This is a very good idea. Lets get on it people!*

While brokers will undoubtedly be making a public response, if you feel strongly about the proposal, you will make a greater impact by contacting the CFTC directly outlining your position either for or against the proposal as [Lionstrike](#) did in his post.

(Added Comment)

Comments should be sent to [secretary@cftc.gov](mailto:secretary@cftc.gov). Include “Regulation of Retail Forex” in the subject line of the message.

Your message will be posted unchanged on cftc website.

FXCM is opposed to the 10:1 leverage and is actively lobbying against it.

-Jason

[DailyFX Forex News Stream](#)

Cut your losses and let profits run.

*Last edited by Jason Rogers, Jan 14, 2010 10:39am Reason: Added Comment*



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**Could 10:1 be the new leverage in US Forex?**

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#[61](#)

Jan 14, 2010 12:06pm

[tar](#)

Member

Member Since Aug 2006

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This an idea from southbeach4me from another forums :

"new leverage rule for spot FX needs tweaking if it ever becomes implemented.

They should impose tighter leverage on those trading more lots per position bcuz THEY are the ones that have the power to move the market at will.

Heres an example of the concept:

500-1000 lots per trade --> 5: 1 leverage

250-500 lots per trade -- > 10:1 lev-----

125-250 lots----- --> 20:1 lev-----

67- 125 lots----- --> 30:1 lev-----

35-67 lots----- --> 40:1 lev-----

17-35 lots----- --> 50:1 lev-----

8-17 lots----- --> 60:1 lev-----

4-8 lots----- --> 70:1 lev----

2-4 lots----- --> 80:1 lev----

1 mini - 2large lots----- --> 100:1 lev

Im in no way saying those are the values that should be used, but you get the idea....

....feel free to give your opinions on this type of leverage scale "



#[62](#)

Jan 14, 2010 1:51pm

[salvador](#)

Member

Member Since Jul 2009

[50 Posts](#)



Quote:

Originally Posted by **magnumfreak**

*Leverage is misunderstood by most traders. 400:1 is no more risky than 10:1. I have always traded with the highest leverage that brokers allow. I do not risk more because of the available leverage. What it allows me to do is when a trade is funded (i.e. stop at break even) it gives me the ability to open another trade if I want. Where people get burned on leverage is they risk more because they see that they can buy more.*

EXACTLY!!!

My account is setup at 500:1 leverage and I never expose my self to more than 5x's my equity. Just because the leverage is there, it's not mandatory to use it.



#[63](#)

Jan 14, 2010 2:07pm

[tar](#)

Member

Member Since Aug 2006

[335 Posts](#)



Quote:

Originally Posted by [salvador\\_](#)

**EXACTLY!!!**

*My account is setup at 500:1 leverage and I never expose my self to more than 5x's my equity. Just because the leverage is there, it's not mandatory to use it.*

We mean if u use the 400:1 instead of 25:1 then this is risky , we r not talking about how much u can trade with your broker ...



#[64](#)

Jan 14, 2010 2:11pm

[Liger86](#)

Intimidator

Member Since May 2009

[322 Posts](#)



I guess they want everyone to operate on cash.

If it aint one thing (transaction tax) its another (leverage reduction/regulations).

ok Friendo?

This is madness!?!? - THIS, IS, FOREX!!!



#[65](#)

Jan 14, 2010 2:26pm

[forexjohn](#)

Member

Member Since Aug 2009

[5 Posts](#)



---

We all have to inundate the CFTC with complaints. That is our only hope. If this goes through, many of the retail brokerage firms will be closed down and you all will be forced to put up a lot more money to trade on the futures markets. This is an effort to shut down the retail forex business.



#[66](#)

Jan 14, 2010 2:33pm

[Liger86](#)

Intimidator

Member Since May 2009

[322 Posts](#)



Quote:

Originally Posted by **forexjohn**

*We all have to inundate the CFTC with complaints. That is our only hope. If this goes through, many of the retail brokerage firms will be closed down and you all will be forced to put up a lot more money to trade on the futures markets. This is an effort to shut down the retail forex business.*

It's more of a risk reduction, but an excessive one.

---

ok Friendo?

This is madness!?!? - THIS, IS, FOREX!!!



#[67](#)

Jan 14, 2010 2:35pm



[ajantala](#)

Forex System Analyst

Member Since Apr 2008

[126 Posts](#)



Quote:

Originally Posted by **Lionstrike**

*Leverage in and of itself does not increase risk. Leverage is simply a tool that allows you the potential for faster gains. Along with that comes an equal potential for faster losses. The higher the available leverage, the quicker you can be successful, provided you know what you're doing.*

Exactly!!!

Looking for me? I might just be chilling out with my friend...the Trend. "



#[68](#)

Jan 14, 2010 2:39pm

[tar](#)

Member

Member Since Aug 2006

[335 Posts](#)



If this happened volume in e-micro futures will pick up , 1 micro future contract euro/usd = 12500 euro

<http://www.cmegroup.com/trading/fx/e...icro-euro.html>



[#69](#)

Jan 14, 2010 3:08pm

[GEfx](#)

Member

Member Since May 2009

 [667 Posts](#)



Quote:

Originally Posted by **forexjohn** 

*We all have to inundate the CFTC with complaints. That is our only hope. If this goes through, many of the retail brokerage firms will be closed down and you all will be forced to put up a lot more money to trade on the futures markets. This is an effort to shut down the retail forex business.*

This is not a commercial for them, but I moved my account to FXCM UK ahead of the last CFTC change (the FIFO thing), and the proposed regulation change will not impact me at all. I think all US-based brokers are fighting this change, but just in case, you may want to look into moving your account outside the US.



[#70](#)

Jan 14, 2010 3:14pm

[GEfx](#)

Member

Member Since May 2009

 [667 Posts](#)



Quote:

Originally Posted by **Jason Rogers** 

*While brokers will undoubtedly be making a public response, if you feel strongly about the proposal, you will make a greater impact by contacting the CFTC directly outlining your position either for or against the proposal as [Lionstrike](#) did in his post.*

*(Added Comment)*

*Comments should be sent to [secretary@cftc.gov](mailto:secretary@cftc.gov). Include "Regulation of Retail Forex" in the subject line of the message.*

*Your message will be posted unchanged...*

In addition to the CFTC, I suggest that everyone send an email to both of your US Senators, and to your US Representative, to get them in on this, too. If your senator receives several hundred or thousand emails, they will pick up a phone and start asking questions. Let your voices be heard. I have my account at FXCM UK, so this will not impact me, but the idea that my government is doing this really makes me mad.



[#71](#)

 Jan 14, 2010 3:54pm



[ajantala](#)

Forex System Analyst

Member Since Apr 2008

[126 Posts](#)

 **FXDDers**

---

For those who love FXDD like I do and had no option but to move their accounts overseas due to the stringent NFA rules, you can look forward to moving your account back to them soon because they are opening a branch in Malta for EU based operations...so you'll get more leverage and can go on hedging like you used to.

Looking for me? I might just be chilling out with my friend...the Trend. "



[#72](#)

 Jan 14, 2010 4:17pm



[Leche Mocha](#)   
Justice League Member

Member Since Aug 2009

 [412 Posts](#)



---

It's not about YOUR personal opinion of what is too much or not enough leverage. It's about the FREEDOM to CHOOSE. There should be an available choice to those want to use the leverage amount they desire, So what ever you choose to use is up to you the trader.

If you don't think they won't keep screwing up the markets and/ or make it impossible for retail traders to trade then you better watch out because this is a slippery slope if it gets started.

Say NO to them meddling with our leverage. Their focus should be on FRAUD PROTECTION. Not screwing up the free market.



[#73](#)

 Jan 14, 2010 4:36pm



[endroute](#)  
Member

Member Since Oct 2007

 [284 Posts](#)

 **well so much for us based trading**

---

Just opened up a UK account. What a freakin shame the POS gvmt is being so heavy handed with this.



[#74](#)

 Jan 14, 2010 5:03pm

[monikroc](#)  
Member

Member Since Oct 2006

[134 Posts](#)

 **"RISK / REWARD" ???**

---

 Thier is no such thing as "REWARD" in the market,only "RISK" and that is the only thing we can control. Move your accounts overseas or canada !!!  



[#75](#)

 Jan 14, 2010 5:20pm



[24HourTrader](#)  
Member

Member Since Nov 2007

[190 Posts](#)



Don't think that these rules wont spill over to other jurisdictions, eventually. With the obsession of the powers that be with a new global financial regulatory system, the changes taking place in the USA could easily affect other countries. It is in the entire world's best interest to shoot these rules down.



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[GulfCoastPip](#)

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Member Since Jan 2008

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Quote:

Originally Posted by [endroute](#) [»](#)  
*Just opened up a UK account. What a freakin shame the POS  
gvmt is being so heavy handed with this.*

EndRoute, who did you open with?

[My 2010 Journal Experiment: Avg. 15-30% a Month](#)

*Last edited by GulfCoastPip, Jan 14, 2010 6:23pm*



[#77](#)

[Jan 14, 2010 5:35pm](#)



[endroute](#)  
Member

Member Since Oct 2007

 [284 Posts](#)



Quote:

Originally Posted by **GulfCoastPip**   
*EndRoute, who'd you open with?*

forex.com has a uk subsidiary. Up until this crap I had traded with them in a US account and been very happy with them so I figured why not.



#[78](#)

 Jan 14, 2010 6:20pm

[Platypus](#)  
Member

Member Since Jul 2009

 [288 Posts](#)



ok kids...listen to the platypus.

This kind of laws and regulations are not made to help the small guy but to the convenience of the big sharks.

At this moment the sub 1000 dollar accounts are creating a incredible amount of noise in the market. On top of that it does not compensate for the broker to spend money ( technical support, bandwith, etc) on this kind of accounts. Plus the MM make their money on a "per transaction" you do so the more your money lasts the more they will make money on you.

For the broker a account that don't last is business they loose. Does not matter much for them if you loose or gain as long it is done slowly....very sloooooowly.

Platypus out !!

---

## Suckerfish attached to the big sharks



#79

Jan 14, 2010 6:54pm

[Trader KGB](#)

Live long and prosper

Member Since Apr 2007

[1,525 Posts](#)



---

Quote:

Originally Posted by **Platypus**

*ok kids...listen to the platypus.*

*This kind of laws and regulations are not made to help the small guy but to the convenience of the big sharks.*

*At this moment the sub 1000 dollar accounts are creating a incredible amount of noise in the market. On top of that it does not compensate for the broker to spend money ( technical support, bandwith, etc) on this kind of accounts. Plus the MM make their money on a "per transaction" you do so the more your money lasts the more they will make money on you.*

With all due respect, this thesis doesn't hold any merit. The retail FX industry makes a *killing* on small accounts. This is the primary reason why FXCM created FXCM Micro, why ECNs began accepting mini- and micro-lots, why minimums keep going lower, etc. Sure they're not as profitable individually as larger accounts, but they're able to cater to an entirely new subset of the market. If a broker can add 25k more accounts at \$500 each, that adds to the bottom-line *quickly*.

Now regarding the 10:1 hoopla, I wouldn't get so worked up about it. The original proposal a few months ago called for 2:1 (yes, 2:1). Why? Simple - the securities broker/dealer industry. They pull the strings at the CFTC, and the surge in retail FX this past decade has siphoned off a tremendous amount of money that would likely have otherwise flowed their way. Between retail FX taking away prospective clientele, and the

high frequency trading issue demolishing their market making revenue, they're out for blood wherever they can find it. If they had everything their way, retail FX would be shut down and we'd still be trading stocks in fractional prices.. But the retail FX industry is too large of a player now to punch around, this proposal will be easily shut down. If not, we just wire our balances to the UK branches. 😞



[#80](#)

Jan 14, 2010 7:06pm



[Macdon](#)  
Member

Member Since Jul 2009

[11 Posts](#)



Quote:

Originally Posted by **The Fool**

*The banksters will probably get some "regulations" in force to tax the shit out of the revenue from your "foreign investments" if you move your retail trading accounts overseas....*

Taxation = **Communism**



[#81](#)

Jan 14, 2010 7:20pm

[Platypus](#)  
Member

Member Since Jul 2009

[288 Posts](#)



Quote:

Originally Posted by **Trader KGB**   
*With all due respect, this thesis doesn't hold any merit.*

This is not a thesis...I do know it for a fact.

Quote:

The retail FX industry makes a *killing* on small accounts.

No they don't...50 bucks people are the scum that consumes the most technical support, bandwidth etc

Quote:

This is the primary reason why FXCM created FXCM Micro, why ECNs began accepting mini- and micro-lots, why minimums keep going lower, etc.

Forex brokers have to do it because the competition is fierce. In order to survive if they like or not they have to do stuff like that.

Quote:

Sure they're not as profitable individually as larger accounts, but they're able to cater to an entirely new subset of the market. If a broker can add 25k more accounts at \$500 each, that adds to the bottom-line *quickly*.

No it doesn't, they are pushing for this kind of laws so people will trade in pools or some other kind of institutions will emerge and take care of the costs while they pocket the spread in a account that will last longer and cost less

---

**Suckerfish attached to the big sharks**



[#82](#)

Jan 14, 2010 7:32pm

[Rise](#)

Member

Member Since Sep 2007

[41 Posts](#)



---

Man is this the tinfoil hat thread..... leverage is for your account balance ..... risk per trade is what blows up your account..... retail forex has no effect on the market moves..... the rest of the world could not give one sh\$t about what the US regulations are as they are seen as a complete joke in every other country..... err financial meltdown anyone ?

One last thing..... anyone remember what the leverage is with futures ?



[#83](#)

Jan 14, 2010 7:41pm

[Trader KGB](#)

Live long and prosper

Member Since Apr 2007

[1,525 Posts](#)



Quote:

Originally Posted by **Platypus**   
*This is not a thesis...I do know it for a fact.*

So let me get this straight - the retail FX industry lobbied the CFTC to lower margins in order to eliminate *their own clientele* of "costly" micro-lot traders? And where did you derive this "fact"?

Quote:

No they don't...50 bucks people are the scum that consumes the most technical support, bandwidth etc

Link? Proof? FXCM Micro doesn't even offer full technical support. Bandwidth is pennies, why do you think there are free unlimited demo accounts?

Quote:

Forex brokers have to do it because the competition is fierce. In order to survive if they like or not they have to do stuff like that.

Competition is fierce yes, but the motive is profit driven, not for survival. There are plenty of brokers who don't offer micro-lot trading (IB, etc) and they're doing just fine.

Quote:

No it doesn't, they are pushing for this kind of laws so people will trade in pools or some other kind of institutions will emerge and take care of the costs while they pocket the spread in a account that will last longer and cost less

I'm out of tinfoil, can I borrow some from you? 😊



[#84](#)

Jan 14, 2010 7:48pm

[Jhig](#)

Hmmm...

Member Since Oct 2008

 [921 Posts](#)



---

Trader KGB is right on the money.

Retail forex traders can whine and cry about the matter all they want, if the Government wants this to happen then its going to happen. As with most things, if the Govn't can't make income from, they would rather just get rid of it and anything that isn't regulated and/or taxed accordingly. Plain and simple: the Government is not making money off you trading Forex. You don't believe me, look at UBS and the Swiss. A government that pride itself on its secrecy laws. It took all but a month for UBS and the Swiss government to roll over for the United States; giving up hundreds of thousands clients names and information, all in the name for money. Don't be fooled, money is what the US government is after. Nothing else matters.

Look, at this time in the game, all you can do is take the information as it comes and prepare for the future. If the inevitable occurs, they you should be well educated and prepared to deal with it. If that means moving your acct overseas, then so be it. This is the perfect time for new traders to properly educate themselves and make as much money as you can. Experienced traders should also make as much as you can. As I said it before, our free ride is gone so enjoy it while we can. Believe me, this is only the beginning.

---

Vostde Arbeitsgruppe  
Investment Analyst & Market Research Group



[#85](#)

Jan 14, 2010 8:15pm



[Leche Mocha](#)   
Justice League Member

Member Since Aug 2009

[412 Posts](#)



---

I strongly disagree with "laying down and just taking it" view. Those that lay down and take it end up slaves or extinct. Stand up and let your voice be heard before they take it away. Then come back for more.

Quote:

Originally Posted by **Jhig**

*Trader KGB is right on the money.*

*Retail forex traders can whine and cry about the matter all they want, if the Government wants this to happen then its going to happen. As with most things, if the Govn't can't make income from, they would rather just get rid of it and anything that isn't regulated and/or taxed accordingly. Plain and simple: the Government is not making money off you trading Forex. You don't believe me, look at UBS and the Swiss. A government that pride itself on its secrecy laws. It took all but a month for UBS and the Swiss government...*



#[86](#)

Jan 14, 2010 8:16pm

[Platypus](#)

Member

Member Since Jul 2009

[288 Posts](#)



---

Quote:

Originally Posted by **Trader KGB**

*So let me get this straight - the retail FX industry lobbied the CFTC to lower margins in order to eliminate their own clientele of "costly" micro-lot traders? And where did you derive this "fact"?*

Consolidate...not eliminate

Quote:

Link? Proof? FXCM Micro doesn't even offer full technical support. Bandwidth is pennies, why do you think there are free unlimited demo accounts?

Are you a newbie? Who ever heard of a demo account freezing on a non farm announcement. Tech support is just one exemple, there are a lot more "operating costs" that 50 bucks accounts generate.

Quote:

Competition is fierce yes, but the motive is profit driven, not for survival. There are plenty of brokers who don't offer micro-lot trading (IB, etc) and they're doing just fine.

Yes the "non micro" account brokers are in better shape than the others thats why things are changing. As for the first part of the post...you have no idea what you are talking about

Quote:

I'm out of tinfoil, can I borrow some from you? 🤔

sorry buddy I'm all for this "green" stuff so I just use paper (recycled) 🗑️

---

**Suckerfish attached to the big sharks**



[#87](#)

Jan 14, 2010 8:39pm

[Jhig](#)

Hmmm...

Member Since Oct 2008

 [921 Posts](#)



Quote:

Originally Posted by **Leche Mocha**   
*I strongly disagree with "laying down and just taking it" view.  
Those that lay down and take it end up slaves or extinct. Stand  
up and let your voice be heard before they take it away. Then  
come back for more.*

Leche,

Were trader's voices heard when the NFA decreased leverage and killed same pair hedging?

---

Vostde Arbeitsgruppe  
Investment Analyst & Market Research Group



[#88](#)

 Jan 14, 2010 9:17pm

[Trader KGB](#)

Live long and prosper

Member Since Apr 2007

 [1,525 Posts](#)



**\*\*sigh\*\***

feeding the troll... err, sorry, platypus

Quote:

Originally Posted by **Platypus**   
*Consolidate...not eliminate* 

Federal regulation to *consolidate \$50 micro-lot accounts.. ZZZZZZ..*

Usually conspiracy theories are *intriguing* or *interesting*, have some imagination next time!

Quote:

Are you a newbie? Who ever heard of a demo account freezing on a non farm announcement. Tech support is just one exemple, there are a lot more "operating costs" that 50 bucks accounts generate.

If it weren't ultimately profitable, they wouldn't offer them, period. I suppose you're going to argue next how costly it is for casinos to operate penny slots..

Quote:

Yes the "non micro" account brokers are in better shape than the others thats why things are changing.

So FXCM is in bad shape? News to me.. They bought a "non micro" broker not too long ago (HotSpot). Shouldn't it have been the other way around by your fuzzy logic?

Quote:

As for the first part of the post...you have no idea what you are talking about

Believe whatever you want, even your boring, nonsensical conspiracy theories. 🙄

And [this](#), erm, "chart", explains a few things.. 😊



#89

Jan 14, 2010 10:18pm

[pipnu2me](#)

Member

Member Since Dec 2009

[42 Posts](#)



---

It would be much more helpful if we could have a constructive dialogue here. We have only 60 days in which to make our voices heard. Those of us who depend on forex for a living need to get our heads around this.

Does anyone know, that is have definite knowledge, why the cftc has taken this action? No "theoretical" responses please.

Does anyone who depends on forex trading for their primary source of income consider a non-US brokerage as a truly viable alternative?

Several of the brokers claim to be aggressively challenging the cftc on this. If you're a broker, are you willing to communicate the basics of your position to those of us who are traders? And have an open dialogue with traders about the issue in general?

Where is the NFA on this? They lowered the maximum to 100:1 only last month. Brokers--what does NFA tell you about their position opposite the cftc on this?



[#90](#)

Jan 14, 2010 10:22pm

[Platypus](#)

Member

Member Since Jul 2009

[288 Posts](#)



---

Quote:

Originally Posted by **Trader KGB**

*\*\*sigh\*\*\*\*sigh\*\**

*\*\*sigh\*\**

*feeding the troll.....*

you forgot to comment about the tinfoil thingy !

---

**Suckerfish attached to the big sharks**



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<a href="#">Leverage Limitation for Retail Forex</a>	gambrinus	Rookie Discussion	61	Jan 25, 2010 12:02pm

[Leverage in forex](#)

richrichie

Rookie Discussion

8

May 12,  
2009  
6:54am

[Leverage in Forex](#)

Editor

Trading Discussion

0

Jun 23,  
2006  
11:27am

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**Could 10:1 be the new leverage in US Forex?**

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**#91**

Jan 14, 2010 10:35pm

Keywords:



[GulfCoastPip](#)  
 I'll Take Your Pips

Member Since Jan 2008

[1,002 Posts](#)

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If you haven't yet, send an email to you state's senators, as well as the CFTC. "Doubtful", but maybe we can stop this from passing.

[http://www.senate.gov/general/contac...nators\\_cfm.cfm](http://www.senate.gov/general/contac...nators_cfm.cfm)

<https://writerep.house.gov/writerep/welcome.shtml>

[My 2010 Journal Experiment: Avg. 15-30% a Month](#)

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**#92**

Jan 15, 2010 9:12am

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[tar](#)  
 Member

Member Since Aug 2006

[335 Posts](#)



---

This is the pdf file

<http://www.cftc.gov/ucm/groups/publi...esproposal.pdf>

Thanks FXgenius



#[93](#)

Jan 15, 2010 9:58am

[tar](#)

Member

Member Since Aug 2006

[335 Posts](#)



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<http://blogs.fxstreet.com/francesc/2...erage-10-to-1/>



#[94](#)

Jan 15, 2010 1:49pm



[Tradester](#)

nosce te ipsum

Member Since Apr 2008

[116 Posts](#)



---

Thanks for putting the links together folks.

I'm still a little torn on how I feel about this proposal. It would not impact my trading but if it does impact the industry that's not a good thing. I would much rather see more regulation on the brokers with regard to pricing / allowable spreads versus additional limits on spot traders. It seems like they just imposed the 100:1 limit.

---

*"The trend is my edge. All aboard the money train!"*



#95

Jan 15, 2010 2:15pm

[Jason Rogers](#)

FXCM Representative

Member Since Jun 2009

 [586 Posts](#)



Quote:

Originally Posted by [pipnu2me](#) 

*Several of the brokers claim to be aggressively challenging the cftc on this. If you're a broker, are you willing to communicate the basics of your position to those of us who are traders? And have an open dialogue with traders about the issue in general?*

Francesc of FX Street has linked to the Forex Dealers Coalition position on his blog post <http://blogs.fxstreet.com/francesc/2...try-in-danger/>.

[DailyFX Forex News Stream](#)

Cut your losses and let profits run.



#96

Jan 15, 2010 3:18pm



[roldreth](#)  
Member

Member Since Dec 2008

[2 Posts](#)



simply disagree to 10:1 leverage!  It seems like the Government wants to look at the tears of poor people   
let's vote against those changes!   



#97

Jan 15, 2010 3:41pm



[Leche Mocha](#)   
Justice League Member

Member Since Aug 2009

 [412 Posts](#)



---

I wasn't around for that screw up being passed as I am new to Forex. Were you? Did you just lay and down and take it? Did you get the desired outcome?

There is saying that I am now reminded of:

"Either lead, follow, or get the hell outta the way!" 

Quote:

Originally Posted by [Jhig](#)   
*Leche,*  
*Were trader's voices heard when the NFA decreased leverage and killed same pair hedging?*



#98

Jan 15, 2010 6:43pm



[Clouds](#)   
Member

Member Since Apr 2008

 [5,607 Posts](#)



One key component of the proposed rules that PFGBEST will comment about concerns a likely unintended negative consequence. A leverage structure change in retail forex margining from 100 to 1 to 10 to 1 will force a great majority of forex business to be done offshore and thousands of U.S. jobs would be lost in the derivatives industry to European and other foreign competitors. Worse, U.S. forex customers would not be protected by the CFTC. PFGBEST feels that U.S. forex customers deserve the best protection available.

It was clearly not the intent of the Congress to destroy the U.S. retail forex industry when the CFTC was given the authority to create rules for retail foreign exchange. Congress made it clear that the industry was to be policed, not abolished. The 100 to 1 leverage structure was changed from 400 to 1 earlier this year when the NFA submitted rules which the CFTC approved. This governance created clear guidance and market protection while keeping the United States competitive with the offshore competitors even though it was a higher requirement.

<http://www.businesswire.com/portal/s...15&newsLang=en>



#99

Jan 16, 2010 2:17am

[Jhig](#)

Hmmm...

Member Since Oct 2008

[921 Posts](#)



Quote:

Originally Posted by **Leche Mocha**

*I wasn't around for that screw up being passed as I am new to Forex. Were you? Did you just lay and down and take it? Did you get the desired outcome?*

*There is saying that I am now reminded of:*

*"Either lead, follow, or get the hell outta the way!"*

Yes! I was around. It was just this past November 2009 when the NFA decreased leverage. We all layed down and took it. There was no public "forum" to post our concerns with the NFA, everything the NFA did was back-office. The NFA did what it wanted to do.

Look, this 10:1 leverage deal is going to happen, I'll bet my trading equity on that. If traders would only look at the Big Picture, all the chips will fall into place. Point-blank, the Government is not making money on Retail (Spot) Currency traders. By regulating an supposedly "unregulated" market, you can do away with the threat and introduce a "new solution". Retail (Spot) Currency traders only need to look at CME Group's new solution, <http://www.cmegroup.com/trading/fx/f...-e-micros.html> to piece it all together. No, Spot Forex is not going anywhere, but it will be unavailable to those who are not an Accredited Investor or Institution. The Government has plans for the rest of us, a plan that will enable the Government collect regular fees, enabling them to "push aside" what current brokers are already collecting.

If you are unfamiliar with the CME Group and NFA, read up ... the two work hand-n-hand.

---

Vostde Arbeitsgruppe  
Investment Analyst & Market Research Group



#[100](#)

Jan 16, 2010 7:02am

[Trad3r](#)

all your pips are belong to me

Member Since Jan 2010

[28 Posts](#)



---

After the USA, Europe will, and after them, all countries, the aim is to ban forex, they don't want people have another source of income that work like slaves for their companies, and if the restrictions in forex go well, they will restrict leverage in all markets, stock, future markets, etc.

Rich people will have the oportunity of multiply their money and poor people will still poor for ever, as has always been.



#[101](#)

Jan 16, 2010 8:20pm



[Leche Mocha](#)   
Justice League Member

Member Since Aug 2009

[412 Posts](#)



---

I'll take it via paypal, thanks.

Quote:

Originally Posted by [Jhig](#)

*Yes! I was around. It was just this past November 2009 when the NFA decreased leverage. We all layed down and took it. There was no public "forum" to post our concerns with the NFA, everything the NFA did was back-office. The NFA did what it wanted to do.*

*Look, this 10:1 leverage deal is going to happen, I'll bet my trading equity on that. If traders would only look at the Big Picture, all the chips will fall into place. Point-blank, the Government is not making money on Retail (Spot) Currency traders. By regulating an supposedly "unregulated"...*



[#102](#)

Jan 16, 2010 9:45pm

[andy9775](#)

Member

Member Since Mar 2009

[51 Posts](#)



---

The issue with the NFA rule was that they didn't ask for opinions, but when the cftc or NFA proposed 2:1 a year ago many traders and brokers came out and it never passed. Also it seems that they want to regulate off exchange forex, isnt the CME working on being a clearing house for forex? I believe I read this a while ago. Would this then say that off CME is limited to 10:1 and CME is at a higher rate? As for the FSA catching on, this worried me to, but a representative from a large brokerage over at elite trader claimed that while the CFTC look at capital requirements, which seems to be the reasoning of this proposal, the FSA looks at that as well as many other things.



[#103](#)

Jan 16, 2010 9:50pm

[Ducci](#)

Member

Member Since Dec 2009

[326 Posts](#)

### My comments

---

I posted my thoughts on the proposal, but since my name was attached to it, I didn't want to say that I will be opening a trading account overseas. I know that big brother must already have an answer for that situation so I prefer to stay off that list. Please see my comments below:

"To those of us who trade in the Forex Market for ourselves, these regulations are more harmful then helpful. There is no reason to limit margin accounts to 10 to 1 except for the benefit of banks along with other market makers. All reputable brokers already have in place safeguards for margin calls based on an individual traders real time cash deposit, and they will execute a margin call trade if an individual's trade is dangerously exceeding their ability to cover the trade. By not allowing an individual trader in the U.S. the ability to trade at the standard 100 to

1 leverage, you will turn the fate of currency strength to the market makers, and we will be at the mercy of primarily banking institutions, which have shown such prudent judgement in the past with the mortgage industry. Keep your focus on keeping broker's reputable, but stay away from limiting the margin accounts for individual investors. Unless the entire world will be limiting individual's margin accounts, you will make the citizens of the United States second class investors to the rest of the world. You also will be placing the fate of currency in the hands of everyone else except those of us living, voting, and paying taxes in the United States."



#[104](#)

Jan 16, 2010 10:55pm



[Macdon](#)  
Member

Member Since Jul 2009

[11 Posts](#)



Quote:

Originally Posted by **Ducci**

*"...By not allowing an individual trader in the U.S. the ability to trade at the standard 100 to 1 leverage, you will turn the fate of currency strength to the market makers, and we will be at the mercy of primarily banking institutions, which have shown such prudent judgement in the past with the mortgage industry".*

This is exactly what they want. The banksters rule the USA via the "Federal" Reserve Bank since 1913 when bankster funded president Wilson signed it all over to them.

You Americans are just slaves to the banksters. They screw up and they get your tax dollars to bail them out and they spit in your faces by giving themselves bonuses. Tax funded bonuses for failure? I thought jail is what happens?

So no matter how loud you scream, I think this will happen.

This will force some traders to add extra cash into their accounts to continue trading and it will force those with the \$500 to \$2000 account out. The money they'll get in their coffers should be far greater than the money lost from the closing of these smaller accounts.



#105

Jan 16, 2010 11:50pm

[Liger86](#)  
Intimidator

Member Since May 2009  
[322 Posts](#)



---

This is not good at all, we need to have them retract any kind of leverage reduction.

Like some said, once they get one foot in the door they wont stop.

Also, keep in mind that we are fighting another ongoing battle regarding transaction tax.

Both of these issues need to be taken care of.

---

ok Friendo?

This is madness!?!? - THIS, IS, FOREX!!!



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<a href="#">Leverage in forex</a>	richrichie	Rookie Discussion	8	May 12, 2009 6:54am
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**Could 10:1 be the new leverage in US Forex?**

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[#106](#)  
 Jan 17, 2010 7:45am

Keywords:



[endroute](#)  
 Member

Member Since Oct 2007  
 [284 Posts](#)

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---

The rule being put forth is so hypercritical its not even funny, it is really designed to put otc [brokers](#) out of business so that the commodities brokers can step in and take the business. The whole leverage issue is a complete red herring as you can now trade mini forex futures contracts with the commodities brokers with like 50:1 leverage.

<http://www.cmegroup.com/trading/fx/f...-e-micros.html>

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[#107](#)  
 Jan 17, 2010 8:19am

[pipnu2me](#)  
 Member

Member Since Dec 2009  
[42 Posts](#)



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We need to consider the possibility the intent of the cftc may not be to push forex to 10:1. As I look through all the posts in this and other threads, I see most people take a position either for or against 10:1.

Put yourself in the position of a regulator. If you want to push a regulation through, and you make it extreme, then wouldnt the public be more accepting of a compromise position to a less extreme measure, say 25:1? Or even 50:1?

Considering the situation a year ago when the talk was about 2:1, this move towards 10:1 already seems like a softening to those of us who are naive enough to believe 10:1 is their true intent.

I think the objective is to reduce leverage this year, to whatever they can get without creating a new monster. Some traders are OK with 10:1. Some of us need 100:1. But we are all in this together. If we dont stand together and support each other on this now, we will all suffer separately at some point.

If you intend to respond to the cftc's request for comments, please make sure you think through what you want them to hear from you. Think about this from their point of view. Read the information that is currently available from the cftc and the various news outlets regarding the stated purpose of the proposed changes--"to combat fraud". Then take the time to compose a well thought out position that states 1) how this change will affect you personally--that is, will you have to increase your account sizes, will you have to lower your expectations from trading, or will you have to work at trading longer hours, etc in order to compensate for the change, and 2) suggest the cftc look at other methods to control fraud--that is, please dont penalize the people for whom the retail spot currency market was created in order to punish those who would use the forex markets in order to launder money obtained in an unlawful manner.



#[108](#)

Jan 19, 2010 2:54pm

[Jason Rogers](#)

FXCM Representative

Member Since Jun 2009

 [586 Posts](#)



Quote:

Originally Posted by **Clouds** 

*One key component of the proposed rules that PFGBEST will comment about concerns a likely unintended negative consequence. A leverage structure change in retail forex margining from 100 to 1 to 10 to 1 will force a great majority of forex business to be done offshore and thousands of U.S. jobs would be lost in the derivatives industry to European and other foreign competitors. Worse, U.S. forex customers would not be protected by the CFTC. PFGBEST feels that U.S. forex customers deserve the best protection available.*

*It was clearly not the intent...*

The Forex Dealers Coalition, which FXCM, PFGBest and other leading brokers are a part of, have released a statement outlining their position on the proposal which you can read below:

[http://blogs.fxstreet.com/francesc/f...ss\\_summary.pdf](http://blogs.fxstreet.com/francesc/f...ss_summary.pdf)

Over the past decade the domestic retail foreign exchange industry has enjoyed a tremendous growth spurt and its prospects going forward are more promising than perhaps in any other sector of financial services. However, the CFTC's recent rule proposal, which would limit customer trading leverage to 10 to 1, would be a crippling blow to the industry and drive it offshore into the hands of foreign competitors. Even worse, it would encourage fraud both at home and abroad as customers seeking to trade retail forex would have no other legitimate domestic alternative.

- Today the U.S. retail forex industry can boast hundreds of thousands of live accounts. Should the 10 to 1 leverage rule be adopted 90% of those accounts can be expected to go offshore. And the first place they'll go is to the United Kingdom where customers can trade with leverage as high as 200 to 1.
- The U.S. retail forex industry (forex dealers and introducing brokers) employs thousands of people. The vast majority of these

jobs are high paying, white collar jobs that require advanced education and range from software developers to accountants to foreign exchange dealers. The industry is just as much a high tech industry as it is a financial services industry.

- The domestic industry's revenue is well over \$1 billion. This revenue is money generated from a product that is in many ways an export. Furthermore, as capital markets open in the BRIC countries the number of new accounts that will flow out of places like China and India will lead to huge job and revenue gains in the United States. Trillions of dollars of trade volume are at stake. This is money that could (and should) be booked in the United States as taxable revenue. But if this rule passes the United States could well be costing itself billions of dollars in taxes down the road.
- The problem of Forex fraud will get worse absent legitimate dealers offering retail forex. Retail forex fraud is not something that is caused by the actions of retail forex dealers; rather it is caused by unlicensed con-men who masquerade as forex experts promising silly and unjustifiable returns before disappearing with customer funds. That is why the FXDC fully supports the CFTC's rule requiring all introducing brokers be licensed. That rule will solve forex fraud, not 10 to 1 leverage.
- The 10 to 1 leverage rule will be highly unpopular with traders. The fact is 100 to leverage is very popular with the retail forex trading public. They simply will not accept 10 to 1 leverage.
- Unregulated dealers from around the world will also be the beneficiaries of the 10 to 1 leverage rule. These unregulated forex dealers don't have to worry about capital requirements, risk management models, marketing ethics, dealing practices or even returning a customer's funds. These dealers will be out of the reach of the CFTC and they will thrive.

The case against the 10 to 1 leverage rule is clear. The rule will be a boon to foreign forex dealers (both regulated and unregulated) who will grow entirely at the expense of retail forex dealers in the United States. Thousands of high paying jobs will be lost and the potential for tens of thousands of more jobs will forever vanish as well. Consumers will be hurt and more vulnerable to fraud. And the United States will toss away one of the most promising export industries that it has, all in the midst of 10% unemployment.

There is no good reason that this should be so.

[DailyFX Forex News Stream](#)

Cut your losses and let profits run.



#[109](#)

Jan 19, 2010 5:59pm

[cosgrove](#)

Member

Member Since Dec 2007

[299 Posts](#)



Quote:

Originally Posted by **Lionstrike**

*I just spent an hour writing a detailed and impassioned response and voicing my oppositions to any proposals involving the restriction of leverage.*

*I strongly encourage anyone who feels the same as I to do so also. You can fax it, mail it...at least send them an email.*

*The address is [secretary@cftc.gov](mailto:secretary@cftc.gov). Put "Regulation of Retail Forex" in the subject line.*

*According to what I read they will post comments on the CFTC's site. The secretary at the CFTC is David Stawick, so that's the man you need to talk with.*

*I'm...*

Here is the quote from the federal register

(<http://www.cftc.gov/ucm/groups/publi...esproposal.pdf>):

"ADDRESSES: You may submit comments, identified by RIN 3038-AC61, by any of the following methods:

• Federal eRulemaking Portal:

<http://www.regulations.gov/search/index.jsp>. Follow the instructions for submitting comments.

• E-mail: [secretary@cftc.gov](mailto:secretary@cftc.gov). Include "Regulation of Retail Forex" in

the subject line of the message.

- Fax: (202) 418-5521.
- Mail: Send to David Stawick, Secretary, Commodity Futures Trading Commission, 1155 21st Street, N.W., Washington, DC 20581.
- Courier: Same as Mail above.

All comments received will be posted without change to <http://www.cftc.gov>, including any personal information provided."

That regulations.gov link doesn't work, use <http://www.cftc.gov/lawandregulation...mmentform.html> if you don't want to email/fax/write.

---

*Last edited by cosgrove, Jan 19, 2010 6:47pm*



#[110](#)

Jan 20, 2010 11:47am

[cosgrove](#)

Member

Member Since Dec 2007

[299 Posts](#)



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Quote:

Originally Posted by **ferndog**

*If you are worried about not having enough money to trade then there is always options trading which includes forex options. But come on if people want to spend their money trading forex let them! What's the big deal.*

Bad thing about FX options is that they are not qualified 60/40 split "section 1256" contracts for tax time. 12% higher tax rate!



#[111](#)

Jan 20, 2010 12:00pm

[pipnu2me](#)

Member

Member Since Dec 2009

[42 Posts](#)



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I have read over the proposal a few times, and I'm a bit puzzled by the language. I have just one question...In the following statement,

"and require RFEDs or FCMs engaging in retail forex transactions to collect security deposits in a minimum amount in order to prudentially limit the leverage available to their retail customers on such transactions at 10:1"

what is meant by the term "prudentially" and how are they using the term? and how does that affect any of this?

Im wondering if what they're saying is they want the account holder to manage his account size so that any single trade does not overleverage the account. For example, with 100:1, if your account size is \$10,000, and you place a trade with one standard lot, then your margin is \$1,000 and your trade is controlling \$100,000. In that case, the leverage in "the transaction", is \$100,000:\$1,000 or 100:1. But it is only \$100,000:\$10,000 or 10:1 within the account. But if you place a second trade of 1 standard lot, then the leverage within "the transaction" is again 100:1, but within the account is now 20:1.

Perhaps in this way, they would be able to prevent the trader from placing any additional trades and overleveraging his account, where the current limit of 100:1 imposed by NFA does not do that.

I don't know if this would address fraud, but I think it might have some impact on money laundering

This is just a question about the intent of the cftc. I hope this or something like this is their intent. Does anyone know?

Thanks.



[#112](#)

 Jan 20, 2010 2:41pm

[StephanusR](#)

Member

Member Since Jul 2009

[71 Posts](#)



Quote:

Originally Posted by **Jason Rogers**

*The Forex Dealers Coalition, which FXCM, PFGBest and other leading brokers are a part of, have released a statement outlining their position on the proposal which you can read below: ([http://blogs.fxstreet.com/francesc/f...ss\\_summary.pdf](http://blogs.fxstreet.com/francesc/f...ss_summary.pdf))  
There is no good reason that this should be so.*

It is a scheme by the Futures exchanges to squash spot forex. All I want to know is what will Oanda do about it? They ignored the whole stoploss issue. Oanda is already 50:1 , 10:1 would force an account closure and shift to forex.com in the UK.

<http://trader100.wikia.com>



#[113](#)

Jan 20, 2010 3:08pm

[Jason Rogers](#)

FXCM Representative

Member Since Jun 2009

[586 Posts](#)



Your comments are in the process of being added to the CFTC's website!!

Here is where you will find them:

<http://www.cftc.gov/lawandregulation...10/10-001.html>

[DailyFX Forex News Stream](#)

Cut your losses and let profits run.



#[114](#)

Jan 20, 2010 4:05pm

[AstonDan](#)

Everything Changes

Member Since Mar 2009

[541 Posts](#)



---

I'm going to paraphrase (badly) something Warren Buffet said on a BBC documentary late last year:

*If you're intelligent, you don't need leverage; if you're not, you have no business using it anyway.*



#[115](#)

Jan 20, 2010 5:26pm

[Toothman](#)

Member

Member Since Aug 2006

[510 Posts](#)



---

Quote:

Originally Posted by **AstonDan**

*I'm going to paraphrase (badly) something Warren Buffet said on a BBC documentary late last year:*

*If you're intelligent, you don't need leverage; if you're not, you have no business using it anyway.*

So tell us how much money you made last year trading with no leverage.



#[116](#)

Jan 20, 2010 5:28pm

[AstonDan](#)

Everything Changes

Member Since Mar 2009

 [541 Posts](#)



Quote:

Originally Posted by **Toothman**   
*So tell us how much money you made last year trading with no leverage.*

Why is that any of your business?



#[117](#)

Jan 20, 2010 5:45pm

[efx1985](#)

Member

Member Since Nov 2009

[7 Posts](#)

 **spreadbet ?**

as someone new to forex with a micro account only i hesitate to get involved in this discussion - why not spreadbet forex instead ?!



#[118](#)

Jan 20, 2010 6:09pm



[GulfCoastPip](#)

I'll Take Your Pips

Member Since Jan 2008

 [1,002 Posts](#)



Quote:

Originally Posted by **AstonDan**

*I'm going to paraphrase (badly) something Warren Buffet said on a BBC documentary late last year:*

*If you're intelligent, you don't need leverage; if you're not, you have no business using it anyway.*

lol. I really like the old codger, he has a great sense of humor and is a sharp guy, but when you are worth \$63 BILLION dollars it's easy to say that.

**Also, Warren is a long term investor and not a trader.** He looks for "bargains". Even he'll tell you that he seldom spends more than 5 minutes evaluating a company before he buys them. He knows a great deal when he sees it.

Personally, if you're an "intelligent trader" leverage can be one of your best friends. Being an "intelligent trader" has nothing to do with book smarts, a Yale/Harvard education, etc... They sure don't hurt though.

Some of the most successful traders had previous careers that had nothing to do with the financial markets, trading, investing, etc...



[#119](#)

Jan 20, 2010 6:49pm

[Lionstrike](#)

Member

Member Since May 2009

[71 Posts](#)



Quote:

Originally Posted by **AstonDan**

*I'm going to paraphrase (badly) something Warren Buffet said on a BBC documentary late last year:*

*If you're intelligent, you don't need leverage; if you're not, you have no business using it anyway.*

This is moronic. Sure, if you're trading with billions and can't even get out of your positions easily you'll promote buy and hold and won't need any leverage.

But if you have little capital to start with, like a few hundred or a few thousand dollars, of course you need leverage. You wouldn't be able to trade on the spot market otherwise.



#[120](#)

Jan 20, 2010 6:52pm

[Aaron](#)

Member

Member Since Nov 2009

[23 Posts](#)



Consumer protectionism = less consumer choices. When you have a big brother protecting you from yourself, treating adults like children, then you eventually end up with a nation of children, or a nation of losers rather, like any socialist regime. How you gonna learn from your mistakes if you are not allowed to make any? I blew one account and also lost my deposit with a broker that went out of business. Yeah, it felt bad and I doubted myself awhile. Now I don't blow accounts any more. My safety net is the lessons learned from mistakes. If you want to lose business to other countries, go ahead and regulate.



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[LasVahGoose](#), [millionaire7](#)

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<a href="#">Leverage in forex</a>	richrichie	Rookie Discussion	8	May 12, 2009 6:54am

[Leverage in  
Forex](#)

Editor

Trading Discussion

0

Jun 23,  
2006  
11:27am

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**Could 10:1 be the new leverage in US Forex?**

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#[121](#)  
 Jan 20, 2010 9:57pm



[24HourTrader](#)  
 Member

Member Since Nov 2007  
[190 Posts](#)

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Quote:

Originally Posted by **AstonDan** 

*I'm going to paraphrase (badly) something Warren Buffet said on a BBC documentary late last year:*

*If you're intelligent, you don't need leverage; if you're not, you have no business using it anyway.*

Comments like this are not only useless, but take stupidity to new levels. Almost all retail traders NEED leverage for any sort of meaningful account growth within reasonable amounts of time. Billionaire fund managers are another story.



#[122](#)  
 Jan 20, 2010 10:05pm

[m78](#)  
Member

Member Since May 2008  
[75 Posts](#)



Quote:

Originally Posted by **AstonDan**   
*I'm going to paraphrase (badly) something Warren Buffet said on a BBC documentary late last year:*  
  
*If you're intelligent, you don't need leverage; if you're not, you have no business using it anyway.*

he was talking about stocks where leverage is 2:1 you intelligent person!



#[123](#)  
 Jan 21, 2010 1:11am



[Code4Capital](#)  
Member

Member Since Sep 2008  
[369 Posts](#)



Quote:

Originally Posted by **AstonDan**   
*I'm going to paraphrase (badly) something Warren Buffet said on a BBC documentary late last year:*  
  
*If you're intelligent, you don't need leverage; if you're not, you have no business using it anyway.*

Warren Buffet endorsed Obama too.

But on a side note, the whole leverage is bad thing is over used.  
Leverage or no leverage, its the skill of the trader, its stupid to believe that leverage makes you stupid and going without leverage is smart and

going to make you a smart trader.



[#124](#)

 Jan 21, 2010 1:31am

[fierceman](#)

Señor Member

Member Since Mar 2007

 [302 Posts](#)



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I personally like the ability to have high leverage in my trading account because it allows me to keep less trading capital in there and still use the position sizing that I would with a larger trading account.

Remember, your trading capital is not necessarily what's in your trading account, but what you have set aside, whether it is in your trading account or not. In reality, what is the difference between me having \$90,000 in a bank account and \$10,000 in a trading account OR having all \$100,000 in my trading account? The difference is that I'm risking say "20%" of my trading account on any given trade, but actually I'm only risking "2%" of my trading capital, because I actually have another \$90,000 set aside in a nice safe bank account instead of my trading account. In order to do this, I have to use higher leverage in my account than I normally would if all my trading capital was in my trading account.

So, with this proposed increased margin requirement, I will be forced to put more capital in my trading account, which I don't particularly care for - one way to look at it is that it increases my risk and gives me no reward in return. Crappy deal.

Some of the huge financials use more than 30:1 leverage, even with their billions. Banks are allowed to lend out 10x more than they have on deposit, even with their billions (and even more than 10x in some places). But a guy with a \$500 forex account isn't allowed to use more than 10:1 leverage in his account? Even if he actually has more than that on hand? Seems a bit ridiculous.

Why don't they teach people how to calculate and manage leverage instead of just straight-up forbidding it? What if brokers were forced to give all new account holders a test of basic trading knowledge before

letting them trade instead of just telling traders what they can and can't do?

---

{Promotion Removed}



#[125](#)

Jan 21, 2010 1:33am

[GoodBoy](#)

Member

Member Since Nov 2008

[6 Posts](#)

### **Retail Forex Shut Down Threat! Help FX Survive**

---

Dear lovers of forex market,

CFTC is at it once again. They are looking to shut down Forex for retail traders by any means first it was FIFO Rule now this 2nd attempt is limiting leverage size to 10:1 all proposed in name of rescuing retailers (B.S!) It's a COVER UP in other words its declaration of war!

Anyhow we need action, we have 60 days from Jan 13,2010 to let CFTC know that we are AGAINST limiting leverage. CFTC is seeking Public comments from traders like yourself and me about this silly proposal.

My suggestion is, everyone of you FX loving retail traders out there, caste your vote before its too late.

**Please INFORM** every forex lover out there **NOW!** by any methods forums/chats/email whatever.. every response counts...! we are at WAR, we have 60 days.. i'd really hate to see end of FX.

Follow the instructions for submitting comments. E-mail: [secretary@cftc.gov](mailto:secretary@cftc.gov). Include "Regulation of Retail Forex" in the subject line of the message.

Fax: (202) 418-5521.

Mail: Send to David Stawick, Secretary, Commodity Futures Trading Commission, 1155 21st Street, N.W., Washington, DC 20581.

Please make your opinion known to the cftc, if you're displeased with this proposal. If traders fail to have their feelings known, then the cftc's decision, is much easier to make.

--- for ease, there is a template created by DC of Forexlive.com (please do add/remove stuff so it looks more credible & meaningful to them (doesnt have to be lengthy))

=====  
*Dear CFTC Committee,*

*I am a retail trader and I am strongly opposed to the 10:1 leverage proposal by the CFTC. This regulation/requirement will drive many of the "smaller guys" out of the markets entirely or to offshore (ie unregulated) brokers.*

*The liquidity provided by retail traders increase the efficiency of the markets. Removing them, or unfairly pricing them out of the markets will result in increased price volatility overall and decrease the efficiency of the markets which is bad for everyone.  
Please reconsider this proposal.*

*Thank you  
Sign Your Name Here*

=====

Regards,  
GoodBoy



#[126](#)

Jan 21, 2010 1:52am

[madfox71](#)  
Junior Member

Member Since Dec 2007  
[1 Posts](#)

## **Small traders crushed again !**

---

Amazing how the smaller traders will be knocked out again ,first was stocks with daytrade rule & 25K in acct to trade ,now 10/1 with higher margin requirements of 10k for 1 standard lot,say goodbye to forex trade shows in USA! Maybe us govt is pissed because so many went to trading forex after stock market crashed !What a sad day it will be if this is passed,OFF\_SHORE acct here we come !OBAMANOMICS will ruin this country ,big govt need to step down ,if not many more problems on way !



#[127](#)

 Jan 21, 2010 2:17am

[GoodBoy](#)

Member

Member Since Nov 2008

[6 Posts](#)



---

Oops, there is already a much more details/discussed thread for this subject to be found at

<http://www.forexfactory.com/news.php?do=news&id=215919>

lets hope for the best everyone, save your capital for rainy days ahead.



#[128](#)

 Jan 21, 2010 3:32am



[NYWallSt](#)

Member

Member Since Dec 2009

[31 Posts](#)



---

If this rule passed, wouldnt a massive amount of traders move over seas? for example FXCM UK? I myself, jumped on the UK wagon about 6 months ago.



#[129](#)

Jan 21, 2010 3:35am



[NYWallSt](#)  
Member

Member Since Dec 2009

[31 Posts](#)



---

Quote:

Originally Posted by **madfox71**

*Amazing how the smaller traders will be knocked out again ,first was stocks with daytrade rule & 25K in acct to trade ,now 10/1 with higher margin requirements of 10k for 1 standard lot,say goodbye to forex trade shows in USA! Maybe us govt is pissed because so many went to trading forex after stock market crashed !What a sad day it will be if this is passed,OFF\_SHORE acct here we come !OBAMANOMICS will ruin this country ,big govt need to step down ,if not many more problems on way !*

Back when i was trading in the stock market, the Pattern Day trading rule was so annoying. these rules are pretty absurd. This Gov wants you to stay slaved at a 7am-8pm job and work for the rich. (Rich stay Rich - Middle Class->Poor->Poorer)



#[130](#)

Jan 21, 2010 4:07am

[Aaron](#)  
Member

Member Since Nov 2009  
[23 Posts](#)



Quote:

Originally Posted by **madfox71**   
*Amazing how the smaller traders will be knocked out again ,first was stocks with daytrade rule & 25K in acct to trade ,now 10/1 with higher margin requirements of 10k for 1 standard lot,say goodbye to forex trade shows in USA! Maybe us govt is pissed because so many went to trading forex after stock market crashed !What a sad day it will be if this is passed,OFF\_SHORE acct here we come !OBAMANOMICS will ruin this country ,big govt need to step down ,if not many more problems on way !*

Actually, this proposal is following the 2008 Farm Bill, enacted before Obama took office. Whether it's abandoning the gold standard, fed system of central banking, the too-big-to-fail hoax, cap 'n trade, etc., the mischief of gov't, especially the progressives, interfering with the "free market" has been going on forever. And then they blame market failures on capitalism, when today's America is all about progressive corporatism. Before Obama, Bush was the biggest spender of all time. Obama is just the spill-over of decades of bad policy making and gov't interference, a punishment for abandoning/violating the constitution.



#[131](#)  
 Jan 21, 2010 12:16pm

[CarsonS9](#)  
Member

Member Since Nov 2009  
[42 Posts](#)

## CFTC Screwing the little guy

---

### **CFTC Screwing the little guy**

For any of you not aware of this here is the letter I received from one of my brokers today:

"Dear Valued Customer,

As many of you are aware, the U.S. Commodity Futures Trading Commission (CFTC) announced on January 13, 2010 that it is seeking public comment on proposed regulations concerning retail Forex trading.

As part of the proposed regulations, it is stated: "leverage in retail forex customer accounts would be subject to a 10-to-1 limitation," which means 10:1 leverage would be the maximum amount allowed for all Forex traders in the U.S.

An example of how the proposed regulatory restrictions would affect a major currency pair appears below:

Maximum Leverage under Current Regulations    Maximum Leverage under Proposed CFTC Changes

USD/CHF    USD/CHF

100:1 leverage (one percent)    10:1 leverage (10 percent)

1 lot (100,000)    1 lot (100,000)

Margin requirement: \$1,000    Margin requirement: \$10,000

We stand behind the belief that you should be given the freedom and right to choose the amount of leverage that is appropriate for your individual desired risk, and that this basic principle of 'choice' is in jeopardy by the proposed CFTC regulations.

If you feel strongly about the proposal, we encourage you to help determine the outcome of these proposed regulations. You can help make an impact by sending comments directly to the CFTC at:

[secretary@cftc.gov](mailto:secretary@cftc.gov).

Please include 'Regulation of Retail Forex' in the subject line of your message and the identification number RIN 3038-AC61 in the body of the message.

You can also submit your comments by any of the following methods (include above ID number):

\* Fax: (202) 418-5521

\* Mail: David Stawick, Secretary Commodity  
Futures Trading Commission 1155 21st Street, N.W.,  
Washington, DC 20581

\* Courier: Use the same as mail above.

In the upcoming days, Interbank FX and the rest of the U.S. Forex Dealer Coalition will be releasing a more formal opinion about the proposed changes. Please feel free to read further details about the regulation on the CFTC website by clicking here. In the interim, we encourage you to voice your opinions to the CFTC and your local U.S. representative.

As always, we want the best for our traders. We hope you'll join forces with us to prohibit the proposed leverage requirements.

The Interbank FX Team"

This would be huge if it goes through. They already changed the leverage to be a maximum of 100 to 1 here in the US which is what I believe drove my favorite broker out (FXPro) of the US. If they put this in it could be bad for all of us that trade for beer money after our regular jobs. Basically will be going from making a few dollars to a few pennies. I highly suggest all the traders whose accounts are not over \$10,000 write an e-mail saying this is an attack on the retail trader which would basically set things up so only the semi-wealthy or better could make money trading forex.



#[132](#)

Jan 21, 2010 12:36pm

[r\\_t](#)

Junior Member

Member Since Jan 2010

[3 Posts](#)

## Game Over

---

<http://online.wsj.com/article/SB1000...LEFTTopStories>

Guys, it is game over in the US. Don't fight it, go somewhere else.

Retail FX is just collateral damage, a side effect, banks such as Citi, JP Morgan and BofA will take the big hit.



#[133](#)

 Jan 21, 2010 1:21pm

[Jason Rogers](#)

FXCM Representative

Member Since Jun 2009

 [586 Posts](#)



Quote:

Originally Posted by **NYWallSt**   
*If this rule passed, wouldnt a massive amount of traders move over seas? for example FXCM UK? I myself, jumped on the UK wagon about 6 months ago.*

This is precisely what the Forex Dealers Coalition believes may happen if the proposal goes through. It's estimated that up to 90% of US based accounts will go overseas in response. Here's the full list of arguments from the Forex Dealers Coalition:

<http://www.forexfactory.com/showthre...37#post3379837>

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[DailyFX Forex News Stream](#)

Cut your losses and let profits run.



#[134](#)

 Jan 21, 2010 1:37pm



[Moody](#)  
Member

Member Since Jan 2010

 [144 Posts](#)



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I have recently had a change of heart about this issue.

In my personal trading, I use at most 5:1 leverage. My typical leverage is 2:1. However, as I have been examining my journey to profitability, I realize that I would have blown fewer accounts and lost much less money had I used a smaller leverage. Also, it would have required me to study more before jumping straight into my first micro account.

I believe individuals should be allowed to have higher leverage, but they should be required to sign additional waivers and be subject to a simple examination maybe 3 questions long which instructs the trader how destructive leverage can be if not used properly.

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[www.TheTradeQuest.com](http://www.TheTradeQuest.com)



#[135](#)

 Jan 21, 2010 1:43pm

[AstonDan](#)  
Everything Changes

Member Since Mar 2009

 [541 Posts](#)



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Quote:

Originally Posted by [Code4Capital](#) 

*Warren Buffet endorsed Obama too.*

*But on a side note, the whole leverage is bad thing is over used. Leverage or no leverage, its the skill of the trader, its stupid to believe that leverage makes you stupid and going without leverage is smart and going to make you a smart trader.*

LOL. Not a fan i take it. I suppose he'll have even fewer after today's announcements.

Both you and GulfCoastPip make perfectly valid points which i wholeheartedly agree with. Unfortunately (for US based traders), i suspect the decision has already been made and i doubt all the letters, emails and protests in the world are going to change things when such sweeping changes are being planned for the banking system.

As for the other respondents whose passions these changes seem to have stirred, good luck in your endeavours.

(As an aside, Buffet was not talking about 'stocks', he was talking about 'markets', and it is widely believed, though seldom discussed, that he also deals in currencies and derivitaves).

Good luck  
Dan



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[LasVahGoose](#), [millionaire7](#)

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**Could 10:1 be the new leverage in US Forex?**

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#[136](#)

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Jan 21, 2010 2:25pm

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[Aaron](#)

Member Since Nov 2009

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Member

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Quote:

Originally Posted by **Moody**

*I have recently had a change of heart about this issue.*

*In my personal trading, I use at most 5:1 leverage....*

Perhaps next time you buy a bottle of booze, you should first sign a waiver that you understand the risks of excessive drinking, that you might go home and beat up your wife or puke on your neighbor's cat.

Did you know that some light bulbs come with installation instructions nowadays in our idiocracy? Yep, big brother keeps saying that we're stupid and eventually we become just that -- STUPID. Mistakes and learning from them are bad; intellectual laziness and helplessness is okay, as long as you're a good consumer. Sorry, but I respectfully disagree with just about everything you said.



#[137](#)

Jan 21, 2010 2:42pm

[yesbee1](#)

Member

Member Since Dec 2009

[43 Posts](#)



Dan,

Buffet is an investor not a trader. There's a huge difference between these two groups. Thanks.

Quote:

Originally Posted by **AstonDan**

*LOL. Not a fan i take it. I suppose he'll have even fewer after today's announcements.*

*Both you and GulfCoastPip make perfectly valid points which i wholeheartedly agree with. Unfortunately (for US based traders), i suspect the decision has already been made and i doubt all the letters, emails and protests in the world are going to change things when such sweeping changes are being planned for the banking system.*

*As for the other respondents whose passions these changes seem to have stirred, good luck in your endeavours.*

*(As an aside, Buffet...*



#[138](#)

Jan 21, 2010 4:09pm



[domino](#)

Member

Member Since Apr 2009

[289 Posts](#)



Quote:

Originally Posted by [r\\_t](#)

<http://online.wsj.com/article/SB1000...LEFTTopStories>

*Guys, it is game over in the US. Don't fight it, go somewhere else.*

*Retail FX is just collateral damage, a side effect, banks such as Citi, JP Morgan and BofA will take the big hit.*

Im really really really starting to hate this guy.... and thats alot since I dont think ive ever said that about another president... not bush or clinton

<http://www.forexfactory.com/showthread.php?t=212263>



#[139](#)

Jan 21, 2010 4:21pm



[GlobalMacro](#)

Sovereign Thru Systematic Trading

Member Since Mar 2008

[1,984 Posts](#)

## People Are Confusing Margin With Risk Management

I think people are making a big mistake in confusing initial margin requirement with leverage.

To clarify:

Let's say you wanted to open a notional \$100,000 position... So at 100:1 you would have to set aside \$1000...the market goes against you \$1 you're at \$999 and you get a margin call....

For the same position at 10:1, you would have to set aside \$10,000....remember you CANNOT touch this money for trades that go against you....in this case if the market goes against you \$1 you're at \$9,999 and you get a margin call...

## ABSOLUTELY SAME RISK!!!!

Practically there is no difference in terms of pure risk management whatsoever...higher margin alone does not impact your risk in any way, shape, or form...all it does is for you to put up more money to be able to open a position!

even if you go at 1:1 i.e. no margin...still you have to take care of your risk management regardless...

Remember we are solely talking about MARGIN Requirement here and NOT risk management!!!

**Higher Initial Margin Requirements Is Not The Same Thing As Lower Overall "Effective Leverage" and Thus Not Lower Risk!!!**

---

**We are what we repeatedly do. Excellence, then, is not an act, but a habit.(Aristotle)**



[#140](#)

Jan 21, 2010 4:42pm

[pqt](#)

Member

Member Since Nov 2007

[150 Posts](#)



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Quote:

Originally Posted by **AstonDan**

*LOL. Not a fan i take it. I suppose he'll have even fewer after today's announcements.*

*Both you and GulfCoastPip make perfectly valid points which i wholeheartedly agree with. Unfortunately (for US based traders), i suspect the decision has already been made and i doubt all the letters, emails and protests in the world are going to change things when such sweeping changes are being planned for the banking system.*

*As for the other respondents whose passions these changes seem to have stirred, good luck in your endeavours.*

*(As an aside, Buffet...*

For those with short memories, he also lost a little bundle in forex in 2005 (ONLY over a billion though 😊)



#[141](#)

Jan 21, 2010 4:55pm



[Moody](#)  
Member

Member Since Jan 2010

[144 Posts](#)



I have respect for our president, but I do not agree with his policies in the slightest. I feel that leverage on the forex market is necessary, however I feel that newbies often die to it. I think that if the forex market required some sort of certification which could be achieved through a single test online, which would act as a waiver, would be appropriate. I definitely think a new guy opening a \$5,000 account with 500:1 leverage is in for a busted account very quickly.

Just my two cents. Let's lever that and make it my \$10.

[www.TheTradeQuest.com](http://www.TheTradeQuest.com)



#[142](#)

Jan 21, 2010 5:14pm

[Aaron](#)  
Member

Member Since Nov 2009

[23 Posts](#)



Quote:

Originally Posted by **Moody**

*I have respect for our president, but I do not agree with his policies in the slightest. I feel that leverage on the forex market is necessary, however I feel that newbies often die to it. I think that if the forex market required some sort of certification which could be achieved through a single test online, which would act as a waiver, would be appropriate. I definitely think a new guy opening a \$5,000 account with 500:1 leverage is in for a busted account very quickly.*

*Just my two cents. Let's lever that and make it my \$10.*

Do you read any of the replies to you, because you keep repeating this same nonsense in every thread on this topic? Either you prefer your comments to go unchallenged or you are not checking for replies. Which is it?



#[143](#)

Jan 21, 2010 6:31pm

[sedakensearc](#)

Member

Member Since Apr 2009

[7 Posts](#)



### **All other markets are against FOREX**

I feel that all the other markets ie stocks future options are against forex so they are influencing cftc to create new rules to limit the growing popularity of forex. CFTC already reduce leverage, no Hedging, order limit etc but that could not divert the fx trader to other market, worried other market and thus they took this drastic measure to kill retail forex market.

So it is only dirty political game, lets oppose it .....



#[144](#)

Jan 21, 2010 6:37pm

[Toothman](#)

Member

Member Since Aug 2006

 [510 Posts](#)



Quote:

Originally Posted by [AstonDan](#)   
*Why is that any of your business?*

You seem to think you can trade forex without leverage . Just wondering if that's been a winning strategy for you. Point is 10:1 leverage will make it impossible to trade forex even if you are Warren Buffet.



#[145](#)

Jan 21, 2010 6:42pm



[domino](#)

Member

Member Since Apr 2009

 [289 Posts](#)



Quote:

Originally Posted by [sedakensearc](#)   
*I feel that all the other markets ie stocks future options are against forex so they are influencing cftc to create new rules to limit the growing popularity of forex. CFTC already reduce leverage, no Hedging, order limit etc but that could not divert the fx trader to other market, worried other market and thus they took this drastic measure to kill retail forex market.*

*So it is only dirty political game, lets oppose it .....*

its not that its something else... think about ability to control markets with reductions to leverage

---

<http://www.forexfactory.com/showthread.php?t=212263>



#[146](#)

Jan 21, 2010 8:04pm



[ha-pattern](#)  
Member

Member Since Sep 2008

[558 Posts](#)

### **forex and stocks**

---

The politicians think stock trading is great and forex is terrible. They are the same.

Two average moves: A \$25 stock moves 25 cents, or 1%, and a \$2.50 forex pair moves 25 pips, or 1/10%. 1:1 leverage in the stock and 10:1 leverage in the forex pair both make 1%.

Since these two trading instruments are the same and US citizens invest far more heavily in stocks than forex, all leverage should be removed from stocks before forex goes to 10:1.

Or, the obvious should reconsider any leverage change: Anyone can open a 4:1 leverage account for stocks (what Harmon Trading and others offer) and prop traders can get 10:1 or better in them. Thus, anyone should be able to open a 40:1 leverage account for forex (close to what Oanda offers) and some equivalent of prop traders should be able to get 100:1 or better.

So, perhaps forex brokers can negotiate with the politicians, through offering barriers of entry similar to what availability to leverage stock traders have. Then the 10:1 leverage change may be stopped.

*correction:* Oh yeah, they're negative about prop traders, too. Not much of an idea, I guess.

---

Nice save, Veronica. *Mercy ad*

---

*Last edited by ha-pattm, Jan 21, 2010 10:22pm*



#[147](#)

Jan 21, 2010 11:08pm

[ypc260](#)  
Junior Member

Member Since Jan 2009  
[6 Posts](#)



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Now I can trade 10,000EUR by a 1,500USD account.  
If the new regulation implemented, then I have to trade it by a 3,000USD account, or only trade 5,000EUR each time.  
That's the difference to me.

That means I have to spend two more month to double my account before it turn real.



#[148](#)

Jan 21, 2010 11:45pm



[wwwin](#)  
Member

Member Since Oct 2006  
 [1,309 Posts](#)



Quote:

Originally Posted by **Toothman**   
*You seem to think you can trade forex without leverage . Just wondering if that's been a winning strategy for you. Point is 10:1 leverage will make it impossible to trade forex even if you are Warren Buffet.*

Nah.. Warren Buffet does not use leverage.

“Leverage,” he said, “is the only way a smart guy can go broke ... You do smart things, you eventually get very rich. If you do smart things and use leverage and you do one wrong thing along the way, it could wipe you out,

because anything times zero is zero. But it's reinforcing when the people around you are doing it successfully, you're doing it successfully, and it's a lot like Cinderella at the ball. The guys look better all the time, the music sounds better, it's more and more fun, you think, 'Why the hell should I leave at a quarter to 12? I'll leave at two minutes to 12.' But the trouble is, there are no clocks on the wall. And everybody thinks they're going to leave at two minutes to 12."

---

A girl in my convertible is worth five in my phonebook  
[Forex Blog](#)



#[149](#)

 Jan 21, 2010 11:45pm



[24HourTrader](#)  
Member

Member Since Nov 2007

[190 Posts](#)



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If anybody hasn't sent their email yet, here are some things you can bring up:

Similar leverage exists in the Futures markets

Everyone will open accounts overseas, with potentially unregulated brokers, also causing many job losses

New traders can have a cap on their leverage, and it can gradually be increased to 100:1 with time.

Brokers can be forced to thoroughly educate new clients on the effects of leverage, and the clients can be forced to pass a knowledge test to ensure they understand leverage thoroughly.

It is completely against the ideals of capitalism and the free economy

Traders will need to deposit more money into their trading accounts to compensate for the leverage lost, which could greatly increase a new trader's losses in the end.



#150

Jan 22, 2010 12:01am

[ypc260](#)  
Junior Member

Member Since Jan 2009  
[6 Posts](#)



Quote:

Originally Posted by **24HourTrader**   
*If anybody hasn't sent their email yet, here are some things you can bring up:*

*Similar leverage exists in the Futures markets*

*Everyone will open accounts overseas, with potentially unregulated brokers, also causing many job losses*

*New traders can have a cap on their leverage, and it can gradually be increased to 100:1 with time.*

*Brokers can be forced to thoroughly educate new clients on the effects of leverage, and the clients can be forced to pass a knowledge test to ensure they understand leverage thoroughly.*

*It is completely against...*

Yes, that is exactly what I want say. I'm now going to send the mail.



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