**Regarding proposed leverage changes on CFDs over currency contracts**

I am a home trader and would like to comment on ASIC's intention to restrict the leverage Australian brokers can provide on CFDs over currency contracts to 20:1.

**20:1 leverage on CFDs over currency contracts**

Firstly, *I wholeheartedly support the proposal* to restrict spot forex leverage to 20:1. I expect it will significantly slow a trader's losses and thereby provide them with additional time to reflect upon their actions.

However, I would like to propose that "skilled" traders should not be punished for the behaviour of unskilled traders. And therefore a "skilled" trader should have access to leverage greater than an unskilled trader.

**Defining "skilled"**

This of course is subjective, however as an example, a "skilled" trader could be defined as,

a trader whose live account has:

* profited at least 10% pa for 2 years,
* is "regularly" traded,
* and whose drawdown has not been greater than 10% at any time.

If a trader fulfils this definition they are given access to leverage higher than the unskilled trader; perhaps 40:1? And if the "skilled" trader criteria is not sustained after the increase in leverage has been granted, it is revoked.

In the event that ASIC does decide to include a provision that increases leverage for "skilled" traders, can I also propose that the account size in dollar terms not be used as a measure for defining a "skilled" trader. Given the dollar value deposited into a trading account in no way reflects skill.

**Conclusion**

I propose that "skilled" traders should not be punished for the behaviour of unskilled traders. As such "skilled" traders should have access to a higher leverage than unskilled traders.

Furthermore, the availability of a higher leverage in Australia when compared to other regulated jurisdictions, has the added advantage of attracting overseas brokers and customers to our shores.