

From: Tony Li

Sent: Friday, 27 January 2012 9:37 AM

To: Client Money

Subject: Thoughts on client money discussion paper

Hi,

My name is Tony Li. I have been successfully trading CFD's full-time for over 4 years now. I am writing to forward my thoughts on the discussion paper "Handling and Use of client money in relation to over-the-counter derivatives transactions".

Basically there are two kinds of CFD providers business model on the market, Market Makers(MM) and Direct Market Access(DMA). I have traded with both types of providers and

I must express that I would never go back to MM model after I made the switch to a DMA provider. The reasons are -

1. DMA offer transparency, I see what is truly happening on the market second by second. There is no middle man like MM does, that re-quotes market prices in order to favour the market maker.
2. DMA providers make money ONLY on commissions. They stand on the same side as us traders, the more successful we are, the more commission they earn. However, MM providers make more money

every time when us traders lose money in a trade. Because they have the privilege to operate both sides of the order book. The conflict of interest is very obvious to see here.

I certainly support for improved regulations in this industry to protect clients interests, and am fully in support of the measures suggested under Section 2.8 Alternative Measures to Allow Pooling, but under no

circumstances do I believe any changes should be made that would ultimately lead to the closure of the fair and transparent DMA model.

I am more than happy to discuss this matter further if required. I can be reached by email [Email redacted] or phone [phone number redacted].

Regards,

Tony Li