

From: Rick Loxton

Sent: Friday, 27 January 2012 12:19 PM

To: Client Money

Subject: Submission in Relation to Discussion Paper: Handling and use of client money in relation to over-the-counter derivatives transactions

Dear Sir / Madam,

I am writing in relation to your November 2011 Discussion Paper entitled "Handling and use of client money in relation to over-the-counter derivatives transactions". This paper and its contents are of serious concern to me and my future financial security. As a full-time trader of OTC Direct Market Access CFDs for almost 4 years I feel that any change to the current Financial Services Reform Act 2011 would significantly, and adversely, affect my job, income, financial stability and ability to remain a viable self-employed day-trader.

As a trader using a Direct Market Access CFD provider I am fully aware of how the product is structured and how client monies are utilised for hedging purposes. Inter alia, I understand the inherent risks associated with this type of OTC derivative product. I am more than comfortable with these risks and happy placing my funds into them. I fear that the discussion paper could ultimately lead to an outcome which revises the current Act to ensure that client monies can no longer be used for this specific purpose. This would be detrimental to the Direct Market Access model for CFDs, possibly leading to their inability to remain commercially viable. As a result I would no longer be able to continue trading successfully.

Whilst I encourage improved regulations to protect clients I implore you to consider that any significant changes to the Financial Services Reform Act 2011 could destroy the Direct Market Access CFD model. This would lead to lesser competition and greater domination of Market Maker models. In my opinion, Market Maker products are designed solely to profit the providers often at the expense of their clients. I deride the Market Maker model and hope that you are not swayed by their high level of commercial interest in the outcomes of this discussion paper. In short, please ensure the continued existence of OTC Direct Market Access CFDs so that I can continue to trade using a transparent and preferable model. Otherwise I may no longer be able to sustain my business.

If you have any further questions or would like to discuss any of this submission with me then please contact me on +61412 0412 91 or via email - rick.loxton@gmail.com

Many thanks and regards,

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