

InvestTechFX To Continue Forex HEDGING For Traders After NFA Ruling

InvestTechFX released today that the 1 PIP Forex Corporation will continue to allow all types of hedging after the NFA (National Futures Association) ruling against hedging goes into effect on May 15, 2009. As InvestTechFX is not an NFA regulated broker, it is not obligated to adhere to the NFA's anti-hedging policies. www.investtechfx.com

Toronto, Canada (PRWEB) April 24, 2009 -- InvestTechFX the leading 1 PIP Forex Corp commented on the NFA's new anti-hedging law (NFA Compliance Rule 2-43 regarding Forex orders) currently scheduled to take effect on May 15th, 2009, and released that the No Dealing Desk Forex broker and Software Solutions Corp will be immune to the new law. InvestTechFX's industry expert noted that the NFA's move is not entirely unexpected; the spirit of the new regulation is to protect traders from wasteful over-hedging, but the practical implications of the new regulations will likely be counter-productive. Traders who rely on hedging in their strategies will simply take their business to brokers outside the influence of the NFA, such as InvestTechFX. Ironically, the NFA may put US Forex brokers at a disadvantage by barring them from providing the hedging options that their international competitors will not hesitate to offer.

InvestTechFX the leading 1 PIP Forex Corp welcoming hedging explained that "hedging" generally refers to the practice of taking opposite positions against a previous open position in order to reduce risk. In a broader sense, hedged trading means investing to limit exposure and reduce risk. There are several methods of hedging Forex positions, particularly opening short and long positions within the same currency pair at the same time. This type of hedging will be much more difficult after May 15th, 2009, as the new regulations will put strict limits on such strategies. Positions opened prior to May 15th will not be penalized under the new rule, but all positions opened after the initiation date will be effected. Traders who want to continue hedging while staying with an NFA-regulated broker may now have to open separate accounts for their long positions and short positions; something not all traders can afford to do.

InvestTechFX the leading 1 PIP Forex Corp. welcoming hedging strategies noted that new restrictions on hedging are not the only new regulations set forth in the NFA's new ruling. After May 15th, 2009, all NFA brokers will have to notify traders in writing prior to adjusting or manipulating trades, with the exception of instances in which the adjustment is favorable to a trader or at a trader's request. Furthermore, the written notification of intent to adjust must take place within 15 minutes or less of the time of execution. This new regulation (Rule 2-43a) will not be going into effect until June 12th, 2009. In regard to customer orders adjusted because of changes in the price structure of a liquidity provider, written notification must be given to customers prior any initial trading (price increases on the account of transaction clearing must be stated before trading takes place, not after or during trading). InvestTechFX's analyst explained that these new regulations are likely an attempt to increase cost transparency and reduce the hidden fees that many brokers, particularly market makers, rely upon to limit customer profits. Since market makers must always provide the counterparty for a trade (always buy from a seller and sell to a buyer), there is a strong ulterior motive to undercut customer profits, as customer profits always come at the market maker's expense.

InvestTechFX the leading 1 PIP Forex Corp. welcoming hedging's analyst elaborated on the threat of expanding regulation in the Forex market, and the unforeseen consequences that well-meaning regulation agencies can impose upon the market. Forex trading is a fast-growing, highly competitive industry, and because of its inherently global nature, traders are not limited to the Forex providers in their own countries. While many would likely work with a local broker, traders can relatively easily move their business abroad if regulation in



their own regions becomes more of a burden than a protection. Government guidelines regarding trading clear policies and risk disclosure can serve to keep the industry legitimate and transparent, but regulating hedging in this way borders on telling traders what strategies they can and can't use. There is ongoing debate over who the NFA is "protecting" with the new policies, as many of the larger regulatory bodies have a reputation for acting out of the long-term interests of companies instead of retail traders. InvestTechFX's representative explained that the company could not decisively endorse or condemn the use of mirror position hedging, but did state that the position of InvestTechFX is that the decisions regarding trading strategies should be left to the traders, not the regulators.

InvestTechFX the leading 1 PIP Forex Corporation welcoming hedging is a No Dealing Desk Forex Broker and Federal Canadian Corporation. InvestTechFX offers a 1 PIP fixed spread on 6 major currency pairs, along with a comprehensive account groups system, including interest free, scalping, EA, Micro, and VIP accounts. As a No Dealing Desk, InvestTechFX never takes positions against customers, and has no interest or influence over the trades executed by its customers. www.investtechfx.com

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