

# Pepperstone calls time on largest market

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Foreign exchange broker Pepperstone has buckled to regulatory pressure and will step back from its largest market, Japan, ahead of an ASX listing.

Pepperstone told clients on Thursday that it would not take on new Japanese customers from December 31 as it was not licensed by Japan's Financial Services Agency.

Japan is the largest retail foreign exchange market in the world, representing almost half of all daily foreign currency trades. It also accounted for 40 per cent of Pepperstone's trading revenue in the 2014 financial year, according to a presentation made to fund managers on a recent investor roadshow.

Japan has adopted leverage restrictions of 25:1, which means that clients can trade \$25 of a major currency for every \$1 in their account.

[As Street Talk first flagged in August, Pepperstone attracts Japanese clients with leverage of up to 400-1, offering them far greater exposure for every \\$1 in the account.](#)

Fund managers had asked Pepperstone to address the serious regulatory issue before it came back to market for the IPO. Pepperstone was considering applying for a Japanese trading license, but has decided to cease offering trading to new Japanese customers.

Pepperstone is the 13th largest retail foreign currency broker in the world, with an average \$US3.4 billion (\$3.9 billion) traded daily (ex-Japan).

Elsewhere, education and technology company Citadel Group will start marketing its \$130 million initial public offering on Monday.

Broker Evans & Partners was booking fund managers for an analyst roadshow on Thursday, and is expected to release a pre-marketing research report on Monday. It's understood Citadel is seeking an ASX listing that would value the company at more than \$100 million.

Citadel has two distinct parts: education and technology. Its education arm is a nationally accredited training provider, with courses delivered in face-to-face sessions and online.

It'll be Evans & Partners' job to explain how the two parts are linked and where the synergies lie.