Date: December 14, 2025

U.S. Securities and Exchange Commission

Chair Paul S. Atkins

100 F Street, NE

Washington, DC 20549

Dear Chair Atkins and Commissioners,

I write as a concerned participant in the cryptocurrency markets to urge the SEC to take stronger action against excessive leverage in crypto derivatives trading. High-leverage products—particularly perpetual futures and margined trading offered on both offshore and emerging U.S. platforms—severely damage market stability, amplify volatility, and disproportionately harm retail investors.

Throughout 2025, cascading liquidations from overleveraged positions have repeatedly turned moderate price corrections into severe crashes. In October alone, a single-day event liquidated over $19 billion in leveraged Bitcoin positions, the largest such cascade in crypto history. Early December saw similar pain: Bitcoin's dip below $86,000 triggered $637 million to over $1 billion in liquidations across major exchanges like Binance, Bybit, and Hyperliquid, with longs accounting for 80–90% of the wipes. These events erased billions in market value, wiped out retail traders, and created self-reinforcing downward spirals where forced selling drives prices lower, triggering more liquidations.

High leverage (often 10x–20x for retail, with some platforms historically offering far more) magnifies these effects in crypto's already volatile environment. Small price moves become catastrophic for overleveraged traders, leading to systemic risks that spill into broader markets. Retail investors, chasing amplified gains, bear the brunt—while sophisticated players hedge or accumulate on the dips. This dynamic suppresses healthy price discovery, discourages long-term holding, and erodes confidence in Bitcoin and the wider crypto ecosystem.

Although the CFTC primarily oversees commodity derivatives like Bitcoin futures, the SEC has clear authority and responsibility here:

Leveraged crypto ETFs and related products fall under securities laws, and the Commission has already blocked extreme 5x leveraged filings to protect investors.

Many leveraged instruments (especially those tied to assets that could be deemed securities) or offered to U.S. persons via unregistered platforms implicate SEC jurisdiction.

Joint SEC-CFTC efforts in 2025 have begun onshoring some perpetual contracts with leverage limits, but offshore platforms still dominate, exposing U.S. retail traders to unchecked risks.

I respectfully call on the SEC to go further: advocate for (or impose where possible) strict caps on retail leverage—ideally 2x–5x maximum—and push for an outright ban on extreme high-leverage products accessible to non-institutional investors. Such measures would reduce cascading liquidations, curb manipulative volatility, and foster a healthier market that rewards genuine demand over speculative excess.

The events of 2025 have shown that unchecked leverage is not innovation—it's a recurring threat to market integrity and investor protection, core to the SEC's mandate.

Thank you for considering this urgent issue. I would welcome the opportunity to discuss it further.

Sincerely,

Mark

A Concerned Crypto Market Participant]