

Westpac Online launches intl CFDs

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Westpac Online Investing adds international Contracts for Difference (CFDs) to its product suite.

Available from this week, Westpac Online investors will have access to CFD coverage across nine international markets that include international shares, share market indices, FX and commodities.

"This expanded CFD offering enables investors to gain leveraged exposure to a wider range of individual shares, share market indices, currencies and commodities, without needing to own the underlying asset," said James Staltari, head of Westpac Online Investing.

CFDs have risen in popularity post-GFC, with Investment Trends figures placing Australia's CFD market value at around \$350 million with the number of investors climbing from 32,000 in 2009, up 22 per cent to 39,000 in 2010.

"The market continues to grow significantly, and it appears that we will continue to see the strong upward trend for next few years," said Staltari.

Westpac Online investors can opt for long or short positions in these markets by providing a cash deposit, which acts as a margin, rather than paying the full value of the underlying position.

"As long as the investor's account can support any variation in margin and interest incurred, a share CFD position can be held indefinitely," Staltari said.

Yet actions from the Australian Securities and Investments Commissions (ASIC) in November last year have threatened the growth of the CFD.

Australia's CFD market, reportedly the second largest globally, was hit hard during the GFC with many investors exposed to the drawbacks of highly leveraged trades.

Accordingly on November 17 ASIC released its Consultation Paper 146 including a draft regulatory guide where CFD providers will provide PDSs and ongoing disclosures requiring them to address benchmarks on an "if not, why not" basis.

"Westpac Online Investing acknowledges that CFD trading is not suited to all individuals, and welcomes moves by ASIC in relation to tightening the regulations surrounding them," said Staltari.

"We believe that a well regulated market is beneficial to clients who trade, and healthy for the long term viability of the CFD market."

Elise Burgess

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