

Worried clients hit the phones

PUBLISHED: 02 Nov 2011 PRINT EDITION: 02 Nov 2011

Paulina Duran, John Kehoe and Jonathan Shapiro

Australia's largest providers of contracts for difference (CFDs) have been bombarded by inquiries from worried investors following MF Global's collapse.

Clients of IG Markets, CMC Markets, GFT Markets, CommSec and ETrade are trying to understand the implications of the collapse of MF Global on their trades. The CFD providers said customers were worried about their positions but denied speculation investors were withdrawing money.

"We have not seen any negative impact to our business," said IG Markets institutional dealer Chris Weston. "We have actually seen a lot of clients, MF Global clients, calling us up to see what we offer in terms of client segregation funds and in terms of DMA [direct market access] products as well."

But several retail CFD investors said they had withdrawn money from a number of CFD providers yesterday, after the local arm of MF Global was placed into voluntary administration.

The CFD market has quadrupled to about 41,000 active users in Australia in the past six years.

IG Markets is the biggest CFD player in Australia, with a 34 per cent market share. CMC Markets has a 20 per cent market share and MF Global follows with 11 per cent.

Managing director at CMC Markets for Australia and New Zealand Louis Cooper said: "We have seen no impact on CMC Markets. Client trading and account activity is as per normal today.

"This is not a CFD-specific story. MF Global is a broker that offers many different products such as equities, futures trading, futures clearing, commodities, fixed income, foreign exchange, options and derivatives."

AT GFT Markets, director of research Boris Schlossberg said the firm was having a "good dialogue" with clients and that investors were not acting in panic. "It is very natural of clients to question and discuss this issue with their brokers because this was a big event. "Investors just want to be reassured that their funds are safe and that markets are functioning smoothly, and they are. We have not had a stampede of withdrawals," he said.

MF Global is one of the major clearers in the futures market and has about 11 per cent of the local CFD market, including its "white label" products sold by CommSec and Westpac, according to researcher Investment Trends.

The Australian Financial Review

See also

- [Why accounting may have sunk MF Global](#)
- [DealBook | Aussie banks quick to dump MF Global loans](#)
- [Why MF Global is the perfect victim](#)