



## MEDIA RELEASE

### CFD Industry Welcomes Guidance on Enhanced Disclosure Framework

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The Australian Financial Markets Association (AFMA) welcomes the release by the Australian Securities and Investments Commission (ASIC) today of guidance that will ensure high standards of disclosure to retail investors in contracts for difference (CFDs). Regulatory Guide 227 *Over-the-Counter contracts for difference: Improving disclosure for retail investors* introduces benchmarks around key aspects of how CFD issuers interact with investors and requires issuers to ensure that disclosure to investors on these aspects are clear and informative.

AFMA represents, amongst others, the leading CFD issuers in Australia. CFD products have been available in Australia over the past nine years, during which they have proved popular with investors seeking both to manage their risks and to increase their wealth. CFDs have their place within a suite of financial products that offer a range of risk features to investors. AFMA's members support the objective of the Regulatory Guide to enhance the disclosure framework so that retail investors are well equipped to assess the risks and benefits of trading CFDs.

AFMA participated in the consultation process in the lead up to the release of the Regulatory Guide, and is pleased that the Guide reflects many of the suggestions made by the industry. In particular, the benchmark on client qualification will complement existing industry practice in ensuring that investors have a sound understanding of the features and risks of trading CFDs. The industry supports measures to ensure that investors that trade CFDs are informed and capable.

In parallel with the development of the Regulatory Guide, the industry has been developing Best Practice Guidelines to complement the disclosure standards in the Guide.

#### Notes for Editors:

The Australian Financial Markets Association (AFMA) is the leading industry association promoting efficiency, integrity and professionalism in Australia's financial markets and provides leadership in advancing the interests of all market participants. These markets are an integral feature of the economy and perform the vital function of facilitating the efficient use of capital and management of risk. Market participants perform a range of important roles within these markets, including financial intermediation and market making.

AFMA represents over 130 members, including Australian and international banks, leading brokers, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialised markets and industry service providers.

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