



SFE NOTICE NO.

136/08

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Immediately

CLARIFICATION OF PERMITTED ACTIVITY IN ASX CFD MARKET

Following receipt of clarification from ASIC in relation to the operation of Class Orders 08/751 and 08/752, ASX wishes to provide Market Participants with the following guidance on permissible activity in the ASX CFD Market following the introduction of the prohibition of covered short selling and the removal of Approved Short Sale Products in the ASX Market.

ASX CFD Trading Activity

Subject to SFE Operating Rules all Trading Participants are permitted to conduct both buy and sell transactions in all ASX CFD products.

ASX CFD Hedging Activity

Market Makers (as defined by the Corporations Act) Market Makers are permitted to buy and sell (including covered Short Sales¹) in the physical market for the purpose of hedging positions entered into in the course of their ASX CFD "market making activities" (refer to ASIC Class Order 08/752 and the Update on ASIC's Response to Short Selling ([Attachment A to SFE Notice 135/08](#))). Market Makers must report their "net covered short position" in accordance with section 1020BC(4) and ASX Market Rule 19.6 (refer to ASIC Class Order 08/751 and ASX Circular 466/08).

Non Market Makers are permitted to engage in buy and sell activity in the physical market **but** cannot engage in Short Selling: section 1020BD(1) (refer to ASIC Class Order 08/752).

	Trade Execution (Market Maker)	Trade Execution (Non Market Maker)	Hedge CFD Trading Activity - ASX listed stock (Market Maker)	Hedge CFD Trading Activity -ASX listed stock (Non Market Maker)
CFDs	Buy CFDs Sell CFDs	Buy CFDs Sell CFDs	Buy physical Sell physical Covered Short Sell, if to hedge ASX CFD "market making activities"	Buy physical Sell physical No Covered Short Sell

Should you have any queries please contact the undersigned on +61 2 9227 0308 or david.raper@asx.com.au.

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¹ Consistent with ASIC direction a Market Maker may not effect a short sale in a covered security if the Market Maker knows that the customer's or counterparty's transaction will result in the customer or counterparty establishing or increasing an economic net short position in an entity's share capital.

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