



# Target Market Determination

Contracts for Difference  
("CFDs")

## Target Market Determination

Issuer:	easyMarkets Pty Ltd., ABN 73 107 184 510, AFSL 246566
Product:	Contracts for Difference (“CFDs”)
Date of TMD:	5 October 2021

### 1. About this document

This document is a target market determination (“**TMD**”) for the purposes of section 994B of the Corporations Act 2001 (Cth) (“**Corporations Act**”) in respect of Contracts for Difference (“**CFDs**”) issued by **easyMarkets Pty Ltd**, ABN 73 107 184 510 AFSL 246566 (“**easyMarkets**”).

This document applies to retail clients only (“**Clients**”). This document is not to be considered a full summary of the product’s terms and conditions and is not intended to provide financial product advice. This document is not a Product Disclosure Statement (“**PDS**”) and Clients should read the PDS which outline the relevant terms and conditions of the CFDs to ensure they fully understand the risks involved, and consider seeking independent advice before making a decision about trading CFDs.

This TMD seeks to offer Clients, staff of easyMarkets and distributors with an understanding of the class of Clients for which this product i.e. CFDs has been designed, having regard to the objectives, financial situation and needs of the target market.

### 2. About CFDs – description and key attributes

CFDs are leveraged derivative products which enable Clients to indirectly benefit from the price movement of a range of underlying assets such as indices, cryptocurrencies, shares, commodities, and foreign exchange currency pairs (“**Underlying Instruments**”). They are not traded on an exchange but are traded ‘over-the-counter’ (“**OTC**”). This means that easyMarkets is the product issuer and is the counterparty with whom the Client deals.

In brief, a CFD is an agreement to exchange the difference in the value of an Underlying Instrument from the time the contract is opened until the time at which it is closed.

Being a leveraged product, CFDs enable Clients to take a trading position with exposure to a particular Underlying Instrument without needing to buy or sell the actual full value of the Underlying Instrument. CFDs involve significant risks, including the risk of loss of all the Client’s capital as well as a potential for profit.

Refer to our PDS for additional information, including the fees and charges.

### 3. Target market for easyMarkets’ CFDs

Given the diverse nature of Underlying Instruments and the different strategies that may be associated with trading CFDs, we consider that the target market for CFDs is a client that falls within one (or more) of the following categories, noting there may also be some overlap between categories:

- **Experienced investors** – Clients who understand the risks of CFDs and their Underlying Instruments.

- **Clients with medium to high-risk tolerances** – Trading CFDs is considered medium to high risk. This needs to be within a client’s reasonable means i.e., since CFDs are considered risky financial products, money used to trade in CFDs should be money that the Client is willing to lose. Clients attracted to trading CFDs often do so for speculative purposes.
- **Clients with good investment knowledge** - This includes Clients who have relevant industry experience, an academic degree in a financial related field, or have attended suitable relevant trading courses.
- **Clients with prior trading experience** - Clients with prior experience in financial markets and experience in trading leveraged financial products such as CFDs, including demonstration accounts on easyMarkets’ trading platform.
- **Risk mitigation investors** – Clients seeking to hedge potential risks from other investments.
- **Clients who pass the easyMarkets ‘Suitability Test’** – easyMarkets requires Clients to achieve a score of 60% or above to pass the Suitability Assessment.

#### 4. Likely objectives, financial situation and needs of Clients in target market

Overall, CFDs have been designed for Clients who have the following characteristics:

##### Objectives:

- Clients seeking to grow capital over the short to medium term, whilst accepting the risks associated with trading.
- Clients seeking to use a sophisticated proprietary online trading platform with unique features to transact in CFDs over various Underlying Instruments, using leverage.

##### Financial situation:

- Clients who have disposable income or capital to invest. There is a risk of Clients losing some or all of their capital when trading CFDs.
- Clients must be able to withstand losses from trading without causing distress or material impact to their living standards.

##### Needs:

- Clients who require or desire a higher return than that available from risk-free investments while accepting the returns are not guaranteed.

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## 5. Why CFD trading is likely to be consistent with the likely objectives, financial situation and needs of the target market

There are many reasons why Clients may trade in CFDs offered by easyMarkets. Some of these include the following (and for many Clients more than one of the following will apply):

1. Speculative reasons - To speculate on the rising or falling prices or levels of the Underlying Instruments i.e., Clients may take a view of a particular market or the markets in general and therefore, enter a CFD transaction according to this belief.
2. Trading strategy – Clients may employ the use of CFDs as part of their overall trading or investment strategy.
3. Flexibility - Clients can take long or short positions of a particular Underlying Instrument(s) depending on whether they think prices or levels will go up or down.
4. Diversification – Clients seeking to diversify their investments and allocate a percentage of their available capital to an alternate investment tool.
5. Duration of exposure – CFDs are often used due to the flexibility in contract size and duration.
6. Synthetic exposure - Clients are able to trade without actually buying or selling the Underlying Instrument (e.g., a physical share, currency or commodity).
7. Leverage i.e., to trade on margin - Clients are able to trade a proportion of the full value of the Underlying Instrument. This means that all trading activity occurs on a margined basis as opposed to Clients paying for the entire face value of the position.
8. Hedging purposes - Clients may use CFDs to reduce risk by hedging against an existing investment they hold (e.g., acquiring a CFD over shares the Client already holds).
9. Transaction costs – CFDs are attractive to some Clients due to their low transaction costs.
10. Liquidity – Certain CFDs, like foreign exchange currency pairs, are known for their liquidity and some Clients get comfort in the fact that these underlying markets cannot be swayed by large investors.
11. Educational reasons - easyMarkets products are specifically designed to simplify the experience of trading derivatives, as such they are a good fit for students learning about the financial markets.

### 5.1 Excluded classes of Clients

Many Clients will be outside the target market for CFDs. EasyMarkets CFDs have **not** been designed for Clients who:

1. do not want to include CFDs in their portfolio;
2. are under 18 years of age;

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3. cannot afford to lose the amount of money required to trade the CFDs without a material impact on their standard of living;
4. do not want to accept any losses or to invest in a negative trading scenario;
5. do not understand the risks of trading in CFDs;
6. have borrowed money to transact;
7. solely derive their income from benefits and/or borrowings;
8. require that their capital is guaranteed to not decrease (noting that investments in CFDs may go down as well as up);
9. have not passed easyMarkets' Appropriateness Assessment; or
10. have a low risk tolerance, other than those Clients who wish to use CFDs to hedge existing investments.
11. have indicated, directly or indirectly, that they may not be of sound mind or judgement or that they are suffering from an addiction or impairment that could prevent their clear comprehension of the associated risks when trading CFDs.

## 6. How this product is distributed

easyMarkets both issues and distributes all of the financial products and services it offers including CFDs.

Any person wanting to use the financial services and financial products offered by easyMarkets must be a direct Client. Although easyMarkets may market or promote its financial products through distributors, ultimately the issuer is easyMarkets and any prospective Client must satisfy easyMarkets' suitability criteria before that Client will be permitted access to the CFDs it issues.

### 6.1 Promotion and distribution channels

This product is designed to be promoted or distributed through the following means:

- 1. Online Advertising**  
Products promoted through websites, online, financial channels and appropriate social media.
- 2. Other Advertising**  
Products promoted through print media such as magazines, newspapers, television, radio, cell phones, various kinds of software and the Internet.
- 3. Public Relations & Sponsorship**  
Products or services promoted via public relations channels (including external service providers), providing content or running targeted events.
- 4. easyMarkets Representatives**  
Utilising existing networks and referred business from active clients.

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## 6.2 Distribution conditions

Distribution and promotion of CFDs can only take place where the distribution criteria have been overlaid to be reasonably likely to only reach Clients in the target market.

In any event, CFDs should only be distributed to a Client where they meet the eligibility requirements determined by easyMarkets and the Client is reasonably likely to fall within the target market.

## 6.3 Adequacy of distribution conditions and restrictions

easyMarkets has internal processes in place to assess the eligibility criteria of Clients from different distribution channels. The distribution criteria ensure that only Clients who fall within the target market of this TMD can access the products offered including CFDs. Distribution conditions are reviewed regularly to ensure their adequacy.

## 7. Reviewing this TMD

easyMarkets will review this TMD in accordance with the below:

<b>Initial review</b>	Within 12 months of the effective date i.e. prior to 5 October 2022.
<b>Periodic reviews</b>	At least each year from the initial review.
<b>Review triggers or events</b>	<ul style="list-style-type: none"> <li>• The review triggers that may suggest that the TMD is no longer appropriate, such that a review of the TMD should be undertaken, include:</li> <li>•</li> <li>• easyMarkets becomes aware of a significant issuance of CFDs to Clients outside the target market;</li> <li>• material changes to CFDs as a result of new or amended functionality, whereby the key attributes are no longer consistent with the likely objectives, financial situation and needs of Clients in the target market;</li> <li>• material changes to the business of easyMarkets;</li> <li>• material changes to law or regulation affecting CFDs;</li> <li>• easyMarkets becomes aware of a significant volume of complaints from Clients using CFDs;</li> <li>• easyMarkets becomes aware of an occurrence of a significant dealing;</li> <li>• easyMarkets becomes aware of a significant losses by Clients using CFDs where it has caused a distress or material impact to their living standards;</li> <li>• changes to liquidity of the Underlying Instruments; or</li> <li>• any other event or circumstance that would materially change a factor taken into account in making this TMD for CFDs.</li> </ul>

Where a review trigger has occurred, this TMD will be reviewed, and updated where required, within 10 business days.

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## 8. Reporting and monitoring this TMD

The following information must be provided to easyMarkets by distributors (including easyMarkets and its staff) who engage in product distribution conduct in relation to easyMarkets CFDs:

<b>Complaints</b>	Distributors will report all complaints in relation to the product covered by this TMD i.e. CFDs, on a quarterly basis. This includes the number and substance of complaints, including all details about the complaint, excluding personally identifiable information.
<b>Significant dealings</b>	<p>Distributors will report if they become aware of a 'significant dealing' in relation to this TMD within 10 business days. This includes the date or date range of the significant dealing and a description of the significant dealing (e.g. why it is not consistent with the TMD). Whether or not a dealing is significant is a matter to be determined in the circumstances of each case. Notwithstanding, a number of factors should be considered such as:</p> <ul style="list-style-type: none"> <li>(i) the proportion of Clients who are not in the target market;</li> <li>(ii) the actual or potential harm to Clients, including the amount of any financial loss, resulting from Clients who are not in the target market acquiring the product;</li> <li>(iii) the nature and extent of the inconsistency of distribution with the TMD;</li> <li>(iv) the proportion of gross income obtained from the product in respect of Clients who are not in the target market acquiring the product; and</li> <li>(v) the time period in which these acquisitions outside the target market occurred.</li> </ul>

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**Trade Responsibly:** easyMarkets Pty Ltd (AFSL 246566, ABN 73 107 184 510) makes no recommendations as to the merits of any financial product referred to in this advertisement, emails or its related websites and the information contained does not take into account your personal objectives, financial situation and needs. Therefore, you should consider whether these products are appropriate in view of your objectives, financial situation and needs as well as considering the risks associated in dealing with those products. easyMarkets Pty Ltd recommends that you read the PDS, the Client Agreement and the FSG (visit: [www.easyMarkets.com.au](http://www.easyMarkets.com.au)) before making any decision concerning easyMarkets Pty Ltd financial products. Derivative trading involves substantial risk of loss. Do not invest money you cannot afford to lose.

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