



Target Market Determination

Forward Contract (“Forward”)

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Issuer:	easyMarkets Pty Ltd, ABN 73 107 184 510, AFSL 246566
Product:	Forward Contract ("Forward")
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 Forward Contracts ("**Forwards**") 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 outlines the relevant terms and conditions of a Forward to ensure they fully understand the risks involved, and consider seeking independent advice before making a decision about trading Forwards.

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., Forward has been designed, having regard to the objectives, financial situation and needs of the target market.

2. About Forwards – description and key attributes

Forwards offered by easyMarkets is a currency rate deal where the settlement date of the underlying currency pair is later than two working days after the date of entering the deal.

Forwards are essentially a contract between the Client and easyMarkets to either buy or sell a specific currency pair at a specific rate on a specified date in the future. Forwards are used to lock in a price for speculative purposes or to hedge when a Client has a commitment to either take or make a foreign exchange payment at a specified date in the future.

Forwards are generally used by importers, exporters and investors who seek to lock in exchange rates for a future date in order to hedge their foreign currency cash flows. However, it is not only hedgers who can benefit from Forwards. Any person may purchase a Forward provided they are prepared to take a risk on the movement in the value of the underlying currency pair.

Forwards are used when one party wants to perform a transaction at a future date in a foreign currency, for example, if a Client wants to buy something from Japan, but they will not be charged until a few weeks after the purchase date. If the Client agreed to pay the person selling the item \$USD100 but their local currency is Yen, there is no guarantee that the \$USD 100 will be worth the same amount of Yen in a few weeks after the purchase date. To avoid paying more the Client can purchase a Forward and lock in the current rate for settlement at a future date.

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Forwards are generally used to lock in a price i.e. to help mitigate and manage risk or to speculate on movements in the underlying currency pair.

3. Target market for easyMarkets' Forwards

Given the nature of a Forward, we consider that the target market for Forwards is a Client that falls within one (or more) of the below categories, noting there may also be some overlap between categories:

- **Experienced investors** – Clients who understand the risks when trading Forwards.
- **Clients with medium to high-risk tolerances** – where Forwards are only used to hedge (or lock-in a future price), Forwards are considered relatively low risk as the value of the currency being hedged will move in the opposite direction to the value of the Forward. However, where Forwards are used for speculative purposes, Forwards are considered medium to high risk. In the event of a Client using Forwards for speculative purposes, money used to trade Forwards should be money that the Client is willing to lose.
- **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 Forwards or Contracts for Difference, including demonstration accounts on easyMarkets' trading platform.
- **Risk mitigation investors** – Clients seeking to hedge or lock in the future price they will pay.
- **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, Forwards have been designed for Clients who have the following characteristics:

Objectives:

- Clients seeking to lock in a price to hedge a proposed transaction i.e. to mitigate and manage risk.
- Clients seeking to use a sophisticated proprietary online trading platform with unique features to transact in Forwards.

Financial situation:

- Clients must be able to withstand losses from trading without causing distress or material impact to their living standards. Essentially, if the price of currency pair drops the Client is fully protected, but does not benefit if the price of the currency pair increases.

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Needs:

- Clients who want to mitigate and manage risk.
- When using Forwards to speculate, Clients who require or desire a higher return than that available from risk-free investments while accepting the returns are not guaranteed.

5. Why trading Forwards 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 Forwards offered by easyMarkets. Some of these include the following (and for many Clients more than one of the following will apply):

1. Hedging purposes - Forwards allow Clients to decrease the risk of losses when movements in foreign exchange rates are particularly volatile.
2. Lock-in attractive prices – Forwards enable Clients to lock in a price for settlement in the future.
3. Speculative purposes - To speculate on the rising or falling foreign exchange rates i.e. Clients may take a view of a particular foreign exchange rate and therefore, enter a Forward deal according to this belief.
4. 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 Forwards. easyMarkets Forwards have **not** been designed for Clients who:

1. do not want to include Forwards in their portfolio;
2. are under 18 years of age;
3. cannot afford to lose the amount of money required to trade a Forward without a material impact on their standard of living;
4. do not want to accept any losses;
5. do not understand the risks of trading in Forwards;
6. have borrowed money to transact;
7. require that their capital is guaranteed to not decrease;
8. have not passed easyMarkets' Suitability Assessment; or
9. have a low risk tolerance, other than those Clients who wish to use Forwards to hedge existing investments.

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10. 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 transacting Forwards.

6. How this product is distributed

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

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 Forwards 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 garnering referred business from active clients.

6.2 Distribution conditions

Distribution and promotion of Forwards 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, Forwards 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

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access the products offered including Forwards. Distribution conditions are reviewed regularly to ensure their adequacy.

7. Reviewing this TMD

easyMarkets will review this TMD in accordance with the below:

Initial review	Within 12 months of the effective date i.e. prior to 5 October 2022.
Periodic reviews	At least each year from the initial review.
Review triggers or events	<p>The review triggers that may suggest that the TMD is no longer appropriate, such that a review of the TMD should be undertaken, include:</p> <ul style="list-style-type: none"> ● easyMarkets becomes aware of a significant issuance of Forwards to Clients outside the target market; ● material changes to Forwards 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; ● material changes to the business of easyMarkets; ● material changes to law or regulation affecting Forwards; ● easyMarkets becomes aware of a significant volume of complaints from Clients using Forwards; ● easyMarkets becomes aware of an occurrence of a significant dealing; ● easyMarkets becomes aware of a significant losses by Clients using Forwards where it has caused a distress or material impact to their living standards; ● changes to liquidity of the underlying currency pair; or ● any other event or circumstance that would materially change a factor taken into account in making this TMD for Forwards.

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

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 Forwards:

Complaints	Distributors will report all complaints in relation to the product covered by this TMD i.e. Forwards, on a quarterly basis. This includes the number and substance of complaints, including all details about the complaint, excluding personally identifiable information.
Significant dealings	<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"> (i) the proportion of Clients who are not in the target market; (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; (iii) the nature and extent of the inconsistency of distribution with the TMD; (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 (v) the time period in which these acquisitions outside the target market occurred.

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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) 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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