

# Target Market Determination

Issuer:	easyMarkets Pty Ltd, ABN 73 107 184 510, AFSL 246566
Product:	Contracts for Difference (“CFDs”)
Date of TMD:	18 <sup>th</sup> October 2023

## 1. Introduction

easyMarkets Pty Ltd (referred to as **easyMarkets, us, our** or **we**) is a product issuer and issues CFDs to clients, including retail clients. We hold an Australian Financial Services License, number 246566.

## 2. 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**. The design and distribution obligations set out in Part 7.8A of the Corporations Act (“**DD Obligations**”) apply to the issue and distribution of CFDs to retail clients only (“**Clients**”) from 5 October 2021. The DD Obligations aim to assist Clients to obtain appropriate financial products by requiring product issuers and distributors to have a consumer-centric approach to the design and distribution of financial products.

The purpose of this document is to describe the target market of Clients for our CFDs, and to address the DD Obligations that apply to TMDs. If you are a retail client, you should refer to the relevant Product Disclosure Statement (“**PDS**”) before deciding whether to acquire or continue to hold the relevant product. You can get a copy of the PDS from our website. You should not base any decision to trade on the contents of this TMD, and this document is not suitable for the purposes of deciding whether to open a trading account or trade in CFDs.

## 3. About CFDs – description and key attributes

CFDs are complex and leveraged derivative financial products which enable Clients to indirectly benefit from the price movement of a range of underlying instruments 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 a particular Underlying Instrument from the time the contract is opened until the time at which it is closed. This allows Clients to speculate on rising or falling prices of an Underlying Instrument.

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.

## 4. Target market for easyMarkets’ CFDs

The target market for our CFDs includes clients who satisfy each of the following criteria:

- over the age of 18; and

- who wish to trade CFDs for one of the following purposes:
  - speculative trading; or
  - hedging (including hedging exposure to Underlying Instruments and hedging positions taken in relation to other CFDs); or
  - gaining exposure to price movements in the Underlying Instruments; and
- who have a high investment risk appetite; and;
- who can accept losses that can be as great as the sum of their deposits; and
- who have a short term investment horizon.

## 5. Why our CFDs, including their key attributes, are likely to be consistent with the likely objectives, financial situation and needs of Clients in the target market

Further details regarding easyMarkets' target market for CFDs trading is set out below.

Criteria	Scope and key attributes
Client type	Retail clients. This target market determination does not apply to wholesale clients, including sophisticated investors and professional investors.
Ability to bear losses	Clients who are prepared to lose amounts that can be as great as the sum of their total deposits. This is because CFDs are leveraged products and Clients risk losing their entire trading account balance.
Tolerance to risk	CFDs are suitable for clients with a high investment risk tolerance. Because CFDs are leveraged products, Clients risk losing their entire trading account balance. See our PDS for more information about the key risks of trading CFDs.
Client needs	<p>Our CFDs and their key attributes are likely to be consistent with the objectives, financial situation and needs of those Clients who:</p> <ol style="list-style-type: none"> <li>1. have a short term investment horizon;</li> <li>2. wish to:           <ol style="list-style-type: none"> <li>(a) trade in CFDs, including for speculative or hedging purposes; or</li> <li>(b) to gain exposure to price movements of the Underlying Instruments;</li> </ol> </li> <li>3. have a high investment risk tolerance; and</li> <li>4. can afford to bear losses.</li> </ol> <p>Our CFDs are designed to be suitable only for Clients with the likely objectives, financial situation and needs described above. This is because our CFDs (and CFDs generally):</p> <ul style="list-style-type: none"> <li>● are leveraged and volatile, and expected returns may be positive or negative. Consumers can lose amounts that can be as great as the sum of their total deposits (including amounts</li> </ul>

	<p>deposited to meet margin calls);</p> <ul style="list-style-type: none"> <li>• are short term contracts (measured in days, weeks or months rather than years) and attract overnight funding costs when holding positions open overnight which further increases the cost of holding these products, over a longer investment timeframe;</li> <li>• allow Clients to speculate on (and gain exposure to) movements in the value of the CFD's Underlying Instrument without having to purchase an interest in it.</li> </ul>
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## 5.1 Excluded classes of Clients

Many Clients will be outside the target market for our CFDs. easyMarkets' CFDs are not compatible with the needs of Clients who:

1. do not want to include CFDs in their investment portfolio;
2. are under 18 years of age;
3. cannot afford or are not willing to lose the sum of their deposits;
4. primarily derive their income from social security payments and/or borrowings or have borrowed money to trade;
5. require that their capital is guaranteed to not decrease;
6. have a low risk tolerance or even a medium risk tolerance.
7. are vulnerable including Clients who are vulnerable for any of the following reasons:
  - a. elderly or suffering an age-related impairment
  - b. suffering from elder or financial abuse
  - c. suffering from mental or other forms of serious illness affecting capacity
  - d. suffering from any form of addiction
  - e. any other personal or financial circumstances causing significant detriment;
8. reside in a country which restricts or prohibits trading in CFDs;
9. are in financial hardship or going through bankruptcy;
10. are seeking medium to long term investments;
11. wish to buy and hold assets for capital protection or stability; or
12. are seeking regular or otherwise predictable returns on their investments.

## 6. How this product is distributed

Our CFDs are distributed directly by us, easyMarkets Pty Ltd.

We will take reasonable steps to ensure that both we and any Distributors we may appoint, distribute the financial product to the identified target market.

To ensure that the distribution strategy is consistent with the identified target market, we have several processes in place to determine whether the Clients who are potential clients fall within the identified target market.

## 6.1 Our onboarding process

easyMarkets will assess whether potential clients fall within the identified target market during the onboarding process, before approving them and allowing them to trade CFDs on the trading platform and thereafter on a periodic basis.

Our onboarding process includes a questionnaire designed to assess a prospective client's:

- knowledge and experience
- financial situation and ability to bear losses
- risk tolerance
- likely objectives and needs

## 6.2 Marketing process

We will also take reasonable steps to ensure that our marketing strategy and the marketing strategy of any Distributors we may appoint is targeting potential clients who fall within the identified target market. No Distributor may release marketing materials without obtaining our prior written consent.

The Promotion of our CFDs can only take place where the promotion channel and the promotional materials have been assessed by [the easyMarkets compliance team] to be reasonably likely to only reach Clients in the identified target market.

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.
5. Refer a Friend (non-retail clients): For sophisticated investors, they may refer another sophisticated investor and receive a referral payment for doing so.

## 7. Reviewing and monitoring this TMD

easyMarkets will review this TMD in accordance with the below:

### Initial review

The first review of this TMD occurred 23<sup>rd</sup> March 2023.

<b>Periodic reviews</b>	Subsequent reviews of the TMD will occur on each anniversary of the initial review date.
<b>Review triggers or events – additional reviews</b>	<p>We will also review the TMD where the following review triggers occur as these triggers may suggest that the TMD is no longer appropriate:</p> <ul style="list-style-type: none"> <li>● Where there are significant dealings (issuing CFDs) in easyMarkets' CFDs, which are not consistent with the target market or this TMD. This trigger occurs where significant distribution is occurring outside the target market, and does not refer to any one particular dealing in CFDs;</li> <li>● material changes to our CFDs as a result of new or amended features or trading functionality, such that the key attributes of the CFDs are no longer consistent with the likely objectives, financial situation and needs of Clients in the target market;</li> <li>● there are material changes to the business of easyMarkets;</li> <li>● there are material changes to the law or regulations applicable to CFDs;</li> <li>● easyMarkets has received relevant complaints or noted any relevant complaint trends;</li> <li>● where a Distributor has reported relevant complaints or noted any relevant complaint trends;</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>● where easyMarkets has detected significant issues with the distribution of its CFDs though its monitoring of its own day-to-day activities, or the monitoring and supervision of its Distributors;</li> <li>● changes to liquidity of the Underlying Instruments;</li> <li>● any other event or circumstance that would materially change a factor taken into account in making this TMD for CFDs;</li> <li>● whenever a new product, platform or technology is brought to market by easyMarkets.</li> </ul>

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

## 8. Distributors– information collecting and reporting

As part of the process for monitoring and reviewing the TMD to determine whether it is still appropriate, each Distributor must provide us with the following on a quarterly basis, within 10 business days of the end of each calendar quarter – 31 March, 30 June, 30 September and 31 December, each year:

<b>Complaints data</b>	<ul style="list-style-type: none"> <li>● Distributors will report all complaints in relation to the product covered by this TMD i.e. CFDs, on a quarterly basis. This includes information about the complaints received including the number and substance of the complaints (but only where the Distributor received complaints in relation to the product during the reporting period).</li> </ul>
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<b>Other data</b>	<ul style="list-style-type: none"> <li>• Client feedback, including regarding performance of the product (but only where such feedback was received during the reporting period);</li> <li>• Requests for information that the Distributor has received from clients (but only where such requests were received during the reporting period);</li> <li>• Percentage of sales to clients who are not in the target market (but only where such sales occurred during the reporting period);</li> <li>• Volume of sales (but only where such sales occurred during the reporting period).</li> </ul>
<b>Significant dealings</b>	<p>In addition to the reporting requirements above, each Distributor must report:</p> <ul style="list-style-type: none"> <li>• any ‘significant dealings’ outside of the TMD, as soon as practicable and in any event within 10 business days of such dealing. 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).</li> <li>• any individual complaints received as soon as practicable and in any event within 5 days of receiving such a complaint.</li> </ul>

We reserve the right to amend the TMD at any time if such amendment is needed as a result of any changes to the law or regulations, regulatory guidance, or for any reason we consider as a proper reason to amend the TMD.

## 9. Contact

For more information about this Target Market Determination – CFDs, please contact:

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