

Target Market Determination

Contracts for Difference (CFDs)

28 February 2024

Introduction

INGOT Brokers (Australia) Pty Ltd. (“INGOT Brokers Australia”, “us”, “our”, or “we”) operates a Contracts for Difference (CFDs) business. INGOT Brokers Australia is a product issuer and issues CFDs to clients, including retail clients. The design and distribution obligations set out in Part 7.8A of the *Corporations Act 2001* (**DD Obligations**) apply to the issue and distribution of CFDs to **retail clients** (“**Clients**”) from 5 October 2021.

We are authorised and regulated by the Australian Securities and Investments Commission (ASIC), with licence number 428015 and a registered office located at Level 21, 60 Margaret Street, Sydney, NSW 2000, Australia.

The DD Obligations aim to assist Clients in obtaining 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 target market determination (**TMD**) is to describe the target market of Clients for our CFDs, and to address the DD Obligations that apply to TMDs.

Clients 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 relevant 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 purpose of deciding whether to open a CFDs trading account or trade in CFDs.

Financial Products Issued by Us

CFDs are complex and leveraged financial products, which are traded over the counter (OTC) and not through a regulated market. CFDs are agreements to exchange the difference in the value of a particular underlying asset. This allows Clients to speculate on rising or falling prices of an underlying asset.

We issue CFDs in respect of the following underlying assets:

- Currency Pairs ([for more information](#));
- Commodities, including precious metals ([for more information](#));
- Indices, including stock market indices ([for more information](#));
- Stocks ([for more information](#))
- ETFs ([for more information](#))

The Target Market

The target market for our CFDs includes the following classes of Clients:

- Are above the age of 20;
- Exhibit an understanding of margin and leverage basics, CFD trading risks, including significant loss potential, associated fees and costs, CFD pricing strategies, and the mechanisms of CFD trading.
- Possess ample financial resources to withstand losses equivalent to their entire investment without significantly impacting their living standard;
- Fall within one or more of the below categories:
 - Clients seeking to make a profit via speculation; or
 - Clients seeking to hedge against potential future losses or safeguard prior investment gains.

Targeted Clients' likely objectives, financial situation, and needs:

Those Clients who satisfy the above criteria and wish to trade CFDs for investment purposes, including one or more of the following reasons, are in the target market.

High Risk Tolerance Investors:

- **Likely objectives:** Speculative trading using leverage to seek higher returns through short-term exposure to a wide range of domestic and foreign asset price movements in both rising and falling markets.
- **Likely financial situation:** Features a considerable, stable disposable income or ample liquid assets designated for CFD trading, along with the ability to withstand trading losses without significantly impacting their lifestyle.
- **Likely needs:** The wish to use spare capital to make enhanced returns.

Risk Mitigation Investors:

- **Likely objectives:** Preserving previous earnings or reducing potential future losses to lower the cost of securing economic interest in Underlying Reference Instruments.
- **Likely financial situation:** Having investments or exposures they aim to hedge.
- **Likely needs:** Protection against losses or securing profits.

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) are highly leveraged and volatile, and expected returns may fluctuate, potentially resulting in the total loss of your deposit.

Target Market – Criteria, Scope, and Key Attributes

Further details regarding INGOT Brokers Australia’s target market for CFDs trading is set out below.

Criteria	Scope and Key Attributes
Client Type	<p>Retail Clients</p> <p>This target market determination does not apply to wholesale clients, including sophisticated investors and professional investors.</p>
Knowledge and Experience	<p>Only Clients who have the requisite knowledge and experience to trade in CFDs, as assessed by INGOT Brokers Australia.</p> <p>INGOT Brokers Australia undertakes assessment of the Consumer’s experience and knowledge in trading in CFDs prior to approving and distributing the products to the Client.</p>
Ability to Bear Losses	<p>Clients who are prepared to lose amounts that can be as great as the sum of their total deposits.</p>
Tolerance to Risk	<p>CFDs are suitable for Clients with high investment risk tolerance.</p> <p>Please note that there are particular risks associated with trading CFDs, including but not limited to the risk of leveraged trading, market risk and liquidity risk.</p> <p>The risk of leveraged trading: Leverage enables you to gain a large exposure to a financial market with a relatively small amount of money. This means that any move in the market will have a greater effect on gains and losses than purchasing the same value of underlying assets.</p> <p>Market risk: Market conditions can change significantly in a very short period of time. You are responsible for monitoring your positions and placing stops to manage risks.</p> <p>Liquidity risk: Market conditions may change rapidly and become volatile, which could lead to margin call. If a Client could not meet the margin requirements quick enough, some or all of the Client’s positions will be closed out.</p>

**Clients for Whom
CFDs are Unsuitable**

CFDs are generally unsuitable for the following classes of Clients who:

- Are 20 years of age and under;
- Reside in a country which restricts or prohibits trading in CFDs;
- Are in financial hardship or going through bankruptcy;
- Cannot afford to lose the deposited amount without significant impact on their standard of living;
- Do not have the requisite knowledge for trading in CFDs;
- Have a low tolerance to risk;
- Have longer term investment timeframes;
- Do not have the ability and/or willingness to lose the sum of their deposits;
- Have low levels of literacy or numeracy, financial literacy, and/or technological literacy;
- Are seeking capital protection or stability;
- Are seeking regular or predictable returns on their investments;
- Earn an annual income below AU\$ 39,999 and possess less than AU\$ 99,999 in liquid assets; and
- Earn an annual income below AU\$ 64,999 and possess less than AU\$ 9,999 in liquid assets.

Clients who are in any of the above categories are not in the target market for CFDs.

Distribution Conditions

Our CFDs are distributed by:

- INGOT Brokers Australia; and
- Various third parties are also involved in the distribution of our CFDs, including various introducing brokers and referrers (each a “**Distributor**”, and together, “**Distributors**”).

Any distribution of CFDs by INGOT Brokers Australia to retail Clients will be in accordance with the procedures we determine.

No party may engage in the distribution of our CFDs unless they have entered into a Service Level Agreement with us.

We will take reasonable steps to ensure that both we and any Distributors, 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 ensure that the Clients who are potential clients fall within the identified target market.

INGOT Brokers Australia will verify 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.

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

Any new marketing campaign shall be reviewed and approved by INGOT Brokers Australia prior to its publication, to check that it does not contain elements which may attract potential clients outside of the intended target market.

Monitoring and Reviewing the TMD

Periodic reviews

We will perform periodic reviews of this TMD.

The first review of this TMD will occur in January 2022.

Subsequent reviews of the TMD will occur at least annually.

Review triggers – additional reviews

We will also review the TMD where the following review triggers occur:

- Where there are significant dealings (issuing of CFDs) in INGOT Brokers Australia's 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;
- Where a Distributor has reported a significant number of complaints or noted any relevant complaint trends;
- Where we have received a significant number of complaints or noted any relevant complaint trends;
- Where we have detected significant issues with the distribution of our CFDs through our monitoring of our own day-to-day activities, or the monitoring and supervision of our Distributors; or
- Where law- or regulation-related CFDs are changed.

Distributors – Information Collecting and Reporting Requirements

The information below must be reported to INGOT Brokers Australia by Distributors who engage retail Clients:

- **Significant dealing outside the target market:** Significant dealing(s) must be reported to us within 10 business days after becoming aware of them.
- **Complaints:** Complaints related to CFDs must be reported to us within three business days after being received.

As part of the process of monitoring and reviewing the TMD to determine whether it is still appropriate, each Distributor must provide the following to us 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:

- Complaints data: Information about the complaints received, including the number of complaints received;
- Consumer feedback;
- Requests for information that the Distributor has received from Clients;

- The percentage of sales to Clients who are not in the target market;
- The volume of sales; and
- Web analytics.

If you wish to become a Distributor of our CFDs, please contact us for further information and for a copy of our prescribed reporting template.

Update to the TMD

INGOT Brokers Australia reserves the right to amend the TMD at any time if such amendment is needed as a result of any change to the law or regulations, regulatory guidance, or for any reason INGOT Brokers Australia considers as a proper reason to amend the TMD.

Contact

For more information about your Target Market Determination – CFDs, please contact us at info@ingotbrokers.com.au