

# Target Market Determination

## Contracts for differences (CFDs)

ForexCFDs Australia is a registered Business Name of the issuer:

Sirius Financial Markets Pty Ltd

ACN 142 189 384

Australian Financial Services Licence No. 439907

## Introduction

Sirius Financial Markets Pty Ltd, trading as ForexCFDs Australia (ForexCFDs, Sirius, we, us or we), 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 439907 and registered office located at Unit 2102, L 21, 264-278 George Street, SYDNEY NSW 2000.

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 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.

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 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. A CFD is an agreement which allows you to make a profit or loss from fluctuations in the price of an Underlying Instrument. You do not own, or have any interest or right, in the Underlying Instrument; or have the ability to transfer the Underlying Instrument to another broker, or Exchange, or to trade the Underlying Instrument on an Exchange by entering into a CFD Contract with ForexCFDs.

### **We issue CFDs in respect of the following underlying assets:**

We offer the following asset classes of CFDs:

- Currencies CFDs
- Commodities CFDs, including metals (Gold, Silver and Platinum), energy (Crude Oil); Proprietary products may be based on spot and/or Futures prices.
- Stock market Indices CFDs; Proprietary products may be based on spot and/or Futures prices.

Please visit the Trading Platforms or our website for the list of CFDs.

## The target market

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

**Clients who satisfy each of the following criteria:**

- Clients above the age of 18;
- Clients who have the required knowledge for the purposes of trading in CFDs;
- Clients who are seeking to explore trading opportunities from rising or falling markets;
- Clients who have high investment risk tolerance including the capacity to bear losses that can be as great as the sum of their deposits; and
- Clients who prefer a short to medium term investment horizon.

**For those Clients who satisfy the above criteria**

Those Clients who satisfy the above criteria and wish to trade CFDs, including for one or more of the following purposes:

- speculative trading;
- hedging (including hedging exposure to underlying assets and/or hedging positions taken in relation to other CFDs); and
- gaining exposure to price movements of the underlying assets, e.g. currencies, including where exposure to such underlying assets may not be otherwise as readily available, or where such exposure is required at short notice,

are in the target market for ForexCFDs' CFDs.

**Target market – criteria, scope and key attributes**

Further details regarding ForexCFDs’ target market for CFDs trading is set out below.

Criteria	Scope and key attributes
<b>Client type</b>	<p>Retail clients</p> <p>This target market determination does not apply to wholesale clients, including sophisticated investors and professional investors</p>
<b>Knowledge and experience</b>	<p>Only clients who have the requisite knowledge and experience to trade in CFDs, as assessed by ForexCFDs</p> <p>ForexCFDs undertakes an assessment of the client’s experience and knowledge trading in CFDs prior to approving and distributing the products to the client, which includes but is not limited to client suitability test pursuant to RG227</p>
<b>Ability to bear losses</b>	<p>Clients who are prepared to lose amount that can be as great as the sum of their total deposits</p>
<b>Tolerance to risk</b>	<p>CFDs are suitable for clients with high investment risk tolerance, given the high degree of leverage inherent in our products.</p>
<b>Client needs</b>	<p>Our CFDs and their key attributes are likely to be consistent with the likely objectives, financial situation and needs of those Clients who:</p> <ul style="list-style-type: none"> <li>• have a short to medium term investment horizon;</li> <li>• wish to trade in CFDs, including for speculative or hedging purposes, wishing to gain exposure to price movements of the relevant underlying assets (e.g currencies);</li> <li>• have a high investment risk tolerance; and</li> <li>• can afford to bear losses.</li> </ul> <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) are highly leveraged and volatile, and expected returns may be positive or negative.</p> <p><b><u>Our products are not compatible with the needs of clients who:</u></b></p> <ul style="list-style-type: none"> <li>• are seeking capital protection or stability;</li> <li>• are risk-averse;</li> <li>• are seeking regular or otherwise predictable returns on their investments;</li> <li>• cannot afford to bear losses;</li> <li>• are vulnerable clients as described below.</li> </ul>

Clients for whom CFDs are unsuitable:

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

- Clients below the age of 18;
- Clients who reside in a country which restricts or prohibits trading in CFDs;
- Clients who are in financial hardship or going through bankruptcy;
- Clients who do not have the requisite knowledge for trading in CFDs;
- Clients who have a low tolerance to risk;
- Clients who do not have the ability and willingness to lose the sum of their deposits;
- Clients who have low levels of literacy or numeracy, financial literacy and technological literacy;
- Clients who wish to trade using their retirement savings, income, or cash that the clients rely on for living expenses or personal savings;
- Vulnerable Clients, including Clients who are vulnerable for any of the following reasons:
  - > elderly or suffering an age-related impairment;
  - > suffering any form of cognitive impairment;
  - > suffering from elder or financial abuse;
  - > job loss and no other source of income or sufficient savings;
  - > suffering from mental or other forms of serious illness affecting capacity; or
  - > any other personal or financial circumstances causing significant detriment.

## Distribution conditions

Our CFDs are distributed by:

- Sirius Financial Markets Pty Ltd; and
- various third parties may also be involved in the distribution of our CFDs, including various introducing brokers and referrers (each a **Distributor**, and together, the **Distributors**)

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 potential clients fall within the identified target market. ForexCFDs has processes in place to 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. ForexCFDs will provide appropriate training and scripts to all staff operating in its offices.

We will also take reasonable steps to ensure that our marketing strategy and the Distributors of marketing strategy 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 Sirius prior to its publication, to check that it does not contain elements which may attract potential clients outside of the intended target market.

Third party distributor of CFDs issued by Sirius are assessed by Sirius of their capacity to comply with the distribution conditions imposed and meet its own obligations as a distributor. Factors would include an assessment of the distributor's resources, internal controls, past conduct, experience with the target market and competence to distribute the financial product to the target market. Third-party distributors must maintain appropriate policy and procedures and implement controls to ensure the CFDs being distributed are in accordance with this TMDs. Sirius considers the likelihood of the third-party distributor's conduct being inconsistent with the TMD for the financial product. If Sirius has information that would lead a reasonable person to have conduct or resourcing concerns about a distributor, Sirius would undertake an assessment of the risk and the available steps to mitigate that risk in forming a view on whether it is reasonable to use that distributor.

## Monitoring and reviewing the TMD

### Periodic reviews

**We will perform periodic reviews of this TMD.**

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

Subsequent reviews of the TMD will occur on each anniversary of the first review date.

### Review triggers – additional reviews

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

- where there are significant dealings in issuing 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 large volume of complaints;
- where we have received a large volume of complaints;
- 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.

### Distributors – information collecting and reporting requirements

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

- Complaints received related to SFM's offering must be reported to Sirius within 24 hours
- Significant dealings outside the target market should be reported to Sirius as soon as practicable and in any case within 10 business days after becoming aware.

In addition, each Distributor must provide to Sirius 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 on complaints received, including the number received;
- Consumer feedback (including regarding performance of the product);
- Requests for information that the Distributor has received from clients;
- Number of new clients; and
- Percentage of new clients who are not in the target market.

No party may engage in the distribution of our CFDs unless they have entered into a service level agreement with us. 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.

## Contact

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



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