

Target Market Determination

Contracts for difference (CFDs)

INGOT Brokers (Australia) Pty Ltd

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AFSL: 428015



Introduction

INGOT Brokers Australia (referred to as 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 registered office located at Level 21, 60 Margaret Street, Sydney, NSW 2000, Australia.

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.

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](#))
- Cryptoassets ([for more information](#))

The Target Market

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

- are above the age of 18;
- have the requisite knowledge for trading in CFDs;
- can accept losses that can be as great as the sum of their deposits;
- have high investment risk appetites; and
- have a short term investment horizon;

For those Clients who satisfy the above criteria's

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

- speculative trading;
- taking long or short positions for particular underlying assets;
- trading without buying or selling the actual underlying assets;
- hedging (including hedging exposure to underlying assets and hedging positions taken in relation to other CFDs); and
- gaining exposure to price movements of the underlying assets - currencies, stocks, Indices, ETFs, commodities and cryptoassets (including cryptocurrencies), 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 INGOT Brokers Australia's CFDs.

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 | Retail clients This target market determination does not apply to wholesale clients, including sophisticated investors and professional investors |
| Knowledge and experience | Only clients who have the requisite knowledge and experience to trade in CFDs, as assessed by INGOT Brokers Australia. INGOT Brokers Australia undertakes assessment of the Consumer’s experience and knowledge trading in CFDs prior to approving and distributing the products to the client |
| Ability to bear losses | Clients who are prepared to lose amounts that can be as great as the sum of their total deposits |
| Tolerance to risk | CFDs are suitable for clients with high investment risk tolerance. Please note that there are particular risks associated with trading CFDs, including but not limited to risk of leveraged trading, Market risk and liquidity risk. 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. 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. Liquidity Risk: Market conditions may change rapidly and become volatile. It could lead to margin call. If a client could not meet the margin requirements quick enough, some or all of the client’s positions are closed out. |

Client needs

Our CFDs and their key attributes are likely to be consistent with the likely objectives, financial situation and needs of those Clients who:

1. have a short term investment horizon;
2. wish to:
 - a) trade in CFDs, including for speculative or hedging purposes, or
 - b) to gain exposure to price movements of the relevant underlying assets (e.g. Currencies, Stocks, Commodities, Indices, ETFs, Precious metals, Cryptoassets);
3. have a high investment risk tolerance; and
4. can afford to bear losses.

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.

Clients who meet all the requirements (1, 2(a) or 2(b), 3 and 4), as set out in the above bullet points are likely to be in the target market for our CFDs.

Clients who do not meet all the requirements (1, 2(a) or 2(b), 3 and 4), as set out above, are potentially in the target market for our CFDs, but may not be.

Clients who do not satisfy both 3 and 4 above, are unlikely to be in the target market for the CFDs.

Clients for whom CFDs are unsuitable

CFDs are generally unsuitable for the following classes of Clients:

- are below the age of 18;
- reside in a country which restricts or prohibits trading in CFDs;
- are in financial hardship or going through bankruptcy;
- do not have the requisite knowledge for trading in CFDs;
- have a low tolerance to risk;
- do not have the ability and willingness to lose the sum of their deposits;
- have low levels of literacy or numeracy, financial literacy and technological literacy;
- are seeking capital protection or stability;
- are seeking regular or predictable returns on their investments.

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, the **Distributors**).

Any distribution of CFDs by INGOT Brokers Australia to Retail clients will be in accordance with procedures we determined.

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 on January 2022.

Subsequent reviews of the TMD will occur on the beginning of each year (January).

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 complaints 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 in retail clients:

- Significant dealing outside the target market
Significant dealing(s) needs to be reported us within 10 business days after becoming aware
- Complaints
Complaints related to CFDs need to be reported to us within three business days of receiving the complainant.

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;
- percentage of sales to clients who are not in the target market;
- volume of sales; and
- web analytics.

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

Update to TMD

INGOT Brokers Australia reserves 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 INGOT Brokers Australia considers as a proper reason to amend the TMD.

Contact

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