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Target Market Determination

Contracts for Difference

SECTION A – ABOUT THIS TARGET MARKET DETERMINATION

1. INTRODUCTION

- 1.1 First Prudential Markets Pty Ltd (“**FP Markets**”, “**we**”, “**us**” or “**our**”) operates as an Over the Counter (OTC) Derivative Dealer. FP Markets is an issuer and distributor of OTC Derivative Contracts. Accordingly, we must comply with the Design and Distribution Obligations to retail clients set out in:
- (a) Part 7.8A of the *Corporations Act 2001*;
 - (b) *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019*; and
 - (c) *Corporations Amendment (Design and Distribution Obligations) Regulations 2019*.
- 1.2 FP Markets holds an Australian Financial Services Licence (Number: 286354). FP Markets is an Issuer and Distributor of financial products.
- 1.3 The purpose of this Target Market Determination is to ensure FP Markets financial products are suitable for the retail clients FP Markets targets.
- 1.4 FP Markets is committed to creating and maintaining a client-centric approach to the design and distribution of its financial products.
- 1.5 This Target Market Determination does not contain all the information that a retail client may require prior to making a decision to acquire or continue to hold a financial product. This document does not provide financial product advice and does not contain a full summary of the financial product's features, applicable fees, benefits or risks. You should refer to the relevant Product Disclosure Statement (“**PDS**”) before deciding whether to acquire or continue to hold a financial product. The PDS for MetaTrader and IRESS is available at the following link <https://www.fpmarkets.com/legal-documents/>.
- 1.6 This Target Market Determination does not apply to wholesale clients as defined by section 761G of the *Corporations Act 2001*.

2. FINANCIAL PRODUCTS ISSUED BY US

2.1 CFD's (Contract for Differences):

A CFD is a form of Over-The-Counter (OTC) derivative trading allowing for the speculation of price movements for securities and derivatives. Investors are able to trade on whether they believe the price of a security or derivative will rise or fall.

FP Markets issues CFDs for the following underlying assets:

- Forex
- Indices
- Equities
- Metals

- Hard & Soft Commodities
- Cryptocurrency

This Target Market Determination has been prepared in relation to our product offerings.

SECTION B –TARGET MARKET

3. PRODUCT DESCRIPTION AND KEY ATTRIBUTES

CFDs are complex derivative financial instruments which allow individuals to trade an asset without taking ownership. They are agreements to exchange the difference in the value of a particular underlying asset and allows retail clients to speculate or hedge their exposure based on the rising or falling prices of an underlying asset. It is important to note that CFDs are leveraged instruments and therefore carry higher levels of risk as they increase the overall exposure within the market.

The CFDs issued through FP Markets are traded over the counter (“**OTC**”) and not through a centralised exchange (e.g ASX, LSE, NAS).

Key Attributes of the Financial Product	Class of retail client
Eligibility Requirements	<ul style="list-style-type: none"> • resident/citizen of Australia; • Aged 18+ • Have excess funds to invest and the loss of those funds would not harm their financial wellbeing • Understanding the importance to not invest more than they can afford to lose • Have an understanding of CFD products and their associated risks
Complexity	<p>Knowledge and Experience:</p> <p>Only clients who have the requisite knowledge and experience to trade / invest in CFD products, as assessed by FP Markets, will be accepted as clients.</p> <p>FP Markets undertakes an assessment of the retail client’s experience and knowledge of trading / investing in CFD Products prior to approving and distributing its product to them.</p>

	<p>Clients should be familiar with the complexities associated with CFD products such as but not limited to:</p> <ul style="list-style-type: none"> • Leverage • Market Conditions and Volatility • Counterparty Risk • Auto Liquidation
Potentially High levels of risk exposure	<p>Ability to bear loss:</p> <ul style="list-style-type: none"> • Clients are prepared to lose amounts that can be potentially greater than the sum of their total deposits. • accept risks associated with payment delays and losses associated with political instability, war, suspension of financial markets and catastrophic events. • can be exposed to counterparty risk <p>Tolerance to risk:</p> <ul style="list-style-type: none"> • CFD products are predominantly suitable for clients with higher investment risk tolerance. <p>Please note that there are particular risks associated with trading/investing in CFD Products. Please refer to our PDS for further information in relation to the risks of trading/investing in CFD Products</p>

A simplified table is shown below to reflect the Target criteria as set by FP Markets. (This table is not intended to provide a complete overview of FP Markets Target Market and should be used in conjunction with all information provided in this Target Market Determination).

Criteria	Description	Determined Market Criteria	Non-Determined Market Criteria
Knowledge / Experience in CFD's	Low		X
	Medium	✓	
	High	✓	
Financial Wellbeing / Ability to bear loss	Unable to lose partial / full deposited amount		X
	Able to lose all of initial deposited funds without impact to financial wellbeing	✓	
Risk Tolerance	Low Risk		X
	Medium Risk	✓	
	High Risk	✓	
Personal Objectives	Speculation	✓	
	Hedging	✓	
	Portfolio Diversification	✓	
	Potential for Investment returns higher than the market average in exchange for higher risk level	✓	
	Future Income Stream	✓	
	Low Risk return on Investment		X

4. OBJECTIVES, FINANCIAL SITUATION AND NEEDS

4.1 FP Markets' Financial Product has been designed for retail clients whose likely objectives, financial situation and needs (as outlined in this document) align with the Financial Product (including its key attributes) such as:

- (a) Wish to trade in CFDs for reasons including for speculative or hedging purposes, and wishing to gain exposure to price movements of the relevant underlying asset;
- (b) Have a high investment risk appetite;
- (c) Wish to deal in a Financial Product for any of the following purposes:
 - (i) Speculative trading;
 - (ii) Hedging (including hedging exposure to underlying assets and hedging positions taken in relation to other CFDs);
 - (iii) Gaining exposure to price movements of the underlying assets such as currencies, commodities, equities, indices, cryptocurrencies including where exposure to such underlying assets may not be otherwise as readily available, or where such exposure is required at short notice;
 - (iv) seek to manage or hedge foreign exchange exposure and manage future cash flow; and
- (d) are involved in importing / exporting and who deal with international foreign suppliers and clients;
- (e) can accept losses that may be as great as or greater than the sum of their deposits and without suffering financial hardship as a result

5. RETAIL CLIENTS FOR WHOM FP MARKETS FINANCIAL PRODUCT IS NOT SUITABLE

5.1 The Financial Product is not suitable for clients who:

- (a) do not meet the eligibility requirements;
- (b) are seeking capital protection or stability;
- (c) are seeking regular or otherwise predictable returns on their investments;
- (d) do not have the ability and willingness to lose the sum or greater of their deposits;
- (e) are below the age of 18;
- (f) do not wish to be exposed to counterparty risk of any form;
- (g) have low levels of financial literacy;

- (h) reside in a country which restricts or prohibits trading in such Financial Products;
- (i) are in financial hardship or going through bankruptcy;
- (j) wish to trade using their retirement savings, income, or cash that they rely on for living expenses or personal savings;
- (k) are vulnerable, including those who are:
 - (i) suffering an age-related impairment;
 - (ii) suffering any form of cognitive impairment;
 - (iii) suffering from elder or financial abuse;
 - (iv) unemployed or who have recently experienced job loss and not being able to meet their day to day financial needs as a result;
 - (v) suffering from mental or other forms of serious illness affecting capacity;
 - (vi) suffering from any form of addiction; or
 - (vii) suffering from any other personal or financial circumstances causing significant detriment.

6. CONSISTENCY BETWEEN THE TARGET MARKET AND FINANCIAL PRODUCT

- 6.1 FP Markets has evaluated its Financial Product offering and concluded the product and its key attributes are likely to fulfil the needs of its identified Target Market as described above.

SECTION C – DISTRIBUTION

7. DISTRIBUTION CHANNELS

- 7.1 The Financial Product is distributed by FP Markets via:

- (a) FP Markets website;
- (b) Corporate Authorised Representatives/Authorised Representatives;
- (c) introducing brokers;
- (d) through its Online Trading Platform; and
- (e) referrers

8. DISTRIBUTION CONDITIONS

- 8.1 FP Markets takes reasonable steps to ensure that FP Markets as well as any distributors, distribute the Financial Product to the Target Market.

8.2 FP Markets has implemented the following processes to ensure distribution is consistent with retail clients who fall within the Target Market:

(a) verification of a potential retail client including whether they:

(i) fall within the Target Market during the onboarding process,

(ii) meet all eligibility requirements;

this occurs before accepting any applicant as a client and allowing them to trade/invest;

(b) distributors are required to implement appropriate training to all client facing representatives;

(c) retail clients should obtain personal financial product advice in relation to the manner in which they hedge their exposure, or otherwise transact using the Financial Product.

8.3 FP Markets will take reasonable steps to ensure its marketing strategy and the marketing strategy of distributors is targeting retail clients within its Target Market. Therefore, all marketing material must be approved by the Compliance Team before they can be distributed through any marketing channel

9. ADEQUACY OF DISTRIBUTION CONDITIONS

FP Markets will require all clients to complete an onboarding questionnaire to ascertain their trading suitability which will include questions designed to determine if the retail client matches the determined suitability as previously described. If the information provided by the client does not meet the target market determination set by FP Markets, the retail clients application will be declined.

SECTION D – REVIEW AND MONITORING

10. REVIEW

10.1 FP Markets reviews this Target Market Determination in accordance with the below:

Initial Review:	Within Six months of the effective date.
Periodic Reviews:	Every one (1) year from the initial review.
Review Triggers:	<p>When any event or circumstance arises that suggests the Target Market Determination is no longer appropriate. This includes (but is not limited to):</p> <ul style="list-style-type: none">• material changes to the key attributes of the Financial Product;• the occurrence of a significant dealing including when distribution occurs outside the target market on multiple occasions;

	<ul style="list-style-type: none"> • where the distribution conditions are found to be inadequate; • external events such as adverse media coverage or regulatory attention; • significant changes in metrics, including, but not limited to, receipt of a large volume of complaints by FP Markets or a distributor; and • where FP Markets detects issues with the distribution of the Financial Product through the monitoring of daily business activities as well as the monitoring and supervision of distributors.
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11. DISTRIBUTOR REPORTING REQUIREMENTS

11.1 FP Markets collects the following information from distributors in relation to this Target Market Determination:

Complaints	FP Markets distributors report all complaints in relation to the Financial Product covered by this Target Market Determination on a quarterly basis
Significant Dealings	FP Markets distributors report to FP Markets if they become aware of a significant dealing in relation to this Target Market Determination within ten (10) business days.
Feedback	FP Markets distributors report all relevant Retail Client feedback (including performance of a Financial Product) in relation to the Financial Product covered by this Target Market Determination on a quarterly basis.

SECTION E – CONCLUSION

11.2 FP Markets reserves the right to amend this Target Market Determination at any time.

11.3 For further information please contact FP Markets Compliance Team by:

- (a) Phone: 02 8252 6800
- (b) Email: compliance@fpmarkets.com
- (c) Mail:

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