



Xtrade.Au Pty Ltd AFSL 343628

Target Market Determination

Contracts for Difference

Date 28 November 2023

Risk Warning: Trading CFDs and FX is risky. It isn't suitable for everyone and, you could lose substantially more than your initial investment. You don't own or have rights in the underlying assets. Past performance is no indication of future performance and tax laws are subject to change. The information in this document is general in nature and doesn't take into account your or your client's personal objectives, financial circumstances, or needs. Please read our legal documents and ensure you fully understand the risks before you make any trading decisions. We encourage you to seek independent advice.

Item	Description
Issuer	Xtrade.Au Pty Ltd ACN: 140 899 476 AFSL: 343628
Product	Contracts for Difference (CFDs)
Date of TMD	28 November 2023
TMD Version	3.0
TMD Status	Current
Overview of This Document	<p>This document provides guidance in relation to Target Market Determinations (TMD) for the purposes of the Design and Distribution Obligations (DDO) under s994B of the <i>Corporations Act 2001</i> (Cth) (the Act).</p> <p>This TMD applies to retail clients only (Clients).</p> <p>It is a matter for each user of this guidance to consider their individual situation and to comply with the new regime. The DDO requires Xtrade.Au Pty Ltd ("Xtrade" and "our") to take a client-centric approach to the design and distribution of our products, in order to assist Xtrade's clients to obtain appropriate financial products.</p> <p>This TMD sets out the class of consumers for whom the product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. In addition, the TMD outlines the triggers to review the target market and certain other information. It forms part of Xtrade's design and distribution arrangements for the product.</p> <p>If you do not fall within the target market defined in this TMD, then Xtrade's products and services are not suitable, nor intended for you.</p>
Important Notice	<p>This document is not a product disclosure statement and is not a summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read Xtrade's Product Disclosure Statement (PDS) for CFDs and Risk Disclosure Statement before making a decision whether to buy this product. You can find a copy of these documents on our website.</p>
Product Overview: CFDs (Contract For Difference)	<p>Derivatives are high risk investments with volatile returns and the possibility of substantial losses could total more than the initial capital invested.</p> <p>Derivatives issued through Xtrade are over-the-counter (OTC) financial products which enable Clients to leverage small margin deposits for much greater market effect in relation to the exposure of price movements of an underlying instrument.</p> <p>The amount of profit/loss made on a trade may be determined by:</p> <ul style="list-style-type: none"> the change in price of the product when the trade was opened until the trade is closed;

Item	Description
	<ul style="list-style-type: none"> the number of lots traded; and any holding costs, guaranteed stop loss order premiums or commissions relating to the CFD. <p>Clients can participate in the returns from movements in such underlying instruments without owning the actual instrument. Clients who engage in such products will be likely trading for either speculative purposes in regards to seeking to profit from price movements/fluctuations of the underlying instruments or for hedging exposures to underlying instruments. However, Clients seeking to profit from price movements can also suffer significant losses.</p> <p>Xtrade issues CFDs for the following underlying assets (Underlying Assets):</p> <ul style="list-style-type: none"> Shares Indices Forex Cryptocurrencies ETFs Commodities Bonds
Key Attributes of CFDs	<p>CFDs are high risk, leveraged derivatives products which enable Clients to indirectly benefit from the price movement of a range of underlying shares, indices, cryptocurrencies, ETFs, commodities, bonds, and foreign exchange pairs. As above, these products are not traded on exchange, but are traded OTC. This means that Xtrade is the product issuer and is the counterparty with whom the Client deals.</p> <p>A CFD is an agreement to exchange the difference in the value of an underlying asset from the time a contract is opened until the time at which it is closed. A client does not take physical delivery of the underlying asset and there is no exchange of one currency or underlying asset for another.</p> <p>In particular, CFDs are subject to significant risks, including but not limited to:</p> <ul style="list-style-type: none"> Leverage: CFDs are a type of leveraged product, meaning that the Client may input a small margin to gain a larger exposure in the financial market. This means that the possibility for both gains and losses will be greatly magnified. Volatility: Financial markets may fluctuate rapidly and the price of CFDs will reflect this. This can result in the Client incurring significant returns or losses in short periods of time (e.g., loss of Client's total deposit). Counterparty risk: The Client is exposed to the financial and business risks of trading with Xtrade. If Xtrade, in unlikely circumstances, becomes insolvent, it may be unable to meet its obligations to Clients and the Client would become an unsecured creditor of Xtrade.

Item	Description						
	<ul style="list-style-type: none"> • Closing out: Since the Client must have sufficient funds to cover the margin requirements at all times, any failure to do so may mean that some or all of the open positions will be closed out if the balance falls below the close-out level. • Holding costs: Depending on the positions held and how long they are held for, a Client may incur holding costs. In some cases, the sum of the holding costs may exceed profits and can significantly increase losses. <p>Further details regarding the potential risks in relation to CFDs can be found in Xtrade's PDS and Risk Disclosure Statement.</p>						
Target Market for CFDs (Including Likely Objectives, Financial Situation and Needs of Clients in the Target Market)	<p>Eligibility requirements</p> <p>The target market for CFDs must meet the following eligibility requirements:</p> <ul style="list-style-type: none"> • must be above the age of 18; • have requisite knowledge and previous experience investing in financial products including CFDs, or actively learning our financial product offering; • want to gain exposure to price movements of the relevant underlying asset (listed above); • have a higher risk investment appetite; and • wish to deal in the relevant underlying asset (listed above) for speculative trading, hedging or diversification purposes. <p>Investment attributes</p> <p>The target market for CFDs are Clients that fall within at least one of the following categories:</p> <ul style="list-style-type: none"> • High Risk Tolerance Investors: These are Clients with a higher investment risk tolerance and appetites. Clients who are prepared to bear losses are suited to the high risk-high reward structure of these products. The volatility of the market and these products also creates the tangible possibility that Clients could suffer material losses (e.g., lose all of their initial investment). <table border="1"> <tr> <td>Likely objective</td><td>To grow capital over the short term to seek higher returns while accepting higher risks.</td></tr> <tr> <td>Likely financial situation</td><td>Have sufficient disposable capital and regular disposable income available for trading CFDs. Are able to incur losses from trading CFDs without causing distress or material impact on living standards.</td></tr> <tr> <td>Likely needs</td><td>Clients wish to use disposable capital to make high returns.</td></tr> </table>	Likely objective	To grow capital over the short term to seek higher returns while accepting higher risks.	Likely financial situation	Have sufficient disposable capital and regular disposable income available for trading CFDs. Are able to incur losses from trading CFDs without causing distress or material impact on living standards.	Likely needs	Clients wish to use disposable capital to make high returns.
Likely objective	To grow capital over the short term to seek higher returns while accepting higher risks.						
Likely financial situation	Have sufficient disposable capital and regular disposable income available for trading CFDs. Are able to incur losses from trading CFDs without causing distress or material impact on living standards.						
Likely needs	Clients wish to use disposable capital to make high returns.						

Item	Description						
	<ul style="list-style-type: none"> Risk Mitigation Investors: These are Clients who are seeking to hedge potential risks from other investments in, or exposure to, Underlying Assets. <table border="1"> <tr> <td>Likely objective</td><td>To protect existing (previous) gains or mitigate against potential future losses from other investments in, or exposure to, Underlying Assets.</td></tr> <tr> <td>Likely financial situation</td><td>Having existing or upcoming investments or exposure in Underlying Assets they wish to hedge.</td></tr> <tr> <td>Likely needs</td><td>Loss or profit protection.</td></tr> </table> 	Likely objective	To protect existing (previous) gains or mitigate against potential future losses from other investments in, or exposure to, Underlying Assets.	Likely financial situation	Having existing or upcoming investments or exposure in Underlying Assets they wish to hedge.	Likely needs	Loss or profit protection.
Likely objective	To protect existing (previous) gains or mitigate against potential future losses from other investments in, or exposure to, Underlying Assets.						
Likely financial situation	Having existing or upcoming investments or exposure in Underlying Assets they wish to hedge.						
Likely needs	Loss or profit protection.						
Explanation of Why CFDs are Likely to Be Consistent with the Likely Objectives, Financial Situation and Needs of the Target Market	<p>High Risk Tolerance Investors</p> <p>Xtrade expects that trading in CFDs will likely be consistent with the likely objectives, financial situation and needs of High Risk Tolerance Investors (as outlined above) because through trading on leverage and appreciating the volatility of market conditions, CFDs offer the potential for enhanced returns (with significant risks of loss of capital and borrowings). This class of clients can also accept losses that may be greater than their initial deposits and are willing to lose money (without suffering financial hardship).</p> <p>Risk Mitigation Investors</p> <p>Xtrade expects that trading in CFDs will likely be consistent with the likely objectives, financial situation and needs of Risk Mitigation Investors (as outlined above) because CFDs offer the ability to economically protect any previous or forthcoming profits from exposure in Underlying Assets and/or protect against future losses.</p>						
Investors For Whom This Product May Be Unsuitable For	<p>CFDs are generally not suitable for Clients who:</p> <ul style="list-style-type: none"> are below the age of 18; are seeking capital guarantees or capital preservations; are seeking regular income from dividend-yielding equities, fixed income securities and money market instruments; cannot afford to lose the amount of money deposited (and if applicable, borrowed) without material impact on their standard of living; are unemployed or recently experienced job loss and are unable to meet day-to-day financial needs; have a low to medium risk tolerance; have low levels of financial literacy and do not understand the risks of CFDs; 						

Item	Description
	<ul style="list-style-type: none"> solely derive their income from benefits and/or borrowings; or have not passed Xtrade's client qualification tests.
Distribution Channels and Distribution Conditions	<p>Any distribution of CFDs by Xtrade and its third-party distributors must be in accordance with procedures Xtrade determines are likely to ensure that CFDs are issued to Clients who are within the target market (as described above). No third-party distributor is permitted to distribute CFDs issued by Xtrade to Clients unless they have been reasonably predetermined by Xtrade to be within the target market. Third-party distributors have the obligation to implement and maintain appropriate procedures, processes, and controls to ensure appropriate distribution in accordance with regulatory framework.</p> <p>Distribution Channels</p> <p>Xtrade takes reasonable steps to ensure that Xtrade alongside its distributors, only distribute and promote Xtrade's products to the target market, and this is assisted by the client onboarding controls listed below.</p> <p>Xtrade's distribution channels vary according to the financial business it provides. These distribution channels include, through Xtrade's:</p> <ul style="list-style-type: none"> website; trading platform; over phone or email; or <p>through various third-party distributors such partners, affiliates, introducing brokers and referrers.</p> <p>Client Onboarding Controls</p> <p>A prospective client who is wishing to open up an account with Xtrade, will have to:</p> <ul style="list-style-type: none"> complete an onboarding questionnaire to ascertain if the Client falls within the target market. This will include questions designed to determine if the retail client matches the eligibility and suitability criteria (e.g., financial situation and ability to bear loss, risk tolerance, likely objectives and needs) of the target market. If the information provided by the retail client does not meet the eligibility and suitability criteria, then the application will be declined; confirm that they have knowledge and/or experience in CFDs for the purpose of trading in CFDs, or actively learning our financial product offering; read and confirm their understanding of Xtrade's PDS and Risk Disclosure Statement; and declare that they have a high investment risk appetite and acknowledge all the risks associated with trading CFDs (e.g., confirm that they are willing to lose their money).

Item	Description
	<p>General advice warnings</p> <p>Distributors must use advertising materials, customer service prompts and all other materials that are consistent with <u>general advice only</u>. Distributors must not seek to ascertain/appeal to each client's individual needs and requirements in contravention of general advice authorisations.</p> <p>General advice warnings must be issued by distributors in all communications with clients including advertisements and websites and must note that neither the issuer nor the distributor have considered the client's personal objectives, financial situation and/or needs with this product. Furthermore, it should be added that clients should consider the appropriateness of the product with their personal needs and consider the relevant disclosure documents before making any decision.</p> <p>Marketing practices</p> <p>Given the high-risk nature of these products, distributors will not undertake mass market advertising to a wide range of Clients. Instead, distributors must only engage in targeted campaigns to specific distribution channels and publications which are likely to reach the target market. Further, existing customer data will be used to identify vulnerable customers or inappropriate customers (e.g., outside the target market) to ensure that marketing is not provided to that cohort of customers.</p> <p>All marketing materials must be specific to the above TMD and must emphasise that these products are of limited suitability. This is particularly crucial for distributors seeking to advertise online and/or via social media channels. In addition, all requirements under the ASIC Product Intervention Order must be complied with.</p>
Review Triggers	<p>The review triggers that may indicate that the TMD is no longer appropriate includes (but is not limited to):</p> <ul style="list-style-type: none"> • Xtrade becomes aware after conducting client outcome reviews, that a high number of CFDs issued or distributed to Clients are outside the target market; • material changes to key attributes, investment objective and/or fees of Xtrade's products; • determination by the issuer of an ASIC reportable Significant Dealing; • material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act), or a change in the nature of complaints, about the product or distribution of the product; • where Xtrade detects issues with the distribution of the products through the surveillance of daily business activities, as well as the monitoring and supervision of distributors; and

Item	Description								
	<ul style="list-style-type: none"> external events such media attention or the use of ASIC Product Intervention Powers, regulator orders or directions that affects the product. 								
Distributor Reporting Requirements	<p>The following information must be provided by distributors to Xtrade who engage in retail product distribution in relation to CFDs:</p> <table> <tr> <th>Reporting requirement</th><th>Reporting period</th></tr> <tr> <td> <p>Complaints (as defined in section 994A(1) of the Act) relating to the product design, product availability and distribution.</p> <p>The distributor should provide all the content of the complaint, having regard to privacy. The distributor will need to specify a reporting period for reporting information about the number of complaints about the product.</p> </td><td>As soon as practicable or within ten (10) business days following the end of the relevant reporting period.</td></tr> <tr> <td>Significant dealing outside of target market, under s994F(6) of the Act.</td><td>As soon as practicable but no later than ten (10) business days after distributor becomes aware of the significant dealing.</td></tr> <tr> <td>To the extent a distributor is aware of dealings outside the target market these should be reported to the issuer (Xtrade), including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice.</td><td>As soon as practicable or within ten (10) business days following the reporting period.</td></tr> </table>	Reporting requirement	Reporting period	<p>Complaints (as defined in section 994A(1) of the Act) relating to the product design, product availability and distribution.</p> <p>The distributor should provide all the content of the complaint, having regard to privacy. The distributor will need to specify a reporting period for reporting information about the number of complaints about the product.</p>	As soon as practicable or within ten (10) business days following the end of the relevant reporting period.	Significant dealing outside of target market, under s994F(6) of the Act.	As soon as practicable but no later than ten (10) business days after distributor becomes aware of the significant dealing.	To the extent a distributor is aware of dealings outside the target market these should be reported to the issuer (Xtrade), including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice.	As soon as practicable or within ten (10) business days following the reporting period.
Reporting requirement	Reporting period								
<p>Complaints (as defined in section 994A(1) of the Act) relating to the product design, product availability and distribution.</p> <p>The distributor should provide all the content of the complaint, having regard to privacy. The distributor will need to specify a reporting period for reporting information about the number of complaints about the product.</p>	As soon as practicable or within ten (10) business days following the end of the relevant reporting period.								
Significant dealing outside of target market, under s994F(6) of the Act.	As soon as practicable but no later than ten (10) business days after distributor becomes aware of the significant dealing.								
To the extent a distributor is aware of dealings outside the target market these should be reported to the issuer (Xtrade), including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice.	As soon as practicable or within ten (10) business days following the reporting period.								
Change in Personal Circumstances	<p>If you are an existing client who has acquired Xtrade's products and your circumstances have changed such that you no longer fall with the target market as defined in this TMD, please contact us immediately.</p> <p>Our Customer Support Team can be contacted via:</p> <p>Phone: +61 (02) 8123 6650</p> <p>Email: info@xtrade.com.au</p> <p>Mail: Suite 3, 135 Macquarie Street, Sydney, NSW 2000, Australia</p>								
Periodic Reviews	<p>Initial review</p> <p>The first review of this TMD will occur no later than 12 months from the date of this TMD.</p> <p>Subsequent review</p>								

Item	Description
	Subsequent reviews will occur every 12 months, or more frequently if a review trigger (as listed above) occurs.