

Target Market Determination

Contracts for difference (CFDs) – Indices

Hantec Markets (Australia) Pty Ltd

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Introduction

Hantec Markets (Australia) Pty Ltd (referred to as HMA, **us**, **our** or **we**, **AFSL 326907**, **ACN 129 943 086**) operates contracts for difference (**CFDs**) business. HMA 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 (**Consumers**) from 5 October 2021.

The DD Obligations aim to assist Consumers 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 Consumers 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. CFDs are agreements to exchange the difference in the value of a particular underlying asset. This allows Consumers 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 www.hantecmarkets.com);
- Commodities including precious metals and energy (for more information www.hantecmarkets.com);
- Indices including stock market indices and commodities Indices (for more information www.hantecmarkets.com); and
- Crypto assets (for more information www.hantecmarkets.com).

This TMD has been prepared specifically in relation to our Indices CFD (Margin Forex Contracts). We have issued separate TMDs in respect of each of our other CFD offerings.

The target markets

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

Consumers who satisfy each of the following criteria:

- Consumers above the age of 18 and below the age of 75;
- Consumers who have the requisite knowledge for the purposes of trading in CFDs;
- Consumers who can accept losses that can be as great as the sum of their deposits;
- Consumers who have high investment risk appetites; and
- Consumers with a short term investment horizon.

For those Consumers who satisfy the above criteria

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

- speculative trading;
- 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 - e.g. Indices, 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 HMA's CFDs.

Target market – criteria, scope and key attributes

Further details regarding HMA'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 HMA</p> <p>HMA undertakes assessment of the Consumer's experience and knowledge 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. CFDs are a high risk and volatile trading product, and there is a real possibility that retail clients could lose all of their deposited funds.</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 over Margin Forex Contracts. Those risks include:</p> <ul style="list-style-type: none"> ➤ Unforeseen Circumstances ➤ Liquidity risk ➤ Market volatility ➤ Market risk ➤ Leverage risk ➤ Counterparty risk <p>Furthermore, the leverage of CFDs can result in significant losses due to underlying market movements. Clients may have to deposit additional funds to maintain open positions and avoid being closed out. Because CFDs are risky, they are only suitable for retail clients with high investment risk tolerance, unless they are used for hedging.</p>
Client needs	<p>Our CFDs and their key attributes are likely to be consistent with the likely objectives, financial situation and needs of those Consumers who:</p> <ol style="list-style-type: none"> 1. have a short-term investment horizon; 2. wish to: <ol style="list-style-type: none"> 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. Indices; 3. have a high investment risk tolerance; and can afford to bear losses.

Our CFDs are designed to be suitable only for Consumers 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.

Consumers who meet all of 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.

Consumers who do not meet all of 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.

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

Consumers for whom CFDs are unsuitable

Consumers who are in any of the above categories are not in the target market for CFDs:

CFDs are generally unsuitable for the following classes of Consumers:

- Consumers below the age of 18;
- Consumers who reside in a country which restricts or prohibits trading in CFDs;
- Consumers who are in financial hardship or going through bankruptcy;
- Consumers who do not have the requisite knowledge for trading in CFDs;
- Consumers who have a low tolerance to risk;
- Consumers who do not have the ability and willingness to lose the sum of their deposits;
- Consumers who have low levels of literacy or numeracy, financial literacy and technological literacy;
- Consumers who wish to trade using their retirement savings, income, or cash that the Consumer relies on for living expenses or personal savings;
- Consumers who primarily derive their income from social security and/or borrowings;
- Consumers who are seeking capital protection or stability;
- Consumers who are seeking regular or otherwise predictable returns on their investment;
- vulnerable Consumers, including Consumers who are vulnerable for any of the following reasons:
 - > elderly or suffering an age-related impairment;
 - > suffering from elder or financial abuse;
 - > job loss;
 - > suffering from mental or other forms of serious illness affecting capacity;
 - > suffering from any form of addiction; or
 - > any other personal or financial circumstances causing significant detriment.

Distribution conditions

Our CFDs are distributed by:

- HMA 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**).

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 Consumers who are potential clients fall within the identified target market. We have implemented stringent requirements at the client onboarding stage which include minimum wealth requirements and knowledge assessments, which link to HMA's internal client Qualification Policy.

We also undertake an assessment of each consumer's knowledge of trading in CFDs, prior to approving and distributing our CFDs to them. Only clients who have the requisite knowledge to trade in CFDs as assessed by HMA will be permitted to open an account and trade with us.

No Distributor may release marketing materials without obtaining our prior written consent.

A fundamental principle of the Marketing Promotions Policy is to ensure that our marketing strategy targets prospective retail clients within the identified target market. Any new marketing campaign is prepared in accordance with the Marketing Promotions Policy and is independently reviewed and approved by HMA's Compliance Department before publication to ensure that the marketing campaign does not contain elements that 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 occurred in Feb 2022.

Subsequent reviews of the TMD will be conducted in each February of the year.

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 HMA'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 we have received a significant number of complaints or noted any relevant complaints trends;
- where a Distributor has reported relevant 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;
- where there are material changes to the law or regulations applicable to CFDs affecting the issuance, distribution or operation of CFDs; And
- any other events or circumstances that would materially change a factor taken into account in making this TMD.

Contact

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



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HMA 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 HMA considers as a proper reason to amend the TMD.