



Target Market Determination Contracts for Difference

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Issuer	First Prudential Markets Pty Ltd
Product	OTC Derivatives - Contracts for Difference ('CFDs')
Date of TMD	October 2023
Introduction	<p>First Prudential Markets Pty Ltd ("FP Markets" "we" "us" or "our") operate as an Over-The-Counter ('OTC') Derivative Dealer.</p> <p>This target market determination has been issued by FP Markets in relation to its offering of OTC Derivatives for the purposes of section 994B of the Corporations Act 2001 (Cth) ('Corporations Act').</p> <p>This document applies to retail clients only ('Clients').</p> <p>This target market determination does not contain all the required information that a retail client may require prior to making a decision to acquire or hold a financial product issued by FP Markets. This document does not provide financial advice and does not contain a full summary of the financial product's features, applicable fees, benefits, or risks.</p> <p>Clients will be required to refer to the Product Disclosure Statement ('PDS'), Financial Service Guide ('FSG'), and any other legal documents listed on FP Markets' website: www.fpmarkets.com/legal-documents.</p>
Product Summary and Key Attributes of CFDs	<p>FP Markets issues OTC Derivatives in the form of contracts for difference.</p> <p>CFDs are agreements to exchange the difference in the value of a specific underlying asset between the opening and closing of a position. CFDs allow investors to gain exposure to various assets without taking physical ownership of the asset.</p> <p>It is important to note that CFDs are leveraged instruments and therefore are subject to significant risks including:</p> <ul style="list-style-type: none"> ▪ Leverage: Trading with leverage allows for smaller investment amounts to be deposited by clients for larger levels of exposure which can result in larger profits and/or losses to the client; ▪ Market Conditions and Volatility: Derivatives can be highly volatile, which can result in clients incurring significant returns or losses in short periods of time (losses can be up to the value of a client's total deposited value); ▪ Auto Liquidation: FP Markets reserves the right to liquidate all or some of a client's positions if the client fails to maintain the required Margin; ▪ Counterparty Risk: FP Markets is the issuer of OTC derivatives, meaning it is the counterparty to all transactions the client enters. Accordingly, the client is exposed to the financial and business risks of trading with FP Markets;

	<ul style="list-style-type: none"> ▪ Holding Costs: Subject to the positions and the length of positions held, an investor may incur holding costs. In some cases, the sum of these holding costs may exceed the amount of any profits, or they could significantly increase losses. <p>Refer to our PDS for further details in relation to risks associated with OTC Derivatives.</p>
<p>Investors for whom this product may be unsuitable for</p>	<p>CFDs will generally not be suitable for Clients outside the target market including:</p> <ul style="list-style-type: none"> • Investors who have not passed FP Markets Client eligibility criteria; • Investors seeking regular or otherwise predictable returns on their investments; • Investors who do not have the ability and willingness to lose their invested capital without having a material impact on their standard of living; • Investors who do not understand the risks of CFDs; or • Investors with a low risk tolerance, other than those who wish to use OTC Derivatives to hedge existing investments.
<p>FP Markets Target Market for OTC Derivatives</p>	<p>OTC Derivatives can be traded for different reasons relevant to the client. FP Markets has deemed the target market for OTC Derivatives to be suitable for clients that fall within one (or more) of the below categories:</p> <ul style="list-style-type: none"> ▪ High Risk Tolerance Traders: Investors who appreciate and understand the high risk of trading in potentially volatile markets with leveraged products and have the ability to sustain losses totalling their invested capital without a material impact on their standard of living. ▪ Risk Mitigation Investors: Investors seeking to hedge potential risks from other investments. <p>An investor who fails within one of these categories will sufficiently be within the target market for OTC Derivatives.</p>
<p>Likely objectives, Financial Situation and needs of the target market</p>	<p>1. Investors who appreciate and understand the high risk of trading in potentially volatile markets with leveraged products</p> <p>a) Likely objectives: To use leverage to seek higher returns whilst accepting higher corresponding risk</p> <p>b) Likely financial situation: Have sufficient capital to trade CFDs which would not materially impact their standard of living should they lose these funds</p> <p>c) Likely needs: Investors using excess capital to generate enhanced returns</p>

2) Investors seeking to hedge

a) Likely objectives: Hedging (including the mitigation of exposure to underlying assets or hedging positions related to other CFDs) to mitigate against potential future losses or protect previous gains from investments in other financial products.

b) Likely financial situation: Investors who have existing or upcoming investments or other exposures they wish to hedge

c) Likely needs: Loss or profit protection

Explanation of why OTC derivatives are likely to be consistent with the likely objectives, financial situation and needs of the target market

FP Markets expects that trading in CFDs will likely be consistent with the likely objectives, financial situation and needs of **High-Risk Tolerance Investors** because through leveraged trading, CFDs offer the potential for enhanced returns. This class of clients will likely understand the high risk of leveraged trading and should be able to sustain any losses without material hardship.

Additionally, FP Markets expects trading in CFDs will likely be consistent with the objectives, financial situation and needs of **Risk Mitigation Investors** since CFDs allow investors to protect previous or forthcoming profits from exposure to an underlying financial instrument and/or protect against future losses.

CFDs are also highly regulated and have many protections for investors including:

- Client qualification criteria
- Leverage restrictions
- Mandatory negative balance protections
- Prohibited incentives

Distribution conditions, restrictions, and reasons why these are appropriate

Any distribution of FP Market products will be in accordance with procedures that we have determined are reasonably likely to ensure that CFDs are issued to investors who are reasonably likely to be within our identified target market.

These processes include the following:

- Considering the Target Market and the proposed distribution as part of any new product proposal;
- Ensuring any marketing strategy or project considers and aligns with a distribution practice that is likely to result in the distribution of our products to those within the Target Market;
- A Client Qualification process that considers the experience and knowledge of a potential client during the onboarding process, which must be completed successfully prior to them being able to place a trade
- Ensuring any third-party distributors are of good character, are knowledgeable about our product (including their risks and key features), are fully aware of our Target Market, and maintain appropriate procedures, processes and controls with a view to ensuring that OTC Derivatives are distributed in accordance with this TMD

	<p>FP Markets believes these distribution conditions, in conjunction with our organisation's overarching compliance policies and business procedures, will effectively align the distribution of our financial products with our designated Target Market.</p>
<p>Periodic review</p>	<p>Reviews of the TMD will be conducted annually, or more frequently if a review trigger occurs and will finish within 4 months of that date.</p>
<p>Review triggers</p>	<p>FP Markets will also review the TMD when any event or circumstance arises that suggests it is no longer appropriate including:</p> <ul style="list-style-type: none"> • Material changes to the key attributes of the Financial Product; • Material changes to law or regulation affecting OTC Derivatives; • The occurrence of a significant dealing including when distribution occurs outside the target market on multiple occasions; • Significant changes in metrics, including but not limited to: Receipt of a large volume of complaints by First Prudential Markets or a distributor indicating issues relating to CFDs from clients who many fall outside of the TMD; or • Any other relevant event or circumstance that would materially change a factor considered in making this TMD for OTC Derivatives.
<p>Distributor reporting requirements</p>	<p>In relation to this TMD, Distributors who engage in retail product distribution conduct are required to provide FP Markets with:</p> <ul style="list-style-type: none"> ▪ Complaints: FP Markets distributors must report all complaints in relation to the Financial Product covered by this TMD within five (5) business days which is set out from the date the complaint was received. ▪ Significant Dealings: FP Markets distributors must report if they become aware of a significant dealing in relation to this TMD within ten (10) business days. ▪ Feedback: FP Markets distributors must report all other relevant Retail Client feedback not previously reported in relation to the Financial Product covered by this TMD.



Should you have any questions or enquiries, please don't hesitate to contact FP Markets.

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