

Target Market Determination

Contracts for Difference (CFDs)

ACY Securities Pty Ltd

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Introduction

ACY Securities Pty Ltd (referred to as ACY, **us**, **our** or **we**) operates an Over-The-Counter Derivative / contracts for difference (**CFDs**) business. ACY 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**) have applied to the issue and distribution of CFDs to retail clients (**Consumers**) since 5 October 2021.

We hold an Australian Financial Services Licence, number 403863 and our registered office is located at ACY Tower, L18/799 Pacific Hwy Chatswood, NSW.

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**) on our website before deciding whether to acquire or hold the relevant product.

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 (spot and futures);
- Commodities, including precious metals (spot and futures);
- Indices, including stock market indices (spot and futures);
- Cryptoassets;
- ETFs; and
- Shares.

The target market

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;
- 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);
- gaining exposure to price movements of the underlying assets, 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 ACY's CFDs.

Target market – criteria, scope and key attributes

Further details regarding ACY'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 ACY.</p> <p>ACY 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 only suitable for clients with a high investment risk tolerance.</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; and 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; 3. have a high investment risk tolerance; and 4. can afford to bear losses. <p>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.</p> <p>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.</p> <p>Consumers who do not satisfy the requirements in both 3 and 4 above, are unlikely to be in the target market for the CFDs.</p>

Consumers for whom CFDs are unsuitable

Consumers who are in any of the below categories are not in the target market for our CFDs.

CFDs are generally unsuitable for the following classes of Consumers:

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

Distribution conditions

Our CFDs are distributed by:

- ACY; 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 will only permit distribution of CFDs issued by ACY in accordance with procedures specified by ACY and where we consider on

reasonable grounds that each potential client is likely to be within the target market. Third party distributors must evidence appropriate procedures, processes and controls that allow CFDs to be distributed in accordance with this TMD.

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 CFDs as assessed by ACY will be permitted to open an account and trade with us.

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. No party shall be engaged in the distribution of our CFDs unless they have entered into an SLA with us.

Monitoring and reviewing the TMD

Periodic reviews

We will perform periodic reviews of this TMD.

The first review of this TMD will occur within one year of the commencement of this TMD.

Subsequent reviews of this TMD will occur on each anniversary of the first review date.

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 ACY'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 there are material changes to the law or regulations applicable to CFDs affecting the issuance, distribution or operation of CFDs; and
- 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.

Distributors – information collecting and reporting requirements

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 (subject to where no reporting is required, based on the particular reporting requirements and conditions set out below), within 10 business days of the end of each calendar quarter – 31 March, 30 June, 30 September and 31 December, each year:

Complaints data

- Complaints data – information about the complaints received, including number of complaints received (but only where the Distributor received complaints in relation to the product during the reporting period);

Other data

- Consumer feedback, including regarding performance of the product (but only where such feedback was received during the reporting period);
- requests for information that the Distributor has received from clients (but only where such requests were received during the reporting period);
- percentage of sales to clients who are not in the target market (but only where such sales occurred during the reporting period); and
- volume of sales (but only where such sales occurred during the reporting period).

Further reporting requirements in addition to the reporting requirements above, each Distributor must report:

- Any significant dealing outside the TMD, as soon as practicable and, in any event, within 10 business days of such dealing; and
- All individual complaints made by any person in connection with the relevant financial product that are made to the Distributor, as soon as practicable and, in any event, within 5 days of receiving any such complaint.

We reserve 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 we consider as a proper reason to amend the TMD.

Contact

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



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