

Target Market Determination

Ava Capital Markets Australia Pty Ltd

Issuer	Ava Capital Markets Australia Pty Ltd
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Product	OTC Derivatives
Date of TMD	3 May 2024
Introduction	This is a target market determination (“TMD”) for the purposes of section 994B of the Corporations Act 2001 (Cth) (“Corporations Act”) in respect of over-the-counter derivatives (“OTC Derivatives”) issued by Ava Capital Markets Australia Pty Ltd (“AvaTrade”, “we”, “us”, “our”).
Product Summary	AvaTrade issues OTC Derivatives in the form of contracts for difference (“CFDs”), Options (“Options”) and margin foreign exchange (“Margin FX”) contracts. Collectively, these are referred to as OTC Derivatives or products in this TMD. CFDs, which are a type of derivative, 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.
Client Types	<p>This TMD applies to retail clients only (“Clients”).</p> <p>You should also refer to the relevant Product Disclosure Statement (“PDS”) and any other legal documents on our website before deciding whether to acquire or continue to hold OTC Derivatives. You may also consider seeking independent advice before deciding to trade OTC Derivatives.</p> <p>The contents of this TMD are general information only and it's up to you to make sure the products that we offer suit your specific needs.</p>

Product Overview	<p>OTC Derivatives are leveraged financial products which are traded over-the-counter and not through a regulated market.</p> <p>An OTC Derivative 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>OTC Derivatives are subject to significant risks, including:</p> <ol style="list-style-type: none">1. Leverage: OTC Derivatives are leveraged products. Leverage enables a client to gain larger exposure to a financial market while only tying up a small amount of capital. Trading with leverage means that even a small change in the market could magnify the scope for both profits and losses.2. Volatility: Derivative markets generally can be highly volatile (i.e. they move up and down in value quite quickly) so the risk that a client will incur losses when they trade OTC Derivatives can be substantial. Note: mandatory negative balance protection ensures that retail clients cannot lose more than the amount deposited.3. Risk of Close Out: A client must meet margin requirements to trade OTC Derivatives with us. This means the client will need to deposit enough money into their account as margin for new and existing positions and
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	<p>monitor their margin requirements for any open positions. A client risks being closed out if they don't have enough margin on their account.</p> <ol style="list-style-type: none"> 4. 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 these holding costs may exceed the amount of any profits, or they could significantly increase losses. 5. Counterparty Risk: AvaTrade is the issuer of OTC Derivatives subject to this TMD. This means that the Client is dealing with AvaTrade as the counterparty to every transaction. Accordingly, the Client is exposed to the financial and business risks of trading with AvaTrade. <p>Refer to our PDS for further details in relation to risks associated with OTC Derivatives.</p>
Target Market for OTC Derivatives	<p>Consumers who satisfy each of the following criteria:</p> <ul style="list-style-type: none"> • Clients who can accept or tolerate losses that can be as great as their account's entire balance • Clients who demonstrate sufficient knowledge of product • Clients who have high investment risk appetites. • Clients with a short-term investment horizon.
Clients for whom this product may be unsuitable for	<p>OTC Derivatives will generally not be suitable for:</p> <ul style="list-style-type: none"> • Clients who have not passed AvaTrade's Client Qualification criteria. • Clients seeking regular or otherwise predictable returns on their investments. • Clients who, due to their financial situation cannot afford losses up to their invested capital without a material impact on their standard of living. • Clients who do not understand the risks of trading OTC Derivates

<p>Likely objectives, financial situation and needs of retail clients in the target market</p>	<ol style="list-style-type: none"> 1. Clients who appreciate and understand the high risk of trading with leverage and in potentially volatile market conditions <ol style="list-style-type: none"> a. Likely objective: To use leverage in order to seek higher returns while accepting high risks b. Likely financial situation: Have disposable capital to use which would not materially impact their lifestyle should they lose these funds c. Likely needs: Clients who want to use disposable capital to make enhanced returns 2. Clients who use the product for risk mitigation <ol style="list-style-type: none"> a. Likely objective: To protect previous gains or mitigate against future losses b. Likely financial situation: Clients who have existing or upcoming investments or exposures they wish to hedge c. Likely needs: Loss or profit protection
<p>Explanation of why OTC Derivatives are likely to be consistent with the likely objectives, financial situation and needs of the target market</p>	<p>We expect that trading in OTC Derivatives will likely be consistent with the likely objectives, financial situation and needs of Clients who appreciate and understand the high risk of trading with leverage and in potentially volatile market conditions and/or Clients who want to use the product for risk mitigation given the varied ways and purposes for which OTC Derivatives can be traded.</p> <p>OTC Derivatives can be a cost-effective way for Clients to speculate on the price movement of an underlying asset which might otherwise not be available to them.</p> <p>OTC Derivatives are also highly regulated and have many protections for Clients, including:</p> <ul style="list-style-type: none"> - Client qualification criteria - Leverage restrictions - Mandatory negative balance protection - Prohibited incentives

<p>Distribution conditions, restrictions and reasons why these are appropriate</p>	<p>We issue and distribute our products and currently do use third party Distributors. We take reasonable steps to ensure that our products are distributed to our identified target market.</p> <p>To ensure that our distribution strategy is consistent with our identified target market, we have several processes in place to determine whether Consumers who are potential clients fall within our identified target market.</p> <p>Onboarding process</p> <p>We assess whether potential clients fall within our identified target market during the onboarding process before approving them to trade on our trading platform. Our onboarding process includes an assessment questionnaire designed to assess a prospective client's:</p> <ul style="list-style-type: none"> • knowledge • financial situation • risk tolerance and ability to bear losses on their trading account • likely objectives and needs. <p>Our processes also include ongoing monitoring of customer support, operations, marketing and complaints that help us to test whether our target market remains appropriate and whether existing clients remain in our target market.</p> <p>Marketing review and approval process</p> <p>We also take reasonable steps to ensure that our marketing strategy and the marketing strategy of any Distributors, that we may appoint only targets potential clients that fall within our identified target market.</p> <p>All marketing material is produced by the AvaTrade internal marketing team and is then submitted for approval to the AvaTrade Compliance Team.</p> <p>We do not use Introducing Brokers.</p> <p>Where we do appoint Introducing Brokers, the Introducing Brokers may not engage in the distribution of our CFDs unless they have entered</p>
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	<p>into an agreement with us, nor may they publish or distribute any marketing materials about our products unless the materials have been approved by us.</p> <p>Our online marketing strategy includes:</p> <ul style="list-style-type: none"> • Search Engine Optimisation: Only appears for searches containing financial related keywords such as derivatives, CFDs, Forex CFD Trading, CFDs and Leverage. • Organic, paid and/or promoted social media posts and advertising on Facebook / X (formerly Twitter), YouTube or other platforms, websites or channels to our clients and people interested in trading securities. • Promotional mailers and notifications sent by AvaTrade to registered users.
Periodic reviews	Reviews of the TMD will be annual (occurring between September and December), or more frequently if a review trigger occurs
Review triggers	<p>AvaTrade will also review the TMD where the following review triggers occur as they may suggest that the TMD is no longer appropriate:</p> <ul style="list-style-type: none"> • where we add, remove or change a target market criteria; • where there are significant dealings in products which are not consistent with our target market or this TMD. • where we have noted any relevant complaint trends. • where we have detected significant issues with the distribution of our products through our monitoring of our own day-to-day activities; where there are material changes to the law or regulations applicable to our products affecting the issuance, or distribution. • any other event or circumstance that would materially change a factor taken into account in making the TMD for the product.