Target Market Determination

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October 2021

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IC Markets

CFD-TMD

October 2021

Issuer	International Capital Markets Pty Ltd ("**IC Markets**", "**we**", "**us**" or "**our**")
Product	Contracts for Difference ("**CFDs**").
Date of TMD	01 October 2021
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 CFDs issued by IC Markets.
Client Type	This target market determination applies to retail clients only (**"Clients"**). This document applies to retail clients only ("**Clients**"). It is not a product disclosure statement ("**PDS**") and does not take into account any particular Client's objectives, financial situation or needs. CFDs are typically suitable for Clients who have sufficient experience and understanding of the product. Refer to the "Product Review" section below which covers off the risks of trading CFDs. You should refer to our PDS at icmarkets.com/au as well as any other relevant IC Markets documents, ensure you fully understand the risks involved, and consider seeking independent advice before deciding to trade CFDs.
Product Overview	CFDs are leveraged OTC derivative products which enable clients to trade on the price movement of underlying financial assets such as stocks, indices, currencies, commodities, futures contracts, bonds and cryptocurrencies. ("**Underlying Instruments**"). With a CFD the clients never own the Underlying Instrument. 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. CFDs are subject to significant risks, including: ✓ **Leverage**: CFDs are leveraged as the amount the Client pay (the Margin) to IC Markets is typically less than the full-face value of the Underlying Instrument. The Client should be prepared for the greater risks from this kind of leveraged investment, including being liable to pay IC Markets more Margin than initial outlay. Furthermore, Margin requirements can change rapidly due to changes in the market for the Underlying Instrument. ✓ **Loss of your investment**: The Client's potential losses on (long or short) CFDs may exceed the amounts he pays (as Margin) for his CFDs or IC Markets hold on trust for him. Negative Balance Protection limits the Client's maximum losses (including any costs) to the value of Account equity and preventing his Account from going into deficit or negative balance. ✓ **Market Volatility**: Financial markets are subject to high volatility causing rapid price fluctuations. This is primarily due to external influences and unforeseen events. This affects prices and spreads of CFDs (i.e. the gap between the buy and sell price is wider), in some cases it may even be difficult to obtain a price.

Product Overview	✓ **Margining (position closure)**: A Client must meet margin requirements to trade CFD with us. This means the client will need to deposit enough money into their account as margin for new and existing positions and monitor their margin requirements for any open positions. A Client risks being closed out if they don't have enough margin on their account. ✓ **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. ✓ **Counterparty Risk**: IC Markets is the issuer of CFDs subject to this TMD. This means that the client is dealing with IC Markets as the counterparty to every transaction. Accordingly, the client is exposed to the financial and business risks of trading with IC Markets. Refer to our PDS for further details in relation to risks associated with CFDs.
Target Market for OTC Derivatives	Given the diverse nature of CFDs and different strategies that may be associated with trading CFDs, we consider that the target market for CFDs is a Client meet with following requirements: ✓ residents in any country or jurisdiction where IC Markets' Financial Product distribution or use would not be contrary to local law or regulation; ✓ age between 18 to 80; ✓ are able to accept loss of their entire deposit without suffering financial hardship; ✓ have the requisite knowledge and experience to trade/invest in CFDs as assessed by IC Markets. ✓ wish to trade in CFDs, including for speculative or hedging purposes, wishing to gain exposure to price movements of the relevant underlying asset and seeking to manage or hedge foreign exchange exposure and manage future cash flow; and ✓ acknowledge and understand the CFD risks and have a high investment risk appetite.
Investors for whom this product may be unsuitable for	CFDs will generally not be suitable for investors outside the target market. Potential categories would include: ✓ are below the age of 18 and above 80; ✓ investors who cannot afford to lose the amount of money deposited without material impact on their standard of living; ✓ investors who do not understand the risks of CFDs; ✓ investors who solely derive their income from benefits and/or borrowings; ✓ investors who have not passed IC Markets' Client Qualification testing criteria; or ✓ investors who have a low risk tolerance, other than those Investors who wish to use CFDs to hedge existing investments.

Likely objectives, financial situation and needs of retail clients in the target market	**High Risk Tolerance Investors** are Clients likely to have a higher risk appetite and who are seeking higher returns through riskier strategies and are prepared to suffer material losses (and able to withstand such losses). ✓ Likely objective: To use leverage in order to seek higher returns while accepting higher risks ✓ Likely financial situation: Have disposable capital to use which would not materially impact their lifestyle should they lose these funds ✓ Likely needs: Clients who want to use disposable capital to make enhanced returns **Risk Mitigation Investors** are Clients who may be more risk averse than High Risk Tolerance Investors looking to protect previous gains or mitigate against potential future losses. ✓ Likely objective: To protect previous gains or mitigate against future losses ✓ Likely financial situation: Clients who have existing or upcoming investments or exposures they wish to hedge ✓ 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	IC Markets expects that trading in CFD will likely be consistent with the likely objectives, financial situation and needs of investors who appreciate and understand the higher risk of trading with leverage and in potentially volatile market conditions and/or Investors who want to use the product for risk mitigation given the varied ways and purposes for which CFDs can be traded. CFDs can be a cost-effective way for investors to speculate on the price movement of an underlying asset which might otherwise not be available to them. CFDs are also highly regulated and have many protections for Clients, including: ✓ Client qualification criteria ✓ leverage restrictions ✓ mandatory negative balance protection ✓ prohibited incentives
Distribution conditions, restrictions, and reasons why these are appropriate	Any distribution of CFD by IC Markets will be in accordance with procedures that we determine are reasonably likely to ensure that CFDs are issued to Investors who are reasonably likely to be within our target market. IC Markets takes reasonable steps to ensure that we distribute our CFDs to the Target Market. ✓ IC Markets' on-boarding processes ensures Clients' account applications are approved reasonably likely to fall within the Target Market, and in particular to ensure they do not fall into a category of clients for whom CFDs are not suitable (as outlined in section "Investors for whom this product may be unsuitable for" above).

Distribution conditions, restrictions, and reasons why these are appropriate	✓ As part of our other obligations, we also ascertain whether a Client has knowledge and experience in CFDs by requiring each Client to demonstrate his/her understanding and experience by: • taking a Client Qualification Test; or • providing trading statements or training course certificates to our satisfaction. ✓ IC Markets will take reasonable steps to ensure its marketing strategy is targeting Clients within Target Market.
Review triggers	IC Markets will review the TMD within ten (10) business days if the Company knows, or ought to reasonably know, that an event or circumstance that reasonably suggests that the TMD is no longer appropriate, has occurred. This includes (but is not limited to): ✓ material changes to the key attributes of the CFDs; ✓ the occurrence of a significant dealing including when distribution occurs outside the target market; ✓ where the distribution conditions are found to be inadequate; ✓ external events such as adverse media coverage or regulatory attention; ✓ significant changes in metrics, including, but not limited to, receipt of a large volume of complaints by IC Markets and characteristics of the underlying products; and ✓ where IC Markets detects issues with the distribution of the CFDs through the monitoring of daily business.
Periodic reviews	The first review of this TMD will occur no later than 12 months from the date of this TMD. Subsequent reviews of the TMD will occur every 12 months, or more frequently if a review trigger occurs.