



Target Market Determination (TMD)

Australian Mutual Funds Exchange Pty Ltd (AMFEX) Target Market Determination (TMD)

Product: Funds CFDs

Date: 11 August 2023

The objective of this Funds CFDs TMD is to inform clients:

- Of the likely objectives, financial situation and needs of clients in the target market;
- Of the key attributes of the product; and
- Provide an explanation of why the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of a client in the target market.

TMD for Funds CFDs

Financial Instrument	Funds CFDs	
The likely objectives, financial situation and needs of consumers in the target market	Trading in these products will not be appropriate for everyone and we would normally expect the product to be utilized by clients who: <ul style="list-style-type: none"> • want to gain short terms exposures to financial instruments; • are trading with money which they can afford to lose; • have a diversified investment portfolio; • have a good understanding of the risks associated with this product; • have a high-risk tolerance; and • understand the impact of and risks associated with trading on margin. 	
	Return Profile	<input type="checkbox"/> Preservation <input type="checkbox"/> Income <input type="checkbox"/> Growth <input checked="" type="checkbox"/> Hedging <input checked="" type="checkbox"/> Speculation
	Investment Horizon	<input type="checkbox"/> <3Y Short Term <input checked="" type="checkbox"/> <1Y Very Short Term <input type="checkbox"/> >3Y Medium Term <input type="checkbox"/> >5Y Long Term
	Usage	<input type="checkbox"/> Standalone or core investment <input checked="" type="checkbox"/> Specific Investment need <input checked="" type="checkbox"/> Component of portfolio <input type="checkbox"/> Other
	The objective of trading a Funds CFD is to gain exposure, either long or short, to movements related to a financial instrument without owning it. The product would most commonly be utilized by clients who generally want to gain short term exposures using leverage. It is most suitable for clients whose needs and objectives align with the return profile, investment horizon and usage outlined above.	
Knowledge and experience:	Prior to being able to access this product, the client must have passed the basic suitability questions. This will test their knowledge and experience of the product.	
	Trading in this product requires knowledge and understanding of the impact of and risks associated with trading OTC derivatives on margin and regardless of being able to demonstrate a knowledge of the product, the client must also be aware of and accept the risks associated.	



Financial situation with a focus on the ability to bear losses:	<input type="checkbox"/>	No capital loss	Investor can bear no loss of capital		
	<input type="checkbox"/>	Limited Capital Loss	Investor seeking to preserve capital or can and is willing to bear losses limited to a level specified by the product		
	<input checked="" type="checkbox"/>	No Capital Guarantee	Investor is able and willing to bear a total loss		
	<input type="checkbox"/>	Loss Beyond Capital	Investor is able and willing to bear loss exceeding the amount invested		
	The product would most commonly be utilized by clients who are using (trading with) money which they can afford to lose and who have a diversified investment and savings portfolio; and have a high-risk tolerance.				
Key attributes of the product and how they are consistent with the likely objectives, financial situation and needs of consumers in the target market	Risk level		This is considered a high-risk product, as the structure and execution are not easily understood and training and awareness of how these work in practice should be sought before investing.		
	Term		These products have no defined term and are dependent upon the fluctuation of the underlying asset, any stop-loss applied by the client and the level of margin available to cover fluctuations in the underlying value.		
	Underlying asset		This is based upon a listed or unlisted mutual fund.		
	Possible negative outcomes		<p>There is a material risk that if the client fails to maintain adequate margin cover, they may lose all of the margin deposited, that was used to open and hold open the position.</p> <p>Holding a position overnight would incur additional fees, these are outlined on the AMFEX website, but could potentially erode the capital held in the client's AMFEX trading account.</p>		
Distribution	Distribution method	Execution only	General advice	Personal advice	
		<p>This can be made by way of internal trading platforms. AMFEX ensures that clients have been onboarded correctly in line with the target market.</p> <p>Reasonable steps must be taken to ensure that the product is distributed to consumers within the target market.</p>	<p>General advice may be provided by AMFEX or if the client is the client of an Introducing Broker, they may receive general advice from their broker.</p> <p>General advice must be provided by individuals who are adequately trained and competent, this must include a monitoring and supervision structure.</p>	<p>If the client is the client of an Introducing Broker (IB), they may receive personal advice from their own external broker.</p> <p>The broker must take into account the target market and ensure they meet their obligations under the best interest's duty.</p> <p>Personal advice must be provided by a registered financial adviser. In Australia, registered by ASIC.</p>	



Distribution Channel	Direct through AMFEX platform	Direct through AMFEX platform	Financial Advisers
			Over-the-phone, email, face-to-face and/or via a website
		General advice brokers	
		Over-the-phone, email, face-to-face and/or via a website	
These distribution conditions and restrictions will make it more likely that consumers who acquire the product are in the target market.			
Review triggers	<p>The following review triggers reasonably suggest that this TMD may no longer be appropriate and will prompt a review of the TMD:</p> <ul style="list-style-type: none"> • occurrence of a significant dealing that is not consistent with the TMD; • a significant increase in the number of complaints; • a significant change in the nature of complaints; • a material variation of the product; and • a significant change in the performance of the product relative to its investment objective, appropriate benchmarks (if any) and similar products. 		
When the first review of the TMD must occur	Within 1 year of the last review of the TMD.		
When subsequent reviews of the TMD must occur	Within 1 year of the last review of the TMD.		
Reporting of information by the IB	Third party IBs must make available to AMFEX information that would assist in ensuring that clients within the target market are the primary targets for this financial product. Internal functions and divisions must also make available to AMFEX information that would assist in ensuring clients within the target market are the primary targets for this financial product.		
Information that must be reported	<ul style="list-style-type: none"> • Significant dealings in the financial product by clients outside of the target market; • details of all complaints that relate to the financial product, including the nature, volume and outcomes of complaints; • the number of clients who are identified as potentially being outside of the target market based on client queries (e.g., queries communicated via calls or emails that indicate the client has a limited understanding of the product and its risks); • general feedback relating to the product and its performance, including any feedback from regulators; and • any other failures to comply with this TMD. 		
When the IB must report information	<ul style="list-style-type: none"> • For any significant dealings, the IB must notify AMFEX in writing as soon as practicable, and in any event within 10 business days of the distributor becoming aware. • For complaints, information including the nature, volume and outcomes must be reported within 10 business days following the end of every calendar quarter. • Within 10 business days following the end of every calendar quarter, distributors must report the number of clients who are identified as potentially being outside of the target market based on client queries (e.g., queries communicated via calls or emails that indicate the client has a limited understanding of the product and its risks). • If the IB is aware of any failure to comply with this TMD, this must be reported in writing as soon as practicable, and in any event, within 10 business days of the IB becoming aware. <p>• Each year, the IB will be required to provide to AMFEX a summary of the distribution of this product, the competence of staff to distribute and the processes in place to ensure ongoing compliance with their obligations under this TMD.</p>		