

Capital Com Australia Pty Ltd

# TARGET MARKET DETERMINATION

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**IN RELATION TO CONTRACTS FOR DIFFERENCE:**  
FOREX, INDICES, COMMODITIES, SHARES, CRYPTOS

## 1. About us

Capital Com Australia Pty Ltd (“we”, “our”, “us”, “CCAU”) is a company registered in Australia and is licensed by the Australian Securities and Investments Commission (the “ASIC”) as an Australian Financial Services Licensee (the “AFSL”) under AFSL 513393 and our offices are located at Level 34, 120 Collins Street, Melbourne, Victoria, 3000.

## 2. Design and distribution obligations

CCAU is obliged to comply with the design and distribution obligations set out in Part 7.8A of the Corporations Act 2001. The design and distribution are intended to assist our retail clients in obtaining appropriate financial products by requiring us to adopt a consumer-centric approach to the design and distribution of our products.

## 3. Effective date

This Target Market Determination applies to products issued and distributed by us from 15 December 2023 and was approved by CCAU’s Board of Directors.

## 4. Application

This Target Market Determination applies to our retail clients. We will take reasonable steps to ensure that our products are issued and distributed to the Target Market defined in this Target Market Determination (“TMD”).

## 5. Purpose

The purpose of this TMD is to describe who our target market is. **If you do not fall within the target market defined in this TMD, then our products and services are not intended for you.** If you acquire our products and your circumstances change in a way that you no longer fall within our target market or if you acquire our products in error, please contact us immediately.

If you are a retail client, you should also refer to the relevant Product Disclaimer Statement (PDS) before deciding whether to acquire or continue to hold the relevant product. You can get a copy of our PDS from our website. 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. You should carefully consider your objectives, financial situation, needs and level of experience before you commence trading, and seek independent advice if necessary.

## 6. Our financial products

We are the issuer and distributor of contracts for difference (CFDs) to both retail and wholesale clients. CFDs are complex and leveraged financial products, which are traded over-the-counter (OTC) and not through a central exchange. CFDs are contracts to exchange the difference in the value of a particular underlying asset. This allows our retail clients to speculate on rising or falling prices of an underlying asset.

We issue CFDs in respect of the following underlying assets:

Underlying Asset	Website Link
1. Forex (Currency Pairs)	<a href="https://capital.com/live-currency-prices">https://capital.com/live-currency-prices</a>
2. Indices	<a href="https://capital.com/major-world-indices">https://capital.com/major-world-indices</a>
3. Commodities	<a href="https://capital.com/live-commodity-prices">https://capital.com/live-commodity-prices</a>
4. Shares	<a href="https://capital.com/live-share-prices">https://capital.com/live-share-prices</a>
5. Cryptocurrencies	<a href="https://capital.com/live-cryptocurrency-prices">https://capital.com/live-cryptocurrency-prices</a>

**This TMD has been prepared in relation to all of the above CFDs. Separate annexures are attached to this TMD describing each product, including their key attributes.**

## 7. Target Market

We acknowledge that persons who trade in CFDs may do so for a variety of reasons including speculation, that is, with a view to profiting from fluctuations in the price or value of the underlying instrument or currency. Clients who trade on this basis can be referred to as 'short-term investors' whilst other traders may wish to trade in CFDs with a view to hedging their exposure to underlying currency movements.

Our products are intended for retail and wholesale consumers however, retail clients who want to access our products should meet the criteria below.

**The Target Market for our CFDs includes retail consumers who:**

1. are above 18 years old
2. have knowledge and/or experience of CFDs for the purposes of trading in CFDs;

3. can accept losses that can be equal to their deposits and any profits in their trading account;
4. have a high investment risk appetite; and
5. intend to use our products for the purposes of:
  - 5.1. accessing a wide range of financial markets;
  - 5.2. profiting from fluctuations in the price or value of the underlying instrument or currency (i.e. short term investors);
  - 5.3. trading CFDs on a speculative basis; and/or
  - 5.4. hedging their exposure to underlying currency movements.

Further details regarding our Target Market for all of our CFDs is set out below:

Criteria	Scope and key attributes
<p><b>1. Client type</b></p>	<p>Retail clients.</p> <p><b>Please note: Our financial products are available to Wholesale Clients but this TMD does not apply to wholesale clients.</b></p>
<p><b>2. Knowledge and experience</b></p>	<p>Only retail clients who have the requisite knowledge and experience to trade in CFDs, as assessed by us in accordance with Regulatory Guide 227: Over-the-counter contracts for difference: Improving disclosure for retail investors may, in addition to meeting other criteria, be eligible for an account with us.</p> <p>We undertake an assessment of our clients' experience and knowledge trading in CFDs before approving and distributing the products to the client. Our assessment generally covers the following criteria:</p> <ol style="list-style-type: none"> <li>a) previous experience in investing financial products, including securities and derivatives;</li> <li>b) understanding of the concepts of leverage, margins and volatility;</li> <li>c) understanding of the nature of CFD trading,</li> </ol>

	<p>including that CFDs do not provide investors with interests or rights in the underlying asset over which a position is taken;</p> <p>d) understanding of the processes and technologies used in trading; and</p> <p>e) preparedness to monitor and manage the risks of trading.</p>
<p><b>3. Ability to bear losses</b></p>	<p>Retail clients who have the ability to bear losses which can be equal to their deposits and any profits held in their trading account.</p> <p>Retail Clients are entitled to Negative Balance Protection under ASIC Corporations (Product Intervention Order - Contracts for Difference) Instrument 2020/986. Accordingly, retail clients will not be required to pay in monies to cover negative balances. CCAU will adjust the negative balance on a retail client account to zero.</p>
<p><b>4. Risk Tolerance</b></p>	<p>CFDs are only suitable for clients with high investment risk tolerance. Risks include, but are not necessarily limited to:</p> <p>a) <b>Loss of capital</b> – our products are leveraged and a small movement in the price of an underlying instrument can result in the loss of your capital investment (i.e. deposit).</p> <p>b) <b>Liquidity</b> – in some instances, market conditions may result in CFDs or currency pairs becoming illiquid making it difficult or impossible to liquidate a position. Losses can occur when liquidity is low.</p> <p>c) <b>Margin call</b> – your account will be monitored by an automated close out process which highlights positions entering a margin call. The close out process is designed with the aim of minimising client losses and allows us to identify positions on which your equity doesn't cover the total margin requirement. Please note, the margin close out does not guarantee that your account will not incur a loss.</p>

	<p>d) <b>Leverage</b> – This TMD highlights the maximum leverage available per instrument. You may choose to ask for a lower leverage to suit your trading requirements. In extreme cases due to different factors i.e. increased market volatility, we may need to reduce the leverage available to you.</p> <p>Please note, all derivatives trading involves risk and there is no trading strategy that can eliminate it entirely. Please refer to our PDS and Risk Disclosure Statement for more information about the key risks associated with trading CFDs.</p>
<p><b>5. Client needs</b></p>	<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> <ul style="list-style-type: none"> <li>a) have a short term investment objective;</li> <li>b) wish to trade in CFDs, including for speculative or hedging purposes, wishing to gain exposure to price movements of the relevant underlying assets e.g. cryptocurrencies, stocks, currencies, etc;</li> <li>c) have a high investment risk tolerance; and</li> <li>d) wish to invest in highly volatile markets;</li> <li>e) wish to diversify their investment portfolio.</li> </ul> <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>Please also note that past performance is not indicative of future performance.</p>
<p><b>6. Financial situation</b></p>	<p>Our CFDs and their key attributes are likely to be consistent with the financial situation of those clients who have sufficient funds that allow them to trade CFDs and are capable of losing the amount they invest without materially impacting their standard of living.</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.

Our products are **not** compatible with the needs of clients who:

- a) are below the age of 18 ;
- b) do not satisfy Capital Com's wealth thresholds;
- c) has not passed Capital Com's client suitability assessment criteria;
- d) are seeking capital protection or stability;
- e) are risk-averse;
- f) are seeking regular fully guaranteed income or fully predictable return;
- g) who do not have time to monitor their investments with due frequency;
- h) who do not demonstrate an understanding of the characteristics and nature of CFDs and/or the underlying assets;
- i) do not demonstrate suitability based on the combination of their level of knowledge, wealth, socio-economic state and their income;
- j) indicate that they cannot afford to bear losses; and/or
- k) are vulnerable clients (e.g., persons suffering an age-related impairment; persons with a cognitive impairment; persons suffering from elder or financial abuse; persons who have experienced job loss impacting significantly on their finances; persons with mental or other serious illness; persons suffering from addiction or any other circumstances causing significant detriment).

**Please note:** CCAU does not ask applicants to disclose personal information regarding their potential vulnerabilities; however, we encourage you to contact us if any of these circumstances apply to you.

CCAU only offers its services and/or products to Australian Residents. We do not accept clients from the US or those residing outside of Australia.

## 8. Distribution conditions

Our products are distributed:

- a) directly by us; and
- b) by various third parties, including partners, affiliates, introducing brokers and referrers (each a "Distributor", and together, the "Distributors").

**No party may engage in the distribution of our CFDs unless they have entered into an agreement with us. This includes the commercial sharing or release of marketing materials without obtaining our prior written consent.**

We will take reasonable steps to ensure that:

- a) both we and our Distributors, distribute the financial product to the target market;
- b) our distribution strategy is consistent with our target market; and
- c) our marketing strategy targets persons who are reasonably likely to fall within our target market;
- d) we properly identify groups of clients for whose needs, characteristics and objectives of the product or service are not compatible;
- e) our employees possess the necessary knowledge and experience to understand the characteristics and the risks of the products offered to CCAU's target market.

To ensure that the distribution strategy is consistent with the target market, we have several processes in place to ensure that persons who are potential clients fall within the target market. These processes include but are not necessarily limited to:

***Our online application process***

CCAU has developed an application form which consists of a questionnaire intended to filter out potential clients who do not meet our target market.

The questionnaire will assist us in assessing a prospective investor:

- a) level of knowledge and experience;
- b) financial situation and ability to bear loss;
- c) risk tolerance;
- d) likely objectives and needs.

After the prospective client has completed the questionnaire, the client will be categorised as falling either within our defined target market or outside of our target market. Persons who do not fall within our defined target market, will not be permitted to hold a live trading account with us.

***Marketing reviews and approval processes***

CCAU employs specialist marketing teams to prepare our marketing content. These content writers have industry experience and/or are trained in understanding the products we offer and the good practice guidelines in relation to marketing our products.

CCAU Compliance also reviews all marketing before publication. In addition, CCAU has a marketing approval process in place which assists us in:

- a) taking reasonable steps to ensure that our products are marketed to persons who are reasonably likely to fall within our identified target market;
- b) ensuring that our products contain the relevant disclosures and risk warnings, and
- c) ensuring that mis-selling of our products does not occur.

***Agreements, review and monitoring of distributors***

We have adequate arrangements in place in order to monitor Distributors including, but not necessarily limited to:

- a) vetting Distributors to verify their selling practices align with our TMD;
- b) agreements to ensure that Distributors' are aware of our obligations to our clients in turn, ensuring that their distribution practices are in line with ours;
- c) ongoing monitoring and review of our Distributors including audits of their websites, marketing content and marketing practices; and
- d) training and/or provision of marketing resources to ensure compliance.

**9. Review and monitoring**

We will review our products at least annually, or more frequently if necessary, to assess whether our products remain consistent with the needs, characteristics and objectives of our target market.

Our first review of this TMD will occur on 5 October 2022. Subsequent reviews will occur on the anniversary of the first review date.

On a regular basis we shall consider data and information that may give an indication that it has wrongly identified the target market for a product or service or that the product or service no longer meets the circumstances of the identified target market.

**We will also review the TMD where the following review triggers occur:**

Where there are significant dealings (issuing of CFDs) in our 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;

- a) where we have received a large volume of complaints;
- b) where we have identified a significant number of applications from persons who do not qualify for an account with us; and/or
- c) where we have detected significant issues with the distribution of our CFDs throughout the monitoring of our own day-to-day activities;
- d) where we have material changes to law or regulation applicable to CFDs;
- e) where Product Intervention Order is introduced affecting the issuer or distribution of CFDs.

### **Distributors – information collecting and reporting requirements**

No Distributor may release marketing materials without obtaining our prior written consent. In particular, any marketing and promotional communication to all clients and potential clients of Capital Com is reviewed and approved by CCAU's Compliance Department prior to its publication.

It should also be noted that if CCAU decides to use third-party distributors, these third-party distributors are not involved in the onboarding process, the carrying out of the appropriateness assessment or the offering of the CFD product. Furthermore, CCAU does not allow third-party distributors to onboard clients on behalf of CCAU. If a client wants to trade, the client must pass our onboarding process directly with CCAU.

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, 31 March, 30 June, 30 September and 31 December, each year:

- a) complaints data – information about the complaints received, including the number of complaints received;
- b) updates of marketing material that is still in circulation;
- c) consumer feedback (including regarding performance of the product);
- d) requests for information that the Distributor has received from clients;
- e) percentage of sales to clients who are not in the target market;
- f) volume of sales

## 10. Contact information

For more information about this TMD, please contact us using the details below:

<b>Licensee name:</b>	Capital Com Australia Pty Ltd
<b>Address:</b>	Level 34, 120 Collins Street, Melbourne, VIC, 3000, Australia
<b>Website</b>	<a href="http://www.capital.com">www.capital.com</a>
<b>Email</b>	<a href="mailto:compliance.au@capital.com">compliance.au@capital.com</a>

## 11. General notice

We reserve the right to amend the TMD at any time if such amendment is needed because of any changes to the law or regulations, regulatory guidance, or for any reason we consider is an appropriate reason to amend the TMD.

## 12. Risk Warning

Trading on margin is high risk and profits as well as losses are magnified. Movements in the price of the margin contract's underlying asset (e.g., shares, indices, ETFs, foreign exchange rates, commodity or cryptocurrency prices) are influenced by a variety of unpredictable factors. Extreme movements in the price of the underlying asset may occur suddenly and as a result, you may be unable to settle adverse trades at the expected price. These sudden movements can put you at risk of losing the entirety of your deposit(s) and therefore, our products may not be suitable for you.

## Annexure 1 – Forex

Product	Forex (Currency Pairs)
Maximum Leverage	30:1 referencing an exchange rate for <b>major</b> currency pairs 20:1 referencing an exchange rate for <b>minor</b> currency pairs
Trading Hours (Availability)	Can be traded at any time during regular market hours
Benefits	<ul style="list-style-type: none"><li>• Hedging of other transactions or purchases of tangible items</li><li>• Speculation</li><li>• Access to the forex markets at any time</li><li>• Real time streaming quotes</li><li>• Diversify their investment portfolio</li></ul>
Risks	Values may fluctuate significantly in times of high volatility or market/economic uncertainty; such swings are even more significant if your positions are leveraged and may also adversely affect your position. As a result, margin calls may be made quickly or frequently, and in the event of default, your positions may be closed out.
Costs	<ul style="list-style-type: none"><li>• The spread cost which is one-off cost per transaction</li><li>• The overnight fees which occur if you leave a position overnight</li><li>• Currency conversion fee (if applicable)</li><li>• Guaranteed stop order (if applicable)</li><li>• Possibility that other taxes or costs may exist that are not paid through or imposed by us</li></ul> <p>For more information regarding the costs, please refer to our PDS.</p>
Negative Balance Protection	Yes

## Annexure 2 – Indices

Product	Indices
Maximum Leverage	10:1 or 20:1
Trading Hours (Availability)	Can be traded at any time during regular market hours
Benefits	<ul style="list-style-type: none"><li>• Hedging of other transactions</li><li>• Speculation</li><li>• Access to financial markets</li><li>• Real time streaming quotes</li><li>• Diversify their investment portfolio</li></ul>
Risks	Values may fluctuate significantly in times of high volatility or market/economic uncertainty; such swings are even more significant if your positions are leveraged and may also adversely affect your position. As a result, margin calls may be made quickly or frequently, and in the event of default, your positions may be closed out.
Costs	<ul style="list-style-type: none"><li>• The Spread cost which is one-off cost</li><li>• The overnight fees which occur if you leave a position overnight</li><li>• Currency conversion fee (if applicable)</li><li>• Guaranteed stop order (if applicable)</li><li>• Possibility that other taxes or costs may exist that are not paid through or imposed by us</li></ul> <p>For more information regarding the costs, please refer to our PDS.</p>
Negative Balance Protection	Yes

### Annexure 3 – Cryptos

Product	Cryptocurrency assets
Maximum Leverage	2:1
Trading Hours (Availability)	Can be traded at any time during regular market hours (including weekends)
Benefits	<ul style="list-style-type: none"><li>• Hedging</li><li>• Speculation</li><li>• Access to Cryptocurrency markets</li><li>• Real time streaming quotes</li><li>• Diversify their investment portfolio</li></ul>
Risks	<p>Cryptocurrencies entail higher risk as they are unregulated, and their value fluctuates significantly. In addition, Cryptocurrencies are subject, not only to market risks of supply and demand, but also technology.</p> <p>When you trade Cryptocurrency CFDs with us, you are not buying or selling a specific cryptocurrency. You are entering into a contract with us regarding the price movements of the underlying cryptocurrency you select and as in other CFDs, there is never any physical delivery. Your account will be credited or debited with any profit or loss derived from the position.</p>
Costs	<ul style="list-style-type: none"><li>• The Spread cost which is one-off cost</li><li>• The overnight fees which occur if you leave a position overnight</li><li>• Currency conversion fee (if applicable)</li><li>• Guaranteed stop order (if applicable)</li><li>• Possibility that other taxes or costs may exist that are not paid through or imposed by us</li></ul> <p>For more information regarding the costs, please refer to our PDS.</p>
Negative Balance Protection	Yes

## Annexure 4 – Shares

Product	Share CFDs
Maximum Leverage	5:1 referencing shares or other assets
Trading Hours (Availability)	Can be traded at any time during regular market hours
Benefits	<ul style="list-style-type: none"><li>• Hedging of other transactions</li><li>• Speculation</li><li>• Access to financial markets</li><li>• Real time streaming quotes</li><li>• Diversify their investment portfolio</li></ul>
Risks	Values may fluctuate significantly in times of high volatility or market/economic uncertainty; such swings are even more significant if your positions are leveraged and may also adversely affect your position. As a result, margin calls may be made quickly or frequently, and in the event of default, your positions may be closed out.
Costs	<ul style="list-style-type: none"><li>• The Spread cost which is one-off cost</li><li>• The overnight fees which occur if you leave a position overnight</li><li>• Currency conversion fee (if applicable)</li><li>• Guaranteed stop order (if applicable)</li><li>• Possibility that other taxes or costs may exist that are not paid through or imposed by us</li></ul> <p>For more information regarding the costs, please refer to our PDS.</p>
Negative Balance Protection	Yes

## Annexure 5 – Commodities

Product	Commodities
Maximum Leverage	20:1 for Gold 10:1 for all other Commodities
Trading Hours (Availability)	Can be traded at any time during regular market hours
Benefits	<ul style="list-style-type: none"><li>• Hedging of other transactions</li><li>• Speculation</li><li>• Access to financial markets</li><li>• Real time streaming quotes</li><li>• Diversify their investment portfolio</li></ul>
Risks	Values may fluctuate significantly in times of high volatility or market/economic uncertainty; such swings are even more significant if your positions are leveraged and may also adversely affect your position. As a result, margin calls may be made quickly or frequently, and in the event of default, your positions may be closed out.
Costs	<ul style="list-style-type: none"><li>• The Spread cost which is one-off cost</li><li>• The overnight fees which occur if you leave a position overnight</li><li>• Currency conversion fee (if applicable)</li><li>• Guaranteed stop order (if applicable)</li><li>• Possibility that other taxes or costs may exist that are not paid through or imposed by us</li></ul> <p>For more information regarding the costs, please refer to our PDS.</p>
Negative Balance Protection	Yes