



First Prudential Markets Pty Ltd Target Market Determination for OTC Derivatives

Date of TMD: February 2023

Issuer	First Prudential Markets Pty Ltd
Product	OTC Derivatives
Date of TMD	February 2023
Overview	This Target Market Determination (TMD) is provided by First Prudential Markets Pty Ltd in relation to its offering of Over-The-Counter (OTC) Derivatives for Retail Clients as required under Section 994B of the Corporations Act 2001
Product: CFDs (Contract for Difference)	<p>A CFD is a form of Over-The-Counter (OTC) derivative trading allowing for the speculation of price movements for securities and derivatives. Investors are able to trade on whether they believe the price of a security or derivative will rise or fall.</p> <p>First Prudential Markets issues CFDs for the following underlying assets:</p> <ul style="list-style-type: none"> - Forex - Indices - Equities - Metals - Hard & Soft Commodities - Cryptocurrency - Bonds - ETF
Key Attributes of CFD's	<p>CFDs are complex derivative financial instruments which allow individuals to trade an asset without taking ownership. They are agreements to exchange the difference in the value of a particular underlying asset and allows retail clients to speculate or hedge their exposure based on the price rise or fall of an underlying asset. CFDs are leveraged instruments and therefore carry higher levels of risk as they increase the overall exposure within the market.</p> <p>The CFDs issued through First Prudential Markets are traded over the counter ("OTC") and not through a centralised exchange (e.g ASX, LSE, NAS).</p> <p>OTC Derivatives can be subject to higher levels of Risk including but not limited to:</p> <ul style="list-style-type: none"> ▪ Leverage: Trading with leverage allows for smaller investment amounts to be deposited by clients for larger levels of exposure which can result in larger profits and/or losses to the client. ▪ Market Conditions and Volatility: Derivatives have the ability to be highly volatile, which can result in clients incurring significant returns or losses in short periods of time (losses can be up to the value of a client's total deposited value). ▪ Counterparty Risk: First Prudential Markets is the issuer of OTC derivatives, meaning it is the counterparty to all transactions the client enters into.

	<ul style="list-style-type: none"> ▪ Auto Liquidation: First Prudential Markets reserves the right to liquidate all or some of a client's positions if the client fails to maintain the required Margin <p>You should refer to our PDS for further details of risks you may incur</p>
Eligibility Requirements	<ul style="list-style-type: none"> ▪ Resident/citizen of Australia; ▪ Aged 18+ ▪ Have excess funds to invest and the loss of those funds would not harm their financial wellbeing ▪ Understand the importance to not invest more than you can afford to lose ▪ Have an understanding of CFD products and their associated risks"
Knowledge and Experience	<p>First Prudential Markets undertakes an assessment of the retail client's knowledge of trading in CFD Products prior to approving and distributing its product to them. Only clients who have been assessed as competent by First Prudential Markets, will be accepted as clients.</p> <p>Clients should be familiar with the complexities associated with CFD products such as but not limited to:</p> <ul style="list-style-type: none"> ▪ Leverage ▪ Market Conditions and Volatility ▪ Counterparty Risk ▪ Auto Liquidation ▪ Financing/ Holding Cost
Risk Tolerance	<p>CFD products are predominantly suitable for clients with higher investment risk tolerance</p> <p>Please note that there are particular risks associated with trading/investing in CFD Products. Please refer to our PDS for further information in relation to the risks of trading/investing in CFD Products.</p>
Investors this product may be suitable for	<p>OTC Derivatives can be traded for different reasons relevant to the client. First Prudential Markets has deemed OTC Derivatives are suitable for retail clients whose likely objectives, financial situation and needs (as outlined in this document) align with the Financial Product (including its key attributes) such as:</p> <ul style="list-style-type: none"> ▪ Wishing to gain exposure to price movements of the relevant underlying asset; ▪ Have a higher investment risk appetite;

- Wish to deal in a Financial Product for any 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 such as Currencies, Commodities, Equities, Bonds, ETFs, Indices and Cryptocurrencies, including where exposure to such underlying assets may not be otherwise as readily available, or where such exposure is required at short notice;
 - seek to manage or hedge foreign exchange exposure and manage future cash flow; and
- are involved in importing / exporting and who deal with international foreign suppliers and clients;
- can accept losses that may be as great as the sum of their deposits and without suffering financial hardship as a result.

Investors this product may be unsuitable for

- Do not meet the eligibility requirements;
- Are seeking capital protection or stability;
- Are seeking regular or otherwise predictable returns on their investments;
- Do not have the ability and willingness to lose the sum or greater of their deposits;
- Are below the age of 18;
- Do not wish to be exposed to counterparty risk of any form;
- Have low levels of financial literacy;
- Reside in a country which restricts or prohibits trading in such Financial Products;
- Are in financial hardship or going through bankruptcy;
- Wish to trade using their retirement savings, income, or cash that they rely on for Living expenses or personal savings;
- Are vulnerable, including those who are:
 - Suffering an age-related impairment;
 - Suffering any form of cognitive impairment;
 - Suffering from elder or financial abuse;
- Unemployed or who have recently experienced job loss and not being able to meet their day to day financial needs as a result;
- Suffering from mental or other forms of serious illness affecting capacity;
- Suffering from any form of addiction; or

	<ul style="list-style-type: none"> ▪ Suffering from any other personal or financial circumstances causing significant detriment
Consistency Between the Target Market and Financial Product	<p>First Prudential Markets has evaluated its Financial Product offering and concluded the product and its key attributes are likely to fulfill the needs of its identified Target Market as described above.</p>
Distribution Channels and Distribution Conditions	<p>Distribution Channels:</p> <p>The Financial Product is distributed by First Prudential Markets via:</p> <ul style="list-style-type: none"> ▪ First Prudential Markets website; ▪ Corporate Authorised Representatives/Authorised Representatives; ▪ Mere referrers; ▪ Through its Online Trading Platform <p>Distribution Conditions:</p> <ul style="list-style-type: none"> ▪ First Prudential Markets takes reasonable steps to ensure that First Prudential Markets as well as any distributors, distribute the Financial Product to the Target Market ▪ First Prudential Markets has implemented the following processes to ensure distribution is consistent with retail clients who fall within the Target Market. Verification of a potential retail client including whether they: <ul style="list-style-type: none"> ◦ fall within the Target Market during the onboarding process, ◦ meet all eligibility requirements; <p>this occurs before accepting any applicant as a client and allowing them to trade/invest;</p> <ul style="list-style-type: none"> ▪ First Prudential Markets will take reasonable steps to ensure its marketing strategy and the marketing strategy of distributors is targeting retail clients within its Target Market
Adequacy of Distribution Conditions	<p>First Prudential Markets will require all clients to complete an onboarding questionnaire to ascertain their trading suitability which will include questions designed to determine if the retail client matches the determined suitability as previously described. If the information provided by the client does not meet the target market determination set by First Prudential Markets, the retail clients application will be declined.</p>
Periodic Reviews	<p>Subsequent reviews of the TMD will occur within 12 months, or more frequently if a review trigger occurs.</p>

Review Triggers	<p>When any event or circumstance arises that suggests the TMD is no longer appropriate. This includes (but is not limited to):</p> <ul style="list-style-type: none"> ▪ Material changes to the key attributes of the Financial Product; ▪ The occurrence of a significant dealing including when distribution occurs outside the target market on multiple occasions; ▪ 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 First Prudential Markets or a distributor; and ▪ Where First Prudential Markets detects issues with the distribution of the Financial Product through the monitoring of daily business activities as well as the monitoring and supervision of distributors."
Distributor Reporting Requirements	<p>In relation to this Target Market Determination, Distributors are required to provide:</p> <ul style="list-style-type: none"> ▪ Complaints: First Prudential Markets distributors report all complaints in relation to the Financial Product covered by this Target Market Determination within five (5) business days which is set out from the date the complaint was received. ▪ Significant Dealings: First Prudential Markets distributors report to First Prudential Markets if they become aware of a significant dealing in relation to this Target Market Determination within ten (10) business days. ▪ Feedback: First Prudential Markets distributors report all relevant Retail Client feedback in relation to the Financial Product covered by this Target Market Determination
Change in Personal Circumstances	<p>It is the client's responsibility to inform First Prudential Markets of any changes to their circumstances which may affect their suitability to invest in CFD's are per the Target Market. They can do so by contacting our Customer Support Team, who can be contacted via:</p> <ul style="list-style-type: none"> ▪ Phone: 02 8252 6800 ▪ Email: support@fpmarkets.com ▪ Mail: FP Markets, Level 5, 10 Bridge Street, Sydney NSW 2000.
Conclusion	<p>First Prudential Markets reserves the right to amend this Target Market Determination at any time.</p>



Should you have any questions or enquiries, please don't hesitate
to contact FP Markets.

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