

# Fintek Securities Pty Ltd

ACN 651 594 946

AFSL 533278

## Target Market Determination Contracts for Difference (CFDs) on Indices

28 May 2024

Fintek Securities Pty Ltd  
Level 6, 250 Queen Street  
Melbourne VIC 3000 Australia  
P: (03) 7018 2582  
E: [compliance@finteksec.com.au](mailto:compliance@finteksec.com.au)  
W: [www.finteksec.com.au](http://www.finteksec.com.au)

## Target Market Determination

### Contracts for Difference (CFDs) on Shares

#### Introduction

Fintek Securities Pty Ltd (referred to as “Fintek Securities”, “us”, “our” or “we”) operates a Contracts for Difference (CFDs) business. Fintek Securities is a product issuer and issues CFDs to clients, including retail clients. The design and distribution obligations set out in Part 7.8A of the Corporations Act 2001 (“DD Obligations”) have applied to the issue and distribution of CFDs to retail clients (Consumers) from 5 October 2021.

We are regulated by the Australian Securities and Investments Commission (ASIC) and operate under AFS Licence number 533278. Our registered office is located at Level 6, 250 Queen Street, Melbourne, VIC, 3000, Australia.

The DD Obligations aim to assist Consumers to obtain appropriate financial products by requiring product issuers and distributors to have a consumer-centric approach to the design and distribution of financial products.

The purpose of this target market determination (**TMD**) is to describe the target market of Consumers for our CFDs, and to address the DD Obligations that apply to TMDs.

If you are a retail client, you should refer to the relevant Product Disclosure Statement (**PDS**) before deciding whether to acquire or continue to hold the relevant product. You can get a copy of the relevant PDS from our website, [www.finteksec.com.au](http://www.finteksec.com.au).

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.

#### Financial products issued by us

CFDs 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.

**We issue CFDs in respect of the following underlying assets:**

Currency Pairs;  
Commodities, including precious metals;  
Indices, including stock market indices;  
Shares and Exchange Traded Funds (ETFs); and  
Cryptocurrencies.

This TMD has been prepared specifically in relation to our CFDs on Indices. We have issued separate TMDs in respect of each of our other CFD offerings. For more information about the TMDs of our other products which are issued by Fintek Securities, please refer to our website.

## The target market

**The target market for our CFDs include the following classes of Consumers:**

**Consumers who satisfy each of the following criteria:**

- Consumers above the age of 18 and below the age of 75;
- Consumers who have the requisite knowledge for the purposes of trading in CFDs;
- Consumers who can accept losses that can be as great as the sum of their deposits;
- Consumers who have high investment risk appetites; and
- Consumers with a short-term investment horizon.

**For those Consumers who satisfy the above criteria**

Those Consumers who satisfy the above criteria and wish to trade CFDs for investment purposes, including for one or more of the following purposes:

- speculative trading;
- hedging (including hedging exposure to underlying assets and hedging positions taken in relation to other CFDs); and
- gaining exposure to price movements of the underlying assets – Indices, including where exposure to such underlying assets may not be otherwise as readily available, or where such exposure is required at short notice,

are in the target market for Fintek Securities' Indices CFDs.

## Target market – criteria, scope, and key attributes

Further details regarding Fintek Securities' target market for CFDs trading is set out below.

Criteria	Scope and key attributes
Client type	Retail clients  This target market determination does not apply to wholesale clients, including sophisticated investors and professional investors
Knowledge and experience	Only clients who have the requisite knowledge and experience to trade in CFDs, as assessed by Fintek Securities  Fintek Securities undertakes assessment of the Consumer's experience and knowledge trading in CFDs prior to approving and distributing the products to the client
Ability to bear losses	Clients who are prepared to lose amounts that can be as great as the sum of their total deposits
Tolerance to risk	CFDs are suitable for clients with high investment risk tolerance.  Please note that there are risks associated with trading CFDs over Indices.  Those risks include the fact that fluctuations in the underlying asset could cause the value of the investment to diminish or increase. Further, the price of any financial products traded on international markets and, therefore, the potential profit and loss therein, may be affected by any variance in the foreign exchange rate between the time the order is placed and the time it is liquidated, offset, or exercised.

---

Client needs

Our CFDs and their key attributes are likely to be consistent with the likely objectives, financial situation and needs of those Consumers who:

1. have a short-term investment horizon;
2. wish to:
  - a) trade in CFDs, including for speculative or hedging purposes; or
  - b) to gain exposure to price movements of the relevant underlying assets (for example, US and Australian Indices);
3. have a high investment risk tolerance; and
4. can afford to bear losses.

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.

---

Consumers who meet all of the requirements (1, 2(a) or 2(b), 3 and 4), as set out in the above bullet points are likely to be in the target market for our CFDs.

Consumers who do not meet all of the requirements (1, 2(a) or 2(b), 3 and 4), as set out above, are potentially in the target market for our CFDs, but may not be.

Consumers who do not satisfy both 3 and 4 above, are unlikely to be in the target market for the CFDs.

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

- are seeking capital protection or stability;
- are extremely risk-adverse;
- are seeking regular or otherwise predictable returns on their investments;
- cannot afford to bear losses;
- are vulnerable clients as described below.

Consumers who fall into any of the categories set out immediately above, are not in the target market for Fintek Securities' Indices CFDs.

---

## Consumers for whom CFDs are unsuitable.

CFDs are generally unsuitable for the following classes of Consumers:

- Consumers below the age of 18;
- Consumers who reside in a country which restricts or prohibits trading in CFDs;
- Consumers who are in financial hardship or going through bankruptcy;
- Consumers who do not have the requisite knowledge for trading in CFDs;
- Consumers who are extremely risk adverse;
- Consumers who do not have the ability and willingness to lose the sum of their deposits;
- Consumers who have low levels of literacy or numeracy, financial literacy and technological literacy;
- Consumers who wish to trade using their retirement savings, income, or cash that the Consumer relies on for living expenses;
- Vulnerable Consumers, including Consumers who are vulnerable for any of the following reasons:
  - > elderly or suffering an age-related impairment;
  - > suffering from elder or financial abuse;
  - > suffering from mental or other forms of serious illness affecting capacity;
  - > suffering from any form of addiction; or
  - > any other personal or financial circumstances causing significant detriment.

**Consumers who are in any of the above categories are not in the target market for CFDs.**

## Distribution conditions

Our CFDs are distributed by:

- Fintek Securities; and
- Various third parties are also involved in the distribution of our CFDs, including various referrers (the **Distributors**)

We will take reasonable steps to ensure that both we and any Distributors, distribute the financial product to the identified target market.

To ensure that the distribution strategy is consistent with the identified target market, we have several processes in place to ensure that the Consumers who are potential clients fall within the identified target market. Fintek Securities has instituted a process by which all new customers are required to complete an onboarding questionnaire to determine their suitability for CFDs as well as this asset class being Indices. The questionnaire assesses an applicant's knowledge and understanding of CFDs, as well as requiring the applicant to disclose certain characteristics – for example, their risk tolerance, their financial resources, their employment status, and other relevant considerations. Where necessary, trained Fintek Securities members of staff will contact the applicant to discuss their responses to ensure they satisfy the target market criteria for onboarding. Once Fintek Securities has verified that a potential client falls within the identified target market, they will be approved to trade CFDs on the Trading Platform.

We will also take reasonable steps to ensure that our marketing strategy and the marketing strategy of Distributors is targeting potential clients who fall within the identified target market. No Distributor may release marketing materials without obtaining our prior written consent. Fintek Securities requires any Distributor to provide all marketing material to the Compliance Department for review. The Compliance Department will ensure that the material includes any regulatory requirements (for example, relevant disclaimers); ensure that the material is not false, misleading, or deceptive in any way; and ensure that the material is consistent with Fintek Securities' Target Market Determination – that is, to ensure that the material does not contain elements which may attract potential clients outside of the intended target market.

## Monitoring and reviewing the TMD.

### Periodic reviews

**We will perform periodic reviews of this TMD.**

The first review of this TMD will on or before 18 March 2025.

Subsequent reviews of the TMD will occur on each anniversary of the first review date.

### Review triggers – additional reviews

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

- where there are significant dealings (issuing of CFDs) in Fintek Securities' CFDs, which are not consistent with the target market of 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;
- where a Distributor has reported a significant number of complaints or noted any relevant complaint trends;
- where we have received a significant number of complaints or noted any relevant complaints trends;
- where we have detected significant issues with the distribution of our CFDs through our monitoring of our own day-to-day activities, or the monitoring and supervision of our Distributors;
- where there is a change to the product trading mechanism or the product offering;
- where we have identified a large number of applicants who are unable to pass the Fintek Securities qualification process, such as failing the client onboarding quiz.

### Distributors – information collecting and reporting requirements

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 (subject to where no reporting is required, based on the particular reporting requirements and conditions set out below), within 10 business days of the end of each calendar quarter – 31 March, 30 June, 30 September and 31 December, each year:

## **Complaints data**

- Complaints data – information about the complaints received, including the number of complaints received (but only where the Distributor received complaints in relation to the product during the reporting period).

## **Other data**

- Consumer feedback, including regarding performance of the product (but only where such feedback was received during the reporting period).
- Requests for information that the Distributor has received from clients (but only where such requests were received during the reporting period).
- Percentage of sales to clients who are not in the target market (but only where such sales occurred during the reporting period).
- Volume of sales (but only where such sales occurred during the reporting period).

## **Further reporting requirements**

In addition to the reporting requirements above, each Distributor must report:

- Any significant dealing outside the TMD, as soon as practicable and, in any event, within 10 business days of such dealing.
- All individual complaints made by any person in connection with the relevant financial product that are made to the Distributor, as soon as practicable and, in any event, within 5 days of receiving any such complaint.

## **Contact**

For more information about your Target Market Determination – CFDs, please contact:

E: [compliance@finteksec.com.au](mailto:compliance@finteksec.com.au)

W: [www.finteksec.com.au](http://www.finteksec.com.au)

Fintek Securities reserves the right to amend the TMD at any time if such amendment is needed as a result of any changes to the law or regulations, regulatory guidance or for any reason Fintek Securities considers as a proper reason to amend the TMD.