

# Target Market Determination (TMD)

## Contracts for Difference

Issuer	Gleneagle Securities (Aust) Pty Limited ABN 58 136 930 526 AFSL 337985 ("Gleneagle").
Product	Contracts for Difference ("CFDs").
Date of TMD	1 October 2021
Overview of this document	<p>This document is a target market determination for the purposes of section 994B of the <i>Corporations Act 2001</i> (Cth) ("<b>Corporations Act</b>") in respect of CFDs issued by Gleneagle.</p> <p>This document applies to retail clients only ("<b>Clients</b>"). It is not a product disclosure statement ("<b>PDS</b>") and does not take into account any particular Client's objectives, financial situation or needs. Clients should refer to our PDS at <a href="http://www.gleneagle.com.au">www.gleneagle.com.au</a> as well as any other relevant Gleneagle documents, ensure they fully understand the risks involved, and consider seeking independent advice before deciding to trade CFDs.</p>
Overview of CFDs	<p>CFDs are leveraged derivative products which enable Clients to trade on the price movement of underlying financial assets such as foreign exchange currency pairs, indices, cryptocurrencies, shares and commodities ("<b>Instruments</b>").</p> <p>A CFD is an agreement to exchange the difference in the value of an asset from the time the contract is opened until the time at which it's closed.</p> <p>With a CFD Clients never own the Instrument they have chosen to trade, but they can still benefit if the market moves in their favour, or make a loss should the markets move against them.</p> <p>There are several main reasons why Clients may trade CFDs:</p> <ul style="list-style-type: none"> <li>• to speculate on the rising or falling prices or levels of Instruments. A Client can take long or short positions on a particular Instrument depending on whether they think prices or levels will go up or down;</li> <li>• to trade without buying or selling the actual underlying Instrument (e.g. a physical share, currency pair or commodity);</li> <li>• to trade on margin. A Client only needs to deposit a small percentage of the full value of the trade as margin in order to open a position; and/or</li> <li>• to reduce risk by hedging against an existing investment (e.g. acquiring a CFD over shares the Client already holds).</li> </ul>
Target Market for CFDs (s994B(5)(b))	<p>Given the diverse nature of CFDs and different strategies that may be associated with trading CFDs, Gleneagle considers that the target market for CFDs is a Client that falls within one (or more) of the below categories, noting there may also be some overlap between categories:</p> <ul style="list-style-type: none"> <li>• <b>High Risk Tolerance Traders</b> – Clients seeking to make a profit via speculation.</li> <li>• <b>Risk Mitigation Investors</b> – Clients seeking to hedge potential risks from other investments in or exposures to Instruments.</li> </ul> <p>It is not necessary for a Client to fall within both categories; it is sufficient for a Client to fall within one of the above categories to be within the target market for CFDs.</p>
Likely objectives, financial situation and	<p><b>High Risk Tolerance Investors</b> are retail 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).</p>

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<p>needs of Clients in the target market</p>	<ul style="list-style-type: none"> <li>• <u>Likely objectives</u>: Use existing assets to support leverage in order to seek higher returns with corresponding higher risk.</li> <li>• <u>Likely financial situation</u>: Have a relatively high and regular disposable income and/or substantial holdings of spare capital available for trading CFDs. Are able to withstand losses from trading CFDs without causing distress or material impact on living standards.</li> <li>• <u>Likely needs</u>: Wish to use spare capital to make enhanced returns..</li> </ul> <p><b>Risk Mitigation Investors</b> are retail clients who may be more risk averse than High Risk Tolerance Investors looking to protect previous gains, or mitigate against potential future losses.</p> <ul style="list-style-type: none"> <li>• <u>Likely objectives</u>: Protect previous gains or mitigate against potential future losses and/or lower the cost of acquiring an economic exposure to underlying Instruments.</li> <li>• <u>Likely financial situation</u>: Have existing investments or exposures which the Client wishes to hedge.</li> <li>• <u>Likely needs</u>: Loss or profit protection.</li> </ul>
<p>Explanation of why CFDs are likely to be consistent with the likely objectives, financial situation and needs of the target market (s994B(8))</p>	<p>Gleneagle expects that trading in CFDs will likely be consistent with the likely objectives, financial situation and needs of <b>High Risk Tolerance Investors</b> because, through trading on leverage, CFDs offer the potential for enhanced returns, and this class of Clients should be able to bear any potential losses without material hardship.</p> <p>We also expect that trading in CFDs will likely be consistent with the likely objectives, financial situation and needs of <b>Risk Mitigation Investors</b> because these products offer the ability to economically protect any previous profits from exposure to an Instrument and/or protect against future losses. For example, by taking a short position in CFDs over an Instrument, a Client can attempt to make a profit from any downtrend to offset any loss from a Client's existing long exposure to the same Instrument.</p>
<p>Retail clients for whom CFDs are unsuitable</p>	<p>CFDs will generally not be suitable for Clients outside the target market. Potential categories would include:</p> <ul style="list-style-type: none"> <li>• Clients who cannot afford to lose the amount of money deposited without material impact on their standard of living;</li> <li>• Clients who do not understand the risks of CFDs;</li> <li>• Clients who solely derive their income from benefits and/or borrowings;</li> <li>• Clients who have not passed Gleneagle's Client Qualification testing criteria; or</li> <li>• Clients who have a low risk tolerance, other than those Clients who wish to use CFDs to hedge existing investments.</li> </ul>
<p>Distribution Conditions (s994B(5)(c))</p>	<p>Any distribution of CFDs by Gleneagle directly to Clients will be in accordance with procedures Gleneagle determines are reasonably likely to ensure that CFDs are only issued to Clients who are reasonably likely to be within the target market.</p> <p>Third party distribution of CFDs issued by Gleneagle must only occur in accordance with the client suitability and understanding procedures specified by Gleneagle. No third party distributor is permitted to distribute CFDs issued by Gleneagle to Clients unless Gleneagle considers on reasonable grounds that each relevant Client is likely to be within the target market.</p>

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Gleneagle selects its distribution criteria depending on the medium used. The criteria selected for each medium allow Gleneagle to demonstrate that the audience targeted has or is highly likely to have an interest and/or prior experience trading on financial markets

### Distribution Channels:

Gleneagle uses the following distribution channels:

- **Intermediaries** – including introducing brokers and referrers (regulated and unregulated).
- **Online Sales** – Products promoted through websites, online financial channels and appropriate social media;
- **Print** - Products promoted through print media such as magazines and newspapers;
- **PR** – Products or services promoted via PR channel providing content or running targeted events; and
- **Gleneagle’ Account Executives and Sales Traders** – utilising existing networks and garnering referred business from active clients.

### Distribution Conditions:

Distribution and promotion of CFDs can only take place where the distribution criteria have been overlaid to be reasonably likely to reach Clients in Gleneagles’ target market.

In any event, CFDs should only be distributed to the Client where they meet the eligibility requirements determined by Gleneagle and the Client is reasonably likely to fall within the target market.

### Review Triggers (s994B(5)(d))

The review triggers that may suggest that the TMD is no longer appropriate, such that a review of the TMD should be undertaken, include:

- Gleneagle becomes aware of a significant issuance of CFDs to Clients outside the target market;
- material changes to the CFD product as a result of new or amended functionality, whereby the key attributes of CFDs are no longer consistent with the likely objectives, financial situation and needs of Clients in the target market;
- material changes to law or regulation affecting CFDs;
- Gleneagle becomes aware of a significant volume of complaints from Clients who are trading CFDs; or
- any other event or circumstance that would materially change a factor taken into account in making this TMD for CFDs.

### Review Periods (s994B(5)(e), (f))

This TMD must be reviewed at least every 12 months from the date of this TMD, and more frequently if a review trigger occurs.

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### Distributor Reporting Requirements (s994B(5)(g), (h))

The following information must be provided to Gleneagle by distributors who engage in retail product distribution conduct in relation to CFDs:

Type of information	Description	Reporting period
Complaints	Number and substance of complaints including all details about the complaint excluding personally identifiable information.	Quarterly
Significant dealing(s) outside the target market	Date or date range of the significant dealing(s) and description of the significant dealing (e.g. why it is not consistent with the TMD).	As soon as practicable, and in any case within 10 business days after becoming aware