

Issuer	IG Australia Pty Ltd ABN: 93 096 585 410 AFSL: 515106
Financial Product	Contracts for Difference – Indices, Foreign Exchange, Commodities, Interest Rates, Equities, ETFs, Options & Cryptocurrencies
TMD Version	1.3
TMD Effective Date	4 August 2023

1. INTRODUCTION

IG Australia Pty Ltd (referred to as IG, us, our or we) is authorised by the Australian Securities and Investments Commission (ASIC) to issue derivatives, including Contracts for Difference (CFDs), to retail and wholesale clients. The design and distribution obligations set out in Part 7.8A of the Corporations Act 2001 (DD Obligations) apply to the issue and distribution of CFDs to retail clients.

The DD Obligations aim to assist retail clients 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.

2. PURPOSE OF THE TARGET MARKET DETERMINATION

A Target Market Determination (TMD) is a document which describes who a product is likely to be appropriate for (the target market), and any conditions around how the product can be distributed to customers. It also describes the events or circumstances where we may need to review the TMD for a financial product.

This TMD is not a Product Disclosure Statement (PDS) and is not a summary of all of the product features and risks. This document does not consider any person's individual objectives, financial situation or needs. Persons interested in acquiring a CFD should consider our PDS prior to entering into a CFD transaction with us.

3. OVERVIEW OF CONTRACTS FOR DIFFERENCE ISSUED BY US

A CFD is a leveraged over-the-counter (OTC) derivative that allows a client to speculate on the change in the value of an underlying asset, e.g., shares, indices, commodities, forex, options or cryptocurrencies. A CFD does not provide a client with any ownership of, or interest in, the underlying asset.

A movement in the price or value of the CFD underlying asset will determine whether the client makes a profit or incurs a loss. Our CFDs are complex, leveraged financial products, which are traded OTC and not through an exchange. The 'gearing' or 'leverage' involved in trading CFDs means that a small initial margin payment can potentially lead to large losses. CFDs typically involve a variety of charges, including spreads and / or commission, and overnight funding.

We issue CFDs in respect of the following underlying assets:

- Currency pairs (www.ig.com/au/forex)
- Commodities, including precious metals (www.ig.com/au/commodities)
- Indices, including stock market indices (www.ig.com/au/indices)
- Crypto assets (www.ig.com/au/cryptocurrency-trading)
- Shares (www.ig.com/au/shares)
- ETFs (<https://www.ig.com/au/share-trading/etfs>)
- Options (www.ig.com/au/options-trading)
- Interest rates (www.ig.com/au/trading-interest-rates)
- Other assets as made available by us from time to time (<https://www.ig.com/au/markets-to-trade>)

4. THE TARGET MARKET

CRITERIA	SCOPE AND KEY ATTRIBUTES
<p>Target Market</p>	<p>Retail clients who satisfy each of the following criteria:</p> <ul style="list-style-type: none"> • Retail clients above the age of 18; • Retail clients who: <ul style="list-style-type: none"> • understand the higher risk of trading with leverage and have a high investment risk tolerance; or • are seeking to hedge potential future losses or protect previous gains from investments in other financial products and therefore may be more risk adverse than high risk tolerant investors; • Retail clients who have the wealth to support losses that could amount to the total sum of money they invest without materially impacting their standard of living; • Retail clients who are aware of the risk of incurring significant losses trading CFDs, which can be as great as the sum of the retail client's account balance, and the preparedness to bear such losses; and • Retail clients who demonstrate knowledge gained in: <ul style="list-style-type: none"> • The fundamentals of margin and leverage; • The inherent risks of trading CFDs, including the risk of significant losses, which can be as great as the sum of the retail client's account balance, and the preparedness to bear such losses; • The fees and costs associated with CFD trading; • CFD pricing methodologies; and • The processes and technologies involved trading CFDs. <p>Those retail clients who satisfy the above criteria and who likely have one or more of the following objectives, are in the target market for this product:</p> <ul style="list-style-type: none"> • Speculative trading using leverage to seek higher returns with corresponding risk; • Using leverage to gain short term exposure to price movements of an underlying asset, where exposure to the underlying asset may not be otherwise readily available; • Using leverage to gain short term exposure to price movements of foreign underlying assets, where exposure to such underlying assets may not be otherwise as readily available; • Using leverage to gain short term exposure to price movements of falling and rising markets; • Using leverage to gain short term exposure to price movements of a diverse range of underlying assets via a single CFD account; • Using leverage to gain short term exposure to the price movement of underlying assets without owning the underlying assets; • Hedging (including hedging exposure to underlying assets and hedging positions taken in relation to other CFDs) potential future losses or protect previous gains from investments in other financial products and/or lower the cost of acquiring an economic exposure to underlying assets.

4. THE TARGET MARKET (CONTINUED)

<p>Likely client objectives, situation and needs</p>	<p>1. Retail clients who understand the higher risk of trading with leverage and have a high investment risk tolerance</p> <p>Likely objectives:</p> <ul style="list-style-type: none"> • Speculative trading using leverage to seek higher returns with corresponding risk; • Using leverage to gain short term exposure to price movements of an underlying asset, where a exposure to the underlying asset may not be otherwise readily available; • Using leverage to gain short term exposure to price movements of foreign underlying assets, where exposure to such underlying assets may not be otherwise readily available; • Using leverage to gain short term exposure to price movements of falling and rising markets; • Using leverage to gain short term exposure to price movements of a diverse range of underlying assets via a single CFD account; or • Using leverage to gain short term exposure to the price movement of underlying assets without owning the underlying assets. <p>It is sufficient for a retail client to have one or more of the objectives above to fall within the target market for CFDs.</p> <p>Likely financial situation: Have sufficient funds that allow them to trade CFDs for speculative purposes, and are capable of losing the amount they invest without materially impacting their standard of living.</p> <p>Likely needs: Appreciate and understand the higher risk of trading with leverage including in potentially volatile market conditions.</p> <p>2. Retail clients seeking to hedge:</p> <p>Likely objective: Hedging (including hedging exposure to underlying assets and hedging positions taken in relation to other CFDs) potential future losses or protect previous gains from investments in other financial products and/or lower the cost of acquiring an economic exposure to underlying assets.</p> <p>Likely financial situation: Retail clients who have existing or upcoming investments or exposures they wish to hedge.</p> <p>Likely needs: Loss or profit protection.</p>
<p>Tolerance to risk</p>	<p>CFDs are leveraged products that, due to underlying market movements, can generate losses rapidly. Losses can be significant, and a client may be required to deposit additional funds in order to maintain open positions and avoid being closed out. As it is possible to lose the entire balance of an account, CFDs are only suitable for retail clients with high investment risk tolerance, except where a retail client wishes to trade CFDs for hedging purposes.</p>
<p>Knowledge and understanding</p>	<p>We undertake an assessment of a prospective retail client's understanding of the fundamental concepts and risks of trading CFDs before the client is able to acquire a CFD. This assessment comprises of a questionnaire requiring the prospective retail client to demonstrate their understanding of the following matters related to trading CFDs:</p> <ul style="list-style-type: none"> • The fundamentals of margin and leverage; • The inherent risks of trading CFDs, including the risk of significant losses, including losses which can exceed the retail client's account balance; • The fees and costs associated with CFD trading; • CFD pricing methodologies; and • The processes and technologies involved trading CFDs.

<p>Awareness of the of the risk of incurring significant losses & the preparedness to bear such losses</p>	<p>A prospective retail client must satisfy IG's internal wealth thresholds at the onboarding stage, and on an annual basis thereafter. The CFD knowledge assessment requires a prospective retail client to demonstrate their understanding of the inherent risks of trading CFDs, including the risk of significant losses, including losses which can be equal to the sum of the retail client's account balance.</p>
<p>Clients who are not suitable to acquire CFDs</p>	<p>IG's CFDs are not suitable for clients who are:</p> <ul style="list-style-type: none"> • Below the age of 18; • Retail clients who do not satisfy IG's wealth thresholds; • Retail clients who reside in jurisdictions which prohibit trading in CFDs; • Retail clients who do not have the requisite knowledge for trading in CFDs; • Retail clients who need to preserve capital and have a low tolerance to investment risks, unless those clients wish to trade CFDs for hedging purposes; • Retail clients who are not prepared and able to incur losses trading CFDs, which can be as great as the sum of the retail client's account balance;

5. DISTRIBUTION CONDITIONS

We will take reasonable steps aimed at ensuring that both we and any distributors distribute IG's CFDs to the identified target market. To achieve this, we have several processes in place to ensure that that prospective retail clients fall within the identified target market.

ONBOARDING RETAIL CLIENTS

We have implemented stringent requirements at the client onboarding stage which include minimum wealth requirements and knowledge assessments, which link to IG's internal Client Qualification Policy.

TRAINING OF STAFF

IG provides robust training and resources to all front-line employees to ensure compliance with IG's distribution conditions.

MARKETING IG'S CFDs

IG takes steps to ensure that the marketing strategy of distributors is targeting prospective retail clients who fall within the identified target market by way of conducting due diligence on third party distributors to ensure their business and marketing strategy aligns with IG's target market. All prospective distributors must also be independently reviewed and approved by IG's Compliance Department.

In addition, a distributor's marketing material that refers to IG's CFDs must comply with IG's internal Financial Promotions Policy. All marketing campaigns must be independently reviewed by IG's Compliance Department to ensure that it does not contain elements which may attract potential clients outside of the intended target market.

No distributor may release marketing materials without obtaining our prior written consent.

We take steps to ensure that our marketing strategy is targeting prospective retail clients who fall within the identified target market, which is a fundamental principle of the Financial Promotions Policy.

Each marketing campaign is prepared in accordance with the Financial Promotions Policy and is independently reviewed and approved by IG's Compliance Department prior to publication to ensure that the campaign does not contain elements which may attract potential clients outside of the intended target market.

6. PERIODIC REVIEWS OF THE TMD

We will perform periodic reviews of the TMD. The first review of the TMD occurred in January 2022. Subsequent reviews of the TMD will occur at least annually.

REVIEW TRIGGERS

We will also review the TMD where there are significant dealings in 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. Review triggers include:

- Where we become aware of any significant issuance of CFDs to retail clients outside the target market;
- Where material changes are made to the CFD product as a result of new or amended functionality, so that the key attributes of the product are no longer consistent with the likely objectives, financial situation and needs of clients;
- Where we become aware of an unusually large volume of complaints relating to CFDs from clients who may fall outside the TMD;
- Where there are material changes to law or regulation applicable to CFDs, or a Product Intervention Order is introduced affecting the issuance or distribution of CFDs;
- Any other event or circumstance occurs that would materially change a factor taken into account in making this target market determination.

DISTRIBUTORS – INFORMATION THAT MUST BE REPORTED

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, within 10 business days of the end of each calendar quarter – 31 March, 30 June, 30 September and 31 December, each year:

- Complaints data – the number and details of any complaints received relating to IG's CFDs;
- Retail client feedback (including feedback on the performance of IG's CFDs);
- Any additional information requested by us.

In addition, where a Distributor becomes aware of significant dealing outside the target market, they must notify us as soon as reasonably practicable of becoming aware, and in any event within 10 business days after becoming aware.

No party may engage in the distribution of our CFDs unless they have entered into a written agreement with us.

Please contact us for further information and for a copy of our prescribed reporting template if you wish to become a Distributor of our CFDs.

7. UPDATE TO TMD AND CONTACT DETAILS

We reserve the right to amend this 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 we consider as a proper reason to amend the TMD.

For more information about our TMD, please contact: Helpdesk.au@ig.com