

Target Market Determination

Contracts for Difference (CFDs)

February 2025

Introduction

INGOT AU Pty Ltd. (“INGOT AU”, “us”, “our”, or “we”) operates a Contracts for Difference (**CFDs**) business. INGOT AU 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**) apply to the issue and distribution of CFDs to **retail clients** (“**Clients**”) from 5 October 2021.

We are authorised and regulated by the Australian Securities and Investments Commission (ASIC), with licence number 428015 and a registered office located at Level 21, 60 Margaret Street, Sydney, NSW 2000, Australia.

The DD Obligations aim to assist Clients in obtaining 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 Clients for our CFDs, and to address the DD Obligations that apply to TMDs.

Clients 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.

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 an exchange. CFDs are agreements to exchange the difference in the value of a particular underlying asset. This allows Clients to speculate on rising or falling prices of an underlying asset.

We issue CFDs in respect of the following underlying assets:

- Currency Pairs ([for more information](#));
- Commodities, including precious metals ([for more information](#));
- Indices, including stock market indices ([for more information](#));
- Stocks ([for more information](#))
- ETFs ([for more information](#))

Overview of Product Attributes and Key Risks

Our CFDs share certain general features:

- **Leverage:** A small margin can control a larger notional position, magnifying both profits and losses.
- **Short-Term Nature:** Typically used for intraday or short-term trading, though positions can be held longer.
- **Potential for Margin Calls:** If the market moves against your position, we may require additional margin.

- **Volatility Sensitivity:** Sudden market movements (including overnight, weekend gaps, and news events) can lead to rapid gains or losses.
- **Trading Costs:** May include spreads, commissions, overnight financing, currency conversion fees, etc.

Risks Specific to Each Underlying Asset Class

Currencies (Forex)

- Prices can be influenced by macroeconomic data, central bank policies, geopolitical events, and relative currency strengths.
- Potential for high volatility, especially around news releases (e.g. interest rate announcements).

Commodities

- Prices can be driven by supply and demand factors, weather, geopolitical tensions (particularly for energy or metals), and economic cycles.
- Some commodities (e.g. oil, natural gas) can exhibit extreme price swings.

Stocks

- Influenced by company-specific factors (earnings, news, management changes) and broader market sentiment.
- Corporate events (e.g., dividends, stock splits) can affect CFD pricing and adjustments.

ETFs

- Represent baskets of assets or specific thematic exposures.
- Subject to the performance of underlying holdings and overall ETF liquidity.
- Price moves can sometimes correlate with broader index or sector movements.

Share Indices

- Reflect a basket of stocks in a market index (e.g. S&P 500, NASDAQ, ASX 200).
- Macroeconomic data, market sentiment, or major company weightings within the index can drive moves.

Scope and Key Attributes of the Target Market

Further details regarding INGOT AU's target market for CFDs trading is set out below.

Criteria	Scope and Key Attributes
Client Type	<ul style="list-style-type: none"> • Retail Clients, aged 19 and above. • This target market determination does not apply to wholesale clients, including sophisticated investors and professional investors. • Not heavily reliant on government benefits and not in severe financial distress. • Have no significant vulnerabilities that would limit their capacity to understand and engage in high-risk CFD trading. (e.g., major life crises, mental health concerns)
Employment Status / Source of Income	<ul style="list-style-type: none"> • Clients ideally have a stable or reliable source of ongoing income or sufficient liquid assets (e.g., full-time or consistent part-time employment, sustainable business or self-employment, retirement income) such that any trading losses will not materially affect their lifestyle rather than sporadic or unpredictable funds.
Knowledge and Experience	<ul style="list-style-type: none"> • Only Clients who have the requisite knowledge and experience to trade in CFDs, as assessed by INGOT AU. • INGOT AU undertakes assessment of the Client's experience and knowledge in trading in CFDs prior to approving and distributing the products to the Clients.
Ability to Bear Losses	<ul style="list-style-type: none"> • Clients who possess adequate financial resources to withstand losses equivalent to their entire investment without significantly impacting their living standard.
Likely Financial Situation	<ul style="list-style-type: none"> • Are not under financial hardship or lacking the capacity to understand high-risk leveraged trading; and • Having a stable disposable income or adequate liquid assets designated for CFD trading, along with the ability to withstand trading losses without significantly impacting their lifestyle; or • Having investments or exposures they aim to hedge.
Tolerance to Risk	<ul style="list-style-type: none"> • CFDs are suitable for Clients with high investment risk tolerance. • There are particular risks associated with trading CFDs, including but not limited to the risk of leveraged trading, market risk and liquidity risk. Please refer to PDS for significant risks associated with trading CFDs. • Short- to medium-term investment timeframe (e.g., intraday to several weeks or months), recognising CFDs' high-volatility nature.

Client Needs

- Wish to gain short-to medium-term exposure to a wide range of domestic and foreign asset price movements in both rising and falling markets;
- Seek to capitalise on market volatility via intraday or short-term speculative trading; or
- Seek to hedge against potential future losses or safeguard prior investment gains (e.g., holding CFDs for days, several weeks, or even months to offset anticipated price movements in underlying assets).

Clients for Whom CFDs are Unsuitable

CFDs are generally unsuitable for the following classes of clients who:

- Are 18 years of age and under;
- Reside in a country which restricts or prohibits trading in CFDs;
- Are in financial hardship or going through bankruptcy;
- Cannot afford to lose the deposited amount without significant impact on their standard of living;
- Do not have the requisite knowledge for trading in CFDs;
- Have a low tolerance to risk;
- Have longer term investment timeframes;
- Do not have the ability and/or willingness to lose the sum of their deposits;
- Have low levels of literacy or numeracy, financial literacy, and/or technological literacy;
- Are seeking capital protection or stability;
- Are seeking regular or predictable returns on their investments;

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

Target Market for Ingot's CFDs Based on the Scope and Attributes

High Risk Tolerance Investors:

- **Likely objectives:** Speculative trading using leverage to seek higher returns through short-term exposure to a wide range of domestic and foreign asset price movements in both rising and falling markets.
- **Likely financial situation:** Having a stable disposable income or adequate liquid assets designated for CFD trading, along with the ability to withstand trading losses without significantly impacting their lifestyle.
- **Likely needs:** The wish to use spare capital to make enhanced returns.

Risk Mitigation Investors:

- **Likely objectives:** Preserving previous earnings or reducing potential future losses to lower the cost of securing economic interest in Underlying Reference Instruments.
- **Likely financial situation:** Having investments or exposures they aim to hedge.
- **Likely needs:** Protection against losses or securing profits.

Our CFDs are designed to be suitable only for Clients 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 fluctuate, potentially resulting in the total loss of your deposit.

Distribution Conditions

Our CFDs are distributed by:

- INGOT AU; and
- Various third parties are also involved in the distribution of our CFDs, including various introducing brokers and referrers (each a “**Distributor**”, and together, “**Distributors**”).

This product has been designed to be mainly acquired online via our website.

Any distribution of CFDs by INGOT AU to retail Clients will be in accordance with the procedures we determine, which include (but are not limited to) the following:

1. Client Onboarding and Assessment:

- **Application & Questionnaire:** Prospective Clients must complete an application form and respond to a suitability questionnaire that addresses employment status, source of income, and risk knowledge.
- **ID & Financial Verification:** INGOT AU may request supporting documentation (e.g., proof of ID, income statements, or bank records) to confirm the accuracy of the client’s stated financial situation.
- **Internal Risk Evaluation:** INGOT AU’s compliance team and/or automated processes review the application. If the applicant does not meet the Target Market Determination (TMD) criteria (e.g., insufficient disposable income, heavy reliance on benefits, or lack of CFD knowledge), the application is declined.

2. Distributor Oversight:

- **Service Level Agreements (SLAs):** No Distributor may market or distribute CFDs unless they have entered into a written agreement with INGOT AU, which outlines their obligations to distribute CFDs only to Clients who match the TMD criteria.
- **Pre-Approval of Marketing:** All marketing and promotional materials from Distributors must be reviewed by INGOT AU’s compliance team to ensure they are not targeting individuals outside the TMD.
- **Training & Guidance:** INGOT AU provides Distributors with training on the TMD requirements, including indicators that a Client is not within the target market.
- **Ongoing Monitoring:** INGOT AU periodically reviews Distributor activities (e.g., sales data, complaints, reported significant dealings) to confirm that distribution remains aligned with the TMD.

3. High-Level Monitoring of Distribution:

- INGOT AU monitors distribution, checks for significant dealings, and implements corrective measures.
- Refer to “Monitoring and Reviewing the TMD” for full details on triggers, complaint handling, and reporting requirements.

4. Record-Keeping:

- **Documentation:** INGOT AU retains relevant records from the onboarding process (questionnaires, supporting documents, and approval/denial decisions) as well as Distributor oversight actions (SLAs, marketing approvals, complaint logs) to demonstrate adherence to the TMD and procedures.

Monitoring and Reviewing the TMD

Periodic reviews

Annual Review: We review this TMD at least once every 12 months to ensure it remains appropriate for the high-risk nature of CFDs and consistent with our product features, distribution channels, and regulatory obligations.

Interim Reviews: We may conduct an ad hoc review if market conditions, internal data, or regulatory guidance suggest that the product or Client outcomes may have shifted.

Review triggers

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

- 1. Significant Dealing Outside the Target Market**
 - Where there are significant dealings (issuing of CFDs) in INGOT AU's 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;
- 2. Complaint Trends Reported by Distributors**
 - Where a Distributor has reported a significant number of complaints or noted any relevant complaint trends (e.g., repeated claims of misunderstanding risk, margin calls, or product suitability);
- 3. Compliant Trends Directly Received by INGOT AU**
 - Where we have received a significant number of complaints or noted any complaint trends indicating issues with product suitability, risk disclosures, or misunderstanding of leveraged trading;
- 4. Significant issues in Distribution**
 - Where we have detected significant issues with the distribution of our CFDs through the monitoring of our own day-to-day activities or the monitoring and supervision of our Distributors (e.g., persistent out-of-market Client onboarding, high rates of early margin calls, or stop-outs);
- 5. Product or Feature Changes**
 - Where our product attributes or CFD features (e.g., margin rates, maximum leverage, stop-out level) are changed in a way that materially alters the product's risk profile or Client experience.
- 6. Regulatory or Legal Changes**
 - Where law- or regulation-related CFDs are changed.

Distributors – Information Collecting and Reporting Requirements

The information below must be reported to INGOT AU by Distributors who engage retail Clients:

- **Significant dealing outside the target market:** Significant dealing(s) must be reported to us **within 10 business days** after becoming aware of them. This includes any pattern or repeated instances of onboarding Clients who do not meet the TMD criteria.
- **Complaints:** Complaints related to CFDs must be reported to us **within three business days** after being received. Where multiple complaints share the same theme (e.g., product misunderstanding or unsuitable risk profile), the Distributor should flag this as a complaint trend.

Quarterly Reporting

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:

1. Complaints data

- Information about the complaints received, including the number and nature of complaints;

2. Consumer feedback

- General feedback from retail Clients regarding the product, including any indications that Clients misunderstand the leveraged nature of CFDs or have conflicting investment goals.

3. Requests for information

- A summary of queries or clarifications that the Distributor has received from Clients, relating to suitability or the high-risk nature of CFDs.

4. Percentage of sales to Clients who are not in the target market

- A numerical or percentage breakdown of Clients onboarded who subsequently failed the TMD suitability checks or who appear to be out of the target market based on the Distributor's knowledge.

5. The volume of sales

- Total number of CFD accounts opened and the notional volumes traded, as context for understanding the scope of distribution.

6. Web analytics

- Relevant metrics (e.g., campaign click-through rates, Client demographics) that may highlight any distribution channels potentially attracting out-of-market Clients.

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



Update to the TMD

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

Contact

For more information about your Target Market Determination – CFDs, please contact us at info@ingotbrokers.com.au