

# ETO GROUP PTY LTD

## Target Market Determination.

### Margin FX Contracts and Contracts for difference (CFDs)

Underlying Asset Classes - Forex Currency Pairs, Commodities (Precious Metals & Energies), Shares, Indices

Company:	ETO Group Pty Ltd
ABN:	66 155 680 890
AFSL No:	420224
Date:	22 August 2022

## Introduction

ETO Group Pty Ltd (referred to as ETO, **us**, **our** or **we**) operates a financial service business and offers OTC derivatives such as Margin Forex Contracts and Contracts for Difference (**CFDs**). ETO is a product issuer and issues CFDs and Margin FX Contracts to clients, including retail clients. The design and distribution obligations ('DD 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 (**Consumers**) from 5 October 2021.

We are authorised and regulated by the Australian Securities and Investments Commission (ASIC), with licence number 420224 and registered office located at Suite 1202 Tower B, Citadel Towers, 799 Pacific Highway, Chatswood, NSW 2067 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.

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:

- Forex Currency Pairs (for more information, visit <https://www.etomarkets.com.au/product>);
- Commodities, including precious metals and energies (for more information visit <https://www.etomarkets.com.au/commodities>);
- Indices, including stock market indices (for more information visit <https://www.etomarkets.com.au/indices>)

This TMD has been prepared specifically in relation to our Margin FX Contracts, Commodity CFDs, Index CFDs, Equity CFDs. We have issued separate TMDs in respect of other kinds of our CFD offerings.

## 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;
- 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;
- 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 - Forex Currency Pairs, Commodities (Precious Metals & Energies), Shares, 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 ETO's CFDs.

## Target market – criteria, scope and key attributes

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

Criteria	Scope and key attributes
<b>Client type</b>	<p>Retail clients</p> <p>This target market determination does not apply to wholesale clients, including sophisticated investors and professional investors</p>
<b>Knowledge and experience</b>	<p>Only clients who have the requisite knowledge and experience to trade in CFDs, as assessed by ETO</p> <p>ETO undertakes assessment of the Consumer's experience and knowledge trading in CFDs prior to approving and distributing the products to the client</p>
<b>Ability to bear losses</b>	<p>Clients who are prepared to lose amounts that can be as great as the sum of their total deposits</p>
<b>Tolerance to risk</b>	<p>Margin FX Contracts and CFDs are suitable for clients with high investment risk tolerance.</p>
<b>Client needs</b>	<p>Our CFDs and their key attributes are likely to be consistent with the likely objectives, financial situation and needs of those Consumers who:</p> <ol style="list-style-type: none"> <li>1. have a short term investment horizon;</li> <li>2. wish to:               <ol style="list-style-type: none"> <li>a) trade in CFDs, including for speculative or hedging purposes, or</li> <li>b) to gain exposure to price movements of the relevant underlying assets (e.g. Forex Currency Pairs, Commodities (Precious Metals &amp; Energies), Shares, Indices);</li> </ol> </li> <li>3. have a high investment risk tolerance; and</li> <li>4. can afford to bear losses.</li> </ol> <p>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.</p> <p>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.</p> <p>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.</p> <p>Consumers who do not satisfy both 3 and 4 above, are unlikely to be in the target market for the CFDs.</p> <p><b><u>Our products are not compatible with the needs of clients who:</u></b></p> <ul style="list-style-type: none"> <li>• <b>are seeking capital protection or stability;</b></li> <li>• <b>are risk-adverse;</b></li> <li>• <b>are seeking regular or otherwise predictable returns on their investments;</b></li> <li>• <b>cannot afford to bear losses;</b></li> <li>• <b>are vulnerable clients as described below.</b></li> </ul> <p>Consumers who fall into any of the categories set out immediately above, are not in the target market for CFDs.</p>

## Consumers for whom CFDs are unsuitable

### CFDs are generally unsuitable for the following classes of Consumers:

- Consumers below the age of 18 and above the age of 70;
- 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 have a low or moderate tolerance to risk;
- 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 or personal savings;
- 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;
  - > job loss;
  - > cultural and linguistic limitations, literacy barriers;
  - > suffering from mental or other forms of serious illness affecting capacity;
  - > Aboriginal or Torres Strait Islander status;
  - > 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 and Restrictions

### Distribution channels

Our CFDs are distributed by:

- ETO Group Pty Ltd and its Authorised Representatives; and
- various third parties are also involved in the distribution of our CFDs, including various introducing brokers and referrers (each a **Distributor**, and together, the **Distributors**).

This product has been designed to be mainly acquired online via our website (ETOMarkets.com). The web traffic sources can be categorised as follow:

- Paid online advertising (channel such as Google, Bing, Adroll or Sydney today), which might target potential leads via search (e.g., user searching for industry related keywords such as 'trading forex') or display (e.g., showing our banners to users on third parties' website) analytics.
- Paid physical advertising (e.g., the billboard advertisement at Burwood train station).
- Emails (we only email existing users who have agreed to receive our emails)
- Targeted social media posts (such as Facebook, Instagram, Twitter, Wechat or Weibo)
- Webinars
- Partners' website (industry related websites dedicated to CFD trading)
- Participation in financial Expos

All the channels mentioned above involve an extremely high level of targeting optimisation.

Potential leads rarely reach out to our number (inbound calls) to enquire about our services, and when this happens, they are welcomed by our support team and eventually redirected to an Account Manager. Meanwhile, outbound sales calls are only allowed for existing (qualified) leads who came from one of the channels mentioned above.

Face-to-face meetings are almost non-existent except for the ones requested by the client him/herself. We rarely run seminar for existing clients as well. These are the only occasions where clients meet our Account Managers face to face.

### Distribution conditions

This product should be distributed under the following conditions:

- The continued use of the marketing and promotional material (approved by ETO Compliance) shall meet the terms of a TMD.
  - All the channels mentioned above must involve an extremely high level of targeting optimisation. We can target users by age, location, profession, and interest (provided they have disclosed the information to the platform we are using). This allows us to only target users who have already expressed an interest in our products or similar companies providing CFDs, or users specifically searching for a keyword related to our industry (the targeted advertising is set at the user search level).
  - All marketing materials shall be vetted and approved by the compliance department before they go out to the public.
  - A disclaimer highlighting the risk associated with our services and CFD products and a reference to our disclosure documents shall always be a part of our advertising material.

- Specific contents about Margin FX Contracts, Commodity CFDs, Index CFDs, Equity CFDs are placed on the website. Also, a special section on the website is dedicated to the disclosure documents which are easily accessible.
- Training shall be provided to the staff at call centre and online LiveChat, along with any scripts that may assist. Greater guidance shall be given to distributors to ensure that each consumer is within our target market.

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. For instance, ETO will verify whether potential clients fall within the identified target market during the onboarding process, before approving them and allowing them to trade CFDs on the trading platform. ETO will also provide appropriate training to support staff operating in call centres and online LiveChat spaces.

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. To ensure this, we constantly monitor any promotional activities conducted by the distributors, and any new marketing campaign shall be reviewed and approved by ETO prior to its publication, to check that it does not contain elements which may attract potential clients outside of the intended target market.

### **Adequacy of distribution conditions and restrictions**

Therefore, we have determined that the distribution conditions and restrictions will make it likely that customers who purchase the product(s) are in the class of customers for which it has been designed. We consider that the distribution conditions and restrictions are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed.

## Monitoring and reviewing the TMD

### Periodic reviews

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

The first review of this TMD will occur on 1 November 2021.

Subsequent reviews of the TMD will occur on each anniversary of the first review date, or whenever we find it necessary.

### 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 ETO'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;
- we have received a significant number of complaints or noted any relevant complaints trends;
- 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;
- there is a material change to the design or distribution of the product, including related documentation.
- External events such as adverse media coverage or regulatory attention occur
- distribution conditions were found to be inadequate, or any other event/circumstance where there is conduct that is not consistent with the TMD.

Where a review trigger has occurred, this TMD will be reviewed within 10 business days.



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

- complaints data – information about the complaints received, including the number of complaints received;
- Consumer feedback (including regarding performance of the product);
- requests for information that the Distributor has received from clients;
- percentage of sales to clients who are not in the target market;
- volume of sales; and
- web analytics.

No party may engage in the distribution of our CFDs unless they have entered into a Service Level Agreement with us.

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

## Contact

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

### ETO Group Pty Ltd (ETO Markets)



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*This booklet is effective as of September 2021.*