



# **Target Market Determination**

**AETOS Capital Group Pty Ltd**



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## 1. Introduction

AETOS Capital Group Pty Ltd (referred to as **AETOS, us, our or we**) operates a contract for difference (**CFDs**) business. AETOS 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 (**Consumers, you**) from 05 October, 2021.

We are authorised and regulated by the Australian Securities and Investments Commission (ASIC), with licence number 313016 and registered office located at Level 15, 122 Arthur Street, North Sydney, NSW 2060, 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 CFDs. This document also describes the events and circumstances where we may need to review the TMD for a financial product issued by us.

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.aetoscg.com](http://www.aetoscg.com).

You should not make any decision to trade base 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 with the application of leverage. This allows Consumers to speculate on rising or falling prices of an underlying asset. With the application of leverage in CFD trading, investors might experience significant investment loss due to the market movement in the underlying markets. CFD products also don't provide investors with any ownership, or any interest in, the underlying asset. 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/FX;
- Commodities, including energies and precious metals such as oil, gold and silver;
- Indices, including stock market indices;
- Shares, including shares traded on domestic and overseas markets; and
- Exchange Traded Funds (ETFs).

## 2. The Target Market

### 2.1 The target market for our CFDs are usually 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, including:
  - The fundamentals of margin and leverage trading;
  - The inherent risk of CFD investments, including the risk of significant investment loss which can be as great as the sum of the entire investment funds;
  - The fee and costs associated with CFD investments;
  - The process and technologies involved trading CFDs; and
  - CFD pricing methodologies.
- Consumers who have satisfied AETOS customers appropriateness requirements;
- Consumers who have the financial resources to bear such losses that can be as great as the sum of their deposits without materially impacting their standards of living;
- Consumers who are aware of the significant risk of CFDs investment that losses can be as great as the sum of their deposits;
- Consumers who are risk oriented or speculative in their risk tolerance and willing to invest risk-capital for trading; and
- Consumers who have high investment risk tolerance.

**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 using leverage to seek high returns with corresponding risk;
- hedging (including hedging exposure to underlying assets and hedging positions taken in relation to other CFDs) potential future losses or protect previous gains from investment in other financial products and/or lower the cost of acquiring an economic exposure to underlying assets;
- using leverage to gain exposure to price movements of an underlying asset, including where exposure to such underlying assets may not be otherwise as readily available nor easily accessible, or where such exposure is required at short notice; and
- using leverage to gain exposure to price movements of a diverse range of underlying assets via a single CFD account.

**are in the target market for AETOS CFD products.**

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

Further details regarding AETOS target market for CFDs trading is set out below.

Criteria	Scope and key attributes
<b>Client type</b>	Retail clients This target market determination does not apply to wholesale clients, including sophisticated investors and professional investors
<b>Knowledge and experience</b>	Only clients who have the requisite knowledge and experience to trade in CFDs, as assessed by AETOS.



AETOS undertakes assessment of the Consumer's experience and knowledge in trading CFDs prior to approving and distributing the products to the client

<b>Ability to bear losses</b>	Clients who have sufficient funds to support their investment in CFDs and are capable to lose amounts that can be as great as the sum of their total deposits without materially impacting the standards of living
<b>Tolerance to risk</b>	CFDs are suitable for clients with high investment risk tolerance. Please note that there are particular risks associated with trading CFDs. Those risks include the market volatility in short-term of underlying assets. Increased market volatility could further lead to a higher demand for liquidity, and spread might widen. Additionally, the application of leverage could enlarge customer's exposure which could potentially result in significant investment loss in short period. Therefore, when the market moves in a direction against your favour, investors are required to make additional margin payment to maintain open positions and it is possible that customers could loss all of investment funds in a short period.
<b>Likely objectives, situation and 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. wish to:<ol style="list-style-type: none"><li>a) trade in CFDs, including for speculative or hedging purposes, or</li><li>b) using leverage to gain exposure to price movements of the relevant underlying market which may not be otherwise as readily available;</li></ol></li><li>2. have a high investment risk tolerance; and</li><li>3. can afford to bear losses without materially impacting of living standards; and</li><li>4. appreciate and understand the high risk of trading with leverage including in potentially volatile market conditions.</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 as set out in the above bullet points are likely to be in the target market for our 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></ul>

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- are risk-adverse;
  - are seeking regular or otherwise predictable returns on their investments;
  - cannot afford to bear losses;
  - fall within any of the groups as described in 2.3.

Consumers who fall into any of the categories set out immediately above, are not in the target market for AETOS's CFD products.

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### 2.3 Consumers for whom CFDs are unsuitable

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

- Consumers below the age of 18;
- Consumers who do not meet the AETOS customers appropriateness requirements;
- 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 tolerance to risk, unless those clients wish to trade CFDs for hedging purposes;
- 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, government assistances, or cash that the Consumer relies on for living expenses or personal savings.

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



### 3. Distribution Conditions

Our CFDs are distributed by:

- AETOS; and
- third party (if any) that involved in the distribution of our CFDs, including various introducing brokers and referrers (each a **Distributor**, and together, the **Distributors**).

AETOS does not work with any introducing broker nor referrer as of the date when this TMD document is published. AETOS is the product issuer and the only distributor of the product described in this TMD. The Company has implemented stringent guidelines and several processes to ensure that we distribute our CFDs 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. Those actions are specified as follows:

- 1) Controls over client onboarding  
AETOS will verify whether potential clients fall within the identified target market during the onboarding process before approving on the CFD account application;
- 2) Training of staff  
Compliance training will be provided on a regular basis to make sure compliance culture and awareness is well built to ensure the adherence of DD obligation.

We have taken reasonable steps to ensure that our marketing strategy is targeting potential clients who fall within the identified target market only, such as a written approval should be obtained from AETOS Compliance Department after compliance check and review on proposed marketing campaign and materials before any promotional materials can be released. Those procedures are specified as follows:

- 1) All marketing campaigns should be proposed to and independently reviewed by AETOS' Compliance Department to ensure that marketing strategy only targets clients who fall within the identified target market;
- 2) All marketing materials should be reviewed and approved by AETOS Compliance Department prior to its publication to ensure it doesn't contain any elements that could attract clients outside of the identified target market;
- 3) AETOS Compliance Department will continue to monitor the published promotional materials. The ongoing monitoring is carried out in line with AETOS promotional material policy, to ensure the product distribution activity fully comply with AETOS Design and Distribution policy and this TMD.

#### 4. Monitoring and Reviewing the TMD

AETOS will review this TMD from time to time to ensure the suitability and effectiveness stay in full compliance with regulatory requirements. The review of TMD will be carried out either periodically or whenever a review trigger is identified. β

##### 4.1 Periodic reviews

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

The first review of this TMD will occur no later than 12 months from the date when the design and distribution obligation came into effect.

Subsequent reviews of the TMD will occur every 12 months, or more frequently if a review trigger occurs.

The effective date of the current version is 01 July 2024.

##### 4.2 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 AETOS' 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;
- 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 great number of potential clients are unable to pass the AETOS clients qualification test, such as failing the AETOS clients onboarding quiz.



## 5. Distributors – Information Collecting and Reporting Requirements

As of the date when this TMD is published, AETOS is the issuer and the only distributor of its products. AETOS Compliance Department requests all relevant departments to report following matters 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 and dissatisfaction received across communication channels;
- consumer feedback (including regarding performance of the product); and
- any additional information requested by Compliance Department.

No party may engage in the distribution of our CFDs unless they have entered into an enforceable service level agreement (SLA) with us.

Should there be any issue with potential to arise or has arisen, resulting in non-compliance with this TMD and AETOS design and distribution policy, the case should be reported to AETOS Compliance Department as soon as reasonably practicable of becoming aware, and in any event within 10 business days after becoming aware.





## 6. Contact

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

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Email: [compliance@aetoscg.com](mailto:compliance@aetoscg.com)

***AETOS 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 that AETOS considers as a proper reason to amend the TMD.***