Target Market Determination (TMD) – Contracts for Difference

FMGP Trading Group Pty Ltd trading as Fusion Markets (Fusion Markets)

ABN: 74 146 086 017

AFSL: 385620

Date: September 2023

Issuer	FMGP Trading Group Pty Ltd (ABN 74 146 086 017) trading as Fusion Markets AFSL 385620 (“**Fusion**”).
Product	Contracts for Difference (**“CFDs”**).
Date of TMD	September 2023
Overview of this document	This document is a target market determination for the purposes of section 994B of the *Corporations Act 2001* (Cth) (**“Corporations Act”**) in respect of CFDs issued by Fusion. This document applies to retail clients only (**“Clients”**). It is not a product disclosure statement (**“PDS”**) and does not take into account any particular Client’s objectives, financial situation or needs. Clients should refer to our PDS at www.fusionmarkets.com as well as any other relevant Fusion documents, ensure they fully understand the risks involved, and consider seeking independent advice before deciding to trade CFDs.
Overview of CFDs	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 (**“Instruments”**). 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. 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. There are several main reasons why Clients may trade CFDs: • 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; • to trade without buying or selling the actual underlying Instrument (e.g. a physical share, currency pair or commodity); • 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 • to reduce risk by hedging against an existing investment (e.g. acquiring a CFD over shares the Client already holds). CFDs are subject to significant risks, including: 1. Leverage: CFDs are leveraged products. Leverage enables a Client to gain larger exposure to a financial market while only tying up a small amount of capital. Trading with leverage means that even a small change in the market could magnify the scope for both profits and losses. *2.* **Volatility:** Derivative markets generally can be highly volatile (i.e. they move up and down in value quite quickly) so the risk that a Client will incur losses when they trade CFDs can be substantial. *Note: mandatory negative balance protection ensures that retail clients cannot lose more than the amount deposited.* 3. **Risk and Close Out:** A Client must meet margin requirements to trade CFDs with us. This means the Client will need to deposit enough money into their account as margin for new and existing positions and monitor their margin requirements for any open positions. A Client risks being closed out if they don’t have enough margin on their account.

	4. **Holding Costs:** Depending on the positions held and how long they are held for, a Client may incur holding costs. In some cases the sum of these holding costs may exceed the amount of any profits, or they could significantly increase losses. 5. Counterparty Risk: Fusion Markets is an issuer of CFDs subject to this TMD. This means that the Client is dealing with Fusion Markets as the counterparty to every transaction. Accordingly, the Client is exposed to the financial and business risks of trading with Fusion Markets. Refer to our PDS for further details in relation to risks associated with CFDS.
Target Market for CFDs (s994B(5)(b))	Given the diverse nature of CFDs and different strategies that may be associated with trading CFDs, Fusion 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: • **Clients who appreciate and understand the higher risk of trading with leverage and in potentially volatile market conditions:** seeking to make a profit via speculation and willing to accept losses up to their invested capital. • **Clients who use the product for risk mitigation**: seeking to hedge potential risks from other investments. 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.
Retail clients for whom CFDs are unsuitable	CFDs are not suitable for: • Clients who are below the age of 18 years; • Clints who reside in a country which prohibits trading in CFDs; • Clients who cannot afford to lose the amount of money deposited without material impact on their standard of living; • Clients who do not understand the risks of CFDs; • Clients seeking regular or otherwise predictable returns on their investments; • Clients who derive their income solely from benefits and/or borrowings; • Clients who have not passed Fusion's Client Qualification testing criteria; or • Clients who have a low risk tolerance, other than those Clients who wish to use CFDs to hedge existing investments.

Likely objectives, financial situation and needs of Clients in the target market	**Clients who appreciate and understand the higher risk of trading with leverage and in potentially volatile market conditions:** are retail clients likely to have a higher risk appetite and who are seeking higher returns through riskier strategies and who are prepared to suffer material losses (and able to withstand such losses). • **Likely objectives:** Use existing assets to support leverage in order to seek higher returns with corresponding higher risk. • **Likely financial situation:** Have disposable capital to use which would not materially impact their lifestyle should they lose these funds. • **Likely needs**: Wish to use disposable capital to make enhanced returns. **Clients who use the product for risk mitigation**: 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. • **Likely objectives:** Protect previous gains or mitigate against potential future losses and/or lower the cost of acquiring an economic exposure to underlying Instruments. • **Likely financial situation:** Have existing or upcoming investments or exposures which the Client wishes to hedge. • **Likely needs:** Loss or profit protection.
Explanation of why CFDs are likely to be consistent with the likely objectives, financial situation and needs of the target market (s994B(8))	Fusion expects that trading in CFDs will likely be consistent with the likely objectives, financial situation and needs of **Clients who appreciate and understand the higher risk of trading with leverage and in potentially volatile market conditions** and/or **Clients who use the product for risk mitigation** given the varied ways and purposes for which CFDS can be traded. CFDs can be a cost-effective way for Clients to speculate on the price movement of an underlying asset which might otherwise not be available to them. CFDs are also highly regulated and have many protections for Clients, including: • Client qualification criteria • Leverage restrictions • Mandatory negative balance protection • Prohibited incentives

Distribution Conditions (s994B(5)(c))	Any distribution of CFDs by Fusion directly to Clients will be in accordance with procedures Fusion determine are reasonably likely to ensure that CFDs are only issued to Clients who are reasonably likely to be within the target market. Third party distribution of CFDs issued by Fusion must only occur in accordance with the client suitability and understanding procedures specified by Fusion. No third party distributor is permitted to distribute CFDs issued by Fusion to Clients unless Fusion considers on reasonable grounds that each relevant Client is likely to be within the target market. Fusion selects its distribution criteria depending on the medium used. The criteria selected for each medium allow Fusion to demonstrate that the audience targeted has or is highly likely to have an interest and/or prior experience trading on financial markets **<u>Distribution Channels:</u>** Fusion 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 • **Fusion' 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 Fusion' target market. In any event, CFDs should only be distributed to the Client where they meet the eligibility requirements determined by Fusion and the Client is reasonably likely to fall within the target market.

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<tr><td>Review Periods (s994B(5)(e), (f))</td><td>This TMD must be reviewed at least every 12 months from the date of this TMD, and more frequently if a review trigger occurs.</td></tr>
<tr><td>Review Triggers (s994B(5)(d))</td><td>The review triggers that may suggest that the TMD is no longer appropriate, such that a review of the TMD should be undertaken, include:
Fusion becomes aware of any 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;
Fusion 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.</td></tr>
<tr><td>Distributor Reporting Requirements (s994B(5)(g), (h))</td><td>The following information must be provided to Fusion by distributors who engage in retail product distribution conduct in relation to CFDs:<table><tr><th>Type of information</th><th>Description</th><th>Reporting period</th></tr><tr><td>Complaints</td><td>Number and substance of complaints including all details about the complaint excluding personally identifiable information.</td><td>Quarterly</td></tr><tr><td>Significant dealing(s) outside the target market</td><td>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).</td><td>As soon as practicable, and in any case within 10 business days after becoming aware</td></tr></table></td></tr>
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