

Trade Nation Australia

Target Market Determination

OTC Derivatives

Introduction

Finsa Pty Ltd (“the Firm”, “we”, “us”, “our”), trading as Trade Nation, operates a business that provides financial products in the form of Contracts for Difference and Spread Trades (“OTC Derivatives”). As a product issuer, the Firm issues OTC Derivatives to clients, including retail clients. We are authorised and regulated by the Australian Securities and Investments Commission (ASIC), with licence number 422661 and registered office at Level 36 Governor Phillip Tower, One Farrer Place, Sydney, NSW 2000.

This Target Market Determination (“TMD”) describes the target market of clients for our OTC Derivatives, and assists us in our client-centric approach to how we design and distribute our financial products. It has been written to address the design and distribution obligations under part 7.8A of the Corporations Act 2001. These obligations aim to assist clients with obtaining appropriate financial products, by requiring us to take a client-centric approach to design and distribution of our financial products.

If you are a retail client, you should refer to the relevant Product Disclosure Statement (PDS), Client Agreement and Financial Services Guide, before deciding whether to trade in OTC Derivatives. You can get a copy of these documents from our website, www.tradenation.com. Please note that this TMD does not apply to wholesale clients, including professional and sophisticated investors.

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 an OTC Derivatives trading account or trade in OTC Derivatives.

Financial Products issues by us

OTC Derivatives are complex and leveraged financial products, which are traded over-the-counter (OTC) and not through a regulated market. OTC Derivatives allow clients to speculate on rising or falling prices of an underlying asset, and any resulting profit or loss will be based on the range of price movement, depending on whether it has moved with or against the client’s position.

We issue OTC Derivatives in respect of the following underlying assets:

- Currency Pairs, including both major and minor pairs;
- Commodities, including precious metals and energy;
- Indices, including stock market indices; and
- Equities, including shares

For further information, please look at our Market Information Sheets: <https://resources.tradenation.com/downloads/MIS.pdf>.

The Target Market

The lists below set out characteristics of clients considered suitable and unsuitable for trading in OTC Derivatives:

Suitable for Clients:

- Who are 18 or over
- With knowledge of trading in OTC Derivatives
- Able to accept losses being as great as total deposits
- With a high investment risk appetite
- With a short term investment horizon
- With the financial means to undertake trading in OTC Derivatives

Clients falling under the above criteria are within our target market and may choose to trade in OTC Derivatives for the following purposes:

- Speculative trading on the markets;
- Hedging against other CFD positions and against investments in underlying assets; and/or
- Gaining exposure to price movements of underlying markets, due to being more readily available at short notice

Unsuitable for Clients:

- Under 18
- Residing in countries that:
 - prohibit OTC Derivatives trading; and/or
 - are subject to regulatory, legal or other sanctions or embargoes
- Undergoing bankruptcy or other financial hardship
- Without adequate knowledge of trading in OTC Derivatives
- With a low risk tolerance
- Who are unwilling to accept losses as great as total deposits
- With inadequate financial means to support trading in OTC Derivatives
- Clients considered vulnerable for the following reasons:
 - suffering age-related, mental and/or physical impairment affecting capacity
 - being subject to abuse, physical, financial or otherwise
 - suffering from any kind of addiction; or

- undergoing any other personal or financial circumstance causing significant detriment, like unemployment, redundancy, long-term illness or other such circumstances

Distribution conditions

We issue and distribute our OTC Derivatives, and will take reasonable steps to ensure that they are distributed to the identified target market. This TMD will also apply to activities of any agents and representatives who distribute our products on our behalf.

To ensure that the distribution strategy is consistent with the identified target market, we have several processes in place to ensure that clients who are potential clients fall within the identified target market.

Our application process has automated systems in place to prevent the following from obtaining an account:

- Those under 18;
- Residents in countries that are subject to:
 - regulatory prohibitions on CFD trading; or
 - legal, regulatory or other sanctions or embargoes
- Those previously blacklisted due to:
 - self-exclusion for severe vulnerability;
 - behaviour in breach of laws and regulations; or
 - behaviour in breach of our terms and conditions.

If you are eligible, then you will undergo a questionnaire that assesses your knowledge and experience.

If you can demonstrate through your answers that you have sufficient knowledge and experience, you are then eligible for an account, subject to further verification of your details as required.

If your answers indicate insufficient knowledge and experience, then you will be deemed unsuitable and prevented from obtaining a live account, though this will not bar you from obtaining a practice-and-learn account to improve your knowledge and experience.

We will also take reasonable steps to ensure that our marketing strategy targets potential clients falling within the identified target market above. Marketing material will be reviewed internally by our Compliance team with reference to our regulatory responsibilities and the target market characteristics above to ensure it is compliant and appropriate, to ensure it only captures prospective Clients that are within our target market.

Monitoring and review of the TMD

Periodic reviews

We will perform regular reviews of this TMD, with the first review taking place in January 2022.

Subsequent reviews will take place annually from this first review.

Triggers for additional reviews

We will also review the TMD where the following events take place:

- where 'significant dealings' (issuing of OTC Derivatives) takes place of the Firm's OTC Derivatives, which are not consistent with the target market or this TMD. This will happen where significant distribution is made to customers outside the target market. This is not confined to one particular dealing of OTC Derivatives;
- there is a significant increase in the volume of complaints that highlight failures of our application of the TMD; or
- where we find out about significant issues with the distribution of our OTC Derivatives from monitoring of our own daily activities.