Trading 212 AU Pty Ltd
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Target Market Determination

CFDs

1. Introduction

This document is a Target Market Determination (**TMD**) for the purposes of section 994B of the Corporations Act 2001 (Cth) (**Corporations Act**) in respect of over-the-counter (**OTC**) contracts for difference (**CFDs**) issued by Trading 212 AU Pty Ltd ABN 46 660 342 763 (AFSL 541122) (**Trading 212 AU**).

This document applies to retail clients only (**Clients**). It is not a Product Disclosure Statement (**PDS**) and does not take into account any particular Clients' objectives, financial situation or needs. CFDs are typically appropriate for Clients who have sufficient experience and understanding of the product. Prospective Clients should refer to our PDS, Financial Services Guide and CFD Terms as well as any other relevant Trading 212 documents available in the Legal Documents section of the website to ensure that they fully understand the risks involved, and consider seeking independent advice before deciding to trade CFDs.

2. About Contracts for Difference

CFDs are leveraged derivative products which enable investors to trade on the price movement of underlying financial assets. A CFD is an agreement between two parties to exchange the difference in value of a particular underlying asset between the date the CFD is opened and the date the CFD is closed, allowing investors to participate in the performance of an underlying asset without actually owning the underlying asset.

T212 issues CFDs for the following underlying assets: Currency Pairs, Stocks, Indices, Futures, Commodities, Exchange Traded Funds (ETFs), and Cryptocurrencies.

CFD trading is only suitable for investors who have sufficient experience and understanding of the risks and benefits of CFDs. CFDs are subject to significant risks, including but not limited to:

- **Leverage**
  CFDs are leveraged products meaning both gains and losses are magnified compared to if an investor purchased the same value of the underlying asset. They offer the potential to make greater returns than unleveraged investments, but the leverage also substantially increases the risk of higher losses;
- **Loss of investment:**
  Losses on CFDs (long or short) may exceed the amounts paid (as Margin) for opening CFD positions. Note: Mandatory negative balance protections limit maximum losses (including any costs) to the value of Account equity and prevent an Account from going into deficit or negative balance;
- **Market volatility**
  Financial markets are subject to high volatility and price fluctuations. This affects prices and spreads (the gap between the buy and sell price) of CFDs. "Gapping" may occur, when the prices of CFDs suddenly shift from one price to another and there may not always be an opportunity for Clients to place an order or for the platform to execute an order between the two price levels.
- **Margining (Close-out)**
  Clients must meet margin requirements to trade CFDs with T212. 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. Positions will be closed out if there is not enough margin on the account.
- **Holding costs**
  Depending on the positions held and how long they are held for, Clients 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;
- **Non-transferability**
  CFDs are non-transferable and traded over the counter (OTC), not through an exchange, therefore the ability to open and close trades is dependent on the platform (T212) being in a position to accept and execute orders.
- **Counterparty risk**

T212 is the issuer of CFDs subject to this TMD. This means that Clients are dealing with T212 as the counterparty to every CFD transaction. Accordingly, Clients are exposed to the financial and business risks of trading with T212.

Refer to our PDS for further details in relation to the risks associated with CFDs.

3. Target Market

Criteria	Key Attributes
Target Market	Given the diverse nature of CFDs and different strategies that may be associated with trading CFDs, we consider that the Target Market for our CFDs are Retail clients who meet each of the following eligibility requirements: ● above the age of 18; ● understand the higher risk of trading with leverage and have a high investment risk tolerance; ● are aware of the risk of incurring significant losses trading CFDs, which can be as great as the sum of the account balance, and the preparedness to bear such losses; ● have sufficient finances to support losses that could amount to the total sum of money they invest without materially impacting their standard of living; ● who demonstrate experience and/or knowledge trading in CFDs, as assessed by T212, including but not limited to: ○ the fundamentals of margin and leverage; ○ the inherent risks of trading CFDs; ○ the fees and costs associated with CFD trading; ○ CFD pricing methodologies; and ○ the processes and technologies involved in trading CFDs. Before you can trade in T212 CFDs, you will need to complete a series of questions to determine whether you are likely to fall within the above target market. Based on your answers, you may not be able to open a CFD account.
Likely client objectives, situation and needs	<u>Likely objectives</u> ● have a short term investment horizon; and ● to use leverage to speculate over the price movement of

	underlying assets, without owning the underlying assets; and/or ● to seek to hedge other exposures. <u>Likely situation</u> ● have sufficient funds (income and liquid assets/savings) to trade CFDs for speculative or hedging purposes, and are capable of losing the amount invested without materially impacting financial wellbeing and standard of living. <u>Likely needs</u> ● to want to access the leverage provided by CFDs; ● to speculate on potential market movements; and/or ● to hedge other exposures.
Tolerance to risk	High risk tolerance - CFDs are leveraged financial products that can result in rapid losses in a very short period of time. Losses can be significant, and a Client may be required to deposit additional funds in order to maintain open positions and avoid positions being closed out. As it is possible to lose the entire balance of an account, CFDs are only suitable for clients with a high investment risk tolerance.
Experience, knowledge and understanding	T212 requires prospective Clients to undertake a questionnaire around the fundamental concepts and risks of CFDs before establishing a T212 CFD account. The questionnaire assists in assessing a prospective Client of the following matters related to trading CFDs: ● previous experience trading leveraged products; and/or ● has relevant financial qualifications, obtained relevant training or works in a relevant role; and/or ● can demonstrate adequate knowledge and understanding of the key characteristics and risks of leveraged derivative trading including: ○ the fundamentals of margin and leverage; ○ the inherent risks of trading CFDs, the risk of significant losses which can include the client's whole account balance;

	○ the fees and costs associated with CFD trading; ○ CFD pricing methodologies;

4. Negative Target Market

T212 CFDs are not suitable for Clients who:

- are below the age of 18;
- do not meet our financial suitability requirements, including the requirement to have sufficient income and liquid assets to bear potential losses without materially impacting their standard of living;
- are not prepared and able to incur losses trading CFDs, which can be as great as their account balance;
- solely derive their income from pensions, social benefits and/or borrowings;
- are experiencing financial hardship, or are going through bankruptcy;
- are vulnerable due to an age-related impairment, physical or mental health illness affecting capacity, or any form of addiction;
- are unable or unwilling to use T212's digital platform to trade CFDs;
- do not have the requisite knowledge for trading in CFDs and have not passed T212's appropriateness assessments;
- do not understand the risks of trading CFDs;
- are seeking predictable returns, income returns or capital stability;
- have a medium to longer investment horizon;
- have a low risk tolerance.

5. Distribution Conditions

T212 is the sole issuer and distributor of T212 CFDs. T212 does not use any third party distributors. T212 takes reasonable steps and has the below processes in place to ensure that we distribute our CFDs to the identified Target Market and that it is reasonably likely that prospective clients fall within the identified Target Market:

- Client Onboarding Controls
  Before prospective clients are approved for an account and issued our CFD products, applicants have to meet the below requirements during the onboarding process:
  1. meet the minimum employment, income and savings requirements;
  2. demonstrate adequate CFD experience and knowledge;
  3. declare they have a high investment risk appetite and understand all CFD associated risks; and
  4. pass T212's Financial Suitability and Appropriateness (Knowledge and Experience) questionnaire.

- Ongoing Monitoring
  T212 maintains a robust system for ongoing monitoring of Client activity, designed to detect material changes in Clients' circumstances, to ensure continued alignment with the Target Market. If changes are identified such that our products are deemed no longer suitable to certain clients, appropriate procedures will be initiated to ensure T212 does not provide our products to Clients outside of the outlined Target Market. Our monitoring includes, but is not limited to:
  - periodic monitoring of deposit, withdrawal, and trade activity; and
  - review of client communications, complaints and change of detail requests.

- Marketing Strategy Risk Controls
  T212 takes steps to ensure that the marketing strategy targets prospective retail customers who are reasonably likely to fall within the identified target market. All marketing material must be independently reviewed by T212's Risk and Compliance team to ensure that the medium and channel used is appropriate and it does not contain elements which may attract potential customers likely outside of the

intended Target Market.

- <u>Compliance Training</u>
  T212 provides training and resources to its Onboarding, Customer Service and Marketing employees on T212's Target Market, including processes around identification and response to potential unsuitability or vulnerabilities.

6. Monitoring and Reporting

While T212's systems have been designed to prevent a significant dealing outside the target market, T212 continuously monitors complaints and expressions of vulnerability, and on a quarterly basis, performs an analysis to assess whether the processes in place are adequate in ensuring distribution to the intended Target Market.

T212 also performs a detailed analysis of client outcomes in accordance with the Product Governance Policy, to ensure the TMD and product governance arrangements remain appropriate.

7. Review Triggers

T212 will review the TMD within ten business days if it knows, or ought reasonably to know, of an event or circumstance that reasonably suggests that the TMD is no longer appropriate. This includes, but is not limited to:

- material changes to the key attributes of the CFD product;
- material changes to the law or regulations impacting CFDs;
- the occurrence of a significant dealing outside the Target Market;
- receipt of a large volume of complaints that indicate issues related to the distribution, client suitability and/or understanding of the product and its risks;
- where T212 detects issues with the distribution of the CFD product during monitoring and reporting activities; and
- external events such as adverse media coverage or regulatory attention.

T212 reserves the right to amend this TMD at any time if needed as a result of any changes to the law or regulations, regulatory guidance, or for any reason we consider as an appropriate reason to amend the TMD.

8. Review Period

T212 will perform annual reviews of this TMD from the initial version date of 10 July 2026. The next review will be in July 2027, with subsequent reviews of the TMD every 12 months, or more frequently if a review trigger event occurs.