

Target Market Determination

# OTC Derivatives

**Vantage Global Prime Pty Ltd**

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## Introduction

Vantage Global Prime Pty Ltd (referred to as **Vantage**, **Vantage Markets**, **us**, **our** or **we**) ACN 157 768 566, AFSL no. 428901 operates an OTC Derivatives business. Vantage is a product issuer and issues OTC Derivatives to clients, including retail clients in the forms of margin foreign exchange contracts ("**Margin FX**") and contracts-for-difference ("**CFDs**"). Collectively, they are referred to as OTC Derivatives in this TMD. The design and distribution obligations set out in Part 7.8A of the *Corporations Act 2001 (DD Obligations)* have applied to the issue and distribution of OTC Derivatives to retail clients (**Investors**) since 5 October 2021.

The DD Obligations aim to assist Investors in obtaining 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 Investors for our OTC Derivatives, 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 an OTC Derivatives trading account or trade in OTC Derivatives.

## Financial products issued 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 are agreements to exchange the difference in the value of a particular underlying asset. This allows Investors to speculate on rising or falling prices of an underlying asset.

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

- Currency Pairs;
- Commodities, including precious metals;
- Indices, including stock market indices;
- Crypto assets;
- Bonds;
- Shares; and
- ETFs

This TMD has been prepared in relation to the above-mentioned OTC Derivatives.

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## The target market

**The target market for our OTC Derivatives products includes the following classes of Investors:**

**Investors who satisfy each of the following criteria:**

- Investors above the age of 18;
- Investors who can accept losses that can be as great as the sum of their deposits;
- Investors who have high investment risk appetites including leveraged products; and
- Investors with a short-term investment horizon;

**For those Investors who satisfy the above criteria**

Those Investors who satisfy the above criteria and wish to trade OTC Derivatives 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 OTC Derivatives); and
- gaining exposure to price movements of the underlying assets – e.g., currency pair, indices, commodities, etc. 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 Vantage's OTC Derivatives.

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**Target market – criteria, scope and key attributes**

Further details regarding Vantage’s target market for OTC Derivatives 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>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. OTC Derivatives are a high risk and volatile trading product, and there is a real possibility that retail clients could lose all of their deposited funds.</p>
<b>Tolerance to risk</b>	<p>OTC Derivatives are only suitable for retail clients with a high investment risk tolerance.</p> <p>Please note that there are particular risks associated with trading OTC Derivatives. Those risks include:</p> <ul style="list-style-type: none"> <li>• Counterparty Risk;</li> <li>• Liquidity Risk;</li> <li>• Market Risk;</li> <li>• Leverage Risk;</li> <li>• Etc.</li> </ul>
<b>Client needs</b>	<p>Our OTC Derivatives and their key attributes are likely to be consistent with the likely objectives, financial situation and needs of those Investors 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 OTC Derivatives, including for speculative or hedging purposes, or</li> <li>b) to gain exposure to price movements of the relevant underlying assets (e.g. currency pairs, indices, commodities, crypto assets, etc.)</li> </ol> </li> <li>3. have a high investment risk tolerance; and</li> <li>4. can afford to bear losses.</li> </ol> <p>Our OTC Derivatives are designed to be suitable only for Investors with the likely objectives, financial situation and needs described above. This is because our OTC Derivatives (and OTC Derivatives generally) are highly leveraged and volatile, and expected returns may be positive or negative.</p> <p>Investors 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 OTC Derivatives.</p>

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Investors 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 OTC Derivatives but may not be.

Investors who do not satisfy the requirements in both 3 and 4 above, are unlikely to be in the target market for the OTC Derivatives.

### Investors for whom OTC Derivatives are unsuitable

Investors who are in any of the above categories are not in the target market for our OTC Derivatives.

#### OTC Derivatives are generally unsuitable for the following classes of Investors:

- Investors below the age of 18;
- Investors who reside in a country which restricts or prohibits trading in OTC Derivatives;
- Investors who are in financial hardship or going through bankruptcy;
- Investors who do not have the requisite knowledge for trading in OTC Derivatives;
- Investors who have a low or medium tolerance to risk;
- Investors who do not have the ability and willingness to lose the sum of their deposits;
- Investors who have low levels of literacy or numeracy, financial literacy and technological literacy;
- Investors who wish to trade using their retirement savings, income, or cash that the Investors relies on for living expenses or personal savings;
- Investors who primarily derive their income from social security and/or borrowings;
- Investors who are seeking capital protection or stability;
- Investors who are seeking regular or otherwise predictable returns on their investment;
- vulnerable Investors, including Investors who are vulnerable for any of the following reasons:
  - > elderly or suffering an age-related impairment;
  - > suffering from elder or financial abuse;
  - > job loss;
  - > suffering from mental or other forms of serious illness affecting capacity;
  - > suffering from any form of addiction; or
  - > any other personal or financial circumstances causing significant detriment.

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## Distribution conditions

Our OTC Derivatives are distributed by us.

We will take reasonable steps to ensure that both we and any Distributors we appoint, 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 Investors who are potential clients fall within the identified target market.

We undertake an assessment of each consumer's knowledge of trading in OTC Derivatives, prior to approving and distributing our OTC Derivatives to them. Only clients who have the requisite knowledge to trade in OTC Derivatives as assessed by Vantage will be permitted to open an account and trade with us.

No Distributor may release marketing materials without obtaining our prior written consent. No party may engage in the distribution of our OTC Derivatives unless they have entered into an SLA with us.

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## Monitoring and reviewing the TMD

### Periodic reviews

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

The first review of this TMD will occur in September.

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

### Review triggers – additional reviews

**We will also review the TMD where the following review triggers occur:**

- where there are significant dealings (issuing of OTC Derivatives) in Vantage's OTC Derivatives, 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 OTC Derivatives;
- where a Distributor has reported relevant complaints or noted any relevant complaint trends;
- where we have received relevant complaints or noted any relevant complaint trends;
- where we have detected significant issues with the distribution of our OTC Derivatives through our monitoring of our own day-to-day activities, or the monitoring and supervision of our Distributors;
- where there are material changes to the law or regulations applicable to OTC Derivatives affecting the issuance, distribution or operation of OTC Derivatives;
- any other events or circumstances that would materially change a factor taken into account in making this TMD;

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## 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 (subject to where no reporting is required, based on the particular reporting requirements and conditions set out below), within 10 business days of the end of each calendar quarter – 31 March, 30 June, 30 September and 31 December, each year:

### Complaints data

- complaints data – information about the complaints received, including the number of complaints received (but only where the Distributor received complaints in relation to the product during the reporting period);

### Other data

- Consumer feedback, including regarding performance of the product (but only where such feedback was received during the reporting period);
- requests for information that the Distributor has received from clients (but only where such requests were received during the reporting period);
- percentage of sales to clients who are not in the target market (but only where such sales occurred during the reporting period);
- volume of sales (but only where such sales occurred during the reporting period); and

### Further reporting requirements

In addition to the reporting requirements above, each Distributor must report:

- Any significant dealing outside the TMD, as soon as practicable and, in any event, within 10 business days of such dealing; and
- All individual complaints made by any person in connection with the relevant financial product that are made to the Distributor, as soon as practicable and, in any event, within 5 days of receiving any such complaint.

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.

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## Contact

For more information about our Target Market Determination – OTC Derivatives, please contact us:



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