AXICORP FINANCIAL SERVICES PTY LTD

ACN 127 606 348 AFSL 318232

CONTRACTS FOR
DIFFERENCE – PERPETUAL
FUTURES

INTRODUCTION

AxiCorp Financial Services Pty Limited (**we**, **us**, or **Axi**) operates a Margin FX and Contracts for Difference (**CFDs**) business. Axi 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**) from 5 October 2021.

We hold an Australian Financial Services Licence number 318232.

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.

PURPOSE

This Target Market Determination (**TMD**) has been prepared specifically in relation to our CFDs over perpetual futures (**Products**). We have issued separate TMDs in respect of each of our other CFD offerings.

The purpose of this TMD is to set out:

- the class of Consumers that comprise Axi's target market for our Products, giving consideration to their likely objectives, financial situation and needs;
- the Consumers for whom our Products are likely to be unsuitable;
- any conditions and/or restrictions placed on retail product distribution conduct in relation to our Products;
- the events and circumstances that would reasonably suggest that the TMD is no longer appropriate;
- the frequency with which we will otherwise review the TMD; and
- the reporting obligations for Distributors under the TMD.

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 our Products. You can obtain a copy of the PDS from our website.

You should not base any decision to open a CFD trading account or trade our Products based on the contents of this TMD.

FINANCIAL PRODUCTS ISSUED BY US

CFDs are complex and leveraged financial products, which are traded over-the-counter and not through a regulated market. CFDs are agreements to exchange the difference in the value of a particular underlying asset. This allows Consumers to speculate on rising or falling prices of an underlying asset.

Our perpetual futures CFDs reference the price of an underlying asset and, unlike traditional futures contracts, have no fixed expiry or settlement date. Instead, a periodic funding fee is exchanged between long and short position holders to keep the price of our perpetual futures CFDs aligned with the price of the underlying asset.

We issue CFDs in respect of the following underlying assets (for more information refer to the Product Schedule):

- Currency pairs;
- Cryptocurrency;
- Commodities, including precious metals;
- Shares; and
- Indices, including stock market indices.

TARGET MARKET

Consumers who meet all of the requirements as set out in the below bullet points are in the target market for our CFDs.

- **Traders who have prior experience** with trading financial markets.
- **High-risk tolerance traders** who can accept losses up to the full value of their deposits, indicating a high investment risk appetite.
- **Traders with short-term investment goals** seeking to trade perpetual futures CFDs for speculative trading, or exposure to underlying asset price movements.

Axi's assessment of whether a Consumer belongs to our target market is based on the information provided to Axi by the Consumer.

ADDITIONAL TARGET MARKET INFORMATION

Further details regarding Axi's target market for CFD trading are set out below.

CRITERIA	SCOPE AND KEY ATTRIBUTES
Client type	Retail clients This TMD does not apply to wholesale clients, including sophisticated investors and professional investors.
Ability to bear losses	Clients who have stable income and assets and are prepared to lose amounts that can be as great as the sum of their total deposits.
Tolerance to risk	Perpetual futures CFDs are suitable for clients with high investment risk tolerance.

CONSISTENCY WITH THE LIKELY OBJECTIVES, FINANCIAL SITUATION AND NEEDS OF THE TARGET MARKET

LIKELY OBJECTIVES, FINANCIAL SITUATION AND NEEDS OF THE TARGET MARKET	PRODUCT ATTRIBUTES
Likely objectives: Use existing capital to trade perpetual futures CFDs with leverage, seeking higher returns with corresponding higher risk.	Our CFDs (and CFDs generally) are highly leveraged and volatile, and expected returns may be positive or negative. There are particular risks associated with trading perpetual futures CFDs. Those risks include, but are not limited to: • **Market Risk:** Derivative instruments can be highly volatile due to the market conditions of the underlying instrument and the amount of leverage available. The prices of our Products and their underlying instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled. • **Counterparty Risk**: You will be dealing with us as a counterparty to every transaction and you will, therefore, have an exposure to us in relation to each transaction. • **Leverage:** CFDs are a leveraged product whereby both gains and losses can be magnified. • **Risk of Close-out:** Sufficient funds are required to cover total margin requirements at all times. Failure to do so may mean that some or all of your positions are closed out if the balance of the account falls below the close-out level; • **Continuous Trading Risk:** Our perpetual futures CFDs trade on a near-continuous (24/7) basis, subject only to short scheduled daily trading breaks. This means that price-moving events can occur, and your positions can be affected, at any time, including outside of the hours you may usually monitor the market.

	For further details in relation to risks associated with CFDs, refer to our PDS.
Likely financial situation: Have stable income and assets and can accept losses up to the full value of their deposits.	CFDs include negative balance protection, which prevents Consumers from losing more than the sum of their deposits. Consumers should, however, still be prepared to lose the full value of their deposits.
Likely needs: A platform that allows access to a range of perpetual futures CFD symbols (underlying instruments) and leverage levels.	Axi's perpetual futures CFDs allow Consumers to trade a range of perpetual futures CFD symbols (underlying instruments) with leverage, which offers the potential for enhanced returns. This product feature must be balanced against the other features discussed in this table, noting that expected returns may be positive or negative, and that funding fees apply.

CONSUMERS FOR WHOM OUR PRODUCTS ARE UNSUITABLE

CFDs are unsuitable for the following classes of Consumers:

- are below 18 years of age;
- do not have a regular income or adequate savings;
- do not have the requisite knowledge for trading in CFDs;
- do not have a high tolerance to risk;
- do not have the ability and willingness to lose the sum of their deposits;
- have low levels of literacy or numeracy, financial literacy and technological literacy;
- wish to trade using their retirement savings, income, or cash that the Consumer relies on for living expenses or personal needs;
- vulnerable Consumers, including Consumers who are vulnerable for any of the following reasons:
    - suffering an age-related impairment;
    - are in financial hardship or going through bankruptcy;
    - suffering any form of cognitive impairment;
    - suffering from elder or financial abuse;
    - have recently experienced or are experiencing 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.

Consumers who fall into any of the categories set out immediately above are not in the target market for the Products.

Axi identifies potentially vulnerable consumers through its onboarding questionnaire, and ongoing monitoring of client accounts and trading behaviour. Where vulnerability is identified or reasonably suspected – whether at onboarding or during the life of the account – Axi will take appropriate steps, which may include declining to open or maintain the account, or restricting the Consumer's trading activity.

DISTRIBUTION CONDITIONS AND RESTRICTIONS

This section outlines the conditions and restrictions that are applied to retail distribution conduct in relation to our Products. These restrictions and conditions do not apply to wholesale investors (being wholesale clients, sophisticated investors and professional investors).

Axi's Products may be distributed directly to Consumers by Axi or via licensed partners engaged by Axi to perform retail distribution conduct on its behalf.

Axi may also enter into agreements with affiliates for the purpose of promoting our brand. Our affiliates are not involved in distributing our products. Any clients referred from affiliate channels must complete an onboarding process and meet the distribution criteria set forth in this Target Market Determination.

As Axi only provides an execution-only broker service, these distribution conditions and restrictions apply to all retail distribution conduct by Axi.

The following distribution conditions and restrictions apply to retail distribution conduct:

- Axi only issues Products to retail Consumers which satisfy Axi's eligibility criteria as outlined in this TMD. Consumers must possess the requisite knowledge for the purposes of trading in CFDs as demonstrated by passing Axi's Suitability Assessment.
- Axi only deals with licenced partners under the circumstances where a contract is in place with appropriate terms and conditions including the obligation to:
    - only distribute to the specified target market as outlined in this TMD;
    - report to Axi the information as specified in this TMD; and
    - provide Axi access to records to monitor and carry out reviews.
- Due diligence will be carried out on all Axi partners prior to onboarding and periodically thereafter to ensure they have the knowledge, experience and resources (financial, technology, human resources) to comply with TMD and the DD Obligation related terms and conditions included in their respective contracts.

PERIODIC AND TRIGGERED REVIEWS

This TMD will be reviewed periodically and in response to event or circumstance-based triggers as outlined below:

- **Periodic Reviews** - Axi will review this TMD at least annually after the completion of the first review period. The first review will occur within one year from the TMD's commencement date.

- **Reviews Triggered by Events or Circumstances -** Axi will also review this TMD in cases where events or circumstances reasonably suggest that the TMD is no longer appropriate. The triggers for this review may include:
    - significant dealings (issuing of CFDs) in Axi's 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;
    - material changes to Products issued by Axi;
    - material changes in relevant regulatory guidance or legislation;
    - where we have received a significant number of complaints or noted any relevant complaints trends, including complaints of a nature indicating one or more of Axi's Products are no longer suitable for the target market;
    - findings arising from compliance and internal audit monitoring activities;
    - matters arising via internal incident and breach handling and compliance monitoring activities;
    - external auditor or independent review findings;
    - adverse media reports in relation to the Products Axi issues or Axi's Distributors;
    - concerns raised by the Australian Securities and Investment Commission and the Australian Financial Complaints Authority, whether raised directly with Axi or its Distributors;
    - legal action brought against Axi in relation to its Products or services;
    - issues raised by Distributors concerning Axi's Products;
    - whistleblower reports raised under Axi's Whistleblower Policy; and
    - where we have detected significant issues with the distribution of our CFDs through our monitoring and supervision of our Distributors.

DISTRIBUTOR REPORTING REQUIREMENTS

Axi's licensed partners are required to report the following information to Axi and within the specified timeframes:

EVENT OR CIRCUMSTANCE	REPORTING PERIOD
Any significant dealings that are not consistent with this TMD.	As soon as practicable after becoming aware of the matter, and in any event within 10 business days.
Any issue arising from retail distribution conduct in breach of the distribution conditions and restrictions.	As soon as practicable after becoming aware of the matter, and in any event within 10 business days.
The number and nature of complaints received about Axi's Products.	Next business day after receiving the Product or distribution related complaint. Periodic reporting within 10 business days after the end of each calendar quarter.
Actual or likely breach of the DD Obligations	As soon as practicable after becoming aware of the matter, and in any event within 10 business days of the actual or likely breach being identified.