



# Target Market Determination - Contracts for Difference

*This document provides guidance on Target Market Determinations (TMD) in relation to the Design and Distribution Obligations (DDO) under the Corporations Act 2001 (Cth). It is the responsibility of each user of this guidance to assess their individual situation and ensure compliance with the new regime.*

## More Than Trading

PU Prime Trading PTY LTD

ACN 151 613 839 | AFSL 410681

Email: [info@puprime.au](mailto:info@puprime.au)

Web: [www.puprime.au](http://www.puprime.au)

Address: Level 1, 17 Castlereagh Street, Sydney, NSW 2000, Australia

## Important Notice

This Target Market Determination (TMD) is issued in accordance with section 994B of the Corporations Act 2001 (Cth) (the Act). It outlines the class of consumers for whom the product, including its key attributes, is likely to align with their objectives, financial situation, and needs. The TMD also identifies the triggers for reviewing the target market, along with other relevant information. It forms part of PU Prime Trading Pty Ltd's design and distribution arrangements for this product.

Please note, this document is not a Product Disclosure Statement (PDS) and does not provide a summary of the product's features or terms. It does not consider any individual's specific objectives, financial situation, or needs. Individuals interested in acquiring this product should carefully review the Product Disclosure Statement (PDS) for Contracts for Difference before deciding to trade.

## Target Market Summary

This product is likely to be appropriate for a retail consumer who has a short investment timeframe, very high and high risk/return profile and needs daily and weekly access to capital.

## Issuer identifiers

|                          |                          |
|--------------------------|--------------------------|
| <b>Issuer</b>            | PU Prime Trading Pty Ltd |
| <b>Issuer ABN</b>        | 63 151 613 839           |
| <b>Issuer AFSL</b>       | 410681                   |
| <b>Date TMD approved</b> | 27 January 2024          |
| <b>TMD Version</b>       | 1                        |
| <b><i>TMD Status</i></b> | Current                  |

## Description of Target Market

This part is required under section 994B(5)(b) of the Act.

### TMD indicator key

The Consumer Attributes for which the product is likely to be appropriate have been assessed using a red/yellow/green rating methodology with appropriate colour coding:

|                  |                              |                                 |
|------------------|------------------------------|---------------------------------|
| In target market | Potentially in target market | Not considered in target market |
|------------------|------------------------------|---------------------------------|

### Instructions

In the tables below, Column 1, Consumer Attributes, indicates a description of the likely objectives, financial situation and needs of the class of consumers that are considering this product. Column 2, TMD indicator, indicates whether a consumer meeting the attribute in column 1 is likely to be in the target market for this product.

Generally, a consumer is unlikely to be in the target market for the product if:

- **one or more** of their Consumer Attributes correspond to a **red** rating, or
- **three or more** of their Consumer Attributes correspond to a **yellow** rating.

| Consumer Attributes  | TMD Indicator           | Product description including key attributes  |
|--|-------------------------|---|
| <b>Consumer's investment objectives</b>  |                         |   |
| <p>Speculation, hedging or gaining exposure to price movement:</p> <p>The consumer aims to invest in a product that enables speculation on market price fluctuations, hedging of other investment positions, or gaining exposure to specific markets without directly owning the underlying asset.</p> | <b>In target market</b> | <p>PU Prime Trading Pty Ltd issues OTC Derivatives in the form of contracts for difference ("CFDs") and margin foreign exchange ("Margin FX") contracts. Collectively, these are referred to as OTC Derivatives in this TMD.</p> <p>OTC Derivatives are complex and leveraged financial products traded over-the-counter (OTC) and not through a regulated market. These products enable consumers to leverage small margin deposits for much greater market effect in relation to the exposure of price movements of an underlying instrument. Consumers can participate in the returns from movements in such underlying instruments without owning the actual instrument. Consumers who engage in such</p> |

|   |                                 |  |
|---|---------------------------------|--|
| High Capital Growth:<br>The consumer aims to invest in a product designed to generate capital return.   | Potentially in target market    | <p>products will be likely trading for either speculative purposes in regard to profiting off price movements/fluctuations of the underlying instruments or for hedging exposures to underlying instruments. As such, consumers who are seeking Capital Growth via speculation or Capital Preservation via hedging will potentially be in the target market for these instruments.</p> <ol style="list-style-type: none"> <li>1. CFDs are ideal for clients looking to speculate on market movements. This product offers the potential to profit from both rising and falling markets, providing a versatile alternative to traditional trading instruments.</li> <li>2. CFDs can also serve as a hedging tool. For instance, if you have an existing portfolio of assets, you can use CFDs to offset potential losses in your physical investments if market conditions move unfavorably.</li> <li>3. CFDs offer an efficient way for traders to gain exposure to broad market movements with relatively low capital investment. Thanks to leverage, a smaller margin deposit can control a larger total contract value, increasing the potential for profit.</li> <li>4. Although CFDs carry a high level of risk due to leverage, they also present an opportunity for substantial capital growth. Traders who fully understand and effectively manage these risks have the potential to achieve significant returns. However, it's important to recognise that potential losses could exceed the initial deposit.</li> <li>5. CFDs are not designed for those seeking capital preservation or guaranteed returns. Given the inherent risks, consumers could lose their entire deposit.</li> <li>6. CFDs are not intended to generate regular income. They are better suited to short-term trading strategies and can be highly volatile, resulting in both potential profits and losses.</li> </ol> |
| Capital Preservation:<br>The consumer aims to invest in a product to reduce volatility and minimise loss in a market down-turn.                   | Not considered in target market |  |
| Capital Guaranteed:<br>The consumer aims for a guarantee or protection against capital loss whilst still seeking the potential for capital growth | Not considered in target market |  |
| Regular Income:<br>The consumer aims to invest in a product designed to distribute regular and/or tax-effective income                            | Not considered in target market |  |
| <b>Consumer's investment timeframe</b>  |                                 |  |
| Short-term  | In target market                | <p>CFDs are designed specifically for short-term trading strategies. Given the nature of leverage and margin trading, CFDs are ideal for capitalizing on short-term price fluctuations. Positions can be opened and closed within a day (day trading), a week, or even a few months, depending on the trader's strategy and prevailing market conditions.</p> <p>CFDs are generally not the right products for long-term investments. Since they do not provide ownership of the underlying asset and often incur ongoing financing costs, holding positions over an extended period can be costly. As a result, investors with a long-term horizon, such as several years, may find CFDs to be neither cost-effective nor suitable for their needs.</p>   |
| Long-term   | Not considered in target market |  |
| <b>Consumer's risk tolerance</b>  |                                 |  |
| High to Very High   | In target market                | <p>CFDs are most suitable for investors with a high to very high-risk tolerance who are comfortable with the possibility of substantial losses. Those with a medium risk tolerance</p>   |
| Medium  | Not considered in target market |  |

|  |                                 |   |
|--|---------------------------------|---|
| Low  | Not considered in target market | <p>should carefully assess their ability to handle significant losses before deciding to trade in CFDs. This product is generally not appropriate for individuals with a low risk tolerance.</p> <p>CFDs are ideally suited for investors with a high to very high risk tolerance. Due to the leveraged nature of CFDs, both the potential for profit and the risk of loss are amplified. Investors should be prepared for the possibility of losing their entire investment, particularly if the market moves significantly against their position.</p> <p>CFDs are not recommended for those with medium or low risk tolerance. The risk of losing the entire deposit, combined with the complexity of the product, makes CFDs unsuitable for conservative investors who are focused on capital preservation or seeking guaranteed returns.</p>   |
| <b>Consumer's ability to bear losses</b>                       |                                 |   |
| All deposit amount   | In target market                | CFDs are suitable for clients who fully understand the risks involved and are financially capable of bearing the potential loss of all their deposited funds. Due to the leveraged nature of CFDs, the potential for losses is amplified, meaning that losses can exceed the initial deposit. In some cases, losses can occur quickly and significantly, potentially wiping out the entire investment.  |
| Less than the deposit amount                                   | Not considered in target market | <p>As such, CFDs are appropriate for investors with a high-risk tolerance who are prepared for the possibility of substantial losses. The leverage in CFDs allows traders to control a much larger position than their initial margin deposit would otherwise permit, which can lead to both significant profits and equally substantial losses, depending on market movements.</p> <p>However, CFDs are not suitable for individuals who cannot afford to lose their entire deposit. Given the volatility and fast-paced nature of financial markets, the high leverage associated with CFDs can result in rapid, large losses that may exceed the funds initially invested. Therefore, investors with limited risk tolerance, those relying on their investments for immediate financial needs, or those unable to absorb substantial financial losses should carefully consider whether CFDs are an appropriate investment for them.</p> |
| <b>Source of fund</b>  |                                 |   |
| Income for living expenses, personal saving, retirement saving | Not considered in target market | CFD products are designed exclusively for individuals who trade with non-essential capital that they can afford to lose. They are not suitable for those who rely on essential income or savings as a funding source.   |
| Other non-essential source of fund                             | In target market                | CFDs are not suitable for individuals who intend to use funds meant for living expenses, personal savings, or retirement savings. Due to the high-risk nature of CFDs, using funds designated for essential needs or long-term financial goals – such as retirement – can be dangerous. The potential for total loss means traders should avoid risking money they cannot afford to lose.   |

|   |                                 |  |
|---|---------------------------------|--|
|   |                                 | CFDs are more appropriate for traders using non-essential capital. This includes funds set aside specifically for speculative trading or risk capital that will not affect the individual's financial well-being or lifestyle if lost.   |
| <b>Age</b>                                    |                                 |  |
| Under 18 and above 80 years old               | Not considered in target market | CFD products are intended solely for individuals over the age of 18 who possess the financial capability, mental sharpness, and risk tolerance necessary to engage in trading these high-risk, complex financial instruments. Trading CFDs requires a clear understanding of the risks involved and the ability to absorb potential losses.  |
| Above 18 years old                            | In target market                | <p><b>Not suitable for consumers under 18 or over 80:</b> Our CFDs are not intended for minors (individuals under the age of 18). Trading complex financial instruments like CFDs requires maturity, sound financial judgment, and the ability to evaluate and manage risks – traits that are generally not developed in individuals under the age of 18. Additionally, individuals over the age of 80 should exercise caution, as the risk profile of CFD trading may not align with the financial goals or health considerations typically associated with older individuals. As such, CFD trading is restricted to those who have reached the legal age of majority and are within a reasonable age range for engaging in such high-risk activities.</p> <p><b>Suitable for consumers between 18 and 80 years of age:</b> Our CFDs are primarily targeted at individuals between the ages of 18 and 80 who have the necessary financial stability, mental capacity, and risk tolerance to understand and assume the risks of CFD trading. This age range includes both novice traders eager to learn and seasoned traders with higher risk tolerance.</p> <p>However, it is important to remember that all traders, regardless of age, must carefully consider their financial situation and health status before engaging in high-risk trading. Always ensure you fully understand the potential risks and are comfortable with the possibility of loss before proceeding.</p> |
| <b>Income</b>                                 |                                 |  |
| No Income or Below 0.5 Median National Income | Not considered in target market | CFD products are targeted toward individuals with an income level at least 0.5 times the Median National Income. Given the financial risk associated with these instruments, a certain level of income stability is required to handle potential losses.   |
| Above 0.5 Median National Income              | In target market                | <p><b>Not suitable for consumers with no income or income below 0.5 times the national average:</b> Individuals with no income or earnings below 0.5 times the Median National Income are not considered part of our target market for CFDs. The substantial financial risk involved, including the potential for losses exceeding initial deposits, makes trading these instruments unsuitable for individuals with lower income levels. For those with limited financial resources, engaging in CFD trading could pose a significant financial burden, potentially worsening their financial situation.</p>  |

|   |                                 |  |
|---|---------------------------------|--|
|   |                                 | <p><b>Suitable for consumers with an income above 0.5 times the national average:</b> Our CFDs are designed for individuals who earn at least 0.5 times the Median National Income or more. These individuals are more likely to have discretionary income that can be allocated to higher-risk investment activities like trading OTC CFDs. A higher income level provides the financial flexibility to absorb potential losses from trading, making it more suitable for those who can afford to take on such risks.</p>   |
| <b>Education Background</b>   |                                 |  |
| Low financial literacy  | Not considered in target market | CFD products are intended for individuals with high financial literacy, as these products are inherently complex and carry significant risk. Trading CFDs requires a strong understanding of financial markets and the ability to make informed decisions based on market analysis and risk management.  |
| High financial literacy   | In target market                | <p><b>Not suitable for consumers with low financial literacy:</b> Individuals with limited educational backgrounds or low financial literacy are not part of our target market for OTC CFDs. The complexity and risks associated with these financial instruments demand a certain level of knowledge and understanding, which is typically gained through higher levels of education. Without a foundational understanding of financial concepts, trading in OTC CFDs could result in misunderstandings, poor decision-making, and potentially substantial financial losses.</p> <p><b>Suitable for consumers with higher financial literacy:</b> Our CFDs are designed for individuals with a solid grasp of financial concepts and the ability to critically evaluate risks. Those with a higher level of education – such as a financial professional certification or equivalent qualifications – typically possess the knowledge and skills necessary to navigate the complexities of these instruments. A strong understanding of financial markets and risk management is essential for making informed trading decisions, and individuals with higher financial literacy are better equipped to assess and mitigate the risks involved.</p> |
| <b>Financial/ Personal Vulnerability</b>  |                                 |  |
| <p>Consumers subject any of the following situation and/or similar conditions:</p> <ul style="list-style-type: none"> <li>● Financial hardship</li> <li>● Bankruptcy</li> <li>● Financial abuse</li> <li>● Other detrimental financial circumstances</li> <li>● Age-related impairment;</li> <li>● Mental or other forms of serious illness affecting capacity;</li> <li>● Addiction</li> </ul> | Not considered in target market | <p>CFDs are best suited for individuals in stable financial situations who possess the knowledge and mental capacity to understand and manage the risks associated with them. They are not appropriate for individuals who are financially or personally vulnerable, as the potential for significant losses could worsen these vulnerabilities and lead to negative financial outcomes.</p> <p><b>Financial Hardship and Bankruptcy:</b> Individuals facing financial hardship or bankruptcy should avoid engaging in OTC CFD trading. These circumstances often indicate a lack of disposable income and financial stability, which are necessary to absorb potential losses. Given the volatility of the markets, losses can exceed initial deposits, making CFD trading unsuitable for those in financially unstable situations.</p> <p><b>Financial Abuse and Other Detrimental Financial Circumstances:</b> Individuals who are victims of financial abuse or are in other detrimental financial situations should refrain from trading in CFDs. The financial risks associated with these instruments could exacerbate an already precarious financial condition and further harm the individual's financial well-being.</p>                  |



|  |  |   |
|--|--|---|
| <ul style="list-style-type: none"> <li>Other detrimental personal circumstances</li> </ul> |  | <p><b>Age-Related Impairment, Mental Illness, or Serious Illness Affecting Capacity:</b> Trading CFDs requires a clear understanding of financial markets and the associated risks. Age-related impairments, mental illness, or serious health conditions that affect an individual's ability to make informed decisions could hinder their capacity to trade CFDs effectively and responsibly. As such, individuals facing these challenges may not be suitable for trading these complex financial instruments.</p> <p><b>Addiction:</b> Individuals struggling with addiction, including gambling or other compulsive behaviors, are not suitable candidates for trading CFDs. The speculative and potentially repetitive nature of these products, combined with the risk of significant losses, could worsen addictive behaviors and lead to detrimental financial outcomes.</p> <p><b>Other Detrimental Personal Circumstances:</b> Any personal circumstances that impair an individual's ability to make rational, informed financial decisions render them unsuitable for trading CFDs. This includes situations like personal trauma, stress, or other life events that could cloud judgment and negatively affect decision-making abilities.</p> |
|--|--|---|

## Appropriateness

The Issuer has assessed the product and formed the view that the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as described above, as the features of this product in Column 3 of the table above are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2.

## Distribution conditions/restrictions

| Distribution Condition  | Distribution Condition Rationale   | <i>applicable</i>        |
|---|--|--------------------------|
| There are no distribution conditions  |  | <input type="checkbox"/> |
| Only suitable for distribution to consumers who have received personal advice |  | <input type="checkbox"/> |
| Other   | Distributors must use advertising materials, customer service prompts, and all other communications that are consistent with providing general advice only. Distributors should not attempt to assess or appeal to individual customer needs and requirements in a manner that contravenes their general advice authoriations. | X                        |



**General Advice Warnings:**

Distributors must include general advice warnings in all communications with customers, including advertisements and websites. These warnings must clearly state that neither the issuer nor the distributor has taken the customer's personal objectives, financial situation, or needs into account when offering this product. Furthermore, the warnings must advise customers to assess the appropriateness of the product relative to their personal needs and to review the relevant disclosure documents before making any decisions.

**Marketing and Advertising Restrictions:**

Given the high-risk nature of these products, distributors must refrain from mass-market advertising to a broad consumer base, except for educational purposes. All marketing materials must align with the relevant Target Market Determination (TMD) and emphasize that these products are of limited suitability. This is especially important for distributors advertising online and/or through social media channels. Additionally, all marketing efforts must comply with the requirements set out in the ASIC Product Intervention Order.

**Approval of Marketing Materials:**

No distributor is permitted to release marketing materials without obtaining prior written consent from the product issuer. Any new marketing campaigns must be reviewed and approved by the issuer before publication to ensure they do not target consumers outside of the intended target market.

**Know-Your-Customer (KYC) Requirements:**

In specific cases, and for certain products, distributors may be required to undergo Know-Your-Customer (KYC) procedures under the AML/CTF Act. Distributors must not distribute these products to customers who are suspected of engaging in illicit activities or providing false or misleading information.

This part is required under section 994B(5)(d) of the Act.

Material change to key attributes, investment objective and/or fees.

Determination by the issuer of an ASIC reportable Significant Dealing

Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product.

Where we have detected significant issues with the distribution of our CFDs through our monitoring of our own day-to-day activities, or the monitoring and supervision of our Distributors

The use of Product Intervention Powers, regulator orders or directions that affects the product.

### Mandatory review periods

This part is required under section 994B(5)(e) and (f) of the Act.

| Review period     | Timeline                                     |
|-------------------|--|
| Initial review    | 27 January 2025                              |
| Subsequent review | On each anniversary of the first review date |

### Distributor reporting requirements

This part is required under section 994B(5)(g) and (h) of the Act.

| Reporting requirement  | Reporting period  | Which distributors this requirement applies to |
|--|---|--|
| Complaints (as defined in section 994A(1) of the Act) relating to the product design, product availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy. The distributor will need to specify a reporting period for reporting information about the number of complaints about the product.                  | As soon as practicable or within 10 business days following the end of the relevant reporting period.                 | All distributors                               |
| Significant dealing outside of target market, under s994F(6) of the Act.   | As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing. | All distributors                               |
| Other significant data occurred or received during the reporting period: <ul style="list-style-type: none"><li>• Consumer feedback, including regarding performance of the product</li><li>• Requests for information that the Distributor has received from consumers</li><li>• Percentage of sales to consumers who are not in the target market</li></ul> Volume of sales | Within 10 business days of the end of each calendar semi-annual – 30 June and 31 December, each year.                 | All distributors                               |

|   |  |                         |
|---|--|-------------------------|
| <p>To the extent a distributor is aware of dealings outside the target market these should be reported to the issuer, including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice.</p> | <p>As soon as practicable or within 10 business days following the reporting period.</p> | <p>All distributors</p> |
|---|--|-------------------------|