



DNA

M A R K E T S

Target Market Determination

November 2023

Introduction

This Target Market Determination (TMD) is issued to you by Focus Markets Pty Ltd (“Focus”) (ABN 96 167 517 544) trading as DNA Markets Group (“DNA Markets”, “we”, “our”, “us”). Focus Markets Pty Ltd holds an AFSL (number 514425), and is a company incorporated in Australia and regulated by the Australian Securities and Investments Commission (ASIC). DNA Markets is a product issuer and issues CFDs to predominantly retail clients. The design and distribution obligations set out in Part 7.8A of the *Corporations Act 2001* (Cth) (**DD Obligations**) have applied to the issue and distribution of CFDs to retail clients (**Consumers**) since 5 October 2021.

We are authorised and regulated by the Australian Securities and Investments Commission (ASIC), with Australian Financial Service Licence number 391441. Our registered office is located at Level 35, Rialto South Tower, 525 Collins Street, Melbourne, 3000, Victoria, Australia.

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.

Risk profile of Underlying Assets

Each CFD we offer is subject to the price movements in a respective underlying asset. Each underlying asset may have different and unique characteristics and may be subject to different levels of volatility, potentially magnifying losses. The leverage limits imposed by ASIC on each underlying asset type seek to limit and moderate these differences. It may still be riskier trading a CFD of one particular underlying asset over a CFD of another underlying asset. Our target market does not change despite the differences in underlying assets available to Consumers. **This TMD is issued and applies to all CFD products we offer.**

The purpose of this target market determination (**TMD**) is to describe the target market of Consumers for our CFDs, and to address the DD Obligations that apply to TMDs.

If you are a retail client, you should refer to our Product Disclosure Statement (**PDS**) before deciding whether to acquire or continue to hold the relevant product. You can get a copy of our 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 a CFDs trading account or trade in CFDs.

Financial products issued by us

CFDs are complex leveraged financial products, that are traded over-the-counter (OTC) rather than through a regulated market/exchange. 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. **We issue CFDs in respect of the following underlying assets:**

- Currency Pairs (FX);
- Commodities, including precious metals;
- Indices, including stock market indices;
- Cryptoassets; and
- Shares.

Our Target Market

The target market for our CFDs include the following classes of Consumers:

Consumers who satisfy each of the following criteria:

- Consumers above the age of 18;
- Consumers who have a sufficient level of knowledge about CFD trading;
- Consumers who can accept losses that can be as great as the sum of their deposits;
- Consumers who have high risk investment appetites; and
- Consumers with a short-term investment horizon.

For those Consumers who satisfy the above criteria

Those Consumers who satisfy the above criteria and wish to trade CFDs 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 CFDs); and
- gaining exposure to price movements of the underlying assets (e.g. cryptoassets, FX, shares, indices, and commodities);, including where exposure to such underlying assets may not be otherwise as readily available, or where such exposure is required at short notice.

Target market – criteria, scope and key attributes

Further details regarding DNA Markets’ target market for CFDs trading is set out below:

Criteria	Scope and key attributes
Client type	Retail clients. This target market determination does not apply to wholesale clients, including sophisticated investors and professional investors.
Knowledge and experience	Only clients who have the requisite knowledge and experience to trade in CFDs, as assessed by DNA Markets. DNA Markets undertakes an assessment of the Consumer’s experience and knowledge trading in CFDs prior to approving and distributing the products to the client.
Ability to bear losses	Clients who are prepared to lose amounts that can be as great as the sum of their total deposits (Note: DNA Markets operates negative balance protection)

on all Retail accounts; negative balances will be returned to zero and we will waive our right to claim the deficit).

Tolerance to risk

CFDs are suitable for clients with a high-risk investment tolerance.

Please note that there are particular risks associated with trading CFDs. These include but are not limited to:

- No asset ownership - when you trade CFDs with DNA Markets, you speculate on the price of the underlying asset with leveraged CFDs. This means you don't take ownership of the underlying asset. Unlike investing in physical assets, your profit or loss isn't confined to the physical asset's value;
- Geopolitics and the material impact it has on the value of an underlying currency or asset;
- Exposure - gaining exposure to an entire sector or economy via underlying assets such as indices may concentrate your overall risk;
- Significant changes or gaps in prices over a weekend, a major news event, or the release of macroeconomic data;
- Market Volatility of underlying asset - assets such as cryptocurrency prices can be extremely volatile, and as such they are considered one of the most high-risk assets to trade;
- A previously tested strategy failing to perform in the same way, resulting in significant losses;
- Nature of leverage - using leverage can lead to significant losses (including your entire deposit and any previously accrued profits) if the market moves against you;
- Magnified losses - when trading with leverage, profits or losses can far outweigh the margin amount used to open a position as they are calculated based on the full position size, not just your margin. (Note: Because retail client accounts have negative balance protection, losses are limited to the value of the funds in your account).

Client needs

Our CFDs and their key attributes are likely to be consistent with the objectives, financial situation and needs of those Consumers who:

- have a short-term investment horizon;
- wish to trade in CFDs, including for speculative or hedging purposes, wishing to gain exposure to price movements of the relevant underlying assets (e.g. crypto assets, FX, shares, indices, and commodities);
- have a high- risk investment tolerance; and
- can afford to bear losses.

Our CFDs are designed to be suitable only for Consumers with the likely objectives, financial situation and needs described above. This is because our

CFDs (and CFDs generally) are highly leveraged and volatile, and expected returns can be positive or negative.

Our products are not compatible with the needs of clients who:

- are seeking capital protection or stability;
 - are risk-averse;
 - are seeking regular or otherwise predictable returns on their investments;
 - cannot afford to bear losses;
 - are vulnerable clients as described below.
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Consumers for whom CFDs are unsuitable

CFDs are generally unsuitable for the following classes of Consumers:

- Consumers below the age of 18;
- Consumers who reside in a country which restricts or prohibits trading in CFDs;
- Consumers who are in financial hardship or going through bankruptcy;
- Consumers who do not have the requisite knowledge for trading in CFDs;
- Consumers who have a low tolerance to risk;
- Consumers who do not have the ability and willingness to lose the sum of their deposits;
- Consumers who have low levels of literacy or numeracy, financial literacy and technological literacy;
- Consumers who wish to trade using income or cash that the Consumer relies on for living expenses;
- Vulnerable Consumers, including Consumers who are vulnerable for any of the following reasons:
 - suffering an age-related impairment;
 - suffering any form of cognitive 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.

Distribution conditions

Our CFDs are distributed by:

- DNA Markets itself; and
- Third party referrers also involved in the distribution of our CFDs (**Distributors**).

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

This includes, but is not limited to;

- a) maintaining a Client Qualification Policy which sets out;
 - the minimum qualification criteria that prospective clients need to demonstrate they meet before we will open an account, and
 - the processes DNA Markets has in place to ensure that prospective clients who do not meet the qualification criteria are not able to open an account and trade CFDs;
- b) Qualifying question(s) in the application procedure that will prohibit an applicant from proceeding if their answer is not consistent with the defined target market in this document;
- c) approval processes for all marketing materials, communication channels, and general marketing strategies; and
- d) monitoring and review processes involving the collection and analysis of consumer, product performance, value and transaction data to ensure we are distributing CFDs appropriately, including the data collected as part of the Consumer onboarding process.

We take reasonable steps to ensure that our marketing strategy and the marketing strategy of Distributors targets potential clients who fall within the identified target market. Distributors are informed of our TMD and the need to establish and implement appropriate procedures to ensure that distribution occurs in accordance with this TMD. These processes are reviewed by us to ensure Distributor compliance with the DD Obligations

Monitoring and reviewing the TMD

Periodic reviews

We will perform periodic reviews of this TMD.

This TMD has been reviewed in October 2023 for publication in November 2023.

Subsequent reviews of the TMD will occur annually unless otherwise required in accordance with the review triggers provided below.

Review triggers – additional reviews

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

- where there are significant dealings (issuing of CFDs) in DNA Markets' CFDs, which are not consistent with the target market or this TMD;
- where a Distributor has reported a large volume of complaints;
- where we have received a large volume of complaints;
- where we have received a complaint that indicates a group of Consumers is not within our target market;
- where there is a change of legislation, regulation or regulatory guidance concerning the DD Obligations;
- where the data we collect suggests that Consumers outside of our target market are using our product;
- where we have detected significant issues with the distribution of our CFDs through our monitoring of our own day-to-day activities, and/or the monitoring and supervision of our Distributors.

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, within 10 business days of the end of each calendar quarter – 31 March, 30 June, 30 September and 31 December, each year:

- complaints data – information about the complaints received, including the number of complaints received;
- information and records of marketing material published in the previous quarter, including the target audience, method and placement of the marketing material (if any);
- the number of Consumers or potential Consumers that the Distributor has denied providing services to, on the basis of ineligibility under this TMD;
- any records of significant dealings that suggest DNA Markets' CFD product has been issued in a manner not consistent with this TMD;
- details of steps taken to ensure that their distribution of DNA Markets' product is consistent with this TMD.

No party may engage in the distribution of our CFDs unless they have entered into a Service Level Agreement/ written Design & Distribution agreement with us.

Please contact us for further information and for a copy of our prescribed reporting template if you wish to become a Distributor of our CFDs.

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.



Contact

For more information about our Target Market Determination, please contact:

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Web: www.dnamarkets.com

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