



Target Market Determination

AETOS Capital Group Pty Ltd



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1. Introduction

AETOS Capital Group Pty Ltd (referred to as **AETOS, us, our or we**) operates a contract for difference (**CFDs**) business. AETOS 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 from 05 October, 2021.

We are authorised and regulated by the Australian Securities and Investments Commission (ASIC), with licence number 313016 and registered office located at Level 15, 122 Arthur Street, North Sydney, NSW 2060, 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.

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 CFDs. This document also describes the events and circumstances where we may need to review the TMD for a financial product issued by us.

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 www.aetoscg.com.

You should not make any decision to trade based 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.

1.1 Financial products issued by us

CFDs are complex and leveraged financial products, which are traded over-the-counter (OTC) and not through a regulated market. CFDs are agreements to exchange the difference in the value of a particular underlying asset with the application of leverage. This allows investors to speculate on rising or falling prices of an underlying asset without having the ownership of the underlying instrument. AETOS issues CFDs in respect of the following underlying assets:

- Currency Pairs/FX;
- Commodities, including energies and precious metals such as oil, gold and silver;
- Indices, including stock market indices;
- Shares, including shares traded on domestic and overseas markets; and
- Exchange Traded Funds (ETFs).

1.2 Key attributes of CFD products

CFDs are subject to significant high investment risks due to its key attributes. This includes, but is not limited to:

1) Leveraged instruments

CFDs are leveraged trading instruments. Investors typically pay a smaller outlay ("margin") to open a larger exposure. Though using leverage can increase potential returns, it can also bring greater risks, leading to significant investment losses within a short time period. Investors should be aware of the risks of using leverage.

When investing in leveraged CFDs, you should keep a close eye on the required margin as it can change quickly during the market volatile time due to the application of leverage.

2) No ownership of the underlying asset

CFDs is an Over the Counter (“OTC”) derivative financial product that provide investors with exposure to the price movement of an underlying asset. Like other derivatives, trading CFDs will not entitle investors to the ownership of the underlying assets.

3) Fees and costs

Depending on positions held and how long they held for, investors may incur holding costs when investing CFDs. In some cases, the sum of holding costs may exceed the amount of profits returned from price movements, or further exacerbate your investment losses.

4) Risk of close-out

Clients are required to maintain adequate margin deposit in their trade account to maintain an open position of CFD. Further deposits are required to avoid a forced closure of opening positions when the underlying markets are moving against your favour. When markets are volatile, investors risk positions being closed down if they do not have adequate margin deposit in their trade accounts.

5) Counterparty Risk

AETOS is the product issuer for the CFDs subject to this TMD. We are the counterparty for each trading transaction you entered with us. This means clients is exposed the financial and business risks of AETOS when trading with us.

2. The Target Market

2.1 The target market for our CFDs is usually investors who satisfy each of the following criteria given the key attributes of CFDs:

- Investors aged between 18 and 70;
- Investors who:
 - understand and appreciate the inherent high risk of trading with leveraged OTC derivatives;
 - seek to hedge potential risk from other investments.
- Investors who have requisite knowledge and experience in CFD investments as assessed by AETOS;
- Investors who are financially sound with medium to high income and savings.

Those investors who satisfy the above criteria and wish to trade CFDs for investment purposes, including for one or more of the following purposes:

- speculative trading using leverage to seek higher returns with corresponding risk;
- hedging (including hedging exposure to underlying assets and hedging positions taken in relation to other CFDs) potential future losses or protect previous gains from investment in other financial products and/or lower the cost of acquiring an economic exposure to underlying assets;
- using leverage to gain short-term exposure to price movements of an underlying asset, including where exposure to such underlying assets may not be otherwise as readily available; and
- using leverage to gain short-term exposure to price movements of a diverse range of underlying assets via a single CFD account.

are in the target market for AETOS CFD products.

2.2 Target market – criteria, scope and key attributes

Further details regarding AETOS target market for CFDs trading is set out below.

Criteria	Scope and key attributes
Client type	This TMD applies to retail clients only
Knowledge and experience	<p>Clients who have demonstrated requisite understanding and knowledge of trading CFDs in relation to:</p> <ul style="list-style-type: none"> • The fundamentals of leveraged trading; • The inherent risk of trading CFDs, including the risk of significant investment losses which may exceed the total deposited funds. (Negative balance protection limits retail clients' maximum losses, including any costs, to the value of account equity.) • Fees and costs incurred from CFDs trading; • CFD pricing methodologies; • The processes and technologies involved in trading CFDs <p>AETOS undertakes assessment of a prospective retail client's experience and knowledge in trading CFDs prior to approving and distributing the products to the client. Only applicants who have passed our knowledge quiz can invest CFDs with AETOS.</p>
Ability to bear losses	Clients who have sufficient funds to support their investment in CFDs and are capable to lose amounts that can be as great as the sum of their total deposits without materially impacting their current lifestyle.
Tolerance to risk	CFDs are suitable for clients with high investment risk tolerance.
Likely objectives, situation and needs of retail clients in target market	<p>1) Investors who understand and appreciate the inherent high risk of trading with leveraged OTC derivatives:</p> <ol style="list-style-type: none"> Likely objectives: use leveraged instruments to seek higher return while accepting the corresponding high risk; Likely financial situation: investors are of medium to high income and have disposable capital to use that their lifestyle will not be materially impacted should they lose their investment funds; Financial needs: investors who want to use disposable capital to seek enhanced investment returns from speculative short-term investments; <p>2) Investors who seek to hedge:</p> <ol style="list-style-type: none"> Likely objectives: hedging (including hedge exposure to the underlying assets and hedging positions taken in relation to other CFDs) potential future losses or protect previous gains from investments in other financial products; Likely financial situation: investors who have existing or upcoming investment or exposures they wish to hedge; Financial needs: loss or fit protection.
Explanation why CFDs are likely to be consistent with likely	We consider that CFDs are likely to be consistent with the likely objectives, financial situation and needs of 1) Investors who understand and appreciate the interest risk of trading with leveraged OTC derivatives and/or 2) Investors who seek to hedge given the way and purposes for which CFDs are traded:

Criteria	Scope and key attributes
objectives, financial situation and needs of the target market	<ul style="list-style-type: none"> • CFDs can be a cost-effective way to be used to speculate short-term market movements of an underlying assets which might otherwise not be readily available to investors; • CFDs are also highly regulated and a range of regulatory protections are mandated for investors, including: <ul style="list-style-type: none"> ○ Negative balance protection; ○ Leverage restriction; ○ Prohibition on inducements; ○ client qualification criteria

2.3 Investors for whom CFDs are unsuitable

CFDs are generally unsuitable for the following classes of Consumers:

- Investors below the age of 18 or above 70;
- Investors who fail to pass the AETOS customers client suitability test;
- Investors who reside in a country which restricts or prohibits trading in CFDs;
- Investors who are in financial hardship, including but not limited to going through bankruptcy and unemployment;
- Investors who are of vulnerable groups, including but not limited to people who are suffering from health problems (including both physical and mental health issues), domestic abuses and any form of addiction affecting capacity and financial circumstance;
- Investors who seek capital preservation or predictable returns from their investments;
- Investors who do not understand the risk of trading CFDs;
- Investors who have a low tolerance to risk;
- Investors 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;
- Investors who solely drive income from social support, such as public pension, subsidy, loan money etc.

Investors who are in any of the above categories are not in the target market for CFDs

3. Monitoring and Reviewing the TMD

AETOS will review this TMD from time to time to ensure the suitability and effectiveness stay in full compliance with regulatory requirements. The review of TMD will be carried out either periodically or whenever a review trigger is identified.

3.1 Periodic reviews

We will perform periodic reviews of this TMD.

The first review of this TMD will occur no later than 12 months from the date when the design and distribution obligation came into effect.

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

The effective date of the current version is 28 April 2025.

3.2 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 AETOS' 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;
- where we have received a significant number of complaints (5 and above within a month) from clients who are likely fall outside of TMD or noted any relevant complaints trends;
- 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;
- where there is a significant change to CFD products resulting in the key attributes of the product being no longer consistent with likely objectives, financial situation and needs of investors in the target market ;
- when there is a change to the law and regulation affecting OTC derivatives;
- whenever we detect issues with the distribution of the CFDs through our monitoring of daily business.



4. Distributors – Information Collecting and Reporting Requirements

As of the date when this TMD is published, AETOS is the issuer and the only distributor of its products. AETOS Compliance Department requests all relevant departments to report following matters 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 and dissatisfaction received across communication channels;
- consumer feedback (including regarding performance of the product); and
- any additional information requested by Compliance Department.

No party may engage in the distribution of our CFDs unless they have entered into an enforceable service level agreement (SLA) with us.

Should there be any issue or potential to arise or has arisen, resulting in non-compliance with this TMD and AETOS design and distribution policy, the case should be reported to AETOS Compliance Department as soon as reasonably practicable of becoming aware, and in any event within 10 business days after becoming aware.



5. Contact

For more information about AETOS Target Market Determination – CFDs, please contact:

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AETOS reserves 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 that AETOS considers as a proper reason to amend the TMD.