

Target Market Determination Contracts for Difference

Issuer:	eToro AUS Capital Limited ACN 612 791 803, AFSL 491139
Product:	Contracts for Difference (" CFD ")
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About this document

This document is a target market determination ("TMD") for the purposes of section 994B of the Corporations Act 2001 (Cth) ("Corporations Act") in respect of CFDs issued by eToro Aus Capital Ltd ACN 612 791 803 AFSL 491139 ("eToro").

This document applies to retail clients only ("Clients"). This document is not a product disclosure statement ("PDS") and Clients should read the relevant PDS and Terms and Conditions to ensure they fully understand the risks involved in eToro CFDs, and consider seeking independent advice before deciding to invest in eToro CFDs.

This TMD is designed to assist staff of eToro and any distributors to understand how eToro CFDs have been designed, having regard to the objectives, financial situation and needs of the target market. This document is not a client disclosure document and is not intended to provide financial product advice.

About eToro CFDs

A CFD is an agreement between two parties to exchange the difference in value of a particular underlying instrument between the date a CFD is opened and the date the CFD is closed. They allow investors to participate in the performance of an underlying instrument without actually buying or selling the underlying instrument.

CFD trading is only suitable for investors who have sufficient experience and understanding of the risks and benefits of CFDs. CFDs can be leveraged products that offer the potential to make greater returns than unleveraged investments, but the leverage also substantially increases the risk of higher losses. CFDs can be an effective part of a diversified investment portfolio due to their relatively low margins and trading costs compared to trading in the underlying investment.

eToro issues CFDs for the following underlying assets: Currency Pairs; Commodities; Indices; Crypto assets; Shares; and ETFs. This TMD has been prepared in relation to all CFD offerings because CFDs have unique features, risk and benefits compared with our other product offerings.

eToro's Target Market for CFDs

Trading in CFDs will not be suitable for everyone. We expect that traders and investors with the following characteristics will enter into CFDs.

The target market for CFDs includes clients who¹:

- understand the risks and benefits of trading in CFDs
- aim to speculate or to hedge
- have a high risk tolerance
- can afford to lose all their investment in CFDs without significant detrimental effect on their standard of living
- have a sufficient level of income and/or wealth

Before you can trade in eToro CFDs, you will need to complete a series of questions to determine whether you are likely to fall within the above target market. Based on your answers, you may not be able to open a CFD account. If this occurs, you will not be able to complete the questionnaire again for at least one week.

Likely objectives, financial situation and needs	<p>Likely Objectives</p> <p>CFDs are best suited to clients wishing to speculate over the direction of the market, and those seeking to hedge other exposures.</p>
	<p>Likely Situation</p> <p>Clients investing in CFDs:</p> <ul style="list-style-type: none"> • have a sufficient level of income and/or wealth • can afford to lose all their investment in CFDs without significant detrimental effect on their standard of living • understand the risk and benefits of CFDs
	<p>Likely Needs</p> <p>Clients trading CFDs are likely:</p> <ul style="list-style-type: none"> • to want to access the leverage provided by CFDs; • to diversify their investment portfolio; • to speculate on potential market movements; and/or • to hedge other exposures.
Knowledge and experience	<p>Clients must demonstrate an understanding of CFDs and demonstrate general trading experience before trading in CFDs. To assess a clients' knowledge and experience we will ask a range of questions during the onboarding procedure, monitor clients'</p>

¹ If a client does not fit this profile, they may wish to consider our other products including real assets and our Copy Trade Service.

	activity in the platform and seek to regularly update client profile information.	
Excluded classes of client	<p>The following clients will not be appropriate for CFD trading:</p> <ul style="list-style-type: none"> • any person under 18 years of age • persons who do not understand the risks of trading CFDs • persons who do not have a high risk tolerance • persons who cannot afford to lose all their investment in CFDs without significant detrimental effect on their standard of living 	
Key attributes of the CFD product	Risk level	This is a high risk product. CFDs are complex products and clients should educate themselves before investing.
	Underlying asset	A CFD is priced based on the value of the underlying asset and changes in real time when the markets are open.
	Leverage	eToro's proprietary trading platform allows a client to select their desired leverage. This means that a client can trade anywhere from X1 leverage to the maximum of X30 depending on the CFD's underlying asset.
	Term	There is no defined term for a CFD contract, and a client's duration in a position will depend on the purpose of trading, market movements and other factors.
	Possible negative outcomes	There is a high risk that a client will lose all of their investment.
	Other attributes	<p>eToro has implemented the following automated features in the platform:</p> <ul style="list-style-type: none"> • Stop loss is set at least 50% • Margin close out alert at 20% of available equity • Negative balance protection
Distribution	<p>eToro has a range of distribution channels, including direct and indirect (any third-party distribution is subject to tight controls). We operate an execution only model which means we don't give personal advice or take into account a client's specific objectives, financial situation and needs. Instead, we design and offer products that meet the objectives, financial situation and needs of particular groups of clients. When our representatives speak with clients, it is on a general advice basis only. This means we can</p>	

	<p>speak about the features of our products, but not provide any personalised advice.</p>
<p>Promotion</p>	<p>eToro's marketing strategy is one of brand awareness. We do not promote specific CFDs or trading strategies. We create content for existing clients, for search engine optimisation and affiliate advertisers. We also hold events from time to time.</p> <p>Distribution and promotion of CFDs can only take place where the distribution criteria have been applied such that CFDs are reasonably likely to only be issued to Clients in the target market. The excluded classes of clients will assist in preventing unsuitable clients from accessing CFDs.</p>
<p>Review Triggers</p>	<ul style="list-style-type: none"> • Within the six months of the effective date, and at least every six months thereafter. • eToro becomes aware of an occurrence of a significant dealing outside the target market; • eToro becomes aware of a significant increase in the number of complaints from Clients using CFDs; • Material changes to the CFD product as a result of new or amended functionality; • Material changes to the business of eToro; • Material changes to law or regulation affecting CFDs; • Any other event or circumstance that would materially change a factor taken into account in making this TMD for CFDs • Any other significant matter is identified during a regular review performed in accordance with the Design and Distribution Policy. <p>Where a review trigger has occurred, this target market determination will be reviewed within 10 business days.</p>
<p>Reporting and monitoring</p>	<p>While our systems have been designed to prevent a significant dealing outside the target market, we continuously monitor complaints and expressions of vulnerability and analyse these on at least a quarterly basis. We perform a detailed analysis of client outcomes in accordance with the Design and Distribution Policy and procedures at least every six months.</p>