Echuca Trading

Target Market Determination

OTC Derivatives

Company	: Echuca Trading Pty Ltd
ABN	: 79 115 459 124
AFSL No	: 297499
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1. INTRODUCTION

Issuer : Echuca Trading Pty Ltd, ACN 115 459 124, AFSL 297499 ("**Echuca**")

Product : Non-Crypto OTC Derivatives

This Target Market Determination ("**TMD**") has been prepared by Echuca in respect of the OTC Derivatives it issues to retail clients ("**clients**").

This TMD sets out:

a. the class of clients for whom the OTC Derivatives are suitable ("**Target Market**");
b. the conditions and restrictions that apply to retail product distribution conduct in relation to the OTC Derivatives ("**Distribution Conditions**");
c. when this TMD will be reviewed ("**Review Periods**");
d. events and circumstances that would reasonably suggest that this TMD is no longer appropriate ("**Review Triggers**");
e. when distributors must report the number of complaints they have received in relation to the OTC Derivatives to Echuca ("**Complaints Reporting Periods**");
f. the other information that distributors must provide to Echuca to assist Echuca identify the occurrence of a Review Trigger or another event or circumstance that reasonably suggests that this TMD is no longer appropriate ("**Additional Reporting**").

Clients should refer to Echuca's Financial Services Guide ("**FSG**"), the Product Disclosure Statement ("**PDS**") for the OTC Derivatives and the Terms and Conditions for the OTC Derivatives before trading, or continuing to trade, the OTC Derivatives.

Echuca's FSG can be accessed via the following link:

Financial_Services_Guide

Echuca's PDS for the OTC Derivatives can be accessed via the following link:

Product_Disclosure_Statement

The Terms and Conditions for the OTC Derivatives can be accessed via the following link:

Terms_and_Conditions

The PDS and the Terms and Conditions for the OTC Derivatives contain more detailed information about how the OTC Derivatives work and the risks associated with the OTC Derivatives.

Echuca is required by law to make this TMD freely and publicly available. This TMD is intended to be relied upon by Echuca and any other entities that engage in retail product distribution conduct in relation to the OTC Derivatives (together, the "**Distributors**"). This TMD is not intended to be relied upon by clients deciding whether to trade the OTC Derivatives.

This TMD does not constitute financial product advice. Clients are encouraged to seek personal financial product advice on whether they should trade the OTC Derivatives from an independent financial adviser.

If you have any questions concerning this TMD, please contact Echuca at:

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2. TARGET MARKET

About OTC Derivatives

Our Products are leveraged, OTC derivative contracts that enable investors to trade on the price movement of underlying assets. These derivatives are entered into via our trading platform and are settled in crypto-assets. The Products allow Clients to gain exposure to the difference in the value of an underlying asset from the time a position is opened until the time that such position is closed. A position is opened and closed by purchasing and selling the OTC Crypto derivative. At no stage does the Client take delivery of the underlying asset, and at no time is there an exchange of one currency or underlying crypto-asset for another. Through the Products, Clients can take a position on the price movement of a referenced crypto-asset without having to acquire ownership rights in any underlying asset.

Clients may choose to 'buy' or 'sell' an OTC Derivative, meaning that they can take a long or short position on the underlying assets.

Echuca issues OTC Derivatives for the following underlying assets:

a. Single company stocks and securities;
b. commodities (e.g. precious metals); and
c. indices (e.g. stock market indices).

Key Attributes of the OTC Derivatives

a. OTC Derivatives are **extremely complex**. Most retail clients are unlikely to have the knowledge and experience necessary to understand how the OTC Derivatives work.

b. OTC Derivatives are **high risk**. Clients are at risk of losing all of the money that they deposit with Echuca when they invest in the OTC Derivatives.

c. OTC Derivatives are **leveraged**. This means that clients are not required to deposit the full value of the OTC Derivatives. Instead, they are only required to deposit a fraction of that value (known as their 'margin'). This allows for both profits and losses to be magnified.

d. OTC Derivatives may be subject to a **margin call**. Where the value of a client's position falls below a certain level, they will be required to deposit additional funds to sustain the open contract. If they are unable to do so, the contract will be closed by Echuca (thereby crystalizing the loss). The benefit of margin calls is that the loss a client is able to incur is limited to the money that they have deposited with Echuca.

e. The underlying asset markets **can be volatile**. The value of the OTC Derivatives can therefore change quickly and significantly.

f. The OTC Derivatives **do not grant ownership rights or any other interests** in the underlying assets. When a client buys a OTC Derivative, they are not buying the underlying asset. They are merely speculating on the change in the value of that asset.

g. There is **no cooling off period** for the OTC Derivatives. Once an order has been executed, clients are not entitled to return the OTC Derivative or request a refund of the money paid for the OTC Derivative.

h. The OTC Derivatives are **not exchange-traded** and are **non-transferrable**.

i. The OTC Derivatives are subject to **counterparty risk**. Echuca is the counterparty to all of the OTC Derivatives. If Echuca were to go into liquidation, there is a risk that clients would not be able to close their open positions and become unsecured creditors of Echuca. Clients are therefore indirectly exposed to Echuca's financial and business risks.

j. There are various **fees and charges** associated with the OTC Derivatives. These fees and charges vary depending on the OTC Derivative and the length of time it is held for. Depending on the circumstances, the sum of these fees and charges may exceed the amount of any profits realised by the client or materially increase the amount of any losses incurred by the client.

k. There is **no fixed term** for the OTC Derivatives. They are not a 'set-and-forget' investment.

l. The OTC Derivatives can only be traded **online**. Due to technical or other issues, clients may not be able to access or use the platform or may be delayed in accessing or using the platform. Where, as a result, clients are not able to trade in the OTC Derivatives at a particular time, they may incur losses.

Objectives, Financial Situation and Needs

The likely objectives, financial situation and needs of clients in the Target Market are as follows:

a. The client is no younger than 18 and no older than 70.

b. The client has the knowledge and experience necessary to understand how the OTC Derivatives work.

c. The client has the knowledge and experience necessary to understand that the OTC Derivatives are high risk.

d. The client is willing to take on a significant degree of risk (i.e. has a high risk appetite) or will be trading the OTC Derivatives for the sole purpose of hedging against risk.

e. The client has a reasonable amount of disposable income and/or disposable savings. If the client is unemployed, the client has a material amount of disposable savings.

f. The client is not suffering from financial hardship.

g. The client is able to lose all of the money that they deposit with Echuca without suffering financial hardship.

h. The client has a short-term investment horizon (that is, an investment horizon of less than one month).

i. The client would like to speculate on the change in the value of a particular asset for one or more of the following reasons:

- to make a profit;
- to hedge against the risk of a change in the value of the asset (e.g. market risks, currency risks, etc.);
- because direct access to the market for the asset is restricted or limited;
- because it is easier to manage several positions using one platform than buying and selling each asset on their respective markets.

j. The client has the time and energy to effectively monitor their positions.

k. The client does not have any the following objectives in trading the OTC Derivatives:

- capital appreciation (long-term growth);
- capital preservation (a safe investment);
- cash flow (an ongoing source of income).

l. The client would like to take advantage of the magnifying effects of leverage.

m. The client does not want or need to own the underlying asset.

n. The client would like to satisfy the objectives and needs set out above by trading OTC Derivatives.

o. The client would like to trade OTC Derivatives using an online platform.

p. The client is willing to pay fees and charges in order to trade OTC Derivatives using an online platform.

q. The client owns one or more personal devices (e.g. a mobile phone or a laptop).

r. The client has a reliable internet connection most of the time (e.g. the client does not live in an area or engage in activities subject to frequent or lengthy periods where they are unable to access the internet).

s. The client does not suffer from a mental illness, cognitive impairment or gambling addiction.

Eligibility Criteria

All clients must satisfy the following eligibility criteria:

a. The client must be no younger than 18 and no older than 70.

b. The client must demonstrate that they understand how the OTC Derivatives work, including:

- that they are speculating on the change in the value of a particular asset;
- that they are not buying the underlying asset; and
- the concepts of leverage and margin calls.

c. The client must demonstrate that they have some experience trading financial products.

d. The client must demonstrate that they understand that the OTC Derivatives are high risk, including that they could lose all of the money that they deposit with Echuca when they invest in the OTC Derivatives.

e. The client must demonstrate that they are willing to take on a significant degree of risk (i.e. that they have a high risk appetite) or that they will be trading the OTC Derivatives for the sole purpose of hedging against risk.

f. The client must have a level of annual income and/or savings that indicates that they have a reasonable amount of disposable income and/or disposable savings. If the client is unemployed, the client must have a level of savings that indicates that they have a material amount of disposable savings.

g. The client must demonstrate that they are not suffering from financial hardship.

h. The client must demonstrate that they are able to lose all of the money that they deposit with Echuca without suffering financial hardship.

i. The client must demonstrate that they do not view the OTC Derivatives as a long-term investment.

j. The client must be planning to monitor their positions on at least a weekly basis.

k. The client must demonstrate that they do not have any the following objectives in trading the OTC Derivatives:
   - capital appreciation (long-term growth);
   - capital preservation (a safe investment);
   - cash flow (an ongoing source of income).

l. The client must demonstrate that they would like to take advantage of the magnifying effects of leverage.

m. The client must confirm that they own one or more personal devices (e.g. a mobile phone or a laptop).

n. The client must confirm that they have a reliable internet connection most of the time.

o. The client must confirm that they do not suffer from a mental illness, cognitive impairment or gambling addiction.

Appropriateness Requirement

OTC Derivatives would likely be consistent with the likely objectives, financial situation and needs of a client in the Target Market as OTC Derivatives would enable the client to achieve their financial objectives without putting them at risk of suffering financial hardship.

3. DISTRIBUTION CONDITIONS

The following conditions and restrictions have been designed to ensure that the OTC Derivatives are distributed to clients in the Target Market:

a. No Distributors provide personal financial product advice in relation to the OTC Derivatives.

b. The OTC Derivatives are only distributed to clients who have passed an online questionnaire designed in accordance with the eligibility requirements set out above.

   Echuca has processes and procedures in place to ensure that the online questionnaire is not manipulated by clients who know that they fall outside of the Target Market.

c. Echuca's Compliance Department conducts initial due diligence on each Distributor (besides Echuca) to ensure that its business aligns with this TMD.

d. Prior to the publication of any marketing materials in relation to the OTC Derivatives by a Distributor, those marketing materials are reviewed and approved by Echuca's Compliance Department in light of this TMD.

   The purpose of these reviews is to ensure that any marketing materials in relation to the OTC Derivative*s published by a Distributor target clients in the Target Market and, more importantly, do not target clients who fall outside of the Target Market.*

e. All marketing materials published by a Distributor in relation to the OTC Derivatives must include a disclaimer highlighting the key risks associated with the OTC Derivatives and referring the client to the PDS and the Terms and Conditions for the OTC Derivatives.

f. On a regular basis Echuca's Compliance Department will review the marketing strategies employed by the Distributors in relation to the OTC Derivatives in light of this TMD.

   The purpose of these reviews is to ensure that the marketing strategies employed by each Distributor in relation to the OTC Derivatives target clients in the

Target Market and, more importantly, do not target clients who fall outside of the Target Market.

g. On a regular basis the client-facing representatives of each Distributor must undertake training on the contents of this TMD.

h. Echuca's Compliance Department monitors the trading activity of all clients on an ongoing basis.

The purpose of this monitoring is to identify whether existing clients now fall outside of the Target Market (i.e. whether there has been a material change in any clients' relevant personal circumstances).

Echuca has processes and procedures in place for dealing with existing clients who fall outside of the Target Market.

i. The OTC Derivatives are only distributed to clients who have been provided with Echuca's FSG and the PDS for the OTC Derivatives.

j. The OTC Derivatives are only distributed to clients upon their acceptance of the Terms and Conditions for the OTC Derivatives.

The OTC Derivatives must only be distributed to clients in accordance with the Distribution Conditions.

Appropriateness Requirement

Where the OTC Derivatives are distributed to a client in accordance with the Distribution Conditions, it would be likely that the client is in the Target Market, as the Distribution Conditions are designed to ensure that the OTC Derivatives are directed to clients in the Target Market and, where the OTC Derivatives are inadvertently directed to a client who falls outside of the Target Market, to prevent the OTC Derivatives from being issued to that client.

4. REVIEW PERIODS

a. Echuca may review this TMD at any time.

b. Echuca must review this TMD within six months from the date of this TMD and at least every six months thereafter.

5. REVIEW TRIGGERS

In addition to the biannual review, Echuca will review this TMD upon the occurrence of any of the following Review Triggers or another event or circumstance that reasonably suggests that this TMD is no longer appropriate:

a. A material change is made to the OTC Derivatives or the way in which they are distributed.
b. A material change is made to the laws or regulations relevant to OTC Derivatives.
c. An event occurs that is likely to have a material impact on the Target Market (e.g. a financial crisis).
d. Echuca identifies that a material proportion of clients cease trading the OTC Derivatives within a relatively short period of time after onboarding (3 months).
e. Echuca identifies that a material proportion of clients have been inactive for an extended period of time (12 months).
f. Echuca identifies that a significant proportion of clients have lost a material proportion of their deposits trading the OTC Derivatives.
g. Echuca identifies a significant unexplained increase in the number of clients trading the OTC Derivatives.
h. Echuca identifies that it has closed a material number of accounts due to a failure to meet margin requirements within a relatively short period of time).
i. Echuca identifies that the OTC Derivatives are:
   - underperforming or failing to perform in a material respect;
   - not appropriate for the Target Market; or
   - not being distributed to clients in accordance with the Distribution Conditions.
j. Echuca receives a material amount of feedback and/or complaints within a short period that indicate that the OTC Derivatives are:
   - underperforming or failing to perform in a material respect;
   - not appropriate for the Target Market; or
   - not being distributed to clients in accordance with the Distribution Conditions.
k. Echuca becomes aware that the Distribution Conditions for the OTC Derivatives are inadequate (that is, despite the fact that the OTC Derivatives are being distributed to clients in accordance with the Distribution Conditions, they are being distributed to clients outside of the Target Market).
l. Echuca receives an order or direction from a regulatory body (e.g. ASIC) or an external dispute resolution body (e.g. AFCA) in respect of the OTC Derivatives.
m. The OTC Derivatives become the subject of adverse media coverage.
n. The PDS or Terms and Conditions for the OTC Derivatives is found to contain a material defect that indicates that this TMD is no longer appropriate.

o. There is a significant dealing in the OTC Derivatives that is not consistent with this TMD.

As soon as possible, but no later than 10 business days, after becoming aware of the occurrence of a Review Trigger or another event or circumstance that reasonably suggests that this TMD is no longer appropriate, Echuca will cease distributing the OTC Derivatives and inform all other Distributors that they must cease distributing the OTC Derivatives, unless Echuca has determined that this TMD continues to be appropriate or a new TMD has been made.

6. COMPLAINTS REPORTING PERIODS

All Distributors (besides Echuca) must report the following information to Echuca in writing within 5 business days of the end of each calendar month:

a. the number of complaints that they received in relation to the OTC Derivatives during that calendar month; and
b. the substance of each of those complaints.

7. ADDITIONAL REPORTING

All Distributors (besides Echuca) must report significant dealings in the OTC Derivatives that are not consistent with this TMD to Echuca in writing within 10 business days of becoming aware of such a dealing.

All Distributors (besides Echuca) must report the following information to Echuca in writing within 10 business days of the end of each calendar quarter any feedback they have received in relation to the OTC Derivatives during that calendar quarter (where that feedback does not constitute a complaint).

This information will assist Echuca in identifying the occurrence of a Review Trigger or another event or circumstance that reasonably suggests that this TMD is no longer appropriate.

Echuca will automatically receive all other relevant information as a result of its operation of the platform on which the OTC Derivatives are traded.