

# Target Market Determination

Independent Reserve Leveraged Trading Product

## Product Issuer:

Independent Reserve Pty Limited 46 164 257 069

## Product:

Leveraged Trading Product – Digital Currency Assets (Also known as Cryptocurrencies)

## Version:

1.0

## Effective Date:

29 September 2023

## Introduction

This Target Market Determination (**TMD**) describes the group of customers that our Leveraged Trading Product (**Product**) is likely to be appropriate for (Target Market”) and any conditions around how the product is distributed to customers.

Specifically, this TMD describes:

- Who the Product is suitable for and who it is not suitable for;
- How the Product will be distributed;
- How often we will review this TMD and when the next review will occur;
- What events or circumstance may trigger a review of this TMD;
- The information that we need to decide if the TMD is no longer appropriate; and
- Our reporting obligations for this TMD.

This TMD is not a Product Disclosure Statement (PDS) and does not comprehensively detail the Product features and risks. Please refer to the Margin Trading Terms and Conditions for details on the Product and the related risks.

This TMD does not consider any person’s individual objectives, financial situation or needs.

This TMD will apply from the Effective Date until it is replaced or withdrawn. We may review this TMD at any time.

## Product Description

Our Product allows customers to trade cryptocurrency on margin, that is, to buy cryptocurrency using borrowed funds or sell cryptocurrency using borrowed assets. Customers who access the Product are required to provide a percentage of the trade in either fiat currency or cryptocurrency as collateral, and we advance funds or assets as required to make the trade. As part of this, we take security over the full amount of the trade and the collateral.

## Target Market

Target Market	<p>A TMD is only required in respect of retail clients, but to provide a complete view of the market, we have referenced both wholesale and retail customers. The Target Market for the Product includes the following:</p> <p>Retail customers who meet all of the following criteria:</p> <ul style="list-style-type: none"><li>- Individual clients at least 18 years old</li><li>- Registered Australian companies</li><li>- Demonstrated an understanding of the higher risks involved in leveraged cryptocurrency trading via the Leveraged Trading Suitability Test</li><li>- Have a high risk tolerance</li><li>- Are able to sustain losses incurred through leveraged trading knowing that the losses suffered could be greater than the amount invested in each leveraged trade</li><li>- Have successfully passed our Leveraged Trading Suitability Test</li><li>- Have an understanding that cryptocurrencies are a high risk and highly volatile asset</li><li>- Are comfortable engaging in speculative trading</li></ul> <p>Wholesale customers who meet the following criteria:</p> <ul style="list-style-type: none"><li>- Individual clients aged 18 and above</li><li>- Registered Australian companies</li><li>- Wholesale customers who have demonstrated an understanding of the higher risks involved in Leveraged cryptocurrency trading via the Leveraged Trading Suitability Test</li><li>- Wholesale customers who have successfully passed the Independent Reserve knowledge test</li></ul> <p>The Product is not suitable for customers who:</p> <ul style="list-style-type: none"><li>- Are new to cryptocurrency trading</li><li>- Are not familiar with trading on margin</li><li>- Have a low or medium risk tolerance</li><li>- Have insufficient funds to place the margin, who cannot afford to lose the margin, or cannot afford to be exposed to uncapped losses</li><li>- Are not over the age of 18 or</li><li>- May not be able to support losses should they arise from using the Product</li><li>- Are unable to pass the Leveraged Trading Suitability Test within the maximum number of attempts allowed</li></ul>
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Anticipated Customer Objectives, Financial Situation and Needs	<ul style="list-style-type: none"> <li>- Customers who wish to gain greater exposure to the assets than they can support without leverage</li> <li>- Customers who wish to use leveraged sell positions to hedge against market downturns</li> <li>- Customers that have the financial ability to meet the margin requirements</li> <li>- Customers that have the financial stability to withstand any losses suffered</li> </ul>
Risk Tolerance	<p>Cryptocurrencies are volatile assets when compared to most traditional financial products. Trading cryptocurrencies with leverage can generate losses rapidly. These losses can be significant and in extreme circumstances a customer may lose more than their initial investment amount. As such, leveraged trading in cryptocurrencies is only suitable for customers with a high investment risk tolerance.</p>
Knowledge and Risk Awareness	<p>Independent Reserve requires all customers wanting to access the Product to complete the Leveraged Trading Suitability Test , which is a knowledge test. The Leveraged Trading Suitability Test is designed to assess if a potential user of the Product understands the fundamental concepts and risks of leveraged trading on cryptocurrencies.</p> <p>This Leveraged Trading Suitability Test is a questionnaire requiring the potential customer to demonstrate their understanding of:</p> <ul style="list-style-type: none"> <li>- The risks involved in leveraged trading</li> <li>- The leveraged trading terms and conditions</li> <li>- The way leveraged trading operates</li> <li>- Margin calls, margin calculations and automatic close-outs</li> <li>- The potential for amplified losses as well as amplified gains</li> <li>- The risk of financial loss and whether the customer is able to support losses should they arise</li> <li>- The fees associated with the leveraged trading product</li> </ul>

## Distribution

Independent Reserve is the sole distributor and issuer of the Product. The Product is only available to existing customers of Independent Reserve.

### Distribution Channels

The Product is available online only, accessed through the Independent Reserve portal or Independent Reserve app.

The access to the Product is controlled through the Independent Reserve online channels and this ensures only suitable customers are able to access the product.

## Review Triggers

It is important that we review this TMD to make sure it is appropriate for our customers.

We will conduct the initial review of this TMD within 12 months of the effective date to ensure it remains appropriate. The TMD will then be reviewed every 12 months. Nothing precludes Independent Reserve from reviewing this TMD at any other time.

Certain events and circumstances taking place could mean that a review should take place earlier because the TMD may no longer be appropriate or the Product is no longer consistent with the likely objectives, financial situation and needs of consumers in the Target Market. These events and circumstances are called review triggers. Below is a list of review triggers for this TMD:

<b>Trigger</b>	<b>Description</b>
Customer Experience	If customers are using the product in a way that it is not designed to be used (for example, customers holding long-term positions).
Customer Complaints	We receive excessive or unexpected complaints from customers about the Product.
Legal / Regulatory	We detect or are informed of any material breach of our legal or regulatory obligations.
Product changes	If there is a material change to the Product or Product terms.
Significant or material use outside Target Market	If we detect that there is significant/material use of the product by customers outside the target market as described in this TMD.
Regulator Feedback	Feedback, orders or directions from a regulator or external dispute resolution body (such as the Australian Financial Complaints Authority or ASIC that suggests this TMD is no longer appropriate or the Product should cease distribution .
Distribution changes	The distribution of the Product changes.

## Record Keeping

We will maintain records of any actions taken to ensure that this Product is distributed only to customers in the Target Market. We will also prepare and maintain complete and accurate records of our decisions, and the reasons for those decisions, in relation to:

- The TMD for this product;
- Identifying and tracking review triggers;
- How we decide if a review trigger has taken place;
- How often we review this TMD;
- Setting review periods; and
- The matters documented in this TMD