GFA Capital Markets Limited
Design and Distribution Policy
Target Market Determination (**TMD**) for Contracts for Difference (**CFD**) products

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Issuer	GFA Capital Markets Limited (A.C.N. 144 676 808) AFSL 398104 Herein known as **GFA**
Applicable product	Contracts for Difference (**CFD**)
Responsibility and Review of this policy	The Directors and compliance officer of GFA will be responsible for implementation of this policy and ensure the policy is reviewed.
Purpose of TMD	The purpose of this document is to provide property disclosure and in compliance of s994B of the *Corporations Act* 2001 (Cth). It is here to help GFA meet GFA's legal obligation, and stay true to GFA's mission and value. This document is for retail customers only and is not to be taken to be a Product Disclosure Statement, nor a Financial Service Guide. Please download these two documents separately. You, as the potential customer/investor, is to understand the risk involved and consider seeking independent financial advice before trading with GFA. This policy does not address any product intervention powers, nor information about specific products which GFA delivers. This policy applies to GFA because GFA is an issuer of OTC derivatives product, in particular, in CFD. GFA takes its obligation to fully comply with all aspects of the DDO seriously.
Definition of CFD	In short, CFD is a financial derivative product that allows investors to speculate on the price movement of an underlying asset without actually owning the asset itself. The contract's value is based on the difference between the opening and closing price of the underlying asset. The type of financial product may include shares, indices, currencies, commodities, futures contracts, treasuries and cryptocurrencies. CFDs are often traded with leverage, meaning investors can control a large position with a smaller initial investment. This amplifies both potential profits and potential losses. Unlike traditional investing in stocks or commodities, CFD traders do not own the underlying asset. Instead, they simply trade on the price changes of that asset. **Key Features of CFDs:**

	Leverage: CFDs allow you to take larger positions with less capital. **No Ownership**: You don't own the asset, so there are no dividends or voting rights associated with it. **Shorting**: CFDs can be used to profit from both rising and falling markets, making them useful for short-selling. **Wide Range of Markets**: CFDs can be applied to a variety of asset classes, including stocks, indices, commodities, currencies, and more. **<u>Risks:</u>** **Leverage Risks**: The use of leverage can amplify both gains and losses, which can lead to significant financial risk. **Market Risk**: The value of CFDs depends on the price of the underlying asset, which can fluctuate due to market conditions, economic events, or company performance. **Counterparty Risk**: Since CFDs are usually traded through brokers or financial institutions, there's a risk that the counterparty may fail to fulfill their obligations. **No Cooling Off Period**: As there is no cooling off regime associated with CFDs, investors are not able to cancel a trade once it has been entered into. **Higher Volatility = Greater Price Movement:** When the volatility of an underlying asset is high, its price can change dramatically in a short period of time. This means that CFD traders can potentially make larger profits, but they also face the risk of greater losses. **Impact on CFD Trading:** **Increased Risk**: Volatile markets can make CFD trading riskier because sudden price swings can lead to unexpected losses, especially if the trader is using leverage. **Opportunities for Profit**: On the flip side, high volatility can create opportunities for profit, particularly for short-term traders looking to capitalize on rapid price movements. CFDs are widely used by investors who wish to speculate on price movements

	without having to buy or sell the actual underlying assets. However, these are considered high-risk products and are not suitable for all investors.
Investors which CFD are not suitable for	The following category of investors are not suitable for CFD products (note, this list is not exhaustive and should only be used as a general guideline): • **New or Inexperienced Traders:** **Lack of Experience**: CFDs are complex financial instruments that involve leverage, short selling, and margin trading. New traders without a strong understanding of how markets work, risk management techniques, or the specifics of CFDs are more likely to incur significant losses. **Steep Learning Curve**: Without a proper understanding of market dynamics, volatility, and leverage, inexperienced traders may not fully appreciate the risks of trading CFDs, especially during market fluctuations. • **Risk-Averse Individuals**: **High-Risk Appetite Required**: CFD trading can result in substantial losses, particularly when leveraged. If you are risk-averse or cannot afford to lose your capital, CFD trading may not be suitable. Traders can lose more than their initial deposit, especially if using high leverage, and this could lead to serious financial consequences. **Potential for Large Losses**: While the potential for profit is high, so is the risk of significant losses. For individuals who prefer stable, conservative investment strategies (such as bonds, savings accounts, or long-term stock investments), CFDs can be too risky. • **People Who Do Not Have Sufficient Capital:** **Leverage Risks:** CFD trading is often done on margin, meaning you only need a small initial deposit (margin) to control a large position. However, the use of leverage amplifies both potential profits and potential losses. If you don't have enough capital to withstand large losses or to meet margin calls, CFD trading can quickly wipe out your capital. **Margin Calls:** If the market moves against you, you may be required to deposit more money to maintain your position (called a margin call). Traders without sufficient funds may be forced to close positions at a loss, potentially incurring a larger loss than their initial investment. • **Investors Who Are Not Comfortable with Short-Term Trading:** **Short-Term Focus**: CFD trading is often used by short-term traders (such as day

	traders or swing traders) who capitalize on price movements over minutes, hours, or days. If you are a long-term investor who prefers holding assets for extended periods (years), CFD trading may not align with your investment goals. **Market Noise**: The rapid fluctuations in price can be overwhelming for long-term investors, who might prefer stability and predictability rather than navigating volatile, short-term market swings. • **People Who Do Not Understand Leverage:** **Leverage Misunderstanding:** Leverage allows traders to control a larger position with a smaller amount of capital. However, this can lead to outsized losses if the market moves against them. If you don't understand how leverage works or if you're not comfortable with the potential for amplified losses, it's best to avoid trading CFDs. **Risk of Losing More than Your Initial Deposit:** In leveraged positions, if the market moves significantly against you, you could lose more than the amount you initially invested. This makes CFDs unsuitable for those who cannot afford to take on the risk of larger losses than their initial deposit. • **People Who Cannot Monitor Their Positions Closely:** **Active Monitoring Required:** CFDs can experience significant price movements over short periods, and traders often need to monitor their positions actively. If you are not able to dedicate time to research, follow market events, or manage your positions closely, CFD trading may not be appropriate. **Automated Risk Management:** While tools like stop-loss orders can help mitigate risk, these don't guarantee protection in extremely volatile conditions (such as during market gaps), which could leave traders unprotected. **Those Who Are Not Familiar with Market Risk Factors:** **Volatility:** CFDs are sensitive to market volatility. Traders need to be aware of economic events, geopolitical issues, and market sentiment, as these factors can cause sharp price movements. Those who do not understand these risk factors may find CFD trading especially challenging and dangerous. **News Impact:** Since CFDs allow speculation on asset prices (stocks, commodities, indices, etc.), price fluctuations due to news events (earnings reports, political announcements, etc.) can lead to large, rapid price changes, potentially catching unprepared traders off guard. • **People with Financial Constraints:** **Inability to Withstand Losses:** If your financial situation does not allow you to absorb significant losses, CFD trading may not be a suitable option. Because CFD trading is speculative and risky, you could lose money rapidly, and traders with limited funds may not have enough to cover these losses.

	Debt or High Financial Pressure: People who are already in debt or facing significant financial obligations should avoid CFD trading, as this could further expose them to financial risk and potential loss of capital. If you are considering CFD trading, it's crucial to thoroughly understand the product, market conditions, and the risks involved. Many experienced traders recommend starting with a demo account to practice without risking real money before deciding whether to engage in live trading. Always ensure you have the appropriate knowledge, capital, and risk tolerance before entering CFD trading.
Target Market for CFDs (s994B(5)(b))	GFA determines the following category of investors are GFA's target market: • High risk tolerance investors; or • Experienced investors in risk management and mitigation such as hedging Further to the above, GFA determines the potential investors must have sufficient income and financial position. **High-Risk Tolerance Investors** High-Risk Tolerance Investors are clients with a higher appetite for risk, seeking potentially higher returns through more aggressive strategies, and are prepared to accept significant losses—both financially and emotionally—and have the capacity to endure those losses. Likely Objectives: Use existing assets to leverage positions in pursuit of higher returns, understanding the associated higher risks. Likely Financial Situation: Typically possess a relatively high and consistent disposable income and/or substantial capital that can be allocated to CFD trading. These investors are financially able to absorb potential losses from CFD trading without affecting their quality of life. Likely Needs: Aim to use excess capital to generate enhanced returns. This type of investor is deemed to be able to bear any potential loss without material hardship. **Experienced Risk Mitigation Investors** Risk Mitigation Investors are clients who are more risk-averse than high-risk tolerance investors. They focus on protecting gains or reducing exposure to future losses.

	Likely Objectives: Safeguard prior profits, mitigate potential future losses, or lower the cost of gaining economic exposure to the underlying assets. Likely Financial Situation: Hold existing or upcoming investments that they wish to hedge against potential risks. Likely Needs: Seek protection against both losses and profits, ensuring they can manage their risk exposure effectively. This type of investor is likely to protect and safeguard any exposure and risk, and protect them from any future loss.
Distribution (s994B(5)(c))	GFA will only distribute CFD directly to investors only. No agents, representative or third party will be involved. No third party distribution will be granted. GFA closely monitor's its distribution to ensure it meets its target market investors only.
Review Conditions	The following will trigger GFA to review and implement changes (if required) prior to any scheduled review period: 1. If GFA is aware, or has received information regarding GFA onboarding any investor not captured in this DDO 2. Changes to the product which GFA is delivering, or changes to the policy, product or risk to the investor 3. Complaints from authority or investors regarding this DDO which GFA deems to warrant a review 4. Recommendation or direction given by any authority.
Review periods	GFA will review this document each annum from each update/review
Reporting obligations	**Internally:** GFA will review and assess each complaint when received within 10 business days. The compliance officer will be responsible to review and investigate each

	complaint. In the event GFA has been made aware of breaches of this DDO, including delivery of product beyond the TMD, GFA must act within 10 business days to review this DDO and make necessary amendments. Any comments or suggestions will be recorded and stored by GFA for a period of at least 7 years. GFA do not offer distribution by third party. Hence no third party distributor applies.