

**INTERACTIVE BROKERS AUSTRALIA PTY LTD
TARGET MARKET DETERMINATION – FUTURES AND FUTURES OPTIONS**

Interactive Brokers Australia Pty Ltd (**IBA**) issues futures and futures options to its retail clients. Detailed information is available in the IBA Futures and Futures Options Product Disclosure Statement, available here:

https://ndcdyn.interactivebrokers.com/Universal/servlet/Registration_v2.formSampleView?formdb=3305

In compliance with our obligations under Part 7.8A of the *Corporations Act 2001* (Cth), which relates to the product design and distribution obligations (**DDO**), IBA has prepared the following target market determination (**TMD**) relating to the issue of futures and futures options to our clients.

This TMD is available to the public free of charge.

DDO REQUIREMENT	APPLICATION TO FUTURES AND FUTURES OPTIONS
<i>Class of retail clients that comprise the target market for this product – s 994B(5)(b)</i>	
<p>1. Description of the likely objectives, financial situation and needs of consumers in the target market</p>	<p>Background IBA is an online broker that provides trade execution, clearing and custody services to clients around the world. IBA does not employ any advisers or brokers who manage client accounts. Trades are entered by the client or the client’s self-selected financial representative on a personal computer or mobile device and transmitted over the internet to IBA for execution on various market centres. All trading in an IBA client account is self-directed by the client. IBA client service personnel are specifically prohibited from providing any investment or trading or tax advice to clients.</p> <p>IBA’s online account registration system requires applicants to satisfy the below criteria prior to futures and futures options trading permission being activated in the client account.</p> <p>Target Market</p> <ul style="list-style-type: none"> • Age group: Above 21 years of age • Financial situation: Clients who meet IBA’s age-based financial requirements. • Knowledge and experience: Clients who have the requisite knowledge and experience trading Futures. • Risk tolerance: Experienced investors with the ability to bear a high degree of risk. • Ability to bear losses: Clients who have the ability to bear losses in excess of the value of their IBA account. • Objectives and needs: Clients who: <ul style="list-style-type: none"> ○ Wish to take positions in a product to: <ul style="list-style-type: none"> ▪ hedge or offset the risk in another product; and/or ▪ wish to increase the principal value of their investments by assuming substantially higher risk to their investment capital; ○ Have the ability to bear: <ul style="list-style-type: none"> ▪ magnified exposures and losses that may arise from trading with leverage; and

	<ul style="list-style-type: none"> ▪ the risk of fluctuations in the value of the underlying asset and the resultant impact on their derivatives position. ○ Are able to assess the life span of a product against their investment time frame. <p>Class of persons that are not within the Target Market</p> <ul style="list-style-type: none"> • Clients who are below the age of 21. • Clients who do not meet IBA’s minimum age-based income and liquid net worth requirements. • Inexperienced investors or investors unfamiliar with futures. • Clients with a conservative or low risk appetite. • Clients who do not have the ability to bear losses. • Clients with an investment time frame that is generally inconsistent with their objectives and needs.
<p>2. Description of futures and futures options (including its key attributes)</p>	<p>Futures and futures options have the following key attributes:</p> <ul style="list-style-type: none"> • Futures are a type of derivative contract in which there is an agreement to either (1) deliver or take delivery of a specific amount of an underlying asset at a specified time or (2) make or receive cash payments based on a change in price of an underlying asset a specified time. • Future options are option contracts traded over futures contracts. • Futures and futures options have a limited life span as their value erodes the closer they reach their expiry date. • The value of futures and futures options will fluctuate depending on a range of factors, including the price, volatility, remaining to expiry date, interest rates, dividends, exchange rates and general risks applicable to markets. • Since futures and futures options may be international products, client obligations and contract requirements for each contract may differ. • IBA may change the applicable margin requirements at any time without notice, which could trigger immediate liquidations in the client account.
<p>3. Explanation of why futures and futures options, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market</p>	<ul style="list-style-type: none"> • Futures and futures options are complex instruments that provide leveraged exposure to the underlying reference asset. Accordingly, they are only appropriate for experienced or knowledgeable traders who have the ability to bear losses. • Futures and futures options can be used for a variety of purposes, including hedging, speculation and generating trading profits, hence consumers with these investment objectives will likely be within the target market. • As IBA does not permit its clients to make or take delivery of the asset underlying a futures contract, it is the client's obligation to monitor open positions of deliverables futures contracts as they approach settlement date and to roll them forward or close them out prior to expiry. • Given that futures and futures options are often used for speculation, some clients trading futures and futures options through IBA’s proprietary trading platforms will incur losses while others incur profits. These losses and gains are amplified because futures and futures options are leveraged instruments. Accordingly, consumers with a conservative risk appetite are likely outside of the target market for IBA issued futures and futures options. • IBA has the right to, and generally will, conduct liquidations in under-margined accounts, which may mitigate the risk of consumers incurring losses exceeding their IBA account equity, but

	IBA does not guarantee that it will always be possible to do so.
Conditions and restrictions relating to the distribution of this product – s 994B(5)(c)	
4. Outline of the conditions and restrictions relating to distribution of futures and futures options	<ul style="list-style-type: none"> • IBA has a high degree of control over the issuance of its futures and futures options. • In particular, IBA only issues futures and futures options directly to clients who complete the online application and who personally satisfy all of the target market criteria to trade through its proprietary trading platform. <p>Distribution conditions for direct IBA clients: Clients will answer a series of questions contained in the online application. Where clients' answers indicate that they are not in the target market, they will not be issued with a futures or futures option. IBA will not issue a futures or futures option if the proposed transaction would exceed the client's self-declared concentration risk appetite for futures or futures option as a percentage of their stated net worth.</p> <ul style="list-style-type: none"> • Distribution conditions for Distributors: <ul style="list-style-type: none"> ○ All clients of Distributors must meet the same distribution conditions as direct IBA clients. ○ All Distributors wishing to issue IBA's futures and futures options must: <ul style="list-style-type: none"> ▪ enter into an agreement with IBA which, among other things, governs the issuance of financial products; and ▪ take reasonable steps such that the Distributor's client shared with IBA remains within the target market. IBA will not do business with any Distributor that does not contractually agree to this. • IBA will also seek regular statements and data about Distributors to monitor that the Distributor is complying with the requirement to issue IBA's futures and futures options only to persons within the target market.
5. Explanation of why these distribution conditions and restrictions will make it more likely that the consumers who acquire the futures and futures options are in the target market	<ul style="list-style-type: none"> • Direct clients of IBA or clients of Distributors will only be issued with a futures or futures options if they complete the online application and personally satisfy all of the target market criteria to trade futures and futures options. • IBA will programmatically prevent any person that directly opens an IBA account and who is not within the target market from accessing IBA issued futures and futures options. IBA will not issue a future or futures option in excess of a client's self-declared concentration risk appetite for futures and futures options as a percentage of their stated net worth. • Similarly, IBA will contractually require that any Distributor that issues IBA issued futures and futures options takes reasonable steps to align their distribution conduct to person that satisfy the target market. IBA will regularly monitor the performance of Distributors in complying with this distribution condition.
Reviews	
6. Outline of the events and circumstances that would reasonably indicate to IBA that the TMD for futures and futures options is no longer appropriate	<p>Review triggers:</p> <ul style="list-style-type: none"> • Significant losses incurred by clients. • The nature of and number of complaints from consumers indicating that the risks of futures / futures options are not well understood. • Significant compensation paid out in relation to futures / futures options.

(i.e. "review triggers" – s 994B(5)(d))	<ul style="list-style-type: none"> • Feedback received directly or through Distributors. • IBA becomes aware of a significant dealing in futures / futures options to clients outside of the target market. • Material changes to laws or regulations affecting futures / futures options or the nature of IBA-issued futures / futures options.
7. The period of time between the start of the day this TMD is made and the day that the first periodic review of the TMD will conclude – s 994B(5)(e)	IBA will review the appropriateness of its target market at least every 6 months at the relevant product governance committee meeting attended by legal, compliance and senior business management, or earlier if the chair of the relevant product governance committee determines that the nature and extent of detriment to retail clients warrants an earlier review of the target market.
8. The period of time between the conclusion of a periodic review of the TMD and the conclusion of the next periodic review – s 994B(5)(f)	IBA will review the appropriateness of its target market at least every 6 months at the relevant product governance committee meeting attended by legal, compliance and senior business management, or earlier if either a review trigger occurs or the chair of the relevant product governance committee determines that the nature and extent of detriment to retail clients warrants an earlier review of the target market.
Reporting period for reporting information about the number of complaints about the product – s 994B(5)(g)	
9. The reporting period in which the distributors of IBA's financial products are required to provide information about the number of complaints received about the product	IBA will require that Distributors report information about the number and nature of complaints received about the product and whether any persons not in the target market were distributed IBA issued futures and futures options, within 10 business days of receipt of the complaint or the occurrence of the dealing.
Information Sharing	
10. Outline of the kinds of information that IBA will require from distributors to promptly identify that the TMD for futures and futures options is no longer appropriate – s 994B(5)(h)	<ul style="list-style-type: none"> • In order to promptly determine if the target market continues to be appropriate, IBA will require that Distributors provide IBA with the following information on a quarterly basis: <ul style="list-style-type: none"> ○ Profit or loss incurred by clients trading futures and futures options; ○ Any compensation paid out in relation to futures and futures options; and ○ Any feedback about the futures and futures options products and / or the target market. ○ In addition, as detailed in section 9, IBA will require that the Distributor provide information about any complaints relating to futures or futures options or any dealings in futures or futures options outside of the target market within 10 business days of receipt of the complaint or the occurrence of the dealing.
11. The distributors that will be required to provide the information specified above – s 994B(5)(h)(i)	IBA will require all of the above data from the Distributors, given that IBA does not have an exclusive contractual relationship with the end clients of the Distributor and cannot obtain the data itself.
12. The reporting period for the relevant distributors to provide the information specified above – s 994B(5)(h)(ii)	Unless stated otherwise, IBA will require the information specified above on a quarterly basis.