EXCHANGE TRADED FUTURES AND FUTURES OPTIONS TARGET MARKET DETERMINATION.

BELL POTTER

Issuer	Bell Potter Securities Limited AFSL No. 243480 ABN 25 006 390 772
Product	Exchange Traded Futures and Futures options (**ETF&FOs**) traded on the ASX24 market.
Date of TMD	5 October 2022
Overview of this document	This document is a target market determination for the purposes of section 994B of the *Corporations Act 2001* (Cth) (**Corporations Act**) in respect of ETF&FOs issued by us. This document is not a product disclosure statement (**PDS**) and does not take into account any particular investor's objective, financial situation or needs.
Overview of ETF&FOs	An exchange-traded futures contract is an agreement, traded on a derivatives exchange, to deliver or take delivery of a specified amount of a security or a commodity of a given grade or quality, or to make a cash adjustment based on a change in the price of the commodity, financial instrument, security or stock indices at an agreed time in the future. One purpose of derivatives contracts is to provide those who deal in the traded commodities, financial instruments and securities with a facility for managing the risks associated with changing prices for those investments. On the ASX 24, and other futures exchanges, several option contracts are traded over futures contracts (commonly known as futures options). ETF&FOs are typically only suitable for investors who have sufficient experience and understanding of the product. ETF&FOs are subject to significant risks, including but not limited to: • You could sustain a total loss of the initial margin that you deposit with your broker to establish or maintain a derivatives contract. • If the derivatives market moves against your position, you may be required, at short notice, to deposit with your broker variation margin in order to maintain your position. Those additional funds may be substantial. If you fail to provide those additional funds within the required time, your position may be liquidated at a loss and you will be liable for any shortfall in your account resulting from that failure. • Under certain conditions, it could become difficult or impossible for you to close out a position. This can, for example, happen when there is a significant change in prices over a short period. • The placing of contingent orders (such as a ‘stop-loss’ order) may not always limit your losses to the amounts that you may want. Market conditions may make it impossible to execute such orders. • A “spread” position is not necessarily less risky than a simple “long” or “short” position. • The high degree of leverage that is obtainable in trading exchange traded contracts because of small margin requirements can work against you as well as for you. The use of leverage can lead to large losses as well as large gains.

	• If you propose to trade in futures options, the maximum loss in buying an option is the amount of the premium, but the risks in selling an option are the same as in other futures trading. It should also be noted that under the ASX Clear Operating Rules (**Rules**) (paragraph 5.3 of Schedule 5), a client wishing to trade in ETF&FOs is required to acknowledge that: – They have read and understood the documents (if any) given to them under Rule 7.1.1(b) of the Rules; – Dealing in derivatives incurs a risk of loss as well as a potential for profit; and – They have given consideration to their objectives, financial situation and needs and formed the opinion that dealing in derivatives is suitable for their purposes. – The effect that time has on a position or strategy – How volatility changes, both up and down, may affect the price or value of an option and the potential outcome – How to calculate margins and worst case scenarios for any position – The likelihood of early exercise and the most probable timing of such an event – The effect of dividends and capital reconstructions on an option position – the liquidity of an option, the role of market makers, and the effect this may have on your ability to enter and exit a position.
Retail clients for whom ETF&FOs are unsuitable	ETF&FOs will generally not be suitable for retail clients outside the target market. Potential categories would include: – Retail clients who do not understand the risks of ETF&FOs as applicable to their proposed trading; and – Retail clients who cannot bear the consequences of potential losses without material impact on their standard of living.
Target Market for ETF&FOs (s994B(5)(b))	Given the diverse nature of different ETF&FO strategies, we consider that the target market for ETF&FOs is a retail client that falls within one (or more) of the below categories, noting there may also be some overlap between categories: – **High Risk Tolerance Investors** – retail clients seeking to make profit via trading in ETF&FOs; – **Risk Mitigation Investors** – retail clients seeking to hedge potential risk from other investments or exposures, or lock in a price to purchase or sell underlying investments; and Note it is not necessary for a client to fall within all three categories; it is sufficient for a retail client to fall within one of the above categories to be within the target market for ETF&FOs.

Likely objectives, financial situation and needs of retail clients in the target market	**High Risk Tolerance Investors** are retail clients likely to have a higher risk appetite and who are seeking higher returns through riskier strategies and are prepared to suffer material losses (and able to withstand such losses). – Likely objectives: Use existing assets to support leverage in order to seek higher returns with corresponding higher risk. – Likely financial situation: Have a relatively high and regular income and/or substantial holdings of capital available for investment. Are able to withstand losses from trading without causing distress or material impact on living standards. Have available liquid assets to fund potential margin calls. Have a good understanding of ETF&FOs and trading strategies. – Likely needs: Wish to use spare capital to make enhanced returns. **Risk Mitigation Investors** are retail clients who are likely to be moderate to relatively risk averse and are looking to protect previous gains, lock in purchase or sale prices, or mitigate against potential future losses. – Likely objectives: Protect previous gains or mitigate against potential future losses and/or lower the cost of acquiring underlying assets. – Likely financial situation: Have existing investments or exposures which the retail client wishes to hedge. – Likely needs: Loss or profit protection.
Explanation of why ETF&FOs are likely to be consistent with the likely objectives, financial situation and needs of the target market (s994B(8))	We expect that ETF&FO strategies will likely be consistent with the likely objectives, financial situation and needs of High Risk Tolerance Investors because these products offer the potential for enhanced returns, and this class of retail client should be able to bear any potential losses without material hardship. We expect that ETF&FO strategies will likely be consistent with the likely objectives, financial situation and needs of Risk Mitigation Investors because these products offer the ability to protect or lock-in any previous profits from an underlying investment and/or protect against future losses.
Distribution Conditions (s994B(5)(c))	Any distribution of ETF&FOs by us directly to retail clients will be in accordance with procedures we determine are reasonably likely to ensure that ETF&FOs are only issued to retail clients who are reasonably likely to be within the target market. Distribution conditions include: – All retail, experienced and sophisticated investors are required to have completed the Bell Potter Securities 'Futures Suitability Statement' to demonstrate their understanding of products and risks. – All Bell Potter Securities advisers must have explained in detail the contents of the ASX24 'ASX Client Clearing Service for derivatives Fact

	Sheet", the Bell Potter Securities Futures Product Disclosure Statement (PDS) and Client Agreement Terms. – Bell Potter Securities advisers must be satisfied that utilising futures is a suitable investment strategy for each client's investment requirements with regard to the investor types and associated strategies outlined above.
Review Triggers (s994B(5)(d))	The review triggers that may suggest that the TMD is no longer appropriate, such that a review of the TMD should be undertaken, include: – We become aware of a significant issuance of the product to retail clients outside the target market; – Material changes to the ETF&FO product construct by ASX24 group; – Material changes to law affecting ETF&FOs; – We become aware of a significant volume of complaints from retail clients.
Review Periods (s994B(5)(e), (f))	This TMD must be reviewed at least annually, and more frequently if a review trigger occurs.
Distributor Reporting Requirements (s994B(5)(g), (h))	N/A