TARGET MARKET DETERMINATION

Margin FX, other Contracts for Difference (CFDs)

Issuer	Zircon Financial Service (Australia) Pty Limited ACN 672 642 054 (Zircon or the Issuer)
AFSL	562700
Financial Product	Margin FX, other Contracts for Difference (CFDs)
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Document Version	1.1
Introduction and overview of this document	This document provides guidance regarding the Target Market Determination (TMD) that is aligned to section 994B Part 7.8A of the Corporations Act 2001 (Cth) (Corporations Act) (DD Obligations). This document only applies to retail clients (Clients). This TMD assists Zircon to meet its DD Obligations and to assist potential clients to understand CFDs and the products and services Zircon offers. The DD Obligations require Zircon to take a consumer-centric approach to the design and distribution of financial products, for the purpose of assisting potential consumers to obtain Zircon's financial products. This TMD sets out the characteristics of potential consumers that allow them to be eligible for Zircon's financial products. If a person does not meet the target market set out in this TMD, Zircon's products and services are not intended or suitable for a person to use or obtain.
Notices & Disclaimers	This TMD is not a Product Disclosure Statement (PDS) and is not a summary of the product features or terms of the product. This TMD does not consider any person's individual objectives, financial situation or needs. Persons interested in acquiring CFDs should carefully read our PDS (which is available on our website at zr.au) and other applicable documents before making a decision whether to apply to open a CFDs trading account or trade in CFDs with Zircon. If you are unsure whether CFDs are appropriate for you, we recommend you seek independent advice. Uncertainty about whether a product suits your needs can itself be an indicator that the product may not be appropriate for you.
Overview of CFDs	CFDs are sophisticated, leveraged over-the-counter (OTC) derivative financial instruments that enable clients to speculate on or hedge against price

	fluctuations across various underlying financial markets without acquiring ownership of the underlying instruments. A CFD constitutes a contractual agreement between the client and Zircon to exchange the differential in value of a specified underlying instrument between position initiation and termination. Zircon issues CFDs for the following underlying assets: ● Foreign exchange currency pairs; ● Commodities including precious metals and energy products; ● Global stock market indices and commodities indices; and ● Other financial instruments as made available by us from time to time (each of the above is a Underlying Asset). Financial outcomes from CFD trading are determined by multiple factors including: ● price fluctuations of the Underlying Asset reference instrument from when the trade is opened until the trade is closed; ● position magnitude and direction; ● corporate actions affecting the underlying asset (such as dividend distributions); and ● applicable financing charges, risk management premium costs, and transaction fees. The 'gearing' or 'leverage' involved in trading CFDs means that a small initial margin payment can potentially lead to large profits or losses. CFDs typically involve various charges, including spreads and/or commissions, and overnight funding costs. Clients will generally trade CFDs for the following reasons: ● speculate on the change in pricing of an Underlying Asset; ● to trade the Underlying Asset without the need to own the asset; ● to trade with a small percentage of the full value (trade on margin); and/or ● to reduce the risk of their other current or future investments.
Key Risk Attributes of CFDs	Trading CFDs is a high-risk activity. These risks include but are not limited to the following: ● Leverage: CFDs are a type of leveraged product, meaning that the Client may input a small margin to gain a larger exposure in the financial market. This means that the possibility for both gains and losses will be greatly magnified. ● Closing out: Since the Client must have sufficient funds to cover the margin requirements at all times, any failure to do so may mean that some or all of the open positions will be closed out if the balance falls below the close-out level. ● Counterparty risk: The Client is exposed to the financial and business risks of trading with Zircon. If Zircon, in unlikely circumstances, becomes insolvent, it may be unable to meet its obligations to Clients and the Client would become an unsecured creditor of Zircon. ● Non-transferable: When a trade is entered with Zircon, Clients will be entering into an off-exchange derivative, which is non-transferable.

	This involves greater risk than investing in another financial instrument (for example, such as shares), or dealing in an exchange-traded derivative, because Clients' ability to open and close trades is dependent on Zircon being in a position to accept orders from Clients and to execute them. ● Volatility: Financial markets may fluctuate rapidly and the price of CFDs will reflect this. This can result in the Client incurring significant returns or losses in short periods of time (e.g., loss of Client's total deposit). ● Holding costs: Depending on the positions held and how long they are held for, a Client may incur holding costs. In some cases, the sum of the holding costs may exceed profits and can significantly increase losses. ● No Cooling Off Period: There is no cooling off period once Clients have entered into a CFD trade.
Zircon's Target Market	**Clients who are suitable for CFDs** Retail Clients (Clients) fall within Zircon's Target Market where they satisfy all of the following criteria: ● are at or above the age of 21 and at or below the age of 75; ● who: ○ understand the higher risk of trading with leverage and have a high investment risk tolerance; or ○ are seeking to hedge potential future losses or protect previous gains from investments in other financial products and therefore may be more risk-averse than high-risk tolerant investors; ● Clients who are aware of the risk of incurring significant losses trading CFDs and are prepared to bear such losses; ● Clients who possess sufficient wealth that a complete loss of their investment would not materially impact their standard of living; ● Clients who meet Zircon's internal wealth thresholds (as applicable from time to time); ● Clients who intend on short term investments and investment goals, including: ○ using leverage to gain short term exposure to price movements of an underlying asset, where exposure to the underlying asset may not be otherwise readily available; ○ using leverage to gain short term exposure to price movements of foreign underlying assets, where exposure to such underlying assets may not be otherwise as readily available;

	○ using leverage to gain short term exposure to price movements of falling and rising markets; ○ using leverage to gain short term exposure to price movements of a diverse range of underlying assets via a single CFD account; or ○ using leverage to gain short term exposure to the price movement of underlying assets without owning the underlying assets; Clients who wish to trade in CFDs for hedging purposes (including hedging exposure to underlying assets and hedging positions taken in relation to other CFDs) potential future losses or protect previous gains from investments in other financial products and/or lower the cost of acquiring an economic exposure to underlying asset; ● Clients who successfully satisfy Zircon's qualification assessment demonstrating knowledge of: ○ the fundamentals of margin and leverage; ○ the inherent risks of trading CFDs, including the risk of significant losses; ○ the fees and costs associated with CFD trading; ○ CFD pricing methodologies; and ○ the processes and technologies involved in trading CFDs. **Clients who are not suitable for CFDs** CFDs are deemed unsuitable for individuals who meet any fall of the following: **Demographic and Financial Exclusions:** ● persons below the age of 21 or above the age of 75; ● persons who do not possess sufficient wealth where a total loss of their investment would likely cause a material impact to their standard of living ; ● persons who do not meet Zircon's internal wealth thresholds (as applicable from time to time); ● persons in retirement without adequate supplementary income streams or capital reserves; ● persons who derive income predominantly from pension entitlements, social security benefits, or debt financing; ● persons experiencing financial distress or subject to insolvency proceedings; ● have a medium or lower risk tolerance (unless the Client intends to hedge their current or future investments); and/or ● persons who reside in jurisdictions which restrict or prohibit trading in CFDs.

	Investment Profile Exclusions: ● persons with long term investment strategies; ● persons seeking capital preservation, stable income, or predictable returns; ● persons intending to allocate a disproportionate portfolio weighting to CFD instruments; ● persons exhibiting risk aversion incompatible with derivative trading (except when utilising CFDs exclusively for hedging objectives); ● persons who cannot afford to bear the total loss of their investment without experiencing a material impact on their standard of living; and/or ● persons intending to use retirement savings or essential living expense funds for trading. **Capability Exclusions:** ● persons who have not successfully completed Zircon's onboarding assessments; and/ or ● persons demonstrating inadequate comprehension of CFD mechanics and inherent risk dimensions. **Vulnerability Exclusions:** ● Persons experiencing vulnerability, including those: o with cognitive impairment (including age-related); ○ susceptible to financial exploitation; ○ experiencing recent employment discontinuity; ○ with mental or physical impairments affecting decision-making capacity; ○ exhibiting behavioural addiction manifestations; and/or ○ facing other circumstances causing significant personal adversity.
Knowledge and Understanding Assessment	We undertake an assessment of a prospective retail client's understanding of the fundamental concepts and risks of trading CFDs before the client is able to acquire a CFD. Only clients demonstrating satisfactory product comprehension will receive authorisation for CFD trading activities.
Category of Investor	The objectives, financial situation and needs of each investor category are set out below.

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<td>Likely Objectives of Clients who fall within the Eligibility Criteria — Section 994B(5)(b)</td>
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High Risk Investors
Clients who understand the higher risk of trading with leverage and have a high investment risk tolerance.
Likely Objectives:
It is sufficient for a retail client to have one or more of the objectives to fall within this category of the target market for CFDs:
● speculative trading using leverage to seek higher returns with corresponding risk;
● using leverage to gain short-term exposure to price movements of underlying assets, where direct exposure may not be otherwise readily available;
● using leverage to gain short-term exposure to price movements of falling and rising markets; and/or
● using leverage to gain short-term exposure to price movements of a diverse range of underlying assets via a single CFD account.
Likely Financial Situation:
Maintain a level of disposable income and/or capital specifically designated for derivative trading, with demonstrable capacity to absorb trading losses without experiencing financial impairment or a material impact on living standards.
Likely Needs:
Clients who appreciate and understand the higher risk of trading with leverage including in potentially volatile market conditions. Clients who also wish to use disposable capital to potentially earn above-average returns.
Risk Management Investors
Clients seeking to hedge existing or anticipated exposures in an Underlying Asset.
Likely Objectives:
To mitigate risk and protect existing investments against future losses from other investments. For example, via hedging strategies.
Likely Financial Situation:
Maintenance of existing investment allocations or anticipated market exposures that require strategic risk mitigation.
Likely Needs:
To protect and mitigate the risk and or loss of current or future investments.
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<td>Explanation of why CFDs are likely to be consistent with Clients who fall within the Target Market and have at least one of the likely objectives — Section 994B(8)</td>
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High Risk Investors
Zircon expects that trading in CFDs will likely be consistent with the likely objectives, financial situation and needs of High Risk Investors (as outlined above) because through trading on leverage and appreciating the volatility of market conditions, CFDs offer the potential for significant returns (with high risks of loss of capital and borrowings). This class of Clients can also accept losses that may be greater than their initial deposits and are willing to lose money (without suffering financial hardship or a material change to their standard of living).
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	Risk Management Investors Zircon expects that trading in CFDs will likely be consistent with the likely objectives, financial situation and needs of Risk Management Investors (as outlined above) because CFDs offer the ability to economically protect any previous or forthcoming profits from exposure in Underlying Assets and/or protect against future losses.
Distribution Conditions and Channels — Section 994B(5)(c)	Any distribution of CFDs by Zircon to Clients will be in accordance with procedures Zircon determines are likely to ensure that CFDs are only issued to Clients who are likely to be within the target market. No third-party distributor is permitted to distribute CFDs issued by Zircon to clients unless Zircon considers on reasonable grounds that relevant clients are likely to be within the target market. Third party distributors must establish, implement and maintain appropriate procedures, processes and controls with a view to ensuring that CFDs are distributed in accordance with this TMD and the regulatory framework. **Distribution Channels** Zircon takes reasonable steps to ensure that Zircon, alongside its distributors, only distribute and promote Zircon's products to the target market, and this is assisted by the client onboarding controls discussed below. Zircon selects its distribution criteria depending on the distribution method that is used. The criteria for each channel allows for Zircon to reasonably confirm that the targeted audience is likely to fall within the target market. **Onboarding Controls** A prospective retail client who is wishing to open an account with Zircon, will have to: ● complete an onboarding questionnaire to ascertain if the Client falls within the target market. This will include questions designed to determine if the retail client matches the eligibility and suitability criteria (e.g., financial situation and ability to bear loss, risk tolerance, likely objectives and needs) of the target market. If the information provided by the retail client does not meet the eligibility and suitability criteria, then the application will be declined; ● confirm the details and characteristics they have provided are accurate by submitting verification documents (for example, three months of bank statements); ● confirm that they have knowledge and/or experience in CFDs for the purpose of trading in CFDs; ● read and confirm their understanding of Zircon's PDS and Risk Disclosure Statement; and ● declare that they have a high investment risk appetite and acknowledge all the risks associated with trading CFDs (e.g., confirm that they understand they may incur losses). **Distribution Risk Assessment** Zircon analyses the risk associated with each type of distribution to ensure that distributions are consistent with the target market. Zircon considers the following when assessing distribution risk: ● Risk: the risk that the distribution is not consistent with the TMD;

	• Harm: the level of harm a Client who is not in the target market may incur if they are distributed Zircon's financial product; and • Actions to Mitigate: actions that can be taken to minimise the harm and likelihood of Zircon's product being distributed to someone outside the target market. **Disclaimer — General advice only** Distributors must use advertising materials, customer service prompts and all other materials that are consistent with general advice only. Distributors must not seek to ascertain or appeal to each client's individual needs and requirements in contravention of general advice authorisations. General advice warnings must be issued by distributors in all communications with clients including advertisements and websites and must note that neither the issuer nor the distributor have considered the client's personal objectives, financial situation and/or needs with this product. Furthermore, it should be added that clients should consider the appropriateness of the product with their personal needs and consider the relevant disclosure documents before making any decision. **Marketing** As CFDs are high-risk products, Zircon and any distributors will not undertake mass market advertising to a wide range of Clients. Instead, distributors must only engage in targeted campaigns to specific distribution channels and publications which are likely to reach the target market. Further, existing customer data will be used to identify vulnerable customers or inappropriate customers (e.g., outside the target market) to ensure that marketing is not provided to that cohort of customers. All marketing materials must be specific to the above TMD and must emphasise that these products are of limited suitability. This is particularly crucial for distributors seeking to advertise using methods that have the potential to reach a wider audience (for example, online, social media channels, TV/Radio etc).
Review Mechanisms and Triggers — Section 994B(5)(d), (e) and (f)	**Periodic Reviews** Zircon will perform periodic reviews of this TMD. The first review will occur within one year of the effective date, with subsequent reviews conducted at least annually. **Review Triggers** In addition to the annual review, the following events would trigger a TMD review: • identification of significant product distribution to clients outside the defined target market, particularly evidenced by elevated application rejection rates; • material changes to the CFD product which impacts the attributes of the CFDs to the extent where it is no longer suitable for the Clients' objectives or circumstances; • changes to law or regulations that materially impact CFDs; • significant increase in volume of client complaints in regard to the product; or

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any other significant development or occurrence that materially impacts factors considered in this TMD.

Zircon will also review individual Clients to determine whether they are still part of the Target Market in the following circumstances, where the Client:

contacts Zircon and states they are not part of the target market, or Zircon concludes during the contact the Client is no longer part of the target market;
makes a complaint to Zircon;
incurs significant losses; or
has a trading pattern that is not consistent with their trading experience.

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<tr><td>Distributor Reporting Requirements — Section 994B(5)(g) and (h)</td><td>
Distributors are required to report the following information to Zircon:
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<tr><th>Information Type</th><th>Reporting Requirements</th><th>Reporting Period</th></tr>
<tr><td>Complaints</td><td>Distributors must notify Zircon of the existence of any complaint (as defined in section 994A(1) of the Corporations Act) relating to the product design, product availability or distribution immediately, and in any event no later than 1 business day after the complaint is received by the distributor.

Full particulars and supporting documentation of the complaint must be provided to Zircon as soon as practicable, and no later than 5 business days after receipt.</td><td>Notification: within 1 business day of receipt.

Full particulars: within 5 business days of receipt.</td></tr>
<tr><td>Significant Dealings</td><td>Particulars of any significant distribution to clients outside the target market, including a description of why it is not consistent with the TMD.</td><td>As soon as practical, but no later than within 10 business days of identification</td></tr>
<tr><td>Client Feedback</td><td>Product performance assessment and client experience documentation</td><td>Upon receipt</td></tr>
<tr><td>Distribution Data</td><td>Distribution metrics including non-target market placement percentage, transaction volumes, and analytical indicators</td><td>Quarterly (within 10 business days after March 31, June 30, September 30, December 31)</td></tr>
<tr><td>Additional Information</td><td>Any additional information requested by Zircon</td><td>As specified in the request</td></tr>
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<tr><td>Change in your Personal Circumstances</td><td>
If you are a current client of Zircon who believes, or is unsure whether, you still fall within the determined target market, please let us know immediately.
You can contact us via:

Email: clientservice@zr.au
Website: zr.au

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<tr><td>Updates to TMD and Contact Information</td><td>
Zircon reserves the right to modify this TMD as necessary to accommodate regulatory developments, market conditions evolution, or other material considerations affecting the appropriateness of the defined target market.
For inquiries regarding this Target Market Determination, contact us via:

Email: clientservice@zr.au

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	• Website: zr.au