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ZERO Markets Australia Pty Ltd

trading as Zero Markets

Target Market Determination

Last updated: July 2026

1. INTRODUCTION

Zero Markets Australia Pty Ltd (ABN 94 125 113 117), trading as Zero Markets ("**Zero Markets**", "**us**", "**our**" or "**we**") operates a contract for difference ("**CFDs**") business, including Margin FX Contracts. Zero Markets is a product issuer and issues CFDs[1] to clients, including retail clients. The design and distribution obligations set out in Part 7.8A of the Corporations Act 2001 (Cth) ("**Design and Distribution Obligations**") apply to the issue and distribution of CFDs to retail clients from 5 October 2021.

Zero Markets holds an Australian Financial Services Licence (No. 313016) issued by the Australian Securities and Investments Commission ("**ASIC**") with its registered office located at Suite 2, Level 7, 7 Macquarie Place, Sydney NSW 2000.

The Design and Distribution Obligations are intended to assist retail clients to access financial products that are likely to be consistent with their objectives, financial situation and needs, and require product issuers and distributors to design and distribute financial products in accordance with an identified target market.

The purpose of this Target Market Determination is to describe a group of retail clients for whom our CFDs are targeted to and distribution conditions about how our CFDs are distributed to Retail Clients.

This Target Market Determination also outlines the review triggers and circumstances in which we will review this Target Market Determination.

Retail clients should refer to the relevant Product Disclosure Statement ("**PDS**"), Retail Client Terms and Conditions ("**T&Cs**"), Financial Services Guide ("**FSG**") and other applicable documents before making any decision to acquire or continue to hold a CFD. Copies of these documents are available on our website at www.zeromarkets.com/en-au/

This Target Market Determination is not intended to be used by retail clients as a basis for making a decision to trade and does not constitute a product disclosure document or a recommendation to open a CFD trading account or trade in CFDs. This Target Market Determination does not take into account any person's individual objectives, financial situation or needs.

1.1. Financial Products Issued by Us

CFDs are complex and leveraged financial products, which are traded over-the-counter ("**OTC**") and not through a regulated market. CFDs are agreements to exchange the difference in the value of a particular underlying asset with the application of leverage. This allows retail clients to speculate on rising or falling prices of an underlying asset without having the ownership of the underlying instrument. Zero Markets issues CFDs in respect of the following underlying assets:

[1] All references to CFDs in this document include references to Margin FX Contracts.

- Currency Pairs/FX;
- Commodities, including energies and precious metals such as oil, gold and silver;
- Indices, including stock market indices; and
- Shares, including shares traded on domestic and overseas markets.

1.2. Key attributes of CFD products

CFDs are subject to significant high investment risks due to their key attributes. This includes, but is not limited to:

1.2.1. Leveraged instruments

CFDs are leveraged trading instruments. Retail clients typically pay a smaller outlay ("**Margin**") to open a larger exposure. Though using leverage can increase potential returns, it can also bring greater risks, leading to significant investment losses within a short time period. Retail clients should be aware of the risks of using leverage. When investing in leveraged CFDs, you should monitor the required Margin as it can change quickly during periods of market volatility due to the application of leverage.

1.2.2. Volatility

Significant investment losses can be incurred due to volatile movements in the underlying markets. The application of leverage can further exacerbate the situation when the market you are investing in moves against you. Retail clients are subject to a statutory negative balance protection, which limits the maximum losses to the entirety of your deposited investment funds.

1.2.3. No ownership of the underlying asset

CFDs are OTC derivatives that provide retail clients with exposure to the price movement of an underlying asset. Trading CFDs will not entitle retail clients to the ownership of the underlying assets.

1.2.4. Fees and costs

Depending on the size and duration of positions, retail clients may incur holding costs when investing in CFDs. In some cases, the sum of holding costs may exceed any profits generated from price movements, or further exacerbate your investment losses.

1.2.5. Risk of close-out

Clients are required to maintain adequate margin deposit in their trade account to maintain an open position of a CFD. Further deposits are required to avoid a forced closure of open positions when the underlying markets are moving against you. When markets are volatile, you may face the risk of open positions being closed out if they do not have sufficient Margin in their trading account.

1.2.6. Counterparty Risk

Zero Markets is the product issuer for the CFDs subject to this Target Market Determination. We are the counterparty for each trading transaction you enter into with us. This means clients are exposed to the credit and operational risks of Zero Markets when trading with us.

1.2.7. High-risk Investment

Given the features stated above, CFD investments are considered to carry a high degree of investment risk due to the application of leverage and complex product features. Most retail clients suffer significant loss from CFD investments and are unlikely to possess requisite knowledge and experience to use Zero Markets' CFD products.

2. THE TARGET MARKET

Retail clients who meet all of the criteria set out in Section 2.1 and have one or more of the investment objectives described in Section 2.2 are within the target market for Zero Markets' CFDs ("**Target Market**").

2.1. Key Criteria of The Target Market

The Target Market of our CFD products is retail clients who satisfy <u>EACH</u> of the following criteria:

2.1.1. Retail clients aged between 18 and 70;

2.1.2. Retail clients who:

a. Understand and appreciate the high risk of trading with leverage and have a high investment risk appetite; or

b. seek to speculate on price movements and/or hedge potential risk from other investments;

2.1.3. Retail clients who have financial capacity to withstand losses that could amount to the total sum of money they invest without materially affecting their standard of living;

2.1.4. Retail Clients who are aware of the risk and willing to accept the risk of losing their total deposited funds without suffering a material impact on their usual lifestyle;

2.1.5. Retail clients who demonstrate knowledge in each of the following aspects of CFD trading through completion of Zero Markets' qualification test, previous trading experience or educational experience:

a. The fundamentals of leveraged trading;

b. The inherent risks of trading CFDs, including the risk of significant losses, which can be as great as the total deposited investments;

c. Fees and costs incurred from CFD investments;

d. How CFDs are priced and traded; and

e. The fundamentals of OTC derivatives.

2.2. Investment Objectives of The Target Market

Retail clients who meet the criteria set out above and who have one or more of the following investment objectives are within the Target Market:

2.2.1. speculative trading using leverage to seek higher returns with corresponding risk;

2.2.2. using leverage to gain short-term exposure to price movements of an underlying asset, including where direct exposure to such underlying assets may not be otherwise as readily available;

2.2.3. hedging (including hedging exposure to underlying assets and hedging positions taken in relation to other CFDs) potential future losses or protect previous gains from investment in other financial products and/or lower the cost of acquiring an exposure to underlying assets;

2.2.4. using leverage to speculate on price movements of the underlying assets with a short-term investment horizon;

2.2.5. using leverage to gain exposure to the price movement of underlying assets without owning the underlying assets; and

2.2.6. using leverage to gain short-term exposure to price movements of a diverse range of underlying assets through a single account.

2.3. Target Market – Criteria, Scope and Key Attributes

Further details regarding our Target Market for CFDs trading is set out below.

CRITERIA	SCOPE AND KEY ATTRIBUTES
Client type	This Target Market Determination applies to retail clients only.
Knowledge and experience	Retail clients who have demonstrated requisite understanding and knowledge of trading CFDs in relation to: • The fundamentals of leveraged trading; • The inherent risk of trading CFDs, including the risk of significant investment losses which may exceed the total deposited funds.

CRITERIA	SCOPE AND KEY ATTRIBUTES
	(Negative balance protection limits retail clients' maximum losses, including any costs, to the value of account equity.) • Fees and costs incurred from CFDs trading; • CFD pricing methodologies; • The processes and technologies involved in trading CFDs. It is important to note that leveraged OTC derivatives contain high risk and are more complex in trading mechanism compared to general investment activities. Zero Markets undertakes assessment of a prospective retail client's experience and knowledge in trading CFDs prior to approving and distributing the products to the client. Only applicants who have passed our knowledge assessment can invest in CFDs with Zero Markets.
Ability to bear losses	CFD investments can incur significant losses to retail clients within a short time period due to the application of leverage. This is more prominent during periods of market volatility. Retail clients could suffer a loss as great as their total deposited investments and might also be required to deposit further to avoid their open positions from being liquidated. It is important that clients fully understand the risk of potential losses and have sufficient financial resources to support their lifestyle, as investing in CFDs can result in the loss of the entire amount invested.
Tolerance to risk	CFD investments contain high risk. Significant losses can be incurred within a short time period. Given their inherent high-risk nature, CFDs are considered more suitable for clients with high investment risk tolerance.
Likely objectives, situation and needs of retail clients in target market	**1) Retail clients who understand and appreciate the inherent high risk of trading with leveraged OTC derivatives with a high investment risk appetite to speculate on the financial markets:** **a. Likely objectives:** ◦ use leveraged instruments to seek higher return through speculation while accepting the corresponding high risk; ◦ using leverage to gain short-term exposure to price movements of an underlying asset, including where exposure to such underlying assets may not be otherwise as readily available;

CRITERIA	SCOPE AND KEY ATTRIBUTES
	◦ using leverage to gain exposure to the price movement of underlying assets without owning the underlying assets; and ◦ using leverage to gain short-term exposure to price movements of a diverse range of underlying assets via a single CFD account. **b. Likely financial situation:** Retail clients who have sufficient funds to support their CFD investments and lifestyle to avoid being materially impacted if they lose their total investment funds. **c. Financial needs:** Retail clients who want to use disposable capital to seek enhanced investment returns from speculative short-term investments. **2) Retail clients who seek to hedge:** **a. Likely objectives:** Hedging (including hedging exposure to the underlying assets and hedging positions taken in relation to other CFDs) potential future losses or protect previous gains from investments in other financial products. **b. Likely financial situation:** Retail clients who have existing or upcoming investments or exposures they wish to hedge. **c. Financial needs:** Loss and profit protection.
Explanation why CFDs are likely to be consistent with likely objectives, financial situation and	We consider that CFDs are likely to be consistent with the likely objectives, financial situation and needs of: 1) Retail clients who understand and appreciate the inherent risk of trading with leveraged OTC derivatives and want to use CFDs for short-term investments; and/or 2) Retail clients who seek to hedge, given the way and purposes for which CFDs are traded:

CRITERIA	SCOPE AND KEY ATTRIBUTES
needs of the target market	• CFDs can be a cost-effective way to speculate on short-term market movements of an underlying asset which might otherwise not be readily available to retail clients; • CFDs can be a cost-effective way to hedge existing exposure especially when exposure to the underlying might otherwise not be readily available to retail clients; • CFDs are also highly regulated and a range of regulatory protections are mandated for retail clients, including: ◦ Negative balance protection; ◦ Leverage restriction; ◦ Prohibition on inducements; ◦ Client qualification criteria.

2.4. Retail Clients for Whom CFDs are Unsuitable

<u>CFDs are generally unsuitable for the following classes of retail clients:</u>

2.4.1. Retail clients below the age of 18 or above 70;

2.4.2. Retail clients who fail to pass the Zero Markets client suitability assessment;

2.4.3. Retail clients who reside in a country which restricts or prohibits trading in CFDs;

2.4.4. Retail clients who are in financial hardship, including but not limited to going through bankruptcy and unemployment;

2.4.5. Retail clients who are of vulnerable groups, including but not limited to people who are suffering from health problems (including both physical and mental health issues), domestic abuse and any form of addiction affecting capacity and financial circumstance;

2.4.6. Retail clients who seek capital preservation or predictable returns from their investments;

2.4.7. Retail clients who do not understand the risk of trading CFDs;

2.4.8. Retail clients who have a low tolerance to risk;

2.4.9. Retail clients who do not have the ability and willingness to lose the sum of their deposits;

2.4.10. Retail clients who have low levels of literacy or numeracy, financial literacy and technological literacy;

2.4.11. Retail clients who solely derive income from social support, such as public pension, subsidy, or loan money; and

2.4.12. Retail clients who are of medium to long term investment horizon.

Retail clients who are in any of the above categories are not in our Target Market.

3. DISTRIBUTION CONDITIONS

Any distribution of CFDs by Zero Markets directly to retail clients will be in accordance with procedures Zero Markets determines are reasonably likely to ensure that CFDs are only issued to retail clients who are reasonably likely to be within the Target Market.

Third party distribution of CFDs issued by Zero Markets must only occur in accordance with the retail client's suitability and understanding procedures specified by Zero Markets. No third-party distributor is permitted to distribute CFDs issued by Zero Markets to retail clients unless Zero Markets considers on reasonable grounds that relevant retail 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 Target Market Determination. No party may engage in the distribution of our CFDs unless they have entered into an enforceable written distribution agreement with Zero Markets.

Zero Markets selects its distribution criteria depending on the medium used. The criteria selected for each medium allows us to demonstrate that the audience targeted has or is highly likely to have an interest and/or prior experience trading on financial markets.

Zero Markets performs a risk assessment on each medium of distribution to ensure that we will or are reasonably likely to make distribution consistent with the Target Market. The factors that are taken into consideration include:

- Risk – the likelihood of the distribution being inconsistent with the Target Market Determination;
- Harm – the nature and degree of harm that might result from the financial product being distributed otherwise than in accordance with the Target Market Determination; and
- Mitigation steps – steps that can be taken to eliminate or minimise the likelihood of the distribution being inconsistent with the Target Market Determination and the harm that might result.

Zero Markets ensures that it is reasonably likely that its products will not be distributed to retail clients who may be outside of the Target Market.

4. MONITORING AND REVIEWING THE TARGET MARKET DETERMINATION

Zero Markets will review this Target Market Determination on a periodic basis and in response to identified review triggers to ensure that it remains appropriate and effective and complies with applicable regulatory requirements.

4.1. Periodic Reviews

Target Market Determination Review

Zero Markets will review this Target Market Determination on a periodic basis.

The first review of this Target Market Determination will occur within 12 months of the effective date of this Target Market Determination. Subsequent reviews will occur at least every 12 months, or more frequently where a review trigger occurs.

4.2. Review Triggers – Additional Reviews

Zero Markets will also review the Target Market Determination where any of the following review triggers occur:

- where there are significant dealings (issuing of CFDs) in Zero Markets' CFDs which are not consistent with the target market or this Target Market Determination. This trigger occurs where significant distribution is occurring outside the Target Market, and does not refer to any one particular dealing in CFDs;
- where we receive a significant number of complaints (5 and above within a month) from retail clients who are likely to fall outside of the Target Market Determination or where we have noted any relevant complaints trends;
- where we detect significant issues with the distribution of our CFDs through our monitoring of our own day-to-day activities, or the monitoring and supervision of our distributors;
- where there is a significant change to CFD products resulting in the key attributes of the product being no longer consistent with the likely objectives, financial situation and needs of retail clients in the Target Market;
- when there is a material change in the applicable law or regulation affecting CFDs or OTC derivatives; and

- whenever we detect issues with the distribution of the CFDs through our monitoring of daily business.

5. DISTRIBUTORS – INFORMATION COLLECTION AND REPORTING REQUIREMENTS

As at the date of this Target Market Determination, Zero Markets is the issuer and the only distributor of its products. Zero Markets requests all relevant departments to report the following matters on a quarterly basis, within ten (10) business days of the end of each calendar quarter – 31 March, 30 June, 30 September and 31 December each year, including:

- complaints data, including the number and nature of complaints and dissatisfaction received across communication channels;
- retail consumer feedback (including regarding performance of the product); and
- any additional information requested by the Compliance Department.

If a distributor becomes aware of any matter that may indicate that the distribution of CFDs is not consistent with this Target Market Determination or Zero Markets' design and distribution framework, the distributor must notify Zero Markets as soon as reasonably practicable, and in any event within 10 business days after becoming aware of the matter.

6. CONTACT DETAILS

For further information about this Target Market Determination, please contact:

Zero Markets Australia Pty Ltd

Suite 702, Level 7, 7 Macquarie Place, Sydney NSW 2000

Phone: +61 7908 3133

Email: support@zeromarkets.com.au

Zero Markets may amend this Target Market Determination at any time where necessary, including as a result of any changes in applicable law, regulation or regulatory guidance, or where required to ensure that this Target Market Determination remains appropriate, effective and consistent with the *likely objectives, financial situation and needs of retail clients within the target market and the Design and Distribution Obligations.*